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# Location Report

A joint publication of Grantton Homes & Ryder Property Research



**MUDGEES**

**Mid-Western New South Wales**

November 2017

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# MUDGEE

## Mid-Western New South Wales

### Highlights

- \$70 million hospital redevelopment
- Numerous resources projects
- Housing affordability
- \$1 billion Caerleon residential estate
- Voted No 1 food destination in Australia

Typical prices - Houses	Typical prices - Units
\$377,000	\$275,000

Mudgee is an affordable regional centre underpinned by a diversified regional economy, with industries based around agriculture, mining, tourism and viticulture.

A long-time favourite with tourists, Mudgee has now been voted the No.1 food destination in Australia, outranking other popular food and wine destinations like Orange, Adelaide, Hobart and Daylesford.

The region is proving popular with tree-changers priced out of the Sydney market, lured to a regional area which offers properties on acreage at a much lower cost than a suburban house in Sydney.

In keeping with other regions impacted by the downturn in the coal industry, Mudgee went through a slump between 2013 and 2016, forcing vacancies up.

But now, following an upswing in the coal industry and other advances in the local economy, vacancies in the town have fallen to below 2%, underpinning strong rental yields.

Existing mines are being expanded and new projects are in the pipeline, re-invigorating the Mudgee property market.

The Mid-Western Regional Council is preparing for population growth by releasing new land for residential development, bringing opportunities for home-buyers and investors.

## Economy and Amenities

Mudgee is a regional centre in Mid-western NSW, around 310km inland from Newcastle and 260km from Sydney.

Mudgee's first property boom occurred around 1851, when gold was discovered – leading to prospectors flocking to the town, with the population soaring from just 200 to around 20,000. After the gold rush waned towards the end of the 19th Century, Mudgee was sustained by the wool and wine industries, as well as the opening of a railway extension in 1884.

Today, the major industries of the Mid-Western area are agriculture, mining, tourism and viticulture.

Mudgee has developed as a wine-producing region with about 40 wineries operating in the district. Wineries attract around 525,000 tourists each year.

In mid-2017, the Mudgee region was voted the No.1 food destination in Australia by travel booking website *Booking.com*. It surpassed renowned food and wine destinations including Orange, Adelaide, Hobart and Daylesford.

Other rural produce includes cattle, sheep, wheat, lucerne, olives, fruit, tomatoes, corn, honey and dairy products.

The mining industry produces marble, pottery clays, shale and dolomite.

Coal mining provides 16% of jobs and, in the last 12–18 months, there has been a strong turnaround in the industry.

An Expenditure Survey by the NSW Minerals Council shows that in FY2016 mining contributed \$303 million into the Mid-Western Local Government Area - an increase of \$22 million from the previous year. This included \$182 million in wages for 2,391 full-time employees - an increase of 65 jobs on the previous year - and \$121 million in purchases from 313 local businesses.

The following provides an overview of the key coal mines near Mudgee.

### Ulan Coal

The Ulan Mine Complex is one of the most established mining operations in the western coalfields of NSW.

Owned by Glencore, the mine consists of two functioning underground mines which have approval to be extended. There is also an open-cut mine which has not been operational since 2014, but which also has approval to be extended.



### Location

- 260km north-west of Sydney
- 310km west of Newcastle
- Access via Castlereagh Highway
- Serviced by the Gwabegar railway line, a branch of the Main Western freight line
- LGA: Mid-Western Regional Council.



### Population:

- Population 2016: 11,700
- Projected population 2031: 13,500
- Median age: 37

Source: 2016 Census and NSW Dept of Planning & Environment

Ulan Coal is one of the state's leading exporters of thermal coal and employs 931 people, including ancillary contractors.

In addition to underground and open-cut mining activities, Ulan Coal has a coal handling and preparation plant; surface coal conveyors; coal stockpiles; a rail loadout facility; administration buildings; coal exploration, underground and open cut mining surface infrastructure; several underground access points and the Bobadeen Irrigation Scheme.

Under the Bobadeen Irrigation Scheme, surplus mine water is used to irrigate 242ha of pastures.

## Moolarben Coal

Yancoal's Moolarben Coal Complex consists of four open cut and three underground mines. These operations have approval to continue mining until 31 December 2038. Moolarben Coal employs 500 people.

## Wilpinjong

Peabody's Wilpinjong mine sold 14.1 million tons of coal in 2016 (up from 8.9Mt in 2011), contributing \$610 million to the local economy. The mine currently employs 455 workers and is expected to remain operational until 2033.

Another large-scale coal mine mooted for the region has not proceeded.

The proposed Cobbora Coal project was originally owned by the NSW Government. In 2015, the Government decided not to proceed with the project and the land is now being sold as agricultural land.

## Infrastructure

The Mudgee Airport has a commercial passenger service operating regularly between Mudgee and Sydney. The town has freight rail services, as well as interstate and local bus/coach services for passengers.

Mudgee has a hospitality sector with many bed & breakfast establishments, cafés and restaurants supporting the wine community.

The Glen Willow Regional Sports Stadium was completed in 2012. The 10,000 capacity stadium was designed to attract winter tournaments from Sydney. There are 10 playing and practice fields beside the main stadium.

Mudgee has two primary schools, a high school and St Matthews Catholic School. Mudgee College offers TAFE courses.

## HOME OWNERSHIP

30% own their home

32% pay a mortgage

35% rent.

Source: 2016 Census

## Property Profile

The Mudgee real estate market is poised for strong growth, boosted by a diversified local economy and spending on major infrastructure.

The Mudgee market boomed when the coal industry was pumping, then went into a slump period from 2013–2016, during which time vacancies hit a peak of 9% on several occasions.

However, vacancies have been falling since the beginning of 2017, dropping below 3% for five consecutive months, according to SQM Research

This has resulted in a much stronger market. At present, the vacancy rate in Mudgee is 1.8%.

As home-owners become priced out of Sydney, regional areas like Mudgee become a drawcard because of affordability.

Median weekly earnings in Mudgee are within 85% of those in Sydney, so there is capacity for buyers to relocate to more affluent dwellings when they become available.

The tree-change lifestyle is also attractive to city dwellers because they can afford to buy a house on acreage in Mudgee.

In 2016, McGrath Central Tablelands sales manager Adam Woods reported that tree-changers represented 10–15% of the Mudgee market.

Woods noted that while the Mudgee market slowed down after 2013, when global resource prices fuelled uncertainty around some mining projects, approvals for the expansion of existing mines and the proposed development of new mines has since boosted the confidence of home-buyers and investors.

The Mid-Western Council is planning for more population growth and released eight new residential development sites from 2013–2016.

A report by Manidis Roberts suggests the Mudgee region will need 5,000 more homes by 2021.

CoreLogic data shows Mudgee’s median house price is \$377,000 based on 308 annual sales. When compared to expensive Sydney homes, properties in

Mudgee offer an opportunity for less affluent people to buy into the housing market.

Yields are strong in the Mudgee region. The median house rent is \$350 per week and the median yield for houses is close to 5%.

The property market in Mudgee can be summarised as:

	Sales Houses	Median Houses	Past 12mths	Growth Average	Median Yield
Houses	308	\$377,000	-1 %	3 %	4.8 %
Units	26	\$275,000	2 %	1 %	5.7 %

Source: CoreLogic. “No. of sales” is the number of sales over 12mths.  
“Growth average” is the average annual growth in median house prices over 10 years. Snr: statistically not reliable.

Future Prospects

Mudgee has moved beyond a mining town into a regional centre which had a major economic boost from coal projects for a while. Now it’s regaining some footage from the mining downturn and looking solid into the future.

Population growth will have a strong influence on Mudgee’s future.

The NSW Department of Planning and Environment projects Mudgee’s population will increase by nearly 3,000 people between 2011 and 2031 to around 13,500 people in the town centre.

These projections appear rather conservative (as government forecasts often are) and a report by national consultancy group Manidis Roberts predicts the Mudgee region will need 5,000 more homes by 2021.

In catering for this, a new hospital is to be built and land is being freed up for residential development.

A \$1 billion master-planned community is under construction. Caerleon Estate will eventually offer 1,600 dwellings, a town centre, shopping village and medical centre.

Following a three year hiatus, the mining industry is also gathering strength again.

Resources Projects

Glencore has approval to expand the Ulan Mine Complex, which includes two underground and an open cut coal mine. The expansion will allow for 20Mtpa of coal to be produced for the next 21 years.

CORE INFLUENCES

Infrastructure Spending

Lifestyle Features

Boom Towns

Bowdens Silver, the largest undeveloped silver project in Australia and one of the largest globally. Located near the village of Lue, the mining tenements cover 1,654km².

Silver Mines bought Bowdens Silver in 2016 and is currently is undertaking a feasibility study which is expected to be finalised in early 2018. The total resource base is 88 million tonnes containing 182 million ounces of silver.

As with any agricultural heartland impacted by mining, there is extensive community debate around mining issues in the Mudgee region.

Explorations at Mt Penny, owned by Cascade Coal, have indicated the proposed mine has 95.3Mt of measured resource and 22.3Mt of indicated resource. However, the exploration licences were cancelled by the NSW Government in 2013 following adverse findings by the Independent Commission Against Corruption (ICAC).



The proposed \$1.5 billion Bylong Coal Project consists of two open cut mines and one underground mine, with a project life of 25 years. Opposition within the Mudgee community saw the project being reviewed by the Planning Assessment Commission (PAC).

In its findings in July 2017, PAC stated it had doubts about the benefits and impacts of the coal mine. PAC further acknowledged, amongst other issues, the need to maintain the agricultural value and heritage of the region.

## Solar and Wind Farms

As Australia shifts towards cleaner energy, solar and wind farms are gaining in popularity.

One project to be located in the Mid-Western Shire is the Liverpool Range wind farm, touted as being the largest wind farm in New South Wales. It will be located across three shires with wind turbines located in the Warrumbungle and Upper Hunter Shires, between the townships of Coolah

and Cassilis, approximately 90–110km north, north-east of Mudgee. The transmission line connections will be in the Mid-Western LGA region.

The \$1.3 billion proposal for 272 wind turbines and infrastructure is undergoing environmental assessment following public feedback.

## Agri-business

The innovative nature of farms and farming techniques in the Mudgee region are strongly evident.

This include the local solar power industry, which provides applications to both residential and agricultural activities, such as solar-based irrigation capabilities.

Mudgee has a Centre for Excellence where new farmers are trained in traditional techniques as well as modern practices. Mudgee caters for thousands of farmers and students each year for weekend workshops and structured study.

## Major projects currently impacting the region are:

### INFRASTRUCTURE – TRANSPORT

Project	Value	Status	Impact
Wollar Road project	\$15 million 17km of unsealed road will be upgraded	Approved The NSW Govt will chip in \$14mil, the Mid-Western Council - \$1mil	

### INFRASTRUCTURE – HEALTH AND MEDICAL FACILITIES

Project	Value	Status	Impact
Mudgee Hospital redevelopment	\$70 million Upgrade of the existing facilities	Proposed The NSW Govt will contribute \$60mil	Will establish Mudgee Hospital as the health hub for the Mid-Western Region.

### RESIDENTIAL DEVELOPMENTS

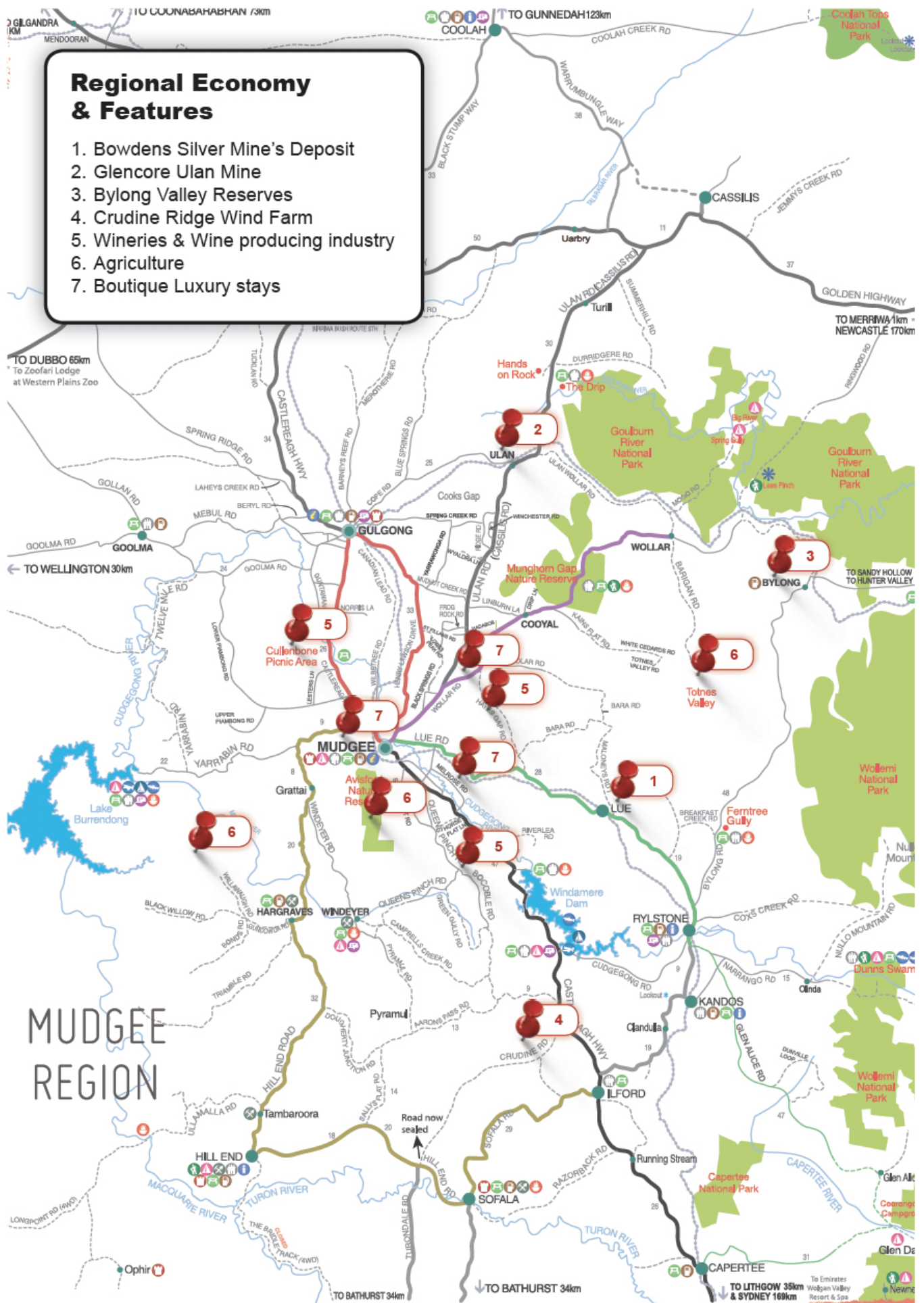
Project	Value	Status	Impact
Caerleon Estate Davis Stack	\$1 billion 1,600 dwellings, town centre, shopping village and medical centre	Under construction	Will have house and land packages over 800m <sup>2</sup> . Will allow Mudgee to meet projected growth demand.

## RESOURCES AND ENERGY

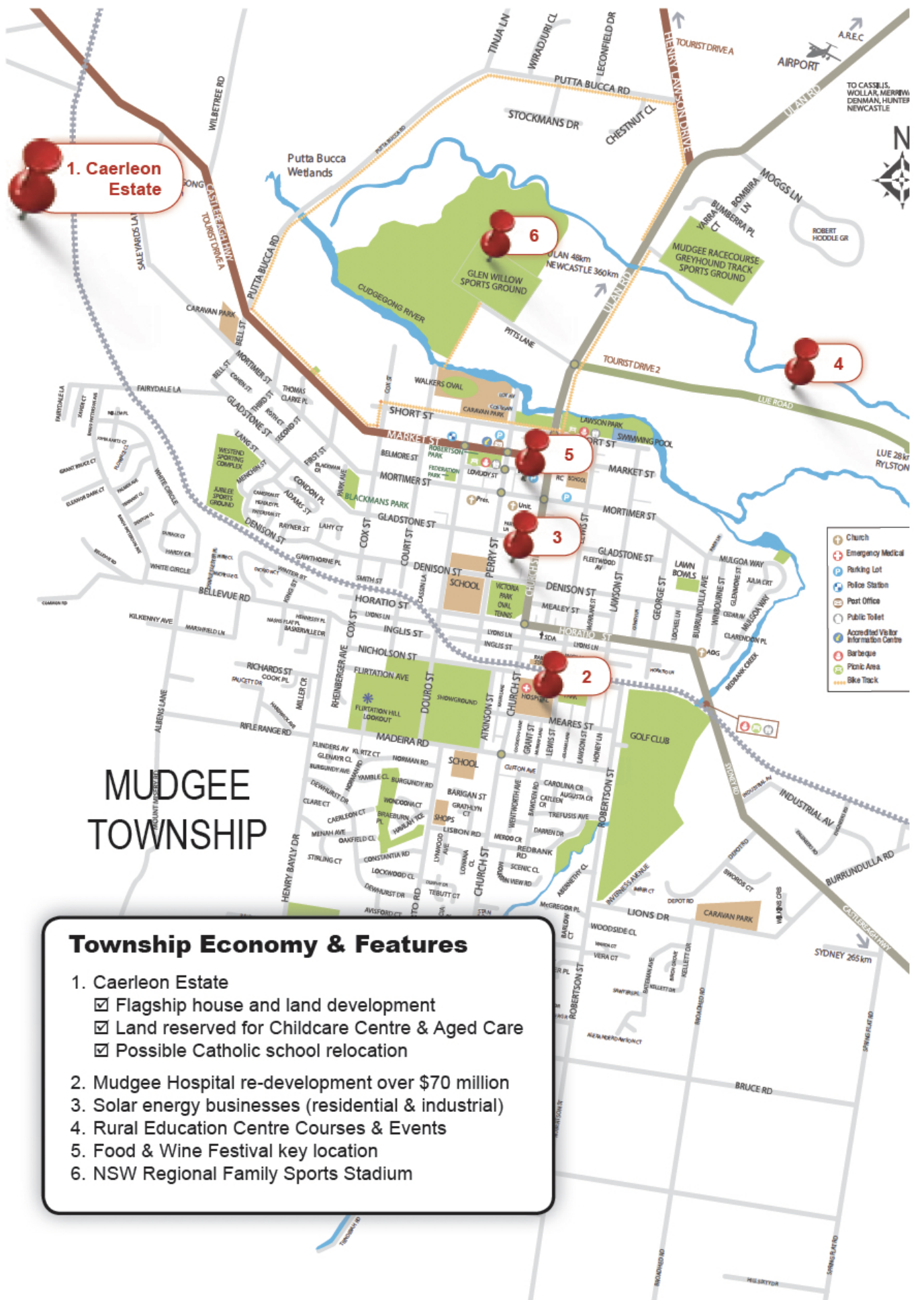
Project	Value	Status	Impact
Ulan Mine Complex expansion Glencore	TBA	Approved	The mine will produce 20Mtpa of coal until 2030
Bowdens Silver project Silver Mines	TBA	Proposed Undergoing a feasibility study due for release in early 2018	Largest silver project in Australia
Crudine Ridge wind farm CWP	TBA 37 wind turbines	Approved Construction could begin in late 2017	
Uungula wind farm CWP	TBA 249 wind turbines	Proposed	
Beryl Solar Farm First Solar	TBA 230,000 panels	Proposed Planning is on tract to be finalised by the end of 2017	Would provide energy to power 25,000 homes
Liverpool Range Wind Farm Epuron	\$1.3 billion 272 turbines	Proposed	Jobs 829 construction 78 operational. Would provide energy for 340,000 homes

## Regional Economy & Features

1. Bowdens Silver Mine's Deposit
2. Glencore Ulan Mine
3. Bylong Valley Reserves
4. Crudine Ridge Wind Farm
5. Wineries & Wine producing industry
6. Agriculture
7. Boutique Luxury stays







## 1. Caerleon Estate

### 1. Caerleon Estate

- ☑ Flagship house and land development
- ☑ Land reserved for Childcare Centre & Aged Care
- ☑ Possible Catholic school relocation

2. Mudgee Hospital re-development over \$70 million
3. Solar energy businesses (residential & industrial)
4. Rural Education Centre Courses & Events
5. Food & Wine Festival key location
6. NSW Regional Family Sports Stadium