

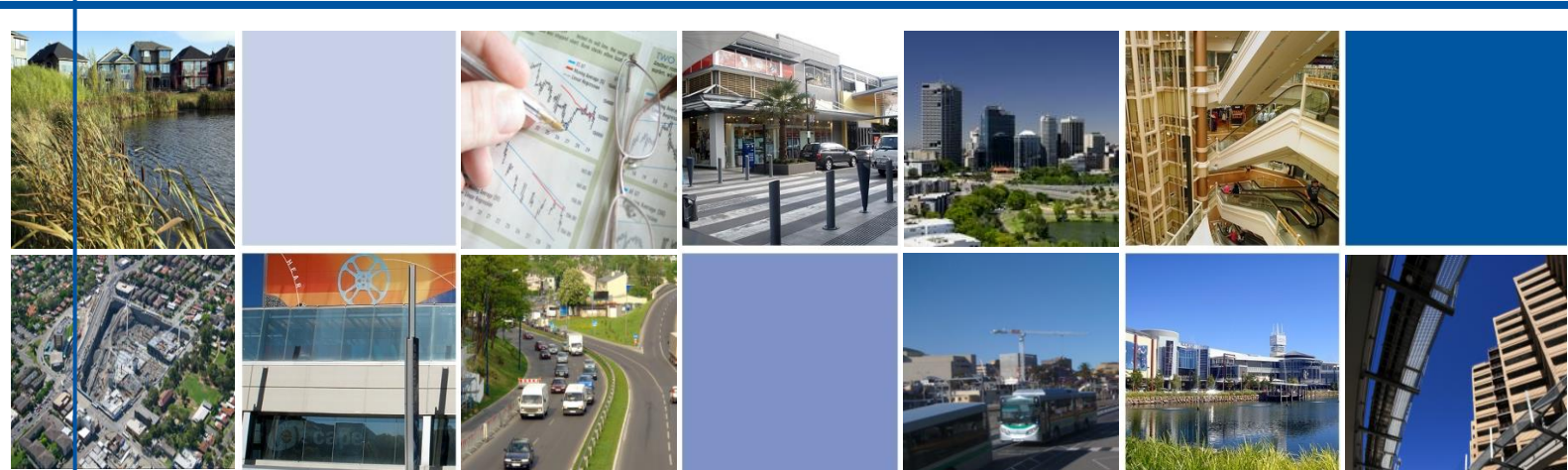
Far North Coast Region Residential Submarket Analysis

Department of Planning & Environment

Final Report

Updated to include DP&E 2014 Population Projections

June 2014



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Acronyms

FNC: Far North Coast

MPD: MacroPlan Dimasi

FNCRS: Far North Coast Regional Strategy

LGA: Local Government Area

FHB: First Home Buyers

GFC: Global Financial Crisis

ERP: Estimated Resident Population

DP&E: Department of Planning & Environment

ABS: Australian Bureau of Statistics

DoH: NSW Department of Housing

PURP: Place of Usual Residence

SEQ: South East Queensland

Note: Due to rounding, some numbers may not add up.

REGION	SUPPLY	DEMAND	POPULATION, AGE & INCOME	HOUSE PRICES AND RENTALS	HOUSING TYPES REQUIRED
BALLINA	<p>The FNCRS anticipated that Ballina LGA would require an additional 8,400 dwellings by 2031, representing 16.5% of the dwelling target identified for the FNC region.</p> <p>Following a peak in 2006 (539 approvals), dwelling approvals have since declined. Approvals have averaged 197 per annum over the five years to 2012.</p> <p>We note also that 87% of building approvals over the 2006 to 2009 period were transferred into housing commencements, with the majority of new stock in the form of detached housing.</p> <p>Ballina is relatively well placed to accommodate future population growth with the majority of new housing expected to be accommodated in the Cumbalum area, west of Lennox Head.</p> <p>Cumbalum is expected to accommodate 4,500 dwellings, representing 54% of the dwelling targets for the Ballina LGA.</p> <p>Should delivery of the scheduled land releases not materialise in a timely manner it would be expected that considerable pressure will mount on the redevelopment of established areas.</p>	<p>Population growth has been slower than predicted in the FNCRS, causing a decline in housing starts to 2011.</p> <p>Given this lag in housing activity it is highly likely that the Strategy's 2031 dwelling targets will not be met. Over the first five year period, a shortfall of 167 dwellings has already emerged, putting dwelling growth marginally below FNCRS expectations.</p> <p>Our examination of house sales data for 2012 has revealed that the majority of sales has occurred within the Ballina – Central submarket.</p> <p>Household composition within the Ballina LGA is heavily skewed towards family households at 81%, however growth over the five years to 2011 has been most pronounced amongst lone person households.</p>	<p>Ballina's Estimated Resident Population (ERP) is 40,747 (2011).</p> <p>The latest NSW DP&E estimates predict that the population will grow to 44,750 people to 2031.</p> <p>Population growth is expected to be more pronounced for residents aged 65+ years.</p> <p>Other notable observations regarding Ballina's current and expected population are:</p> <ul style="list-style-type: none"> Over half of the 20-34 year old age cohort earns an income of less than \$31,199. 80% of persons aged 65+ earn an income lower than \$31,199. Similarly, the 35-49 and 50-64 age cohorts have a skew towards low income earners. 	<p>Over the five years to 2012, 62% of house sales were priced between \$350,000 and \$550,000.</p> <p>For house sales in 2012, almost two thirds were priced in the medium value range (\$350,000 to \$550,000).</p> <p>The most affordable submarket was Ballina – Outer Central with 86% of houses priced below \$350,000.</p> <p>Ballina – Lennox Head was the most expensive residential submarket within the LGA, with 28% of houses sold in 2012 priced above \$550,000.</p> <p>Over the five years to 2012, rentals have increased by 5.5% per annum for detached houses within the LGA.</p> <p>Rentals are most expensive within the Lennox Head submarket with a median rent of \$387 per week.</p> <p>Overall, there is a predominance of medium priced product across the LGA. Approximately one quarter of house sales over 2012 were for product that was priced below \$350,000 although most of this product is located in the Ballina Central and Ballina Regional submarkets.</p>	<p>The dominant factor of population growth at Ballina to 2031 is its ageing characteristic. At present just over 20% of the population is aged over 65 years. This will grow to 29% by 2031.</p> <p>Accordingly, an increased demand for alternate (smaller) housing product is likely to eventuate over this period, subject to the right price points being triggered.</p> <p>We note that new medium and high density product still lags behind the more popular detached dwelling format, however a continued provision of alternate housing forms will be required to meet demand and to ensure that specific market segments are not ignored.</p> <p>Further consideration of small lot product may be required to relieve this market pressure over time.</p>

REGION	SUPPLY	DEMAND	POPULATION, AGE & INCOME	HOUSE PRICES AND RENTALS	HOUSING TYPES REQUIRED
BYRON	<p>Under the FNCRS, the Byron LGA is planned to accommodate 2,600 dwellings, accounting for 5% of the dwelling targets for the FNC region.</p> <p>Following a peak in 2010 (200 approvals), dwelling approvals have since declined. Approvals have averaged 175 per annum over the five years to 2012.</p> <p>We note also that 95% of building approvals over the 2006 to 2009 period were transferred into housing commencements, with the majority of new stock in the form of detached housing.</p> <p>Byron is well positioned to accommodate future population growth with the northern portion of the LGA set to provide the majority of new dwellings, namely Brunswick Heads Ocean Shores, Bangalow and Mullumbimby.</p> <p>In Byron LGA, housing affordability has deteriorated. Prior to 2007, approximately 50% of all house sales were below \$350,000. Over the next five years, the majority of sales were for houses priced between \$350,000 and \$550,000.</p>	<p>Total dwelling approvals within Byron have remained steady between 2006 and 2012, averaging 175 per annum.</p> <p>Byron is the only LGA where housing approvals over the 5 years to 2011 exceeded the FNCRS's forecast of required supply. Byron also enjoys the highest conversion of housing approvals to commencements amongst the Far North Coast councils.</p> <p>Growth in household composition over the five years to 2011 has largely come from lone person households.</p> <p>Our examination of house sales data for 2012 has revealed that the majority of sales have occurred within the Byron – Brunswick Heads submarket.</p> <p>Byron Bay is a popular destination for tourists and holidaymakers. As such, rental markets will remain strong.</p> <p>While land and house product remains the dominant format, the recent rise in apartment construction indicates that there is emerging market demand for medium and high density product.</p>	<p>Byron's Estimated Resident Population (ERP) is 30,712 (2011).</p> <p>The latest NSW DP&E estimates predict that the population will grow to 36,200 people by 2031.</p> <p>In line with other LGAs, the local population is expressing rapid ageing. Other age groups are expected to experience only modest gains, if not outright declines.</p> <p>Downsizers now make up the largest portion of the housing market, assisted by a modest net migration gain.</p> <p>Working residents are skewed towards lower income earners with people in the high wage bracket accounting for only 13% of total. Low income earners are most pronounced amongst persons aged between 20-34 and 65+.</p>	<p>A considerable shift in house price distribution has occurred within the Byron LGA.</p> <p>Over the five years to 2007, 50% of house sales were priced below \$350,000, however in the five years to 2012, 70% of house sales were priced in the medium value range.</p> <p>House sales during 2012 were heavily skewed towards the medium and high value ranges. Byron – Byron bay presents as the most expensive submarket with 27% of sales priced above \$550,000.</p> <p>Byron – Brunswick Heads is the most affordable residential submarket within the LGA with 17% of sales below \$350,000.</p> <p>Over the five years to 2012, rental growth averaged 6.4% per annum.</p> <p>Median rents are highest in the Byron Bay residential submarket (at \$550 per week).</p>	<p>In line with other FNC LGAs, the dominant factor of population growth in Byron is its ageing characteristic.</p> <p>Accordingly, an increased demand for alternate housing product is likely to eventuate over this period, subject to the right price points being triggered, particularly coastal submarkets.</p> <p>Detached housing still dominates housing formats within Byron; however a continued provision of alternate housing forms will be required to meet both rental demand and that generated by smaller households.</p>

REGION	SUPPLY	DEMAND	POPULATION, AGE & INCOME	HOUSE PRICES AND RENTALS	HOUSING TYPES REQUIRED
KYOGL	<p>Under the FNCRS, the Kyogle LGA is planned to accommodate 3,000 dwellings.</p> <p>Approvals remain at weak levels, averaging 20 per annum over the five years to 2012.</p> <p>Kyogle is well placed to accommodate future population growth with the majority of new housing expected to come from the suburbs immediately surrounding the Kyogle town.</p>	<p>Kyogle is expected to accommodate 6% of the FNCs residential dwelling target out to 2031. However, approvals over the past 5 years have been below the target set out by the strategy.</p> <p>There has been reasonable population growth in the 50-64 age group with 'downsizers' now making up the largest portion of the housing market. It is expected that growth in the size of the 65+ age group will accelerate to 2031.</p> <p>Household income levels in Kyogle are low with 76% of people living in a household with an annual income of less than \$78,000. Kyogle has the weakest income levels of all FNC LGAs.</p> <p>Our examination of house sales data for 2012 has revealed that the majority of sales have occurred within the Kyogle - Regional submarket.</p>	<p>Kyogle Estimated Resident Population (ERP) is 9,537 (2011).</p> <p>The latest NSW DP&E estimates suggest that the population of Kyogle LGA will be 9,600 people by 2031.</p> <p>The 65+ age cohort is the only age group to experience growth out to 2031, with outright reductions expected amongst all other age cohorts.</p> <p>Working residents are skewed towards lower income earners with people in the low wage bracket accounting for 68% of total. Low income earners are most pronounced amongst the aged population (aged 50-64 and 65+)</p>	<p>Kyogle LGA is the most affordable LGA within the FNC region.</p> <p>Over the five years to 2012, 96% of houses sold were priced below \$350,000.</p> <p>The Kyogle - Central submarket is the most affordable region within the LGA with 100% of properties sold below \$350,000.</p> <p>Overall, both submarkets were similar in affordability with only 7% of houses sold within the Kyogle - Regional submarket above \$350,000 in value.</p> <p>Over the past five years, rents have increased by 9.3% per annum, albeit from a low base.</p> <p>Kyogle Central had the highest rentals in the LGA with a median of \$210 per week.</p> <p>Overall, there is a dominance of low priced product across the LGA. Approximately 70% of house sales over 2012 were for product that was priced below \$350,000.</p>	<p>Weak demand for housing has impeded development in the Kyogle LGA.</p> <p>Given the expected increase in the ageing population, the diversification of housing product is likely to eventuate over this period, subject to the right price points being triggered.</p> <p>Detached housing still dominates housing formats within Kyogle; however a continued provision of alternate housing forms will be required to meet demand from shrinking households, particularly if existing stock is to be made available to incoming households.</p>

REGION	SUPPLY	DEMAND	POPULATION, AGE & INCOME	HOUSE PRICES AND RENTALS	HOUSING TYPES REQUIRED
LISMORE	<p>Under the FNCRS, the Lismore LGA is planned to accommodate 8,000 dwellings, accounting for 16% of the dwelling targets for the FNC region.</p> <p>Following a peak in 2008 (260 approvals), dwelling approvals have remained close to historical levels. Approvals have averaged 160 per annum over the five years to 2012.</p> <p>We note also that 65% of building approvals over the 2006 to 2009 period were transferred into housing commencements, with the majority of new stock in the form of detached housing.</p> <p>The city of Lismore is expected to account for the majority of new dwellings with 3,360 expected by 2031. Subsequently, the LGA is placed well to provide suitable and affordable housing products</p> <p>Should delivery of the scheduled land releases not materialise in a timely manner it would be expected that considerable pressure will mount on the redevelopment of established areas.</p>	<p>Population growth has been slower than predicted in the FNCRS, causing a decline in housing starts to 2011. Over the past five years, resident population growth equated to an average rate of growth of just 0.5% per annum.</p> <p>Population growth has been most pronounced amongst the 50-64 age cohort, reflective of the region's ageing demographic and aided by a modest net migration gain. An influx from the Far North Coast region was the major contributor to inward migration.</p> <p>Retirees (65+ year old) have also grown in size. An influx of persons from the Far North Coast region is a major contributor to growth in this age group, as would be expected given Lismore's hospital and related facilities</p>	<p>Lismore's Estimated Resident Population (ERP) is 44,348 (2011).</p> <p>Population growth over the past five years has been weak, averaging 0.5% per annum.</p> <p>NSW DP&E estimates suggest that the population will increase to 50,200 people by 2031.</p> <p>Between 2011 and 2031, the majority of population growth is expected to come from persons aged 65+.</p> <p>Similar to other FNC LGAs, working residents are skewed towards lower income earners with over half (57%) of people in the low wage bracket. This is particularly true for persons aged 65+.</p>	<p>The number of house sales below \$350,000 reduced considerably over the five years to 2012, with 77% of sales in the low range down from 96% over the previous five year period to 2007.</p> <p>In the Lismore - South sub-region, 96% of all dwelling sales were in the low price range (below \$350,000), making it the most affordable of the residential submarkets within the LGA.</p> <p>Lismore - Central was the most expensive submarket with only 67% of sales in the low value range. Furthermore, Lismore - Central was the only submarket with sales in excess of \$550,000.</p> <p>Rental growth in the Lismore LGA over the past five years has averaged 5.1% per annum, with indicative rental yields ranging from 4.6% to 5.3%.</p> <p>Median house rents are highest in the Lismore - Central submarket at \$334 per week.</p>	<p>Housing choice diversity will be key to meeting future housing targets. The provision of alternative housing forms will assist in achieving both housing for the aged and the targets set out under the regional strategy.</p> <p>The surge in villa approvals during 2010 suggests that there is a market appetite for alternate housing product within the LGA.</p>

REGION	SUPPLY	DEMAND	POPULATION, AGE & INCOME	HOUSE PRICES AND RENTALS	HOUSING TYPES REQUIRED
RICHMOND VALLEY	<p>Under the FNCRS, the Richmond Valley LGA is planned to accommodate 9,900 dwellings, accounting for 20% of the dwelling targets for the FNC region.</p> <p>The towns of Casino and Gayes Hill are considered the two main development fronts.</p> <p>Areas to the south, including Evans Head are expected to provide a significant proportion of new housing within the LGA. As mentioned previously, the environmental constraints at Evans Head will limit development opportunities in the locality.</p> <p>We note also that 79% of building approvals over the 2006 to 2009 period were transferred into housing commencements, with the majority of new stock in the form of detached housing.</p>	<p>In recent years, approvals for villas have accounted for a larger share of total activity, indicating a market shift to different housing forms.</p> <p>Total dwelling approvals have averaged around 90 per annum. More recently, higher density development has begun to take up a larger share of total approvals, averaging 31% over the past two years.</p> <p>Our examination of house sales data for 2012 has revealed that the majority of sales have occurred within the Richmond Valley - Casino submarket.</p> <p>Growth in downsizer and retiree age cohorts accentuates the need for alternate housing product in the LGA. This is consistent with the current FNCRS which identifies a greater demand for diversity in housing form to match the requirements of changing household structures.</p>	<p>Richmond Valleys Estimated Resident Population (ERP) is 22,717 (2011).</p> <p>The latest NSW DP&E estimates suggest that population growth will result in 25,150 people by 2031.</p> <p>Population growth is expected to be more pronounced for residents aged 65+ years.</p> <p>63% of working residents earn an income less than \$31,199, with the skew most pronounced in the older age cohorts.</p>	<p>The majority (84%) of houses sold during the five years to 2012 were priced below \$350,000 (low range).</p> <p>Richmond Valley – Casino presents as the most affordable submarket within the LGA with 95% of houses sold priced in the low value range.</p> <p>On the other hand, Richmond Valley – Coast was the most expensive submarket with 70% of houses sold priced above \$350,000.</p> <p>The LGA overall, however, provides a cross-section of dwelling price points and represents as a more affordable LGA generally.</p>	<p>The apparent downward trend in dwelling approvals suggests demand for housing within the LGA has been weak. The shift to villa approvals advocates a recent swing to medium density housing.</p> <p>Persons aged 65+ will be the major influences on housing demand. As such, medium and high density dwelling formats in established locations with ample and easily accessible service provision are likely to be supported by this cohort.</p> <p>Further consideration of small lot product may be required to relieve this market pressure over time.</p> <p>Securing jobs growth will be critical to achieving overall population growth and an active property market. Council is acutely aware of this relationship and is actively pursuing new employment opportunity.</p>

REGION	SUPPLY	DEMAND	POPULATION, AGE & INCOME	HOUSE PRICES AND RENTALS	HOUSING TYPES REQUIRED
TWEED	<p>Under the FNCRS, the Tweed LGA is planned to accommodate 37% of the dwelling targets for the FNC region – the largest out of any FNC LGA.</p> <p>The northern areas of the LGA are anticipated to supply the majority of dwellings with Tweed Heads and the nearby Cobaki the major areas for dwelling growth.</p> <p>We note also that 93% of building approvals over the 2006 to 2009 period were transferred into housing commencements, with the majority of new stock in the form of detached housing.</p> <p>Retirees (65+) will provide they key influence to the Tweed LGA property market, largely through the demand for smaller housing products. The strong growth in FHBs, upgraders and downsizer age cohorts will further support the demand for new properties.</p> <p>Tweed LGA has the largest population of all FNC LGAs, accounting for 37% of the region’s population, while it is also the largest employer in the FNC, representing 31% of all jobs in the FNC. Tweed LGA plays a fundamental role in the FNC region.</p>	<p>Over the five years to 2011, inward migration into Tweed LGA totalled 16,790 persons, making it the largest LGA within the FNC for inward movements. A net migration gain across all age groups contributed to the LGA’s overall population growth by 6,906 over the 2006-2011 period.</p> <p>Dwelling approvals in the Tweed LGA have experienced a significant reduction from levels observed in 2006.</p> <p>Over the five years to 2012, approvals have averaged 490 per annum.</p> <p>Our examination of house sales data for 2012 has revealed that the majority of sales have occurred within the Tweed - Heads submarket.</p>	<p>Tweeds Estimated Resident Population (ERP) is 88,437 (2011).</p> <p>Population growth has been modest, averaging 1.6% per annum over the five years to 2011, slightly above the NSW average. Its proximity to SE QLD would have supported its moderate growth, particularly in comparison to other FNC LGA.</p> <p>Population growth projections are strong, with the latest NSW DP&E projections estimating that the population will increase to 109,400 people by 2031.</p> <p>The 65+ age group is projected to be the dominant age group by 2021 and already represents as the most sizeable in the housing market.</p> <p>Working residents are skewed towards lower income earners with 60% of people in the low wage bracket. This is particularly true for persons aged 65+ with 85% in the low income range.</p>	<p>Affordability within the Tweed LGA remains a concern with house prices experiencing considerable growth in recent years.</p> <p>During the five years to 2012, an average of 21% of total houses sold were priced below \$350,000.</p> <p>The Tweed – Coast submarket is the most expensive submarket within the LGA; only 11% of houses sold were priced in the low range.</p> <p>The submarket of Tweed – Regional is the most affordable with only 2% of sales during 2012 above \$550,000. 65% of sales were priced below \$350,000.</p> <p>Rental growth in the Tweed LGA over the past five years has averaged 4.1% per annum, with indicative rental yields of 4.6%.</p>	<p>The success of housing delivery will be determined by the LGAs ability to deliver a diverse housing mix.</p> <p>Should the major land releases not come to fruition or in a timely manner, it is expected that considerable pressure will mount on the redevelopment of established areas, placing significant upward pressure on property prices.</p> <p>We note that new medium and high density product still lags behind the more popular detached dwelling format, however a continued provision of alternate housing forms will be required to meet demand and to ensure that specific market segments are not ignored.</p> <p>Further consideration of small lot product may be required to relieve this market pressure over time.</p>

Executive Summary

Introduction

MacroPlan Dimasi has undertaken a detailed analysis of the residential submarkets across the Far North Coast (FNC) region to inform an understanding of housing market pressures.

In 2008, MacroPlan had undertaken a similar study following the completion of the 2006 Far North Coast Regional Strategy (FNCRS). Our previous analysis examined historical, economic, demographic and housing trends with an aim to identify future housing need for each submarket within the FNC.

Given that seven years has elapsed since the 2006 Regional Strategy, we are now able to compare how each of the LGA's and their respective submarkets has performed relative to the Strategy's projected targets. We are also able to consider this performance in light of the broader demographic trends that have emerged in the 2006-2011 intercensal period.

The table below provides a reference for the key demographic changes that have occurred across the Far North Coast LGA's over the 2006-2011 period.

Table 1. Key demographic indicators (2011), FNC LGAs

Key Demographic Indicators	Ballina	Byron	Kyogle	Lismore	Richmond Valley	Tweed
Population (ERP)						
2006	39,537	30,125	9,491	43,338	21,728	81,531
2011	40,747	30,712	9,537	44,348	22,717	88,437
DP&E population projections (2014)						
2021	43,050	33,650	9,600	47,550	24,150	99,350
2031	44,750	36,200	9,600	50,200	25,150	109,400
Employment growth (2006-2011)						
	372	718	30	516	240	3,256
Total dwelling approvals (2006-2011)						
	1,513	1,021	145	955	582	3,235
Household composition - 2011 Census						
Family household	80.8%	73.5%	81.0%	80.6%	81.0%	79.1%
Lone person household	11.8%	11.7%	12.8%	11.7%	11.7%	12.2%
Group household	3.2%	6.6%	2.2%	4.5%	1.9%	3.2%
Other	4.2%	8.2%	4.0%	3.1%	5.4%	5.5%
Household income - 2011 Census						
Less than \$78,000	62.5%	65.7%	75.8%	65.4%	72.7%	66.4%
More than \$78,000	37.5%	34.3%	24.2%	34.6%	27.3%	33.6%

Source: ABS, MacroPlan Dimasi

For housing, perhaps the greatest change between the Census periods has been in household composition within the FNC region. Household composition continues to be skewed towards family households, ranging from 76.4% to 83.4%, however, recent growth in household composition has come from lone person households.

Over the five years to 2011, growth in lone person households has averaged 1.7% p.a. considerably above other household compositions. For lone persons, growth was most pronounced within the Tweed LGA at 2.3% p.a.

Table 2. CAGR* in Household Composition (2006-2011), FNC LGAs

Household Composition	Ballina	Byron	Kyogle	Lismore	Richmond Valley	Tweed
Family households	0.3%	0.4%	-0.9%	0.0%	0.1%	1.1%
Lone person households	0.8%	1.5%	2.1%	1.4%	2.2%	2.3%
Group households	-1.2%	2.0%	1.3%	-0.7%	0.7%	4.2%

*CAGR: Compound Annual Growth Rate

Source: ABS, MacroPlan Dimasi

The change in household composition is reflected in a compression of household size. Recent 2011 Census data illustrates the average household size within the region has reduced to 2.4 persons per household, down from 2.5 as at the 2006

Census. This of course is part of a continual trend that was anticipated in the FNCRS, with further reductions in household size predicted to occur over time.

In compiling our report we have utilised data from a wide range of sources including the Australian Bureau of Statistics (ABS), the NSW Department of Planning and Environment (DP&E), NSW Department of Housing (DoH), RP Data and MacroPlan Dimasi’s own market research. We have also examined, where available, information from the Far North Coast Housing and Land Monitor. The Monitor is compiled from Council records and provides data on housing and land production, but remains partially incomplete from 2009 and onwards.

Structure of the Report

A similar format to our 2008 report has been used. We assess population drivers and economic conditions for each of the LGAs and consider more detailed market information (including land, unit and house sales) with respect to the following submarkets within the LGAs.

Residential Submarkets					
Ballina LGA	Byron LGA	Kyogle LGA	Lismore LGA	Richmond Valley LGA	Tweed LGA
Ballina - Outer Central	Byron - Brunswick Heads	Kyogle - Regional	Lismore South	Richmond Valley - Casino	Tweed - Regional
Ballina - Regional	Byron - Regional	Kyogle - Central	Lismore - North	Richmond Valley - Regional	Tweed - Heads
Ballina - Central	Byron - Byron Bay		Lismore - Central	Richmond Valley - Coast	Tweed - Coast
Ballina - Lennox Head					

Differences to Previous Report

We have made some slight amendments to the classification of age groups and included data that was not previously included in our 2008 report such as a commentary on and evidence of employment trends.

The major difference is the reclassification of age cohorts and their respective market segments. We have slightly adjusted the four age group cohorts and have aligned these with new market segments that better reflect their respective stage of activity within the property market, as described below.

Previous Report	Age Group	Current Report	Age Group
Experimentals	20-34	First Home Buyers (FHB)	20-34
Wealth Creators	35-54	Upgraders	35-49
Life Stylers	55-74	Down Sizers	50-64
Seniors	75+	Retirees	65+

Given the strong correlation between housing demand and employment conditions, especially over the past five years, our current report also provides commentary on employment drivers and respective Council responses to the challenge of job creation in the region.

For this report we also analyse property data over a longer period of time, i.e. from 2002 to 2007. In doing so, the impact of data abnormalities is minimised.

Population Statistics

For the purpose of this report, demographic statistics are sourced and compiled from different data sets, including:

- ABS 2006 and 2011 Census - Place of Usual Residence (PURP) data.
- Estimated Resident Population (ERP) – 3218.0 – Regional Population Growth, Australia, 2011 (30 April 2013 release).
- DP&E future population projections.

A major purpose of this report is to 'update' our view on demographic trends and housing need as a result of new Census (2011) information. Hence a first port of call for reporting purposes is to compare Census (2006) and Census (2011) findings, specifically in relation to changes in household composition and inward and outward population flows.

In addition to its Census publications the ABS provides an annual estimate of population for the whole of Australia. This estimate is known as the Estimated Resident Population (ERP).

The ERP estimates are published and reviewed each year, and are more commonly relied upon for 'actual' population estimates. Census data, which is useful for identifying population shifts and trends, is utilised by ABS to adjust and finalise its ERP estimates for the preceding intercensal period.

The Far North Coast region's population was 236,498 at 30 June 2011, growing by 10,748 persons or 0.9% per annum over the five years to 2011.

We note that the ERP estimates for 2011 have recently been updated by ABS (re-issued on 31 August 2013). This most recent update has used Census 2011 data to construct a new population base figure for 30 June 2011 and for the immediate prior intercensal period (2007-2011).

In 2013, this 'rebasings' process also involved a one-off 'recasting' of ERP estimates back to June 1991 to accommodate methodological improvements in the estimation of the Census count.

Inevitably, the 'rebasings' and 'recasting' of the ERP has resulted in an adjustment of population estimates relevant to this current study. We have used the new estimates as our record of 'actual' population at June 2006 and at June 2011.

The 'recast' ERP population estimates include data on the age-specific breakdown of population. We have used this data to inform our examination of population change over the 2006-2011 period.

We have also examined inward and outward migration movements based on Census 2011 data, deriving a net migration estimate for each LGA. The migration data provides an insight into the age cohorts which experienced the greatest inward or outward movements over the period.

Together with our analysis of overall population change, our report provides a comprehensive overview of the nature and drivers of change affecting each of the LGAs that comprise the Far North Coast Region.

[Age Cohorts and Market Segments](#)

Our description of age cohorts and their respective market segments have been adjusted since our previous 2008 report. The current descriptions are outlined below.

First Home Buyers (FHBs) – aged between 20-34 years of age

Generally there has been a national trend of delaying entry to the property market and an adjustment of housing product type that is purchased by early market entrants. Whilst there are exceptions, we classify first home buyers for the FNC region as comprising predominantly the 20-34 year old aged cohort. We expect the bulk of FHB demand to come from this cohort. Of course, many persons in this age group will also choose to either 'stay at home' or rent, thereby delaying their entry into the housing market.

Upgraders – aged between 35-49 years of age

For the purpose of our analysis, persons aged 35-49 have been grouped as market 'upgraders'. Broadly, persons in this age cohort are already in the property market but, due to changing life circumstances, are generally looking to upgrade to a larger/higher quality property that can be financed through the sale of their existing dwelling.

Downsizers – aged between 50-64 years of age

People in this age cohort no longer need to occupy a larger dwelling (as their children have matured and/or have moved from home themselves) and will therefore consider downsizing to a smaller dwelling depending on market availability. Downsizing presents as an opportunity to realise capital gains from the sale of the family home and is also important as these working persons begin to structure their finances to support a self-funded retirement. Classification as a 'downsizer' does not mean, of course, that all persons in this age cohort will actually move to a smaller dwelling.

Retirees – aged 65 years and older

Retirees will have a similar housing preference to downsizers as a large family home is no typically longer required and/or the 'need' to move into a smaller premises that is easier to maintain becomes a market imperative. We acknowledge that there are many 50+ and 65+ households that choose to remain in the family home and therefore do not, in themselves, contribute to housing demand.

Classifications of Housing Typology

Throughout the report we refer to different housing products. The following broad definitions for each type of housing are used:

- **Detached Housing** – a single dwelling that is unattached to other dwellings and is sited on its own parcel of land.
- **Medium Density** – a form of housing that includes what is commonly referred to as villas, duplexes, town-houses or shop-top housing of 2 storeys or less.
- **High Density** – a housing form that includes apartments of 3 storeys or more.

Key Research Findings for the Region

Some of the key findings arising from our research for the region include:

- The pace of development has not been as fast as expected, owing to slower population growth overall.
- Population growth over the past 10 years has been manifest by an ageing demographic, i.e. the fastest growing age group across the region is the +65 years cohort. Given the magnitude of persons on the verge of retirement, this age cohort is expected to continue to exert substantial influence on household composition and housing demand over the immediate future.
- This influence stems from the inherent move toward lower household densities that is associated with ageing populations (i.e. there are more single and 2 person households).
- In combination with population growth, decreasing occupancy rates will increase the need for more dwellings. An ageing population will also require dwellings of a particular type (generally smaller, easily maintained and accessible) and for these to be located close to services, especially health services.

- The continued dominance of detached housing as the favoured form of residential development. House approvals averaged 66.2% of total approvals within the FNC over the six years to 2012.
- The impact of global economic conditions and the correlation between jobs growth and housing demand – our analysis has revealed a noticeable decline in housing approvals and population influx from around 2007, matched by an overall stagnation in workforce growth across the region. The impact of global financial conditions on business investment and consumer sentiment over the intercensal period is palpable.
- A continued preference for development in coastal locations. There remains a considerable disparity in property prices between inland and coastal residential submarkets. Coastal submarkets have a substantial price premium over inland locations. The rate of population growth is also expected to be more intense in the coastal locations. Across the region the popularity of the coast is obvious, as evidenced by the comparison between the Kyogle LGA, which is set to experience minimal population change to 2031, and the Tweed LGA, where growth is expected to be robust.
- Inward migration remains a key source of population growth, especially from south-east Queensland. This is especially true of the Tweed Shire however we note that improved transport infrastructure also allows for the regular transit of workers into Queensland from other LGAs. Conversely, outward migration, especially of young adults, has continued across the region.
- There remains a housing supply mismatch across the FNC LGAs and their respective housing sub-markets, with housing stock and new supply dominated by detached housing product but with an increasing need for smaller housing formats driven by retiree and first home buyer needs. A lack of suitable housing product imposes affordability constraints on new market entrants and limits the ability of older households to move into more appropriate housing forms.

- There would appear to be sufficient planned new housing supplies across the respective LGAs, assisted somewhat by the lag in population growth that has occurred over the past five years. We note, however, that the release of new land, in Ballina and Lismore in particular, is complicated by necessary land amalgamations, the physical impacts of new development and servicing and access constraints. All councils reported significant difficulties in financing new development and/or in the market response to passing these costs on to private developers. Some Councils reported a significant discounting of actual costs in order to attract market interest.
- We note the following likely economic drivers that will shape the immediate market outlook for the region.

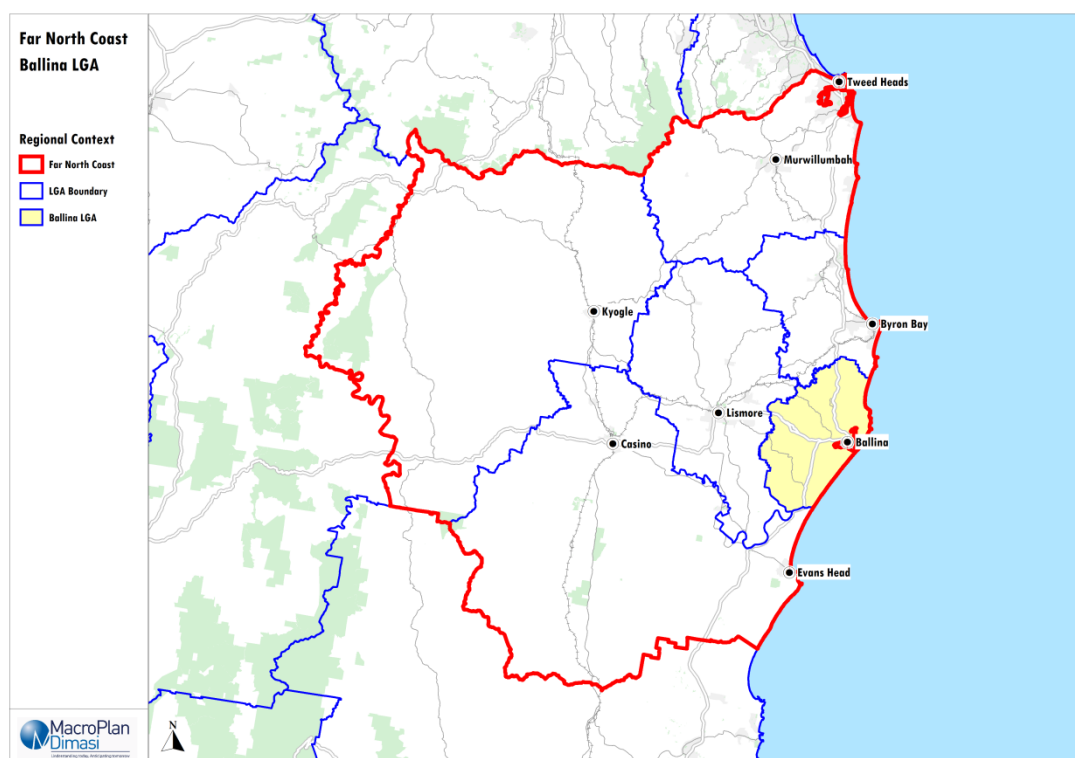
Driver	Outlook	Market Impact
Employment	Modest jobs growth	FHB demand
Economic structure	Service sector leading growth	FHB and upgrader demand
Population growth	Considerable inward migration, particularly to coastal submarkets	Overall housing demand
Housing supply	Continued strong rental growth with pressure building on delivery of new housing	FHB and investor demand
Residential Cycle	Rising rental prices	Upgrader demand
Lot affordability	Attractive compared to established houses but dependent on continued supply	FHB and upgrader demand
Demographic trends	Local retirees may seek to downsize if the right product is available	Small lot & attached housing

1.1 Key Facts, Findings and Take-outs

Housing & Population Projections:

- In the Far North Coast Regional Strategy (2006), Ballina LGA had been assigned a target of 8,400 new dwellings by 2031 (or 1,680 per five year period on average).
- Our analysis demonstrates that population growth to 2011 has occurred at a much lower rate than anticipated.

Figure 1. Ballina's Location in Context of the Far North Coast Region



Source: MacroPlan Dimasi

- For the greater part, the majority of housing supply is expected to eventuate in Lennox Head and in greenfield release areas to the west of Lennox Head (in the Cumbalum Urban Release Area). A 14% contribution

from infill development is also anticipated, most of which is expected to materialise in Ballina Island and Ballina West.

Prevailing Conditions:

- As at 2011, the Ballina LGA encompassed a resident population of 40,747 persons.
- Following a peak in 2006 (539 approvals), total dwelling approvals for the Ballina LGA have averaged around 180 per annum. The slowdown in activity has been most pronounced in the 'other' dwelling segment, particularly amongst villas and townhouses.
- Household composition within the Ballina LGA is heavily skewed towards family households at 81%, however growth over the five years to 2011 has been most pronounced amongst lone person households.
- Property price growth has impacted turnover volumes in Ballina LGA. Over the last five years, the proportion of dwellings sold within the medium price band has increased at the expense of more affordable housing product. Land prices also have climbed over the same period.
- Over the five years to 2012, residential rents in Ballina LGA increased by about 6.0% per annum; 6.5% per annum for detached dwellings and 5.5% for apartments.
- While rents are generally more accommodating at inland locations, these submarkets have experienced higher rates of rental growth between 2007 and 2012 i.e. rents in the Ballina Regional & Ballina Outer Central submarkets increased by 7.2% and 6.2% per annum respectively. In these submarkets, lower rents have attracted households seeking to reduce housing expenses, which has in effect, supported rental growth through higher demand. This has occurred during a period when population growth has been subdued.
- Over the five years to 2011, an additional 372 jobs were created in the Ballina LGA. Employment growth had been highest amongst industries that are associated with localised services such as Health Care and Social Assistance (+382 jobs).

Future Conditions:

- Based on DP&E projections, it is anticipated that the resident population of Ballina LGA will expand by 0.6% per annum between 2011 and 2016, before slowing to 0.4% per annum thereafter.
- Population growth is expected to be most pronounced amongst retiree households.
- The rise in retiree numbers is expected to result in greater demand for localised service provision.
- A greater mix of dwelling typologies will be required to accommodate the specific housing needs of Ballina's population. Consideration could be given to small lot alternatives if a sufficient supply of new attached product (apartments, townhouses, villas) does not eventuate.

Recommendations:

- Affordable housing and retirement housing product close to facilities and services for Ballina's ageing community is required. A variety of housing product will also be required to meet first home buyer expectations.
- Whilst identifying a housing mismatch is relatively arithmetic, encouraging owners to move into a more appropriately sized accommodation will remain a challenge. Further consideration needs to be given to this implication.

1.2 Benchmarking the 2006 FNC Regional Strategy

The current (ERP 2011) population of Ballina and the previous population for 2006 are provided below.

Table 3. Ballina LGA population

Source	Date	Population
ERP Estimate	2006	39,537
ERP Estimate	2011	40,747

Source: ABS, MacroPlan Dimasi

- The FNCRS 2006 projected a need for an additional 8,400 new dwellings by 2031, or around 16.5% of the overall housing target for the whole of the FNC region.
- Ballina grew by 1,210 persons over the period, at a rate of 0.6%. Its population, based on ERP (2011), was 40,747.
- Notably, jobs growth in Ballina Shire over the 2006-2011 period was considerably constrained, with an increase of just 372 in the number of persons employed in the Shire. We note that the period encompassed the global financial crisis (GFC) and that there was considerable contraction in economic activity post-2007.
- Consequently, Ballina’s housing stock addition over the 2006-2011 period was also restrained. A total of just 1,513 dwellings were approved over the period.

1.3 Population Trends and Characteristics

- According to ABS ERP figures, Ballina LGA increased by 1,210 persons from 2006–2011, at an annual growth rate of 0.6%.
- Consistent with national trends, the number of retirees in Ballina increased to a larger extent than the overall population. Between 2006 and 2011, the number of 65+ aged persons increased by 1,092.
- Net losses in the 0-19, 20-34 and 35-49 age cohorts were recorded during the 2006-2011 period.

Table 4. Population growth by age cohort, Ballina LGA

	2006	2011	Change (2006-2011)
0-19	10,000	9,802	-198
20-34	5,641	5,353	-288
35-49	8,284	7,907	-377
50-64	8,042	9,023	981
65+	7,570	8,662	1,092
Total	39,537	40,747	1,210

Source: ABS, MacroPlan Dimasi

1.3.1 Household Composition

- Household composition within the Ballina LGA is heavily skewed towards family households at 80.8%, however growth over the five years to 2011 has been most pronounced amongst lone person households.

Table 5. Household composition, Ballina LGA

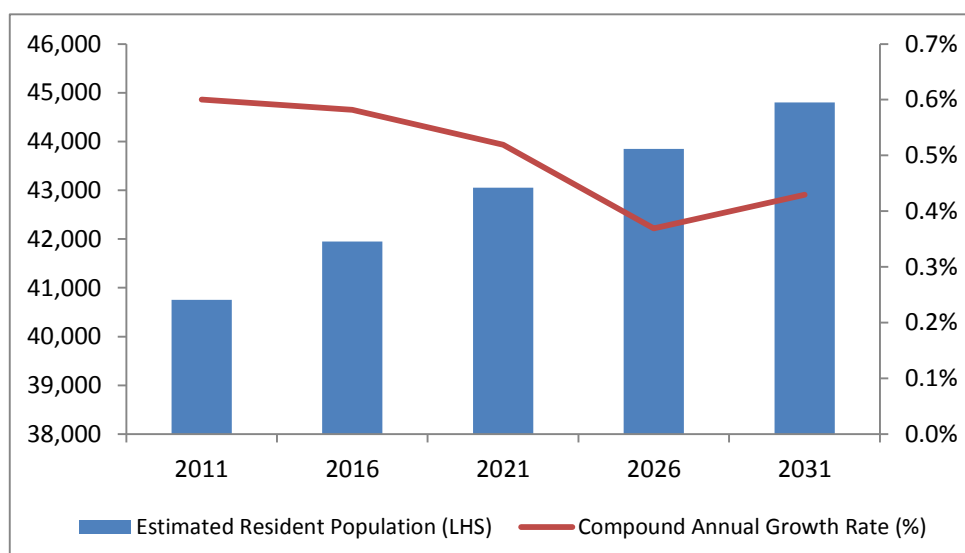
Household composition	Ballina	Growth (2006-2011)
<i>Family household</i>	80.8%	0.3%
<i>Lone person household</i>	11.8%	0.8%
<i>Group household</i>	3.2%	-1.2%
<i>Other</i>	4.2%	-
Total	100.0%	

Source: ABS, MacroPlan Dimasi

1.3.2 Population Growth – Projections

- According to new projections provided by the DP&E, the Ballina LGA population is projected to expand to 44,750 by 2031, at an average growth rate of 0.6% p.a. between 2011 and 2016 before slowing to average 0.4% p.a. between 2016 and 2031.

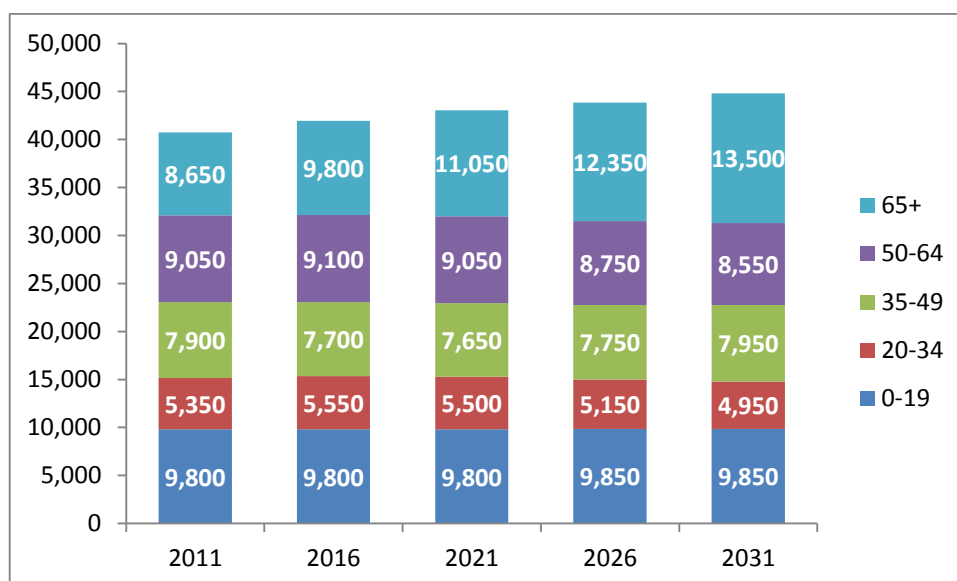
Figure 2. Projected Population (2011 to 2031)



Source: DP&E, MacroPlan Dimasi

- Growth in persons aged 20-34 and 50-64 is projected to be negative, with net losses of -400 and -500 respectively out to 2031.
- In the Ballina LGA, population growth is expected to be most pronounced amongst retirees (65+), with growth of 4,850 persons by 2031.
- In terms of representation, as at 2011, retirees (65+) accounted for 21% of Ballina's total population, however this is expected to increase to 30% by 2031.

Figure 3. Population Projections by Age (2011-2031)



Source: ABS, DP&E, MacroPlan Dimasi

- Growth in older households is expected to underpin demand for new medium and high density housing, predominantly in coastal submarket locations, as retirees look to 'cash out' of their existing homes and seek accommodation that is close to services.
- The need for greater housing diversity to accommodate the changing needs of the region's ageing population is identified in the FNCRS.

1.3.3 Migration Movements (2006-2011)

Inward and outward movements for each FNC LGA have been analysed, using 2006 and 2011 Census data (Place of Usual Residence).

- In the five years to 2011, inward migration to Ballina totalled 7,703.

- The two main components of Ballina's population inflow are interstate movements (predominantly SE QLD) and, to a lesser extent, more localised movements from other LGAs within the Far North Coast region.
- As shown in the table below, the 35-49 age cohort was the dominate age group amongst Ballina's inward migrants, with an inflow of 1,946 persons over the five year period.
- Overseas migration was considerable at approximately 770 persons, predominantly from persons aged 20-34.

Table 6. Inward Migration (2006 to 2011)

Ballina	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	430	430	469	341	307	1,977
Sydney	243	281	349	277	169	1,319
Regional NSW	310	326	342	261	227	1,466
Interstate	454	530	569	394	226	2,173
Overseas	145	267	217	94	45	768
Total	1,582	1,834	1,946	1,367	974	7,703

Source: ABS, MacroPlan Dimasi

- In the five years to 2011, outward migration from Ballina totalled 6,515.

Table 7. Outward Migration (2006 to 2011)

Ballina	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	427	514	481	332	178	1,932
Sydney	120	317	86	86	35	644
Regional NSW	200	288	222	222	155	1,087
Interstate	544	1,212	476	410	210	2,852
Total	1,291	2,331	1,265	1,050	578	6,515

Source: ABS, MacroPlan Dimasi

- Interstate (predominately to SE QLD) and localised movements to other LGAs in the Far North Coast region constituted the most popular destinations.
- By age group, those aged between 20-34 years represented the largest outflow.

Table 8. Net Migration (2006 to 2011)

Ballina	0-19	20-34	35-49	50-64	65+	Total
Net migration	291	-497	681	317	396	1,188

Source: ABS, MacroPlan Dimasi

- Over the five year period, ABS Census data indicates a net inflow of 1,188 persons into the Ballina LGA. Notably, a net increase was achieved for all age groups except the 20-34 age cohort, consistent with the broader national trend of young adults leaving regional areas.
- In terms of net gains, the most significant contributing age groups were the 35-49 year aged cohort, recording a gain of 681 persons, and the 65+ age group which recorded a net migration gain of 396 persons.

1.3.4 Income Distribution by Age

- Housing affordability is a function of income or spending capacity and housing costs. Subsequently, demand for dwellings is largely determined by household or personal income.
- For the purpose of our analysis, we separate personal income as follows:

Table 9. Personal Income Ranges

Range	Value range
Low Range	Upto \$31,199
Medium Range	Between \$31,200 and \$64,999
High Range	Greater than \$65,000

- In Ballina LGA, approximately 56% of residents earned less than \$31,200 per annum. The majority of low income earners were below the age of 34 years.
- Of all age groups, persons aged between 35-49 entailed the highest proportion of high income earners. As at 2011, approximately 21% of persons in this group received an income above \$65,000 per annum.

Table 10. Personal Income Distribution by Age (2011)

		Ballina
20-34	Low	54%
	Medium	36%
	High	10%
35-49	Low	41%
	Medium	38%
	High	21%
50-64	Low	48%
	Medium	33%
	High	19%
65+	Low	80%
	Medium	16%
	High	4%
Total	Low	56%
	Medium	30%
	High	14%

Source: ABS, MacroPlan Dimasi

- Particularly for FHBs, low income earning capacity is expected to impede property market activity. As has been shown from migration data, an outflow of potential FHB households from the 20-34 age cohort has and is expected to continue to occur. Many persons in this age group will also choose to either 'stay at home' or rent, thus delaying their entry into the housing market.
- For households, income levels are moderate with 62% of people living in a household with an annual income of less than \$78,000.

Table 11. Household Income (2011)

Annual household Income (Proportion)	Ballina
Less than \$78,000	62%
More than \$78,000	38%
Total	100%

Source: ABS, MacroPlan Dimasi

- Whether market participation is assessed by reference to individual or household incomes, it would appear that affordability will present as a barrier of entry for a significant proportion of the population.

1.4 Housing Market Implications

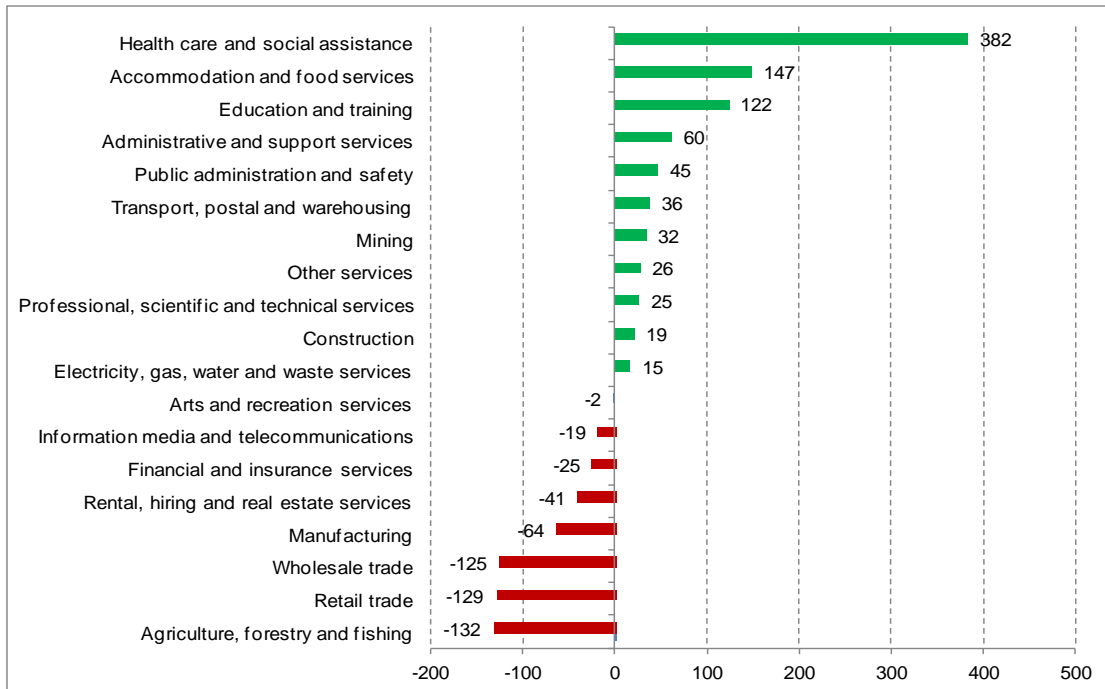
- The above assessment of demographic and resident income earning characteristics suggest the following:
 - **First home buyers (20-34 year olds):** The majority of individuals in this age group earn an annual income of less than \$31,199. Shrinkage in this market is influenced heavily by out-migration, tied to the availability of jobs, or the lack thereof, as well as personal preferences. The affordability of housing product will be key to market entry. Similarly, the availability of rental product and different housing formats is important to those from this group who choose to delay entry into the home mortgage market.
 - **Upgraders (35-49 year olds):** There has been a net migration inflow of approximately 681 persons over the past five years in this age cohort (i.e. 681 more persons from this age group moved to Ballina than left Ballina), although a net overall loss of 371 persons was recorded over the inter-censal period, reflecting a transition of this age group to the older age cohort over the period. Of this group, 41% earning an annual income of less than \$31,199. We suspect a strong linkage to the availability of employment as a key lever to attract and retain this age group.
 - **Downsizers (50-64 year olds):** A modest net migration gain has been recorded for this age cohort, along with solid overall growth in this age cohort. Downsizers now make up a sizeable portion of the overall housing market.
 - **Retirees (65+ year olds):** Similarly to downsizers, a modest net migration has been recorded over the past five years. Overall growth in the age cohort represents as the most solid of all age groups for the intercensal period. This age group is projected to be the dominant age group by 2021.
- The growth in downsizer and retiree age cohorts accentuates the need for smaller housing products in the LGA. This is consistent with the current FNCRS which identifies a greater demand for diversity in housing form to

match the requirements of changing household structures, particularly the increase in one and two person households.

1.5 Employment Characteristics and Outlook

- Whilst the purpose of our current analysis is on housing market conditions and the characteristics of Ballina's dwelling stock, it would be remiss not to briefly observe labour market fundamentals for the area given the strong correlation between employment availability, population growth and housing demand.
- Obviously the GFC years have impacted upon consumer and business confidence and have had a large bearing on growth outcomes for the 2006-2011 period.
- Our analysis of employment trends is based on residents living within the LGA rather than jobs within the LGA. This is because resident workers will generate demand for housing rather than people working in the area that choose to live elsewhere.
- Over the five years to 2011, the number of employed persons residing in the Ballina LGA increased by 372.
- Over the period jobs growth was most pronounced in Health Care and Social Assistance (+382 jobs).
- At the same time, three industries registered a decline in employed persons - Agriculture, Forestry & Fishing (-132 jobs), Retail Trade (-129 jobs) and Wholesale Trade (-125 jobs).

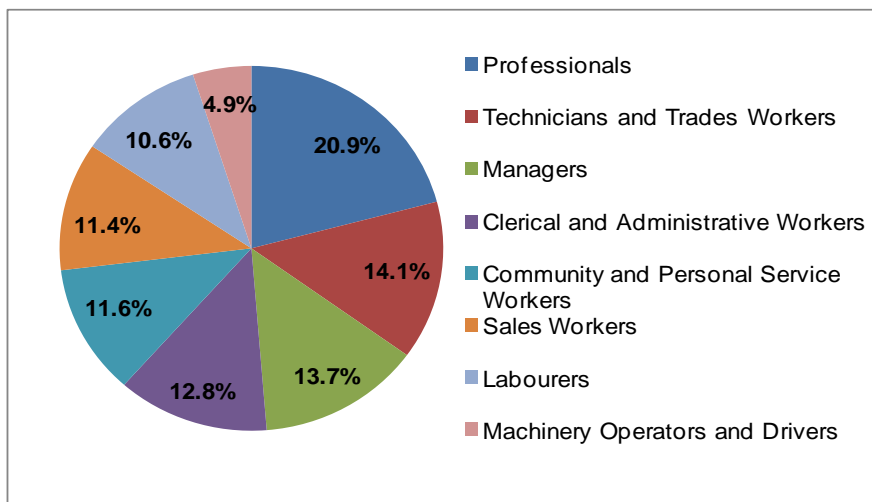
Figure 4. Employment Growth by Industry (2006 to 2011)



Source: ABS, MacroPlan Dimasi, Census 2011

- As at Census 2011 the dominant occupation category for Ballina residents was 'Professionals', accounting for around 21% of the LGA's workforce. The contribution from most other occupations, with the exception of 'machinery operators and drivers', was fairly equal.

Figure 5. Occupation Composition (2011)



Source: ABS, MacroPlan Dimasi

- Health Care and Social Assistance is the largest employing industry in the LGA – it engaged 15.7% of the LGA’s workforce in 2011. Retail trade (13.2%) and Education & Training (10.7%) were the next two largest employing industries, reflecting a service bias in the LGA’s employment make-up.

Table 12. Employment by Industry (2011)

Industry	Number	Composition (%)
Health care and social assistance	2,551	15.7%
Retail trade	2,145	13.2%
Education and training	1,741	10.7%
Construction	1,502	9.2%
Accommodation and food services	1,466	9.0%
Manufacturing	983	6.0%
Public administration and safety	935	5.8%
Professional, scientific and technical services	845	5.2%
Agriculture, forestry and fishing	709	4.3%
Other services	614	3.8%
Administrative and support services	487	3.0%
Transport, postal and warehousing	483	3.0%
Wholesale trade	468	2.9%
Financial and insurance services	383	2.4%
Rental, hiring and real estate services	291	1.8%
Arts and recreation services	224	1.4%
Information media and telecommunications	219	1.3%
Electricity, gas, water and waste services	148	0.9%
Mining	68	0.4%
Total	16,262	100.0%

Source: ABS, MacroPlan Dimasi

- Around 65% of the LGA’s total workforce is engaged in service industries, reflecting a strong link between population growth and employment opportunities. Employment in the service industries is strongly influenced by the level and type of population growth. For instance, the increasingly ageing characteristic of Ballina’s population will lead to a continued emphasis on health care and social assistance as a major employer.
- Like other councils within the Far North Coast region, Ballina is aware of the employment implications of an ageing population and of other service needs of its population (e.g. educational and retail). At the same time, however, the need to grow and develop non-population based employment opportunity is also recognised – e.g. in fostering marine-based commercial activity or in developing an aeronautical employment base that is aligned to Ballina’s increasingly popular airport. Success in nurturing

entrepreneurial activity in these and other employment areas is expected to impact significantly on the rate and type of Ballina’s population growth in future years.

1.6 Ballina Housing Market Conditions

1.6.1 Housing Tenure

- As at Census 2011, 41% of all dwellings are owned outright, marginally above the FNC average.
- In the Ballina LGA, representation amongst renting households (28%) is slightly above the FNC average (27%).

Table 13. Housing Tenure, Ballina LGA & FNC (2011)

Tenure	Number	Ballina LGA	Far North Coast
Owned outright	12,076	41.0%	39.5%
Owned with a mortgage	9,226	31.4%	33.4%
Rented	8,127	27.6%	27.1%
Total	29,429	100.0%	100.0%

Source: ABS, MacroPlan Dimasi

- Outright ownership is highest amongst downsizers and retirees. Combined these groups account for 80% of household outright ownership.
- Upgraders present as the dominant ‘owned with a mortgage’ tenure group, comprising 38% of this housing arrangement.
- At around 30%, renting rates are equal amongst FHBs and upgraders.

Table 14. Household Tenure by Age (2011)

	Owned outright	Owned with a mortgage	Rented	Total
15-19	3.9%	10.8%	8.9%	7.5%
20-34	5.6%	16.3%	29.6%	15.6%
35-49	10.5%	37.7%	30.3%	24.5%
50-64	32.6%	29.3%	19.7%	28.0%
65+	47.4%	5.8%	11.5%	24.4%
Total	100.0%	100.0%	100.0%	100.0%

Source: ABS, MacroPlan Dimasi

1.6.2 Housing Activity since 2006 (2006-2011)

- Dwelling approval data provided by the ABS has been analysed as it provides an important leading economic indicator, while giving an insight into the demand for dwellings over a given period.
- The peak in 2006 had been due to a surge in villa and townhouse approvals (539 approvals).
- In 2006, the surge in villa approvals confirms that developers were pre-empting a rise in demand for smaller housing products in the region.
- Following the peak in 2006, dwelling approvals in the Ballina LGA have contracted.

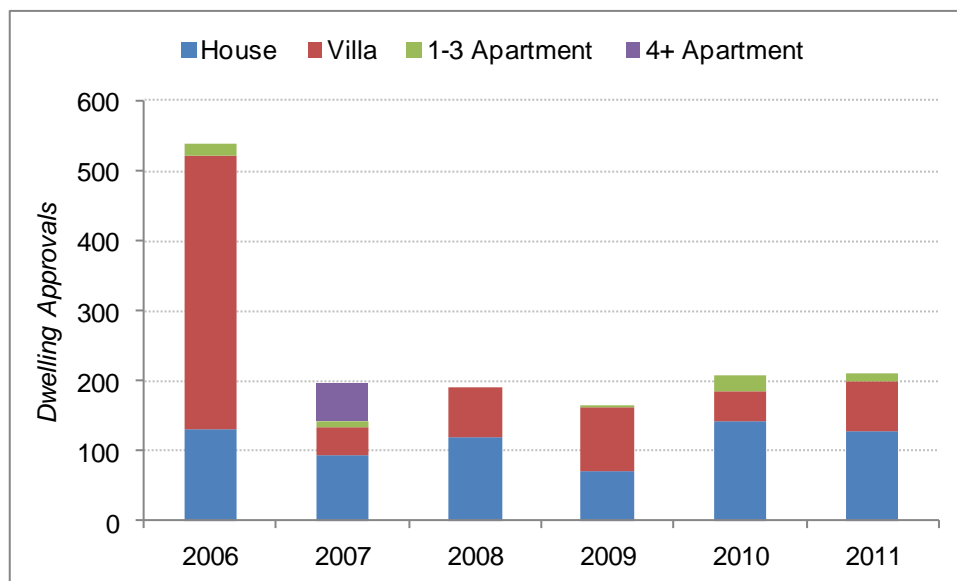
Table 15. Dwelling Approvals (2006-2012)

	House	Other Dwelling	Total
2006	132	407	539
2007	95	101	196
2008	119	73	192
2009	72	94	166
2010	142	66	208
2011	127	85	212
2012	164	48	212

Source: ABS, MacroPlan Dimasi

- House approvals have remained relatively consistent. The recent decline in activity had been most pronounced amongst medium and high density dwellings.

Figure 6. Dwelling Approvals by Housing Type (2006-2011)



Source: ABS, MacroPlan Dimasi

- We note that housing commencements typically lag approvals and that, on trend analysis over the 2006-2009 period, approximately 87% of building approvals have transferred into housing commencements.

1.7 Property Trends

1.7.1 House, land and other dwelling analysis

- Utilising RP Data, we have analysed sales data over the last decade in the Ballina LGA.
- To account for house price growth over this period, observed sales have been segregated into two five year periods; i.e. 2002 to 2007 and 2007 to 2012.
- In order to ascertain trends in price distribution across the LGA, sales data has been disseminated by value range (as presented in the table below).

Table 16. Residential Property and Land Price Ranges

Range	Land	Other Dwellings	House
Low	Up to \$200,000	Up to \$200,000	Up to \$350,000
Medium	Between \$200,000 & \$350,000	Between \$200,000 & \$350,000	Between \$350,000 & \$550,000
High	Greater than \$350,000	Greater than \$350,000	Greater than \$550,000

- Data quality control has been undertaken to assist our analysis. In order to depict a market position, outlier transactions (consisting of transactions that were significantly below market value or of large size lots that reflect development potential) have been omitted from our assessment. As a result, our analysis has been undertaken on a subset of total sales activity in the Ballina LGA.

1.7.2 Historical Detached Dwelling Prices & Activity

- In Ballina LGA, there has been property price growth over the two five periods.
- Over the five years to 2007, 67% of sales were for dwellings below \$350,000. However, over the next five year period, the majority of sales was for houses priced between \$350,000 and \$550,000 (62%).
- House sales in the high value range (above \$550,000) have increased significantly from 4% to 12% over the two periods.

Table 17. Average Annual House Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	279	67%	83	26%
Medium	121	29%	201	62%
High	16	4%	39	12%
Total	416	100%	323	100%

Source: RP Data, MacroPlan Dimas

1.7.3 Historical Other Dwelling Prices & Activity

- Overall, other dwelling sales activity has slowed considerably in Ballina LGA- from annual sales of 403 other dwellings per annum between 2002 and 2007 to 236 sales per annum over the five years to 2012.

- Over the last decade, there has been an observed uplift in other dwelling prices.
- Affordability has deteriorated in the Ballina LGA. Over the five years to 2012, high value other dwelling sales accounted for 33% of total market activity, up from just 17% over the previous period.
- Also, over the five years to 2012, there were just 12 observed sales of other dwellings below \$200,000.
- A lack of new dwelling additions and sustained price growth amongst established dwelling stock will impact on the opportunities for young households to enter the residential property market in Ballina LGA.

Table 18. Average Annual Other Dwelling Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	161	40%	19	8%
Medium	173	43%	139	59%
High	68	17%	78	33%
Total	403	100%	236	100%

Source: RP Data, MacroPlan Dimasi

1.7.4 Historical Land Prices & Activity

- Over the five years to 2007, vacant land lot sales averaged 115 per annum. The majority of these sales were for lots priced in the low value range (63%)
- The volume of land sales has since contracted, averaging just 75 lots per annum over the last five years.
- While overall activity has decreased, there has been a trend shift to higher value lot sales. Of the 75 lots sold per year in the 2007 – 2012 period, around 61% were for lots priced between \$200,000 and \$350,000 (medium price range).
- The number of lot sales in the high price range has remained relatively unchanged. However in proportional terms, sales amongst this price band increased from 12% to 20% of total activity.

- The observed decline in sales activity and the general rise in land prices suggests a tightening of opportunity for less wealthy market segments (e.g. FHB entrants). In other mature markets, this squeezing of market segments is typically addressed through the provision of smaller land lots, or different housing formats, thereby enabling FHB and retirees to remain active in the market.
- The provision of smaller lots is expected to facilitate purchasing activity from downsizers and retiree households.

Table 19. Average Annual Land Sales, 2002-2006 & 2007-2012

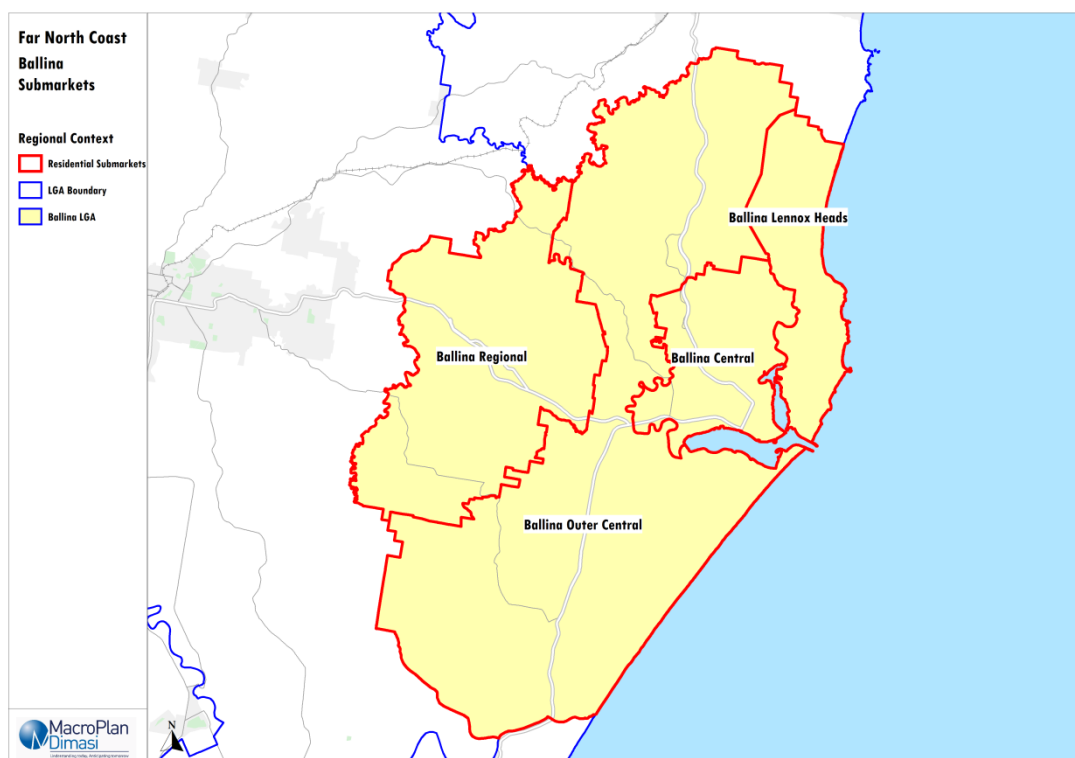
Range	2002-2007		2007-2012	
	Number	%	Number	%
Low	72	63%	14	19%
Medium	29	25%	46	61%
High	13	12%	15	20%
Total	115	100%	75	100%

Source: RP Data, MacroPlan Dimasi

1.8 Housing Submarket Indicators

1.8.1 House Prices by Subregion

Figure 7. Ballina Residential Submarkets



Source: MacroPlan Dimasi

- Within the Ballina LGA there is considerable housing price disparity between coastal and inland submarkets.
- We segregate the Ballina LGA into four distinctive sub-markets, namely Regional, Outer Central, Central and Lennox Heads. These submarkets, as shown above are consistent with those used in our 2008 sub-market assessment.
- In 2012, almost two-thirds of all sales were for dwellings priced within the medium price range (\$350,000 to \$550,000). Only 11% of properties sold were for properties valued at \$550,000 or greater.
- 68 properties (24%) were priced below \$350,000, with the majority coming from the Ballina – Central residential submarket.

- Of all three subregions, Lennox Head presents as the most costly submarket. Of all sales registered at Lennox Head in 2012, 28% were for properties valued at \$550,000 and above.
- In the Ballina – Outer Central sub-region, 86% of all dwellings sold were in the low price range, making it the most affordable submarket within the Ballina LGA.
- The price point of any given submarket is likely to determine the types of households that enter that particular market. For regions that entail a greater supply of affordable dwelling stock (i.e. the Ballina Central submarket), FHBs represent a key market segment. Higher priced submarkets (i.e. Lennox Heads) will most likely attract interest from upgraders with higher earning capacity or downsizers that have accumulated wealth and are seeking to move into more preferable accommodation.

Table 20. House Sales by Submarket (2012)

	Ballina-Regional			Ballina-Outer Central			Ballina-Central			Ballina-Lennox			Total	
	Number	%	% of total	Number	%	% of total	Number	%	% of total	Number	%	% of total	Number	%
Low	25	26%	9%	6	86%	2%	36	34%	13%	1	1%	0%	68	24%
Medium	67	70%	24%	1	14%	0%	62	59%	22%	51	71%	18%	181	65%
High	4	4%	1%	0	0%	0%	7	7%	3%	20	28%	7%	31	11%
Total	96	100%	34%	7	100%	3%	105	100%	38%	72	100%	26%	280	100%

Source: RP Data, MacroPlan Dimasi

1.8.2 Rental Market & Indicative Yields

- Over the five years to 2012, Ballina LGA rents for detached dwellings increased at an average annual rate of 6.5%, from \$292 to \$400 per week.
- On average, indicative rental yields increased over the five year period. During this period, rental growth had exceeded house price growth, facilitating an increase in rental yields for detached dwellings.
- Median rents are highest in the Lennox Head submarket, with a median rent of \$387 per week. This is consistent with higher median house values for this submarket, and is most likely due to its coastal location.
- Rents in inland locations are generally more accommodative. The Ballina-Regional and Ballina-Outer Central submarkets presented as the most

affordable locations for renters seeking detached dwelling formats - \$390 and \$310 per week as at 2012.

- While rents are generally cheaper at inland locations, these submarkets have experienced higher rates of rental growth between 2007 and 2012. This has occurred during a period when population growth has been relatively negligible.
- In the absence of substantial new residential construction, it is expected that limited supply will continue to support further rental growth in the Ballina LGA.

Table 21. House Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Ballina - Lennox Head	\$357	\$507	7.3%	3.5%	4.1%
Ballina - Central	\$305	\$395	5.3%	3.9%	4.8%
Ballina - Outer Central	\$230	\$310	6.2%	4.7%	5.5%
Ballina - Regional	\$275	\$390	7.2%	4.1%	4.9%
Average	\$292	\$400	6.5%	4.0%	4.8%

Source: Residex, MacroPlan Dimasi

- While marginally lower than detached houses, apartment rentals are also increasing in Ballina LGA. Between 2007 and 2012, average rents increased at an annual rate of 5.5%.
- A rise in apartment rents in the Lennox Head and Ballina Central submarkets has facilitated spill-over of renting households into detached dwellings within inland submarkets.
- Generally, new apartments present as the suitable dwelling formats for residential property investors. When combined with low interest rates and yields of around 5%, an increase in apartment construction (particularly at coastal locations) is expected to support increased investor activity in the region, which could potentially alleviate rental growth over the forecast period.

Table 22. Ballina LGA Apartment Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Ballina - Lennox Head	\$293	\$387	5.7%	3.9%	4.4%
Ballina - Central	\$235	\$330	7.0%	4.2%	5.1%
Ballina - Outer Central	\$220	\$230	0.9%	6.3%	5.6%
Ballina - Regional	\$195	\$290	8.3%	4.3%	5.4%
Average	\$236	\$309	5.5%	4.7%	5.1%

Source: Residex, MacroPlan Dimasi

1.8.3 Future Supply

- Cumbalum, located to the west of Lennox Head, is planned to provide the majority of dwelling growth with approximately 4,500 new dwellings to be supplied by 2031. The dwellings projections for Cumbalum account for approximately 52% of all the dwelling allocation for the Ballina LGA.
- Lennox Head will potentially supply the second highest number of dwellings (1,450) which accounts for approximately 17% of the entire allocation for the LGA.
- The third highest individual allocation is at Wollongbar (840 dwellings) located north-west of Alstonville.
- Ballina North, West, East and Island are expected to accommodate 945 additional dwellings, which accounts for 10% of the total allocation for the LGA.
- Approximately 14% of new dwellings within Ballina will be infill development, of which 25% will be in Ballina Island and 23% in West Ballina.

1.9 Key Market Indicators

Key drivers and future housing requirements are outlined below.

Descriptors/ Submarkets	Emerging Issues	Product Requirements
<ul style="list-style-type: none"> ▪ Future dwelling production is expected to come from Cumbalum, west of Lennox Head. ▪ Localised employment industries provided the majority of employment growth over the five years to 2011. ▪ There is a high rate of outright home ownership (41%) within the Ballina. ▪ The Ballina – Outer Central region was the most affordable 	<ul style="list-style-type: none"> ▪ Ageing population - the projected fastest growing segment of Ballina’s population growth is set to be persons aged 65+. ▪ Affordability – Considerable value and rental uplift in recent years has put pressure on housing affordability. ▪ Demand – demand for new dwellings has averaged 197 per annum over the past five years. Detached housing 	<ul style="list-style-type: none"> ▪ Reasonably priced housing will be required to offset the affordability constraints in the LGA, particularly along the coastal submarkets. ▪ Smaller housing products within the coastal submarkets will be required to cater for the regions ageing population. ▪ FHB’s will generate additional demand for small housing products, as the price will be affordable

<p>submarket with 86% of dwellings sold priced below \$350,000.</p>	<p>dominates new approvals. Villas appear as the next most popular form of housing.</p>	<p>over larger lot products.</p> <ul style="list-style-type: none"> ▪ A mix of housing types will be required to cater for the needs up upgraders. ▪ Infill development will be fundamental to achieving dwelling targets and catering for the needs of the growing population.
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The table below identifies each submarket based on affordability and the housing type required. Detached housing includes standard housing types with lot sizes above 400m², smaller lot housing includes semi-detached duplexes or villas, while higher density housing includes apartments and units.

Table 23. Housing type recommendations

Ballina LGA	Residential Submarket	Housing Type Required
Most Affordable	Ballina - Outer Central	Detached housing
Medium Priced	Ballina - Regional	Detached housing
	Ballina - Central	Smaller lot housing
Most Expensive	Ballina - Lennox Head	Higher density or smaller lot housing

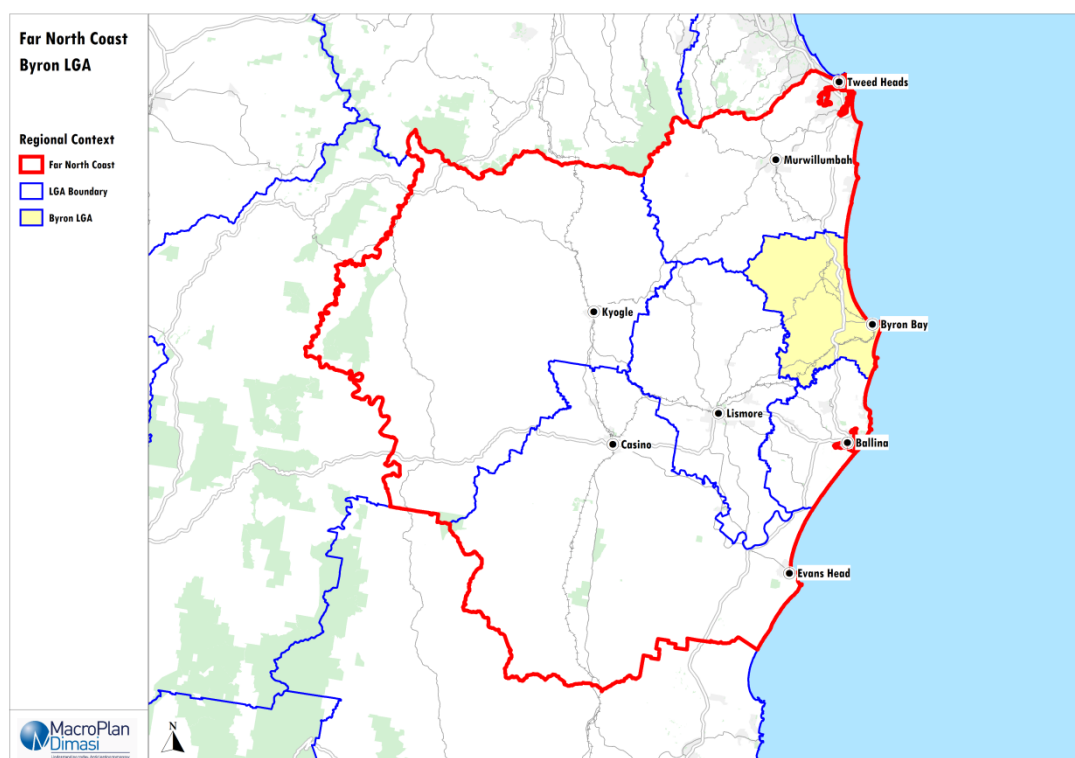
Source: RP Data, MacroPlan Dimasi

2.1 Key Facts, Findings and Take-outs

Housing & Population projections:

- In the Far North Coast Regional Strategy (2006), a target allocation of 2,600 new dwellings by 2031 (or 520 per five year period on average) had been assigned to the Byron LGA.
- Our analysis demonstrates that population growth to 2011 has occurred at a much lower rate than anticipated but that dwelling growth has surpassed expectations.

Figure 8. Byron LGAs Location in Context of the Far North Coast Region



Source: MacroPlan Dimasi

- Approximately 51% of new dwellings are expected to stem from infill development, of which, 50% are expected to occur in the Byron Bay submarket, and 26% within the Ocean Shores region.
- Over the next five years, it is estimated that 910 lots will be produced throughout Byron LGA, with the majority developed in Bangalow (average annual rate of 275 lots per annum).

Prevailing Conditions:

- As at 2011, the Byron LGA encompassed a resident population of 30,712 persons.
- Notwithstanding slower than expected population growth, over the five years to 2011, a total of 858 dwellings were approved.
- Household composition within the Byron LGA is skewed towards family households, representing 76.4% of total households. On the other hand, growth in household composition over the five years to 2011 has largely come from lone person households.
- In Byron LGA, the total number of dwelling approvals has remained relatively stable. Since 2006, approximately 200 dwellings have been approved per annum.
- Following the peak in 'other' dwelling construction in 2009/10 (115 dwellings), approvals have since averaged around 50 per annum. The slowdown in 'other' dwelling construction has been offset by a similar rise in detached dwelling development.
- In the Byron LGA, there are two active residential development markets. While land and house product remains the dominant format, the recent rise in apartment construction indicates that there is an emerging market demand for medium and high density product in established regions.
- In Byron LGA, housing affordability has deteriorated. Prior to 2007, approximately 50% of all house sales were for properties below \$350,000. However, over the next five year period, the majority of sales were for houses priced between \$350,000 and \$550,000.
- Over the last decade, sales activity in the 'other' dwelling segment has tracked at around 50% of detached dwelling sales, at around 145 sales per annum.

- In terms of land sales, approximately 111 vacant land lots were sold each year between 2002 and 2007, with the majority priced below \$200,000 (59%).
- Land sales volumes have since contracted, averaging just 54 lots per year over the last five years. While overall activity has decreased, there has been a shift to higher valued lots. Of the 54 lots sold per year, around 59% are for lots priced between \$200,000 and \$350,000.
- As at Census 2011, Byron's representation of rental households was slightly higher than the FNC average.
- Between 2007 and 2012, detached dwelling rents in Byron LGA increased at an average rate of 6.4% per annum, marginally higher than that observed for the neighbouring Ballina LGA.
- Relative to other LGAs, house rents in the Byron LGA are considerably high. However, higher median house prices have compressed indicative rental yields in the Byron LGA (at around 4.7% as at 2012).
- As at 2012, detached dwellings achieved median rents of around \$550 per week, consistent with higher house sales prices for this submarket.
- At a median rent of \$467 per week, the Brunswick Head submarket presented as the most affordable submarket for renting households.
- Consistent with Ballina LGA, rental growth has been most pronounced in affordable submarkets. Over the five years to 2012, average house rents in the Brunswick Heads submarket increased by 9.5% per annum.
- At Census 2011, over 12,400 workers were employed in Byron LGA.
- As at Census 2011, the top three employing industries in Byron LGA accounted for 38.1% of working residents – Health Care and Social Assistance (13.5%), Accommodation & Food Services (12.7%) and Retail trade (12.1%).
- Over the five years to 2011, an additional 372 jobs were generated. Employment growth had been highest in Health Care & Social Assistance (+237 jobs), Education & Training (+197 jobs) and Administrative & Support Services (+137 jobs).
- The Byron LGA has a high proportion of unoccupied private dwellings with 15.5% of dwellings being unoccupied, significantly above the NSW average of 9.7%. This high representation is indicative of the area's holiday rental activity.

Future Considerations:

- According to projections provided by the DP&E, the Byron Bay population is projected to expand to 36,200 persons by 2031 at an average annual growth rate of 0.8%.
- Over the forecast period, population growth is projected to be highest amongst retirees. Between 2011 and 2031, this cohort is forecast to increase by 3,900 persons.
- Growth from retirees will impact housing market trends. Medium and high density dwelling formats in established locations are likely to be required in greater quantities.
- Byron Bay is a popular destination for temporary residents. Rental growth is expected to persist over the forecast period.
- With population growth expected to be dominated by the retiree cohort, the type and location of new housing is important.

Recommendations:

- Challenging housing affordability conditions are most prevalent in Byron LGA.
- Encouraging a shift of households into appropriately sized dwellings also presents as a significant challenge.

2.2 Benchmarking the 2006 FNC Regional Strategy

The current (ERP 2011) population of the Byron LGA and the previous population for 2006 are provided below.

Table 24. Byron LGA population

Source	Date	Population
ERP Estimate	2006	30,125
ERP Estimate	2011	30,712

Source: ABS, MacroPlan Dimasi

- The Far North Coast Regional Strategy (2006) set a dwelling target of 2,600 new dwellings by 2031, accounting for approximately 5% of the overall residential dwelling target for the entire region.

- Byron LGA reached an estimated resident population of 30,712 persons at 2011.
- Over the 2006-2011 period, there were over 1,020 dwellings approved.
- Employment growth in the Byron LGA over the 2006-2011 period was modest, with an increase of 718 in the number of persons employed in the LGA.

2.3 Population Trends and Characteristics

- According to ABS ERP figures, Byron's population grew by 587 persons over the five years to 2011, resulting in a total population of 30,712 persons.
- Consistent with national trends, the number of aged persons aged 50 and above increased considerably over the five year period with persons aged 50-64 increasing by 1,113 and persons aged 65+ increasing by 541.
- Negative growth in other age cohorts has constrained overall population growth over the analysed period.

Table 25. Population growth by age cohort

	2006	2011	Change (2006-2011)
0-19	7,831	7,403	-428
20-34	4,827	4,553	-274
35-49	7,496	7,131	-365
50-64	6,459	7,572	1,113
65+	3,512	4,053	541
Total	30,125	30,712	587

Source: ABS, MacroPlan Dimasi

2.3.1 Household Composition

Household composition within the Byron LGA is skewed towards family households, representing 76.4% of total households. On the other hand, growth in household composition over the five years to 2011 has largely come from group and lone person households at 2.0% and 1.5% respectively.

Table 26. Household composition, Byron LGA

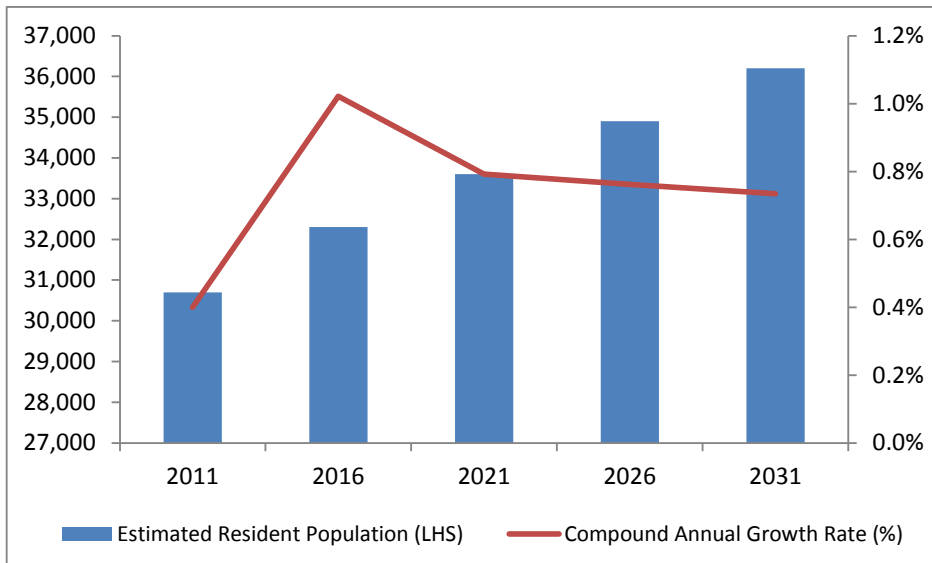
Household composition	Byron	Growth (2006-2011)
<i>Family household</i>	73.5%	0.4%
<i>Lone person household</i>	11.7%	1.5%
<i>Group household</i>	6.6%	2.0%
<i>Other</i>	8.2%	-
Total	100.0%	

Source: ABS, MacroPlan Dimasi

2.3.2 Population Growth – Projections

- According to new DP&E projections, the Byron Bay LGA population is projected to expand to 36,200 by 2031.
- It is anticipated the population growth will average 1.0% per annum over the five years to 2016, and then slow to average 0.8% per annum between 2016 and 2031.

Figure 9. Projected Population (2011 to 2031)

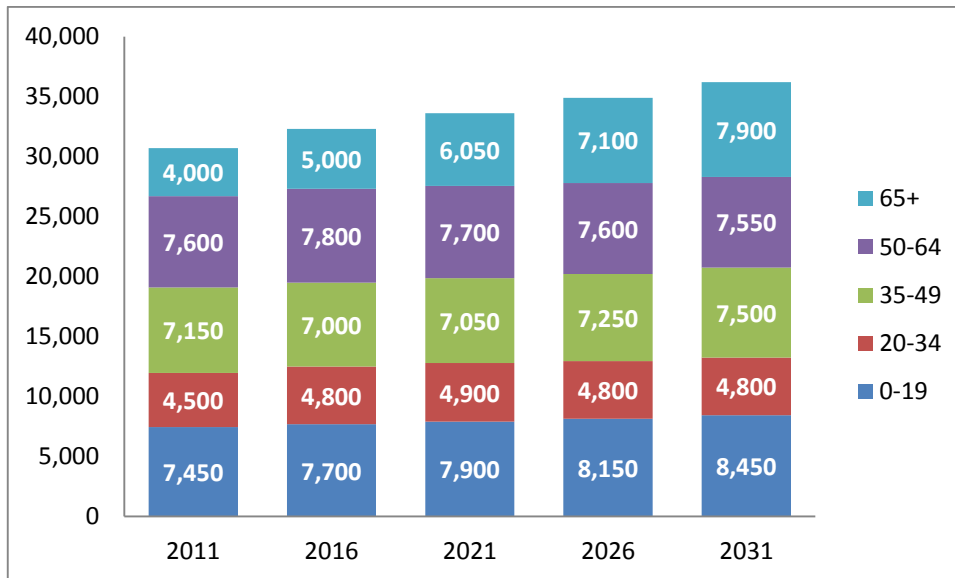


Source: DP&E, MacroPlan Dimasi

- Over the forecast period, population growth is projected to be highest amongst persons aged 65+. This cohort is projected to expand to 7,900 by 2031, a result of an additional 3,900 persons in the age cohort.

- Growth in persons aged 50-64 is projected to be negative, with a net reduction of -50 persons expected.
- Retirees (65+) will be instrumental to the Byron LGA housing market over the forecast period. An increased provision of medium and high density dwelling formats in accessible locations will therefore be required. This is consistent with the FNCRS which identifies a large contribution from infill development for the region.

Figure 10. Population Projections by Age (2011-2031)



Source: ABS, DP&E, MacroPlan Dimasi

2.3.3 Migration Movements (2006-2011)

Inward and outward movements for each FNC LGA have been analysed, using 2006 and 2011 Census data (Place of Usual Residence).

- Over the five years to 2011, inward migration into Byron LGA totalled 6,384 persons.
- In line with other LGAs in the FNC, interstate inward movements accounted for the largest share; approximately 33% of the total inflow. Additionally, the contribution from overseas locations had been high (18%).
- By age, persons aged 35-49 accounted for the largest share of the inflow with 1,958 persons.

- Overseas migration was significant at approximately 1,170 persons, predominantly from persons aged 20-34.

Table 27. Inward Migration (2006 to 2011)

Byron	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	190	230	242	181	101	944
Sydney	233	286	539	248	80	1,386
Regional NSW	186	213	192	148	64	803
Interstate	359	583	630	402	104	2,078
Overseas	191	479	355	114	34	1,173
Total	1,159	1,791	1,958	1,093	383	6,384

Source: ABS, MacroPlan Dimasi

- In the five years to 2011, total outward migration from Byron totalled 5,564 persons.

Table 28. Outward Migration (2006 to 2011)

Byron	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	344	391	439	369	190	1,733
Sydney	171	311	209	95	32	818
Regional NSW	82	142	132	160	37	553
Interstate	423	1,061	460	369	147	2,460
Total	1,020	1,905	1,240	993	406	5,564

Source: ABS, MacroPlan Dimasi

- Consistent with inward movements, interstate locations constituted the dominant outflow destination (2,460 persons between 2006 and 2011). Over this period, South East Queensland presented as the most popular destination.
- By age, the largest outflow had been from persons aged 20-34 with 1,900 people. We believe limited affordable housing provision and employment opportunity underscored this movement.

Table 29. Net Migration (2006 to 2011)

Byron	0-19	20-34	35-49	50-64	65+	Total
Net migration	139	-114	718	100	-23	820

Source: ABS, MacroPlan Dimasi

- Over the five year period, ABS Census data indicates a net inflow of 820 persons into the Byron LGA.

2.3.4 Income Distribution by Age

- Housing affordability is a function of income or spending capacity and housing costs. Subsequently, demand for dwellings is largely determined by household or personal income.
- For the purpose of our analysis, we separate personal income as follows:

Table 30. Personal Income Ranges

Range	Value range
Low Range	Upto \$31,199
Medium Range	Between \$31,200 and \$64,999
High Range	Greater than \$65,000

- Overall, income distribution in the Byron LGA is similar to the Ballina LGA, with 58% of persons earning low range incomes.
- Persons aged 65+ are the lowest paid group. However, lower income earning capacity is somewhat mitigated by accumulated wealth (i.e. through outright ownership of residences and investment capital).
- Approximately 17% of persons aged between 35-49 earn an income greater than \$65,000 per annum.

Table 31. Personal Income Distribution by Age (2011)

		Byron
20-34	Low	59%
	Medium	33%
	High	8%
35-49	Low	50%
	Medium	34%
	High	17%
50-64	Low	55%
	Medium	30%
	High	15%
65+	Low	78%
	Medium	16%
	High	6%
Total	Low	58%
	Medium	29%
	High	13%

Source: ABS, MacroPlan Dimasi

- The high proportion of the FHB age cohort in the low income category will support further outward migration in these households, as higher paid employment opportunities are searched for.
- For households, income levels are low with 66% of people living in a household with an annual income of less than \$78,000.

Table 32. Household Income (2011)

Annual household Income (Proportion)	Byron
Less than \$78,000	66%
More than \$78,000	34%
Total	100%

Source: ABS, MacroPlan Dimasi

- Whether market participation is assessed by reference to individual or household incomes, it would appear that affordability will present as a barrier of entry for a significant proportion of the population.

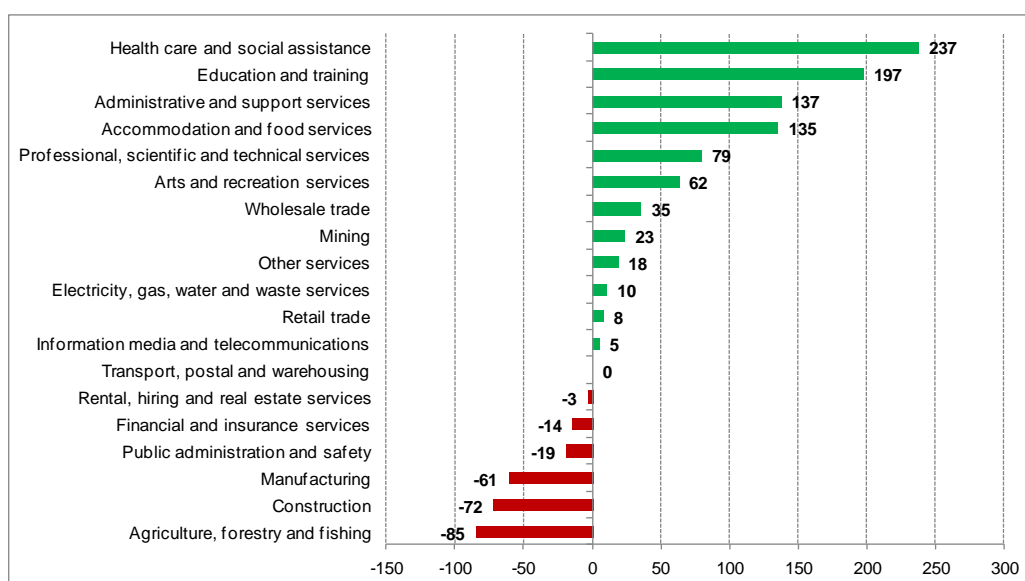
2.4 Housing Market Implications

- The above assessment of demographic and resident income earning characteristics suggests the following:
 - **First home buyers (20-34 year olds):** There has been an overall outflow of persons in this cohort over the past five years. The majority of individuals in this age group earn an annual income of less than \$31,199. Shrinkage in this market is influenced heavily by out-migration, tied to the availability of jobs, or the lack thereof, as well as personal preferences. Similarly, the availability of rental product and different housing formats is important to those from this group who choose to delay entry into the home mortgage market. We note the growth in 'group households' over the intercensal period and see rental accommodation for both young and older age groups as an important supply focus.
 - **Upgraders (35-49 year olds):** Shrinkage has also occurred within this age cohort over the past five years, despite a net migration gain of 718 persons. This reflects the ageing demographic of the LGA as longer term residents move into older age brackets. A strong linkage to the availability of employment will be a key lever to attract and keep this age group.
 - **Downsizers (50-64 year olds):** Population growth for this age cohort has been strong over the past five years. Downsizers now make up the largest portion of the housing market, assisted by a modest net migration gain.
 - **Retirees (65+ year olds):** There has been a moderate population gain over the past five years for this age group, despite a small net migration loss of 65+ persons. Currently, this age cohort represents the smallest portion of the housing market; however this will change rapidly in coming years as ageing becomes more pronounced.
- The FNCRS identifies a greater demand for diversity in housing form to match the requirements of changing household structures, particularly the increase in one and two person households.

2.5 Employment Characteristics and Outlook

- Whilst the purpose of our current analysis is on housing market conditions and the characteristics of Byron’s dwelling stock, it would be remiss not to briefly observe labour market fundamentals for the area given the strong correlation between employment availability, population growth and housing demand.
- Obviously the GFC years have impacted upon consumer and business confidence and have had a large bearing on growth outcomes for the 2006-2011 period.
- Over the five years to 2011, the number of employed persons residing in the Byron LGA increased by 718.
- Consistent with other LGAs in the FNC, the majority of job additions occurred in industries that service local residents.
- The rise in health care and education employment has been spurred by population growth at two ends of the age spectrum. While the rate of expansion is significantly higher in the older age cohorts (i.e. 65+ year olds), which in turn, has supplemented health care jobs growth, positive growth for the 0-19 and 20-34 year old groups has supported employment growth in other sectors such as education and training.

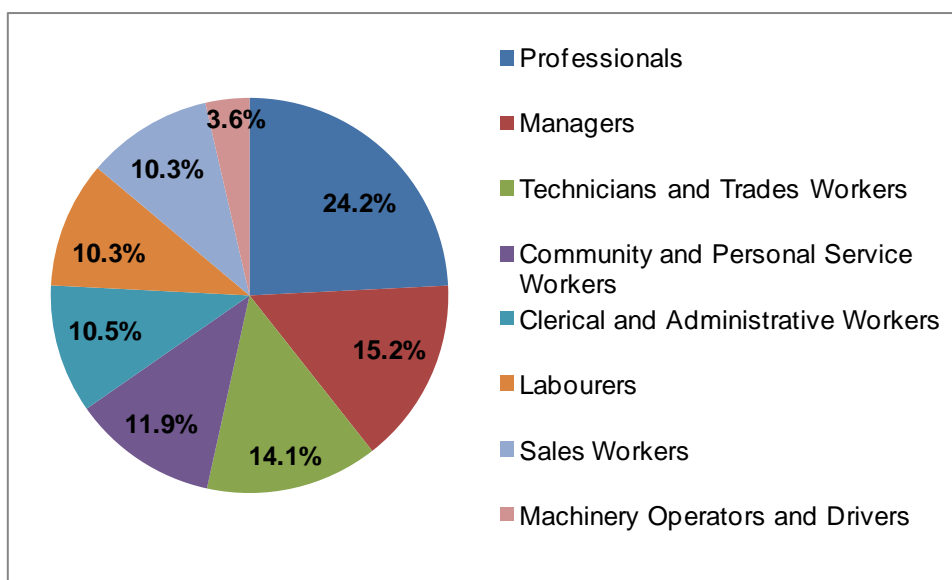
Figure 11. Employment Growth by Industry (2006 to 2011)



Source: ABS, MacroPlan Dimasi

- As at Census 2011, approximately 24.2% of Byron LGA's residents were employed within a professional capacity.
- The next two largest representative occupation types were managers (15.2%) and technicians & trades workers (+14.1%).

Table 33. Occupation Composition (2011)



Source: Census 2011, MacroPlan Dimasi

- As at Census 2011, the top three employing industries in Byron LGA accounted for 38.1% of working residents – Health Care and Social Assistance (13.5%), Accommodation & Food Services (12.7%) and Retail trade (12.1%).
- Of all FNC LGAs, the Byron LGA encompassed the highest contribution from the Accommodation & Food Services (12.7%) and Professional, Scientific & Technical Services industries (6.7%).

Table 34. Employment by Industry (2011)

Industry	Number	Composition (%)
Health care and social assistance	1,679	13.5%
Accommodation and food services	1,578	12.7%
Retail trade	1,500	12.1%
Education and training	1,243	10.0%
Construction	1,061	8.5%
Professional, scientific and technical services	832	6.7%
Manufacturing	718	5.8%
Administrative and support services	507	4.1%
Wholesale trade	463	3.7%
Agriculture, forestry and fishing	449	3.6%
Other services	446	3.6%
Public administration and safety	441	3.5%
Transport, postal and warehousing	341	2.7%
Rental, hiring and real estate services	295	2.4%
Arts and recreation services	295	2.4%
Information media and telecommunications	240	1.9%
Financial and insurance services	216	1.7%
Electricity, gas, water and waste services	72	0.6%
Mining	52	0.4%
Total	12,428	100.0%

Source: ABS, MacroPlan Dimasi

- The Byron LGA workforce is heavily skewed towards jobs in the service industries, reflecting a strong link between population growth and employment opportunities.

2.6 Byron Housing Market Conditions

2.6.1 Housing Tenure

- As at Census 2011, 36% of all dwellings were owned outright, marginally below the FNC average.
- In Byron LGA, representation amongst renting households (31%) is slightly higher than the FNC average (27%).

Table 35. Housing Tenure, Byron LGA and FNC (2011)

Tenure	Number	Byron LGA	Far North Coast
Owned outright	7,688	36.3%	39.5%
Owned with a mortgage	6,903	32.6%	33.4%
Rented	6,593	31.1%	27.1%
Total	21,184	100.0%	100.0%

Source: ABS, MacroPlan Dimasi

- In Byron LGA, outright ownership is highest amongst downsizers and retirees. Combined these groups account for 72% of outright ownership. Home ownership accounts for a large share of wealth for these two groups.
- High outright ownership amongst older residents is expected to facilitate local trade down activity.
- Upgraders present as the dominant 'owned with a mortgage' tenure group, comprising 38% of this housing arrangement.
- Renting is highest amongst FHBs and upgraders, due to housing affordability constraints and the strong inflow of temporary residents and tourists.

Table 36. Household Tenure by Age (2011)

	Owned outright	Owned with a mortgage	Rented	Total
15-19	4.5%	10.0%	8.1%	8.6%
20-34	7.9%	14.1%	30.6%	14.6%
35-49	15.8%	38.3%	35.8%	23.2%
50-64	39.2%	32.2%	20.3%	33.3%
65+	32.5%	5.4%	5.2%	20.2%
Total	100%	100%	100%	100.0%

Source: ABS, MacroPlan Dimasi

2.6.2 Housing Activity since 2006 (2006-2011)

- Dwelling approval data provided by the ABS has been analysed as it provides an important leading economic indicator, while giving an insight into the demand for dwellings over a given period.
- Over the five years to 2012, dwelling approvals averaged around 200 per annum.

- Detached houses represented the dominant housing format, accounting for around 66% of total approvals over the five year period.

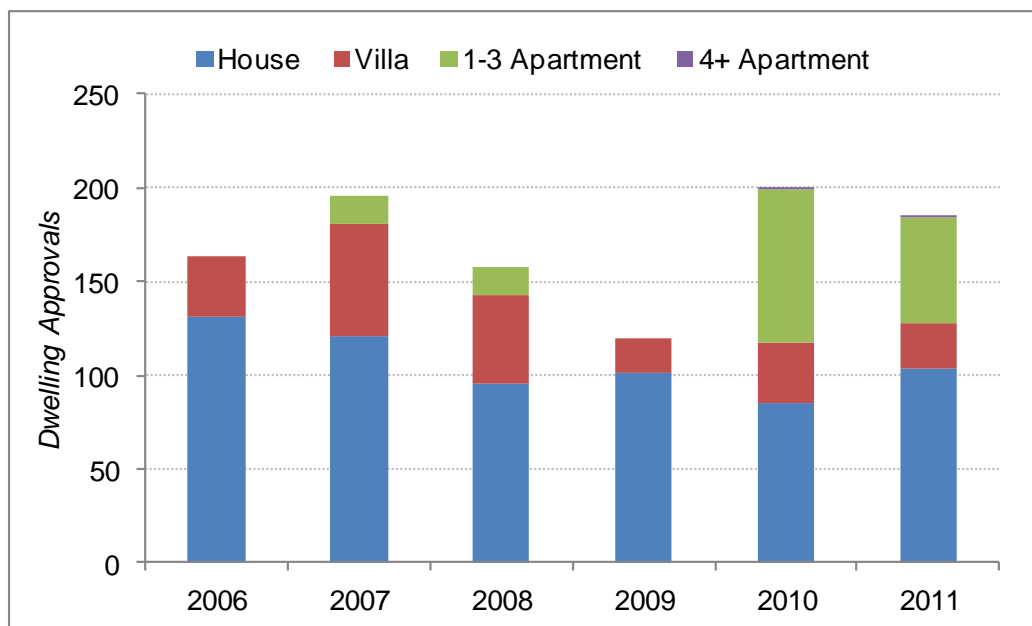
Table 37. Dwelling Approvals (2006-2012)

	House	Other Dwelling	Total
2006	131	32	163
2007	121	75	196
2008	96	61	157
2009	101	19	120
2010	85	115	200
2011	104	81	185
2012	178	18	196

Source: ABS, MacroPlan Dimasi

- Over the two years to 2011, high density development has increased, underpinned by infill development. On average, 70 apartments (1-3 storeys) had been approved per annum.
- In Byron GLA, there are two active residential development markets in the LGA. While land and house product remains the dominant format, the recent rise in apartment construction indicates that there is emerging market demand for medium and high density product.

Figure 12. Dwelling Approvals by Housing Type (2006-2011)



Source: ABS, MacroPlan Dimasi

- We note that housing commencements typically lag approvals and that, on trend analysis over the 2006-2009 period, approximately 95% of building approvals have transferred into housing commencements.

2.7 Property Trends

2.7.1 House, Land and Other Dwelling Sales Analysis

- Utilising RP Data, we have analysed sales data over the last decade in the Byron LGA.
- To account for house price growth over this period, observed sales have been segregated into two five year periods; i.e. 2002 to 2007 and 2007 to 2012.
- In order to ascertain trends in price distribution across the LGA, sales data has been segregated into value ranges (as presented in the table below).

Table 38. Residential Property and Land Price Ranges

Range	Land	Other Dwellings	House
Low	Up to \$200,000	Up to \$200,000	Up to \$350,000
Medium	Between \$200,000 & \$350,000	Between \$200,000 & \$350,000	Between \$350,000 & \$550,000
High	Greater than \$350,000	Greater than \$350,000	Greater than \$550,000

- Data quality control has been undertaken to assist our analysis. In order to depict a market position, outlier transactions (consisting of transactions that were significantly below market value or of large size lots that reflect development potential) have been omitted from our assessment. As a result, our analysis has been undertaken on a subset of total sales activity in the Byron LGA.

2.7.2 Historical Detached Dwelling Prices & Activity

- In Byron LGA, a shift in price distribution suggests that there has been an increase in detached dwelling prices.
- Over the five years to 2007, over 50% of sales were for dwellings below \$350,000. However, over the next five year period, the majority of sales had been for houses priced between \$350,000 and \$550,000.
- In line with the deterioration in affordability, the annual number of house sales decreased by 40% or 150 sales per annum between 2007 and 2012.
- In proportional terms, house sales in the high value range tripled over the second five year period – from 23 to 40 sales per annum.

Table 39. Average Annual House Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	198	52%	28	12%
Medium	158	42%	159	70%
High	23	6%	40	18%
Total	378	100%	227	100%

Source: RP Data, MacroPlan Dimasi

2.7.3 Historical Other Dwelling Prices & Activity

- Over the last decade, sales activity in the other dwelling segment (i.e. not detached dwellings) has tracked at around 50% of detached dwelling sales.
- Overall, other dwelling sales activity has slowed in Byron LGA. Over the second half of the decade, sales activity contracted by 38% to around 111 other dwelling sales. The slowdown in activity has been most pronounced in financial years 2011 and 2012.
- The weak South East Queensland property market has limited trade down by retirees and downsizers into Byron LGA.
- Consistent with the rise in apartment construction, new apartment sales in the last two years has resulted in sales of higher value apartment stock. Over the five years to 2012, high value other dwelling sales accounted for 59% of total market activity.

Table 40. Average Annual Other Dwelling Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	31	18%	8	7%
Medium	86	48%	38	34%
High	61	34%	65	59%
Total	178	100%	111	100%

Source: RP Data, MacroPlan Dimasi

2.7.4 Historical Land Prices & Activity

- Over the five years to 2007, approximately 111 vacant land lots were sold per annum. The majority of these sales were for lots priced under \$200,000 (59%).
- Land sales have since contracted, averaging just 54 lots per annum over the last five years.
- While overall activity has decreased, there has been a shift to the higher valued lots. Of the 54 lots sold per year, around 59% are for lots priced between \$200,000 and \$350,000.
- The number of lot sales in the high price range has remained relatively unchanged.

- The observed decline in sales activity and the general rise in land prices suggests a tightening of opportunity for less wealthy market segments (e.g. FHB entrants). In other mature markets, this squeezing of market segments is typically addressed through the provision of smaller land lots, or different housing formats, thereby enabling FHB and retirees to remain active in the market.
- With population growth expected to be dominated by the retiree cohort, the type and location of housing formats will be an important consideration going forward. Similarly, Byron's high level of rental activity requires the provision of suitable housing forms.

Table 41. Average Annual Land Sales, 2002-2006 & 2007-2012

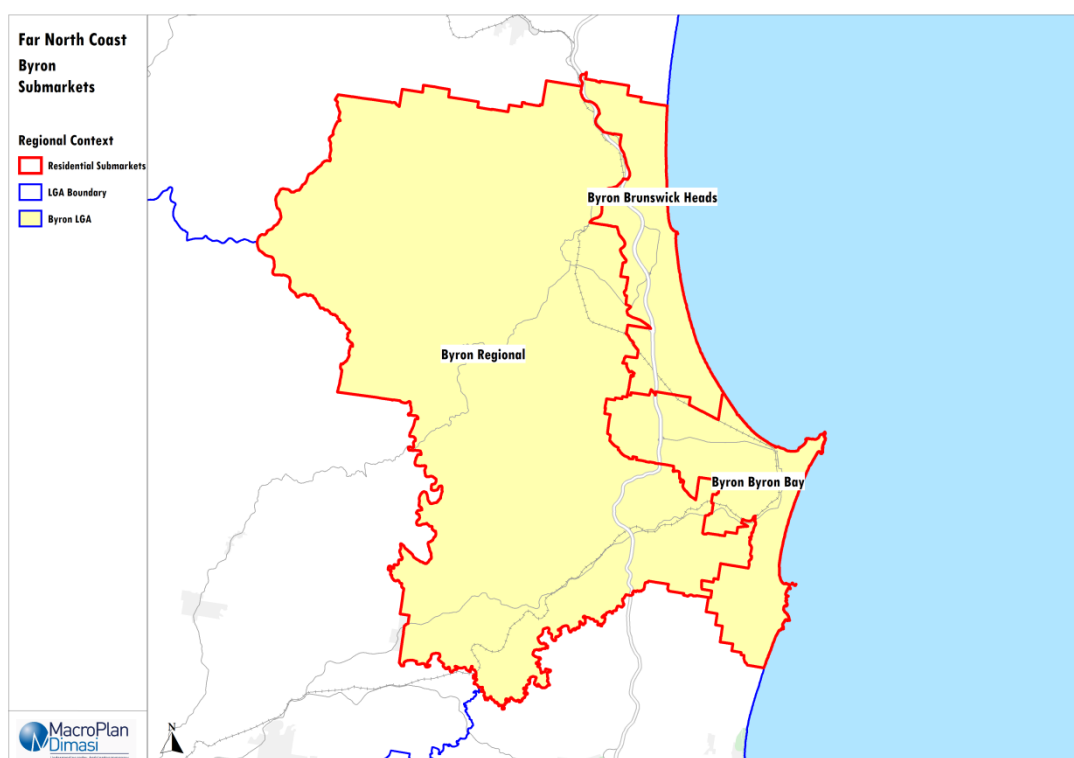
Range	2002-2007		2007-2012	
	Number	%	Number	%
Low	65	59%	7	13%
Medium	34	31%	32	59%
High	12	11%	15	28%
Total	111	100%	54	100%

Source: RP Data, MacroPlan Dimasi

2.8 Housing Submarket Indicators

2.8.1 House Prices by Subregion (2012)

Figure 13. Byron Residential Submarkets



Source: MacroPlan Dimasi

- The Byron LGA entails both coastal and inland locations. Property price disparity between coast and inland locations is considerable, advocating the need for analysis at a sub-market level.
- Accordingly, the Byron LGA has been segregated into three distinctive sub-markets, namely Brunswick Heads, Byron Bay and Regional. These submarkets, as shown above are consistent with sub-markets used in our 2008 sub-market assessment.
- In 2012, approximately two-thirds of all sales were for dwellings priced within the medium price range. Approximately 20% of all sales were for properties greater than \$550,000 in value.
- Notably, there were just 22 property sales below \$350,000.

- Of all three subregions, Byron Bay presents as the most costly housing market. Of all sales registered in 2012, 27% were for properties valued at \$550,000 and above. Notably, observed apartment sales were also consistently higher in Byron Bay compared to other regions.
- In the Brunswick Heads sub-region, 68% of all dwelling sales were in the medium price range. High representation in the 'low' price range and low representation in the 'high' price category relative to Byron Bay indicates that Brunswick Heads is the more affordable of coastal locations.
- In the Byron Bay Regional subregion, higher values can be attributed to the relative size of properties sold. In this subregion, a high portion of properties (and adjoining land lots) are greater than 2,000m² in size.

Table 42. House Sales by Submarket (2012)

	Brunswick Heads			Byron Bay			Regional			Total	
	Number	%	% of total	Number	%	% of total	Number	%	% of total	Number	%
Low	13	17%	7%	5	10%	3%	4	8%	2%	22	13%
Medium	51	68%	29%	30	63%	17%	37	70%	21%	118	67%
High	11	15%	6%	13	27%	7%	12	23%	7%	36	20%
Total	75	100%	43%	48	100%	27%	53	100%	30%	176	100%

Source: RP Data, MacroPlan Dimasi

2.8.2 Rental Market and Indicative Yields

- Between 2007 and 2012, detached dwelling rents in Byron LGA increased at an average rate of 6.4% per annum, marginally higher observed in Byron LGA.
- On average, indicative rental yields increased moderately in Byron LGA. During this period, rental growth exceeded house price growth, which facilitating an increase in rental yields.
- Relative to other LGAs in the FNC, house rents in the Byron LGA are considerably higher. However, higher median house prices have compressed indicative rental yields in the Byron LGA (at around 4.7% as at 2012).
- Median rents are highest in the Byron Bay submarket. As at 2012, detached dwellings achieved median rents of around \$550 per week, consistent with higher house sales prices for this submarket.

- In contrast to Ballina LGA, a coastal submarket entailed the lowest rentals in the Byron LGA. At a median rent of \$467 per week, the Brunswick Head submarket presented as the most affordable option for renting households.
- Consistent with Ballina LGA, rental growth has been most pronounced in affordable submarkets. Over the five years to 2012, average house rents in the Brunswick Heads submarket increased by 9.5% per annum.
- Of all FNC LGAs, the Byron LGA entails the highest share of renting households. High rents in the Byron Bay submarket has resulted in spill-over into the Brunswick Head submarket, which has underpinned solid rental growth between 2007.

Table 43. House Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Byron Bay	\$520	\$550	1.1%	4.0%	4.3%
Byron Bay-Regional	\$330	\$495	8.4%	3.8%	4.9%
Brunswick Heads	\$297	\$467	9.5%	3.4%	4.9%
Average	\$382	\$504	6.4%	3.7%	4.7%

Source: Residex, MacroPlan Dimasi

- In the Byron Bay submarket, median rents for apartment rentals were approximately \$75 less than for detached dwellings.
- Between 2007 and 2012, apartment rents expanded at an average rate of 7.9% per annum, exceeding detached dwelling rental growth over the same period (6.4% per annum).
- In 2012, there were just 18 other dwelling approvals in Byron LGA. In the absence of new additions, apartment rents in the Byron Bay submarket surged at an average rate of 11.6% per annum.
- Evidently, Byron Bay is a popular destination for temporary residents. When combined with limited development, rental growth is expected to persist over the forecast period.

Table 44. Apartment Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Byron Bay	\$275	\$475	11.6%	3.7%	5.1%
Byron Bay-Regional	\$275	\$320	3.1%	4.7%	4.5%
Brunswick Heads	\$237	\$367	9.2%	4.1%	5.2%
Average	\$262	\$387	7.9%	4.2%	4.9%

Source: Residex, MacroPlan Dimasi

2.8.3 Future Supply

- According to DP&E, the area around the town of Byron Bay is planned to provide for the majority of dwelling growth over the forecast period. By 2031, a target allocation of around 605 new dwellings has been prescribed for this region.
- Immediately to the north of the main centre, an allocation of 715 dwellings has been prescribed, consisting predominantly of new allocations at Belongil.
- Similar allocations have been assigned to the northern portion of the LGA, including Brunswick Heads (210), Ocean Shores (230) and Mullumbimby (220).
- Based on the 2006 Strategy, approximately 51% of new dwellings are expected to be infill, of which, 50% are expected to occur in Byron Bay/Bangalow and 26% within the Ocean Shores region.

2.8.4 Land Projections

- The majority of new land is expected to be developed in Bangalow and Brunswick Heads.
- Based on sales evidence in 2012, Brunswick Heads represents the most affordable residential submarket in the region.
- Land development at Brunswick Heads is likely to provide for more affordable product and is needed to relieve affordability pressures.
- Beyond 2016, however, further supply will be required.

Table 45. Projected Lot Production (2011-2016)

Byron LGA	Total 5 Year Produced		Year 1		Year 2		Year 3		Year 4		Year 5	
	Lots	ha	Lots	ha	Lots	ha	Lots	ha	Lots	ha	Lots	ha
Bangalow	275	18	55	4	55	4	55	4	55	4	55	4
Byron Bay / Suffolk Park	160	11	0	0	40	3	40	3	40	3	40	3
Mullumbimby	200	38	40	8	40	8	40	8	40	8	40	8
Ocean Shores (inc. New Brighton/South Golden Beach)	50	3	10	1	10	1	10	1	10	1	10	1
Brunswick Heads	225	38	45	8	45	8	45	8	45	8	45	8
Total LGA	910	107	150	19	190	22	190	22	190	22	190	22

Source: Byron Council, Department of Planning & Environment

2.9 Market Indicators

Key drivers and future housing requirements are outlined below.

Descriptors/ Submarkets	Emerging Issues	Product Requirements
<ul style="list-style-type: none"> The majority of future dwelling production is expected to come from the northern suburbs of the LGA, including Brunswick Heads, Ocean Shores, Bangalow and Mullumbimby. Employment growth has been considerable over the five years to 2011, dominated by health care. Outright ownership is under the FNC average by 3%. The Byron – Brunswick Heads is the most affordable residential submarket with 17% of sales priced below \$350,000. 	<ul style="list-style-type: none"> Ageing population – The Byron LGA is a popular destination for retirees. This is expected to continue with persons aged 65+ expected to be the fastest growing age cohort in the LGA. Affordability – lack of affordable housing products under \$350,000. Premium housing products - Higher purchasing power from Sydney and Brisbane residents looking to retire into the LGA. 	<ul style="list-style-type: none"> Anticipated population growth looks to outpace dwelling production. Further dwellings than expected will be required to cater for the population growth. A mix of housing types will be required to house people across various age cohorts. Smaller coastal lots will offset upward pressure on house prices. Smaller housing products within the coastal submarkets will be required to cater for the region’s ageing population.

The table below identifies each submarket based on affordability and the housing type required. Detached housing includes standard housing types with lot sizes

above 400m²; smaller lot housing includes semi-detached duplexes or villas, while higher density housing includes apartments and units.

Table 46. Housing type recommendations

Byron LGA	Residential Submarket	Housing Type Required
Most Affordable	Byron - Brunswick Heads	Smaller lot housing
Medium Priced	Byron - Regional	Detached housing
Most Expensive	Byron - Byron Bay	Higher density or smaller lot housing

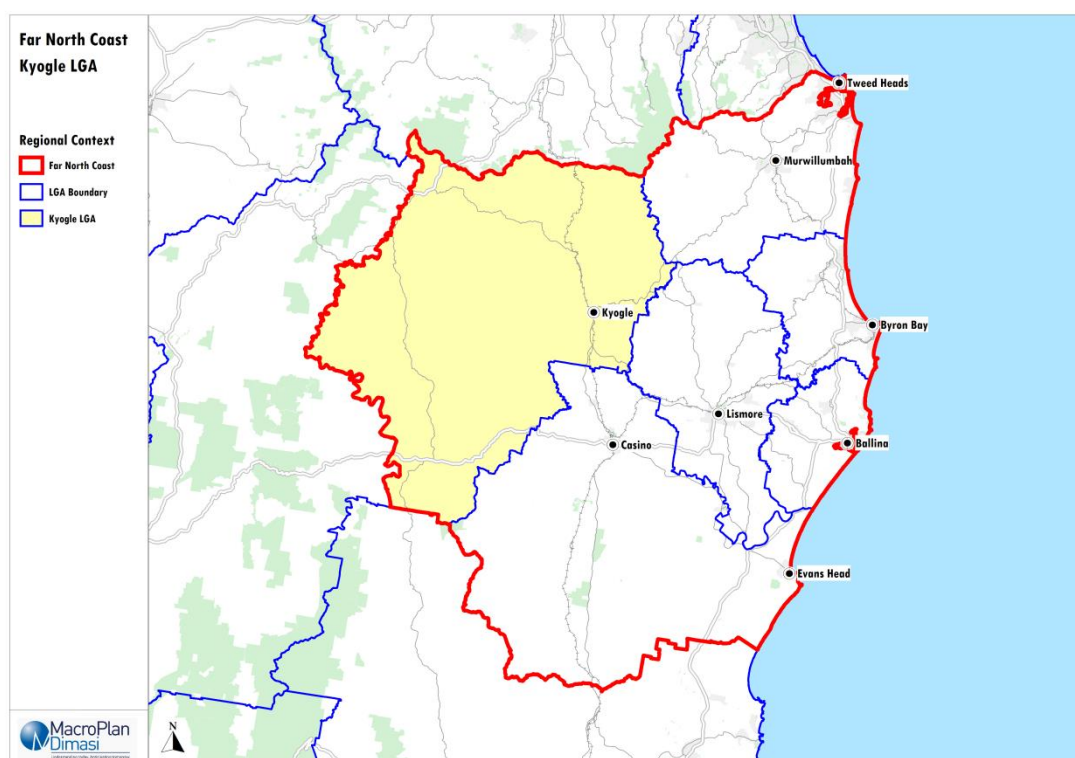
Source: RP Data, MacroPlan Dimasi

3.1 Key Facts, Findings and Take-outs

Housing & Population projections:

- Under the Far North Coast Regional Strategy (2006), the Kyogle LGA has been assigned to accommodate an additional 3,000 new dwellings by 2031.
- Despite a modest population gain over the intercensal period, future growth is expected to wind back the demand for new dwellings, as negative growth is expected out to 2031.

Figure 14. Kyogle LGA Location in Context of the Far North Coast Region



Source: MacroPlan Dimasi

- The area surrounding the town of Kyogle is expected to supply the majority of dwelling growth in the LGA over the period to 2031, accounting

for 99% of the dwelling targets. The other areas to provide dwellings are Woodenbong and Bonalbo.

Prevailing Conditions

- As at 2011, the Kyogle LGA encompassed a resident population of 9,537.
- Household composition within the Kyogle LGA is skewed towards family households at 81.0%; however growth over the five years to 2011 has been negative for this household type. On the other hand, growth in lone person households has been strong.
- Approvals have averaged just 20 per annum over the past five years. If this was to continue, it is highly unlikely that new dwelling targets for Kyogle can be achieved by 2031.
- Dwelling construction activity has trended downward since 2006, averaging 24 per annum. Detached housing represents the dominant housing format, accounting for 70% of total approvals over the past five years.
- Almost all properties sold over the past 10 years were priced below \$350,000.
- On the other hand, rental growth has been strong within the Kyogle LGA, averaging 9.3% per annum over the past five years.
- The apartment market is limited within Kyogle. Rentals have remained unchanged over the past five years at an average of \$200 per week.
- Employment growth has been subdued with only 30 additions over the five years to 2011, the majority coming from 'manufacturing'. The greatest outright losses to the local workforce have been in the 'agriculture, forestry and fishing' sector.

Future Considerations

- The local population and workforce are expected to remain relatively stable. By 2031 LGA's population is expected to be 9,600 persons.
- Retirees are the only age cohort expected to experience population growth out to 2031 with outright reductions expected amongst all other age groups.

Recommendations:

- In the current environment, it is most unlikely that the assigned dwelling targets under the FNCRS will be reached.
- However, given the LGA's obvious regional advantage in the provision of affordable housing, there exists an opportunity to attract first home buyers and other price sensitive market segments. We note that, despite a net migration loss, the LGA still attracts incoming residents, with net gains experienced in the 35-49 and the 50-64 age groups.

3.2 Benchmarking the 2006 FNC Regional Strategy

The current (ERP 2011) population of the Kyogle LGA and the previous population for 2006 are provided below.

Table 47. Kyogle LGA population

Source	Date	Population
ERP Estimate	2006	9,491
ERP Estimate	2011	9,537

Source: ABS, MacroPlan Dimasi

- According to the ABS ERP data, the Kyogle LGA reached a resident population of 9,537 persons.
- Jobs growth in Kyogle LGA over the 2006-2011 period was considerably weak, with the number of employed persons residing in the LGA increasing by just 30.
- As population growth in regional locations is largely linked to employment growth, it is not surprising that Kyogle's population growth from 2006 to 2011 was subdued.
- FNCRS allocates a residential dwelling target of 3,000 new dwellings by 2031. This accounts for approximately 6% of the overall residential dwelling target for the entire region of 51,000 new residential dwellings.
- In the Kyogle LGA, 145 dwellings were approved between 2006 and 2011.

3.3 Population Trends and Characteristics

- According to ABS ERP figures, the Kyogle LGA increased by just 46 persons from 2006 – 2011. The actual population as at 2011 was 9,537 persons.
- The change in specific age cohorts over this period, however, is quite different to the net result.
- The number of persons aged 50-64 and 65+ in Kyogle increased moderately with 390 and 187 respectively.
- On the other hand, net losses in the 0-19 and 35-54 (families) age cohorts were recorded during the 2006-2011 period.

Table 48. Population growth by age cohort

	2006	2011	Change (2006-2011)
0-19	2,726	2,439	-287
20-34	1,124	1,180	56
35-49	2,094	1,794	-300
50-64	2,114	2,504	390
65+	1,433	1,620	187
Total	9,491	9,537	46

Source: ABS, MacroPlan Dimasi

3.3.1 Household Composition

Household composition within the Kyogle LGA is skewed towards family households at 81.0%; however growth over the five years to 2011 has been negative for this household type. On the other hand, growth in lone person households has been strong.

Table 49. Household composition, Kyogle LGA

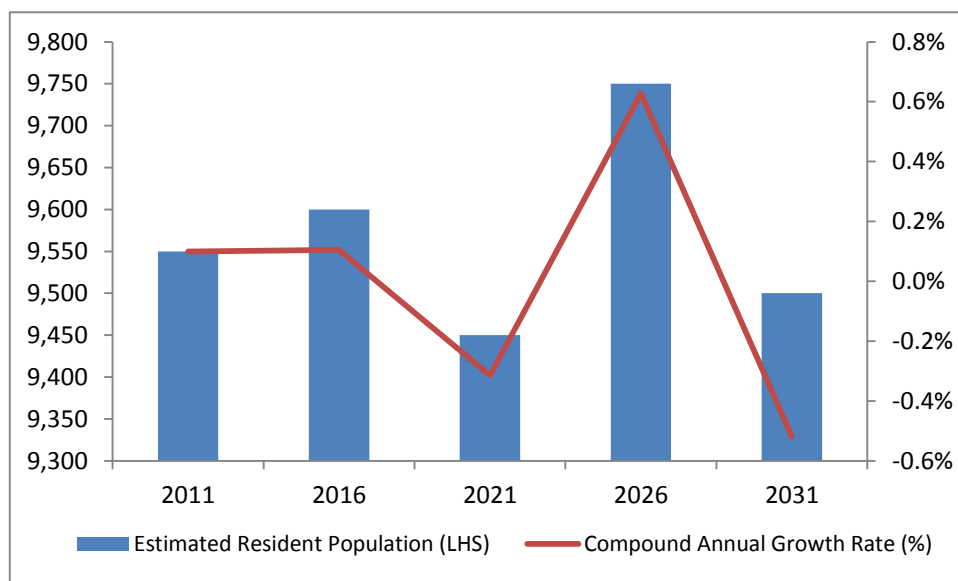
Household composition	Kyogle	Growth (2006-2011)
Family household	81.0%	-0.9%
Lone person household	12.8%	2.1%
Group household	2.2%	1.3%
Other	4.0%	-
Total	100.0%	

Source: ABS, MacroPlan Dimasi

3.3.2 Population Growth – Projections

- According to projections provided by the DP&E, the Kyogle LGA population is projected to be 9,600 by 2031, suggesting growth will be minimal over this period.
- Over the five year period to 2016, population is expected to increase at an average annual rate of 0.1%, and then average 0% per annum thereafter (up until 2031).

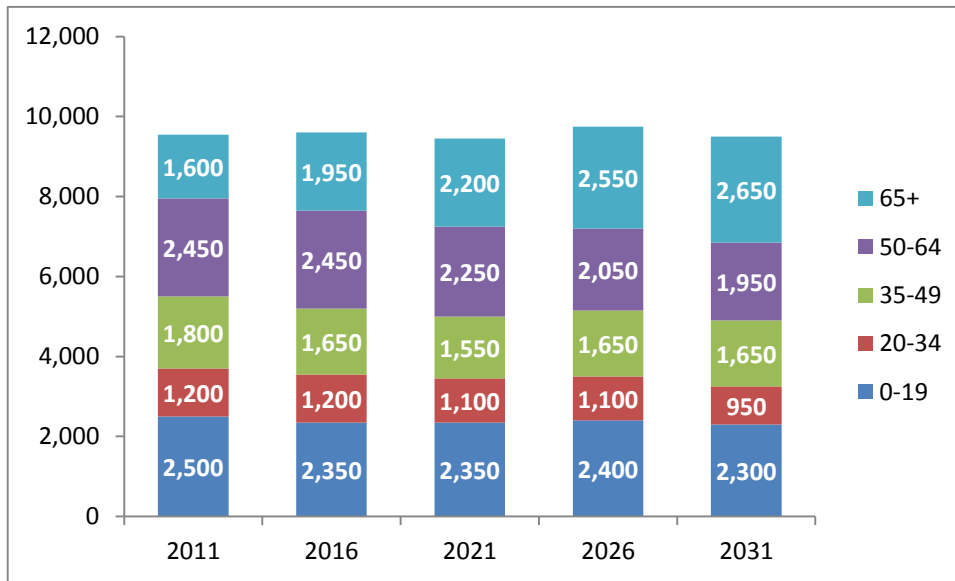
Figure 15. Projected Population (2011 to 2031)



Source: DP&E, MacroPlan Dimasi

- Between 2011 and 2031, person's aged 65+ are projected to increase by 1,050 persons.
- The 65+ age cohort is the only age cohort to experience population growth out to 2031.
- The largest net loss to Kyogle's population is expected to come from the 50-64 age cohort at a reduction of 500 persons by 2031. This partly reflects the 'ageing in place' phenomenon where residents age into the 65+ age cohort.
- A major challenge for the LGA will be to ensure adequate levels of service provision, particularly for its ageing community.

Figure 16. Population Projections by Age (2011-2031)



Source: ABS, DP&E, MacroPlan Dimasi

3.3.3 Migration Movements (2006-2011)

Inward and outward movements for each FNC LGA have been analysed, using 2006 and 2011 Census data.

- Over the five years to 2011, inward migration into the Kyogle LGA totalled 1,583 persons.
- Interstate and localised movements elsewhere within the Far North Coast represented the leading regions.
- There was an even spread of inward movements throughout the age cohorts. Persons aged 50-64 accounted for the largest share of inward migration with 375 people.
- Overseas migration was minimal at approximately 90 persons.

Table 50. Inward Migration (2006 to 2011)

Kyogle	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	110	127	123	108	42	510
Sydney	13	26	11	41	3	94
Regional NSW	76	69	62	45	10	262
Interstate	151	116	146	158	53	624
Overseas	11	36	23	23	0	93
Total	361	374	365	375	108	1,583

Source: ABS, MacroPlan Dimasi

- Over the five years to 2011, outward migration from the Kyogle LGA totalled 1,710 persons.

Table 51. Outward Migration (2006 to 2011)

Kyogle	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	173	186	162	147	98	766
Sydney	12	17	6	0	7	42
Regional NSW	76	72	48	51	13	260
Interstate	190	235	92	115	10	642
Total	451	510	308	313	128	1,710

Source: ABS, MacroPlan Dimasi

- Consequently, there was a net loss experienced within the LGA, which corresponds with the negative population growth over the past five years.
- Movements elsewhere in the Far North Coast were the dominant destinations.
- The largest outflow came from persons aged 20-34, suggesting these people are moving interstate for employment or educational opportunities.

Table 52. Net Migration (2006 to 2011)

Kyogle	0-19	20-34	35-49	50-64	65+	Total
Net migration	-90	-136	57	62	-20	-127

Source: ABS, MacroPlan Dimasi

- Over the five year period, ABS Census data indicates a net outflow of 127 persons into the Kyogle LGA.

3.3.4 Income Distribution by Age

- Housing affordability is a function of income or spending capacity and housing costs. Subsequently, demand for dwellings is largely determined by household or personal income.
- For the purpose of our analysis, we separate personal income as follows:

Table 53. Personal Income Ranges

Range	Value range
Low Range	Upto \$31,199
Medium Range	Between \$31,200 and \$64,999
High Range	Greater than \$65,000

- Income is considerably skewed towards low income earners with only 8% of the working population earning above \$65,000 (high range).
- In line with other FNC LGAs, the older age cohorts, particularly retirees are more likely earn an income in the low range with 90% earning less than \$31,199.
- The upgrader age cohort had the highest proportion of people earning a wage in the high income bracket with 12%.

Table 54. Personal Income Distribution by Age (2011)

		Kyogle
20-34	Low	64%
	Medium	29%
	High	8%
35-49	Low	56%
	Medium	32%
	High	12%
50-64	Low	66%
	Medium	26%
	High	9%
65+	Low	90%
	Medium	8%
	High	2%
Total	Low	68%
	Medium	24%
	High	8%

Source: ABS, MacroPlan Dimasi

- Kyogle’s relative affordability in comparison to other FNC LGAs could become a point of difference that stems the outflow of residents and which supports additional inflows.
- On the other hand, the low income earning capacity in the LGA may prove to be a catalyst for people to seek higher paid employment opportunities in other areas.
- For households, income levels in Kyogle are low with 76% of people living in a household with an annual income of less than \$78,000. Kyogle has the weakest income levels of all FNC LGAs.

Table 55. Household Income (2011)

Annual household Income (Proportion)	Kyogle
Less than \$78,000	76%
More than \$78,000	24%
Total	100%

Source: ABS, MacroPlan Dimasi

3.4 Housing Market Implications

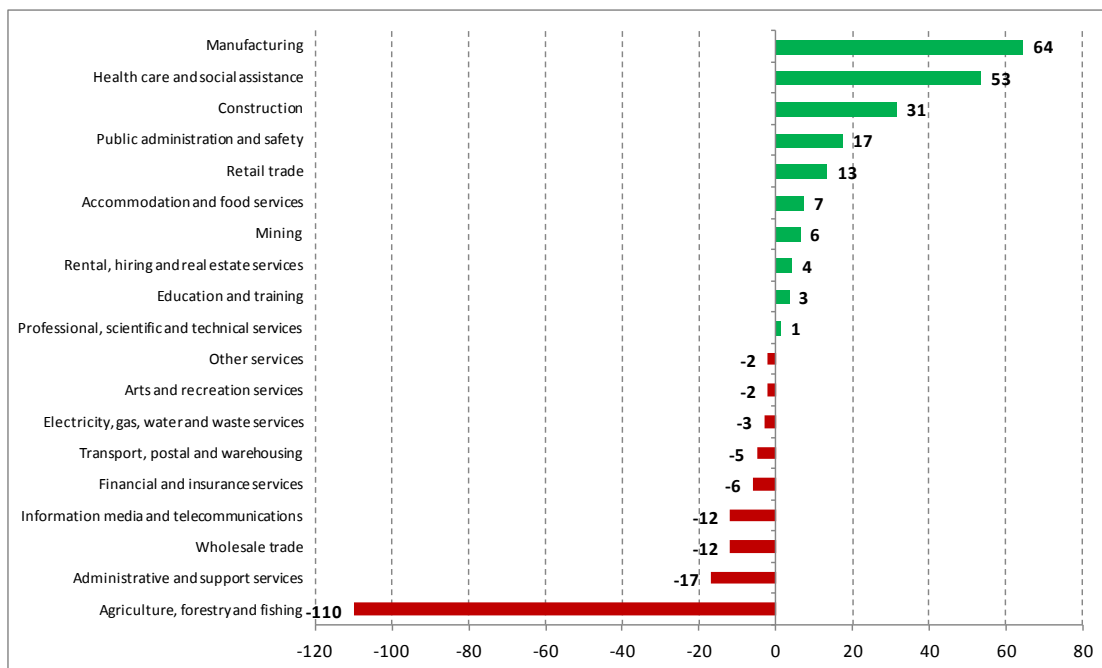
- The above assessment of demographic and resident income earning characteristics suggest the following:
 - **First home buyers (20-34 year olds):** Population growth for this age cohort has been modest (+56 persons) over the past five years, despite a net migration loss of 136 persons, suggesting both an ageing of the LGA’s younger age cohort and a ‘stay in place’ phenomenon. Notwithstanding, 510 persons from this group left Kyogle over the 5 years to 2011.
 - **Upgraders (35-49 year olds):** An overall net loss in population has hampered housing demand for this age cohort, despite a modest migration gain. 56% of this group earn an annual income of less than \$31,199. The availability of jobs and the affordability of housing product will be key to maintaining this age group.

- **Downsizers (50-64 year olds):** There has been reasonable population growth in this age cohort over the past five years. Downsizers now make up the largest portion of the housing market.
 - **Retirees (65+ year olds):** There has been a moderate population gain over the past five years for this age group. DP&E projections suggest that growth in the size of this group will be the most significant of all age cohorts to 2031.
- The growth in downsizer age cohorts and the continued ageing of the Kyogle community accentuates the need for different housing product in the LGA. The FNCRS identifies a greater demand for diversity in housing form to match the requirements of changing household structures, particularly the increase in one and two person households.

3.5 Employment Characteristics and Outlook

- Whilst the purpose of our current analysis focuses on housing market conditions and the characteristics of Kyogle’s dwelling stock, it would be remiss not to briefly observe labour market fundamentals for the area given the strong correlation between employment availability, population growth and housing demand.
- Notably, Kyogle LGA’s workforce is the smallest of all LGAs in the FNC.
- Between 2006 and 2011, there were just 30 job additions in Kyogle LGA – at an annual rate of 6 jobs per annum.
- In contrast to all other FNC LGAs, manufacturing based employment increased in Kyogle LGA over the five year period.
- While it is the largest employing industry in Kyogle LGA, 110 jobs were shed from the ‘agriculture, forestry and fishing’ sector over the five year period.
- The expected decline in the working age cohort to 2031, will limit workforce growth and service provision in the region. This is anticipated to occur during a period when demand for health and localised service provision is set to rise rapidly (due to an increase in 65+ persons).

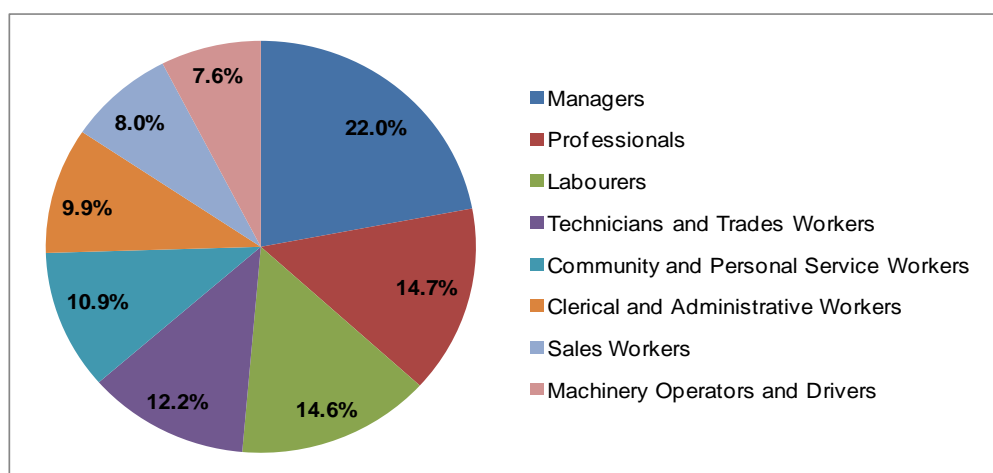
Figure 17. Employment Growth by Industry (2006 to 2011)



Source: ABS, MacroPlan Dimasi

- As at Census 2011, approximately 22% of Kyogle LGA’s residents were employed as ‘Managers’.
- Of all LGAs, the Kyogle LGA entails the second highest share of ‘Labourers’, with 14.6% of resident workers employed as labourers.

Figure 18. Occupation Composition (2011)



Source: Census 2011, MacroPlan Dimasi

- Agriculture, Forestry and Fishing (primarily cattle grazing, dairy farming and forestry) is the largest employing industry, accounting for 17.8% of Kyogle LGA's workforce. This result is significantly higher than the average observed across all six LGAs in the FNC (approximately 8%).
- Additionally, the employment contribution (approximately 10% of total workforce) from manufacturing is the second highest of all FNC LGAs.

Table 56. Employment by Industry (2011)

Industry	Number	Composition (%)
Agriculture, forestry and fishing	583	17.8%
Health care and social assistance	463	14.2%
Retail trade	343	10.5%
Manufacturing	333	10.2%
Education and training	317	9.7%
Construction	250	7.6%
Public administration and safety	142	4.3%
Accommodation and food services	139	4.3%
Wholesale trade	134	4.1%
Transport, postal and warehousing	127	3.9%
Other services	110	3.4%
Professional, scientific and technical services	109	3.3%
Administrative and support services	56	1.7%
Financial and insurance services	41	1.3%
Arts and recreation services	34	1.0%
Electricity, gas, water and waste services	31	0.9%
Rental, hiring and real estate services	29	0.9%
Information media and telecommunications	20	0.6%
Mining	9	0.3%
Total	3,270	100.0%

Source: ABS, MacroPlan Dimasi

- The Kyogle LGA is proactive in the promotion of local employment opportunities and is well aware of the impact the ageing population on the size of its labour force and in respect of its increased service requirements. Similarly, the need to promote non-population based employment is also recognised.

3.6 Kyogle Housing Market Conditions

3.6.1 Housing Tenure

- As at Census 2011, almost half (48%) of all dwellings were owned outright, considerably above the FNC average at 39%.
- In the Kyogle LGA, representation amongst renting households (19%) is considerably below the FNC average (27%).

Table 57. Housing Tenure, Kyogle LGA and FNC (2011)

Tenure	Number	Kyogle LGA	Far North Coast
Owned outright	3,170	47.9%	39.5%
Owned with a mortgage	2,162	32.7%	33.4%
Rented	1,289	19.5%	27.1%
Total	6,621	100.0%	100.0%

Source: ABS, MacroPlan Dimasi

- In the Kyogle LGA, outright ownership is highest amongst downsizers at 40%.
- Similar to other LGAs, upgraders present as the dominant 'owned with a mortgage' tenure group, comprising 34% of this housing arrangement.
- Renting is highest amongst the FHB and upgrader age groups at 29% and 28% respectively.

Table 58. Household Tenure by Age (2011)

	Owned outright	Owned with a mortgage	Rented	Total
15-19	5.0%	11.2%	13.2%	8.6%
20-34	7.1%	17.3%	28.6%	14.6%
35-49	14.0%	34.0%	27.7%	23.2%
50-64	39.5%	31.4%	21.5%	33.3%
65+	34.4%	6.1%	9.0%	20.2%
Total	100.0%	100.0%	100.0%	100.0%

Source: ABS, MacroPlan Dimasi

3.6.2 Housing Activity since 2006 (2006-2011)

Dwelling Approvals

- Dwelling approval data provided by the ABS has been analysed as it provides an important leading economic indicator, while giving an insight into the demand for dwellings over a given period.
- Over the five years to 2012, dwelling approvals averaged just over 20 per annum.
- Detached houses have accounted for 97% of total approvals over the five year period.

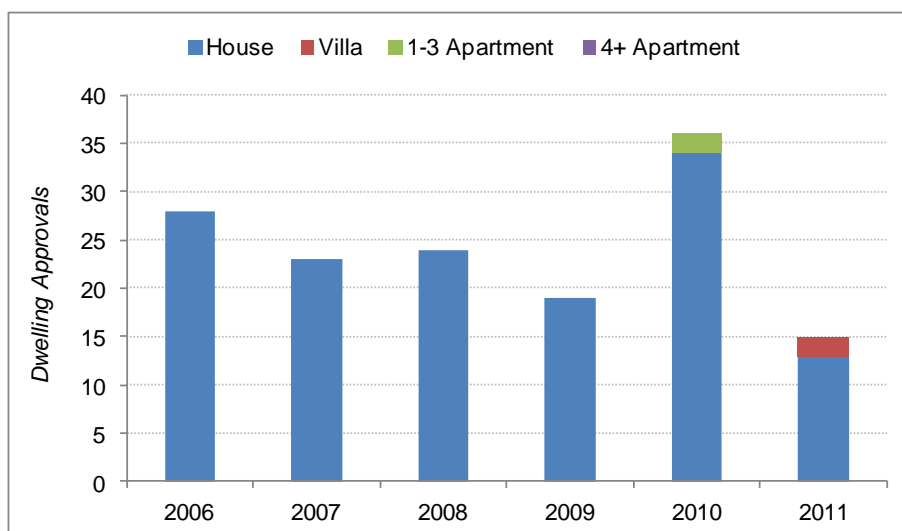
Table 59. Dwelling Approvals (2006-2012)

	House	Other Dwelling	Total
2006	28	0	28
2007	23	0	23
2008	24	0	24
2009	19	0	19
2010	34	2	36
2011	13	2	15
2012	12	0	12

Source: ABS, MacroPlan Dimasi

- Despite the peak in 2010, there has been a general decline in approvals over the past 5 years.

Figure 19. Dwelling Approvals by Housing Type (2006-2011)



Source: ABS, MacroPlan Dimasi

- We note that housing commencements typically lag approvals; however commencement data in the 2011 FNC Housing and Land Monitor show housing commencements have actually exceeded approvals.

3.7 Property Trends

3.7.1 House, land and other dwelling analysis

- Utilising RP Data, we have analysed sales data over the last decade in the Kyogle LGA.
- To account for house price growth over this period, observed sales have been segregated into two five year periods; i.e. 2002 to 2007 and 2007 to 2012.
- In order to ascertain trends in price distribution across the LGA, sales data has been segregated into value ranges (as presented in the table below).

Table 60. Residential Property and Land Price Ranges

Range	Land	Other Dwellings	House
Low	Up to \$200,000	Up to \$200,000	Up to \$350,000
Medium	Between \$200,000 & \$350,000	Between \$200,000 & \$350,000	Between \$350,000 & \$550,000
High	Greater than \$350,000	Greater than \$350,000	Greater than \$550,000

- Data quality control has been undertaken to assist our analysis. In order to depict a market position, outlier transactions (consisting of transactions that were significantly below market value or of large size lots that reflect development potential) have been omitted from our assessment. As a result, our analysis has been undertaken on a subset of total sales activity in the Kyogle LGA.

3.7.2 Historical Detached Dwelling Prices & Activity

- House values in the Kyogle LGA have seen little change over the two periods.
- Between 2002 and 2006, all (100%) house sales were in the low value range (less than \$350,000).
- Over the five years to 2012, this slightly reduced to 96%, with the medium value range absorbing the additional 4% of house sales.
- Over the five years to 2012, there were no house sales sold above \$550,000.

Table 61. Average Annual House Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	101	100%	82	96%
Medium	0	0%	3	4%
High	0	0%	0	0%
Total	102	100%	85	100%

Source: RP Data, MacroPlan Dimas

3.7.3 Historical Other Dwelling Prices & Activity

- Sales activity in the other dwelling segment (i.e. not detached dwellings) has been low with an average of 4 sales per annum in the five years to 2012.
- Over the five years to 2012, there was an even split between other dwelling sales in the low and medium value ranges, however the previous period saw 87% of sales priced below \$200,000.

Table 62. Average Annual Other Dwelling Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	5	87%	2	50%
Medium	1	13%	2	50%
High	0	0%	0	0%
Total	6	100%	4	100%

Source: RP Data, MacroPlan Dimasi

3.7.4 Land Prices & Activity

- Over the five years to 2012, approximately 13 vacant land lots were sold per annum with 88% being sold priced below \$200,000.
- The land property market within the LGA is limited with similar sales per annum over the two periods.
- Both periods saw no sales in the high value range.

Table 63. Average Annual Land Sales, 2002-2006 & 2007-2012

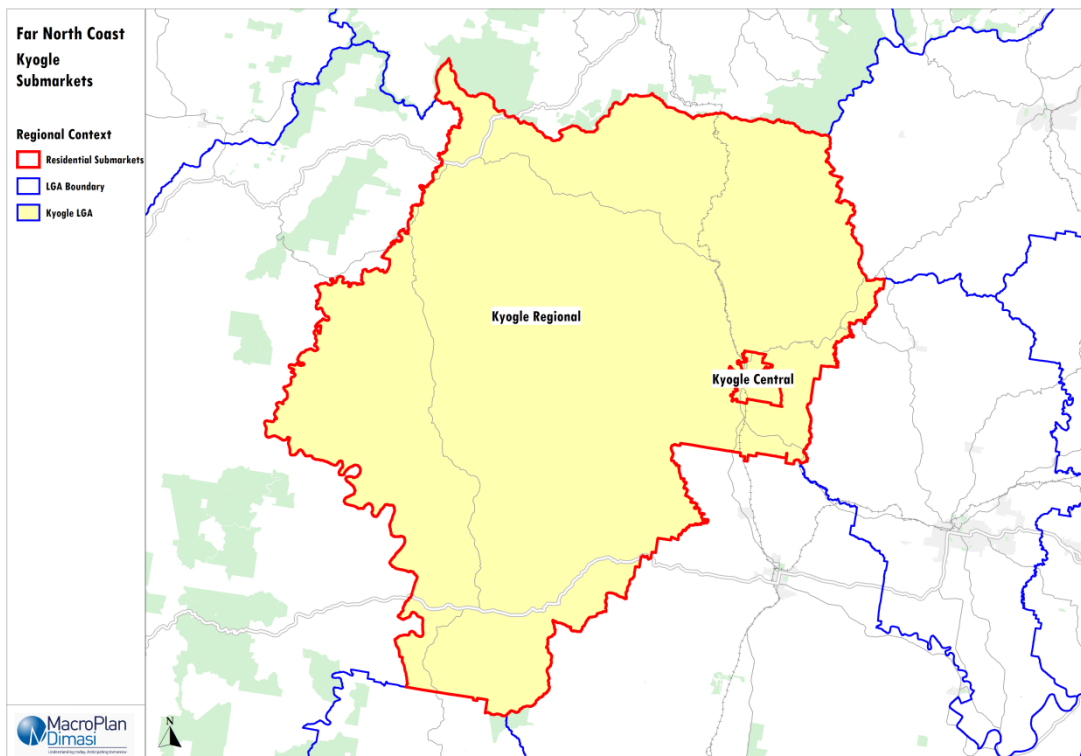
Range	2002-2007		2007-2012	
	Number	%	Number	%
Low	14	94%	11	88%
Medium	1	6%	2	12%
High	0	0%	0	0%
Total	15	100%	13	100%

Source: RP Data, MacroPlan Dimasi

3.8 Housing Submarket Indicators

3.8.1 House Price by Subregion

Figure 20. Kyogle Residential Submarkets



Source: MacroPlan Dimasi

- There are two distinct property markets within the Kyogle LGA – Surrounding the Kyogle town and regional.
- Accordingly, the LGA has been segregated into two distinctive submarkets, namely Kyogle – Central and Kyogle - Regional. These submarkets are consistent with sub-markets used in the 2008 sub-market assessment.
- In 2012, 96% of all dwelling sales were priced below \$350,000.
- All properties sold within the Kyogle – Central submarket were priced in the low value range.

- 2 properties or 7% of properties sold within the Kyogle – Regional submarket were priced above \$350,000, while there were no sales in excess of \$550,000.
- Overall, both submarkets show a similar value composition with lower valued properties, compared to other regional offers, dominating the market.

Table 64. House Sales by Submarket (2012)

	Kyogle-Regional			Kyogle-Central			Total	
	Number	%	% of total	Number	%	% of total	Number	%
Low	27	93%	55%	20	100%	41%	47	96%
Medium	2	7%	4%	0	0%	0%	2	4%
High	0	0%	0%	0	0%	0%	0	0%
Total	29	100%	59%	20	100%	41%	49	100%

Source: RP Data, MacroPlan Dimasi

3.8.2 Rental Market and Indicative Yields

- Unlike the Ballina, Byron and Tweed LGAs, the Kyogle LGA is effectively 'land locked'.
- Between 2007 and 2012, detached dwelling rents in Kyogle LGA increased at an average rate of 9.3% per annum. Despite this high rate of growth, Kyogle LGA submarkets are the most affordable in the FNC.
- On average, indicative rental yields increased moderately in Kyogle LGA.
- Representation amongst renting households is low relative to other LGAs in the FNC.

Table 65. House Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Kyogle-Regional	\$120	\$210	11.8%	6.9%	7.4%
Kyogle-Central	\$210	\$290	6.7%	5.6%	6.2%
Average	\$165	\$250	9.3%	6.3%	6.8%

Source: Residex, MacroPlan Dimasi

- Apartment dwelling stock is limited in the Kyogle LGA. As such, it is difficult to distil meaningful trends for this component of the market.

Table 66. Apartment Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Kyogle-Regional	-	-	-	-	-
Kyogle-Central	\$200	\$200	0.0%	5.7%	5.0%

Source: Residex, MacroPlan Dimasi

3.8.3 Future Supply

- According to DP&E, the area around the town of Kyogle and its immediate surrounds is expected to supply the majority of dwelling growth in the LGA over the period to 2031.
- Dwelling allocation for Kyogle and its immediate surrounds accounts for around 99% of the total allocation for the region.
- The two remaining areas which are likely to have limited levels of growth include Woodenbong, located on the north western boundary of the LGA and Bonalbo, and located approximately 40 kilometres to the west of Kyogle.
- Approximately 6% of new dwellings are projected to be infill development, with 89% to be within Kyogle and the remained in Kyogle North.

3.8.4 Land Projections

- It is anticipated that 68 lots will be produced to 2016.
- The majority of lots are expected to be developed in Kyogle Village, surrounding the town centre.
- Development in rural remainder and villages is minimal with 6 lots to be produced over the next five year period.

Table 67. Projected Lot Production (2011-2016)

Kyogle LGA	Total 5 Year Produced		Year 1		Year 2		Year 3		Year 4		Year 5	
	Lots	ha	Lots	ha	Lots	ha	Lots	ha	Lots	ha	Lots	ha
Kyogle Village	62	5	2	0	26	2	2	0	22	2	10	1
Rural remainder and villages	6	0	2	0	2	0	0	0	2	0	0	0
Total LGA	68	5	4	0	28	2	2	0	24	2	10	1

Source: Kyogle Council, Department of Planning & Environment

3.9 Market Indicators

Key drivers and future housing requirements are outlined below.

Descriptors/ Submarkets	Emerging Issues	Product Requirements
<ul style="list-style-type: none"> ▪ Given the limited employment and educational opportunities in the LGA, outward migration of FHB's (20-34) has been and is expected to continue. 	<ul style="list-style-type: none"> ▪ Population – It is expected that Kyogle LGA will experience minimal population growth to 2031. ▪ Affordability – Property remains affordable with 96% of houses sold over the five years to 2012 priced below \$350,000 (low range). ▪ Housing affordability may entice additional persons to the LGA, but employment and service availability will be key. 	<ul style="list-style-type: none"> ▪ Minimal population growth will hinder demand for housing within the LGA. ▪ The only age cohort to experience a population gain out to 2031 is the 65+ retirees – there may be scope for smaller lot housing within walking distance to the Kyogle town centre to accommodate this group's needs. ▪ A continued availability of medical and other service facilities will be needed to ensure the needs of this group are met.

The table below identifies each submarket based on affordability and the housing type required. Detached housing includes standard housing types with lot sizes above 400m², smaller lot housing includes semi-detached duplexes or villas, while higher density housing includes apartments and units.

Table 68. Housing type recommendations

Kyogle LGA	Residential Submarket	Housing Type Required
Most Affordable	Kyogle - Regional	Detached housing
Most Expensive	Kyogle - Central	Smaller lot housing

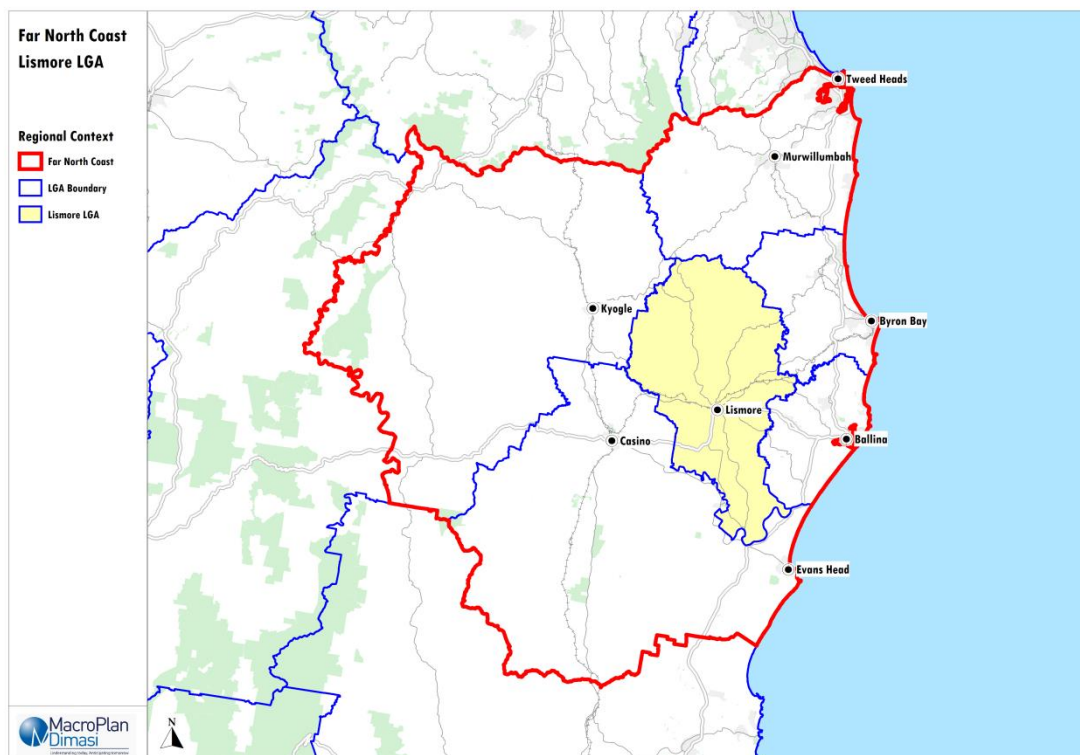
Source: RP Data, MacroPlan Dimasi

4.1 Key Facts, Findings and Take-outs

Housing & Population projections:

- In the Far North Coast Regional Strategy (2006), a target allocation of 8,000 new dwellings by 2031 had been assigned to the Lismore LGA.
- Our analysis demonstrates that population growth to 2011 has occurred at a marginally lower rate than anticipated.

Figure 21. Lismore LGA Location in Context of the Far North Coast Region



Source: MacroPlan Dimasi

- Approximately 16% of the Far North Coast’s dwelling target is expected to occur in Lismore LGA. The area immediately surrounding the city of Lismore is planned to contribute the majority of new dwellings with 3,360

new dwellings to be supplied by 2031 (41% of total supply for Lismore LGA).

Prevailing Conditions

- As at 2011, the Lismore LGA encompassed a resident population of 44,348 persons.
- Over the past five years, resident population growth equated to an average rate of growth of just 0.5% per annum.
- In terms of residential construction, just 793 dwellings were approved.
- Household composition within the Lismore LGA is skewed towards family households at 80.6%, however growth over the five years to 2011 has been most pronounced amongst lone person households.
- In Lismore LGA, total dwelling approvals have been dominated by detached dwelling formats. Since 2006, separate houses have accounted for 75% of total approvals activity.
- Following a peak in 2008 (100 villa/townhouse approvals), other dwelling approvals fell. Since 2008, there have just been 25 other dwelling approvals per annum.
- There has been a clear gravitation to higher property price levels in the Lismore LGA. Over the five years to 2007, 96% of houses sold were priced below \$350,000; however the five years to 2012 saw this proportion drop to 77%. House sales volumes have contracted by 30% between 2007 and 2012.
- Over the five years to 2007, there was approximately 126 vacant land lots sold per annum. The majority of these sales were for lots priced under \$200,000 (88%).
- Land sales volumes have also reduced. Compared to other LGAs, the rise in land prices has been less pronounced. Of the 72 lots sold (per annum), 21% are for lots priced between \$200,000 and \$350,000. The majority of sales are still priced below \$200,000 (76%).
- Of the three subregions in Lismore LGA, the Lismore - Central submarket presents as the most costly housing market. Of all sales registered in 2012, 30% were sold for \$550,000 or greater.

- In the Lismore - South sub-region, 96% of all dwelling sales were in the low price range, making it the most affordable of all the residential submarkets within the LGA. Consistent with property prices, Lismore South also presents as the most affordable rental submarket within the LGA.
- In Lismore LGA, detached dwelling rents increased by 5.1% per annum over the five years to 2012.
- Of all submarkets, median house rents are highest in the Lismore Central submarket. As at 2012, detached dwellings achieved median rents of around \$334 per week, marginally higher than that registered in the Lismore North submarket.
- Of all FNC LGAs, the Lismore LGA entails the second largest workforce (18,045 jobs). At over 3,200 jobs or 18% of the total workforce, Health Care & Social Assistance is the largest employing industry in the LGA.
- Over the five year period to 2011, 500 new jobs were created within the Lismore LGA. Health Care & Social Assistance accounted for the majority of new jobs – with a net addition of 100 new jobs per annum. This growth is underpinned by the ageing characteristic of Lismore’s population.
- A lack of jobs in other sectors has contributed to the LGA’s lacklustre population growth in working age and younger cohorts.

Future Considerations

- Based on projected DP&E figures, it is anticipated the population growth will average 0.8% per annum over the five years to 2016, while slowing further to 0.6% per annum from 2016 and 2031.
- Retirees are expected to underpin population growth over the forecast period. Between 2011 and 2031, this cohort is expected to expand by 5,450 persons.
- In order to accommodate retiree growth and to attract other price sensitive segments, alternate housing formats will be required.

Recommendations:

- Affordable housing and retirement housing product close to facilities and services for the ageing community will be required in the future.
- Accelerating proposed land releases will also require focus.

4.2 Benchmarking the 2006 FNC Regional Strategy

The current (ERP 2011) population of the Lismore LGA and the previous population for 2006 are provided below.

Table 69. Lismore LGA population

Source	Date	Population
ERP Estimate	2006	43,338
ERP Estimate	2011	44,348

Source: ABS, MacroPlan Dimasi

- FNCRS allocates the need for an additional 8,000 new dwellings by 2031. This is approximately 16% of the overall residential dwelling target for the entire region of 51,000 new residential dwellings.
- A total of 955 dwellings were approved between 2006 and 2011.
- Notably, jobs growth in Lismore LGA over the 2006-2011 period was moderate, with an increase of 500 in the number of persons employed in the LGA.

4.3 Population Trends and Characteristics

- According to ABS ERP figures, the population of Lismore LGA increased by 1,010 persons from 2006 – 2011, equating to an annual growth rate of 0.5%. Lismore's actual population at 2011 was 44,348 persons.
- Similar to other FNC LGAs, the change in specific age cohorts over this period, however, is quite different to the net result.
- The 50-64 and 65+ age cohorts increased by 1,466 and 572 respectively.
- Conversely, all other age cohorts experienced an outright decline over the five year period.

Table 70. Population growth by age cohort

	2006	2011	Change (2006-2011)
0-19	12,189	11,885	-304
20-34	7,749	7,589	-160
35-49	9,524	8,960	-564
50-64	8,110	9,576	1,466
65+	5,766	6,338	572
Total	43,338	44,348	1,010

Source: ABS, MacroPlan Dimasi

4.3.1 Household Composition

- Household composition within the Lismore LGA is skewed towards family households at 80.6%, however growth over the five years to 2011 has been most pronounced amongst lone person households.

Table 71. Household composition, Lismore LGA

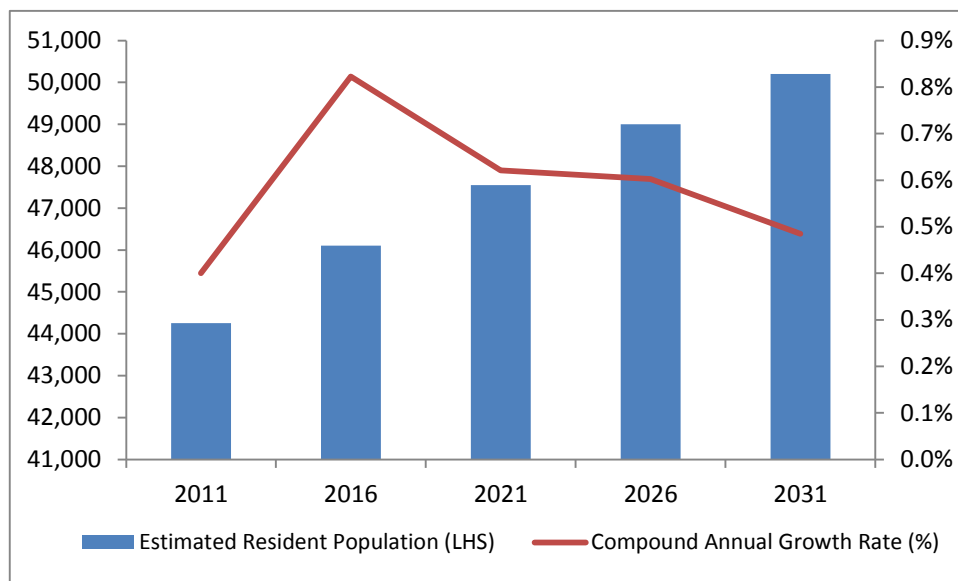
Household composition	Lismore	Growth (2006-2011)
<i>Family household</i>	80.6%	0.0%
<i>Lone person household</i>	11.7%	1.4%
<i>Group household</i>	4.5%	-0.7%
<i>Other</i>	3.1%	-
Total	100.0%	

Source: ABS, MacroPlan Dimasi

4.3.2 Population Growth – Projections

- According to new projections provided by the DP&E, the Lismore LGA population is projected to expand to 50,200 by 2031.
- It is anticipated the population growth will average 0.8% per annum over the five years to 2016, while slowing marginally to average to 0.6% per annum from 2016 and 2031.

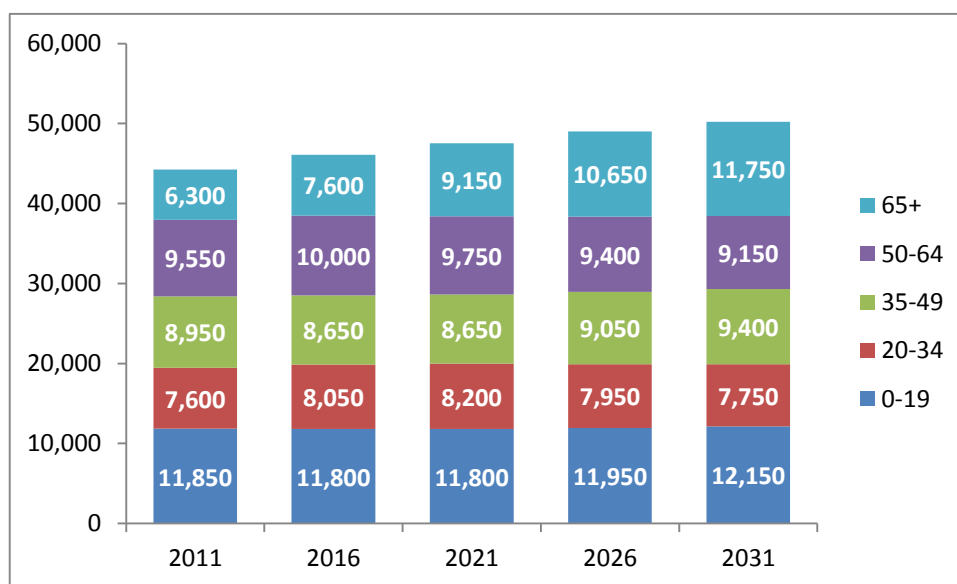
Figure 22. Projected Population (2011 to 2031)



Source: DP&E, MacroPlan Dimasi

- Between 2011 and 2031, the number of persons aged 65+ is projected to expand by 5,450 persons.
- Consistent with other FNC regions, population growth in persons aged 50-64 is expected to be negative with a net reduction of 400 persons expected between 2011 and 2031.
- Growth in all other age cohorts is expected to be marginal.
- In terms of representation, as at 2011, retirees (65+) accounted for just 14% of Lismore’s total population, however this is expected to increase to 23% by 2031.
- Given that the majority of the population growth is to come from retirees (65+), there is likely to be an increased demand for alternate (smaller) housing product.

Figure 23. Population Projections by Age (2011-2031)



Source: ABS, DP&E, MacroPlan Dimasi

- Growth in older households is expected to underpin demand for new medium and high density housing, predominantly in locations that are accessible to services, especially health services. The need for greater housing diversity to accommodate the changing needs of the region's ageing population is identified in the FNCRS.

4.3.3 Migration Movements (2006-2011)

Inward and outward movements for each FNC LGA have been analysed, using 2006 and 2011 Census data (Place of Usual Residence).

- Over the five years to 2011, inward migration into Lismore LGA totalled 7,916 persons.
- People who had previously lived in one of the other 5 LGAs within the FNC accounted for the largest proportion of inward migration.
- People aged 20-34 represented the largest share of inward movements (2,484 persons).
- Overseas migration was considerable at approximately 660 persons, predominantly from persons aged 20-34.

Table 72. Inward Migration (2006 to 2011)

Lismore	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	587	718	568	457	201	2,531
Sydney	177	346	276	162	59	1,020
Regional NSW	413	598	373	261	106	1,751
Interstate	414	556	481	341	166	1,958
Overseas	126	266	183	64	17	656
Total	1,717	2,484	1,881	1,285	549	7,916

Source: ABS, MacroPlan Dimasi

- Over the five years to 2011, outward migration from the Lismore LGA totalled 7,082 persons.

Table 73. Outward Migration (2006 to 2011)

Lismore	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	503	590	521	430	295	2,339
Sydney	73	333	105	54	16	581
Regional NSW	270	427	264	226	88	1,275
Interstate	541	1,425	486	336	99	2,887
Total	1,387	2,775	1,376	1,046	498	7,082

Source: ABS, MacroPlan Dimasi

- Movements to interstate destinations (predominantly SE QLD) represented to dominant flow.
- While the inflow of persons aged 20-34 was considerable, the outflow of this age cohort was greater, resulting in a negative outcome over the five year period.

Table 74. Net Migration (2006 to 2011)

Lismore	0-19	20-34	35-49	50-64	65+	Total
Net migration	330	-291	505	239	51	834

Source: ABS, MacroPlan Dimasi

- Over the five year period, ABS Census data indicates a net inflow of 834 persons into the Lismore LGA.

4.3.4 Income Distribution by Age

- Housing affordability is a function of income or spending capacity and housing costs. Subsequently, demand for dwellings is largely determined by household or personal income.
- For the purpose of our analysis, we separate personal income as follows:

Table 75. Personal Income Ranges

Range	Value range
Low Range	Upto \$31,199
Medium Range	Between \$31,200 and \$64,999
High Range	Greater than \$65,000

- Overall, the majority of Lismore LGAs working residents fall within the low (57%) to medium (31%) income brackets.
- Persons aged between 35-49 and 50-64 are more likely to be in the high wage bracket with 17% and 15% respectively, considerably above the LGA average.
- Persons aged 65+ have a skew towards low wage earners, with an above average proportion of people in the low wage bracket.

Table 76. Personal Income Distribution by Age (2011)

		Lismore
20-34	Low	58%
	Medium	35%
	High	6%
35-49	Low	45%
	Medium	39%
	High	17%
50-64	Low	51%
	Medium	34%
	High	15%
65+	Low	84%
	Medium	13%
	High	3%
Total	Low	57%
	Medium	31%
	High	11%

Source: ABS, MacroPlan Dimasi

- Low income earning capacity is expected to impede property market activity, particularly from FHBs (20-34).
- Household income levels in the Lismore LGA are low, with 65% of people living in a household with an annual income of less than \$78,000.

Table 77. Household Income (2011)

Annual household Income (Proportion)	Lismore
Less than \$78,000	65%
More than \$78,000	35%
Total	100%

Source: ABS, MacroPlan Dimasi

- Whether market participation is assessed by reference to individual or household incomes, it would appear that affordability will present as a barrier of entry for a significant proportion of the population.

4.4 Housing Market Implications

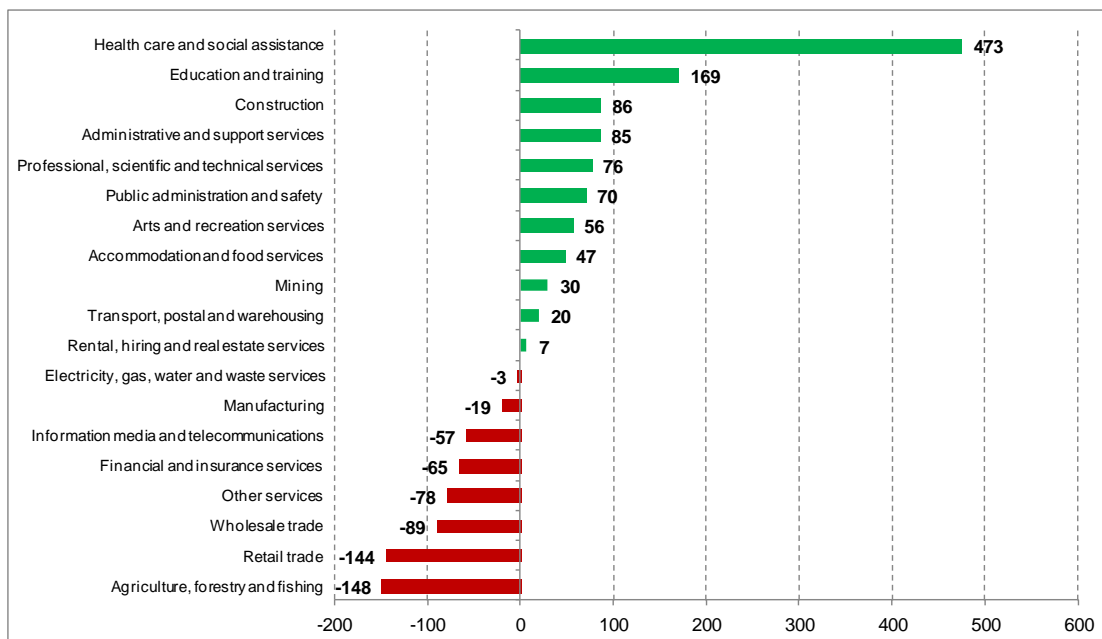
- The above assessment of demographic and resident income earning characteristics suggest the following:
 - **First home buyers (20-34 year olds):** The loss of population from this age cohort is accentuated by outward migration. The majority of individuals in this age group earn an annual income of less than \$31,199. We suspect that the shrinkage in this market is tied to the availability of well-paid jobs and personal preferences, but could also reflect a lack of suitable housing product.
 - **Upgraders (35-49 year olds):** Lismore has also experienced a loss of persons from this age cohort, despite a net migration gain of 505 persons, suggesting a fleeting of the younger age group that would otherwise have entered this cohort over the 2006-2011 period. For individuals in this group, 45% earn an annual income of less than \$31,199. A strong employment base is key to maintaining growth in this age group. Despite its losses, this group still comprises the largest housing market segment.

- **Downsizers (50-64 year olds):** Population growth has been significant for this age cohort, reflective of the region's pronounced skew towards an ageing demographic and aided by a modest net migration gain. An influx of 50+ persons from the Far North Coast region was the major contributor to inward migration.
 - **Retirees (65+ year olds):** Similar to downsizers, a modest population gain for persons aged 65+ was experienced over the past five years. Likewise, an influx of persons from the Far North Coast region is a major contributor to growth in this age group, as would be expected given Lismore's hospital and related facilities.
- The modest growth in downsizer and retiree age cohorts accentuates the need for smaller housing products in the LGA. This is reinforced by DP&E projections which foresee significant growth in the 65+ cohort and is consistent with FNCRS which identifies a greater demand for diversity in housing form to match the requirements of changing household structures, particularly the increase in one and two person households.

4.5 Employment Characteristics and Outlook

- Over the five year period to 2011, 500 new jobs were created in Lismore LGA. Health Care & Social Assistance accounted for the majority of new jobs – net addition of 100 new jobs per annum.
- The Agriculture, Forestry and Fishing and Retail Trade industries both incurred substantial workforce contractions over the five years to 2011 – a net loss of 148 and 144 jobs respectively.
- High representation amongst the Health Care & Social Assistance is a result of solid growth in 50+ year olds over the five years to 2006. However, with this expected to translate into similar rates of growth amongst 65+ year olds in the future, weak growth in working age residents (i.e. 20-34 years) will constrain localised service provision.

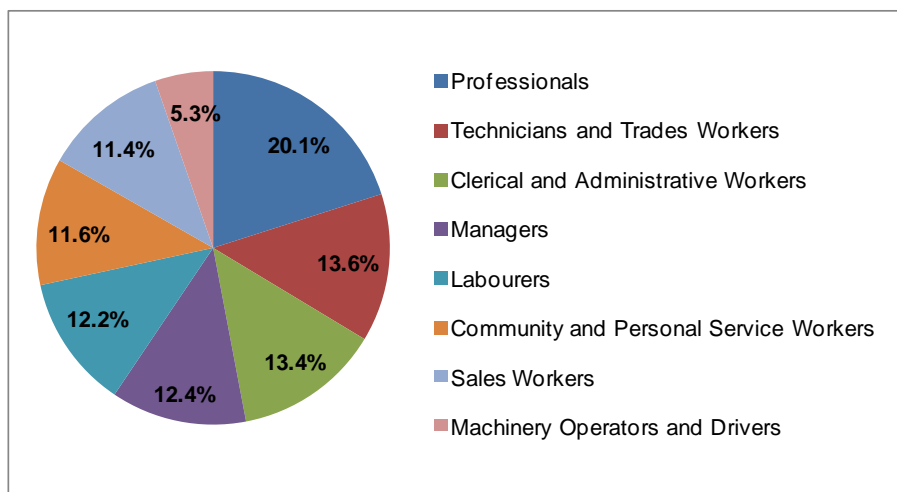
Figure 24. Employment Growth by Industry (2006 to 2011)



Source: ABS, MacroPlan Dimasi

- As at Census 2011, 'Professionals' constituted the main occupation type in Lismore LGA.

Table 78. Occupation Composition, 2011



Source: Census 2011, MacroPlan Dimasi

- Of all six FNC LGAs, the Lismore LGA entails the second largest workforce. According to Census 2011 figures, there were 18,045 jobs in Lismore LGA.

- The top three employing industries engaged around 43.1% of the workforce – Health Care & Social Assistance (18.0%), Retail Trade (14.1%) and Education & Training (11.3%).
- At over 3,200 jobs or 18% of the total workforce, Health Care & Social Assistance is the largest employing industry in the LGA. Of all FNC LGAs, the contribution from this sector is the largest.

Table 79. Employment by Industry, 2011

Industry	Number	Composition (%)
Health care and social assistance	3,244	18.0%
Retail trade	2,547	14.1%
Education and training	2,048	11.3%
Manufacturing	1,299	7.2%
Accommodation and food services	1,276	7.1%
Construction	1,219	6.8%
Agriculture, forestry and fishing	951	5.3%
Public administration and safety	929	5.1%
Professional, scientific and technical services	830	4.6%
Other services	710	3.9%
Transport, postal and warehousing	596	3.3%
Wholesale trade	517	2.9%
Administrative and support services	504	2.8%
Financial and insurance services	349	1.9%
Information media and telecommunications	332	1.8%
Arts and recreation services	254	1.4%
Rental, hiring and real estate services	241	1.3%
Electricity, gas, water and waste services	142	0.8%
Mining	57	0.3%
Total	18,045	100.0%

Source: ABS, MacroPlan Dimasi

- The Lismore LGA is aware of the influence the ageing population will have on its local employment base. A key employment asset is its hospital facilities, not just for Lismore but for the broader far North Coast region.

4.6 Lismore Housing Market Conditions

4.6.1 Housing Tenure

- As at Census 2011, there was an even spread of housing tenure within the Lismore LGA. 74% of all dwellings were owned outright or with a mortgage, with 37% composition for each.
- Proportions were very similar to the wider FNC region average across all tenure types.

- Representation amongst renting households (26%) was slightly below than the FNC average (27%).

Table 80. Housing Tenure, Lismore LGA and FNC (2011)

Tenure	Number	Lismore LGA	Far North Coast
Owned outright	11,313	36.5%	39.5%
Owned with a mortgage	11,520	37.2%	33.4%
Rented	8,129	26.3%	27.1%
Total	30,962	100.0%	100.0%

Source: ABS, MacroPlan Dimasi

- Outright ownership is highest amongst downsizers and retirees with 36% and 37% respectively.
- Upgraders represent 36% of the 'owned with a mortgage' tenure group, suggesting they have recently purchased a new dwelling.
- Renting is highest amongst FHBs with 37%. The university within the LGA would accentuate rentals within the FHB age cohort.

Table 81. Household Tenure by Age (2011)

	Owned outright	Owned with a mortgage	Rented	Total
15-19	5.6%	11.5%	9.7%	8.6%
20-34	7.5%	21.7%	37.1%	14.6%
35-49	13.5%	36.5%	27.1%	23.2%
50-64	36.4%	26.1%	18.5%	33.3%
65+	37.1%	4.2%	7.6%	20.2%
Total	100.0%	100.0%	100.0%	100.0%

Source: ABS, MacroPlan Dimasi

4.6.2 Housing Activity since 2006 (2006-2011)

- Dwelling approval data provided by the ABS has been analysed as it provides an important leading economic indicator, while giving an insight into the demand for dwellings over a given period.

- Over the five years to 2012, dwelling approvals averaged around 160 per annum within the Lismore LGA, with detached houses accounting for approximately 80% of total dwelling approvals over this period.
- The recent peak came in 2008 as house approvals coincided with a significant number in villa approvals.

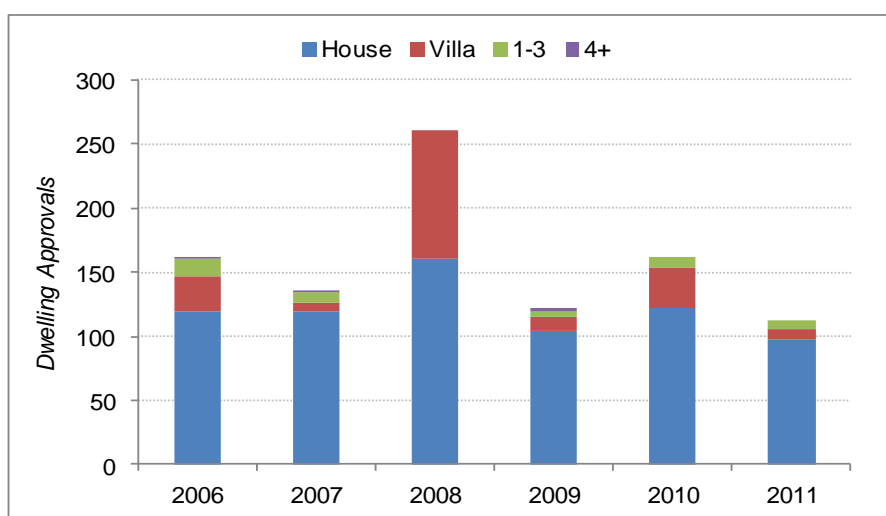
Table 82. Dwelling Approvals (2006-2012)

	House	Other Dwelling	Total
2006	120	42	162
2007	120	16	136
2008	160	100	260
2009	104	18	122
2010	122	40	162
2011	97	16	113
2012	154	28	182

Source: ABS, MacroPlan Dimasi

- Despite showing considerable fluctuation in approval numbers between 2006 and 2012, approvals have remained strong, evident by the uplift in 2012.
- More recently, approvals for villas has eased while house approvals have remained solid.

Figure 25. Dwelling Approvals by Housing Type (2006-2011)



Source: ABS, MacroPlan Dimasi

4.7 Property Trends

4.7.1 House, land and other dwelling analysis

- Utilising RP Data, we have analysed sales data over the last decade in the Lismore LGA.
- To account for house price growth over this period, observed sales have been segregated into two five year periods; i.e. 2002 to 2007 and 2007 to 2012.
- In order to ascertain trends in price distribution across the LGA, sales data has been segregated into value ranges (as presented in the table below).

Table 83. Residential Property and Land Price Ranges

Range	Land	Other Dwellings	House
Low	Up to \$200,000	Up to \$200,000	Up to \$350,000
Medium	Between \$200,000 & \$350,000	Between \$200,000 & \$350,000	Between \$350,000 & \$550,000
High	Greater than \$350,000	Greater than \$350,000	Greater than \$550,000

- Data quality control has been undertaken to assist our analysis. In order to depict a market position, outlier transactions (consisting of transactions that were significantly below market value or of large size lots that reflect development potential) have been omitted from our assessment. As a result, our analysis has been undertaken on a subset of total sales activity in the Lismore LGA.

4.7.2 Historical Detached Dwelling Prices & Activity

- Over the two periods, there has been a clear gravitation to higher prices in the Lismore LGA.
- Over the five years to 2007, 96% of houses sold were priced below \$350,000; however the five years to 2012 saw this proportion drop to 77%.
- The annual number of house sales reduced by 30% or 211 sales per annum between 2007 and 2012.
- In proportional terms, house sales in the high value range only marginally increased with an average of 6 sales (or 1%) per annum between 2007 and 2012.

Table 84. Average Annual House Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	675	96%	382	77%
Medium	28	4%	105	21%
High	0	0%	6	1%
Total	704	100%	493	100%

Source: RP Data, MacroPlan Dimasi

4.7.3 Historical Other Dwelling Prices & Activity

- Over the last decade, the average number of other dwelling sales (i.e. not detached dwellings) per annum has decreased by 25% or 34 sales.
- Price growth has been significant between the two periods. Over the five years to 2012, 32% of sales were priced below \$200,000. This contrasts with 83% of transactions over the five years to 2007.
- Over the five years to 2012, the majority of other dwelling sales were priced between \$200,000 and \$350,000.

Table 85. Average Annual Other Dwelling Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	115	83%	34	32%
Medium	23	17%	61	59%
High	1	1%	9	9%
Total	138	100%	104	100%

Source: RP Data, MacroPlan Dimasi

4.7.4 Historical Land Prices & Activity

- Over the five years to 2007, there was approximately 126 vacant land lots sold per annum. The majority of these sales were for lots priced under \$200,000 (88%).
- Land sales have since reduced, averaging 72 lots per annum over the last five years, showing a contraction of 43%.

- While overall activity has decreased, there has been a shift to the higher valued lots. Of the 72 lots sold per year, 21% are for lots priced between \$200,000 and \$350,000. The majority of sales are still priced below \$200,000 (76%)
- The number of lot sales in the high price range has remained relatively unchanged.

Table 86. Average Annual Land Sales, 2002-2006 & 2007-2012

Range	2002-2007		2007-2012	
	Number	%	Number	%
Low	111	88%	54	76%
Medium	13	10%	15	21%
High	2	2%	2	3%
Total	126	100%	72	100%

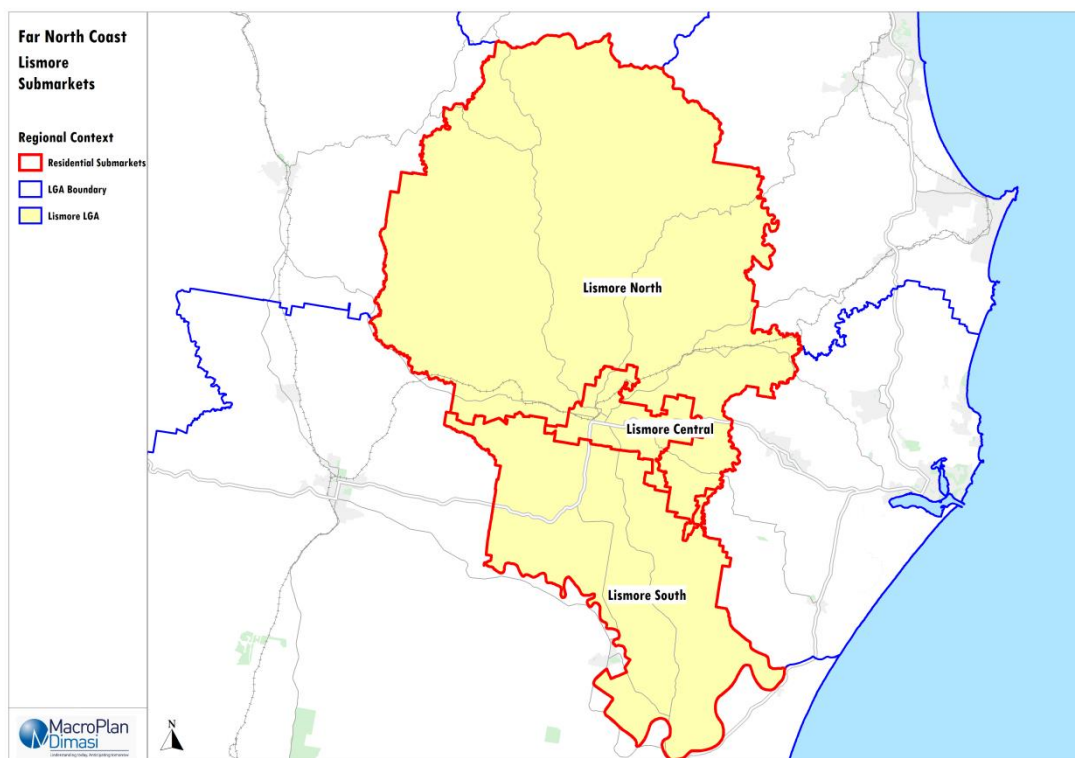
Source: RP Data, MacroPlan Dimasi

4.8 Housing Submarket Indicators

4.8.1 House Prices by Subregion

Our previous 2008 report identified five residential submarkets within the Lismore LGA. After analysing housing, demographic and economic trends in the LGA, we believe three submarkets more appropriately describe housing trends as there is an almost identical correlation between some of the submarkets used in the previous report.

Figure 26. Lismore Residential Submarkets



Source: MacroPlan Dimasi

- The Lismore LGA property market entails a diverse range of residential submarkets. The price disparity is evident between centrally located properties around the Lismore town centre and regional properties.
- Accordingly, the Lismore LGA has been segregated into three distinctive sub-markets, namely Lismore – Central, Lismore – North and Lismore – South.
- In 2012, 70% of house sales were priced below \$350,000 (low range), while only 2% of sales were priced above \$550,000 (high range).
- Of all three subregions, Lismore - Central presents as the most costly housing market. Of all sales registered in 2012, 3% were for properties valued at \$550,000 and above.
- In the Lismore - South sub-region, 96% of all dwelling sales were in the low price range, making it the most affordable of all the residential submarkets within the LGA.

Table 87. House Sales by Submarket (2012)

	Lismore-Central			Lismore North			Lismore South			Total	
	Number	%	% of total	Number	%	% of total	Number	%	% of total	Number	%
Low	212	67%	59%	15	88%	4%	24	96%	7%	251	70%
Medium	96	30%	27%	2	12%	1%	1	4%	0%	99	28%
High	8	3%	2%	0	0%	0%	0	0%	0%	8	2%
Total	316	100%	88%	17	100%	5%	25	100%	7%	358	100%

Source: RP Data, MacroPlan Dimasi

4.8.2 Rental Market and Indicative Yields

- In Lismore LGA, detached dwelling rents increased by 5.1% per annum over the five years to 2012.
- Over this period, indicative rental yields increased, from 4.6% to 5.3%.
- Similar to Kyogle LGA, the Lismore LGA is entirely surrounded by land.
- Of all submarkets, median house rents are highest in the Lismore Central submarket. As at 2012, detached dwellings achieved median rents of around \$334 per week, marginally higher than that registered in the Lismore North submarket.
- Lismore South presents as the most affordable submarket within the LGA. As at 2012, median rents for detached dwelling were below \$300 per week.
- Over the five years to 2012, rental growth had been fairly uniform across all submarkets.

Table 88. House Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Lismore-North	\$250	\$325	5.4%	3.8%	4.1%
Lismore-Central	\$250	\$334	6.0%	4.6%	5.6%
Lismore-South	\$230	\$280	4.0%	5.4%	6.1%
Average	\$243	\$313	5.1%	4.6%	5.3%

Source: Residex, MacroPlan Dimasi

- On average, rents for apartments were \$77 cheaper than detached dwellings rents.
- Between 2007 and 2012, apartment rents expanded at an average rate of 4.8% per annum, marginally below that registered for detached dwellings.

Table 89. Apartment Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Lismore-North	\$180	\$215	3.6%	5.4%	5.8%
Lismore-Central	\$198	\$263	5.8%	4.5%	5.2%
Lismore-South	\$180	\$230	5.0%	7.4%	8.1%
Average	\$186	\$236	4.8%	5.8%	6.4%

Source: Residex, MacroPlan Dimasi

4.8.3 Future Supply

- According to DP&E, the area around the city of Lismore is planned to provide for the majority of dwelling growth.
- The North Lismore Plateau growth area which adjoins the Lismore city growth area is intended to provide an additional 1,500 dwellings by 2031.
- For the remainder of the Lismore LGA, future residential growth is expected to be fairly evenly disbursed within the northern portion of the LGA, in the smaller towns and infill development of rural/residential areas, while limited significant future supply is foreseen in the southern part of the LGA.
- We note that additional housing supplies could be extracted from the designated release areas if smaller lots were able to be provided.

4.9 Market Indicators

Key drivers and future housing requirements are outlined below.

Descriptors/ Submarkets	Emerging Issues	Product Requirements
<ul style="list-style-type: none"> ▪ Conversations with local real estate agents suggest demand for medium density housing is higher than what it was 5 years ago. ▪ The majority of projected dwelling production is expected to come from the city of Lismore. ▪ Greenfill development will account for a considerable proportion of dwelling production. 	<ul style="list-style-type: none"> ▪ Demand – Approvals have remained consistent over the past five years, averaging 160 – strong demand. ▪ Ageing population – Retirees within the LGA are projected to expand by 68%. ▪ Affordability – Housing remains affordable particularly in the Lismore – South submarket where 96% of sales in 2012 were priced below \$350,000. 	<ul style="list-style-type: none"> ▪ The considerable villa approvals during 2010 suggest there is a market appetite for medium density products. ▪ Housing diversity will be required to accommodate lone person households (retirees and possibly students) and family households. ▪ New 1 and 2 bedroom dwellings should be provided in walking distance to medical facilities and infrastructure to account for the expected increase in retirees. ▪ Infill development should be encouraged in order to meet affordable housing needs. ▪ There is the need to provide rental accommodation across the LGA to support growth in student numbers.

Furthermore, the table below identifies each submarket based on affordability and the housing type required. Detached housing includes standard housing types with lot sizes above 400m², smaller lot housing includes semi-detached duplexes or villas, while higher density housing includes apartments and units.

Table 90. Housing type recommendations

Lismore LGA	Residential Submarket	Housing Type Required
Most Affordable	Lismore South	Detached housing
Medium Priced	Lismore - North	Detached housing
Most Expensive	Lismore - Central	Smaller lot housing

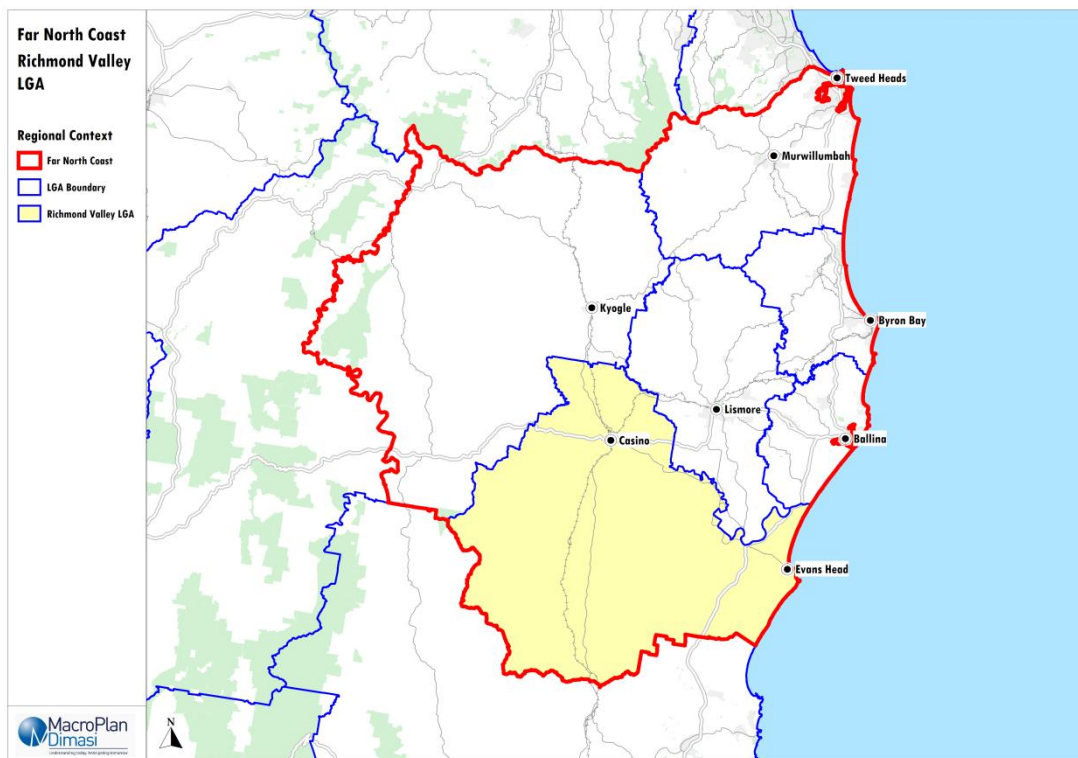
Source: RP Data, MacroPlan Dimasi

5.1 Key Facts, Findings and Take-outs

Housing & Population projections:

- In the Far North Coast Regional Strategy (2006), the Richmond Valley LGA has been assigned to accommodate an additional 9,900 new dwellings by 2031.
- Our analysis demonstrates that population growth to 2011 has occurred at a marginally slower rate than anticipated.

Figure 27. Richmond Valley in Context of the Far North Coast Region



Source: MacroPlan Dimasi

- Casino and the suburb of Gayes Hill have been identified to account for the majority of the dwelling growth out to 2031, collectively representing 89% of dwelling targets for the LGA.

Prevailing Conditions

- As at 2011, the Richmond Valley LGA encompassed a resident population of 22,717 persons.
- Household composition within the Richmond Valley LGA is skewed towards family households at 81.0%; however growth over the five years to 2011 has been minimal for this household type. Growth has been most pronounced amongst lone person households, at 2.2% p.a.
- Total dwelling approvals have averaged around 90 per annum. More recently, higher density development has begun to take up a larger share of total approvals, averaging 31% over the past two years.
- Property price growth has been marginal in the Richmond Valley LGA. Over the last five years, the majority of houses sold have been within the low price band at 84%. The previous five year period to 2007 saw 94% of houses sold within the low value range.
- The Richmond Valley LGA remains as one of the more affordable submarkets within the FNC region.
- Over the five years to 2012, residential house rents in Richmond Valley LGA increased by about 5.7% per annum, considerably higher than apartments at 3.4%.
- Rental growth has been most pronounced for houses within the Richmond Valley – Coast region at 8.1% per annum over the five years to 2012. Growth for apartments in the Richmond Valley – Casino region was slightly lower at 8.0% over the same period.
- Over the five years to 2011, an additional 240 jobs were created in the Richmond Valley LGA. Employment growth had been highest amongst industries that are associated with localised services such as Health Care and Social Assistance (+133 jobs) and Education and Training (+115 jobs).

Future Considerations

- Based on projected DP&E figures, it is anticipated that the resident population of the Richmond Valley LGA will expand by 2,400 persons between 2011 and 2031, taking the LGA's population to 25,150.
- Population growth is expected to solely come from retiree households, expanding by 3,050 persons over the forecast period.
- The ageing population will result in a larger attrition of the local workforce. This effect, coupled with amplified demand for localised services such as health care will support employment growth within the region.
- Housing diversity will be fundamental to the delivery of suitable housing forms within the Richmond Valley LGA.

Recommendations

- There is a clear discrepancy in property prices between coastal and inland submarkets within the Richmond Valley LGA.
- The LGA overall, however, provides a cross-section of dwelling price points and represents as a more affordable LGA generally.
- Securing jobs growth will be critical to achieving overall population growth and an active property market. Council is acutely aware of this relationship and is actively pursuing new employment opportunity.

5.2 Benchmarking the 2006 FNC Regional Strategy

The current (ERP 2011) population of the Richmond Valley LGA and the previous population for 2006 are provided below.

Table 91. Richmond Valley LGA population

Source	Date	Population
ERP Estimate	2006	21,728
ERP Estimate	2011	22,717

Source: ABS, MacroPlan Dimasi

- Employment growth in LGA over the 2006-2011 period was subdued, with an increase of just 240 in the number of persons employed in the LGA.

- The FNCRS allocated 9,900 new dwellings within the LGA by 2031. This equates to approximately 19.5 per cent of the overall residential dwelling target for the region by 2031.
- A total of 582 dwellings were approved between 2006 and 2011.

5.3 Population Trends and Characteristics

5.3.1 Population Growth Characteristics

- According to ABS ERP figures, the Richmond Valley LGA grew by 989 persons from 2006 – 2011, equating to an annual growth rate of 0.9% or an average annual increase of 198 persons.
- The greatest reduction in the local population came from families with people aged 0-19 and 35-54 declining by 44 and 257 respectively.
- On the other hand, there was modest growth of 153 persons in the 20-34 age bracket over the five year period, while the 50-64 and 65+ age cohorts grew considerably larger with 564 and 573 respectively.

Table 92. Population growth by age cohort

	2006	2011	Change (2006-2011)
0-19	6,295	6,251	-44
20-34	3,111	3,264	153
35-49	4,361	4,104	-257
50-64	4,173	4,737	564
65+	3,788	4,361	573
Total	21,728	22,717	989

Source: ABS, MacroPlan Dimasi

5.3.2 Household Composition

- Household composition within the Richmond Valley LGA is skewed towards family households at 81.0%; however growth over the five years to 2011 has been minimal for this household type.
- Growth has been most pronounced amongst lone person households at 2.2% p.a.

Table 93. Household composition, Richmond Valley LGA

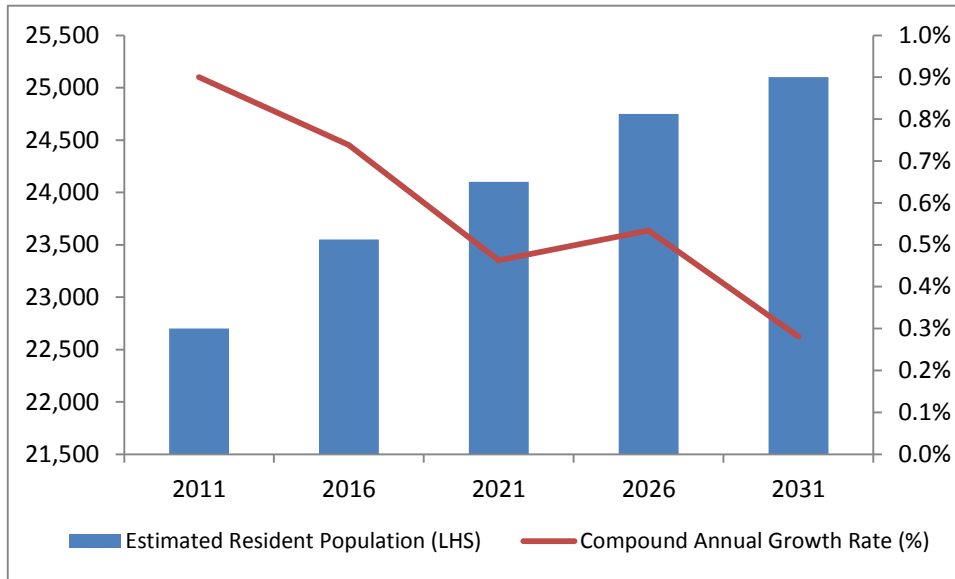
Household composition	Richmond Valley	Growth (2006-2011)
Family household	81.0%	0.1%
Lone person household	11.7%	2.2%
Group household	1.9%	0.7%
Other	5.4%	-
Total	100.0%	

Source: ABS, MacroPlan Dimasi

5.3.3 Population Growth – Projections

- According to DP&E projections, the Richmond Valley LGA is projected to grow to 25,150 by 2031, at an average rate of 0.5% per annum.
- In the absence of a surge in both land & house and infill housing development, it is unlikely that these projected rates will be achieved.

Figure 28. Projected Population (2011 to 2031)

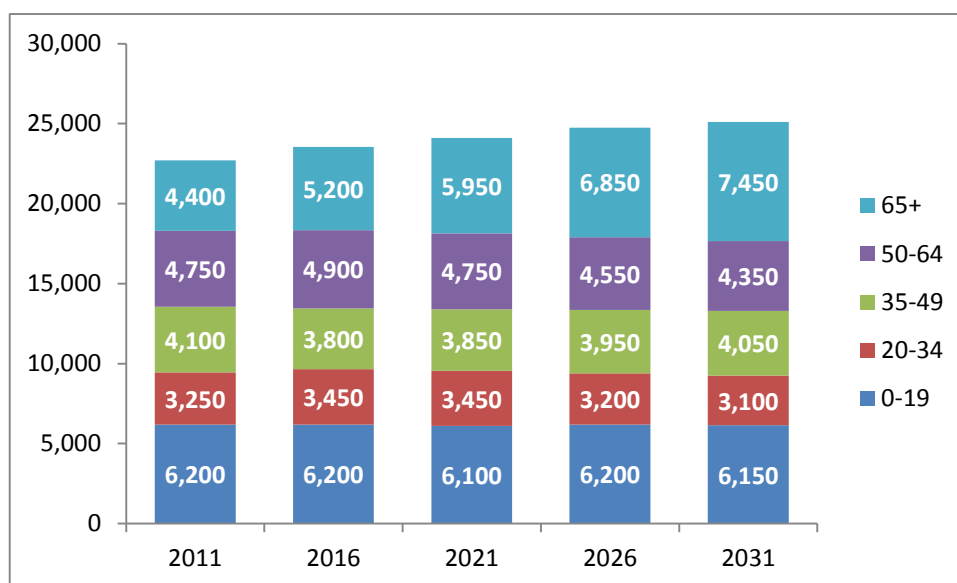


Source: DP&E, MacroPlan Dimasi

- Growth is expected to be most pronounced amongst persons aged 65+ over the forecast period, increasing to 7,450 by 2031.
- All other age cohorts is set to experience negative population growth, with the net reduction expected to be largest within the downsizer (50-64) age cohort.

- In line with other LGAs within the FNC, persons aged 65+ will be the major influences on housing demand. As such, medium and high density dwelling formats in established locations with ample and easily accessible service provision are likely to be supported by this cohort.

Figure 29. Population Projections by Age (2011-2031)



Source: ABS, DP&E, MacroPlan Dimasi

- Growth in older households is expected to underpin demand for new medium and high density housing as retirees look to 'cash out' of their existing homes and seek accommodation that is close to services. The need for greater housing diversity to accommodate the changing needs of the region's ageing population is identified in the FNCRS.

5.3.4 Migration Movements (2006-2011)

Inward and outward movements for each FNC LGA have been analysed, using 2006 and 2011 Census data (Place of Usual Residence).

- Over the five years to 2011, inward migration into the Richmond Valley LGA totalled 3,627 persons.
- Movements from other FNC LGAs provided the largest source of inward movements, representing 40% of the total inward migration.

- Persons aged 20-34 represented the largest proportion of inward movements with 879 persons.
- Overseas migration was minimal at approximately 146 persons, predominantly from persons aged 20-34.

Table 94. Inward Migration (2006 to 2011)

Richmond Valley	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	306	380	325	270	162	1,443
Sydney	48	53	67	54	21	243
Regional NSW	219	203	176	162	105	865
Interstate	200	195	170	194	171	930
Overseas	26	48	35	20	17	146
Total	799	879	773	700	476	3,627

Source: ABS, MacroPlan Dimasi

- In the five years to 2011, total outward migration from the Richmond Valley LGA totalled 3,339 persons.

Table 95. Outward migration (2006 to 2011)

Richmond Valley	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	299	347	267	178	115	1,206
Sydney	33	34	21	7	25	120
Regional NSW	175	170	138	124	94	701
Interstate	310	514	215	187	86	1,312
Total	817	1,065	641	496	320	3,339

Source: ABS, MacroPlan Dimasi

- The majority of the outward migration was interstate – predominantly SE QLD.
- Offsetting the inward movement gains, outward movements from the 20-34 age cohort was significant with 1,065 persons leaving the LGA.

Table 96. Net Migration (2006 to 2011)

Richmond Valley	0-19	20-34	35-49	50-64	65+	Total
Net migration	-18	-186	132	204	156	288

Source: ABS, MacroPlan Dimasi

- Over the five year period, ABS Census data indicates a net inflow of 288 persons into the Richmond Valley LGA.

5.3.5 Income Distribution by Age

- Housing affordability is a function of income or spending capacity and housing costs. Subsequently, demand for dwellings is largely determined by household or personal income.
- For the purpose of our analysis, we separate personal income as follows:

Table 97. Personal Income Ranges

Range	Value range
Low Range	Upto \$31,199
Medium Range	Between \$31,200 and \$64,999
High Range	Greater than \$65,000

- Wealth in the Richmond Valley LGA is distributed similar to the Kyogle LGA, with the large majority of working residents in the low income category (63%).
- In line with other LGAs, persons aged between 35-49 had an above average skew towards high wage earners with 11%; however the majority within this age cohort remain within the low income category.
- Persons aged 65+ are more likely to earn an income in the low range than any other age cohort, considerably above the average at 88%.

Table 98. Personal Income Distribution by Age (2011)

Richmond Valley		
20-34	Low	56%
	Medium	39%
	High	6%
35-49	Low	48%
	Medium	40%
	High	11%
50-64	Low	58%
	Medium	32%
	High	9%
65+	Low	88%
	Medium	10%
	High	2%
Total	Low	63%
	Medium	30%
	High	7%

Source: ABS, MacroPlan Dimasi

- The evident low income levels within the Richmond Valley LGA will place further emphasis on housing affordability. Subsequently, this may force people to remain in the rental market longer than anticipated, or is likely to encourage people to move out of the LGA in search of better paid employment.
- For households, income levels in the Richmond Valley LGA are low with 73% of people living in a household with an annual income of less than \$78,000.

Table 99. Household Income (2011)

Annual household Income (Proportion)	Richmond Valley
Less than \$78,000	73%
More than \$78,000	27%
Total	100%

Source: ABS, MacroPlan Dimasi

- Whether market participation is assessed by reference to individual or household incomes, it would appear that affordability will present as a barrier of entry for a significant proportion of the population.

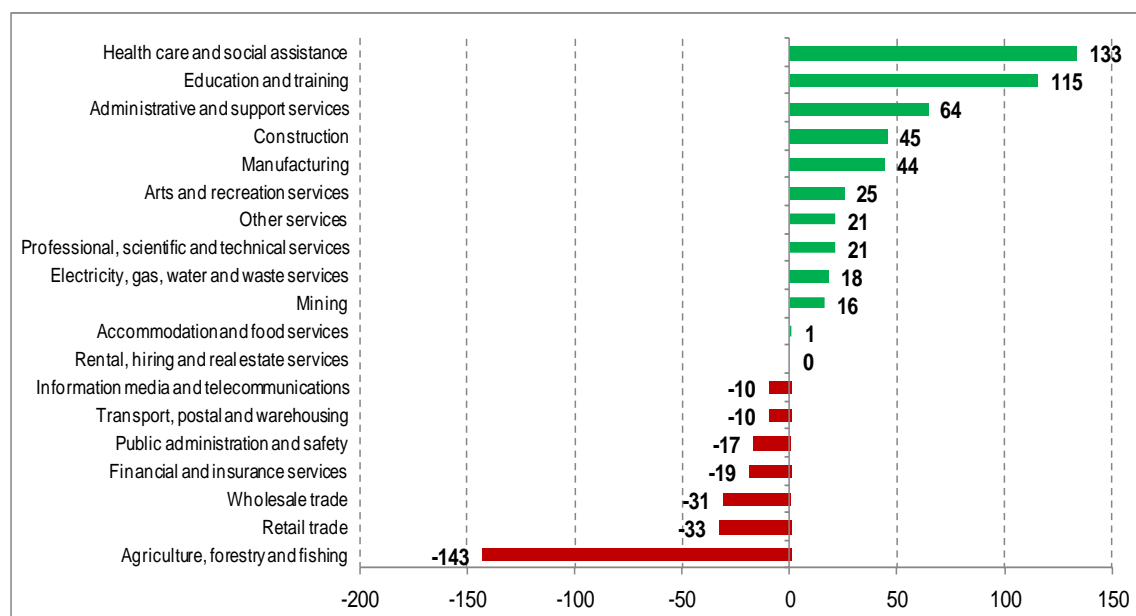
5.4 Housing Market Implications

- The above assessment of demographic and resident income earning characteristics suggest the following:
 - **First home buyers (20-34 year olds):** Minimal population growth has occurred in this age group over the past five years, not assisted by a net migration loss of 186 persons. The availability of rental product and different housing formats is important to those from this group who choose to delay entry into the home mortgage market. The majority earn an annual income of less than \$31,199.
 - **Upgraders (35-49 year olds):** A net overall loss of 257 persons was recorded over the inter-censal period, despite a net migration influx of 132 persons, reflecting a transition of this age group to the older age cohort over the period. 48% of people in the age cohort earn an annual income of less than \$31,199.
 - **Downsizers (50-64 year olds):** Solid overall growth in this age cohort has occurred over the past five years, assisted by positive net migration. Downsizers now make up a sizeable portion of the overall housing market.
 - **Retirees (65+ year olds):** Similarly to downsizers, there was a solid population gain recorded for this age cohort over the past five years, also assisted by net migration.
- The growth in downsizer and retiree age cohorts accentuates the need for smaller housing products in the LGA. This is consistent with the current FNCRS which identifies a greater demand for diversity in housing form to match the requirements of changing household structures, particularly the increase in one and two person households.

5.5 Employment Characteristics and Outlook

- Between 2006 and 2011, the Richmond Valley LGA's workforce expanded by 240 jobs – equivalent to the rise in the Health Care & Social Assistance and Education & Training employment over the same period.
- Seven industries registered an outright decline in workforce. Job loss was greatest in the Agriculture, Forestry and Fishing industry – a net job reduction of 143 jobs.
- At its current rate of growth, the Health Care & Social Assistance sector is projected to eclipse the manufacturing sector as the largest employed in Richmond Valley LGA.

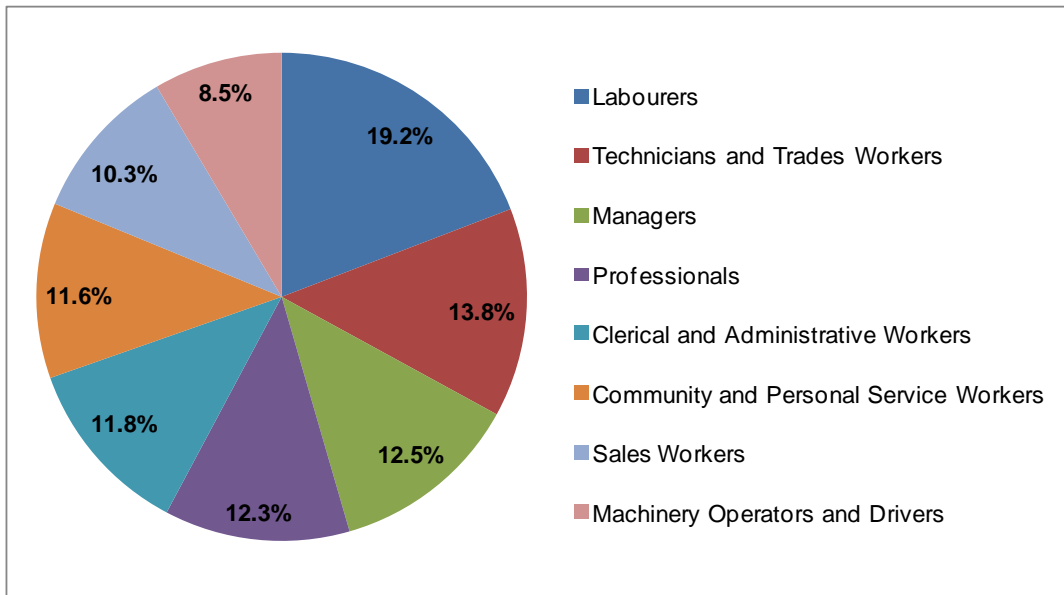
Figure 30. Employment Growth by Industry (2006 to 2011)



Source: ABS, MacroPlan Dimasi

- In contrast to all other LGAs, the Richmond Valley LGA workforce entails high representation from blue collar workers.
- As at Census 2011, labourers and technicians & trades workers comprised around one-third of the LGA's workforce.
- The unemployment rate in Richmond Valley LGA was approximately 8%.

Table 100. Occupation Composition, 2011



Source: Census 2011, MacroPlan Dimasi

- Consistent with the skew to blue collar workers, the largest employing industry in Richmond Valley LGA is manufacturing, accounting for 15.6% of the workforce. Health Care & Social Assistance (13.8%) and Retail Trade (13.8%) constituted the next two largest employing industries.
- In line with Kyogle LGA, just 3% of employed residents worked within the Professional, Scientific & Technical Service industry.

Table 101. Employment by Industry, 2011

Industry	Number	Composition (%)
Manufacturing	1,234	15.6%
Health care and social assistance	1,098	13.8%
Retail trade	976	12.3%
Education and training	644	8.1%
Agriculture, forestry and fishing	601	7.6%
Accommodation and food services	538	6.8%
Construction	523	6.6%
Transport, postal and warehousing	397	5.0%
Public administration and safety	374	4.7%
Other services	305	3.8%
Wholesale trade	282	3.6%
Professional, scientific and technical services	236	3.0%
Administrative and support services	207	2.6%
Financial and insurance services	130	1.6%
Rental, hiring and real estate services	104	1.3%
Arts and recreation services	98	1.2%
Electricity, gas, water and waste services	83	1.0%
Information media and telecommunications	55	0.7%
Mining	45	0.6%
Total	7,930	100.0%

Source: ABS, MacroPlan Dimasi

- The ability to provide local employment opportunities is fundamental in ensuring that there is a workforce to service the needs of the LGA's ageing demographic. We note that the outward movement of people of working age is considerable.

5.6 Richmond Valley Housing Market Conditions

5.6.1 Housing Tenure

- As at Census 2011, 40% of all dwellings were owned outright, marginally above the FNC average at 39%.
- Overall, tenure composition was very similar to the wider FNC average.
- Representation amongst renting households (26%) is slightly below than the FNC average (27%).

Table 102. Housing Tenure Composition, 2011

Tenure	Number	Richmond Valley LGA	Far North Coast
Owned outright	6,437	39.9%	39.5%
Owned with a mortgage	5,521	34.2%	33.4%
Rented	4,187	25.9%	27.1%
Total	16,145	100.0%	100.0%

Source: ABS, MacroPlan Dimasi

- In the Richmond Valley LGA, outright ownership is highest amongst retirees, representing 47% of total.
- Upgraders present as the dominant 'owned with a mortgage' tenure group, comprising 35% of this housing arrangement.
- Renting is highest amongst FHBs at 31%.

Table 103. Tenure type, Richmond Valley LGA

	Owned outright	Owned with a mortgage	Rented	Total
15-19	3.6%	12.5%	10.4%	8.6%
20-34	5.3%	21.1%	31.1%	14.6%
35-49	11.5%	35.3%	24.5%	23.2%
50-64	32.5%	25.8%	20.2%	33.3%
65+	47.1%	5.3%	13.8%	20.2%
Total	100.0%	100.0%	100.0%	100.0%

Source: ABS, MacroPlan Dimasi

5.6.2 Housing Activity since 2006 (2006-2011)

- Dwelling approval data provided by the ABS has been analysed as it provides an important leading economic indicator, while giving an insight into the demand for dwellings over a given period.
- Over the five years to 2012, dwelling approvals averaged 90 per annum, with house approvals representing around 75% of total approvals.
- Dwelling approvals peaked in 2010, however have since moderated.

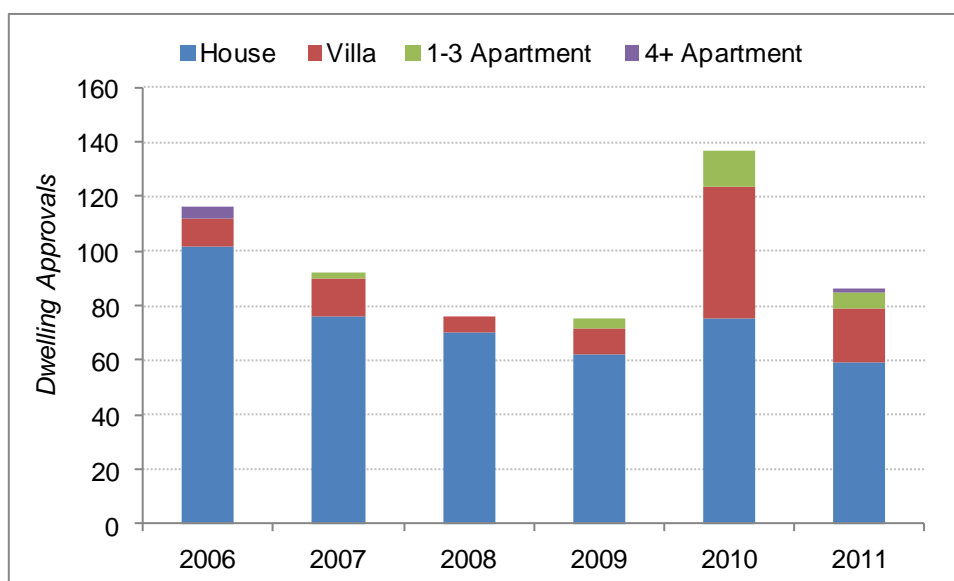
Table 104. Dwelling Approvals (2006-2012)

	House	Other Dwelling	Total
2006	102	14	116
2007	76	16	92
2008	70	6	76
2009	62	13	75
2010	75	62	137
2011	59	27	86
2012	54	24	78

Source: ABS, MacroPlan Dimasi

- Over the two years to 2011, high density development has increased, underpinned by infill development. In 2010, medium density approvals represented 45% of all approvals.

Figure 31. Dwelling Approvals by Housing Type (2006-2011)



Source: ABS, MacroPlan Dimasi

5.7 Property Trends

5.7.1 House, land and other dwelling analysis

- Utilising RP Data, we have analysed sales data over the last decade within the Richmond Valley LGA.
- To account for house price growth over this period, observed sales have been segregated into two five year periods; i.e. 2002 to 2007 and 2007 to 2012.
- In order to ascertain trends in price distribution across the LGA, sales data has been segregated into value ranges (as presented in the table below).

Table 105. Residential Property and Land Price Ranges

Range	Land	Other Dwellings	House
Low	Up to \$200,000	Up to \$200,000	Up to \$350,000
Medium	Between \$200,000 & \$350,000	Between \$200,000 & \$350,000	Between \$350,000 & \$550,000
High	Greater than \$350,000	Greater than \$350,000	Greater than \$550,000

- Data quality control has been undertaken to assist our analysis. In order to depict a market position, outlier transactions (consisting of transactions that were significantly below market value or of large size lots that reflect development potential) have been omitted from our assessment. As a result, our analysis has been undertaken on a subset of total sales activity in the Richmond Valley LGA.

5.7.2 Historical Detached Dwelling Prices & Activity

- In the Richmond Valley LGA, a slight price shift has occurred in the five years to 2012.
- Over the five years to 2007, 94% of sales were for dwellings below \$350,000 (low range). Over the next period, the proportion of sales in the low range decreased to 84%.
- However, in proportional terms, house sales in the high value range remained relatively unchanged with only a 1% increase over the five years to 2012.

Table 106. Average Annual House Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	354	94%	207	84%
Medium	22	6%	37	15%
High	2	1%	4	2%
Total	378	100%	248	100%

Source: RP Data, MacroPlan Dimasi

5.7.3 Historical Other Dwelling Prices & Activity

- Sales activity in the other dwelling segment (i.e. not detached dwellings) has increased over the five years to 2012, showing a 17% increase from the five years to 2007.
- A price shift has occurred with other dwellings sold between \$200,000 and \$350,000 accounting for almost half of sales (48%), in comparison to 36% over the previous five year period.
- Over the five years to 2012, high value other dwelling sales (above \$350,000) accounted for 19% of total market activity.

Table 107. Average Annual Other Dwelling Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	32	50%	26	33%
Medium	23	36%	37	48%
High	9	14%	14	19%
Total	64	100%	77	100%

Source: RP Data, MacroPlan Dimasi

5.7.4 Historical Land Prices & Activity

- Land sales within the Richmond Valley LGA reduced significantly in the five years to 2012, showing a reduction of 40%, averaging 39 sales per annum.
- Over the five years to 2007, approximately 65 vacant land lots were sold per annum. The majority of these sales were for lots priced under \$200,000 (88%).
- While overall activity has decreased, there has been a modest shift to the higher valued lots. Of the 39 lots sold per year, around 13% are for lots priced between \$200,000 and \$350,000, compared to 10% over the previous five year period.
- The number of lot sales in the high price range has remained relatively unchanged.

Table 108. Average Annual Land Sales, 2002-2006 & 2007-2012

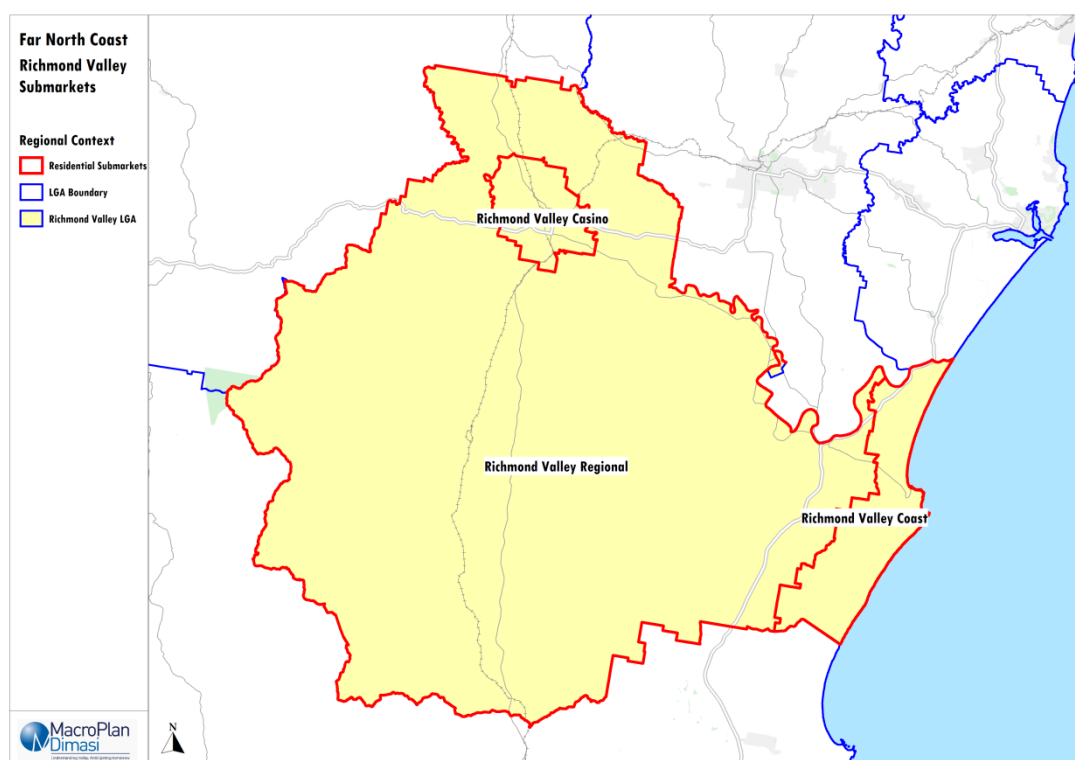
Range	2002-2007		2007-2012	
	Number	%	Number	%
Low	57	88%	32	82%
Medium	7	10%	5	13%
High	1	2%	2	4%
Total	65	100%	39	100%

Source: RP Data, MacroPlan Dimasi

5.8 Housing Submarket Indicators

5.8.1 House Prices by Subregion

Figure 32. Richmond Valley Submarkets



Source: MacroPlan Dimasi

- The Richmond Valley LGA comprises both coastal and inland locations. As such, there is a considerable disparity between properties located on the coast as opposed to inland. Subsequently, the need for analysis at a sub-market level arises.
- Accordingly, the Richmond Valley LGA has been segregated into three distinctive sub-markets, namely Richmond Valley – Casino, Richmond Valley – Coast and Richmond Valley - Regional. These submarkets are consistent with sub-markets used in the 2008 sub-market assessment.
- In 2012, the majority of sales (84%) across the LGA were located within the low value range (below \$350,000).
- There were no sales in excess of \$550,000.

- Of all three subregions, Richmond Valley – Casino presents as the most affordable housing market. Of all sales registered in 2012, 95% were for properties valued below \$350,000.
- The Richmond Valley – Coast residential submarket was the most expensive with 70% of house sales in 2012 priced between \$350,000 and \$550,000.

Table 109. House Sales by Submarket (2012)

	Richmond Valley - Casino			Richmond Valley - Coast			Richmond Valley - Regional			Total	
	Number	%	% of total	Number	%	% of total	Number	%	% of total	Number	%
Low	116	95%	69%	8	30%	5%	16	89%	10%	140	84%
Medium	6	5%	4%	19	70%	11%	2	11%	1%	27	16%
High	0	0%	0%	0	0%	0%	0	0%	0%	0	0%
Total	122	100%	73%	27	100%	16%	18	100%	11%	167	100%

Source: RP Data, MacroPlan Dimasi

5.8.2 Rental Market and Indicative Yields

- Over the five years to 2012, detached dwelling rents in Richmond Valley LGA increased at an average rate of 5.7% per annum.
- Indicative rental yields are solid. On average, an indicative rental yield of approximately 5.5% can be achieved with detached dwelling investment in the Richmond Valley LGA. Notably, this rate of return is above the prevailing variable interest rate.
- Relative to other coastal submarkets in the LGA, rents are relatively accommodative in the Richmond Valley Coast submarket. At around \$340 per week, it is at a level that is manageable for households seeking to occupy prime coastal locations in the FNC.
- However, rents have climbed at an average rate of 8.1% per annum since 2007. If this rate were to be sustained, the opportunity to occupy affordable coastal rental stock may dissipate over the next five years.
- Across the Richmond Valley and Casino submarkets, the median rent for detached houses is at around \$280 per week. Real estate professional in the region have suggested that established stock presents a solid investment option for property investors.
- Overall, detached dwellings remain affordable in this region. This is reflected in high outright ownership and small representation from renting households. Additionally, with growth expected to come from retirees, who

typically purchase their residencies outright, we envisage that demand for rental properties will remain constrained.

Table 110. House Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Richmond - Regional	\$230	\$280	4.0%	5.0%	4.8%
Richmond - Casino	\$220	\$280	4.9%	5.3%	5.9%
Richmond - Coast	\$230	\$340	8.1%	5.0%	5.9%
Average	\$225	\$310	5.7%	5.1%	5.5%

Source: Residex, MacroPlan Dimasi

- As a proportion of rents, the disparity between detached dwelling and other dwelling rentals is considerable. For instance, in the Casino submarket, the difference between detached and apartment rentals is around \$60 per week, which equates to 27% of apartment rents.
- Over the last three years, other dwelling approvals have comprised 35% of total activity. New additions have limited rental growth to just 3.4% per annum over the last five years.

Table 111. Apartment Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Richmond - Regional	\$190	\$180	-1.1%	5.8%	5.3%
Richmond - Casino	\$150	\$220	8.0%	4.9%	5.6%
Richmond - Coast	-	-	-	-	-
Average	\$150	\$220	3.4%	5.4%	5.4%

Source: Residex, MacroPlan Dimasi

5.8.3 Future Supply

- The town of Casino and the suburb of Gayes Hill represent the two significant areas of growth identified for Richmond Valley LGA, accounting for approximately 53% and 36% of the total dwelling allocation for the area.
- The Coastal submarket identified within the LGA accounts for a small proportion of the dwelling allocation with only 150 dwellings (1.5%) afforded to Evans Head.

- The Regional submarket accounts for the remainder of the dwelling allocation, with a significant amount of that allocation set to be provided as rural-residential growth.
- In general, the majority of the LGA, particularly the southern portion of the LGA, has relatively limited residential development potential.
- Approximately 5.5% of new dwellings are projected to be infill development, with 83% to be within Casino, and 17% in Evans Head.

5.8.4 Land Projections

- It is anticipated that 365 lots will be produced to 2016.
- The majority of lots are expected to be developed in Casino, with lot production of 300 lots expected over the five year duration.
- Other areas are expected to provide a small proportion of lots with Evans Head and RVC Remainder to provide 40 and 25 lots respectively.

Table 112. Projected Lot Production (2011-2016)

Richmond Valley LGA	Total 5 Year Produced		Year 1		Year 2		Year 3		Year 4		Year 5	
	Lots	ha	Lots	ha	Lots	ha	Lots	ha	Lots	ha	Lots	ha
Casino	300	30	50	5	55	6	60	6	65	7	70	7
Evans Head	40	4	5	1	5	1	10	1	10	1	10	1
RVC Remainder	25	3	5	1	5	1	5	1	5	1	5	1
Total LGA	365	37	60	6	65	7	75	8	80	8	85	9

Source: Richmond Valley Council, Department of Planning & Environment

5.9 Market Indicators

Key drivers and future housing requirements are outlined below.

Descriptors/ Submarkets	Emerging Issues	Product Requirements
<ul style="list-style-type: none"> ▪ The LGA is set to provide a significant share of the FNC dwelling production. Casino and Gayes Hill are to provide the bulk of dwelling approvals. ▪ Environmental constraints at Evans Head will limit development opportunities in the locality. 	<ul style="list-style-type: none"> ▪ Demand – Approvals have shown a clear downward trend in recent years, suggesting weaker demand for dwellings across the LGA. ▪ Ageing population – Retirees within the LGA are projected to expand by 66% out to 2031. ▪ Affordability – Housing remains one of the most affordable in the FNC. This could possibly create further inward movements to the LGA as people search for affordable housing options. ▪ Limited market activity due to the lack of land available for new housing ▪ In the absence of new housing, affordability constraints could arise. 	<ul style="list-style-type: none"> ▪ Affordable retirement or smaller lot product in close proximity to services. ▪ Premium products may be provided within the Richmond Valley – Coast submarket. ▪ Affordable rental housing in localities close to facilities and services.

The table below identifies each submarket based on affordability and the housing type required. Detached housing includes standard housing types with lot sizes above 400m², smaller lot housing includes semi-detached duplexes or villas, while higher density housing includes apartments and units.

Table 113. Housing type recommendations

Richmond Valley LGA	Residential Submarket	Housing Type Required
Most Affordable	Richmond Valley - Casino	Detached housing
Medium Priced	Richmond Valley - Regional	Detached housing
Most Expensive	Richmond Valley - Coast	Smaller lot housing

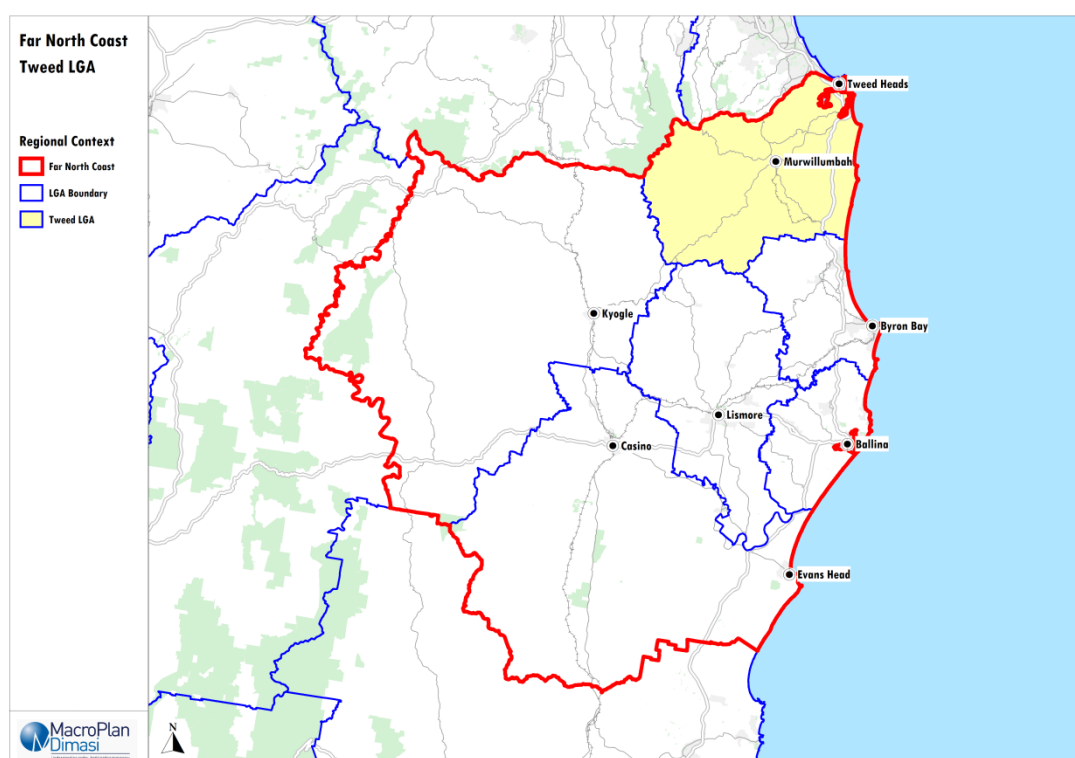
Source: RP Data, MacroPlan Dimasi

6.1 Key Facts, Findings and Take-outs

Housing & Population projections:

- In the Far North Coast Regional Strategy (2006), the Tweed LGA has been assigned to accommodate an additional 19,100 new dwellings by 2031.
- Our analysis demonstrates that population growth to 2011 has occurred at a lower rate than anticipated.

Figure 33. Tweed LGA Location in Context of the Far North Coast Region



Source: MacroPlan Dimasi

- The northern areas of the LGA are anticipated to supply the majority of dwellings with Kings Forest and Cobaki the major development fronts within the LGA.

Prevailing Conditions

- As at 2011, the Tweed LGA encompassed a resident population of 88,437 persons.
- Household composition within the Tweed LGA is skewed towards family households at 79.1%. Although strong growth was recorded over the five years to 2011 in this household type, growth was most pronounced amongst group and lone person households.
- Dwelling approvals has trended downward, averaging around 490 per annum over the past five years. Detached houses dominant housing format, accounting for around 70% of total approvals over the five year period.
- Property price growth has been significant with a shift to houses priced between \$350,000 and \$550,000. This compares to the previous five year period to 2007 where 66% of houses were priced below \$350,000.
- Inland residential submarkets remain the most affordable with 65% of sales in 2012 being priced below \$350,000 in the Tweed – Regional submarket.
- Over the five years to 2012, residential house rents in the Tweed LGA increased by about 4.1% per annum, lower than apartments at 5.8%.
- Employment growth has been considerable over the five years to 2011, compared to other Far North Coast LGAs, with an additional 3,256 jobs created. Employment within localised services experienced the greatest growth with Health Care and Social Assistance growing by 1,266 jobs and Education and Training by 507 jobs.
- The Tweed LGA has the largest population of all FNC LGAs, accounting for 37% of the region's population, while it is also the largest employer in the FNC, representing 31% of all jobs in the FNC. Subsequently, the Tweed LGA plays a fundamental role in the FNC region.

Future Considerations

- Based on projected DP&E figures, it is anticipated that the resident population of the Tweed LGA will expand by 20,950 persons by 2031, taking the LGAs population to 109,400.

- Population growth is expected to be highest amongst retiree households, expanding by 12,650 persons over the forecast period. Growth in all other age cohorts is expected to be strong out to 2031.
- As retirees exit the workforce, opportunity will exist for younger age cohorts to remain in the LGA, thereby limiting the outward movements to Sydney and Brisbane.
- Demand for dwellings will increase over the forecast period in line with population growth.
- The uplift in dwelling approvals during 2012 suggests that there is a growing demand for new houses within the LGA. The economic conditions within the LGA are favourable and will assist dwelling demand in years to come.
- Housing diversity will play a fundamental role in supporting the anticipated population growth out to 2031, thereby catering to the different age cohorts.

Recommendations:

- The ageing population and desire to live in coastal locations will strengthen demand for alternate, less expensive housing form at these locations.
- Increasingly, the cost of servicing new development land has emerged as a key issue in attracting both employment opportunity to the LGA and in facilitating the provision of affordable housing product in desired locations.
- The major development fronts of Kings Forest and Cobaki will assist the region in meeting dwelling targets set under the FNC Regional Strategy.
- The Tweed Shire LGA enjoys a strong economic link to SEQ and is well positioned to benefit from its geographical proximity. Addressing the cost of development therefore will be crucial to meeting the LGA's population and housing potential.

6.2 Benchmarking the 2006 FNC Regional Strategy

The current (ERP 2011) population of the Tweed LGA and the previous population for 2006 are provided below.

Table 114. Tweed LGA population

Source	Date	Population
ERP Estimate	2006	81,531
ERP Estimate	2011	88,437

Source: ABS, MacroPlan Dimasi

- According to 2011 ERP figures, the population was 88,437.
- Furthermore, the Far North Coast Regional Strategy (DP&E, 2006) allocated the Tweed LGA a residential dwelling target of 19,100 new dwellings by 2031. This accounts for 37% of the entire dwelling allocations for the Far North Coast region and therefore, in terms of housing supply, Tweed LGA represents one of the most important locations of long term housing growth.
- A total of 3,235 dwellings were approved over the period.

6.3 Population Trends and Characteristics

- According to ABS ERP figures, the Tweed LGA increased by 6,906 persons from 2006 – 2011, equating to an average annual growth rate of 1.6%.
- Unlike any other LGA in the Far North Coast region, all age cohorts in the Tweed LGA experienced population growth over the five year period.
- Persons aged 50-64 and 65+ experienced the greatest population growth, increasing by 2,689 and 2,239 respectively.

Table 115. Population growth by age cohort

	2006	2011	Change (2006-2011)
0-19	20,150	21,082	932
20-34	11,324	12,231	907
35-49	16,545	16,684	139
50-64	15,807	18,496	2,689
65+	17,705	19,944	2,239
Total	81,531	88,437	6,906

Source: ABS, MacroPlan Dimasi

6.3.1 Household Composition

- Household composition within the Tweed LGA is skewed towards family households at 79.1%. Although strong growth was recorded over the five years to 2011 in this household type, growth was most pronounced amongst group and lone person households.

Table 116. Household composition, Tweed LGA

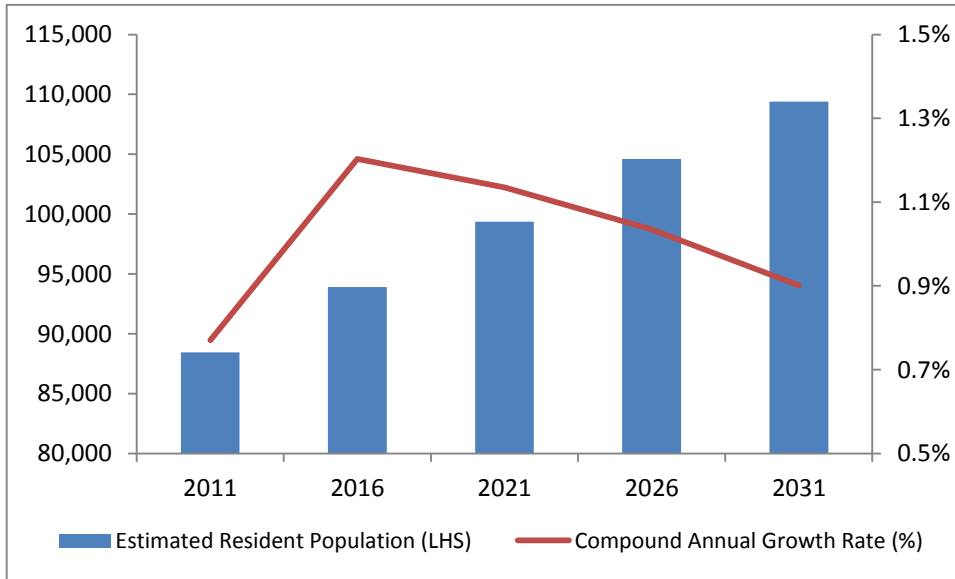
Household composition	Tweed	Growth (2006-2011)
<i>Family household</i>	79.1%	1.1%
<i>Lone person household</i>	12.2%	2.3%
<i>Group household</i>	3.2%	4.2%
<i>Other</i>	5.5%	-
Total	100.0%	

Source: ABS, MacroPlan Dimasi

6.3.2 Population Growth – Projections

- According to new projections provided by the DP&E, the population of the Tweed LGA is projected to expand to 109,400 by 2031.
- Additionally, it is anticipated that population growth will average 1.2% per annum over the five years to 2016, and then reduce to an average rate of 1.0% per annum between 2016 and 2031.

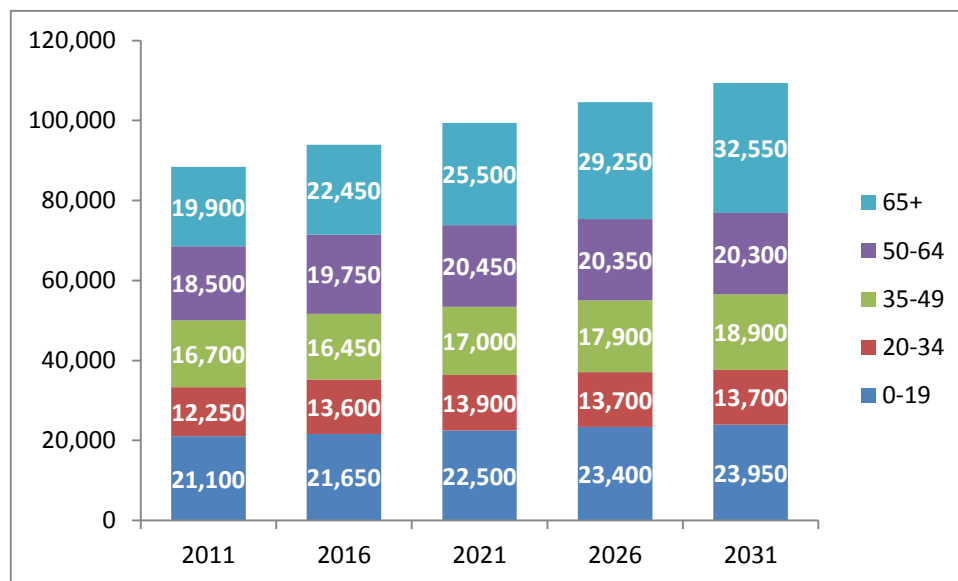
Figure 34. Projected Population (2011 to 2031)



Source: DP&E, MacroPlan Dimasi

- Persons aged 65+ are expected to provide much of the population growth, increasing to 32,550 persons by 2031.
- Growth in all other age cohorts is expected to be strong, particularly the family dominated age cohorts of 0-19 and 35-49 with additions of 2,850 and 2,200 persons respectively.
- Retirees (65+) represent a key influence on likely residential demand for the Tweed LGA. Expected strong growth in FHBs, upgraders and downsizer age cohorts will further support the demand for new properties.

Figure 35. Population Projections by Age (2011-2031)



Source: ABS, DP&E, MacroPlan Dimasi

- Growth in older households is expected to underpin demand for new medium and high density housing, as retirees look to 'cash out' of their existing homes and seek accommodation that is close to services. The need for greater housing diversity to accommodate the changing needs of the region's ageing population is identified in the FNCRS.

6.3.3 Migration Movements (2006-2011)

Inward and outward movements for each FNC LGA have been analysed, using 2006 and 2011 Census data (Place of Usual Residence).

- Over the five years to 2011, inward migration into Tweed LGA totalled 16,790 persons, making it the largest LGA within the FNC for inward movements.
- People moving from interstate (predominantly SE QLD) represented over half of the inward movements over the five years to 2011.
- The 35-49 age cohort represented the largest share of inward migration with 4,136 persons. Movements by adolescents (0-19) was significant suggesting majority of the movements were from families.
- Overseas migration was significant at approximately 1,980 persons, predominantly from persons aged 20-34.

Table 117. Inward Migration (2006 to 2011)

Tweed	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	241	323	276	231	136	1,207
Sydney	449	397	653	535	418	2,452
Regional NSW	552	526	497	457	349	2,381
Interstate	1,573	1,783	2,175	1,929	1,305	8,765
Overseas	358	741	535	229	122	1,985
Total	3,173	3,770	4,136	3,381	2,330	16,790

Source: ABS, MacroPlan Dimasi

- In the five years to 2011, total outward migration from Tweed LGA totalled 11,166 persons.

Table 118. Outward Migration (2006 to 2011)

Tweed	0-19	20-34	35-49	50-64	65+	Total
Far North Coast	132	158	137	131	81	639
Sydney	143	302	126	137	179	887
Regional NSW	341	365	351	318	309	1,684
Interstate	1,407	2,704	1,566	1,275	1,004	7,956
Total	2,023	3,529	2,180	1,861	1,573	11,166

Source: ABS, MacroPlan Dimasi

- Interstate outward movements accounted for 71% of the outward migration
- Localised movements elsewhere in the FNC region was considerably low with 639 people.
- The 20-34 age cohort was the dominant age group for outward movements, largely to the benefit of SE QLD for employment and educational opportunities.

Table 119. Net Migration (2006 to 2011)

Tweed	0-19	20-34	35-49	50-64	65+	Total
Net migration	1,150	241	1,956	1,520	757	5,624

Source: ABS, MacroPlan Dimasi

- Over the five year period, ABS Census data indicates a net inflow of 5,624 persons into the Tweed LGA, the largest out of all FNC LGAs. Notably, a net increase was achieved for all age groups.

6.3.4 Income Distribution by Age

- Housing affordability is a function of income or spending capacity and housing costs. Subsequently, demand for dwellings is largely determined by household or personal income.
- For the purpose of our analysis, we separate personal income as follows:

Table 120. Personal Income Ranges

Range	Value range
Low Range	Upto \$31,199
Medium Range	Between \$31,200 and \$64,999
High Range	Greater than \$65,000

- In the Tweed LGA there is a skew towards low income earners, representing 60% of the total working population.
- The 35-49 age cohort had the largest proportion of people within the high wage bracket with 20%.
- Persons aged 65+ had a clear skew towards low income earners, with only 3% of people in the age group earning in excess of \$65,000.

Table 121. Personal Income Distribution by Age (2011)

		Tweed
20-34	Low	53%
	Medium	36%
	High	11%
35-49	Low	43%
	Medium	37%
	High	20%
50-64	Low	55%
	Medium	31%
	High	14%
65+	Low	85%
	Medium	12%
	High	3%
Total	Low	60%
	Medium	28%
	High	12%

Source: ABS, MacroPlan Dimasi

- The LGAs proximity to SE QLD may attract further inflow from residents living in QLD given the LGAs affordability. The major developments of Cobaki and Kings Forest will be the major drawcards for these residents.
- For households, income levels in the Tweed LGA are moderately low with 66% of people living in a household with an annual income of less than \$78,000.

Table 122. Household Income (2011)

Annual household Income (Proportion)	Tweed
Less than \$78,000	66%
More than \$78,000	34%
Total	100%

Source: ABS, MacroPlan Dimasi

- The high proportion of single parents in the LGA accentuates the need for affordable housing.

Table 123. One parent family representation

	One parent family
Tweed LGA	18.5%
NSW average	16.3%

Source: ABS, MacroPlan Dimasi

- Whether market participation is assessed by reference to individual or household incomes, it would appear that affordability will present as a barrier of entry for a significant proportion of the population.

6.4 Housing Market Implications

- The above assessment of demographic and resident income earning characteristics suggest the following:
 - **First home buyers (20-34 year olds):** There was a strong overall population gain recorded for this age cohort over the past five years. The majority earn an annual income of less than \$31,199. The affordability of housing product will be key to market entry. Also, the availability of rental product and different housing

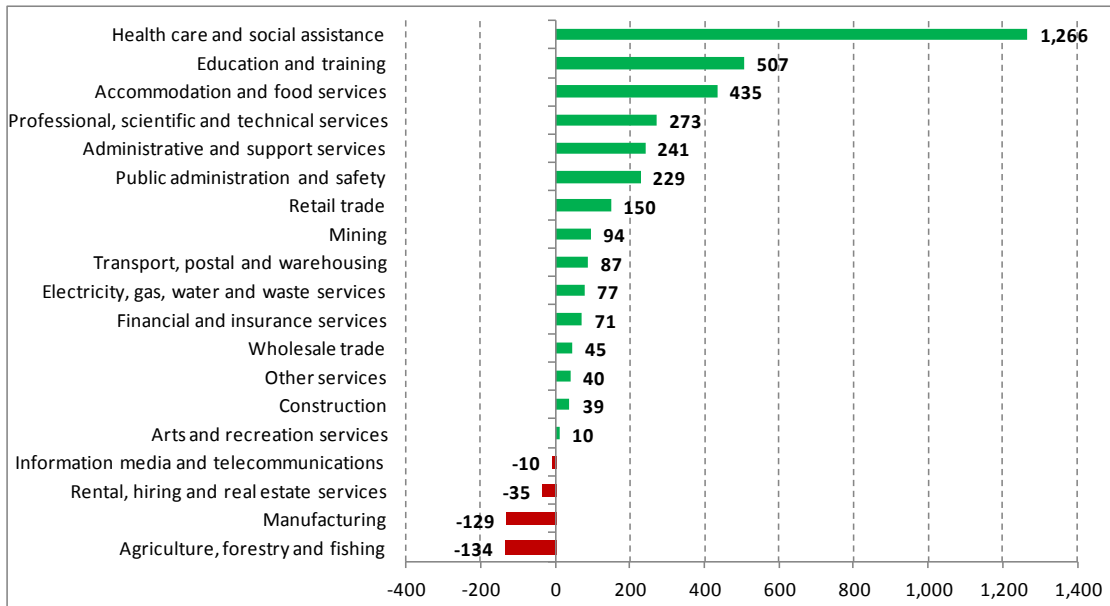
formats is important to those from this group who choose to delay entry into the home mortgage market.

- **Upgraders (35-49 year olds):** There was a minimal overall population gain recorded for this age cohort over the past five years. As 41% of individuals within this group earn an annual income of less than \$31,199, we suspect a strong linkage to the availability of well-paid employment as a key lever to attract and retain this age group. Net interstate migration for this group was a significant contributor to growth.
 - **Downsizers (50-64 year olds):** Similar to upgraders, this age group experienced population growth over the period. Downsizers now make up a sizeable portion of the overall housing market.
 - **Retirees (65+ year olds):** There was a modest migration gain recorded for this age cohort over the past five years. Overall growth in the age cohort represents as the second most solid of all age groups for the intercensal period. This age group is projected to be the dominant age group by 2021 and already represents as the most sizeable in the housing market.
- The growth in downsizer and retiree age cohorts accentuates the need for smaller housing products in the LGA. This is consistent with the current FNCRS which identifies a greater demand for diversity in housing form to match the requirements of changing household structures, particularly the increase in one and two person households.

6.5 Employment Characteristics and Outlook

- Over the five year period to 2011, 3,256 new jobs were created. Health Care & Social Assistance represented 39% of the total employment growth with a net addition of 254 new jobs per annum in the sector.
- There were 4 industries that experienced negative growth with the labour intensive industries of agriculture, forestry, fishing and manufacturing experiencing the greatest employment loss.

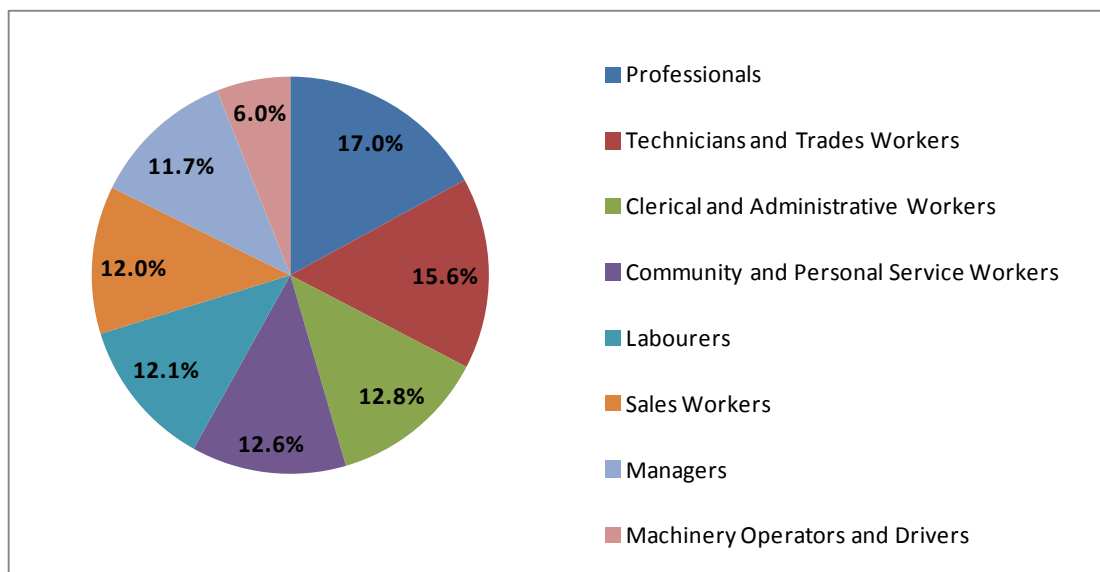
Figure 36. Employment Growth by Industry (2006 to 2011)



Source: ABS, MacroPlan Dimasi

- Employment composition by occupation for Tweed LGA shows a diverse spread across the occupations with professionals accounting for the largest share of the workforce with 17.0%.
- With the exception of machinery operators and drivers, there is little separation in contribution from other occupations – range between 11.7% and 17.0%.

Table 124. Occupation Composition (2011)



Source: Census 2011, MacroPlan Dimasi

- Of all six FNC LGAs, the Tweed LGA entails the largest workforce. According to Census 2011 figures, there were 31,906 jobs in the LGA.
- The top three employing industries engaged around 40% of the total workforce.
- Health Care & Social Assistance is the largest employing industry in the LGA, employing close to 4,900 people, representing 15.4% of the local workforce.
- Although agriculture employs only 2.6% of the Tweed LGA workforce, its contribution to region's economy is significantly greater.

Table 125. Employment by Industry, 2011

Industry	Number	Composition (%)
Health care and social assistance	4,898	15.4%
Retail trade	4,311	13.5%
Construction	3,589	11.2%
Accommodation and food services	3,398	10.7%
Education and training	2,611	8.2%
Manufacturing	1,880	5.9%
Public administration and safety	1,806	5.7%
Professional, scientific and technical services	1,480	4.6%
Transport, postal and warehousing	1,281	4.0%
Administrative and support services	1,168	3.7%
Other services	1,151	3.6%
Wholesale trade	902	2.8%
Agriculture, forestry and fishing	837	2.6%
Rental, hiring and real estate services	647	2.0%
Financial and insurance services	623	2.0%
Arts and recreation services	509	1.6%
Information media and telecommunications	329	1.0%
Electricity, gas, water and waste services	324	1.0%
Mining	162	0.5%
Total	31,906	100.0%

Source: ABS, MacroPlan Dimasi

- Similar to other FNC councils, Tweed is aware of the need to encourage localised employment opportunities. This need is arguably more vital for Tweed given its proximity to employment opportunities in SE QLD.

6.6 Tweed Housing Market Conditions

6.6.1 Housing Tenure

- Housing tenure composition within the Tweed LGA was similar to the wider FNC averages.
- As at Census 2011, 40% of all dwellings are owned outright, marginally above the FNC average.
- In the Tweed LGA, representation amongst renting households (27%) is identical to the FNC average (27%).

Table 126. Housing Tenure Composition (2011)

Tenure	Number	Tweed LGA	Far North Coast
Owned outright	25,797	40.3%	39.5%
Owned with a mortgage	20,936	32.7%	33.4%
Rented	17,312	27.0%	27.1%
Total	64,045	100.0%	100.0%

Source: ABS, MacroPlan Dimasi

- In the Tweed LGA, outright ownership is highest amongst retirees at 52%, compared to the NSW average of 38%.
- Similar to other FNC LGAs, upgraders present as the dominant 'owned with a mortgage' tenure group, comprising 36% of this housing arrangement.
- Renting is fairly evenly split between FHBs and upgraders with 28% and 29% respectively.

Table 127. Tenure type, Tweed LGA

	Owned outright	Owned with a mortgage	Rented	Total
15-19	3.3%	11.2%	9.8%	8.6%
20-34	5.9%	19.9%	27.6%	14.6%
35-49	9.7%	35.8%	28.7%	23.2%
50-64	29.4%	27.1%	20.3%	33.3%
65+	51.6%	6.0%	13.6%	20.2%
Total	100.0%	100.0%	100.0%	100.0%

Source: ABS, MacroPlan Dimasi

6.6.2 Housing Activity since 2006 (2006-2011)

- Dwelling approval data provided by the ABS has been analysed as it provides an important leading economic indicator, while giving an insight into the demand for dwellings over a given period.
- Over the five years to 2012, dwelling approvals in the Tweed LGA have averaged 490 per annum.
- Detached houses represented the dominant housing format, accounting for around 70% of total approvals over the five year period.
- Approvals have trended downwards from the recent peak in 2006, however in 2012 there was a 42% increase from the previous year.

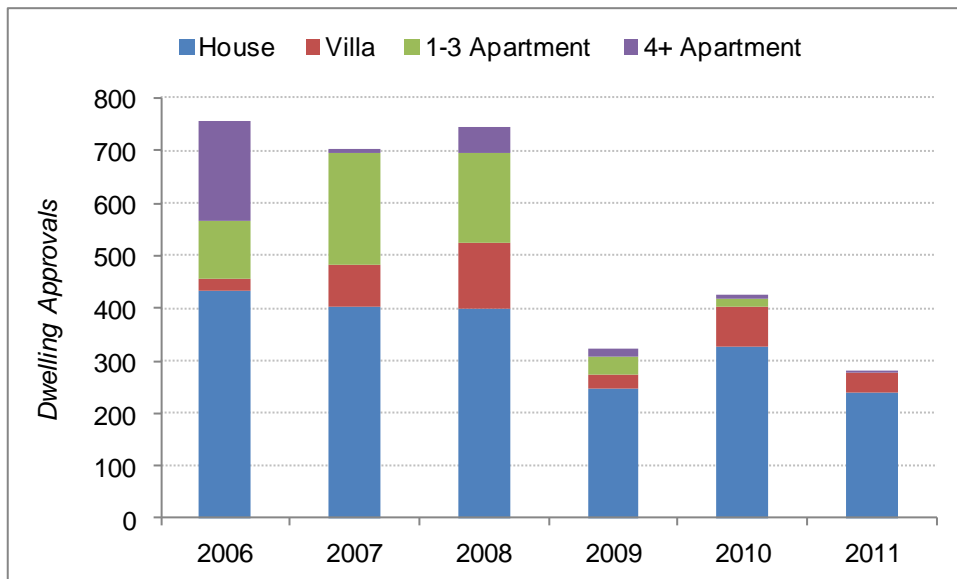
Table 128. Dwelling approvals (2006-2012)

	House	Other Dwelling	Total
2006	434	323	757
2007	401	303	704
2008	400	345	745
2009	248	73	321
2010	326	100	426
2011	241	41	282
2012	314	170	484

Source: ABS, MacroPlan Dimasi

- Over the three years to 2011, high density development has decreased, underpinned by limited infill development.

Figure 37. Dwelling Approvals by Housing Type (2006-2011)



Source: ABS, MacroPlan Dimasi

6.7 Property Trends

6.7.1 House, land and other dwelling analysis

- Utilising RP Data, we have analysed sales data over the last decade in the Tweed LGA.
- To account for house price growth over this period, observed sales have been segregated into two five year periods; i.e. 2002 to 2007 and 2007 to 2012.
- In order to ascertain trends in price distribution across the LGA, sales data has been segregated into value ranges (as presented in the table below).

Table 129. Residential Property and Land Price Ranges

Range	Land	Other Dwellings	House
Low	Up to \$200,000	Up to \$200,000	Up to \$350,000
Medium	Between \$200,000 & \$350,000	Between \$200,000 & \$350,000	Between \$350,000 & \$550,000
High	Greater than \$350,000	Greater than \$350,000	Greater than \$550,000

- Data quality control has been undertaken to assist our analysis. In order to depict a market position, outlier transactions (consisting of transactions that were significantly below market value or of large size lots that reflect development potential) have been omitted from our assessment. As a result, our analysis has been undertaken on a subset of total sales activity in the Tweed LGA.

6.7.2 Historical Detached Dwelling Prices & Activity

- In the Tweed LGA, a shift in price distribution suggests that there has been a significant increase in detached dwelling prices.
- Over the five years to 2007, 66% of sales were for dwellings below \$350,000. However, over the next five year period, the majority of sales had been for houses priced between \$350,000 and \$550,000.
- The annual number of house sales decreased by 33% or 398 sales per annum between 2007 and 2012.
- The number of houses sold in the high range (above \$550,000) quadrupled in the five years to 2012, going from 3% to 12%.

Table 130. Average Annual House Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	791	66%	165	21%
Medium	365	31%	543	68%
High	34	3%	92	12%
Total	1,189	100%	800	100%

Source: RP Data, MacroPlan Dimasi

6.7.3 Historical Other Dwelling Prices & Activity

- Sales activity in the other dwelling segment (i.e. not detached dwellings) is the highest out of all FNC LGAs.
- Overall, other dwelling sales activity has slowed in Tweed LGA, with an average of 446 less sales per annum over the five years to 2011.
- Over the five years to 2007, sales were fairly evenly split between the low and medium range with 43% and 44% respectively. However, affordability has reduced over the five years to 2011 with 55% of other dwellings sold priced between \$200,000 and \$350,000.
- The number of sales above \$350,000 has also increased significantly, where it averaged 37% in the five years to 2011.

Table 131. Average Annual Other Dwelling Sales, 2002-2006 & 2007-2012

	2002-2007		2007-2012	
	Number	%	Number	%
Low	534	43%	72	9%
Medium	549	44%	441	55%
High	170	14%	295	37%
Total	1,253	100%	807	100%

Source: RP Data, MacroPlan Dimasi

6.7.4 Historical Land Prices & Activity

- Over the five years to 2007, approximately 634 vacant land lots were sold per annum. The majority of these sales were for lots priced under \$200,000 (59%).
- Land sales have since contracted, averaging 263 lots per annum over the last five years.
- While overall activity has decreased, there has been a shift to the higher valued lots. Of the 263 lots sold per year, 56% are for lots priced between \$200,000 and \$350,000.
- The number of lot sales in the high price range has also increased with 27% of dwelling sold between 2007 and 2012 priced above \$350,000.
- The considerable decline in sales activity suggests there are mounting housing shortages surfacing. The lot production sites over the next five years including Kings Forest and Cobaki will ease these shortages and further support the anticipated population growth in the years to come.

Table 132. Average Annual Land Sales, 2002-2006 & 2007-2012

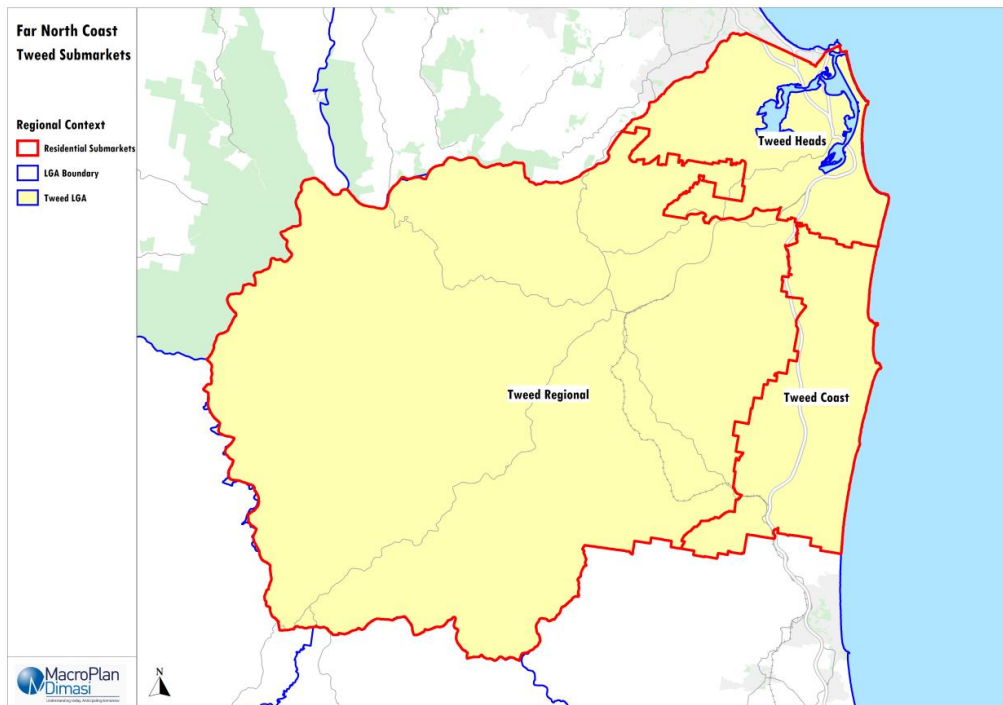
Range	2002-2007		2007-2012	
	Number	%	Number	%
Low	375	59%	47	18%
Medium	167	26%	146	56%
High	93	15%	70	27%
Total	634	100%	263	100%

Source: RP Data, MacroPlan Dimasi

6.8 Housing Submarket Indicators

6.8.1 House Prices by Subregion

Figure 38. Tweed Residential Submarkets



Source: MacroPlan Dimasi

- Similar to other coastal LGAs within the FNC, there is a considerable price disparity between properties located along the coast against those located in regional locations.
- Accordingly, the Tweed LGA has been segregated into three distinctive sub-markets, namely Tweed - Heads, Tweed - Coast and Tweed - Regional. These submarkets are consistent with sub-markets used in the 2008 sub-market assessment.
- In 2012, almost two-thirds of all sales were for dwellings priced within the medium price range. Approximately 12% of all sales were for properties greater than \$550,000 in value.

- Of all three subregions, Tweed - Coast presents as the most expensive housing submarket within the Tweed LGA. Of all sales registered in 2012, 16% were for properties valued at \$550,000 and above, while the majority remained in the medium value range.
- The Tweed - Regional residential submarket represented the most affordable region within the LGA with 65% of all dwelling sales priced below \$350,000.

Table 133. Home sales 2012 for Separate House

	Tweed-Coast			Tweed-Heads			Tweed-Regional			Total	
	Number	%	% of total	Number	%	% of total	Number	%	% of total	Number	%
Low	12	11%	2%	75	17%	12%	59	65%	9%	146	23%
Medium	80	73%	13%	302	70%	48%	30	33%	5%	412	65%
High	17	16%	3%	55	13%	9%	2	2%	0%	74	12%
Total	109	100%	17%	432	100%	68%	91	100%	14%	632	100%

Source: RP Data, MacroPlan Dimasi

6.8.2 Rental Market & Indicative Yields

- Between 2007 and 2012, detached dwelling rents in Tweed LGA increased at an average rate of 4.1% per annum.
- Overall, average rental yields in Tweed LGA are at the low end of the spectrum i.e. 4.6%. The median price for dwellings is high, which has effectively compressed rental yields.
- There is disparity apparent between inland and coastal submarket rents. House rents in the Tweed Heads and Tweed Coast submarkets are approximately 60% higher than the Tweed Regional submarket.
- In coastal submarkets, detached dwellings achieved median rents of around \$410 per week.
- Of all submarkets, rental growth has been most pronounced in the Tweed Heads submarket, followed closely by the Tweed Regional submarket. Over the five years to 2012, median house rents for these submarkets increased at an average annual rate of 5.1% and 4.2% respectively.

Table 134. House Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Tweed Regional	\$277	\$340	4.2%	4.1%	4.8%
Tweed Heads	\$324	\$417	5.1%	4.1%	4.8%
Tweed Coast	\$357	\$410	2.8%	4.1%	4.2%
Average	\$319	\$389	4.1%	4.1%	4.6%

Source: Residex, MacroPlan Dimasi

- In the Tweed LGA, median rents for apartment rentals were on average \$70 less than for detached dwellings.
- Between 2007 and 2012, apartment rents expanded at an average rate of 5.8% per annum, higher than rental growth for detached dwellings over the same period.
- Land, established houses and new apartments prices in the Tweed LGA are in the high range, suggesting affordability constraints will limit FHB demand in the future. As a result, FHB households that are challenged by high dwelling prices are expected to increasingly resort to the rental market.

Table 135. Apartment Rents and Rental Yields (2007 & 2012)

	Median Rent			Yield	
	2007	2012	CAGR (%)	2007	2012
Tweed Regional	\$217	\$270	4.5%	4.7%	5.2%
Tweed Heads	\$263	\$343	5.4%	4.3%	5.2%
Tweed Coast	\$227	\$327	7.6%	3.7%	4.8%
Average	\$236	\$313	5.8%	4.2%	5.1%

Source: Residex, MacroPlan Dimasi

6.8.3 Future Supply

- According to DP&E, Tweed Heads and nearby Cobaki growth area represent key areas of growth within the Tweed LGA, with a total of 8,000 new dwellings projected for this area.
- Overall the majority of the development allocation is destined for the Tweed – Heads and Tweed – Coast residential submarkets identified. It is estimated that over 11,000 dwellings or approximately 75% of the housing growth will occur within the coastal region of the Tweed LGA.

- Within the Tweed – Regional submarket, the majority of the dwelling allocation afforded has been Murwillumbah (185 new dwellings) and the surrounding suburbs of Brays Park (500 new dwellings) and Kielvale (300 new Dwellings)
- Further towards the western extent of the Tweed LGA, inland from Brays Park has little to no allocation in terms of new dwellings.
- Approximately 56% of new dwellings are projected to be infill development, with 38% being in Tweed Heads and 14% within Kings Forest.

6.8.4 Land Production & Future Capacity

- It is anticipated that 3,202 lots will be produced over the five years to 2016.
- The majority of new lots are expected to originate from Kings Forest, Cobaki and the Tweed Coast, collectively accounting for 86% of total lots.

Table 136. Projected Lot Production (2011-2016)

Tweed LGA	Total 5 Year Produced		Year 1		Year 2		Year 3		Year 4		Year 5	
	Lots	ha	Lots	ha	Lots	ha	Lots	ha	Lots	ha	Lots	ha
Tweed Heads	0	0	0	0	0	0	0	0	0	0	0	0
Tweed Heads South/Banora Point	0	0	0	0	0	0	0	0	0	0	0	0
Terranora	0	0	0	0	0	0	0	0	0	0	0	0
Heads West	0	0	0	0	0	0	0	0	0	0	0	0
Murwillumbah	440	36	0	0	0	0	40	4	200	16	200	16
Tweed Coast	872	74	4	1	248	21	220	18	200	17	200	17
Kings Forest*	1,040	38	0	0	0	0	440	16	300	11	300	11
Cobaki*	850	43	0	0	0	0	250	19	300	12	300	12
Area E	0	0	0	0	0	0	0	0	0	0	0	0
Total	3,202	191	4	1	248	21	950	57	1,000	56	1,000	56

Source: Tweed Council, Department of Planning & Environment

6.9 Market Indicators

Key drivers and future housing requirements are outlined below.

Descriptors/ Submarkets	Emerging Issues	Product Requirements
<ul style="list-style-type: none"> ▪ Tweed LGA is expected to provide the majority of dwelling production growth across the FNC. ▪ The bulk of dwelling production is expected to come from the northern portion of the LGA. ▪ Strong population growth is expected out to 2031 within Tweed LGA, more than any other LGA within the FNC Region. 	<ul style="list-style-type: none"> ▪ Demand – demand for dwellings has dropped, evidenced by the clear downward trend in approval numbers. ▪ Ageing population – Retirees within the LGA are projected to expand by 93% out to 2031 to just over 40,000 persons. ▪ Need to cater for lone person households – Retirees and young professionals. ▪ Affordability – remains a concern with significant house price and rental growth in recent years. ▪ Considerable rental growth – average weekly rentals grew by 5.8% across the LGA, which may force people to move to other FNC LGAs in search of cheaper rental accommodation. 	<ul style="list-style-type: none"> ▪ There will be a requirement to provide aged and retirement related products that are well serviced and close to transport. ▪ Affordable products that appeal to FHB's as 60% earn an income in the low income range. ▪ The downsizing from persons aged 50+ would support growth in family age cohorts, freeing up larger detached housing ▪ Need to be priced below the Gold Coast property market to attract further inward movements from SE QLD. ▪ Further greenfield development should be encouraged in the Tweed – Regional submarket as affordability price points may be achieved in this locality.

The table below identifies each submarket based on affordability and the housing type required. Detached housing includes standard housing types with lot sizes above 400m², smaller lot housing includes semi-detached duplexes or villas, while higher density housing includes apartments and units.

Table 137. Housing type recommendations

Tweed LGA	Residential Submarket	Housing Type Required
Most Affordable	Tweed - Regional	Detached housing
Medium Priced	Tweed - Heads	Smaller lot housing
Most Expensive	Tweed - Coast	Smaller lot housing

Source: RP Data, MacroPlan Dimasi



MacroPlanDimasi