



**Barunga West
Council**

**Land Supply
and Demand
Analysis**

**Port Broughton and
Fisherman Bay**

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LAND SUPPLY AND DEMAND ANALYSIS

1. Executive summary

This report analyses the current and future dynamics of residential and industrial land in the Port Broughton and Fisherman Bay areas in the Barunga West Council district by interpreting data from various reliable sources, including Council data, the Australian Bureau of Statistics, Plan SA, and local real estate trends.

Key findings:

- *Population growth and housing demand:* The region is experiencing stable population growth with the recent achievement of a 2.5% increase in rate payers, accounting for 69 additional properties, underscoring a robust and escalating demand for land in Barunga West Council. This surge aligns with Council's revised growth projections of creating over 335 new allotments over the next five years to help the Yorke Peninsula region meet its National Cabinet's Housing target.
- *Economic significance:* The Gross Regional Product of \$172m in 2021/22 and a diverse employment landscape underscore the economic importance of the area. The strong economic growth in agriculture, fishing, and tourism, plus the proximity to significant industrial developments, such as the Nyrstar's Port Pirie smelter and the upcoming green hydrogen project, positions Port Broughton ideally for future growth.
- *Investment potential:* Port Broughton and Fisherman Bay are identified as key coastal areas for investment, given their central roles in the region's housing market. The recent investment in essential infrastructure, the Fisherman Bay Freehold project and the low average household size in both towns suggest a unique market with potential for growth and development.

Importance of continued investment:

- The strategic investment in Port Broughton and Fisherman Bay is crucial for several reasons. Firstly, it aligns with the broader national goals of housing and infrastructure development. Secondly, it capitalises on the economic growth driven by strong agriculture, aged care, recreational fishing and tourism. Finally, it addresses the pressing need for housing considering the projected population growth, making the region more attractive for new residents and investors alike.

2. Introduction

Background information

The Barunga West Council area is situated in the Yorke and Mid North Region of South Australia, encompassing approximately 1,600 square kilometres. It is bordered by several regional councils and the Spencer Gulf.

Established in the 1850s, the area has a rich European and Indigenous history. The name 'Barunga' originates from the Aboriginal word meaning "a place for meat". Originally inhabited by the Nharangga Aboriginal people, the region has significant indigenous history.

As of June 2022, the Estimated Resident Population was 2,673. The region shows a diverse age structure with a stable population trend in recent years.

Encompassing various localities like Alford, Bute, Clements Gap (part), Fisherman Bay, Kulpara, Melton, Mundoora (part), Ninnes, Paskeville (part), Port Broughton, South Hummocks

(part), Thomas Plain, Tickera (part), Ward Hill, Willamulka (part) and Wokurna (part), the Barunga West Council area is mainly rural. Port Broughton stands as its central township with Fisherman Bay being the second largest township in the local government area.

In 2021/22, the Gross Regional Product was \$172m, showing the economic significance of the region.

There were 729 jobs in 2022, with a noted change in employment patterns over recent years. The unemployment rate was 4.3% in the 2023 June quarter. Predominantly rural, the area is used for grain growing, mixed farming, and is a hub for fishing and tourism, all contributing significantly to the local economy.

Objective of the report

This report provides an analysis of both residential and industrial land demand in the Port Broughton and Fisherman Bay areas.

It evaluates market trends, forecasts future demands, and assesses the capacity of the region to meet these needs effectively considering population growth.

The objective is to offer valuable insights for policymakers, developers, and investors, enabling informed decision-making in relation to the sustainable development and strategic planning of the Port Broughton area.

Methodology used for data collection and analysis.

The review has relied on the following sources and data:

- Australian Bureau of Statistics (ABS) to provide information about the area's population and dwelling growth/approval.
- Plan SA population projections
- Real estate data including land sales and price trends.

Council data identifying:

- Existing zoned land and residential subdivisions
- Residential land that is development ready and/or on the market
- Residential zone land undeveloped, and anticipated timelines to get this land to the market and the yield.

3. Current state of land

FISHERMAN BAY

Fisherman Bay, a vital part of the Barunga West district, stands as the second-largest town in dwelling numbers, trailing only behind Port Broughton. Located 5.6 kilometres or a 7-minute drive from Port Broughton, it relies heavily on the latter for various services and the provision of industrial land. This town features approximately 392 dwellings and 11 vacant allotments, painting a picture of a tight knit residential community.

Recent developments and market dynamics

The completion of the Fisherman Bay Freehold project by March 2024 is expected to significantly drive redevelopment and investment, reshaping the town's residential landscape.

Demographic insights

The average household size in Fisherman Bay is notably lower than the national average, at 1.5 persons per household compared to 2.5. This could indicate a higher proportion of single-person households or smaller family units, which may influence the types of housing and services needed in the area.

Real estate trends

The current real estate market in Fisherman Bay shows limited availability but notable interest:

- Sales: In the past year, 71 properties were sold (including those in the Fisherman Bay freehold project), with an average time of 86 days on the market. This suggests an active market with a healthy level of buyer interest, indicated by 125 potential buyers.
- Rentals: Remarkably, the rental yield stands at 22.6% reflecting a very tight rental market, with no houses available in the past month and only four leased in the last year, staying on the market for an average of 9 days.

PORT BROUGHTON

Port Broughton, the largest town in the district, comprises 784 dwellings, mostly occupied by full-time residents. This presents a contrast to Fisherman Bay in terms of scale and residential occupancy. Port Broughton also consist of a business district with small business and retail services, plus an area zoned for industrial purposes.

Recent developments and market dynamics

In the past five years, the Duxton Pubs Group has acquired several local businesses and properties, including the Port Broughton Hotel, Sunnyside Motel, and a key vacant allotment, all in the process of upgrades and development. In 2024 Council is also delivering a \$1 million civic square upgrade with a major water play feature in Port Broughton's main street. Additionally, the Gday Group's multimillion-dollar upgrade of the Port Broughton Tourist Park, featuring new cabins and a waterpark, is boosting tourism and attracting a new demographic to the area.

Demographic insights

The average household size in Port Broughton is lower than the national average, at 2 persons per household compared to 2.5. This could indicate a higher proportion of single-person households or smaller family units, which may influence the types of housing and services needed in the area.

Industrial land usage

Whilst Port Broughton has vacant land zoned for industrial uses, it is employed for cropping purposes. This highlights a potential area for future industrial development, aligning with the region's economic strategies.

Real estate trends

In terms of real estate dynamics:

- Sales: There were ten blocks of land and four houses for sale at the time of this report, with 33 houses sold in the past 12 months. Houses stay on the market for an average of 38 days, indicating a brisk and efficient market. The interest from 217 buyers suggests a robust demand for housing in the area.
- Rentals: The rental market in Port Broughton appears more active than in Fisherman Bay. With one house available for rent in the past month, 19 leased in the past year,

and an average time on market of 22 days, it reflects a healthy rental market with a rental yield of 5.7%.

- Commercial: over the past five years there has been several businesses and/or properties sold including the Port Broughton Hotel, The Sunnyside Motel and a large vacant allotment in Port Broughton's main street.

4. Demand analysis

This section presents a comprehensive analysis of housing demand in the region, underscored by robust population growth projections and the Barunga West Council's strategic initiatives, which collectively present a compelling case for state government support.

Population Growth Projections and Housing Demand

- Yorke Peninsula: The State Government's 2041 projection, based on the latest Census data (excluding Government's ambitious migration settings) predicts a rise in population from 36,879 in 2021 to 43,344, marking an average annual growth rate of 0.88%. Currently at 2,619 residents, and based on standard population projections, which do not account for any government initiatives or ambitious policies to increase migration, a minimal growth rate requiring an estimated 9 new dwellings annually over the next 18 years is expected.
- The recent achievement of a 2.5% increase in new properties, accounting for 69 additional ratepayers, underscores a robust and escalating demand for land in Barunga West Council. This surge aligns with a revised growth projection, suggesting that Barunga West's population growth rate is closer to 20% of Yorke Peninsula's overall annual expansion target, rather than the previously assumed 7%. This upward revision in the growth rate, coupled with the tangible evidence of Council's recent housing development successes, solidly positions Barunga West Council to exceed expectations in meeting, and potentially surpassing, regional housing demands.
- National housing target: Barunga West Council is committed to supporting national objectives, contributing a minimum of 67 properties annually to the Yorke Peninsula's target of 335 homes per year, as part of the National Cabinet's goal to create 1.2 million well-located homes in five years from July 2024."

Employment and industrial development projections

Port Broughton, strategically situated within 60 kilometres of Nyrstar's Port Pirie smelter, stands at the cusp of significant industrial evolution. This proximity positions it ideally for businesses aiming to capitalise on the industrial redevelopments in the area.

Central to these developments is Nyrstar's ambitious project at the Port Pirie smelter. With an investment of approximately A\$514 million, the project's objective is to upgrade the smelter into a cutting-edge facility for metals recovery and refining. This transformation not only represents a leap in industrial capabilities but also aligns with contemporary trends in sustainability and advanced manufacturing.

In tandem with the smelter's redevelopment, Port Pirie is also poised to host a pioneering green hydrogen project. Budgeted at around AU\$750 million, this initiative aims to seamlessly integrate with Nyrstar's enhanced smelter operations. The project is more than just an expansion; it's envisaged as the foundation of a new green hydrogen hub in the region. This venture is expected to yield substantial benefits for local businesses by fostering a new

industry ecosystem, while simultaneously contributing to the broader goals of transport and industrial decarbonization.

In addition, AGL is delivering the Barn Hill Wind Farm and Battery Project located approximately 4.5 km to the south-west of the township of Redhill, South Australia. The wind farm will be located across the hilltops between the Snowtown Wind Farm and the Clements Gap Wind Farm and will encompass up to 58 wind turbines (6.1 to 7.2 MW each).

Collectively, these developments underscore a robust commitment to industrial growth and ecological responsibility in the region. They signal a transformative phase for the region, one that dovetails with the global shift towards renewable energy and a greener economy, offering numerous opportunities for business growth and employment.

Recent achievements and favourable conditions for Barunga West Council

- Impressive growth in new ratepayers (2022/23): A remarkable 2.5% growth, representing 69 new properties, highlights a burgeoning demand for housing.
- Attractive residential rates and rapid approvals: The Council boasts the lowest residential and industrial council rates in the region and offers expedited home approvals within 17 business days.
- Incentives for homeowners: A \$500 annual rate rebate for first-time homeowners enhances the area's appeal.
- Significant infrastructure investment: The Council's investment in wastewater infrastructure expansion is set to support 200 new ratepayers in the short-term, with fees set to enable further expansion for wastewater infrastructure in the longer-term.
- A progressive Council welcoming new business to the region.

Alignment with national housing targets

- National Cabinet's target: The goal is to create 1.2 million well-located homes over five years starting from July 2024.
- Yorke Peninsula's contribution: Approximately 335 homes per year, as per Urban Taskforce's breakdown, confirming the area's significant role in meeting these targets.
- Barunga West Council's projected contribution: An estimated 67 homes or more per year, reinforcing its commitment to support national objectives.

Demonstrated capacity to meet and exceed targets

- Robust development activity: In 2022/23 alone, the Council processed 110 development applications, including 63 new properties and 26 new dwellings.
- Unique positioning: Given the low council rates, fast approvals, rebates, and infrastructure investment, the Council is well-placed to not only meet but exceed estimated growth targets.

5. Supply analysis

Housing

Before the recent large-scale rezoning initiatives of the Malinauskas Government, there have been little efforts and developments in land rezoning, in regional SA.

The Urban Development Institute of Australia's State of the Land 2023 Report highlighted an ongoing lack of new housing supply across Australia. This report indicated a supply shortage in the housing market that has been building up over the last 15 years. It also noted that

South Australia's share of total national land sales since 2009 averaged 6%, indicating a relatively small but growing role in the national housing market.

In particular this has been the case for Barunga West Council with no land rezoning occurring in this 15- year period.

It is important to acknowledge the complexities surrounding land use and zoning within the Barunga West Council area, especially in Port Broughton. Whilst a portion of land was appropriately zoned for residential development, a significant amount of this land was historically utilized for primary production activities. This usage significantly influenced the council rates; in most instances, rates were determined based on the land's use rather than its zoning, resulting in lower rates for primary production activities compared to residential uses.

Furthermore, a key factor impacting land development has been the cost and duration associated with rezoning rural land for residential purposes. In this context, the current Malinauskas Government's approach has been noteworthy. Their willingness to consider streamlining the Code Amendment process, while upholding the integrity of the rezoning procedure, has been a crucial development. This refined approach is proving to be a valuable aid in accelerating land development processes.

Previously, the protracted rezoning process often led to missed opportunities within our region. Potential developers, facing delays, were inclined to explore other council areas where land was more readily available for development. Recognizing these challenges, Council is now strategically positioned to capitalize on the evolving government policies and procedures, ensuring that the region remains an attractive prospect for developers and investors alike.

South Australia underwent a significant modernisation of its planning system over the last few years, with the biggest reforms in 20 years being implemented. This involved the introduction of the Planning and Design Code, which replaced all council development plans with a single planning scheme. The implementation occurred in three phases, starting with the outback areas in July 2019, rural areas with small towns in July 2020, and urban areas in March 2021.

Industrial

Trends in industrial land values Australia have seen a significant increase, attributed to a lack of suitably zoned sites and rising demand driven by the ecommerce boom. This is indicative of a general trend where industrial land, especially in prime locations, is becoming scarce and more valuable. There has been little industrial land for development in Port Broughton over the past decade.

Undeveloped or underdeveloped areas

Barunga West Council has reviewed its residential and employment zoned land and have identified the following undeveloped or underdeveloped areas:

- Rural land north of Port Broughton and south of Fisherman Bay
- Undeveloped residential land adjacent Grace Harwar Drive, Port Broughton
- Undeveloped residential land adjacent Casey Road, Port Broughton
- Undeveloped employment zone land adjacent Hornby Road, Port Broughton.

Council has implemented the following actions, to address the constraints and challenges of developing this land for residential and employment purchases:

- Initiated a process to rezone a portion of land near Fisherman Bay which is unimpeded by environmental and development challenges to allow up to 266 allotments
- Approved a private subdivision for the land adjacent to Casey Road, Port Broughton to allow for an initial 6 allotments and a total of 30 allotments
- Purchased the residential land adjacent Grace Harwar Drive to develop and sell up to 20 allotments
- Purchased 3.34 hectares of employment zone land adjacent to Hornby Road, Port Broughton to develop and sell 5 allotments.

6. Market trends and future projections

The real estate market in South Australia and its coastal areas close to Adelaide is facing a dynamic situation in 2024 and beyond, influenced by population growth, housing demand, and economic factors.

Population growth, particularly in areas north of Adelaide, is expected to continue to drive housing demand.

This growth is largely due to Adelaide's geographical constraints, with natural barriers limiting large-scale development in areas other than northern Adelaide. Local government areas such as Copper Coast, Yorke Peninsula and Barunga West Councils could see the greatest population increase, potentially leading to higher house prices due to rising demand and constrained land availability.

In 2023, the demand for rental accommodation in South Australia significantly outstripped the supply. This trend is expected to continue, making the market conditions tighter.

Latest figures show South Australia has the lowest vacancy rate in the country, sitting at just 0.65 per cent in both Adelaide and regional SA.

The critical shortage of rental properties means that landlords can demand more rent, making housing affordability more challenging.

7. Summary of findings

- *Population and Demand Growth:* The Barunga West Council area, part of the Yorke Peninsula, is projected to experience steady population growth, requiring development-ready residential land. This growth, coupled with significant industrial developments, including the Nyrstar Port Pirie smelter and green hydrogen project, positions the area for substantial economic and residential expansion.
- *Housing Supply Challenges:* Despite recent rezoning initiatives, the region has faced a longstanding shortage in housing supply, a trend mirrored across South Australia. The introduction of the Planning and Design Code, and the proactive measures of Council, represents a significant shift towards addressing these challenges.
- *Industrial Land Dynamics:* Industrial land values are increasing, primarily due to a shortage of suitably zoned sites and a surge in demand, particularly driven by the ecommerce sector.

- *Rental Market Tightness*: The demand for rental properties significantly exceeds the supply, leading to one of the lowest vacancy rates in the country and increasing rent demands, thereby impacting housing affordability.
- *Council actions*: Planned developments, including the proposed 266 allotments at Fisherman Bay, will be absorbed within an estimated 5-10 year period. This forecast underscores the necessity for the Council to continue its forward-thinking approach in planning and developing areas to meet the growing housing demand effectively and industrial needs.

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