

MARKET OUTLOOK

SHELL COVE

Shell Cove is a master planned community on the NSW South Coast, which will provide residents with a coastal lifestyle supported by a vibrant town centre, marina and open space.

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Prepared exclusively for
Frasers Property
October 2017



SOUTH COAST

The South Coast is a coastal region of NSW located directly south of Metropolitan Sydney. The region includes the major centres of Wollongong, Port Kembla, Shellharbour and Kiama with a large number of smaller townships. Shellharbour is located around a 110km drive (1 hour 40 minutes) south of the Sydney CBD and 100km drive (1 hour 25 minutes) south of Sydney Airport.

The South Coast region is renowned for its outdoor coastal lifestyle. The region is separated from Sydney by the Royal National Park and Heathcote National Park with a diverse range of beaches located along the coastline.

The economy is underpinned by a strong manufacturing sector and Port Kembla, which is one of NSW's main deep water ports. The University of Wollongong is one of Australia's leading universities and has established an innovation campus to promote research and innovation with the private sector.

INFRASTRUCTURE INVESTMENT

The South Coast boasts extensive infrastructure and is well connected to Sydney by both road and rail. There are significant infrastructure projects proposed for the South Coast region that will benefit residents. The 2017-18 NSW budget pledged over \$1 billion to infrastructure within the Illawarra-Shoalhaven region.

01 PRINCESS HIGHWAY UPGRADE \$770 million

An upgrade of the Princess Highway between Sydney and the Illawarra region. This includes two lanes in each direction with capacity for additional lanes.

02 RAIL SERVICE UPGRADE \$94 million

Construction is under way for a \$94 million rail services upgrade between Sydney and Illawarra. The upgrade includes new trains to increase capacity and comfort for passengers, whilst also reducing travel time.

03 WIN STADIUM \$5.4 million

Upgrade of the Northern Grandstand at WIN Stadium in Wollongong, to ensure public safety and the continued use of the stand for events.

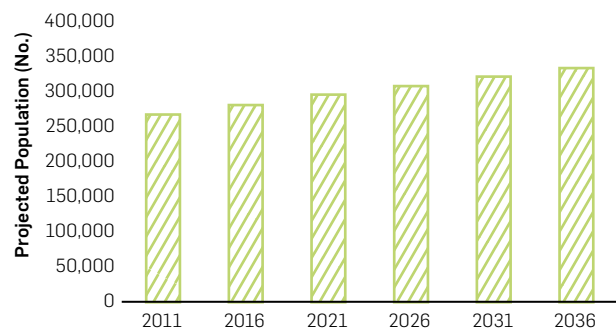
04 REDEVELOPMENT OF SHELLHARBOUR HOSPITAL \$250.6 million

Redevelopment of the Shellharbour Hospital including increasing emergency department capacity, operating theatres, adding an intensive care unit and additional beds.

POPULATION GROWTH

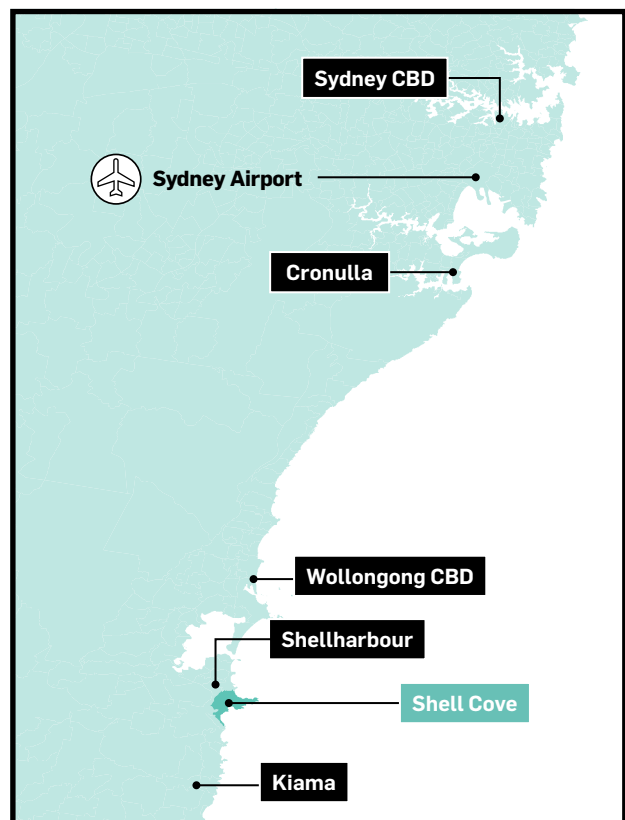
For the purpose of this assessment, the South Coast region has been defined as the Wollongong and Shellharbour Local Government Areas (LGA). The South Coast population increased from 268,300 in 2011 to 282,300 in 2016. The population of the region is projected to reach 300,000 by 2022 with the significant population providing the critical mass to support new infrastructure and amenity to service residents.

SOUTH COAST POPULATION GROWTH



Prepared by Urbis; Source: NSW Department of Planning and Environment

SOUTH COAST REGION



SHELL COVE

Shell Cove is a master planned residential community being developed by Frasers Property and Shellharbour City Council. The suburb is located approximately 110km south of the Sydney CBD and 22 km south of Wollongong. The Shellharbour Junction Train Station provides residents with access to the Sydney CBD via Wollongong. Shell Cove is also situated in close proximity to the Princes Motorway (M1) providing a direct connectivity to Sydney and to the south.

The western side of the suburb is home to approximately 5,850 residents across 1,700 dwellings. The established low density residential area is in proximity to Shellharbour Junction Train Station, Links Shell Cove Golf Course, Killalea State Park, Shell Cove Primary and Shell Cove Family Health.

The eastern side of the suburb is under construction and will comprise new house, land, medium density and apartments. There have been 15 releases for house and/or land packages within Shell Cove since 2014.

The next stage of the Masterplan includes a mixed-use waterfront development around a new Town Centre.

The approved masterplan includes plans for:

- A 270-berth marina within a new harbour, which will be the largest in Southern NSW with direct access to the Pacific Ocean
- A Town Centre offering a supermarket, fresh food shops, cafes and restaurants, speciality shops and a waterfront tavern within a foreshore dining precinct
- A boutique hotel with conferencing facilities and rooms overlooking the marina
- Approximately 900 luxury apartments with the majority having uninterrupted waterfront views.
- A community centre and library for residents.
- Open space and recreational areas including parks, playgrounds, children's beach, sports playing fields.

THE WATERFRONT, SHELL COVE



LIFESTYLE

Shell Cove offers a relaxed coastal lifestyle amongst natural surroundings. The coastal lifestyle will be further enhanced by the new marina and town centre development at The Waterfront, which will provide a range of additional services and amenities for residents.



The new town centre will comprise a supermarket, specialty food stores, cafes and a foreshore dining precinct positioned along the edge of the harbour.

Shellharbour Village is located within walking distance offering a selection of cafes, restaurants and boutique retail stores close to a sheltered beach and ocean pool.

Stockland Shellharbour Shopping Centre is located 3km north of Shell Cove with main tenants including Woolworths, Coles, Myer, Target and K-Mart amongst several food and beverage options.



A community centre and library offering residents access to meeting areas designed for a range of activities.



Extensive public space is located throughout Shell Cove offering residents access to a network of cycleways and walking tracks with connectivity to parks, playgrounds and beaches.

Nearby Links Shell Cove an 18-hole championship golf course. Shell Cove is also located within walking distance to several beaches.

Adjacent to the Killalea State Park and Bass Point Coastal Reserve, which comprises over 250 hectares of natural parkland and aquatic reserve.



The Shell Cove Family Medical Centre, Shellharbour Hospital and Shellharbour Private Hospital provide health services to residents.

POPULATION

The Shell Cove suburb population has increased significantly from 2011 to 2016 at an average annual growth rate of 5.6%, well above the NSW average. The NSW Department of Planning and Environment projects the Shell Cove population to increase by an average of 200 new residents per year from 2016 to 2031.

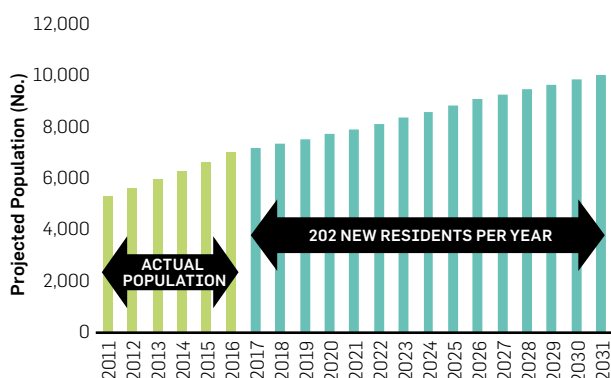
Shell Cove and the South Coast region has become more affluent with an average annual household income growth of 3.6% and 3.1% respectively over the last five years. The average household income in Shell Cove increased to \$112,000 in 2016, which is 30% above the South Coast average and in line with the Sydney average. This highlights that households moving into Shell Cove are affluent.

The number of people in white collar occupations such as professionals and managers has increased in Shell Cove from 2006 to 2011. In contrast, there has been a decline in the number of people in blue collar occupations, which likely reflects the move towards more innovation in the economy and people commuting to work in Sydney.

The percentage of people with bachelor degrees has increased from 13% in 2006 to 14% in 2011. This reflects the growth of the University of Wollongong providing greater opportunities for local residents.

Shell Cove has attracted aspirational families with over half of all households comprising families with children. This is reflected by 46% of households purchasing their home and the high household incomes, indicating families have moved into the houses with proximity to schools and amenity. It is noted that the future development of The Waterfront precinct and increased residential density will likely result in a trend towards more retirees and downsizers moving into Shell Cove.

SHELL COVE POPULATION GROWTH



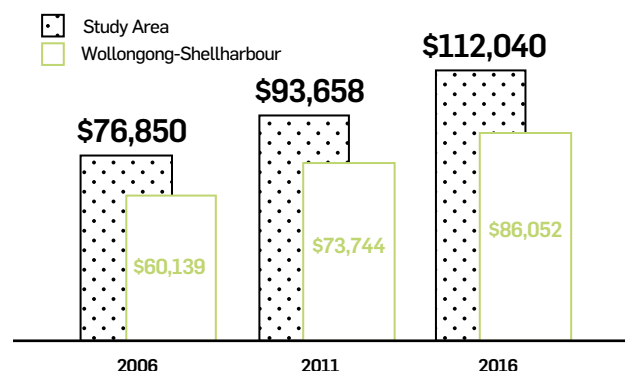
Prepared by Urbis; Source: NSW Department of Planning and Environment

DEMOGRAPHIC CHARACTERISTICS

	Shell Cove	South Coast
Average age of residents	35	39
Couple families with children	55%	45%
Born overseas	17%	22%
Employed in white collar jobs	69%	66%
Bachelor degree of higher*	14%	15%
Households purchasing Home	46%	35%
Households renting	23%	31%
Average household income	\$112,040	\$86,052
Households with income over \$130,000	35%	21%

Note: *2011 data as 2016 not released at time of publication
Prepared by Urbis; Source: ABS Census 2016; Urbis

HOUSEHOLD INCOME GROWTH



Prepared by Urbis; Source: ABS Census 2016

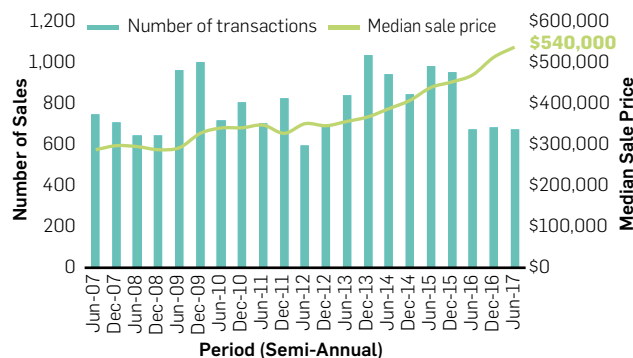
MARKET ANALYSIS

Median sale prices for apartments in the South Coast experienced significant growth from 2013 to 2017. Apartments in the Study Area have recorded five-year median price growth of 8.8% per annum, above the Sydney average of 7.1%. This reflects strong demand for housing and completion of new projects.

The South Coast is set to transform significantly over the next 15 years as apartment developments increase as a result of an increased acceptance of high density living. There has been growing interest in developments situated in coastal areas that are near key amenities and services.

APARTMENT PRICE GROWTH

South Coast

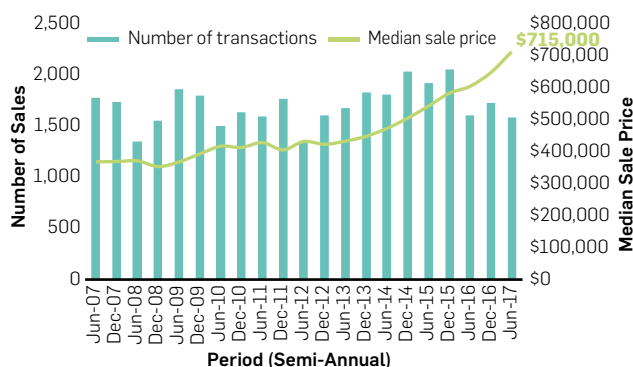


Prepared by Urbis; Source: APM Pricefinder

Median sale prices for houses in the South Coast have also experienced significant growth from 2013 to 2017. Houses in the South Coast have recorded a five-year median price increase of 10.5% per annum, above the Sydney average of 8.5%. This further highlights the South Coast as an emerging market experiencing substantial growth.

HOUSE PRICE GROWTH

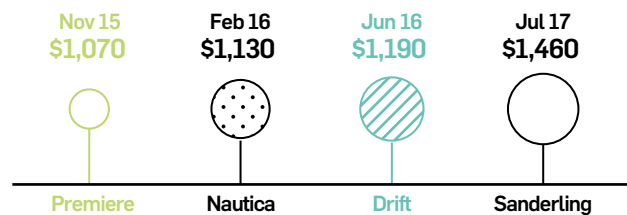
South Coast



Prepared by Urbis; Source: APM Pricefinder

The 'Premiere' Land Release within Shell Cove in November 2015 achieved an average of \$1,070 per sq.m. The Nautica, Drift and Sanderling releases followed in 2016 and 2017. The latest release, Sanderling, in July 2017 achieved an average of \$1,460 per sq.m, equating to growth of 36.4% from November 2016.

LAND RELEASE \$ PER SQ M



Prepared by Urbis; Source: Frasers Property

Houses in the South Coast recorded 22.2% growth from December 2015 to June 2017 with growth from \$585,000 to \$715,000. During the same period land prices within Shell Cove achieved growth of approximately 36.4%, which highlights the strength of the market within Shell Cove.

SHELL COVE VS. SOUTH COAST GROWTH

Dec 2015 – Jun 2017

36.4% Shell Cove Land Release*

22.2% South Coast Houses

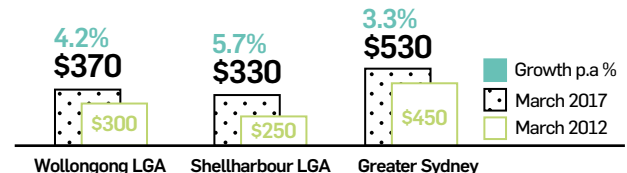
*Growth based on average price per sq.m.

Prepared by Urbis; Source: APM Pricefinder, Frasers Property

RENTAL GROWTH

Rental growth in apartments across the Shellharbour LGA has been strong, delivering a growth rate of 5.7%, which is considerably higher than Greater Sydney's growth rate of 3.3% and ahead of Wollongong LGA at 4.2%.

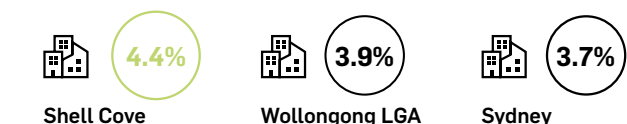
5 YEAR RENTAL GROWTH IN APARTMENTS



Prepared by Urbis; Source: NSW Housing

Two bedroom apartments in Shell Cove recorded a 4.4% rental yield; higher than both the Wollongong LGA and Sydney yields.

TWO BEDROOM APARTMENT RENTAL YIELD June 2017









Prepared by Urbis; Source: APM Pricefinder

PRICE COMPARISON

The map on the right compares the relative pricing of prime waterfront apartment developments in the South Coast and southern region of Sydney. The map demonstrates the average relative price range of a new three-bedroom apartment within the proposed Shell Cove Waterfront development and surrounding centres including Kiama, Shellharbour, Wollongong and Cronulla. These represent waterfront apartment developments within two-hours drive south of Sydney that are attractive to Sydney downsizers and people looking for a 'weekender'.

The highlights that the asking prices for Shell Cove Waterfront apartments are generally lower when compared to sales prices in 2017 across other nearby apartment development locations. This is particularly the case for Cronulla and Wollongong where waterfront apartment developments start at over \$1,500,000 for a three-bedroom unit. This is despite Shell Cove providing extensive amenity within walking distance. It is noted that the size and characteristics of apartments differ between projects and caution should be taken when comparing prices.

AMENITY WITHIN WALKING DISTANCE

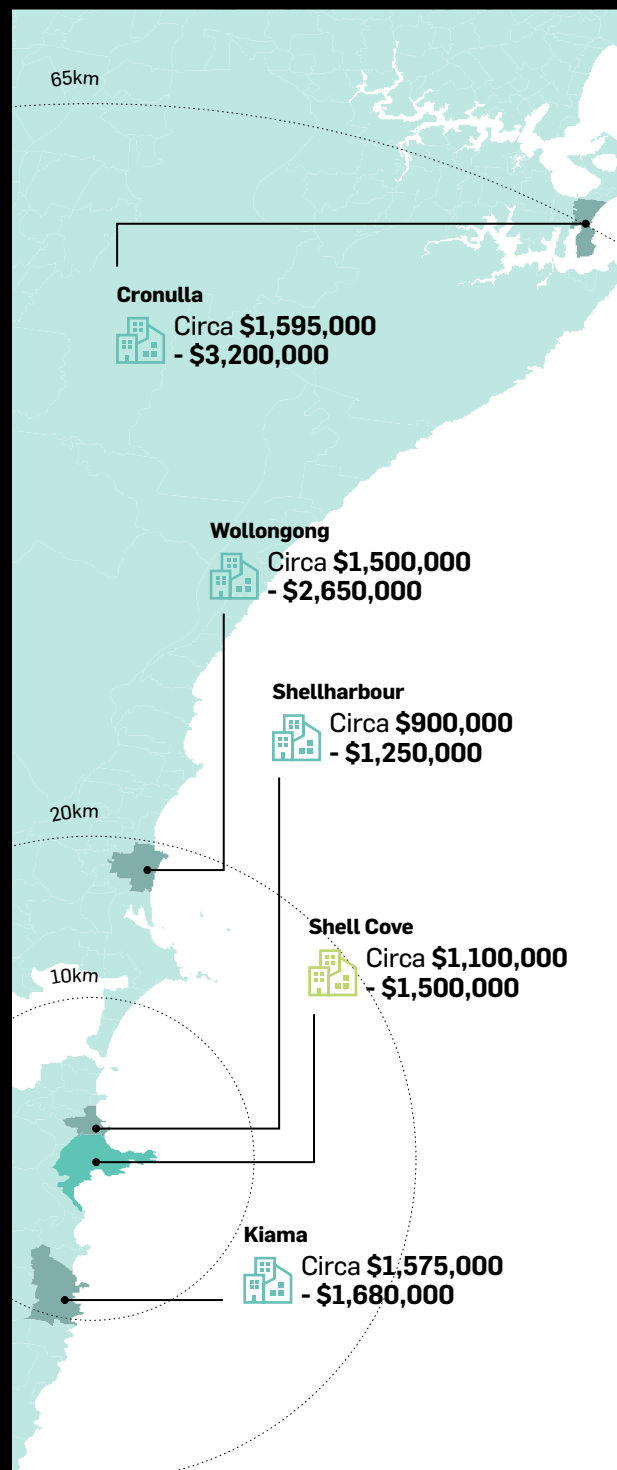
						
	Golf Course	Parks	Retail	Beach	Marina	Dining
Cronulla	✗	✓	✓	✓	✗	✓
Wollongong	✗	✓	✓	✓	✗	✓
Shellharbour	✗	✓	✓	✓	✗	✓
Shell Cove*	✓	✓	✓	✓	✓	✓
Kiama	✗	✓	✓	✓	✗	✓

Note: * Amenity upon completion of Shell Cove Masterplan

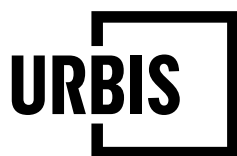
Source: Urbis

PRICE RANGES FOR WATERFRONT THREE BEDROOM APARTMENTS

October 2017



Source: Shell Cove prices provided by Frasers Property; Other prices sourced through Urbis research and sales agents



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