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Location Report

A joint publication of Mitchells Realty & Ryder Property Research

HERVEY BAY **Fraser Coast, Qld**

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HERVEY BAY

Fraser Coast, QLD

Highlights

- Strong population growth
- Affordable housing
- Tourism industry
- Emerging medical precinct
- \$755 million in new solar farms
- \$300 million coal mine
- \$115 million shopping centre expansion
- Bruce Highway upgrade
- \$660 million Mary Harbour project

Suburb - houses	Typical prices	Suburb - houses	Typical prices	Suburb - units	Typical prices
Pialba	\$445,000	Torquay	\$485,000	Pialba	\$290,000
Point Vernon	\$475,000	Urangan	\$480,000	Torquay	\$345,000
Scarness	\$415,000	Urraween	\$495,000	Urangan	\$320,000

An enticing mix of affordability and a relaxed coastal seaside lifestyle has catapulted Hervey Bay into a highly-desirable property category for retirees, first-home buyers and investors.

With sales numbers rising and rental demand soaring, Hervey Bay delivered solid price growth in 2020 and 2021. These trends have continued in 2022 and annual increases in median prices above 20% are now common in the region.

Construction is playing a key role in boosting the economy. Several major projects across the commercial, resources, residential and transport sectors are in the pipeline. These include an evolving health and education hub, aviation precinct and a major harbour development.

Among the biggest projects is the Hinkler Regional Deal, which has attracted a \$173 million contribution from the Federal Government. The project is expected to contribute significantly to the region's economic growth as well as its long-term employment prospects. The improvement of roads and general infrastructure will also be a significant lure for new industries.

The new employment prospects, coupled with an enviable and affordable coastal lifestyle, make Hervey Bay an appealing package.

Economy and Amenities

The Fraser Coast (which includes Hervey Bay, Maryborough and many small regional towns) is one of Queensland's fastest-growing economic regions, having experienced a 18% increase in population since 2006.

With its lifestyle, location and business opportunities as major drawcards, the region's population is projected to increase further by approximately 30,000 people in the next 20 years.

Hervey Bay's current population is projected to grow to 77,000 by 2041. The town has been described as "sea change for battlers", both for retirement and for young families seeking affordability with lifestyle. It offers a relaxed bayside lifestyle at prices within reach of most individuals and families and has become a popular choice for retirees.

ABS data analysed by CoreLogic reveals the Fraser Coast ranked second out of the 10 most popular places in Queensland for retirees.

The biggest employers are:

- Healthcare and social assistance 21%
- Retail 14%
- Accommodation and food services 11%
- Education and training 10%

Historically, tourism has been the region's backbone and it remains important. A 2017 survey by Tourism Research Australia showed 151,000 international tourists visited the region, up 15% from the previous 12 months, and they spent \$37 million.

Tourism is focused on whale watching, World Heritage-listed Fraser Island, Lady Elliot Island and Hervey Bay's beaches and laid-back lifestyle.

The region is suitable for water sports and fishing and along the esplanade are restaurants, cafes, shops, parklands, piers and a marina which have benefited from an \$8 million makeover. Sporting, food and wine and speed boat carnivals, together with the Hervey Bay Whale Festival, attract thousands of visitors annually.

Meanwhile, a \$20 million marine ship lift in Urangan provides 100 jobs all year round. The lift enables barges, fishing vessels and other 300-tonne ships to be repaired at Hervey Bay rather than Brisbane or Cairns. Sugar is an important agricultural product in the area with the industry supporting around 500 jobs. In FY2018, \$101 million was injected into the economy by the sugar industry.



Location

- 295km north of Brisbane
- 35km north-east of Maryborough
- On the coast facing Fraser Island
- LGA: Fraser Coast Regional Council.



Population and Demographics

- Fraser Coast LGA
- Population 2016 (census): 102,962
- Population 2020 (estimate): 108,183
- Unemployment (Fraser Coast) March 2021: 12.6%

Source: 2016 Census, .id and Qld Treasury

TOURISM FAST FACTS:

- 662,000 visitors per year
- \$360 million direct expenditure
- \$650 million indirect expenditure
- 6,000 direct & indirect jobs

Source: Fraser Coast Tourism

- Transport and Access

The council operates the Hervey Bay Airport, where flights connect to Brisbane, Sydney and Lady Elliot Island. Frequent charter operations are conducted to nearby Fraser Island.

Hervey Bay is serviced by the tilt train which has connections from Maryborough West or nearby Howard. The town also conducts passenger and vehicle ferries to Fraser Island.

- Education

There are around 40 schools, both public and private, across the Hervey Bay region along with the Wide Bay Institute of TAFE in Kawungan and the University of Southern Queensland.

- Retail

Stockland Hervey Bay completed a \$116 million expansion in 2014. Pialba Place Shopping Centre, in conjunction with Coles, also underwent a \$10 million expansion in 2014 while Aldi opened a new supermarket in Urangan in 2017.

Property Profile

“Nearly all newly developed land across Hervey Bay, including River Heads, Toogoom and Burrum Heads, has been sold and agents have waiting lists for lots yet-to-be developed”.

Herron Todd White, February 2022

The Fraser Coast is a natural beneficiary of the Exodus to Affordable Lifestyle trend. Demand for property in the region, based on Hervey Bay, has been strong since the onset of the pandemic and annual growth above 20% has become common.

Local agents report interstate buyers are drawn to Hervey Bay for its warm climate, laid-back lifestyle and attractive prices. You can buy a new four-bedroom home in this suburb and still get plenty of change from \$500,000.

Added benefits include good schools and plenty of amenities which make it an appealing location for young families and first-home buyers.

This increased level of demand, plus limited supply of houses and vacant land, is pushing up prices.

Property valuer Herron Todd White (HTW) predicts the Fraser Coast will continue to see increased sales activity and price increases in 2022, although at a slower pace than experienced in 2021.

HOME OWNERSHIP

40% own their homes outright

24% own with mortgages

31% rent their homes

Source: 2016 Census

In its Residential Review for February 2022, HWT reports: “Nearly all newly-developed land across Hervey Bay, including River Heads, Toogoom and Burrum Heads, has been sold and agents have waiting lists for lots yet-to-be developed.”

Incentives like the Federal Government HomeBuilder Grant and Regional Home Building Boost Grant (both now closed) have also boosted new home construction. The number of building approvals for the Fraser Coast rose from 767 in FY2020 to 1,178 in FY2021.

Renovations also became popular during the pandemic, exacerbating a shortage of building supplies and tradespeople which in turn, drove costs up and further delayed projects.

HTW’s February 2022 review says new home-owners are having to wait 9-12 months to get a builder.

Despite building cost increases and rising sales prices, relative affordability remains a key attraction.

Home-buyers can still find established houses, priced around or below \$400,000, in Scarness.

The median house price in Scarness is \$415,000 following a 27% increase in the past 12 months, according to CoreLogic.

The highest turnover of houses has been recorded in Urangan which, with 257 annual sales, produced a median house price of \$480,000.

The majority of Hervey Bay’s suburbs have median house prices under \$500,000. These include Eli Waters (\$470,000), Torquay (\$485,000), Toogoom (\$475,000) and Kawungan (\$495,000).

Only three suburbs in the area - Craignish (\$685,000), Dundowran Beach (\$755,000) and Wondunna (\$600,000) - have median house prices above \$500,000.

The price growth recorded over the past 12 to 18 months is bumping up the long-term capital growth rates.

In 2018, price levels across most suburbs hadn't increased for 10 years. Now, the capital growth rates (the average over the past decade) have risen to 4% to 5% per year in many suburbs, with Craginsh and Toogoom recording averages of 6-7% per year.

Listings for rental properties are also at their lowest point for 10 years, says SQM Research.

This is keeping vacancies tight with Hervey Bay having a vacancy rate of just 0.7%. Rents are also rapidly increasing to the point where they're now higher than Brisbane, according to data from Propertyology.

Hervey Bay recorded the highest increase in the Wide Bay, Bundaberg and Gympie regions, with tenants now needing to pay an extra \$8,300 in annual rent for a three-bedroom house. In comparison, Maryborough's rents increased by \$5,720 while Brisbane rents only lifted by \$3,100.

HTW's Residential Review says many investors have taken advantage of the high prices on offer during 2021 and sold to owner-occupiers, which has further tightened the rental market.



Units generally provide returns between 5.5% and 6.5%.

Investors can expect a rental return of 6.2% in Torquay based on a median weekly rent of \$360 while Pialba will return 6.2% based on a weekly rent of \$350.

Both Torquay and Urangan have recorded over 100 unit sales in the past year. This marks a significant increase since 2019, mainly due to new developments in the area.

But with a median price of \$300,000, Torquay units remain highly affordable.

The list below provides a sample of the Hervey Bay house market:

Suburb	Sales Houses	Median Houses	1-year Growth	Growth Average	Median Yield
Craginsh	85	\$685,000	26%	7%	4.1%
Dundowran Beach	63	\$755,000	20%	4%	3.3 %
Eli Waters	111	\$470,000	30%	4%	4.9%
Kawungan	135	\$495,000	34%	4%	4.5%
Pialba	101	\$445,000	27 %	5 %	5.1 %
Point Vernon	170	\$475,000	34%	5%	4.5%
Scarness	91	\$415,000	27%	4%	4.7%
Toogoom	120	\$475,000	24%	6%	5.0%
Torquay	125	\$485,000	25 %	4 %	4.5 %
Urangan	257	\$480,000	28 %	4 %	4.6 %
Urraween	266	\$495,000	26%	4%	4.7%
Wondunna	82	\$600,000	30%	4%	3.9%

Source: CoreLogic. "No. of sales" is sales over the past 12 months. "snr" = statistically not reliable. "Growth ave." is the average annual growth in median house prices over the past 10 years.

The Hervey Bay unit market can be summarised as follows:

Suburb	Sales Units	Median Units	1-year Growth	Growth Average	Median Yield
Pialba	72	\$290,000	17%	2%	6.2%
Scarness	44	\$365,000	36%	4%	4.9%
Torquay	107	\$300,000	25%	3%	6.2%
Urangan	156	\$345,000	22%	2%	5.4%

Source: CoreLogic. "No. of sales" is sales over the past 12 months. "snr" = statistically not reliable. "Growth ave." is the average annual growth in median house prices over the past 10 years.

Future Prospects

The Bundaberg–Hervey Bay region is set to benefit from the \$260 million Hinkler Regional Deal. The five-year plan was announced in November 2018 and featured strong financial commitments from the Federal Government, Bundaberg Regional Council and Fraser Coast Regional Council for the area.

The Federal Government committed \$173 million towards the deal with Bundaberg and Fraser Coast Regional Councils and other key partners contributing \$90 million.

The focus of the plan is to provide economic growth and long-term employment. Some priority projects include:

- The Hervey Bay CBD Master Plan which comprises a new council administration building and the enhancement of the cultural precinct;
- An expansion of the University of the Sunshine Coast's Fraser Coast campus to include student accommodation in the CBD;
- Transforming Urangan Harbour into a tourist destination with commercial, retail and hospitality outlets;
- Developing the next stages of the Fraser Coast Sports and Recreation Precinct at Nikenbah to potentially host large sporting carnivals and create an indoor sports complex.

The first stage of the Sports and Recreation Precinct has now opened and, at a total cost of \$55 million, the complex will continue to be developed in stages over 20 years. Upon completion, it will comprise a stadium, numerous football fields, tennis and netball courts, club house and other facilities

Small transport and other infrastructure projects are also included in the Hinkler Deal.

CORE INFLUENCES

Government Policy

Sea Change

Lifestyle Factors

The Hervey Bay CBD has been earmarked for a \$93 million upgrade and there are also some independent projects in the pipeline.

Construction will start early in 2023 on a new council administration building and library in Maryborough, very close to its current location where the original building has reached the end of its serviceable life and needs to be demolished.

The State Government also budgeted a \$950 million infrastructure spend for the Wide Bay Region in its 2020-21 Budget, supporting 3,400 jobs.

It is now looking for a Hervey Bay site on which to build a new Queensland Fire and Emergency Services station. The government expects to complete the land purchase in 2022 and start construction in 2023.

On a broader scale, several resources projects are approved and promise to bring hundreds of jobs. Details about these are included in the tables at the end of the report.

- Engineering Contracts

Since 2019 rail manufacturing firm Downer, based in Maryborough, has been refurbishing rolling stock in an \$85 million contract with the Queensland Government.

Other government engineering contracts in the pipeline would see \$600 million spent on 20 new trains and \$300 million spent on refurbishing and maintaining the existing fleet.

A \$60 million munitions factory also opened in Maryborough in May 2022 and will supply the Australian Defence Force and global allied forces.

In providing support to these manufacturing projects, the State Government has committed \$98 million to upgrade Maryborough's electricity grid.

- Hervey Bay Medical Precinct

These projects will follow a wave of construction generated by council's proactive policies.

An example of this focus is a medical precinct at Urraween, which assists the high number of retirees in the area. The demographics of the area has also seen numerous new retirement villages and aged-care facilities built in the region while Hervey Bay Public Hospital is being expanded as well.

As the medical facility develops, so is the steady influx of personnel to the new facilities.

As well as the public hospital, the medical precinct in Urraween incorporates:

- St Stephen's Private Hospital;
- The southern end of the Fraser Shores Retirement Living development site;
- The approved commercial development on the southern side of Urraween Road;
- TAFE East Coast campus

- Tourism and Retail Projects

Regional Tourism Satellite Accounts data released in December 2019 show tourism accounts for \$478 million of the Fraser Coast's gross regional product and supports 5,000 local jobs.

Hervey Bay's tourism industry is being further massaged through the construction of eco and other resorts and the introduction of RV parks. According to HTW, RV parks are gaining momentum.

Another tourism boost will come through the construction of a proposed Whale Heritage and Marine Experience Centre at Urangan Marina.

The \$33 million project will focus on the marine tourism experience, confirming Hervey Bay's position as Australia's premier whale watching destination.

Meanwhile, major retail projects in the area include Stockland Shopping Centre Hervey Bay's \$125 million expansion in 2015. The centre is now the largest fully-enclosed air-conditioned mall between Rockhampton and Maroochydore, with more than 90 specialty stores.



Hervey Bay's CBD also is being revitalised with outdoor eateries, an adventure park and rock pool. Meanwhile, there are plans for an Aldi store at Eli Waters.

- Aviation Industrial Parks

Several industrial parks offer business and employment opportunities. These include the \$100 million Hervey Bay Airport Industrial Park, which is near the redeveloped airport. It is the only industrial park in Queensland with direct-access air freight services allowing for express logistics support to industry and is ideal for avionics and warehousing businesses.

The airport industrial park sits alongside Avion Airside Precinct, a 12ha logistics hub home to eight aviation-related businesses. It has the long-term potential to create 2,400 jobs.

- Mary Harbour Project

A major coup for the region will be the \$660 million Mary Harbour project, first touted more than a decade ago. A development application has been lodged with council for assessment.

Steered by MSF Sugar, the development would see a manmade harbour spanning 2km along the Mary River at Granville and including a 250-berth marina and a residential precinct housing 3,500 residents.

A village centre, waterfront boardwalks, a 100-room resort and conference facilities are also planned.

Major projects currently impacting the region are:

INFRASTRUCTURE – TRANSPORT

Project	Value	Status	Impact
Bruce Highway upgrade Hervey Bay-Brisbane State and Federal Governments	\$8 billion	Under construction	Multi-stage project will reduce congestion and flooding and improve overall safety
Bruce Highway upgrade Maryborough-Gin Gin State Government	\$30 million Funded through Covid Recovery Plan	Under construction	Will improve road safety and reduce risk of crashes
Bruce Highway upgrade Gympie-Maryborough State Government	\$8 million Funded through COVID Recovery Plan	Approved	
Urraween/Boundary Road Extension, Hervey Bay State and Federal Governments	\$27 million Partly funded by Federal Government's Hinkler Regional Deal	Approved Preliminary work began late 2022 Completion expected mid-2023	Jobs: 98 Will provide Hervey Bay with alternative east-west route, reducing traffic congestion
Flood-proofing of Torbanlea-Pialba Rds State and Federal Governments	\$30 million	Under construction	Upgrades to three floodways between Beelbi Creek and Takura, including new 4-span bridge
Intersection upgrade of Pialba-Burrum Heads Rd & Hervey Bay-Maryborough Rd State and Federal Governments	\$44 million	Proposed Detailed designs underway	New traffic signals and dual turn laneways will improve traffic movement and safety

INFRASTRUCTURE – EDUCATION

Project	Value	Status	Impact
Performing arts centre, Hervey Bay State High School State Government	\$10 million	Under construction	Jobs: 34

RESOURCES AND ENERGY

Project	Value	Status	Impact
Forest Wind project Tuan State Forest, Maryborough Forest Wind Holdings	\$2 billion	Approved Construction delayed until 2023	Jobs: 450 during construction One of Southern Hemisphere's largest wind farms: 226 turbines, 1,200MW capacity to power 127,000 homes
Aramara Solar PV Park Eco Energy World	\$280 million	Approved Construction to begin 2022 Operational by 2023	Jobs: 150 325ha solar farm with 140MW capacity will power 55,000 homes
Woolooga Solar Farm, Lower Wonga Lightsource BP	\$130 million	Under construction Power sent to Qld grid May 2022 Completion expected second half of 2022	Jobs: 260 500ha solar farm with 176MW capacity will power 63,000 homes
Teebar Solar Farm, Tiara Teebar Clean Energy	\$215 million Stage 1 - \$80 million	Approved	Jobs: 100 construction 52MW farm will power 15,000–20,000 homes
Colton Coal mine New Hope Group	\$300 million	Subsidiaries in voluntary liquidation in March 2021	Jobs: 120 construction 120 operational Open-cut coal project
Munna Creek Solar Farm Renewable Energy System Technologies	\$300 million	Approved Construction to begin in 2022 Operational in 2023	Job: 300 construction 120MW solar park on 250ha will power 30,000 homes
Maryborough electricity grid upgrade State Government	\$100 million	Approved	

COMMERCIAL DEVELOPMENTS

Project	Value	Status	Impact
Mary Harbour development MSF Sugar	\$660 million	Proposed	174ha masterplanned mixed-use area with 250-berth marina, 100-room hotel and 1,800 dwellings
Engineering contract, Downer EDI rail facility, Maryborough State Government	\$85 million	Under construction First upgraded train began services in 2021; completion expected by 2024	75 New Generation Rollingstock (NGR) trains to be modified for disability access
Train building contract, Downer EDI rail facility, Maryborough State Government	\$600 million	Proposed	Jobs:690 20 trains to be built
Wide Bay Motor Complex upgrade, Boonooroo Plains	\$30 million	Proposed	Plans include a motor-sport arena, drag strip and jet sprint boat course
Munitions factory, Moonaboola Industrial Estate, Maryborough Rheinmetall NIOA Munitions	\$60 million	Construction completed July 2021 Opened May 2022	Jobs: 100 long-term 7000sqm projectile forging facility will produce arms for Defence Force and export markets
Aircraft factory, Hervey Bay Airport Astro Aero	\$12 million	Approved	Jobs: 200 operational Manufacturing plant would make 25 aircraft every year
Whale Heritage and Marine Experience Centre, Urangan Fraser Coast Council	\$50 million Designated priority project	Approved	Tourist attraction with cafe, restaurant and immersive 3D digital theatre
Retail complex, Boat Harbour Drive, Pialba SPG Developments	\$60 million	Approved Project to be built in 2 stages	Jobs: 630 retail 3ha site to include showrooms, shops, food outlet and gym

RESIDENTIAL DEVELOPMENTS

Project	Value	Status	Impact
Dundowran Grinsteeds Rd, Hervey Bay Leda Holdings	TBA	Approved	212ha of land to include 2,000 lots
Augustus Estate Urraween Villa World	\$250 million	Under construction	763 lots are planned
Mariners Cove Eli Waters Potter Group Developments	TBA	Under construction	Masterplanned project with 529 lots planned
Diamond Waters Hervey Bay Resort Eli Waters	\$60 million	Approved	4-storey project with 350 units and 18-hole golf course
High-rise project Urangan Anscape	\$130 million	Approved	Jobs: 300 during construction Two 20-storey towers to include 390 units
Sanctuary Estate, Eli Waters	TBA	Approved All land stages sold	175 lots planned
Latitude25 RV Lifestyle Community, Nikenbah	\$100 million	Under construction	Luxury 20ha community with 280 homes, clubhouse and health hub
The Springs, Nikenbah	\$75 million	Under construction	Master-planned project with 300+ lots planned