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WHY INVEST IN THE FRASER COAST REGION?

September 2021



WHY INVEST IN FRASER COAST REGION?

Message from the report author

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The most powerful force sweeping through real estate markets across Australia is the Exodus to Affordable Lifestyle trend.

This powerful demographic shift has been happening quietly for several years, with Sydney losing population to internal migration for the past decade and Melbourne for the past four years.

Big city residents have been moving to the smaller cities and to regional areas, in search of a different lifestyle at a more affordable price.

A key driver of this trend has been technology, which has provided people with the option of working remotely. The momentum has picked up noticeably since Covid-19 hit Australia, enhanced by the big-city lockdown periods.

The Fraser Coast Region is a natural beneficiary of this compelling trend. It offers a laidback bayside lifestyle at prices that city dwellers can only dream about.

It has an airport with connections to Brisbane and Sydney, as well as rail links to Brisbane and road connections that are being steadily improved with an \$8 billion highway upgrade.

At Ryder Research Resources, we have noticed the uplift in demand for markets throughout the Fraser Coast region.

In our quarterly survey of sales activity for Spring 2021 edition of *The Price Predictor Index*, 10 of the 14 Fraser Coast suburbs included in the report were classified as rising markets.

As one example, dwelling sales in Torquay have increased from around 50 per quarter in 2019/20 to 90-100 in each of the past three quarters, with sales rates effectively doubling.

This has translated into rapid growth in property values – at Pialba, for example, the median house price has increased from \$360,000 to \$400,000 (11%) in just three months.



Most locations throughout the Fraser Coast Region have recorded double-digit growth in their median house prices in the past 12 months, with some topping 20%. This places this region alongside some of the nation's fastest-growing property markets.

I expect the demand for homes in the Fraser Coast Region to continue to grow. It not only offers affordability and an enviable way of life, but has some unique aspects to its lifestyle, including access to the world heritage listed Fraser Island and the annual spectacle provided by humpback whales.

In terms of future growth, there are two important factors in the mix: growing diversity in the Fraser Coast economy and a significant investment in new infrastructure.

The evolving medical precinct is important, as are the upgrades to the Bruce Highway. Resources and energy provide an additional element to the local economy.

The analysis of the broader Wide Bay Burnett Region provided by Deloitte Access Economics encapsulates the ongoing potential:

It said: "The Wide Bay Burnett is a region with significant economic potential. This potential is directly related to key established industries driven by the region's vast natural endowments including agriculture, forestry & related processing, tourism and mining & minerals."

Ultimately it is the strength of the local economy which drives real estate prospects in the longer-term and this bodes well for Fraser Coast markets.

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HIGHLIGHTS

Affordable houses priced \$450,000 or lower in most suburbs.

Regular double-digit price growth over past 5 years by some suburbs and increases of more than 15% in the past 12 months by most suburbs.

Low vacancies and good rental yields - 4.5–5.0%.

Strong population growth, driving housing demand for 20 years.

Diverse economy based on healthcare, tourism, construction, agriculture, education, manufacturing and resources.

Incentives offered by Fraser Coast Regional Council to developers and investors.

\$260 million Hinkler Regional Deal involves three levels of government.

\$8 billion in upgrades to the Bruce Highway between Brisbane and Hervey Bay, reducing travel times.

\$2.8 billion in wind and solar farms.

\$635 million in contracts in the strong manufacturing sector.

Benefits to local tourism expected from the 2032 Olympic Games.

WHY INVEST IN FRASER COAST REGION?

Executive Summary

The Economy

THE FRASER COAST SITS AT THE HUB OF THE WIDE BAY-BURNETT, ONE AUSTRALIA'S FASTEST GROWING REGIONS.

The Fraser Coast Region is on the doorstep of the rapidly growing South-East Queensland region, and is a gateway to both resource-rich Central Queensland and the southern tip of the Great Barrier Reef, which includes heritage-listed Fraser Island.

Tourism has long played an important role in the local economy as visitors from all over the world come to see the rare sight of the annual migration of whales. The whale watching season is enhanced by food, wine and boat festivals, all enriching the visitor experience.

The **resources sector** in the Fraser Coast Region contributed \$166 million to Gross Regional Product in FY2020 and supported 1,040 full-time jobs, according to the Queensland Minerals Council.

Located only 250km north of Brisbane, the Fraser Coast is easily accessible from the **Bruce Highway, with convenient rail and port connections.** And for those travelling interstate, it's just 90 minutes by air from Sydney.

The region is well serviced by **education and medical facilities.** There are numerous public and private schools, two TAFE colleges and a campus of the University of the Sunshine Coast.

The Hervey Bay Public Hospital and the private St Stephens Hospital, are part of an emerging medical precinct in Urraween which is creating hundreds of jobs as the precinct expands.

There is also a public hospital in Maryborough.

As one of Queensland's earliest ports and point-of-entries for early immigrants, Maryborough is steeped in history and is home to many historical buildings.

The presence of large engineering firms has made Maryborough a **manufacturing** and industrial powerhouse for over 130 years.

Fraser Coast Region has a Gross Regional Product of \$4.4 billion.

Key industries include:

- Health & Aged Care
- Agriculture
- Tourism
- Manufacturing
- Construction
- Education
- Mining.

Hervey Bay's **booming population** is set to fuel new housing developments, retailers, restaurants and other services.

Population estimates suggest around 5,000 people have moved to the Fraser Coast Region in the past five years.

Between 2021 and 2041, around 30,000 new residents are expected to call the region home. That means an extra 14,000 homes will need to be built, confirming ongoing work for the **construction industry.**

Forecasts by **.id** indicate the biggest age group of people moving to Hervey Bay between 2021 and 2031 will be between 50 and 70.

Around 9,500 people in this age group are expected to move from interstate and intrastate.

WHY INVEST IN FRASER COAST REGION?

Executive Summary (continued)

Property Profile

- Twice the number of interstate migrants are heading to Queensland than the average of the past decade. They are looking for an affordable lifestyle; a warm, sunny climate; safety from the coronavirus; and a less hectic lifestyle. These qualities are characteristic of many regional areas, including the Fraser Coast Region, and are driving demand for housing.
- Houses are generally priced around \$400,000 or lower, making them less than half the median price of Sydney and Melbourne, and \$275,000 cheaper than Brisbane.
- Most suburbs across the Fraser Coast Region have recorded double-digit growth in their median house prices in the past 12 months. Some suburbs have recorded good price growth consistently over the past five years. The median house price in those suburbs is now 15–25% higher than in 2016.
- Yields on houses are good, with many suburbs achieving 5% or higher.
- As a developing area, much of the housing and unit stock is new and modern.
- Affordable unit complexes near the waterfront are common. The median price of units ranges from \$245,000 to \$310,000 while the yields are higher than houses, generally between 5.5% and 6.8%.
- Rents for both houses and units have been rising for the past three years.
- Vacancy rates have been below 3% for the past three years and are currently tight at 1.0%, confirming demand for rental properties.
- The Fraser Coast Regional Council is encouraging further development by offering incentives to developers. This includes a dedicated Investment concierge to facilitate dealings with Council; applications can be fast-tracked; and there are potential discounts on infrastructure charges if the development generates significant economic benefits.

Future Prospects

- A \$260 million Hinkler Regional Deal, large manufacturing contracts, a strong agricultural sector, wind and solar farms, major road upgrades, a growing logistics hub and a proposed 250-berth marina/tourism/retail hub with a residential component - these are all examples of the type of economic activity that is propelling the Fraser Coast into the future.
- This is coupled with strong population growth which is expected to increase by 30,000 to 138,000 by 2041.
- While healthcare, social services, property and construction have become key growth sectors, the region continues to be a manufacturing hub for a variety of products including trains, timber and niche products.
- Other benefits will come from the lead up to the 2032 Olympic Games as well as the State Government's Covid recovery plan which will see large sums spent on infrastructure across Regional Queensland.

Future prospects at a glance:

Bruce Hwy upgrades, Brisbane to Hervey Bay:	\$8Bil
Wind & solar farms:	\$2.8Bil
Manufacturing contracts:	\$635Mil
Mary Harbour devt:	\$660Mil
Emerging healthcare hub, Urraween	
New hospital, Bundaberg:	\$1.5Bil
2032 Olympics,	
- Benefits to Qld:	\$8.1Bil
- Benefits to tourism:	\$4.6Bil

WHY INVEST IN FRASER COAST REGION?

Introduction

THE FRASER COAST HAS MANY STRENGTHS THAT CAN EXPLOIT GROWING OPPORTUNITIES IN THE REGION AND GLOBALLY.

The calm waters and warm climate of the Fraser Coast Region are proving to be particularly inviting to southerners seeking a more affordable and carefree lifestyle, away from the bustle of city life. The region's affordability makes it a haven for those moving into retirement and also young families entering the housing market for the first time.

Around 65,000 people have moved to the region in the past 20 years, mostly from Victoria, NSW, the Gold Coast and other regional areas of Queensland.



Suburb	Median house price	12-mth growth	3-yr growth	5-yr growth
Pt Vernon	\$445,000	20%	20%	25%
Urangan	\$450,000	21%	24%	27%

The region has a lovely blend of old world charm and housing stability in Maryborough, which complements the modern housing and waterfront units along the Esplanade of Hervey Bay.

As part of the Wide Bay-Burnett Region, the Fraser Coast has a diverse economy revolving around healthcare, tourism, agriculture, construction, education, resources and manufacturing. Such a range provides optimism and job stability for workers.

With the main beach of Hervey Bay being protected by Fraser Island from ocean winds, water-based activities are popular. Tourists come from all over the world to Hervey Bay, the Whale Watching Capital, to witness the humpack whales playing and foraging in the clear waters of the bay.

Other unique experiences include a short ferry ride to Fraser Island, the largest sand island in the world and a sanctuary to a plethora of protected flora and fauna.

WHY INVEST IN FRASER COAST REGION?

Introduction (continued)

In between excursions, visitors can stroll along the Esplanade, taking in the many cafes restaurants and retail outlets.

The Fraser Coast's rapid population growth means three levels of government are investing heavily in local infrastructure and industry, including incentives for developers. The region has an abundance of unique land and development opportunities – both commercial and residential.

Developers can expect support from the Fraser Coast Regional Council and potential discounts on infrastructure charges for any developments that “generate significant economic benefits”.

Under council planning, there are four Priority Growth Areas:

- Sustainability
- Health & Aged Care
- Advanced Manufacturing
- Tourism

Several wind and solar farms are approved. These will create hundreds of jobs as well as reducing power costs and helping to create a cleaner environment.

A major healthcare hub is under development in Urraween. Comprised of the Hervey Bay Public Hospital and St Stephens Private Hospital, the precinct is attracting many professional workers while providing quality healthcare for the aging population.

With the Bruce Highway undergoing around \$8 billion worth of upgrades between Brisbane and Hervey Bay, access to the Fraser Coast is becoming faster. This will be a huge benefit by the time the 2032 Olympics arrive, bringing with them large numbers of interstate and overseas visitors who will want to make the most of their visit to Queensland and all the attractions it has to offer.

The Port of Bundaberg is a key component in exporting agricultural goods and minerals produced in the Wide Bay-Burnett Region. Under the Bundaberg State Development Area plan, 6,000ha around the port is marked for further development.

In summary, the Fraser Coast Region has plenty to offer potential investors. It has affordable housing and an enticing seaside lifestyle; amenities in the form of health, education and aged care are plentiful; the diverse range of industries means there are plenty of job opportunities; and ongoing population growth suggests there will be a continued focus on new infrastructure.

WHY INVEST IN FRASER COAST REGION?

Economy & Amenities

WIDE BAY BURNETT IS A REGION OF REAL ECONOMIC POTENTIAL - DELOITTE ACCESS ECONOMICS, 2018

The Fraser Coast is centred around the historical town of Maryborough, the seaside hamlet of Hervey Bay and the heritage-listed Fraser Island.

Hervey Bay 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 is ranked second out of the 10 most popular places in Queensland for retirees.

Each year, thousands of visitors flock to Hervey Bay to witness around 40,000 humpback whales migrate from the Southern Ocean feeding ground to their breeding ground in the Whitsunday Islands.

Maryborough is at the mouth of the Mary River and as a major port for European immigrants, it was originally brought to life through colonisation in the 1800s.

Sugar cane, timber and livestock farming were early industries and remain relevant, though manufacturing now dominates local industry.

With an abundance of flora and fauna as well as being one of the most unique coastal sand dune systems in the world, Fraser Island is a popular tourist spot.

- Tourism

Historically, tourism has been the region’s backbone and it remains important. In FY2020, international visitors spent 440,000 nights in the region and domestic travellers stayed nearly three million nights, according to Tourism Research Australia. They were joined by 740,000 day trippers.

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

Hervey Bay’s sheltered waters make it suitable year round for water sports and fishing.



Location

- 220–340 km north of Brisbane
- Includes Maryborough, Hervey Bay and Fraser Island
- Road access via the Bruce Hwy (A1)
- Train access: Serviced by Queensland Rail
- LGA: Fraser Coast Regional Council.



Population

- 2016 (Census): 101,000
- Median age: 48
- 2021(Estimate): 109,000
- 2041 (Projected): 138,000
- Average annual growth rate: 1.19%

Fraser Coast has a higher than average number of people aged 50+.

34% are aged 60+ compared to 21% in the rest of Queensland.

Source: ABS and .id

TOURISM FAST FACTS:

- \$360 million direct expenditure
- \$650 million indirect expenditure
- 6,000 direct & indirect jobs.

Source: Fraser Coast Tourism

Along the Hervey Bay Esplanade are restaurants, cafes, shops, parklands, piers and a marina which have all recently benefited from an \$8 million makeover.

Events such as sporting, food and wine and speed boat carnivals together with the Hervey Bay Whale Festival attract thousands of visitors annually.

Maryborough's colonial history means it has countless heritage-listed buildings including the General Post Office, the Post Office Hotel, the Maryborough Railway Station, Maryborough Court House, the Government Bond Store and the Customs House, to name just a few.

With such a rich history, tourism plays an important role in Maryborough's economy, a reputation which is further enhanced by its connection to the popular story of *Mary Poppins*. Every year there is the *Mary Poppins Festival in the Park* which is a tribute to the story's author, PL Travers, who was born in Maryborough.

The World Heritage Site of Fraser Island is a short distance away. As a part of Great Sandy National Park, it has an abundance of rain forests, flora and fauna as well as beautiful beaches. Visitors can catch the Kingfisher Bay Ferry to it from the nearby seaside settlement of River Heads.



- Manufacturing

Heavy engineering firm, Downer Rail (formerly Walkers), has been a major employer in Maryborough for over 150 years and currently has a workforce of 250. The firm manufactures trains and rolling stock for various clients Australia-wide and currently has an ongoing contract with Queensland Rail. This includes building new rolling stock as well as upgrading existing fleets.

Rheinmetall NIOA Munitions is building a \$60 million shell forging and manufacturing facility in Maryborough. The facility is expected to create 100 long-term advanced manufacturing jobs once the projectile-forging plant commences full production in 2022.

MSF Sugar had a crushing plant in Maryborough for over 100 years, supporting around 90 cane growers. However in November 2020, MSF announced it was closing its Maryborough plant. The Federal Government has intervened by providing a grant to go towards construction of a transloader facility in Childers to transport sugarcane from Maryborough.

This will support the local cane industry; cane growers will now be able to send their crops to the Isis Central Sugar Mill for crushing.

- Education Facilities

Both public and private schools are plentiful across the Fraser Coast Bay region.

Hervey Bay has six public primary schools and two public high schools while there is another eight primary schools and two high schools in Maryborough. Students who require extra support are catered for at the Hervey Bay Special School and Maryborough Special School.

Wide Bay School Sport places an emphasis on school sporting activities within the region and has a facility in central Maryborough.

There are also numerous private schools which are listed on the next page.

Tertiary education is provided through the Wide Bay Institute of TAFE which has campuses in both Hervey Bay and Maryborough. Opening in 2016, the Maryborough TAFE includes a unique educational hub designed for hands-on training.

TAFE Queensland also has an arrangement with Rheinmetall Defence Australia which provides opportunities for experienced welders to be trained to the international standards demanded by defence.

There is also the University of the Sunshine Coast which recently merged with the University of Southern Queensland.

USC Fraser Coast is located in the Hervey Bay central business district, a short walk from local shops and cafes and is easily accessible by car and bicycle.

With 850 students, it offers full degrees, undergraduate certificates, diplomas and bridging courses.

List of Fraser Coast Private Schools

Hervey Bay:

- Carinity Education, Nikenbah (Education for more vulnerable students)
- Fraser Coast Anglican College, Wondunna (co-ed kindy to yr 12)
- Hervey Bay Christian Academy, Urraween (co-ed kindy to yr 12)
- Star of the Sea Catholic School, Torquay (co-ed primary school)
- St James Lutheran College, Urraween (co-ed kindy to yr 12)
- Xavier Catholic College, Eli Waters (co-ed kindy to yr 12)

Maryborough:

- Riverside Christian College, Maryborough West (co-ed kindy to yr 12)
- St Mary's College (co-ed Catholic High School)
- St Mary's Catholic Primary School (co-ed)

- Health and Medical Facilities

There are two key public hospitals in the Fraser Coast Region - one in Maryborough and the other in Pialba.

The larger of the two, the Hervey Bay Hospital, is next to the new St Stephens Private Hospital in the Hervey Bay Medical Precinct.

With an aging population, the local council recognises the growing need for improved health facilities and employment opportunities that will encourage highly skilled practitioners to the region.

For this reason, the Fraser Coast Regional Council is creating a medical precinct to provide a range of specialised medical services as well as educational facilities to support the establishment and advancement of medical professionals.

At present, the medical hub houses dentists, doctors' surgeries, day surgeries, chemists, physiotherapists and pathology centres.

There is also GenesisCare Fraser Coast which handles cancer treatments.

As the Hervey Bay Medical Precincts develops, it will include education and training facilities for medical students and practitioners as well as short and long term accommodation.

Other enticements of cafes, retail and commercial outlets will be included in the development.

The hub is near Fraser Shores, a retirement village of 450 units.

In recent years, numerous retirement villages have been built across Hervey Bay. Some include Regis Aged Care, Ozcare and Blue Care.

Hervey Bay Christian Academy and St James Lutheran College are next to the medical precinct.





Employment

- **Healthcare/social assistance:** 18 %
- **Retail:** 12 %
- **Education & training:** 10 %
- **Accommodation/food services:** 9 %
- **Construction:** 9 %

Source: ABS and .id



- Agriculture

In FY2019, the gross value of agricultural production in the Wide Bay Region was \$1.5 billion – 12% of the Queensland total, says the ABS.

Agriculture, forestry and fishing employs around 12,300 people - roughly 11% of the region's total workforce.

Cattle and sugar cane are the dominant sectors of agriculture in the Wide Bay (and Fraser Coast) with cattle contributing \$420 million and sugarcane \$118 million to the gross regional product.

Other agricultural pursuits which contribute significantly to the local economy include mandarins (\$166 million), macadamia nuts (\$105 million) and avocados (\$100 million).

Several state and commonwealth fisheries operate in the waters off the Fraser Coast, sourcing crabs, prawns, mackerel and mullet for commercial purposes.

Aquaculture species harvested in the area include prawns, barramundi, redclaw and scallops.

Timber is an integral component of the Australian housing industry, not only as a building material, but also for cabinetry, furniture, decking and landscaping.

Two-thirds of Queensland's softwood plantation resources are found in the Wide Bay-Burnett's timber and forestry industry.

There is also a hardwood harvesting program which is scheduled to run until 2026, securing the jobs of 500 Maryborough and Wide Bay locals.

- Access and Transport

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

Long distance train services connect Maryborough and Hervey Bay to Brisbane, Bundaberg, Rockhampton and Cairns while Greyhound Australia runs coach services between Hervey Bay and Brisbane, Agnes Water and Cairns.

Visitors wanting to travel to Fraser Island can catch passenger and vehicle ferries from River Heads.

Wide Bay Transit run bus services in Hervey Bay, Maryborough and the surrounding area. The company operates shuttle transfers to/from Hervey Bay for the Rockhampton and Bundaberg Tilt Trains.

A second airport is located at Maryborough. Its primary uses are recreational aviation, aviation maintenance and aviation training, though it is sometimes used by the Royal Flying Doctor Service.

Transport infrastructure

- Hervey Bay Airport
- Port of Bundaberg
- Bruce Highway - A1
- Trains services connecting to Brisbane, North Qld, Central Qld and the Outback:
 1. Tilt Train
 2. Spirit of Queensland
 3. Spirit of the Outback

The Port of Bundaberg, at the mouth of the Burnett River, has two main cargo wharves and services the sugar industry. The port moves around 500,000 tonnes per year consisting mainly of sugar, molasses, silica sand, gypsum and woodchip.

The port is marked for a major expansion to cater for a broader range of cargo, including tourism.

- Retail

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

Hervey Norman and Office Works also have outlets in Hervey Bay.

Other shopping centres are located at Urangan and Eli Waters, while hardware store Bunnings has a retail outlet and a warehouse in Hervey Bay.

The two major shopping centres in Maryborough are located in the CBD which also is a retail precinct.

- Construction

Population growth has been fuelling the construction industry in the Fraser Coast Region for several years. In FY2020, construction generated \$1.5 million in total sales, creating the largest output of any industry for the region, shows data from National Institute of Economic and Industry Research (NIEIR).

In FY2020, resources contributed \$166 million to GRP and supported 1,040 jobs in the Fraser Coast Region.

The bulk of this (68%) related to residential construction with building approvals increasing again in FY2021. According to the Australian Bureau of Statistics, the total value of building approvals – both residential and non-residential – for the Fraser Coast Region in the 11 months to May 2021 is \$468 million. This is almost double the value of dwelling approvals in FY2019.

- Resources

The resources sector in the Fraser Coast Region contributed \$166 million to Gross Regional Product in FY2020 and supported 1,040 full-time jobs, according to the Queensland Minerals Council.

This includes \$55 million in wages as well as \$27 million spent on local goods and purchases.

The most common minerals mined in the Fraser Coast and Wide Bay Regions include gold, silver, copper, bauxite, coal, cobalt, nickel, zinc and manganese.

There are around a dozen projects currently under development, though there are many more proposed across the broader region.



WHY INVEST IN FRASER COAST REGION?

Property Profile

With its warm, sunny winters averaging 22 degrees centigrade and low cost of housing, Hervey Bay was already a popular retirement destination for southerners before the arrival of Covid-19.

As the pandemic took hold in the cities, Hervey Bay became a natural beneficiary of the **Exodus to Affordable Lifestyle** trend, currently the biggest force in Australian real estate.

Between the Censuses of 2001 and 2016, the population of Hervey Bay grew from 45,000 to over 100,000. During this time, 14,000 homes were built, the new stock adding appeal to the seaside region.

This strong growth has continued in recent years, emphasised in the past 12 months by the sharp upswing in the number of house sales.

Data from CoreLogic shows the number of houses sold across postcode 4655 (which covers all the suburbs in Hervey Bay) in the past 12 months rose by 45%. Stock on the market and rental listings are at their lowest point for over a decade.

In June 2021, property valuers Herron Todd White said:

"... stock is very limited across all asset classes. Some sales are achieving above asking price and there have been multiple sales over \$1 million.

"All sectors of our market have improved in value over the past six months. Properties listed for sale generally receive multiple offers with local and interstate buyers active.

"Vacant land across Hervey Bay and surrounding areas has almost been fully sold with developers reporting lots sold that won't be titled until late 2021. Base level house and land package prices have seen an increase in the order of \$20,000 and are nearing \$400,000 for four-bedroom, two-bathroom homes.

"Historically, construction was a more expensive transaction to the established home, however now due to extended construction periods, established homes are realising higher rates per square metre than some new builds."

HOME OWNERSHIP

- 41% own their homes outright
- 26% own with mortgages
- 29% rent their homes
- 86% live in houses
- 11% live in apartments

Source: 2016 Census

A ripple effect is also providing some of the impetus. As southerners move to the Gold and Sunshine Coasts, those residents who have been priced out of the market move north to places like Hervey Bay.

Houses in **Hervey Bay** are generally priced at \$450,000 or lower. Two of the highest selling suburbs, Urangan with 291 annual sales and Point Vernon with 198, have median house prices around \$445,000 to \$450,000. Given both suburbs are on the waterfront, they represent exceptional value when compared to similar locations on the Sunshine Coast or Gold Coast - even Rainbow Beach which has a median house price of \$560,000, shows data from CoreLogic.

While Hervey Bay is a tourist destination and retirement area, **Maryborough** is a working class town, revolving around manufacturing.

As one of Queensland's earliest towns, Maryborough has many character homes on large blocks, with the median house price being considerably lower than in Hervey Bay.

In the past 12 months, Maryborough's median house price rose 15% to \$250,000 and based on 464 annual sales, it is a very busy market.

Pockets of good growth began to appear across the Fraser Coast in 2016, though prices in some suburbs remained stagnant. The growth has intensified over the past year as a result of the recent influx of new residents. Most suburbs have recorded double-digit growth in the past 12 months.

VACANCY RATES

P/code	Suburbs	Vacancy rate
4655	Hervey Bay	1.0 %
4659	Howard	0.3 %
4650	Maryborough	0.2 %

Source: SQM research, June 2021

As an example, the median house price in Wondunna rose 26% to \$565,000; Scarness rose 3% to \$375,000.

These results are starting to boost the average long term capital growth, i.e. the average growth per year for the past decade. At present though, these remain quite modest at around 2–3%.

- Rental Returns

A key strength of the Fraser Coast property market is the good rental returns and low vacancy rates.

Until 2020, rents were quite stable and lacked the volatility often experienced in other tourist areas with a high transient population.

When compared to the Sunshine Coast, where the median weekly house rent is \$630, the Fraser Coast is more affordable – typical rents are generally below \$400. Investors looking for cash-flow can expect yields around 4.5–5.0% in many suburbs.

Based on a median weekly rent of \$300, Maryborough offers the best return of 6.3%. The rent in Eli Waters is higher at \$420, though the median house price is \$450,000. It has achieved a rental return of 4.8% in the past year.

In the past three years, house rents have risen 13%.

- Vacancies

Over the past decade, vacancies in postcode 4655 (Hervey Bay) have been under 3% except in 2016 and 2017, when they rose to 3.8%.

High levels of development in previous years took some time to be absorbed, though the market began to recalibrate in late 2017 as vacancies fell.

It became a landlord's market in 2018 as supply shrunk then took a dramatic fall in May 2020 after the pandemic hit. It remains that way. Supplies of rental stock are at their lowest point for a decade and vacancies are tight at 1.0% or lower.

The pattern in Maryborough is similar though having a steady economy, it has not experienced any wide fluctuations. Its vacancy rates have remained consistently below 2.5% for the past decade and are currently 0.2%.

- Apartments

The apartment market in the Fraser Coast is quite small and still evolving with most developments along the waterfront esplanade.

Prices are generally around or below \$300,000, making them appealing to sea-changers or down-sizers seeking a waterfront lifestyle near cafes and retail outlets.

Yields are also good, ranging from 5.4% to 5.8%.

There has been some good price growth over the past year, though Herron Todd White has the following advice:

“Esplanade and non-Esplanade units have also seen an improvement in prices, but not to the same extent as dwellings. Rental returns remain strong due to a very low vacancy rate; however some complexes are experiencing high body corporate fees.”



- Future Residential Supply & Demand

A 2020 study by accounting firm KPMG found that the population of the region is expected to grow by approximately 1% per year until 2041. "This growth will induce additional demand for housing in the region," the report said.

Using 3 population growth scenarios, it estimated the Fraser Coast community would need between 51,000 and 65,000 dwellings by 2041. This corresponds to annual growth in dwellings of up to 1.43% per year from 2019 and an extra 17,000 dwellings required by 2041, in the high population growth scenario.

"Some of the expected increase in demand can be met by continuing current dwelling approval trends in the market," it said. "However, in a high population growth scenario, this trend would see availability fall short of the 17,000 dwellings required by 2041."

Hervey Bay is expected to accommodate most of the new homes (70%), while Maryborough would provide 13% and other locations in the Fraser Coast region would supply the remainder.

Given that this analysis pre-dates the emergence of the Exodus to Affordable Lifestyle trend, the high population growth scenario is the most likely.

Year	Population	Housing
2019	106,712	46,982
2021	109,379	48,621
2026	117,989	52,685
2031	127,707	57,146
2036	136,401	60,869
2041	144,971	64,174
Total increase	38,259	17,192

Source: Insights into the Future of Fraser Coast, KPMG 2020

Existing Dwelling and Lot Supply

A region's population growth should be matched by adequate housing supply in order to fulfil the needs of the growing population. If there is not a closer relationship between demand for housing (population growth) and supply of housing, there can be adverse impacts on affordability.

Fraser Coast's population has been growing on average at 1.2% per year over the 10 years from 2009 to 2019.

Projected population growth and historical migration patterns indicate that, in the future, there will be greater demand for housing in the northern part of Fraser Coast, most notably in Hervey Bay.

There also will be demand for new dwellings in the southern region including Maryborough, where there is ample vacant land supply; however it is half that of the northern region. This reflects the trend for people moving to the coastal areas, attracted by a desirable lifestyle and amenity.

In the northern part of Fraser Coast and Hervey Bay, supply and demand will need ongoing monitoring to ensure there is enough suitably zoned land. Without the emerging community vacant land in Hervey Bay, there is an under-supply of vacant residential land.

- *Insights into the Future of Fraser Coast*, KPMG 2020



“Stock is very limited across all asset classes. Some sales are achieving above asking price and there have been multiple sales over \$1 million.”

Property valuation firm Herron Todd White, June 2021

The list below provides a sample of the Fraser Coast house market:

Suburb	Sales Houses	Median Houses	1-year Growth	Median Weekly Rent	Median Yield
Craignish	87	\$615,000	20 %	\$420	4.0 %
Dundowran Beach	88	\$670,000	17 %	\$480	3.9 %
Eli Waters	112	\$450,000	20 %	\$420	4.8 %
Howard	56	\$275,000	15 %	Snr	Snr
Kawungan	156	\$465,000	21 %	\$420	4.6 %
Maryborough	464	\$250,000	15 %	\$300	6.3 %
Oakhurst	33	\$395,000	9 %	Snr	Snr
Pialba	110	\$410,000	21 %	\$390	5.0 %
Point Vernon	198	\$445,000	20 %	\$380	4.4 %
Scarness	109	\$375,000	23 %	\$350	4.8 %
Tinana	121	\$370,000	9 %	\$350	4.9 %
Toogoom	144	\$460,000	16 %	\$380	4.3 %
Torquay	140	\$440,000	21 %	\$375	4.4 %
Urangan	291	\$450,000	21 %	\$380	4.3 %
Urraween	213	\$460,000	19 %	\$410	4.7 %
Wondunna	110	\$565,000	26 %	\$435	4.0 %

The Fraser Coast apartment market can be summarised as follows:

Suburb	Sales Units	Median Units	1-year Growth	Median Rent	Median Yield
Pialba	63	\$285,000	14 %	\$320	5.8 %
Scarness	64	\$305,000	18 %	\$320	5.4 %
Torquay	140	\$295,000	16 %	\$330	5.8 %
Urangan	149	\$330,000	16 %	\$340	5.4 %

Source: CoreLogic, June 2021 “No. of sales” is sales over the past 12 months. “snr” = statistically not reliable.

WHY INVEST IN FRASER COAST REGION?

Future Prospects

WIDE BAY BURNETT HAS THE POTENTIAL TO INCREASE ANNUAL GRP OF \$325M TO \$995M BY 2035 - DELOITTE ACCESS ECONOMICS

The Fraser Coast Regional Council is one of the Local Government Areas that makes up the Wide Bay-Burnett Region – “an integral economic hub to the Queensland economy”, says Deloitte Access Economics.

“The region is home to a unique and diverse mix of agriculture production, minerals resource endowments, world heritage listed tourist attractions, and an abundance of natural resources,” says the economic analysts.

A \$260 million Hinkler Regional Deal, large manufacturing contracts, a strong agricultural sector, wind and solar farms, major road upgrades, a growing logistics hub and a proposed 250-berth marina/tourism/retail hub with a residential component – these are all examples of the type of economic activity that is propelling the Fraser Coast into the future.

This is coupled with strong population growth which is expected to increase by 30,000 to 138,000 by 2041.

Other benefits will come from the lead up to the 2032 Olympic Games as well as the State Government’s Covid recovery plan which will see large sums spent on infrastructure across Regional Queensland.

POPULATION GROWTH BY 2041

Fraser Coast Regional Council:	+30,000
Craignish-Dundowran Beach:	+ 8,000
Hervey Bay-South West:	+5,800
Dundowran-Nikenbah Growth Area:	+5,000
Hervey Bay-North East:	+4,400
Booral-River Heads:	+1,200
Howard-Torbanlea-Pacific Haven:	+1,000

Source: Based on estimates between 2021 and 2041 by demographic analysts, .id

The Bundaberg-Hervey Bay Region is set to benefit from the **\$260 million Hinkler Regional Deal** – a 5-year plan with commitments from the Federal Government, Bundaberg Regional Council and Fraser Coast Regional Council.

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

Hinkler Regional Deal - highlights:

The focus of the plan is to provide economic growth and long-term employment.

Some of the priority projects include:

- Delivery of the Hervey Bay CBD Master Plan with a new council administration building and enhanced the cultural precinct;
- Expansion of the University of the Sunshine Coast 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 to potentially host large sporting carnivals and to create an indoor sports complex.

The deal includes building the Fraser Coast Sports and Recreation Precinct to potentially host large sporting carnivals and to create an indoor sports complex.

The first stage of the sporting complex has already been opened. At a total cost of \$55 million, the complex will be developed in stages over 20 years.

Upon completion, the complex will comprise a stadium, numerous football fields, tennis and netball courts, club house and other facilities, at Nikenbah.

Numerous small transport and other infrastructure projects are included in the Hinkler Deal, for example, the Hervey Bay CBD has been earmarked for a \$40 million upgrade while \$26 million has been spent on redeveloping the airport.

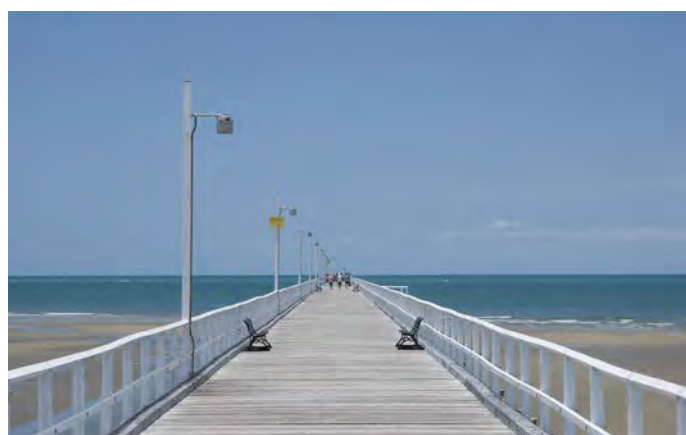
- 2032 Olympics

The 2032 Olympic Games are set to deliver \$8 billion worth of economic and social benefits across the state with events being hosted across Greater Brisbane, the Gold Coast, Sunshine Coast, Toowoomba, Townsville and Cairns.

Research by KPMG predicts benefits from the 2032 Games include a \$4.6 billion economic boost to tourism and trade and \$3.5 billion in social improvements such as health, volunteering and community benefits.

Being within a 3.5-hour drive from Brisbane, even closer from the Sunshine Coast where some events will be held, the Fraser Coast can expect to share in these benefits, especially during the whale watching season which runs between July and November annually. This will coincide with the Olympic Games programmed for July–August. Such a unique event is likely to have great appeal to foreign and interstate visitors.

The 2032 Games are also expected to support 91,600 full-time equivalent jobs in Queensland and 122,900 nationally.



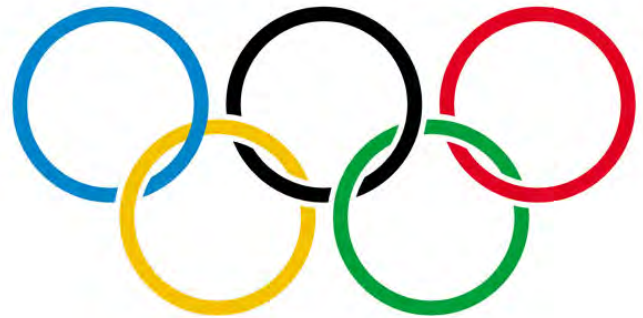
2032 Olympics - at a glance

\$8.1 billion in benefits to Qld

\$4.6 billion economic boost to tourism

91,600 full-time jobs

Venues will be spread across Qld



- Engineering Contracts

At an annual rate of 1.9%, Brisbane had the highest population growth of all the capital cities in FY2020, according to the Australian Bureau of Statistics.

The ongoing population increase is placing extra demand on Brisbane's public transport system, necessitating large infrastructure projects like the \$5.4 billion Cross River Rail, now under construction.

As projects like these roll out, demand for new and upgraded rolling stock increases.

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.

There is also a \$60 million munitions factory under construction, keeping 90 workers busy. With financial backing from both the State and Federal Governments, the factory will eventually supply the Australian Defence Force and allied forces globally.

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

- Hervey Bay Medical Precinct

Not only is the population of Hervey Bay increasing, it's ageing. The number of residents aged over 55 has increased from 36% in 2001 to 42% in 2016, according to Census data.

A medical hub provides essential medical services and creates a broad range of employment opportunities, including doctors, medical specialists and other healthcare workers.

As at the 2016 Census, the healthcare sector was the highest employer in the Fraser Coast Region with 5,700 people working in the industry.

A Medical Precinct Master Plan is being developed at Urraween, next to the Hervey Bay Public Hospital. The Medical Precinct incorporates:

- The Hervey Bay Public Hospital;
- St Stephens Private Hospital;
- Medical Place;
- The southern end of the Fraser Shores Retirement Living development site;
- The approved commercial development on the southern side of Urraween Road; and
- The TAFE East Coast campus site.

- Mary Harbour Project

A major coup for the region will be the \$660 million Mary Harbour project. An application for the development has been lodged with Council for assessment.

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

A village centre, waterfront boardwalks, a four-star, 100-room resort and conference facilities are included in the plans.

Visitor Nights - Fraser Coast

Year	International	Domestic
FY2020	437,891	2,773,313
FY2019	664,071	2,832,666
FY2018	684,514	3,283,879

Source: Tourism Research Australia



- Tourism

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.

While Hervey Bay may be renowned as the Whale Watching Capital of the world, there plenty of other pleasurable activities for both residents and visitors.

Hervey Bay has the largest artificial reef in Australia with shallow water, coral-covered reefs and plenty of fish. As a seaside location and near the southern tip of the Great Barrier Reef, the region is conducive for windsurfing, diving, jet-skiing, sailing, scuba diving and kayaking.

Just a short boat ride away is the heritage-listed Fraser Island, where visitors can go fishing and 4-wheel driving or simply take in the extensive range of flora, fauna and other natural attractions.

Festivals and events also draw visitors to the region. These include the Hervey Bay Seafood Festival, the Bush to Bay Festival, the Mary Poppins Festival in Maryborough and heritage walking tours in Maryborough.

The Fraser Coast Regional Council is encouraging tourism through the construction of eco and other resorts and the introduction of RV parks.

With 660,000 visitors to the region each year, there are also plans to include a cruise ship terminal at the Port of Bundaberg.



- Resources & Energy Sector

There are several wind and solar projects in the pipeline, the largest being the \$2 billion Forest Wind project, a joint venture between global engineering firm Siemens and renewable energy company Clean Sight.

Approved in February 2020, the project includes 226 turbines in state forest used as pine plantations between the towns of Gympie and Maryborough. The wind farm's capabilities would power 550,000 homes, making it one of the largest grid-connected wind farms in the Southern Hemisphere.

Construction is expected to begin in 2021 with the project becoming operational in 2023.

The Susan River Solar Farm near Maryborough became operational in 2018. Costing \$175 million, the farm can power 34,000 homes.

Another solar farm will be at Munna Creek.

As well as wind and solar projects, there are 200 tenures and 36 exploration and development projects either expanding or ready to commence, according to the Wide Bay Burnett Resources Group. The minerals include bauxite, ilmenite, kaolin, coking coal, granite and diatomite.

As Australia transitions away from coal-fired power towards renewable energy, state governments are planning renewable energy zones (REZ).

These areas will contain a concentration of wind, solar and battery storage energy.

The Queensland Government has committed \$145 million to establish three renewable energy zones across northern, central and southern Queensland with the Fraser Coast Region falling under the Central Queensland REZ. Being complex, these are long term plans.

- 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.

An aircraft factory, which will produce up to 25 planes a year, is currently under construction in the aviation park.

The \$12 million project will create up to 200 long-term, high-skill jobs for the region, with the factory generating \$16 million in annual wages and salaries once operational.

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

- Developer & Investor Incentives

The Fraser Coast Regional Council has regularly provided incentives to home builders and developers since 2014. One example was the Hervey Bay Housing Affordability Project which provided a \$12,000 grant for a new land or house-and-land purchase on top of the Queensland Government's first-home buyer grant.

The incentives have proven to be a driving force behind construction with industrial estates expanding and an aviation precinct being established.

The Council remains proactive in generating economic activity and jobs through construction projects. In September 2020, three large-scale tourism and commercial developments, along with an Op Shop and foodbank, received infrastructure incentives worth \$8.9 million.

The Fraser Coast Council website states:

"If you are a developer or business looking to expand, infrastructure costs can be greatly reduced allowing you to realise your plans faster. Invest Fraser Coast and Fraser Coast Regional Council are committed to the growth of the region and want you to take advantage of the outstanding opportunities to substantially reduce your costs."

- Qld Economy

The road to recovery in Queensland after Covid-19 includes the largest infrastructure program in over a decade. The State Government has allocated \$15 billion towards infrastructure projects in the FY2021 State Budget, along with another \$1 billion to make trains in Maryborough.

The capital program would support 46,000 jobs Queensland-wide: 17,300 in Greater Brisbane, 28,700 in Regional Queensland.

Some of the initiatives include \$1.6 billion for new and improved health facilities; \$1.7 billion for new schools; and \$6.3 billion on transport (including \$1.5 billion to continue work on the Cross River Rail).

The Queensland Government expects the state's Gross State Product to return to marginal growth (up 0.25%) in FY2021, with growth strengthening

"Population growth is a positive sign because it means more people are moving to Queensland for work, which will translate into demand for housing and retail spending."

CommSec chief economist Craig James

substantially to 3.5% in FY2022; and ongoing solid growth of about 2.75% per annum in following years.

The impact of the pandemic led to a 5.9% fall in domestic economic activity in Queensland in the June quarter of 2020.

However, this result was relatively favourable compared with the 7.4% fall in national domestic activity and declines in New South Wales (down 8.6%) and Victoria (down 8.5%).

- Deloitte Access Economics

A 2018 study of future trade potential of the Wide Bay Burnett by Deloitte Access Economics concluded the following:

"The Wide Bay Burnett is a region with significant economic potential. This potential is directly related to key established industries driven by the region's vast natural endowments including agriculture, forestry and related processing, tourism and mining and minerals. While the region is highly specialised in agriculture there is evidence of a shift away from traditional agricultural areas such as sugar cane farming into tree crops such as macadamias/avocados that are popular in both domestic and overseas export markets.

"The study found strong opportunities to grow established businesses in the region and tap into new overseas markets including horticulture, meat, beverages, value added foods, forestry and wood products and some mineral commodities.

"The study found that the potential economic dividends are significant for the Wide Bay Burnett region with increases in real annual GRP of **\$325M to 995M** and job creation (FTEs) of **625 FTEs to 1,860 FTEs** relative to business as usual by 2035."



WHY INVEST IN FRASER COAST REGION?

Current Projects

INFRASTRUCTURE – TRANSPORT

Project	Value	Status	Impact
Bruce Highway upgrade, Hervey Bay to Brisbane State and Federal Governments	\$8 billion Multi-stage project with upgrades from Brisbane to Hervey Bay	Under construction	Reduce congestion and flooding, and improve overall safety
Bruce Highway upgrade, Maryborough to Gin Gin State Govt	\$30 million Funded in the Covid Recovery Plan	Approved	
Bruce Highway upgrade, Gympie to Maryborough State Govt	\$8 million Funded in the Covid Recovery Plan	Approved	
Urraween/Boundary Road Extension, Hervey Bay	\$21 million Funded by the Federal Govt	Approved Preliminary work has commenced	Would provide an alternative east-west route other than Boat Harbour Dr
Floodproofing of Torbanlea-Pialba Rd	\$24 million Funded by the Federal Govt	Proposed	
Intersection upgrade: Pialba Burrum Heads Rd & Hervey Bay Maryborough Rd	\$36 million	Proposed	
Hervey Bay Airport redevelopment	\$27 million	Under construction	The new infrastructure will attract aviation and manufacturing businesses

RESOURCES AND ENERGY

Project	Value	Status	Impact
New wind farm between Gympie and Maryborough Forest Wind Holdings	\$2 billion Would power 550,000 homes	Approved	Jobs: 450 during construction
New solar farm, Aramara Eco Energy World	\$280 million Would power 55,000 homes	Approved	Jobs: 150
New solar farm, Susan River ESCO Pacific	\$175 million Would power 50,000 homes	Completed	
Teebar solar farm, Tiaro Teebar Clean Energy	TBA (Stage 1 - \$80mil) Would power 15–20,000 homes	Approved	Jobs: 100 construction
Colton Coal mine New Hope Group	\$300 million	Approved	Jobs: 120 construction 120 operational
Munna Creek solar Farm Renewable Energy System Technologies	\$300 million Would power 30,000 homes	Approved	Job: 300 construction 10 operation
Maryborough electricity grid upgrade State Govt	\$100 million	Approved	

INFRASTRUCTURE - HEALTH AND MEDICAL FACILITIES

Project	Value	Status	Impact
New public hospital, Bundaberg	\$1.5 billion	Approved	Jobs: 1,800

COMMERCIAL DEVELOPMENT – GENERAL

Project	Value	Status	Impact
Mary Harbour development MSF Sugar	\$660 million 250-berth marina, 1,800 dwellings and a 100-room hotel	Proposed	Would house 3,500 residents
Engineering contract, Downer EDI, Maryborough	\$85 million	Under construction Contract is to be fulfilled by 2024	75 New Generation Rollingstock will be modified for disability access
Train building contract, Downer EDI, Maryborough	\$600 million	Proposed	Jobs:690 20 trains are to be built
Wide Bay Motor Complex	\$30 million	Approved Land tenure needs to be resolved before proceeding	
Munitions factory, Maryborough Rheinmetall JV NIOA Munitions	\$60 million	Under construction Expected to be operational by 2022	Jobs:100 operational
Astro Aero aircraft factory, Hervey Bay Airport Astro Aero	\$12 million Would make 25 aircraft a year	Approved	Jobs: 200 operational



RESIDENTIAL DEVELOPMENTS

Project	Value	Status	Impact
Dundowran residential project, Grinstead Rd Leda Devts	TBA	Approved	2,000 lots are planned
Augustus Estate Urraween Rd and Hervey Bay Road Villa World	\$250 million	Under construction	800 lots are planned
Mariners Cove residential estate Eli Waters	TBA	Under construction	529 lots are planned
Diamond Waters Hervey Bay resort, Eli Waters	\$60 million	Approved	350 units and an 18-hole golf course
Highrise project, Urangan Anscape P/L	\$130 million 390 apartments, mixed-use tourism and retail	Approved	Jobs: 300 during construction
The Sanctuary Estate, Eli Waters	TBA	Approved	175 lots are planned
Latitude25 RV Lifestyle Community, Nikenbah	\$100 million	Approved	Includes 280 homes, clubhouse and a health hub
The Springs Hervey Bay, Nikenbah	\$75 million	Under construction	300+ lots are planned