

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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Frasers Property
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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 south of the Sydney CBD and 100km drive 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 2019-20 NSW budget pledged \$1.2 billion to infrastructure within the Illawarra-Shoalhaven region. The NSW Government has also fully funded the construction of M6 (F6) Motorway Stage 1 that will connect the New M5 Motorway at Arncliffe and President Avenue at Kogarah. Once completed, the program will help improve congestion between Sydney and Illawarra corridor as it connects Sydney and M1 Princes Motorway at Waterfall.

ALBION PARK RAIL BYPASS (PRINCES MOTORWAY)

\$550 million

Extending the Princes Motorway 9.8km south to bypass Albion Park Rail and improve connectivity between Shellharbour and Sydney. Major construction began in January 2019 with an expected completion by late 2021.

ILLAWARRA RAIL LINE UPGRADE

\$880 million

Upgrades to signalling systems on the Illawarra and South Coast lines to increase capacity on the line from 20 to 25 trains per hour, enabling more trains to service the growing Illawarra region and reduce travel times.

REDEVELOPMENT OF SHELLHARBOUR HOSPITAL

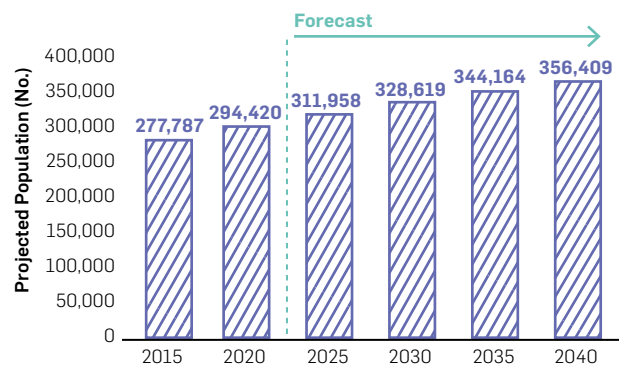
\$379 million

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

POPULATION GROWTH

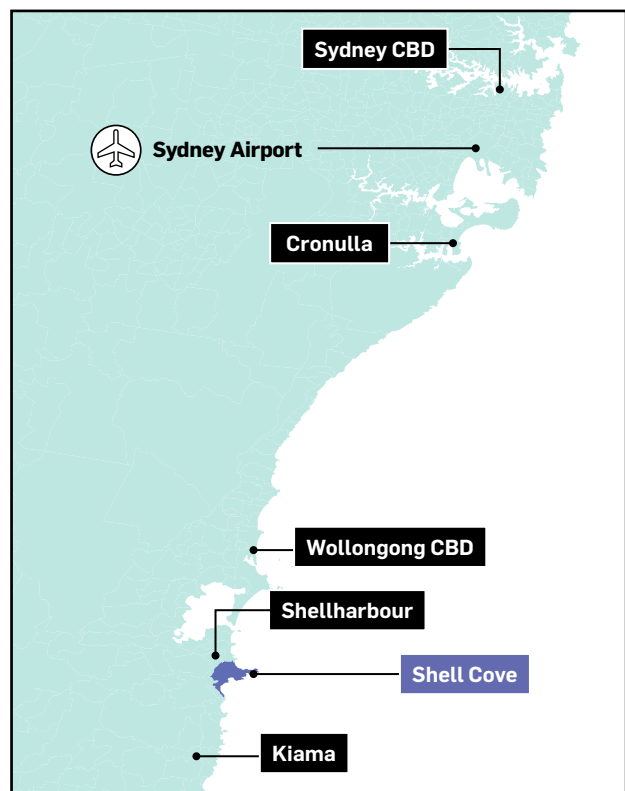
For the purpose of this assessment, the South Coast region has been defined as the Wollongong and Shellharbour Local Government Areas (LGA). The South Coast population increased from 277,787 in 2015 to 294,420 in 2020. The population of the region is projected to reach over 328,600 by 2030 with the significant 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, Industry and Environment

SOUTH COAST REGION



SHELL COVE

Shell Cove is a master planned residential community being developed by Shellharbour City Council and Frasers Property Australia. 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. Shell Cove is also situated in close proximity to the Princes Motorway (M1) providing 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 (The Waterfront Precinct) is under construction and will comprise new house, land, medium density and apartments all part of the extensive concept plan for Shell Cove.

The next stage of the Masterplan includes a mixed-use waterfront development around a new Town Centre. Stage 1 of the retail precinct opened in October 2018 is anchored by a Woolworths supermarket, as well as nine specialty stores. Stage 2 comprising of a mixed-use dining precinct with six restaurants and cafes, two specialities shops and 45 apartments is scheduled to complete in 2021.

The approved masterplan also includes plans for:

- A 270-berth marina within a new harbour planned to be opened in Spring 2021, which will be the largest in Southern NSW with direct access to the Pacific Ocean
- A waterfront tavern within a foreshore dining precinct
- An accommodation hotel with conferencing facilities and rooms overlooking the marina
- An overall yield of approximately 1,500 dwellings including around 600 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



Urbis research indicates there are no locations in NSW that offer a large marina, ocean beach, parks, town centre, dining precinct and golf course all within walking distance of new house and land.



LIFESTYLE AT THE WATERFRONT

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



A new world-class Shellharbour marina that once complete will comprise 270 marina berths, dry stack storage, charter boat operations, a public boat ramp, boat maintenance facility and a variety of other commercial marina facilities and services.



A new town centre comprising a supermarket, specialty food stores, cafes and a foreshore dining precinct positioned along the edge of the harbour. Stage 1 opened in October 2018 and includes a Woolworths supermarket and nine specialty stores.



The Harbourside Dining Precinct will offer food and beverage retailers all positioned along the harbour's edge offering alfresco dining with spectacular marina views.



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.



The Waterfront Tavern opening in 2021 will offer family friendly dining including a kids' area, space for large group bookings, a wood-fired oven and central bar.



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



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



An 18-hole championship golf course, The Links, Shell Cove is located within the project.



Killalea Beach 'The Farm' and Shellharbour South Beach adjoin Shell Cove offering beachside lifestyle for residents.



Killalea State Park and Bass Point Coastal Reserve, which are located adjacent to Shell Cove and comprise 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.



Residents are well placed to access local primary schools and high schools (including Shell Cove Public School, Stella Maris, Nazareth Catholic Primary School, Warilla High School, Corpus Christi High School and Shellharbour Anglican College) as well as tertiary education including TAFE NSW Shellharbour and the University of Wollongong.

POPULATION

The Shell Cove suburb population has increased significantly from 2015 to 2020 at an average annual growth rate of 4.4%, well above the NSW average. The NSW Department of Planning, Industry and Environment projects the Shell Cove population to increase by an average of 170 new residents per year from 2020 to 2040.

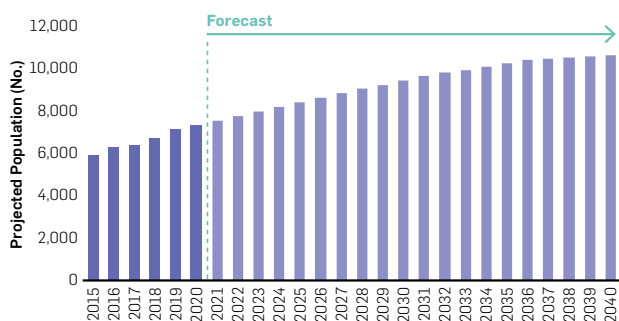
Shell Cove and the South Coast region has become more affluent with an average annual household income growth of 4.0% and 3.6% respectively over the last ten years. The average household income in Shell Cove increased to \$117,258 in 2016, which is 36% above the South Coast average and 10% above the 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 2016. In contrast, there has been a decline in the number of people in blue collar occupations, which reflects broader employment trends towards more knowledge-based jobs and an increasing number of people commuting to work in Sydney.

The percentage of people with bachelor's degrees has increased from 13% in 2006 to 19% in 2016. This reflects the growth of the University of Wollongong providing greater opportunities for residents.

Shell Cove has attracted aspirational families with over half of all households comprising families with children. This is reflected by 50% of households purchasing their home and the high household incomes, indicating families have moved into the houses with proximity to schools and amenity. We note 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 2015-2020



Prepared by Urbis, Source: NSW Department of Planning, Industry and Environment

DEMOGRAPHIC CHARACTERISTICS

	Shell Cove	South Coast
Average Age of Residents	35	39
Couple Families with Children	58%	45%
Born Overseas	17%	22%
Employed in White Collar Jobs	71%	68%
Bachelor's Degree or Higher	19%	18%
Households Purchasing Home	50%	35%
Households Renting	18%	31%
Average Household Income	117,258	86,052
Households with Income over \$130,000	37%	21%

Prepared by Urbis, Source: ABS Census 2016

AVERAGE HOUSEHOLD INCOME GROWTH 2006-2016



Prepared by Urbis, Source: ABS Census 2006, 2011, 2016

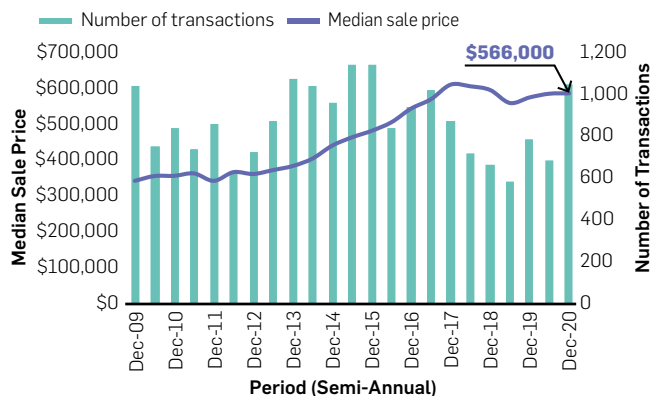
MARKET ANALYSIS

Median sale prices for apartments in the South Coast experienced significant growth from 2013 to 2017 before the market slowed over the next two years. Prices increased in 2020 as the Covid-19 pandemic has attracted a lot of buyers looking to leave Sydney. Apartments in the Study Area have recorded an average median price growth of 4.0% per annum in the past five years, above the Sydney average of 1.1% which 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

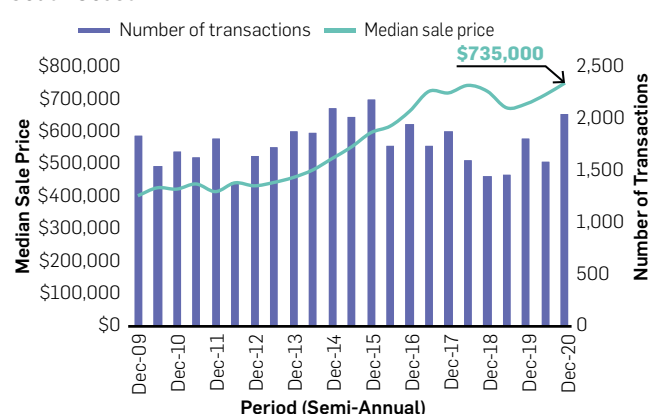


Prepared by Urbis; Source: Pricefinder; Urbis

Median sale prices for houses in the South Coast have experienced stronger price growth of 9.4% in 2020 as the pandemic has made separate houses more attractive. Houses in the South Coast have recorded an average five-year median price increase of 4.7% per annum, above the Sydney average of 2.5%. This further highlights the South Coast as an emerging market experiencing substantial growth.

HOUSE PRICE GROWTH

South Coast

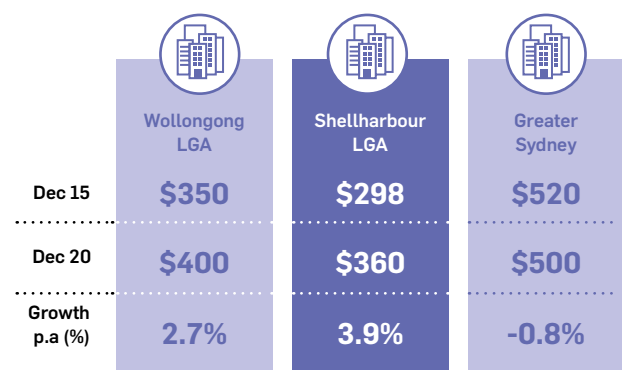


Prepared by Urbis; Source: Pricefinder; Urbis

Rental growth in two-bedroom apartments across the Shellharbour LGA has been strong, delivering an average growth rate of 3.9%, which is considerably higher than the Wollongong LGA's growth rate of 2.7% and Greater Sydney which has recorded a decline. This growth coincides with the increasing affluence of residents in the Shellharbour LGA.

5 YEAR RENTAL GROWTH

2 Bedroom Apartments

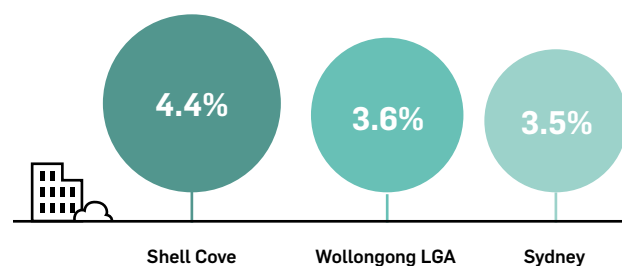


Prepared by Urbis; Source: NSW Housing

Apartment rental yields in Shell Cove averaged 4.4% in 2020, higher than the Wollongong LGA and Sydney yields.

APARTMENT RENTAL YIELD

2020



Prepared by Urbis; Source: Pricefinder









Artist's impression, indicative only

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 two and three bedroom apartments 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 2020 and 2021 across other nearby apartment development locations. This is particularly the case for Cronulla where waterfront apartment developments start at over \$1,600,000 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.

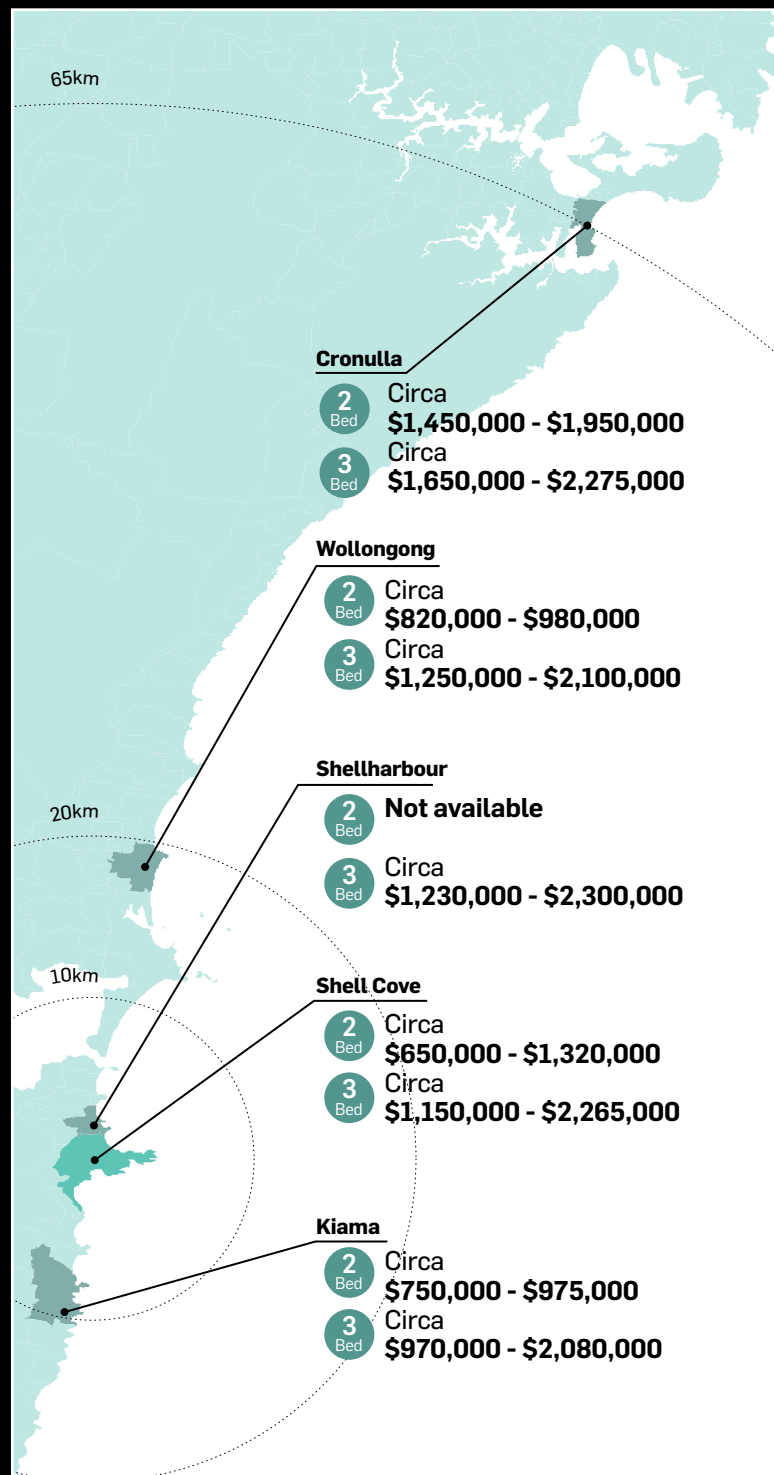
AMENITY WITHIN WALKING DISTANCE

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

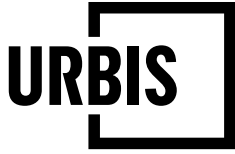
Note: * Amenity upon completion of Shell Cove Masterplan

Source: Urbis

PRICE RANGES FOR WATERFRONT APARTMENTS 2020 and 2021



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



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