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Location Report

A joint publication of Ryder Property Research & Drummond Real Estate

ALBURY-WODONGA NSW-VIC border

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For more information contact:

Drummond Real Estate

(02) 6041 5755

588 Stanley Street , Albury NSW 2640

mail@drummondrealestate.com.au

www.drummondrealestate.com.au



ALBURY-WODONGA

NSW-VIC border

Highlights

- Steady population growth
- Highly strategic location
- Plans for new town of 35,000
- Affordable real estate
- Strong diverse economy: Manufacturing, agriculture, tourism, education, defence, medical services.

Suburb - houses	Typical prices	Suburb - houses	Typical prices	Suburb - units	Typical prices
Lavington	\$249,000	Thurgoona	\$353,000	Lavington	\$165,000
North Albury	\$230,000	West Wodonga	\$310,000	West Wodonga	\$204,000
Springdale Hts	\$231,000	Wodonga	\$310,000	Wodonga	\$198,000

The Albury-Wodonga region has been dubbed The Murray Food Bowl but, unusually for an Australian inland city, it is not dependent on agriculture for the health of its economy.

The twin cities have strong sectors in manufacturing, construction, government administration, education, defence and retail. Many national businesses, as well as the Australian Taxation Office, are based there.

Albury is a growth centre serving a region that is rich in crops, cattle, wine and history. Wodonga, once considered the poor cousin to Albury, is growing strongly and is a venue for new development.

Albury-Wodonga appeals as one of Australia's strongest regional economies, with great diversity and the presence of numerous national and international businesses, attracted by its strategic location and good rail and road links.

Sales activity has increased recently, pointing to price growth in the near future. Above-average rental returns are part of Albury-Wodonga's appeal for investors.

Economy and Amenities

Although Albury-Wodonga in many ways operates as one community, it has separate councils and State Government services. However, the fact that Melbourne is significantly closer than Sydney, and Victorian TV broadcasts in the region gives Albury close links to Victoria, despite being in southern NSW.

State differences in the workings of stamp duty, payroll tax and workers' compensation schemes cause frustration - and trades people need dual licences.

Albury-Wodonga is one of Australia's largest regional centres and has a diverse economy. Major enterprises include manufacturing, retail, transport, business services and agriculture.

The diversity and the strength of multiple economic sectors give solidity to the Albury-Wodonga economy.

In July 2016, Albury Council released its economic indicators. Key findings included:

- Albury and Wodonga LGAs had a combined Gross Regional Product of \$5.62 billion - a \$203 million increase compared to August 2015.
- The Albury Wodonga economy is dominated by the "Manufacturing", "Public Administration & Safety" and "Construction" sectors.
- Most sectors of the local economy experienced growth in the past 12 months.
- The leading types of positions held by the Albury-Wodonga population are 'Professionals' (18.0%) and 'Technicians & Trade Workers' (16.2%).
- Albury's labour force was 23,810 compared to 23,565 in June 2015 - a 1.02% increase.

Albury-Wodonga is well situated to service other regions, with extensive transport infrastructure radiating outwards by road, rail and air.

By road, Albury-Wodonga is three hours from both Melbourne and Canberra, and six hours from Sydney via the Hume Highway.

By rail, Albury-Wodonga is on the main rail line between Sydney and Melbourne for passenger and freight trains.

Weekly rail services from Albury to Brisbane move 100,000 tonnes of freight annually from three major locally-based manufacturers: Mountain H2O, Norske Skog and Mars Petcare.



Location

- 325km north-east of Melbourne, 350km from Canberra
- At the centre of the Melbourne-Sydney-Canberra triangle
- On the Victoria and New South Wales border
- LGAs: Albury City Council and City of Wodonga.



Population:

- Population 2011: 83,000 (Census)
- Population 2015: 90,000 (estimate)
- Population 2031: 123,500 (projected)
- Services a regional population of 170,000.

Source: ABS

The hub also operates a freight service for import and export products between Albury and Melbourne.

This connectivity is a major reason why so many national enterprises have a presence in the region.

Some examples are:

- Bunnings (two big warehouses),
- Overall Forge (major supplier to the mining industry),
- Norske Skog (produces 40% of the nation's newsprint),
- Bradken Industrial,
- Visy Board (paper manufacturers) and Visy Food, and
- Mars Petcare.

There is also the ATO which employs 1,260 people in Albury-Wodonga.

The city has several major trucking businesses, including Border Express, Twin City Truck Centre and the Albury Freight Distribution Centre.

Blacklocks Ford recently carried out a \$4 million expansion of its truck centre.

Quest Apartments, which services demand from business travellers, has three serviced apartment complexes in Albury-Wodonga.

Recently-completed commercial premises include a \$50 million HQ for the Australian Tax Office in Albury; a \$10 million Bethany office building in the CBD; and North Point Tower, a \$10 million, five-storey commercial development in Lavington.

The region has numerous schools, both public and private, supported by two TAFE campuses and a campus of the UNSW Rural Clinical School of Medicine next to the Albury Base Hospital. Around 26,000 students are enrolled at the TAFE colleges.

Other tertiary education is provided by Charles Sturt University and La Trobe University which have 4,400 students enrolled between them.

The Border's largest employer is Albury Wodonga Health, with 1,140 staff and an annual budget of \$180 million.

The Albury Base Hospital is the city's largest employer and the Albury Wodonga Private Hospital, owned/operated by Ramsay Health Care, is regarded as one of the best private hospitals in rural Australia.

Tourism attracts around one million day-trippers annually. In 2015, tourism contributed \$613 million to the Albury-Wodonga economy.

AIRPORT: FAST FACTS

- Third busiest airport in Regional NSW.
- 250,000 passengers per year.
- 180 flights per week.
- Sydney: 90 minutes.
- Melbourne: 45 minutes.



Albury

Albury's economy is dominated by manufacturing, construction, business & property services and retail. This diversity makes for consistent business conditions.

Albury serves as an administrative centre for the agricultural sector and is home of the Norske Skog newsprint paper mill which processes the pine logs planted in the mountains to the east.

The Australian Taxation Office, the Commercial Club Albury, Hume Building Society, Apex Tool Group, Geofabrics Australasia, Joss Group and Zauner Construction are major employers in the region.

The Australian pizza chain Eagle Boys was founded in Albury.

Wodonga

Historically Wodonga was regarded as the smaller, less prosperous cousin to Albury.

While Wodonga is still smaller than Albury, economic growth has softened such distinctions.

One project paving the way for economic prosperity is Logic Wodonga, a major logistics distribution hub which houses a variety of businesses:

1. The \$90 million Woolworths Regional Distribution Centre at Logic employs 400 people and turns over \$2 billion of stock every year.
2. Wodonga TAFE.

3. A BP Service Centre, Fatigue Management Centre and Trailer Interchange.
4. Cope Sensitive Freight, a major transporter of medical and electronics goods.

Other major industries based in Wodonga include a large cattle market, a pet food factory (Mars Corporation, which has its national corporate HQ here), a cardboard box factory (Visy), an abattoir and a foundry.

Wodonga also serves as a central point for the delivery of government services, such as the North East Water Regional Office Wodonga project.

Wodonga is the site of Latchford Barracks, an Australian Army logistics base and a training centre for army apprentices.

It also has a La Trobe University campus and Wodonga Institute of TAFE.

The Bandiana Army Museum, located just out of Wodonga, is one of the largest and most diversified army museums in Australia.

Another attraction is The Cube (the Wodonga Art Community Entertainment Centre), which can accommodate up to 1,000 people for functions and shows.

There is extensive new property development on former army land in the Wodonga area, including residential estates and retail warehouses.



Property Profile

Albury-Wodonga presents as a city with affordable property options. Median house prices are generally in the \$200,000s or low \$300,000s, central Albury being the exception at \$436,000 together with Baranduda where double-digit growth over the last 12 months has brought its median up to \$397,000.

Building approvals across both towns are steadily climbing, rising from 859 in FY2015 to 929 in FY2016. New housing estates can be found mostly on the northern outskirts of Albury; in Hamilton Valley, Springdale Heights and Thurgoona.

Rental yields hover around 6%, with North Albury producing a median rental yield of 6.4%, according to Australian Property Monitors' data. The suburb of Albury is an exception with a median rental yield of 4.2%.

During 2014 and 2015, there was growth in the number of house sales, leading to good price rises in some suburbs. This capital growth continued in 2016 and, in the last 12 months, there were median house price rises in Baranduda (22%), South Albury (13%), and Wodonga (up 9%). Median unit prices rose 9-10% in some suburbs also.

Vacancies in postcode 2640 and 2641, where much new development is occurring, were around 5% in early 2016 - but are beginning to ease back to around 4-4.5%. Vacancies in postcodes 3690 and 3691 remain consistently low. Given the increase in residential building approvals in the past two years, investors need to keep an eye on vacancy rates.

Residential Building Approvals

Year	Albury	Wodonga
FY2014	358	341
FY2015	425	434
2FY016	547	382

Source: ABS

An economic indicator report prepared by Albury City Council in July 2016 said:

Residential property prices and sales volumes continue to maintain their recovery from the market downturn in the 2011/12 financial year.

Median prices for dwellings, units and vacant house lots continued to rise during the 2015/16 financial year. A rise of 5.52% in the median price for dwellings was experienced, whilst units saw an increase of 3.2% and vacant land rose by 3.9%.

Vacancies: Albury Wodonga

Postcode	Suburb	Vacancy rate
2640	Albury – North, South, West; & Thurgoona	4.5 %
2641	Lavington, Springdale Heights	4.0 %
3690	Wodonga	1.9 %
3691	Baranduda	1.6 %

Source: sqmresearch

The Albury-Wodonga property market can be summarised as follows:-

Suburb	Sales Houses	Median Houses	1-year Growth	Growth Average	Median Yield
Albury	88	\$436,000	-4 %	2 %	4.2 %
Baranduda	35	\$397,000	22 %	3 %	5.8 %
Lavington	205	\$249,000	1 %	1 %	5.9 %
North Albury	124	\$230,000	3 %	1 %	6.4 %
South Albury	16	\$305,000	13 %	3 %	5.2 %
Springdale Hts	41	\$231,000	-10 %	2 %	6.0 %
Thurgoona	131	\$353,000	3 %	4 %	5.4 %
West Albury	59	\$320,000	0 %	1 %	5.7 %
West Wodonga	241	\$310,000	5 %	2 %	5.6 %
Wodonga	333	\$310,000	9 %	3 %	5.8 %

Suburb	Sales Units	Median Units	1-year Growth	Growth Average	Median Yield
Albury	22	\$231,000	-5 %	1 %	5.1 %
Lavington	41	\$165,000	9 %	2 %	2.3 %
West Wodonga	16	\$204,000	8 %	1 %	5.9 %
Wodonga	32	\$198,000	10 %	2 %	5.8 %

Source: APM – “growth average” is the average annual growth in median house prices over the past 10 years

“snr”: statistically not reliable.

Future Prospects

Several large projects began in 2014, giving Albury-Wodonga an ongoing construction boom. Construction employs 2,300 people in Albury-Wodonga.

The projects include the Regional Cancer Centre, an ambulance station in Lavington, student accommodation at Charles Sturt University, multiple industrial warehouses and several sub-divisions.

New homes are being built in the growth areas of Thurgoona, Hamilton Valley and Springdale Heights with the Albury Council encouraging developers by removing red tape for sub-divisions.

In November 2016, Albury mayor Kevin Mack said: "We're trying to release the land as it's required, not on a basis of flooding the market, and maintaining that value, that's what's important.

"We've got 22 developers working in the Thurgoona/Wirringa corridor at the moment."

- Baranduda & Leneva

An urban growth zone allowing for 14,000 homes to house 35,000 people in Leneva and Baranduda is in the pipeline.

The proposal requires amendments to the Wodonga Planning Scheme and approval from the State Government.

Wodonga Council began pre-planning work on a Precinct Structure Plan for the Leneva-Baranduda area in August 2016.

Planners from RPS consulting said as many as nine new primary schools and five new secondary schools would be needed to cope with growth in the region. They predict a need for three new shopping and business precincts, a new sports ground, walking trails, bike paths and parks.

- Military

Linfox has a \$416 million seven-year contract with the Defence Department, Bandiana, handling warehousing and distribution.

Transfield manages the military's vehicle repair and maintenance facilities on a \$240 million contract.

A military warehouse costing \$65 million is being built at Wadsworth Barracks opposite the Bandiana saleyards and is part of a \$753 million defence logistics transformation program.

CORE INFLUENCES

Urban Renewal

Transport Infrastructure

Boom Towns

- Wodonga CBD

Wodonga's CBD is to undergo a major revamp.

The master plan includes a mix of retail, apartments, cinema complex, conference centre, offices and hotel accommodation.

The plan would create a commercial heart for Wodonga, connecting the north and south of the city.

Part of the CBD makeover is the \$26 million Junction Place development, an urban renewal project which will see historic buildings, such as the railway station, restored.

The Junction Place development will be known as Station 73. Once complete, Junction Place is expected to provide \$350 million of additional economic activity and 1,300 jobs.

- Rail transport

There is talk of a \$114 billion high-speed rail system linking Brisbane, Sydney and Melbourne. The head of the Australasian Railway Association has indicated a \$70 million station in Albury-Wodonga is included in the project.

A rail terminal is now under construction at Wodonga's Logic industrial hub. When complete, the intermodal terminal will provide direct connections to interstate markets and commence a new rail service between Wodonga and Adelaide.

- Agriculture

A study by Victoria University suggests agriculture and manufacturing in north-east Victoria will boom by 2020. Modelling in the report indicates the Ovens-Murray food bowl will benefit from Chinese demand, which in turn will drive the manufacturing industry.

-Recommended Locations

Often the best outcomes for investors are provided by locations which the locals regard as downmarket or otherwise undesirable.

Lavington is one such area in Albury-Wodonga, one of the cheapest suburbs, with many old-style flats.

It offers attractive affordability and high rental returns. Typical houses are around \$250,000 and units \$165,000, with rental yields in the 6–6.5% range.

It is also one of the most popular markets in the Albury-Wodonga region, in terms of sales activity, with over 200 house sales in the past 12 months.



Some of the residential developments either in the pipeline or under construction are listed on the table below:

Project	Developer	Size	Status
Yarrabee Park, Thurgoona	Kerr Road Devts	700 lots	Under construction
Murravale Estate, Tangambalanga	TBA	300 lots	Approved
White Box Rise devt, Wodonga	Abacus Group	1,100 lots, a town centre, school, supermarket	Under construction
Elmwood Estate, Wodonga	Brendon Collins	130 medium-density houses, medical centre, pharmacy, café	Under construction
Glenwood Estate, Baranduda	QOD Property Group	305 lots	Proposed
Baranduda-Leneva urban development	TBA	14,000 homes, shops, offices	Under construction

Projects expected to impact on the Albury-Wodonga economy include:-

INFRASTRUCTURE – HEALTH AND MEDICAL FACILITIES

Project	Value	Status	Impact
Albury-Wodonga Cancer Centre Albury Wodonga Health	\$70 million Radiotherapy units, oncology, pharmacy, 30-bed inpatient ward	Completed	

INFRASTRUCTURE – TRANSPORT

Project	Value	Status	Impact
Albury Airport upgrade	\$4.7 million Expansion of the terminal building	Proposed Work is expected to begin in mid-2017 and be finished in 2018	
Upgrade, Riverina Highway, east of Albury State Govt	\$11 million Upgrade 5.7km of highway	Under construction	
New rail terminal, North Barnawartha SCT Logistics	\$22 million	Under construction	

INFRASTRUCTURE – SPORT AND ENTERTAINMENT

Project	Value	Status	Impact
Baranduda Fields sports precinct, Baranduda Wodonga Council	\$20 million Football stadium, athletics track, cricket ovals, soccer fields	Proposed Funding is still to be sourced	
Wodonga Cinema Junction Place Places Victoria	\$200 million Hotel, cinema, conference centre, units and shops	Proposed	
Lavington Oval upgrade Albury Council	\$8.5 million Federal Govt will fund \$4 million	Proposed	

COMMERCIAL DEVELOPMENTS - GENERAL

Project	Value	Status	Impact
Mann Central Shopping Centre, Wodonga Mann Wodonga Properties	\$65 million Kmart, Coles and 11 specialty shops	Under construction Completion expected in late 2017	Jobs 200 construction 1,000 operational
Woolworths upgrade, Wodonga	\$20 million	Approved	
Mantra Hotel Albury Volt Lane	\$30 Million 158 rooms	Under construction Completion expected in 2018	Jobs 200 construction
Nexus Industrial Hub & Davey Rd interchange upgrade Albury Council	\$15 million	Approved	Jobs 1,000
Bunnings warehouse, East Albury	\$17 million Bunnings will relocate to new premises	Approved Approved in Nov 2016	Jobs 23 construction 50 operational
Timber processing factory XLam	\$25 million	Proposed	Jobs 30 direct 24 indirect
Military warehouse, Bandiana	\$65 million Forms part of a defence logistics transformation program	Under construction	
Junction Place development, Wodonga CBD	\$26 million	Proposed	Jobs 1,300 Economic benefit \$350 million