

# The Australian

## Property

### Mackay, part of the MacKay-Whitsunday region, is the jewel in king coal's crown

- by: **HOT SPOTTING:** Terry Ryder
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Mackay is at the centre of Queensland's coal boom Picture: Mark Calleja

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**THE explosion of the coalmining industry is one of the more peculiar trends of this year.**

While the expansion of gas and iron ore projects has been gaining the headlines, coal has been growing apace.

It's peculiar because it's the polar opposite of what we're told to expect in a carbon-tax world.

Coal companies are behaving as if the tax is the greatest boost the industry could imagine.

It's peculiar because the tax is meant to facilitate a cleaner energy future and coal is as dirty as energy sources get.

In terms of infrastructure, there are few growth industries more prolific than export facilities for coalminers.

The port of Newcastle keeps adding to its facilities in billion-dollar chunks and coalminers keep asking for more.

A \$5 billion expansion is planned for the port of Gladstone and it has nothing to do with the new coal-seam gas to liquefied natural gas industry; it's all about demand from coalminers.

Further north, Mackay and Bowen have big coal export facilities that are undergoing exponential growth.

Existing facilities are being expanded while major new ones are in planning.

This is creating multiple real estate hotspots. One that particularly stands out is Mackay, in central Queensland.

Mackay, which experienced many years of strong growth during the pre-global financial crisis resources boom, is starting to feel the impact of the new growth in the mining sector.

The city's proximity to the established Bowen Basin mining province, the emerging Galilee Basin and export facilities make it an obvious beneficiary of prosperity in the coal sector.

Mackay, with a population of 90,000, is nearly 1000km north of Brisbane. It is part of the Mackay-Whitsunday region, which has a population of about 180,000 projected to rise to 280,000 by 2031.

The region will require another 51,000 dwellings based on those forecasts. Two-thirds of the new residents will live in Mackay, according to the state government's draft regional plan 2011-31.

Mining, sugar and tourism are the mainstays of the local economy.

Mackay is often referred to as the sugar capital of Australia but it is also the gateway to the Bowen Basin coalmining region, which contains our single largest coal reserve.

The area has more than 30 mines, which produce 80 per cent of Queensland's coal output.

Mackay has become the location of choice for many companies that provide services to the coalmining industry. Global enterprises that have established facilities in the area include Caterpillar and Worley Parsons.

Mackay also has a tourism industry, with its proximity to the Whitsundays, the Great Barrier Reef and Eungella National Park.

About 750,000 domestic and international visitors come to the region in a typical year.

The region's future looks busy, with new projects valued at \$81bn, according to the latest regional development register from the Regional Economic Development Corporation.

The report reveals a 36 per cent increase in investment in the Mackay-Whitsunday region from last December to June. Largely this reflects growth in the mining sector and strong population growth, with the region growing at double the national rate.

An example of the major investment is the venture announced by India's Adani Enterprises. This is a \$10bn scheme to control every stage of its coal export business from mine to port.

It includes a \$3bn railway network to haul coal from the Galilee Basin to two ports, one at Bowen, and another one that it will build at Dudgeon Point near Mackay.

The Dudgeon Point project will incorporate two or three new coal terminals and join Dalrymple Bay Coal Terminal and Hay Point Coal Terminal to the south, to service the mines of central Queensland.

The general manager for planning at North Queensland Bulk Ports Corporation at Hay Point, Bob Brunner, says the expansion will allow the port precinct to remain one of the largest in the world.

The expanded port will export up to 300 million tonnes a year.

The boom is not all about spending on the resources sector. A \$410 million re-development of Mackay Base Hospital is under way, and plenty of money is being spent on road infrastructure in and around Mackay.

The Mackay property market experienced a significant upturn from 2003 to 2007, with four consecutive years of double-digit growth and a major peak above 30 per cent in 2005-06.

The past three years have been more subdued, recording only minor growth, but Mackay appears to have avoided a price decline. And it is primed for a new growth surge.

Long-term, all the suburbs that make up the Mackay market have double-digit growth rates (the average annual rise in median house prices), with most of them in the 11-13 per cent range.

Of the various suburbs that make up the Mackay area market, none has a median house price below \$350,000.

However, apartments can be picked up in the mid-\$200,000s.

Terry Ryder is the founder of [hotspotting.com.au](http://hotspotting.com.au)

**[ryder@hotspotting.com.au](mailto:ryder@hotspotting.com.au)** (*mailto:ryder@hotspotting.com.au*)

[twitter.com/hotspotting](http://twitter.com/hotspotting)

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