

MARVELLOUS MERIMBULA

By BERNARD SALT

Partner with KPMG and author of The Big Shift.



In the final years of the 20th century residential property values along the coast within striking distance of capital cities surged after the best part of a decade of hibernation. And the south coast of New South Wales was no different to other places along Australia's eastern seaboard.

Residential property values in the coastal township of Gerringong, 2 hours south of Sydney, exceeded 10 per cent every year between 1997 and 2004, according to the property research group Residex. Further south the township of Ulladulla, about 3 hours from Sydney, was slower off the mark. Residex data shows that residential property values in Ulladulla did not increase to an annual rate that exceeded 10 per cent until 2002.

BOOMERS SURGE SOUTH

The surge in residential property values trickled down the south coast, and most likely up the north coast, from its source in Sydney. But why? What was driving this big shift? And what might all of this mean for residential property investment in Merimbula?

At the close of the 20th century baby boomers born over the 15 years to 1961 were aged between 40 and 54. Census data shows that the average Australian reaches their peak income-earning capacity at the age of 48. This means that by 2001 about one-half of the baby boom generation was tipping beyond the peak income-earning time in life, into what they began describing as their 'seachange' stage of the lifecycle.

And so it was that this nation's 4.1 million baby boomers began spilling out of the capital cities to embrace lifestyle residential property up and down the coast.

There was a simultaneous spillage of boomers out of Sydney and Melbourne in 2001 in search of cute weekenders and lifestyle retreats.

The weekend market was quickly absorbed and fully priced by the market. This was evident in the median price movement in places like Gerringong from the late 1990s. But this boomer spillage into the lifestyle stage of the lifecycle did not end there. It seemed to trickle down the coast. Ulladulla and Mollmook are further removed from Sydney and so were much later targeted by Sydneysiders in search of the seaside retreat.

But this of course brings us to Merimbula. Here is a town located 5 hours drive from Sydney, 2 hours from Canberra and 7 from Melbourne. Here is a town that is nestled in the foothills of the Great Dividing Range and with a Pacific Ocean (as opposed to a Bass Strait) frontage. Here is a town that is linked to Sydney and Melbourne by air and which is the preferred warm-coast destination for holidaying Victorians heading north.

Merimbula is a town of 4,800 permanent resident growing at an annual rate of 5 per cent and which in summer accommodates in excess of 25,000. Here is a town that punches above its weight in terms of the range and breadth of local services on offer.

DESTINATION MERIMBULA

Property value growth in this town flat-lined during 1997 when Gerringong surged. There was some upward movement in Merimbula property values in 2002 when Ulladulla kicked off. By 2004 the median property value in Merimbula had surged 10 per cent.

The seachanging baby boomers spilling out of Sydney, Canberra and Melbourne initially competed up the value of lifestyle residential property closer to these cities. More recently, however, the surge in values for beachside residential property appears to have embraced Merimbula over 2003 and into 2004.

The completion of the Coast development by the Carrington group will deliver 80 stylish apartments into the Merimbula market in 2005. The asking price for these apartments ranges between \$500,000 and \$1.2 million. These sales will lift the median residential property value in Merimbula. The market for these properties will comprise a mix of urban escapees. These will include seachanging baby boomers looking for a slower lifestyle in a stylish apartment in a cute coastal town.

Other groups likely to form the target market for Coast product will include successful urban Generation Xers looking for a weekend retreat. Metropolitan retirees will also find that the location and design of Coast appeals to their urban and environmentalist values.

COMPOSITION MERIMBULA

Merimbula is a rich town by south coast standards. The average income per person in Merimbula at the time of the 2001 census was 12 per cent below the national average. However this average across another 25 towns on the south coast was the 21 per cent below the national average.

Merimbula has made its mark as a retirement and holiday destination for the well-to-do, but not wealthy, middle classes of Sydney, Melbourne and Canberra. Some 34 per cent of the permanent population of Merimbula was aged 60- or 70-something in 2001 as compared with 13 per cent for Australia as a whole.

Merimbula is dominated by single-person and couple-only households. These two household types account for 66 per cent of all Merimbula households. At the national level this proportion is 46 per cent. Most of these households are comprised of older retirees: some 9 per cent of the Merimbula community is widowed as compared with a national average of 6 per cent.

Some 22 per cent of Merimbula dwellings were unoccupied on census night (Wednesday 7 August 2001); for Australia as a whole this proportion was 9 per cent. Although in Sussex Inlet-Berrara this proportion was 50 per cent.

The dominant occupation in Merimbula, according to the census, was 'associate professional' which accounted for 21 per cent of all jobs. This occupation claims 11 per cent of all jobs across Australia. Associate professionals in Merimbula would include the managers of cafes, restaurants, hotels and motels. Most people who live in Merimbula work in either of the retail (including cafes and restaurants) or accommodation sectors, which account for 36 per cent of all jobs. The national proportion for these jobs is just 20 per cent.

The Merimbula community is unique not just in its demographic composition but also in its consumer spending. Based on a combination of data sourced from the Australian Bureau of Statistics, it is evident that in comparison with other communities on the south coast, Merimbulans spend up big on manchester, hardware & garden, restaurants, gambling, and liquor for consumption on licensed premises.

This profile reflects a relatively wealthy retired community with access to leisure facilities such as pubs, clubs and restaurants. Merimbula residents spend almost 20 per cent more than the Australian average on manchester. This spending pattern is likely to reflect the need for replacement linen in holiday accommodation.

THE NEW MERIMBULANS?

The profile of the existing community shows who now lives in both Merimbula and in the broader shire of Bega Valley. However by extracting data from the 2001 census on the basis of new arrivals, it is possible to see whether the predominantly retiree and holidaymaker composition of the region is changing.

Between the 1996 and 2001 censuses, those aged 20- and 30-something, accounted for 29 per cent of all new residents to the shire of Bega Valley. The existing age profile for Merimbula is clearly skewed towards the elderly (aged 60-79 years) as it is for the shire as a whole. However even by the late 1990s there was clearly a move into this region by young adults forming households and possibly also running businesses in the community.

These in-shifters to the shire can be distinguished by the fact that many were divorced (11 per cent as compared with a national average of 8 per cent), and were either unemployed (14 per cent) or otherwise engaged as a professional/associate professional (eg restaurant manager/ owner). These people were moving to Merimbula and the shire of Bega for a lifestyle that could not be attained elsewhere.

The aged profile of the Merimbula community is changing. It may well have been an exclusive destination for retirees in times past. However from the late 1990s it is evident that younger communities began moving to the south coast.

This is an important cultural shift for Merimbula, and indeed for the south coast, if this area is to truly develop as a lifestyle destination for city-based baby boomers and others. Neither boomers nor Generation Xers particularly want to be ensconced within a coastal town, no matter how cute, that is dominated by pre-boomer retirees.

The movement of youthful in-shifters to this region in the late 1990s is likely to have accelerated in the years following the last census. The up-shift in property prices in Merimbula in 2003 and 2004 suggest that this community is rapidly changing. Out with the singular dominance of retirees and holidaymakers; in with a more articulated community comprised of a range of demographic, cultural and age groups.

THE COAST'S ROLE

Merimbula never was and never will be a place for weekenders. Or at least not for commuters from Sydney and Melbourne. Merimbula is a place for permanent residents or for residents who are permanent for part of the year.

In today's world an increasing number of workers manoeuvre their work commitments around their lifestyle choices. At Noosa's Peregrine Beach, for example, some 24 per cent of the local workforce stated that they worked from home on census day; the national average for work-at-home workers was then just 4 per cent.

With the advent of telecommuting there is no need to actually live in Sydney or Melbourne for 12 months of the year. New technologies and new work practices allow workers to live in remote areas with high levels of environmental amenity, such as Merimbula. And if you can live and work some distance from your workplace, then why not choose a coastal town 5 hours south of Sydney?

Until the turn of the 21st century the development of coastal towns was largely driven by retirees and holidaymakers. The celebration and sophistication of our inner cities from the early 1990s onwards failed to extend beyond the city.

But by the end of the 1990s there was a move—largely underpinned by lifestylers moving out of their inner-city compounds—to introduce urban sophistication to the beach.

This concept of introducing urban values, culture (and design) to the beach kicked off in Hastings Street, Noosa in the late 1990s: Aroma's coffee shop and pavement tables is a direct lift from the culture of Paris' Left Bank. Urban influences on the beach then suddenly emerged at Mooloolaba's Esplanade and in Teddar Avenue and on Surf Parade on the Gold Coast.

All of a sudden the beach-shack monoculture of seaside towns was passé. This beach culture had served the needs of the pre-boomer retirement market well since the 1960s. But now with a new, younger and boomer generation seeking a lifestyle change by the beach, it was time to redefine life by the beach. And that is precisely what boomers and their younger lifestyle acolytes have been doing since 2001.

Urbanesque cafes and restaurants blossomed along beachside esplanades in places close to the capital city and from 2003 onwards in places even further removed such as Palm Cove north of Cairns and now at Merimbula south of Sydney.

The leading edge architectural design of Merimbula's Coast development injects "city sophistication" into a seaside village. Here is a prime example of how urban chic meets the beach: it is no less than an entirely new concept, "beach chic."

Here at Merimbula, and with the Coast product, is a small piece of Sydney's Eastern Suburban or lower North Shore culture and design carefully positioned on a prime beachfront site. And all delivered in a cute coastal town that has to date been overlooked by the recent surge in seachange residential property values.

But this town, Merimbula, is strategically positioned south of other towns that have been successively swept along by city-escapees competing up local lifestyle residential product. Should the demand for seachange and lifestyle residential property continue, and there is no demographic reason why it should not, then townships such as Merimbula—well removed from the initial surge in values—are well positioned to capitalise on the geographic extension of this movement over the balance of this decade.

But it gets even better for Merimbula and for the Coast development. This town has, for much of the latter part of the 20th century, occupied a place within the Shire of Bega as a retirement destination.

This elderly demographic mix is now being rejuvenated by younger age groups moving in to take up business and other job opportunities. This rejuvenation is important to aspiring baby boomer investors and residents who would prefer to position themselves within a younger community than that has perhaps dominated Merimbula for several decades.

Merimbula presents as a coastal gem positioned on the southernmost edge of the eastern seaboard. It is sufficiently far south to have avoided being caught up in the surge of residential property that affected places like Gerringong and Ulladulla-Mollymook at the turn of the century. But it is also sufficiently far north to escape the cold air flow and currents associated with Victoria's Bass Strait.

Merimbula is a pretty "Cinderella" town that has to date been overlooked by the property market. Merimbula is a town whose time has finally come.

Developed and created by

CARRINGTON

1300 761 500

www.movetocoast.com.au