

# a rise in fortunes

In a relatively short time McDonald Jones Homes has emerged as an important regional player in the NSW housing market. Back in 1998 McDonald Jones completed 150 new homes. In 2006-07 it completed over 420 homes – not bad going for a regional builder in Australia's toughest market.

**T**his rise in the company's fortunes reflects not only the McDonald Jones "can do" approach but also the growing importance of regional markets in the NSW economy. Building mainly in the Hunter Valley, Manning Valley and Central Coast regions, McDonald Jones Homes is now firmly entrenched as one of the state's top building companies.

Not that this impressive statistic alone means much to Bill McDonald, managing director and company founder of McDonald Jones Homes. "We deliver a valuable family and community asset in an increasingly tough regulatory environment... for not very much reward," Bill says. "Thankfully, our company's growth has provided some capacity to meet these regulatory costs –

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you'd be a complete mug otherwise to keep going at it."

Bill McDonald has been building homes for nearly four decades and has overseen company growth and a string



*Above: Bill McDonald, managing director of McDonald Jones Homes with wife Judy at last year's housing awards.*

of alliances that have helped consolidate McDonald Jones' position as one of the Hunter's leading regional builders.

McDonald Jones Homes has a small raw land inventory of about 500 blocks and currently provides house-and-land packages in a range of estates at Branxton, Dunmore Park, Kurri Kurri, Tenambit, Bolwarra Heights, Metford, Singleton and Morpeth.

Once considered an economic burden on NSW, following the closure of steel production enterprises and the increasing automation of coal-mining operations, Newcastle and the broader Hunter region has recently achieved an unemployment rate and a level of consumer confidence that betters the state average on both counts. Not that it ends there – trading performance, company profitability and business confidence are all up in the Hunter and its hinterland regions.

Recent land releases and planned modest infrastructure investments at Lochinvar, Thornton and Maitland have helped to consolidate housing opportunity and boost consumer confidence. Whilst building approvals in the state have declined steadily since 2002, Hunter approvals have improved markedly. Over 3000 approvals were issued for the Hunter in the 2006 financial year and more than 3500 in 2007. In 2004 the Hunter





accounted for less than 10 per cent of all building approvals in NSW. In 2007 that proportion is up to nearly 13 per cent.

“Just as there is a noticeable affordability advantage in some states, namely Victoria, so there is in regional NSW,” Bill says. “The median house price in most of the Hunter region and its hinterland is about \$300,000, compared to over \$520,000 in Sydney.”

“People will vote with their feet. It’s a pity that their housing decisions are not matched by an investment in infrastructure that assists their lifestyle choice. We need a very fast train to connect our regional cities with the

capital, but I don’t think the Government can see that far ahead.

“Over in the west, they have one of the fastest growing regions, Mandurah, supported by a rail connection to Perth paid for by the whole community. It makes proper sense. Here, we have a bevy of local and state infrastructure charges that are lumped on the homebuyer and deter economic activity. Luckily the regions have so far fared better than Sydney.”

The Hunter and neighbouring regions are blessed with five areas where population is growing faster than the NSW state growth rate of 0.9 per cent.

The stand out is Maitland, followed by outer Newcastle, Singleton, Great Lakes and Cessnock.

McDonald Jones recently engaged a well known architect to redesign its range of homes. “You wouldn’t dream about it”, Bill says. “Just as we were ready to launch our new display homes one of the local councils introduced new design controls that would have prohibited the whole range.”

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Thankfully, commonsense prevailed and a moratorium on the controls for single-level housing was struck. “It would have been quite embarrassing for the mayor to be launching obsolete product”, said Bill. “In the end he was of great assistance.”

Bill is fairly optimistic of what lies ahead for the company and the Hunter region. “The affordability advantage will pay dividends for quite some time, and Novocastrians will be smiling on their capital city friends,” he says. “That is until they all hear about how good it is up here.” 

