



Clarence Valley Vacant Land Report

Second Quarter | 2011



HIGHLIGHT | REPORT

PRD nationwide

Clarence Valley Vacant Land Report



Local Area Characteristics

The Clarence Valley Local Government Area (LGA) is located along the northern coastline of New South Wales and offers a diversified landscape for its residents, from 80 kilometres of beach frontage to the many tributaries into the Clarence River. According to the Australian Bureau of Statistics (ABS) the most recent Estimated Residential Population for the Clarence Valley as at June 2010 was 52,592. This equates to an increase of 1.1 per cent over a twelve month period, the 65th strongest growth of 152 Local Government Areas in New South Wales. The majority of residents within the Clarence Valley live as a family household (at 71 per cent), while 29 per cent live as a non-family household (sole or shared accommodation). Of the total dwellings just over 86 per cent of dwellings are considered to be a separate house, with six per cent units and five per cent townhouses. A high 47 per cent of all dwellings are fully owned, with a further 28 per cent in the process of being purchased (mortgaged), leaving just 25 per cent of the market available for rent.

The suburb of Grafton is the commercial hub for the regional community within the 2460 postcode. This area is located close to the border of New South Wales and Queensland, 345 kilometres south of Brisbane and 640 kilometres north of Sydney. This locality is easily accessible from the north and south via the Pacific Highway, which runs through the Grafton CBD, while the Gwydir Highway provides access to major road networks and communities inland of Grafton. The region is also serviced by the Grafton Airport, with flights running from selected airports within New South Wales. For the purposes of this report, the Greater Grafton Area encompasses the suburbs located within the 2460 postcode.

Located 60km to the north-east of Grafton, the Greater Yamba Area is famous for its excellent fishing and perfect year round climate, which makes it a popular holiday destination for interstate travellers. The towns are situated on either side of the mouth of the Clarence River and are surrounded by pristine beaches, boasting excellent surfing and camping conditions. To the south of Yamba in the suburb of Angourie, one of the best surf breaks on the eastern sea board can be found, as well as some incredible views of the Yuraygir National Park. For the purpose of this report the Greater Yamba Area includes the suburbs of Yamba, Iluka, Wooloweyah, and Angourie.

Future Development and Infrastructure

The Clarence Valley currently has a number of infrastructure developments either proposed or under construction. The estimated total value of investment proposed for the region is just over \$394million. Future investment into development and infrastructure in the region will attract potential residents and ensure long term economic growth for the local economy.

The most significant projects under construction or proposed include;

Pacific Highway Upgrade

This is an upgrade to the main highway from Hexham to Tweed Heads. The impact to the region will be substantial with the ease of access improving through multiple lanes and urban bypasses. This will not only allow for improved trade schedules, but also entice growth in tourist numbers. With a total overall project value of \$2.2billion, it is easily the biggest investment to pass through the Clarence Valley region. Current key features are:

- Ballina bypass- construction commenced
- Brunswick Heads to Yulgun- construction commenced
- Coffs Harbour bypass- preferred route determined
- Warrell Creek to Urunga- environmental assessment submitted
- Banora Point Deviation- construction commenced
- Woodburn to Ballina- project deferred

Dolphin Blue Apartments

This proposed project will cost an estimated \$175million and is in the feasibility stage. The site has been sold and the developer is considering various options. Initial plans include:

- Residential ring road into residential component
- Construction of 2 x 4 storey residential flat buildings containing 55 units
- Strata subdivision of residential flat buildings
- Construction of 6 tourist facility buildings including tourist accommodation or serviced apartments
- Basement car parking for 212 vehicles
- Retail Shop
- Recreational facilities (tennis court)
- Commercial premises
- Business premises (spa or beautician)
- Refreshment room (cafe / restaurant)
- Hotel (pub)
- Conference / assembly facility

Grafton Base Hospital

Construction has just been completed for Stage One of the redevelopment of an emergency and surgical services wing in the existing Grafton Hospital. At a value of \$19.2million, the project has taken four years from conception to completion. Stage Two is set to commence construction in June 2011 and will include a \$7million X-ray department and six orthopaedic beds (with a value of \$3million), a new kitchen and refurbishment to pathology. Stage Two is expect to be completed in August 2012.

Grafton Library

Early planning has started for the construction of a new library to be located in Grafton. The project is currently in the concept stage, but it is estimated to have a value of \$8million.



Clarence Valley Vacant Land Market

“... it signifies that there is a limited amount of quality stock available on the market.”

The median price for vacant land has increased steadily in the Clarence Valley over the past six years. The December 2010 half year period has seen the median house price increase four per cent (\$6,000) from the corresponding period in 2009, to record a final median price of \$155,000. This is just over the five year average growth rate of 3.7 per cent per annum.

The amount of settled transactions over the most recent period have softened from the incentive driven half year ending December 2009 to register 116 sales. This equates to a decrease of 28.8 per cent. This is indicative of current market conditions with consecutive interest rate rises, the surprise November rate rise and the withdrawal of the First Home Owners Boost at the end of 2009 culminating to dampen buyer confidence within the market.

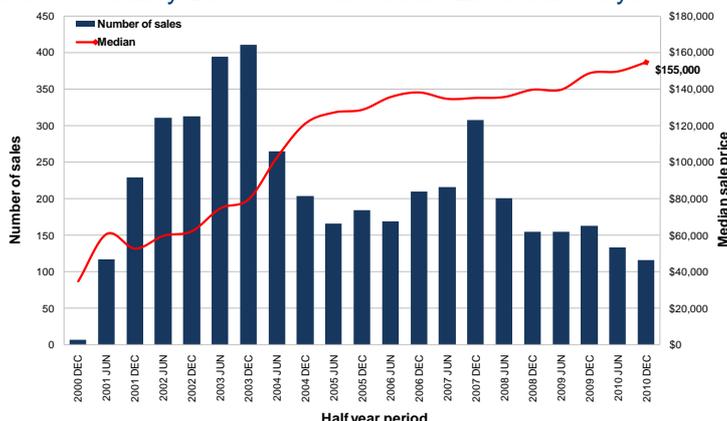
Analysis of the price points revealed the predominance of land sales have fallen within the \$100,000 to \$199,999 price point, accounting for 60 per cent of settled transactions during the period. This was followed by the sub \$100,000 price bracket with 16 per cent of sales. Although it was the \$500,000 to \$599,999 price bracket that contracted the most (66.7 per cent) from the previous six month period, the Price Points graph shows that it was the \$100,000 to \$199,999 bracket which experienced the largest decline in actual numbers, decreasing by 25 sales.

The suburb of Grafton recorded the most sales during the December 2010 six month period, with 15 sales. This was followed by Gulmarrad with 12 and Maclean with 11. When compared to the corresponding period of the previous year, Gulmarrad registered 20 sales, South Grafton had 12, while Woombah and Grafton each recorded 11 sales.

Most of the vacant land sales under 50,000m² were for lots in the 600m² to 999m² lot size range, accounting for 22 per cent of the total transactions. This was followed by the 1,000m² to 1,999m² size bracket, with 19 per cent of total sales. When compared to the previous year, there has been a significant decline in the amount of transactions in the 50,000m² size bracket.

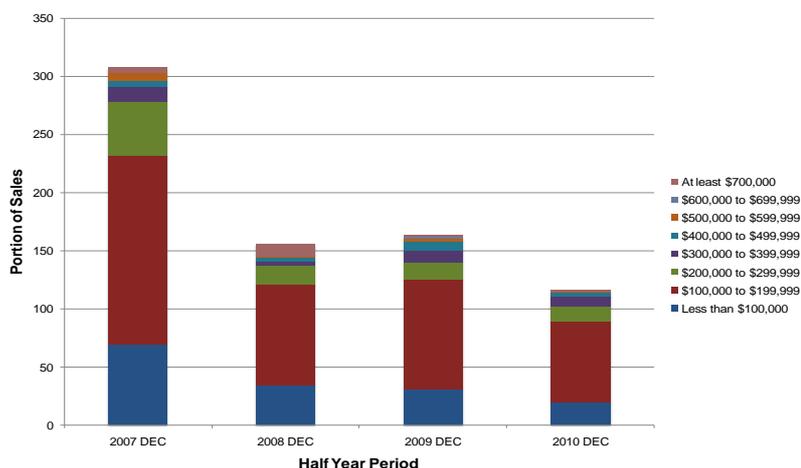
Despite the recent contraction of sales within the Clarence Valley, the median price for vacant land has continued to steadily increase. When analysing the sales over the past four years by lot size, it becomes evident that the majority of transactions occur within the 2,000m² range, with an average of 45 per cent of the market. As the majority of sales occurred in the small lots and median price has continued to increase over time, it signifies that there has been a limited amount of quality stock available on the market.

Clarence Valley LGA Ten Year Vacant Land Sales Cycle



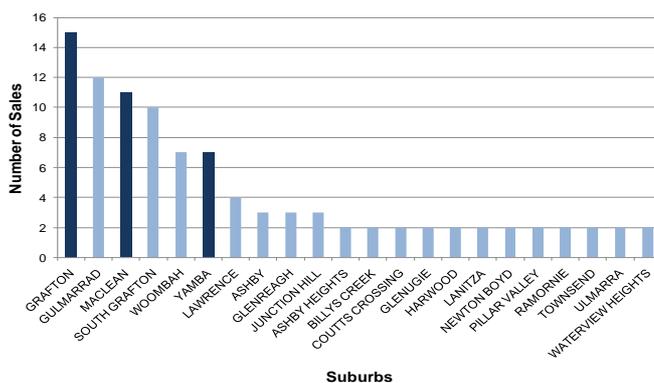
Prepared by PRDnationwide Research Source: PDS

Clarence Valley LGA Vacant Land Price Points



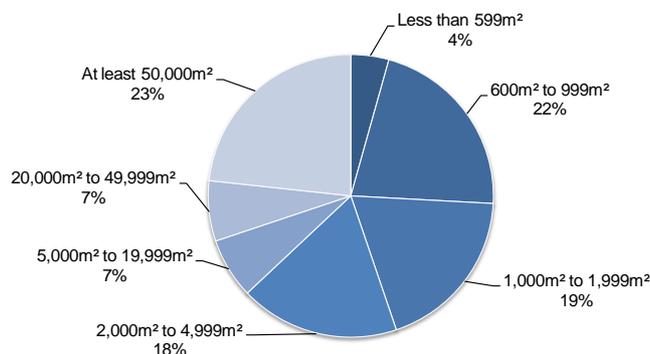
Prepared by PRDnationwide Research Source: PDS

Most Active Suburbs – Six Months To December 2010



Prepared by PRDnationwide Research Source: PDS

Clarence Valley Sales by Lot Size – Six Months To December 2010



Prepared by PRDnationwide Research Source: PDS

Greater Grafton Land Market

- The December 2010 half year period has seen the median vacant land price increase by only \$1,000 from the corresponding period in 2009, to record a final median price of \$145,000. However, it was during the recent second half of 2010 that has seen a softening in the median vacant land price, decreasing by \$5,000 in six months. Historically, the Greater Grafton land market has seen an overall trend of an increasing median price, with only temporary fluctuations that are usually remedied within a 12 month period.

- Settled transactions over the most recent period have softened considerably from the half year ending December 2009 to register 63 sales. This equates to a softening of 41.1 per cent.

- Analysis of the lot sizes sold in Greater Grafton has revealed larger sized lots of land at least 50,000m² has accounted for the majority of transactions during the December 2010 six month period, with 25 per cent of total sales. This was followed by the more conservative lot range of 600m² to 999m² with 24 per cent of total sales.

- Due to the market for vacant lots priced above \$200,000 rapidly declining, the lion's share of sales occurred in the price bracket of \$100,000 to \$199,999, with 65 per cent of the total sales.

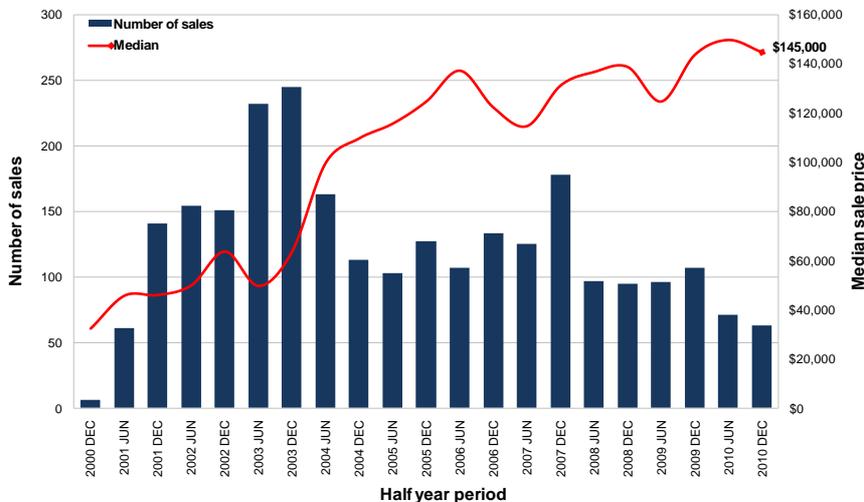
Greater Yamba Land Market

- As a result of a small vacant land market located in Greater Yamba, the median price has fluctuated severely. For the December 2010 six month period, the median vacant land price increased by 83.3 per cent to reach \$385,000. However, as this median was culminated through only eight settled sales over six months, it does not represent a reputable figure. PRDnationwide Research requires a minimum of 15 transactions to calculate a valid median.

- Over the past five years, settled transactions have averaged 21 sales per six month period, with the most recent six month period recording only eight. Analysis of the lot sizes sold in Greater Yamba has revealed that five of the eight sales recorded occurred in the 600m² to 999m² range.

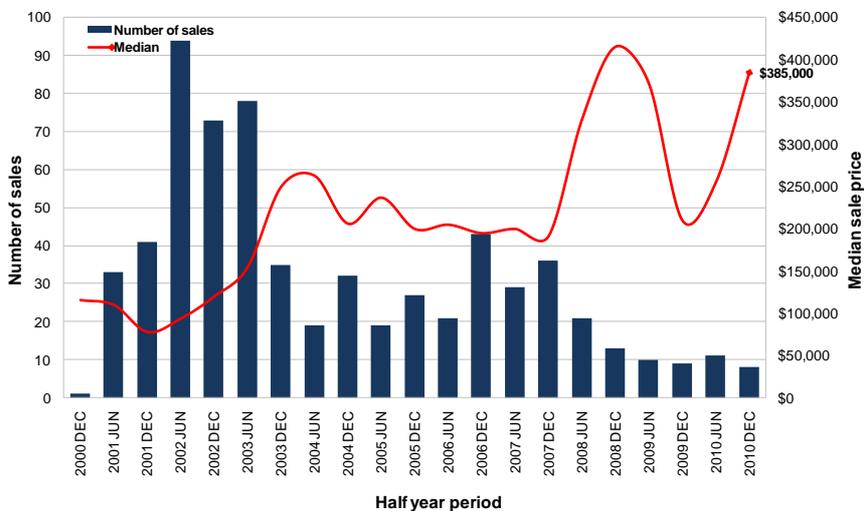
Capital growth in vacant land has fluctuated over the past five years, however an underlying trend does appear when looking at the Capital Growth chart. The amount of growth per annum has declined overall from 2005 to 2010, with only sporadic fluctuations. The investors that sold in 2005 realised an average capital growth of 29.1 per cent per annum in Grafton and 15 per cent per annum in Yamba. During the most recent December 2010 half year period this amount of capital growth had decreased to 5.9 per cent per annum for Grafton and 6.1 per cent per annum for Yamba.

Greater Grafton Ten Year Vacant Land Sales Cycle



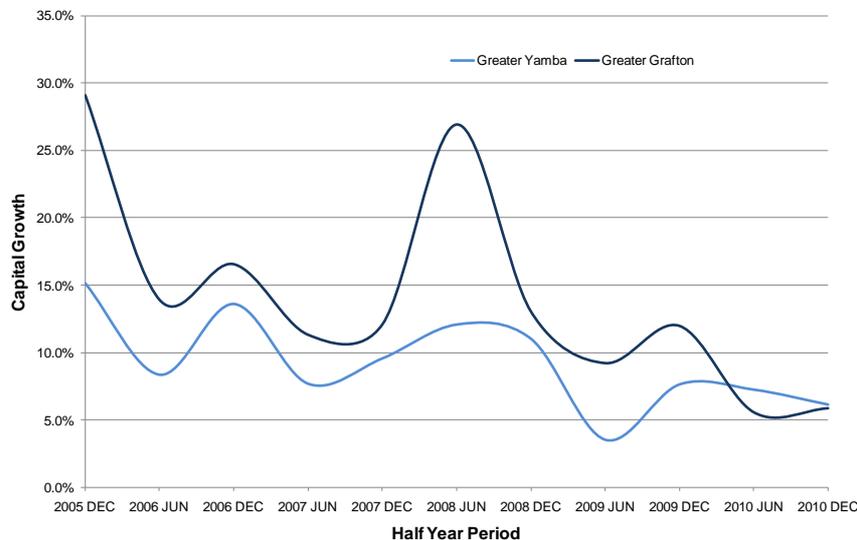
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Greater Yamba Ten Year Vacant Land Sales Cycle



Prepared by PRDnationwide Research Source: PDS

Average Capital Growth Per Annum



Prepared by PRDnationwide Research Source: PDS

Prepared by PRDnationwide Research. Source: PDS Live, BCIAustralia and ABS.

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