Northeast Business Park - Hotel Demand Assessment

September 2007

urbis

Hotel Demand Assessment

Prepared for Northeast Business Park

292 Water Street
Springhill Brisbane QLD 4000
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MAPS:

Executive Summary

Introduction

Northeast Business Park Pty Ltd has engaged Urbis to undertake an independent market assessment to determine the demand for a 120 room resort hotel and day spa with business conference and events facilities. This will form part of a large scale multi-use business development in Caboolture Shire.

Development of the resort hotel is intended to be achieved by 2012. The resort hotel will be supported by the construction of a number of key components including the golf course (containing the golf club), and marina village (containing the marina club, restaurants and office space).

The proponent for the development is Northeast Business Park Pty Ltd, a Queensland registered company with shares held by the shareholders of Port Binnli Pty Ltd, Laing O'Rourke Caboolture Developments Pty Ltd and a number of smaller shareholders.

Northeast Business Park (NEBP) is a multi-use marina and business park concept that will integrate marina facilities, appropriate business, industry, commercial, residential, heritage and recreational greenspace precincts providing a place to live, to work and to play in a master planned riverside precinct on the Caboolture River.

Situated on the southern bank of the Caboolture River approximately 8km inland from the coastline, adjacent to the Bruce Highway and 43km north of Brisbane CBD, the NEBP site encompasses 793 hectares of property which includes the following six land parcels ("the project area").

- Lot 2 on RP902075
- Lot 10 on RP902079
- Lot 24 on SP158298
- Lot 7 on RP845326
- Lot 15 on RP902073
- Lot 12 on RP145197

The following components are incorporated into the NEBP development.

- Marina basin.
- Marine industry.
- Industrial.
- Commercial/mixed use.
- Residential.
- Apartments.
- Townhouses.
- Hotels.
- Golf residential.
- Environmental open space.
- Golf course.
- Recreational areas and sporting fields.
- Heritage park.

Of the 793 hectares, 44% (350 ha) will be developed. The remaining area (443 ha) will be set aside for open space, and active and passive recreational uses, including a heritage park. The project area is located on 9 kilometres of river frontage which will provide public access to parts of the Caboolture River.

Demand assessment and market share analysis

It is proposed that the resort hotel is completed and operational by 2012 and is supported by several key ancillary facilities including the golf course (containing the golf club), and marina village (containing the marina club, restaurants and office space).

It is anticipated that the hotel will require a one year period (2012 to 2013) to establish its position in the market in order to attract sufficient demand to achieve an occupancy rate of 65% or greater.

The key findings from the demand assessment and market share analysis for the proposed hotel are presented in the following table.

Hotel study area accommodation demand **Market share assessment (120 rooms)**									**Executive Summary**
	Room nights demanded ('000s)								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Market share									
pro-rata share (@ 12.5%)	11.1	11.4	11.8	12.1	12.5	12.9	13.3	13.7	14.1
supply induced demand									
- operators capability (@ 5%)	4.4	4.6	4.7	4.9	5.0	5.1	5.3	5.5	5.6
- business park (@5.0% 2012 > to 10.5% in 202(	4.4	6.9	7.4	8.0	8.7	9.4	10.2	11.0	11.9
- facilities[1] (@5.0% in 2012 > to 10.5% in 2020)	4.4	6.9	7.4	8.0	8.7	9.4	10.2	11.0	11.9
total	24.4	29.7	31.3	33.0	34.9	36.8	38.9	41.1	43.4
Occupancy rate (120 rooms)	56%	68%	72%	75%	80%	84%	89%	94%	99%
Room demand (65% occ rate)	103	125	132	139	147	155	164	173	183

1. Demand associated with leisure facilities, i.e. Golf Course, Marina

Source : ABS Cat 8635; UrbisJHD

It is anticipated that upon completion of the proposed 120 room hotel development in 2012, it will attract an estimated 24,400 occupied room nights. This equates to an occupancy rate of 56%, and alternatively accommodation demand for 103 rooms if an occupancy rate of 65% were to be achieved.

It is expected that by 2013 the proposed hotel will attract accommodation demand for over 29,700 room nights, which represents an occupancy rate of 68%, slightly above the hotel industry accepted viability benchmark of 65%.

Projecting further, the demand for accommodation in the study area is expected to increase to 43,400 occupied room nights by 2020, which represents an occupancy rate of 99%, and alternatively accommodation demand in the order of 183 rooms.

This is a high occupancy rate for the study area however is in line with the occupancy rate recorded for hotels/motels/serviced apartments with 15 or more rooms in the non core Brisbane Tourism region (71%) and Brisbane Tourism region (78%).

Review of Caboolture short term accommodation market

The Caboolture accommodation market (hotels, motels and serviced apartments with 15 or more rooms) experienced the following key trends from 2002 to 2006:

- The supply of short term accommodation rooms grew strongly, increasing from 155 rooms to 204 rooms, representing an average increase of 7.2% per year.
- Demand for accommodation increased very strongly, growing from 23,000 occupied room nights to 43,000 occupied room nights, representing an average increase of 16.5% per annum.

- Occupancy rates increased strongly, rising from approximately 41% to 58%, demonstrating an average annual increase of 8.7% and signifying strengthening demand.
- Accommodation takings increased very strongly, growing from $1,632,000 to $3,732,000 or by an average of 23% per year.
- The average achieved room rate (average takings per room night occupied) increased firmly, growing from $71 to $87, representing an increase of 5.3% per annum.

A review of the higher quality short term accommodation in Caboolture revealed a range of overnight room rates including:

- Motels with 20 to 30 rooms - $90 to $180; and
- Resorts with 20 to 40 rooms/suites - $150 to $330.

Summary and recommendations

The proposed hotel will set a new standard in short term accommodation in the study area hotel market and is expected to be highly desirable to holiday makers and corporate travellers given its scale, high quality and ancillary facilities (golf course and marina). The proposed hotel also offers immediate access to a range of other compatible uses that form part of the larger integrated mixed use development.

The proposed hotel development is likely to benefit from the following:

- It will have great access and exposure given its location approximately 1 km to the east of the Bruce Highway in Caboolture. It will also offer access for marine vessels via the Caboolture River.
- It will feature a high level of amenity given its position on the banks of the Caboolture River and integration with key ancillary facilities such as marina and golf course.
- It will experience the co-location advantages of being positioned within a masterplanned business park mixed use development.
- It will have access to a significant amount of passive recreational space including a heritage park.

Key findings from the demand assessment and market share analysis include:

- If an occupancy rate of 65% is achieved by the proposed resort hotel development there will be sufficient accommodation demand for 120 rooms by mid 2013, after an establishment period of one and a half years.
- If an occupancy rate of 65% is achieved by the proposed resort hotel development there will be sufficient accommodation demand for 183 rooms by 2020, after an establishment period of nine years.

The proposed 120 room hotel in Caboolture is supportable on the basis of its competitive strengths including:

- Its integration with the broader masterplanned mixed use Business Park.
- Its ability to attract diversified accommodation demand from a number of key markets including the holiday/leisure segment and business segment.
- Its ability to generate and capture the accommodation demand associated with the range of land uses offered by the total development.
- Its ability to form part of a north Brisbane golf node that incorporates other prestigious golf courses such as Pacific Harbour and North Lakes.

1 Introduction

Northeast Business Park Pty Ltd has engaged Urbis to undertake an independent market assessment to determine the demand for a 120 room, 5 star resort hotel and day spa with key ancillary facilities such as business conference and events facilities. This component forms part of a large scale multi-use development in Caboolture.

The proposed mixed-use development is broadly located within the Caboolture Shire suburbs of Morayfield and Burpengary, to the east of the Bruce Highway. The site is broadly bounded by Nolan Drive to the west, Farry Road to the south and the Caboolture River to the north. The proposed hotel will be positioned approximately 38 kilometres from the Brisbane CBD.

Currently the local short term accommodation market within the study area is primarily represented by motels and serviced apartments, many of which are unrated or achieve ratings of between 1 and 3 in quality.

A review of the higher quality short term accommodation in Caboolture revealed a range of overnight room rates including:

- Motels with 20 to 30 rooms - $90 to $180; and
- Resorts with 20 to 40 rooms/suites - $150 to $330.

The proposed hotel will be expected to set a new standard in short term accommodation in the local area and is expected to be highly desirable to guests given its large size, high quality, amenity and provision of ancillary facilities. The proposed hotel also offers immediate access to a range of other compatible uses that form part of the larger integrated mixed use development.

1.1 Proposed project concept

The Hotel will form part of a large-scale mixed-use development including the following complimentary uses:

- a major business park with direct frontage and access from the Bruce Highway;
- a full-service marina basin with associated marine industrial facilities, with lock-controlled access to the Caboolture River;
- residential development ranging from single family home lots to high-rise apartment towers;
- a “Village Centre” providing a range of convenience and specialty shopping and destination food and beverage outlets in a themed marina setting;
- a range of community and recreational amenities including a Golf Clubhouse and Residents’ Marina Club;
- a landmark conference resort and spa;
- an 18-hole golf course; and
- significant public open space amenities including preserved and restored wetland parks, community sporting ovals and a Heritage Park/Garden that highlights local historic and environmental aspects of the site.

Within the regional context, the entire development offers the opportunity to establish a third activity centre for Caboolture on the eastern side of the Highway, complementing Caboolture and Morayfield to the west.

With extensive public open space amenities including the proposed Heritage Park/Gardens and a public waterfront entertainment complex, the North East Business Park has the potential to become the Caboolture Shire's business and recreational focus.

The golf course will be designed as a major recreational open space system for the site, providing valuable frontage for a range of residential and business park sites.

1.2 Proponent

The proponent for the development is Northeast Business Park Pty Ltd, a Queensland registered company with shares held by the shareholders of Port Binnli Pty Ltd, Laing O'Rourke Caboolture Developments Pty Ltd and a number of smaller shareholders.

1.3 Project Description

Northeast Business Park (NEBP) is a multi-use marina and business park concept that will integrate marina facilities, appropriate business, industry, commercial, residential, heritage and recreational greenspace precincts providing a place to live, to work and to play in a master planned riverside precinct on the Caboolture River.

The Northeast Business Park's Values Statement together with diagrams which depict the locality and the development proposal are provided in the Appendices.

Situated on the southern bank of the Caboolture River approximately 8km inland from the coastline, adjacent to the Bruce Highway and 43km north of Brisbane CBD, the NEBP site encompasses 793 hectares of property which includes the following six land parcels ("the project area").

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Of the 793 hectares, 44% (350 ha) will be developed. The remaining area (443 ha) will be set aside for open space, and active and passive recreational uses, including a heritage park. The project area is located on 9 kilometres of river frontage which will provide public access to parts of the Caboolture River.

The development provides an integrated mixed-used business park and marine precinct which combines land uses making the development more viable and sustainable. The business park will be capable of attracting local, national and international businesses, incorporating clusters of mixed and complementary industry and businesses, underpinned by a high quality residential development, and a state of the art marina and marine industries precinct.

The development will provide an important community and business focus for Caboolture and help to address a significant undersupply of marine facilities and associated uses. There is an identified lack of marina berths within Queensland, Southeast Queensland and particularly the immediate area.

Major landform adjustments that will occur to establish the NEBP will involve excavation of the marina basin to 3.5 metres below AHD. This will be undertaken using dry excavation techniques followed by inundation of the marina area. Fill obtained from the excavation of the marina basin and additional cuts within the property bounds will be used to raise ground levels within residential precincts to protect against flooding and storm surge. Additional flooding mitigation strategies include channels (grass managed) and diversion banks with no changes to flow velocities within the Caboolture River expected.

Following excavation of the marina basin, a lock will be established to connect the marina basin to the Caboolture River. Some dredging of the Caboolture River will be required with dredging occurring within the defined navigation channel.

The majority of the project area previously supported exotic pine plantations and was utilised for forestry purposes, however it does contain some areas of ecological value, including remnant terrestrial vegetation, marine vegetation, Caboolture River frontage and tidal creeks. Environmental considerations incorporated into the design, construction and operation of the development to protect environmentally sensitive areas within and surrounding the project area will be analysed as part of the EIS process, with particular emphasis on marina design, construction and operation. Overall the development will be designed, constructed and operated with a net benefit to the environment and community through the implementation of sustainable development principles and practices.

Supporting infrastructure, such as wastewater, electricity, telecommunications and roads, associated with the NEBP development will require upgrading and in some cases extensions to existing infrastructure will be necessary. Proposed improvements to infrastructure include additional sewerage and electricity provisions to be incorporated into NEBP and internal roads through the development to service industrial and commercial precincts.

1.4 Project Location Description

The NEBP project area is vacant privately owned land that is bound:

- to the north by 9km of Caboolture River frontage, with land on the opposite side of the river being primarily rural and used for forestry activity;
- to the west by the Bruce Highway, with land on the opposite side of Bruce Highway developed with residential and open space areas; and
- to the south and east by privately owned rural residential properties with lot sizes ranging from 1-20 ha, bushland, open grassland areas and limited agricultural and recreational land uses.

The project area is surrounded by areas of conservation significance as follows.

- The Deception Bay Declared Fish Habitat area, which extends along the entire length of the northern boundary, within the bounds of the Caboolture River. This area is protected by the *Fisheries Act 1995* due to the estuarine habitats that support commercial and recreational fisheries in close proximity to developing communities.
- The Habitat Protection Zone of the Moreton Bay Marine Park which is located within the Caboolture River and begins at the mid-northern boundary of the site then extends eastward along the Caboolture River. This area is protected by the *Marine Parks Act 2004* in order to:
  (a) conserve significant habitats, cultural heritage and amenity values of the marine park;
  (b) maintain the productivity and diversity of the ecological communities that occur within the marine park; and
  (c) provide for reasonable public use and enjoyment of the zone consistent with the conservation of the marine park.
- The Moreton Bay RAMSAR wetlands which traverse the same area within the Caboolture River as the Moreton Bay Marine Park. The Moreton Bay RAMSAR wetlands are protected pursuant to international conventions as they are one of only three extensive intertidal areas of seagrass, mangroves and saltmarsh on the eastern coast of Australia that provide habitat for water birds.
- South East Queensland Wader Bird Sites are mapped approximately 500m to the east of the site. This area is protected via the JAMBA and CAMBA convention to protect habitats of Migratory Birds.

1.5 Project Area Description

The NEBP project area is relatively flat ranging in elevation from 3m AHD at the northern boundary to a knoll at 16.5m AHD towards the southern area of the site. Tidal levels of the Caboolture River, adjacent to the site are approximately 1.34m AHD for Highest Astronomical Tide and 0.81m AHD for Mean High Water Springs.

Raff Creek traverses the site and flows from the north east to the southwest boundary.

The site previously supported exotic pine plantations and was utilised for forestry purposes. As such, with the exception of a 1.3 ha area of endangered remnant vegetation located at the south west corner of the site, the majority of the site is devoid of native vegetation. The site is characterised by large expanses of disturbed grassland, some scattered trees, Paperbark (*Melaleuca quinquenervia*) communities, Eucalypt open forest and areas of marine vegetation which fringe the Caboolture River and associated waterways and constructed drainage channels that are tidally influenced.

The northern parts of the project area are mapped under the Caboolture Shire Plan 2005-2026 as containing the following areas of conservation significance.

- Catchment Protection Areas for the Protection of Waterways and Declared Fish Habitat Areas.
- Ecological Corridors to strengthen and improve links between areas of state, regional, local and other conservation significance and areas of conservation significance that may be degraded.
- Regional and State Conservation areas.
- Scenic Amenity Areas in which development is to be regulated such that adverse impacts on the scenic qualities of the area are minimised.

1.6 Key Development Themes

The development will provide the Caboolture community with access to natural watercourses, bushland and parklands whilst developing much needed marina berths and vessel maintenance facilities north of the Brisbane River in an ecologically sustainable manner by:

- commissioning technical studies to inform the design, construction and operation of the development to minimise adverse impacts on surrounding environmentally sensitive areas;
- providing managed mooring and boat maintenance facilities;
- restoring degraded river banks and wetlands;
- rediscovering historic cultural elements and providing access to the public;
- attracting tourism and multinational operators; and
- satisfying government agendas for environmental rehabilitation, marine industry reform, increased local employment, and balanced environmental, social and economic objectives.

1.7 Purpose of the report

This report is an independent assessment of the market demand for visitor accommodation from the business conference market primarily. The hotel is also expected to attract demand from the holiday and leisure market.

1.8 Study approach

The approach adopted for this report is reflective of the recognised industry approach to undertaking demand assessments for visitor accommodation facilities.

This assessment comprises an evaluation of the demand for visitor accommodation that offers business conference facilities and is part of a larger commercial development that offers a range of other compatible uses.

1.9 Report format

The report structure is driven by the above approach and examines the potential market demand for visitor accommodation facilities within the subject development.

Section 2, Brisbane regional accommodation review, provides a review and evaluation of supply and demand parameters relevant to the short term accommodation market within the broader Brisbane regional area.

Section 3, Study area accommodation review, undertakes a review and evaluation of visitor accommodation demand and current supply within the study area, with a particular focus on room nights occupied, occupancy rates and average room rates.

Section 4, Review of comparable hotel facilities**,** conducts an evaluation of similar hotels in the Brisbane region with a particular focus on size of hotels, ancillary facilities, and room rates.

Section 5, Review of historical accommodation demand, provides a review of historical accommodation demand within the study area with a particular focus on trip purpose and accommodation type.

Section 6, Demand assessment and market share analysis, conducts a demand forecast and market share analysis of the proposed hotel development in the local study area with a special focus on estimated room demand and anticipated occupancy rates.

2 Brisbane Regional Accommodation Review

The proposed hotel development will primarily attract demand from a study area accommodation market that includes Caboolture Shire, Pine Rivers Shire and Redcliffe City. It is relevant to consider the context and key parameters of the broader regional accommodation landscape including the non core component of the Brisbane Tourism Region, within which the subject development will be broadly positioned.

2.1 Key Brisbane regional accommodation markets

A number of key accommodation markets within the broader Brisbane Tourism region have been identified and investigated to determine relevant supply and demand parameters and trends that have occurred over the last five years (2002 to 2006).

The key accommodation markets analysed include:

- Caboolture LGA
- Brisbane Tourism Region (non core)
- Brisbane Tourism Region

Pine Rivers LGA and Redcliffe LGA were also analysed over this period to ascertain key market parameters and trends. Urbis was unable to report on these markets though as the ABS could not provide comprehensive data for the period 2002 to 2006. Data was available for the 2006 calendar year for these markets but was unavailable for the remainder of the period investigated. Whilst this accommodation data was not available individually for the Pine Rivers LGA and Redcliffe LGA it did contribute to the totals where applicable and used to determine statistics such as those provided for the broader Brisbane Tourism Region.

The Brisbane Tourism Region (non core) represents an accommodation market that excludes the Brisbane City Core component, as this is considered distinct and somewhat unrelated to the market being analysed in this report.

The key parameters for these markets have been analysed to provide some insight into the market trends that have occurred in recent times. This enables Urbis to interpret market signals for accommodation demand and supply.

This section of the report analyses hotels, motels and serviced apartments with 15 or more rooms by small area within Queensland as provided by the ABS.

We have also analysed the accommodation market for the Ipswich LGA as the socio-economic characteristics and demand-supply parameters are not dissimilar to the Caboolture/Morayfield region. Additionally the Ipswich accommodation market can be analysed to determine the market impacts of the Ipswich International Hotel, completed during 2006.

2.2 Regional Supply

The supply of hotels, motels, and serviced apartments with 15 or more rooms for the key market identified above is analysed and presented in the following table.

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Establishments and Rooms **Table 2.1**
Key Brisbane regional accommodation markets, 2002 to 2006

	2002		2003		2004		2005		2006		**Avg Ann Change**	
Location	Est.[1]	Rms[2]	Est.	Rms	Est.	Rms	Est.	Rms	Est.	Rms	Est.	Rms
Caboolture (S)	6	155	7	182	7	191	9	224	8	204	5.7%	7.2%
Brisbane TR (non core)	89	2,906	90	3,011	90	3,041	95	3,166	94	3,224	1.2%	2.6%
Brisbane (TR)	161	9,674	159	9,696	160	9,798	168	10,217	171	10,675	1.5%	2.5%

1. Est. = Number of Establishments
2. Rms = Number of Rooms
Source: ABS catalogue 8635, Tourism Accommodation, Small Area Data; UrbisJHD

The number of short term accommodation rooms in Caboolture Shire grew very strongly from 2002 to 2006, increasing from 155 rooms to 204 rooms, representing an average increase of 7.2% per year.

Over the same period the supply of short term accommodation within the broader non core Brisbane Tourism region increased substantially, growing from 2,906 rooms to 3,224 rooms or by an average of 2.6% per year.

Similarly over the last five years the number of short term accommodation rooms in the Brisbane Tourism region rose from 9,674 to 10,675, representing an average increase of 2.5% per year.

The annual growth in supply (accommodation rooms) experienced in the non core Brisbane Tourism region (2.6%) and Brisbane Tourism region (2.5%) are used later in this report to estimate the size of the study area resort hotel market in 2012, the estimated completion time for the proposed development.

It is particularly useful to examine the Ipswich accommodation market to determine the market impacts of the new Ipswich International Hotel, a quality accommodation establishment completed in 2006. Prior to development of this hotel the Ipswich accommodation market lacked any significant sized high quality accommodation facilities, as is currently the case.

Whilst positioned within the Ipswich CBD, the Ipswich International Hotel is also in close proximity to major visitor attractions such as the Queensland Raceway, Willowbank Raceway and the Ipswich Turf Club. The Ipswich International Hotel is located 35 kilometres from the Brisbane CBD.

This accommodation facility is a 4.5 star, seven storey establishment offering 81 accommodation rooms comprising 9 one bedroom apartments, two spa suites and 70 deluxe rooms. The hotel also offers seven high quality wedding & conference rooms, a-la-carte restaurant and is positioned overlooking open green space.

2.2.1 Ipswich City Accommodation Market

The supply of hotels, motels, and serviced apartments with 15 or more rooms in Ipswich is analysed and presented in the following table.

Ipswich City — **Table 2.2**

Hotels/motels/serviced apartments (15 rooms or more), 2004 to 2006

	2004				2005				2006				Sep 2006 to Dec 2006 Quarterly change	
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	(No.)	(%)
Supply Parameters														
Establishments	5	5	5	5	6	6	6	6	6	6	6	7	1	16.7%
Rooms	137	137	137	139	160	160	160	159	159	159	159	237	78	49.1%
Demand Parameters														
Room nights occupied	6,708	8,571	8,373	7,310	6,900	8,665	10,172	9,021	7,921	10,422	9,581	12,017	2,436	25.4%
Occupancy rate	54.4%	68.7%	66.4%	57.2%	47.9%	59.5%	69.1%	61.7%	55.4%	72.0%	65.5%	55.1%		-15.9%

Source: ABS catalogue 8635, Tourism Accommodation, Small Area Data; UrbisJHD

The number of rooms in the Ipswich accommodation market increased by 78 or by 49.1% from September 2006 to December 2006. This is a substantial addition to supply and reflects completion of the Ipswich International Hotel.

Over the same period the demand for accommodation in Ipswich increased by 2,436 occupied room nights or by 25.4%. This is a substantial increase in demand and may indicate that previously the market was demanding a higher quality product in the Ipswich area but it wasn’t available until the completion of the Ipswich international hotel.

The proposed hotel development in Caboolture is likely to have a similar impact on the supply and demand for accommodation in the study area as the introduction of the Ipswich International Hotel to the Ipswich accommodation market. Upon its completion in 2012 the proposed hotel is anticipated to increase the supply of short term accommodation in the local area by an estimated 32%.

2.3 Regional Demand

The demand for visitor accommodation, as represented by the number of rooms nights occupied and occupancy rate, has been analysed for relevant Brisbane accommodation markets from 2002 to 2006 and is presented in the following table.

2.3.1 Room nights occupied and occupancy rate

Accommodation demand grew strongly in all locations analysed, especially in Caboolture Shire, which incorporates Caboolture, the location of the proposed hotel development.

Room Nights Occupied and Occupancy Rate — **Table 2.3**

Key Brisbane regional accommodation markets, 2002 to 2006

	2002		2003		2004		2005		2006		**Avg Ann Change**	
Location	Rm Occ[1]	Occ Rt[2]	Rm Occ	Occ Rt	Rm Occ	Occ Rt	Rm Occ	Occ Rt	Rm Occ	Occ Rt	Rm Occ	Occ Rt
Caboolture (S)	23	41%	33	50%	40	57%	47	57%	43	58%	16.5%	8.7%
Brisbane TR (non core)	595	56%	665	61%	742	0%	793	0%	838	71%	9.0%	6.2%
Brisbane Non City Core	476	58%	533	63%	594	70%	624	72%	654	76%	8.3%	6.9%
Brisbane (C)	2,268	69%	2,395	73%	2,557	77%	2,666	78%	2,864	80%	6.0%	3.8%
Brisbane (TR)	2,387	68%	2,528	71%	2,705	76%	2,835	76%	3,048	78%	6.3%	3.7%

1. Rm Occ = Room nights occupied ('000s)

2. Occ Rt = Occupancy Rate

Source: ABS catalogue 8635, Tourism Accommodation, Small Area Data; UrbisJHD

Demand for accommodation within Caboolture increased very strongly over the investigation period expanding from 23,000 occupied room nights (2002) to 43,000 occupied room nights (2006). This represented an average increase of 16.5% per annum. Occupancy rates over this time also increased strongly rising from approximately 41% (2002) to 58% (2006), demonstrating an average annual increase of 8.7%, signifying strengthening demand in the five years to 2006.

Accommodation demand in Brisbane Non City Core increased strongly from 2002 to 2006, growing from 595,000 occupied rooms (2002) to 838,000 occupied rooms (2006). Over this time the number of occupied rooms grew very strongly at a rate of 9.0% per year. Over this time the occupancy rate strengthened also, increasing from 56% to 71%. This growth represents an average increase of 6.2% per annum.

2.3.2 Accommodation takings and average achieved room rates

Accommodation takings and average achieved room rates, which are also measures of demand, are analysed and presented in the following table. Takings in all locations investigated increased very strongly, particularly in Caboolture.

Takings from Accommodation and Average Achieved Room Rate **Table 2.4**
Key Brisbane regional accommodation markets, 2002 to 2006

	2002		2003		2004		2005		2006		**Avg Ann Change**	
Location	Takings[1]	ARR[2]	Takings[1]	ARR[2]	Takings[1]	ARR[2]	Takings[1]	ARR[2]	Takings[1]	ARR[2]	Takings[1]	ARR[2]
Caboolture (S)	$1,632	$71	$2,523	$75	$3,120	$79	$3,916	$84	$3,732	$87	23.0%	5.3%
Brisbane TR (non core)	$50,134	$84	$57,498	$86	$67,612	$91	$75,864	$96	$85,913	$102	14.4%	5.0%
Brisbane (TR)	$250,752	$105	$279,903	$110	$315,969	$117	$358,462	$126	$420,440	$138	13.8%	7.0%

1. Takings = $000's
2. ARR = Average Room Rate
Source: ABS catalogue 8635, Tourism Accommodation, Small Area Data; UrbisJHD

Accommodation takings in the Caboolture Shire increased very strongly from 2002 to 2006, growing from $1,632,000 to $3,732,000 or by an average of 23.0% per year. Over the same time the average achieved room rate increased from $71 to $87, which represents an increase of 5.3% per annum.

Demand for short term accommodation in Brisbane Non City Core rose strongly over the investigation period with revenue from accommodation growing from $50,134,000 (2002) to $85,913,000 (2006). This equates to a very strong average annual revenue increase of 14.4%. From 2002 to 2006, the average room rate for this area grew from $84 to $102, or by an average of 5.0% per year.

Clearly the demand for accommodation in Caboolture and Brisbane non city core, both part of the study area defined by this assessment, have grown very strongly despite increases in supply experienced over the same time.

3 Study Area Accommodation Review

The proposed resort hotel will primarily attract demand from an accommodation market including Caboolture LGA, Pine Rivers LGA and Redcliffe LGA.

The defined study area was considered appropriate as a primary catchment area given the strengths and competitive attributes of the proposed development and through an assessment of competing resort hotel facilities in the local and broader regional area.

Caboolture and Pine Rivers Shires are high growth areas that are expected to receive strong population growth over the next 20 years.

Pine Rivers Shire is anticipated to receive population growth ranging from 4,905 persons per annum over the period 2006 to 2011 to 2,183 persons per annum over the period 2021 to 2026.

Similarly population growth to Caboolture Shire is expected to range from 3,944 persons per annum over the period 2006 to 2011 to 3,093 persons per annum over the period 2021 to 2026.

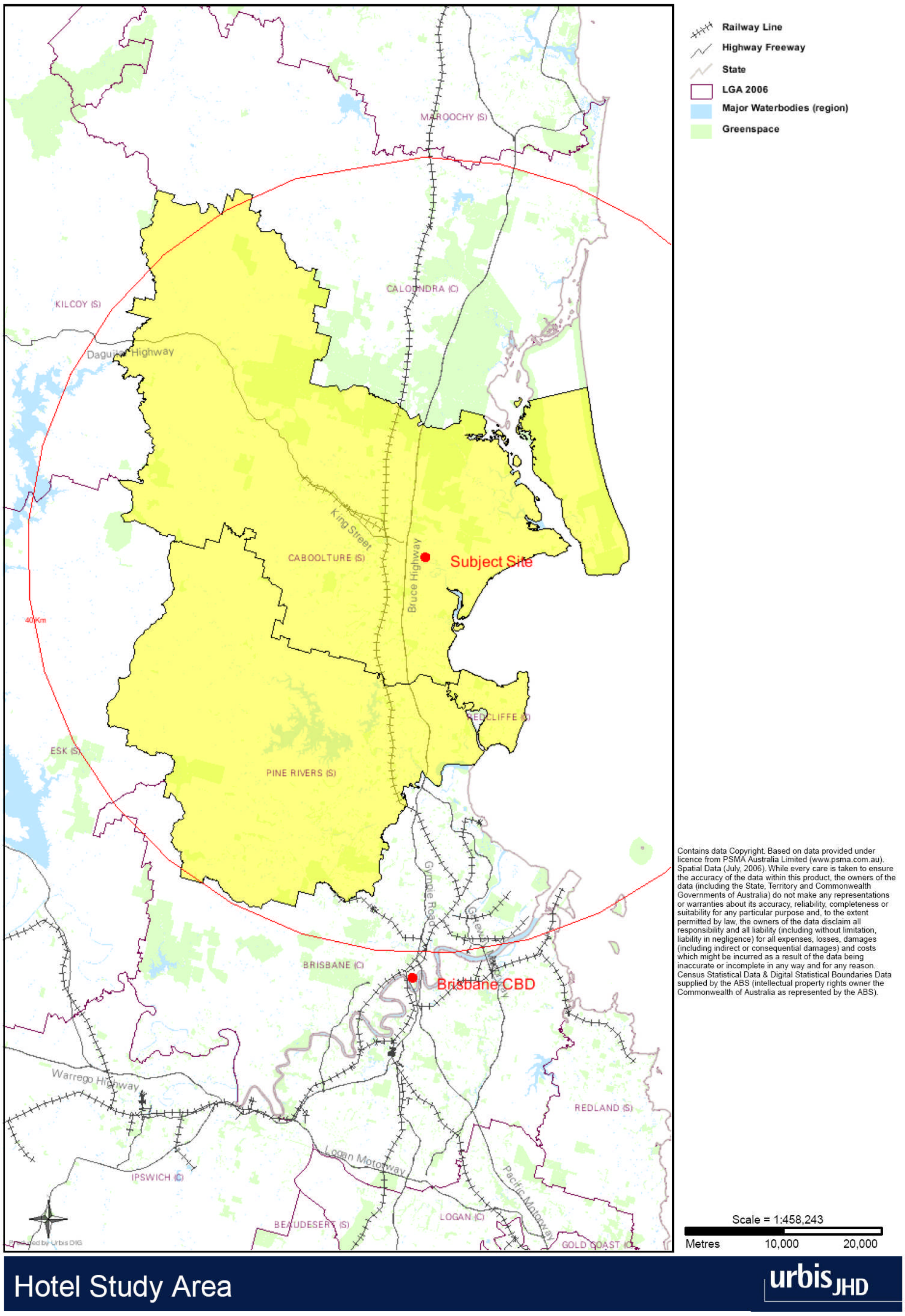
The strong population growth to these areas is expected to be accompanied by an increased level of service provision across a range of sectors including the accommodation sector, particularly in terms of quality.

It is anticipated that these markets will generate significant demand for high quality short term accommodation such as that being offered by the proposed 5 star 120 room resort hotel and day spa in Caboolture.

It is also relevant to consider the context and key parameters of the broader non core Brisbane Tourism Region, within which the subject development is broadly positioned.

The local study area is illustrated within map 3.1.

Map 1 – Hotel Study Area



3.1 Study Area Accommodation Supply

This section of the report analyses hotels, motels and serviced apartments with 15 or more rooms by small area within Queensland as provided by the ABS.

The supply of hotels, motels and serviced apartments with 15 or more rooms in the study area as at 2006 is analysed and presented in the following table.

Study Area Hotel Market **Table 3.1**
Establishments and Rooms, 2006

Location	Establishments	Rooms
Caboolture (S)	8	204
Redcliffe (C)	3	68
Pine Rivers (S)	1	53
Subtotal	**12**	**325**
Brisbane TR (non core)	94	3,224
Brisbane (TR)	171	10,675

Source: ABS catalogue 8635, Tourism Accommodation, Small Area Data; UrbisJHD

Caboolture Shire accounts for the majority of short term accommodation (hotel, motels and serviced apartments) currently offered in the study area with 204 rooms or 63% of study area supply. Redcliffe and Pine River Shire account for a smaller proportion of supply at 68 rooms (21%) and 53 rooms (16%) respectively.

The proposed development will increase the supply of hotels, motels and serviced apartments in the Caboolture by an additional 120 rooms upon its completion in 2012.

3.2 Study Area Accommodation Demand

The demand for visitor accommodation in 2006, as represented by the number of room nights occupied and occupancy rate was investigated for the study area and is presented in the following table.

Study Area Hotel Market **Table 3.2**
Room Occupancy and Occupancy Rate, 2006

Location	Room nights occupied ('000)	Occupancy rate
Caboolture (S)	43	58%
Redcliffe (C)	19	75%
Pine Rivers (S)	13	66%
Subtotal	**74**	
Brisbane TR (non core)	838	71%
Brisbane (TR)	3,048	78%

Source: ABS catalogue 8635, Tourism Accommodation, Small Area Data; UrbisJHD

Most of the accommodation demand generated by the study area during 2006 is accounted for by Caboolture shire with 43,000 occupied room nights, which represents 58% of study area demand. The remaining demand for accommodation in the study area is generated by Redcliffe and Pine Rivers Shire accounting for 19,000 occupied room nights (25% of study area demand) and 13,000 occupied room nights.

Interestingly whilst Caboolture shire represents 63% of accommodation supply in the study area it generates a lower proportion of demand (58%). In contrast Redcliffe accounts for 21% of supply in the study area yet generates a larger proportion of demand (24%). This is reflected in the occupancy rates displayed in the table above, with Redcliffe achieving an average occupancy rate of 75% followed by Pine Rivers at 66% and Caboolture at 58%.

Accommodation takings and average achieved room rates, which are also measures of demand, are analysed and presented in the following table.

Study Area Hotel Market **Table 3.3**
Takings from Accommodation and Average Achieved Room Rate, 2006

Location	Takings[1]	ARR[2]
Redcliffe (C)	\$1,931	\$104
Caboolture (S)	\$3,732	\$87
Pine Rivers (S)	\$1,239	\$96
Brisbane TR (non core)	\$85,913	\$102
Brisbane (TR)	\$420,440	\$138

1. Takings = \$000's

2. ARR = Average Room Rate

Source: ABS catalogue 8635, Tourism Accommodation, Small Area Data; UrbisJHD

Average Room Rates (Average takings per room night occupied) provide an indication of the demand for, and quality of accommodation in a particular area. The average room rates for Redcliffe, Caboolture and Pine Rivers are \$104, \$87 and \$96 respectively. Thus there is significant average room rate disparity within the study area with Caboolture \$18 or 17% lower and Pine Rivers \$8 or 7.5% lower than the Redcliffe average room rate. On this basis it is reasonable to assume that demand for, and quality of accommodation in Caboolture is lower in Caboolture than Pine Rivers and Redcliffe. It may also suggest that the resort hotel study area under investigation is characterised by a diverse provision of short term accommodation.

In a broader regional sense the average room rate for the Caboolture Shire (\$87) was 15% lower than the room rate for the non core Brisbane Tourism region (\$102).

4 Review of Comparable Hotel Facilities

A review of comparable hotels within the broader non core Brisbane Tourism region was conducted to gain an indication of key characteristics including:

- Number of rooms
- Room rates
- Ancillary facilities

The hotels chosen to investigate were selected on the basis of comparable size and market, and similar location characteristics.

4.1 The Fairways Golf and Beach Retreat, Bribie Island

The Fairways Golf and Beach Retreat is a 3.5 star resort with ancillary facilities including outdoor BBQ areas, heated pool and spa, and events facilities. It is positioned adjacent to the Bribie Island Golf Course.

This establishment provides room configurations that range from 1 bedroom studios to 4 bedroom penthouses with their associated room rates as follows:

- 1 bedroom no spa - $140/night
- 1 bedroom spa - $150/night
- 2 bedroom - $185/night
- 3 bedroom no spa - $220/night
- 3 bedroom spa - $230/night
- 2 bedroom penthouse - $210/night
- 3 bedroom penthouse - $290/night
- 4 bedroom penthouse - $330/night

4.2 Sylvan Beach Resort, Bribie Island

The Sylvan Beach Resort is a 3.5 star resort with additional facilities including pool and waterfront BBQ.

Accommodation prices for the room configurations offered by this establishment include:

- 2 bedroom pool view - $140/night
- 2 bedroom water view, ensuite - $160/night
- 3 bedroom ensuite - $180/night

4.3 Hotel Gloria, Springwood

Hotel Gloria is a 4 star establishment at Springwood providing 80 accommodation rooms in a range of configurations including:

- Hotel room king (One king bed) - $120/night
- Hotel room twin (Two single beds) - $120/night
- One bedroom unit king (One king bed, complete kitchen & laundry) - $160/night
- One bedroom unit queen (One queen bed, complete kitchen & laundry) - $160/night
- One bedroom unit twin (Two single beds, complete kitchen & laundry) - $160/night

This hotel provides a range of ancillary facilities to complement its accommodation offer including:

- BBQ and Pergola area
- Café and Bar
- Fitness room/gym
- Swimming pool
- Undercover security car parking

4.4 Ipswich International Hotel, Ipswich

The Ipswich International Hotel is a 4.5 star establishment with 81 accommodation rooms over seven levels. The ancillary facilities offered by this hotel include high quality wedding & conference rooms (catering for groups of up to 450 people), a-la-carte restaurant, and lounge and bar.

There are a range of visitor accommodation rooms offered by this hotel including:

- Single Deluxe - $157/night
- Double Deluxe – $155/night
- Twin Deluxe - $155/night
- Spa Suites - $175/night
- Serviced Apartments - $205/night

The Ipswich International is well equipped for functions and events as it has a large range of function rooms including:

- Grandchester room
- Karalee room
- Booval room
- Silkstone room
- Amberley room
- Limestone room
- Bundamba boardroom

4.5 Springwood Tower

Springwood Tower Hotel is a 4.5 star establishment with 93 rooms over 12 levels. This hotel is well positioned to cater for functions and events with three conference and seminar rooms. In addition to the accommodation offer this establishment also provides a comprehensive selection of catering options.

Springwood Tower Hotel is particularly strong in its provision of dining and recreation options including the Hole in One Lounge Bar, Chin Chin Restaurant, and Haruki Restaurant.

There are a range of room configurations offered by this establishment including:

- One bedroom double (One queen bed) – $160/night
- One bedroom twin (Two single beds) – $160/night
- Two bedroom double (Two queen beds, two bathrooms) – $215/night
- Two bedroom family (One queen bed, two single beds) – $215/night
- Two bedroom deluxe (Two queen beds, two bathrooms, spa) – $230/night
- Two bedroom four single beds (Four single beds, two separate bedrooms, two bathrooms) – $215/night
- Three bedroom family suite (One queen bed, four single beds, two bathrooms) – $295/night
- Three bedroom double suite (Three queen beds, spa, two bathrooms) – $295/night

4.6 Hotel Gloria, Logan Central

It is also important to note that the Logan City Council has recently approved a development application for a 70 room hotel (Hotel Gloria) located at 1 Charles Avenue Logan Central. Whilst not yet constructed this has been included in the local study area for this assessment.

In summary, to appeal to a number of key markets including the business and leisure accommodation segments, the following key components are necessary:

- A range of room configurations
- A range of functions and events rooms
- A range of business conference facilities, meeting rooms and quiet rooms
- Rooms offering internet connection capabilities
- Gym and/or spa

4.7 Suitable hotel operators for proposed development

A number of domestic hotel markets were investigated to identify potential hotel operators for the proposed accommodation development. These operators were identified on the basis of their willingness to locate in similar locations and occupy similar hotels (number of rooms and ancillary facilities). On the basis of these investigations we have identified a number of suitable hotel operators including:

- Owners/operators of Clarion Hotel, Mackay Marina
- Accor Hotels (IBIS, Formule 1, All Seasons)
- Travelodge
- Holiday Inn
- Owners/operators of Virginia Palms Hotel and Ipswich International Hotel
- Owners/operators of Carindale Hotel

5 Review of Historical Accommodation Demand

The visitation aspects of national and international tourists to the local and regional study areas are analysed in this section of the report with a particular focus on the purpose of visit and type of accommodation demanded. In interpreting the results from these tables it is important to consider the proportion that these market segments represent of the total demand for accommodation.

Overall the trip purpose for the majority of guests to the local study area was to visit friends and relatives with the most popular type of accommodation being the home of friends and relatives.

The demand for a broad range of accommodation is assessed and presented in the following tables. Demand for accommodation is represented by visitor nights.

The visitation results from 2003 to 2005 have been averaged to enhance data accuracy. It is important to focus on these averages when examining the demand for accommodation throughout this section of the report.

The data that forms the basis of this accommodation demand review is sourced from Tourism Research Australia. Tourism Research Australia collects this information via its National Visitor Survey and International Visitor Survey. Tourism Research Australia has gathered information from its national visitor survey from 1998 to 2005 and from its international visitor survey from 1999 to 2005.

5.1 National visitors to the local study area

Visitation to the study area by Domestic or National visitors, have been investigated for 1998 to 2005. Of these statistics, trip purpose and accommodation demanded are of the most relevance to this assessment.

5.1.1 Trip purpose

The primary reason for national guests visiting the local study area was to meet friends and relatives, followed by business, and holiday or leisure purposes.

From 2003 to 2005 the majority of national guests travelled to the local study area to visit friends and relatives (49.1%), followed by holiday or leisure (35.0%) and business (7.0%).

Hotel Demand Assessment — **Table 5.1**

Study Area National Visitor Trip Purpose 1998 - 2005

	Visitor Nights ('000s)								2003 - 2005			2001 - 2005		
Trip Purpose	1998	1999	2000	2001	2002	2003	2004	2005	Avg	% of Total	Annual Growth	Avg	% of Total	Annual Growth
Visiting Friends & Relatives	761	427	296	240	417	997	741	734	824	49.1%	-14.2%	782	44.8%	32.2%
Business	8	90	17	33	51	102	71	177	117	7.0%	31.7%	109	6.2%	52.2%
Holiday or Leisure	469	469	450	559	373	825	561	375	587	35.0%	-32.6%	673	38.5%	-9.5%
Other	35	77	14	164	121	41	238	137	139	8.3%	82.8%	175	10.0%	-4.4%
Purpose Not Asked	0	0	0	0	0	0	0	34	11	0.7%	-	9	0.5%	-
Total	1,273	1,063	777	996	962	1,965	1,611	1,457	1,678		-13.9%	1,748		

Source : Tourism Research Australia; Urbis

5.1.2 Accommodation demanded

The majority of national visitors to the local study area chose to stay with friends and relatives. This is consistent with the principle trip purpose (visiting friends and relatives) identified in the previous section.

Hotel Demand Assessment **Table 5.2**
Study Area National Visitor Trip accommodation demanded 1998 - 2005

	Visitor Nights ('000s)									2003 - 2005			2001 - 2005	
Trip Purpose	1998	1999	2000	2001	2002	2003	2004	2005	Avg	% of Total	Annual Growth	Avg	% of Total	Annual Growth
Hotel, resort, motel or motor Inn	63	40	52	127	130	180	98	81	120	7.1%	-32.9%	154	8.8%	-10.6%
Guest house or B&B	6	10	0	0	0	50	5	22	26	1.5%	-33.7%	19	1.1%	N/A
Rented house, apartment, flat or unit	99	135	43	78	19	93	86	83	87	5.2%	-5.5%	90	5.1%	1.6%
Caravan park or commercial camping ground	115	71	133	49	87	170	110	70	117	6.9%	-35.8%	122	6.9%	9.3%
Friends or relatives property	881	657	390	556	620	1,248	1,161	925	1,111	66.2%	-13.9%	1,128	64.5%	13.6%
Own property (e.g. holiday house)	32	22	111	67	33	56	16	86	53	3.1%	23.9%	65	3.7%	6.4%
Caravan or camping near road or on private property	10	103	28	94	72	81	100	107	96	5.7%	14.9%	114	6.5%	3.3%
Other	13	26	18	24	3	88	35	52	58	3.5%	-23.1%	51	2.9%	21.3%
Accommodation not asked	0	0	0	0	0	0	0	34	11	0.7%	N/A	9	0.5%	N/A
Total	1,219	1,064	775	995	964	1,966	1,611	1,460	1,679			1,749		

Source : Tourism Research Australia; Urbis

Over the period 2003 to 2005, the majority of national guests visiting the local study area chose to stay with friends and relatives (66.2%), followed by hotel/resort/motel (7.1%), caravan park or camping ground (6.9%), rented short term accommodation (5.2%), camping outside a commercial ground (5.7%) with a minor segment of the market also electing to stay at their own property such as their holiday house (3.1%), in a guest house or B&B (1.5%).

It is important to note that the proportion of guests opting to stay with friends and relatives (66.2%) is higher than the proportion of guests whose main trip purpose is to visit friends and relatives (49.1%). This may indicate that a proportion of the business and holiday or leisure market may also be staying with friends and relatives, perhaps because the current accommodation market fails to meet guest requirements.

5.2 International visitors to the local study area

International visitors to the local study area were investigated from 1999 to 2005, with particular emphasis on trip purpose and the type of accommodation demanded.

As with national visitors, the principle reason for international guests to the local study area was to visit friends and relatives with the major form of accommodation also the homes of friends and relatives.

5.2.1 Trip purpose

International guests visited the local study area primarily to visit friends and relatives, however also for the purposes of holiday/pleasure. The results of international guest stopovers to the study area are presented in the following table.

Hotel Demand Assessment **Table 5.3**
Study Area International Visitor Trip Purpose 1999 - 2005

									2003 - 2005			2001 - 2005	
Trip Purpose	1999	2000	2001	2002	2003	2004	2005	Avg	% of Total	Annual Growth	Avg	% of Total	Avg Annual Growth
Visiting friends & relatives	177	260	118	85	246	169	335	250	53.8%	16.6%	238	52.4%	29.7%
Holiday/Pleasure	62	142	109	70	130	173	99	134	28.9%	-12.6%	145	32.0%	-2.4%
Business	1	11	1	6	15	14	6	12	2.5%	-36.3%	11	2.4%	44.8%
Education	26	22	30	0	31	10	24	21	4.6%	-12.5%	24	5.2%	-5.8%
Other[1]	1	2	3	0	0	131	12	48	10.2%	-	36	8.0%	-
Total	268	437	262	161	423	496	475	465		6.1%	454		16.0%

1. Includes reason not stated, transiting (no stop over place), employment and other reason
Source : Tourism Research Australia; Urbis

From 2003 to 2005, the stopover reason for a high proportion of international tourists to the local study area was to visit friends and relatives (53.8%), followed by holiday/pleasure (28.9%) and other (10.2%).

5.2.2 Accommodation demanded

The type of accommodation demanded by international visitors to the local study area is analysed and presented in the following table.

Hotel Demand Assessment **Table 5.4**
Study Area International Visitor accommodation demanded 1999 - 2005

	Visitor Nights ('000s)								2003 - 2005			2001 - 2005	
Trip Purpose	1999	2000	2001	2002	2003	2004	2005	Avg	% of Total	Annual Growth	Avg	% of Total	Annual Growth
Home of friend/relative	250	341	164	154	348	324	434	369	79.7%	11.8%	356	79.7%	27.5%
Rented house/apt/unit/flat	8	39	1	5	0	16	10	9	1.9%	N/A	8	1.8%	74.8%
Homestay	0	15	0	0	37	1	0	13	2.8%	-91.9%	10	2.1%	N/A
Own Property	0	0	0	0	26	120	2	50	10.7%	-71.2%	37	8.3%	N/A
Hotel/resort/motel/motor inn	6	4	23	5	4	15	17	12	2.7%	96.6%	16	3.7%	-7.2%
Educational Institution	0	0	0	0	0	0	0	0	0.0%	N/A	0	0.0%	N/A
Guest house/ Bed & Breakfast	0	4	0	0	0	0	0	0	0.1%	N/A	0	0.0%	N/A
Backpacker/Hostel	0	0	0	0	0	0	4	2	0.3%	381.6%	1	0.3%	N/A
Other	3	21	44	2	7	9	9	9	1.9%	10.5%	18	4.0%	-32.7%
Total	268	425	232	166	423	487	478	463		6.3%	447		19.7%

1. Includes Caravan, rented farm accom, housboat, slept in bus/train/plane, other non commercial property, hospital related accom, transiting, cant recall and other.
Source : Tourism Research Australia; Urbis

The majority of international visitors to the local study area from 2003 to 2005 chose to stay with friends and relatives (79.7%), followed by a small number of visitors who own their own accommodation (10.7%), whilst a lower proportion opting to homestay (2.8%), stay at a hotel/resort/motel (2.7%) or rent a house/unit (1.9%).

Again it appears that a higher proportion of international visitors are staying with friends and relatives whilst trip purpose to visit friends/relatives is slightly lower, suggesting that visitors for holiday or pleasure may also be staying with friends or relatives due to the lack of alternate accommodation.

5.3 Total visitors to the local study area

Total guests (national and international) to the local study area were analysed to determine the primary trip purpose and accommodation demanded for a number of market segments from 2003 to 2005.

5.3.1 Trip purpose

The majority of national and international guests travelled and stayed in the local study area to visit friends and relatives and for business with a minor proportion also doing so for holiday/leisure reasons. These results are displayed in the following table.

Hotel Demand Assessment **Table 5.5**

Study Area National and International visitor trip purpose, 2003 - 05 average

	2003 to 2005 average visitor nights ('000s)			
Trip Purpose	National	International	Total	% of Total
Visiting friends and relatives	824	250	1,074	50.1%
Holiday/Pleasure	587	134	721	33.7%
Business	117	12	128	6.0%
Education	n.a	21	21	1.0%
Other[1]	150	48	198	9.2%
Total	1,678	465	2,142	

1. Includes reason not stated/asked, transiting (no stop over place), employment and other reason

Source : Tourism Research Australia; Urbis

From 2003 to 2005, most tourists visited the local study area to meet friends and relatives (50.1%), and holiday or leisure purposes (33.7%) with a minor proportion of tourists also visiting for business reasons (6.0%).

It is important to note that an average of 128,000 visitor nights in accommodation demand was accounted for by the business market from 2003 to 2005. This market segment is expected to represent a significant proportion of the demand for the accommodation offered by the proposed hotel.

5.3.2 Accommodation demanded

National and international guests to the local study area demanded a range of accommodation options, but primarily opted to stay with friends and relatives.

Hotel Demand Assessment **Table 5.6**

Study Area National and International visitor accommodation demand, 2003-05 Average

	2003 - 2005 Average Visitor Nights ('000s)			
Trip Purpose	National	International	Total	% of Total
Home of friend/relative	1,111	369	1,480	69.1%
Rented house/apt/unit/flat	87	9	96	4.5%
Homestay	n.a	13	13	0.6%
Own Property	53	50	102	4.8%
Hotel/resort/motel/motor inn	120	12	132	6.2%
Educational Institution	n.a	0	0	0.0%
Guest house/ Bed & Breakfast	26	0	26	1.2%
Backpacker/Hostel	n.a	2	2	0.1%
Other [1]	282	9	291	13.6%
Total	1,679	463	2,142	

1. Includes Caravan, rented farm accom, housboat, slept in bus/train/plane, other non commercial property, hospital related accom and accommodation not asked

Source : Tourism Research Australia; Urbis

From 2003 to 2005 the chief form of accommodation demanded by national and international guests to the local study area was the home of friends or relatives (69.1% of total).

The hotel/motel market segment also accounted for a significant component of the demand for accommodation with an average of 132,000 visitor nights or 6.2% of total demand over this time.

Other significant types of accommodation demanded in the local study area were rented houses or units which accounted for 96,000 visitor nights (4.5%), and guest house /bed & breakfast which accounted for 26,000 visitor nights (1.2%).

6 Demand Assessment and Market Share Analysis

This section of the report analyses the forecast demand for resort hotel accommodation in the study area incorporating Caboolture LGA, Pine Rivers LGA and Redcliffe LGA. The proposed development is positioned in Caboolture within the Caboolture Shire.

Accommodation data provided by the ABS was analysed from 2002 to 2006 to determine supply and demand characteristics for the study area. Individual statistics for accommodation in Pine Rivers LGA and Redcliffe LGA were unavailable from 2002 to 2005. This prevented an evaluation of supply and demand parameters in these markets over the medium term to observe important trends such as growth in supply (establishments and rooms) and growth in demand (occupied room nights, occupancy rates, and average achieved room rates).

Comprehensive statistics were available for the entire study area for 2006, which enabled us to determine the size of the accommodation market (number of rooms) and demand for accommodation (room nights occupied) at that point in time. 2006 was the base year for the demand forecasting exercise undertaken in this report.

The demand forecasts for the study area accommodation market were projected from average annual occupied room nights recorded in the study area during 2006, as provided by the Australian Bureau of Statistics.

The demand growth rates employed for this assessment were determined through an analysis of historical demand for resort hotel accommodation in conjunction with growth forecasts for national and international visitor accommodation demand.

This report also considers the supply induced demand impacts that are likely to be achieved by the proposed development. The proposed hotel development is likely to generate an additional level of accommodation demand which was previously uncaptured by the study area.

It is likely that the volume and quality of tourist accommodation currently provided in the local study area creates a disincentive for many business persons, and holiday makers to stay in the local region.

The concept of supply induced demand is particularly pertinent in relation to the study area hotel market. This is the concept that there is an element of demand in a market that is not being met and that by increasing the quality of product or service supply in a market (meeting the customer's requirements) the actual market size will be increased.

To get an indication of the expected supply induced demand impacts that the proposed development is likely to have, Urbis have assessed the impacts of the Ipswich International Hotel on the Ipswich accommodation market. The demand for accommodation (room nights occupied) in the Ipswich accommodation market increased by 25% from September 2006 to December 2006 as a result of its introduction.

A demand forecast and market share analysis was conducted for the local study area for the proposed 120 room resort hotel development.

The development of a 120 room resort hotel and day spa with business conference and events facilities in Caboolture represents a significant addition to supply, especially in a market offering lower quality accommodation.

Key assumptions of the demand forecast and market share analysis for the proposed hotel include:

- It is completed and operational by 2012;
- It is a 5 star resort hotel and day spa with business conference and events facilities offering marina, wetland, and golf course frontage;
- It incorporates business conference facilities and meeting rooms; and
- It has a range of room configurations.

The development period for the entire project is anticipated to occur over a 20 year period commencing in 2008 and reaching completion in 2027. The proposed hotel is estimated for completion during 2012.

The correct staging of the proposed resort hotel is vital to its success and ability to attract visitors, with prior development or partial development of a number of key items including:

- A marina with associated marine industry commercial, retail and allied services;
- 160 hectares of business and light industrial uses;
- 365 hectares of active and passive recreational space including a heritage park; and
- Leisure facilities including a golf course.

6.1 Forecast demand for hotel accommodation

The study area considered in this demand forecast and market share analysis is consistent with the one identified earlier in this report.

This analysis forecasts the demand for accommodation in the study area and estimates the appropriate share of accommodation demand that the proposed development is likely to achieve given its offering of 120 rooms. It also considers the associated occupancy rates with this provision of rooms and determines room demand based on a hotel industry viability benchmark of 65% occupancy.

6.1.1 Market Share and Growth

It is considered that there are two components to the market share of the proposed hotel. These are;

- Pro-rate share; and
- Supply induced which is comprised of the Operators Capability, the Business Park and Leisure Facilities.

6.1.2 Pro-Rata

For the period commencing with the opening of the proposed hotel and extending over the near term to 2020, this assessment adopts a pro-rata market share for the proposed hotel of 12.5%. At some point in the future another hotel(s) is likely to establish in the study area and result in a change to this pro-rata share area. It is assumed that this will not occur over the near term.

This pro-rata market share will also grow at the study area market growth rate of 3%.

6.1.3 Supply Induced

In addition to achieving market penetration of 12.5% of the current study area market, we have estimated that the proposed hotel will generate a significant supply induced demand impact. This supply induced impact will be driven by the Operators Capability, the Business Park and Leisure Facilities:

Operators Capability

The hotel management of the Mackay Clarion have demonstrated high levels of professional management expertise. Although located in an area which would not normally be conducive to strong occupancy levels and being situated in area where there were no existing 4.5 star accommodation hotels, the management of the Clarion achieved high occupancy levels. The management of the Clarion have established an ongoing capacity to generate repeat custom which is reflected in their customer data base which features a regular client base of 5,000 guests. To reflect the effect of the Operators Capability, we have adopted a supply induced impact of 5% which is constant throughout the near term.

This share will also grow at the study area market rate of 3% per annum.

Business Park and Leisure Facilities

The Business Park and Leisure Facilities (including the golf course and the marina) will exert independent and growing influences over time as the levels of commercial activity and use of the recreational facilities rise. This is expected to occur naturally as the number of firms that locate in the Business Park expands and as the marina and golf course and other recreational land uses become established and grow in popularity. For each factor, we have adopted a supply induced demand impact of 5%market share at the commencement of operations of the proposed hotel. This impact is projected to rise steadily to 10.5% by 2020 for the Business Park and for the Facilities.

These shares will grow at the project rate which reflects the growth in activation of the Business Park and leisure land uses as the project develops. This rate is estimated to be in the order of 5% per annum over the period from 2013 onwards.

The forecast demand for accommodation in the study area is calculated and presented in the following table. The estimated occupancy rate for 120 rooms has also been determined as has room demand based on a 65% occupancy rate.

Hotel study area accommodation demand **Table 6.1**
Market share assessment (120 rooms)

	Room nights demanded ('000s)								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Market share									
pro-rata share (@ 12.5%)	11.1	11.4	11.8	12.1	12.5	12.9	13.3	13.7	14.1
supply induced demand									
- operators capability (@ 5%)	4.4	4.6	4.7	4.9	5.0	5.1	5.3	5.5	5.6
- business park (@5.0% 2012 > to 10.5% in 202(	4.4	6.9	7.4	8.0	8.7	9.4	10.2	11.0	11.9
- facilities1 (@5.0% in 2012 > to 10.5% in 2020)	4.4	6.9	7.4	8.0	8.7	9.4	10.2	11.0	11.9
total	24.4	29.7	31.3	33.0	34.9	36.8	38.9	41.1	43.4
Occupancy rate (120 rooms)	56%	68%	72%	75%	80%	84%	89%	94%	99%
Room demand (65% occ rate)	103	125	132	139	147	155	164	173	183

1. Demand associated with leisure facilities, i.e. Golf Course, Marina

Source : ABS Cat 8635; UrbisJHD

It is anticipated that upon completion of the proposed 120 room hotel development in 2012, it will attract an estimated 24,400 occupied room nights. This equates to an occupancy rate of 56%, and alternatively accommodation demand for 103 rooms if an occupancy rate of 65% were to be achieved.

It is expected that by 2013 the proposed hotel will attract accommodation demand for over 29,700 room nights, which represents an occupancy rate of 68%, slightly above the hotel industry accepted viability benchmark of 65%.

Projecting further, the demand for accommodation in the study area is expected to increase to 43,400 occupied room nights by 2020, which represents an occupancy rate of 99%, and alternatively accommodation demand in the order of 183 rooms. It is not realistic to expect the proposed hotel to achieve an occupancy level of 99% on ongoing basis and it is likely that high occupancy rates in excess of 85% would trigger development of further establishments.

This is a high occupancy rate for the study area however is in line with the occupancy rate recorded for hotels/motels/serviced apartments with 15 or more rooms in the non core Brisbane Tourism region (71%) and Brisbane Tourism region (78%).

6.2 Summary and recommendations

The proposed hotel will set a new standard in short term accommodation in the study area hotel market and is expected to be highly desirable to holiday makers and corporate travellers given its scale, high quality and ancillary facilities (golf course and marina). The proposed hotel also offers immediate access to a range of other compatible uses that form part of the larger integrated mixed use development.

The proposed hotel development is likely to benefit from the following:

- It will have great access and exposure given its location approximately 1 km to the east of the Bruce Highway in Caboolture. It will also offer access for marine vessels via the Caboolture River.
- It will feature a high level of amenity given its position on the banks of the Caboolture River and integration with key ancillary facilities such as marina and golf course.
- It will experience the co-location advantages of being positioned within a masterplanned business park mixed use development.
- It will have access to a significant amount of passive recreational space including a heritage park.

Key findings from the demand assessment and market share analysis include:

- If an occupancy rate of 65% is achieved by the proposed resort hotel development there will be sufficient accommodation demand for 120 rooms by 2014, after an establishment period of two years.
- If an occupancy rate of 65% is achieved by the proposed resort hotel development there will be sufficient accommodation demand for 140 rooms by 2020, after an establishment period of nine years.

The proposed 120 room hotel in Caboolture is supportable on the basis of its competitive strengths including:

- Its integration with the broader masterplanned mixed use business park
- Its ability to attract diversified accommodation demand from a number of key markets including the holiday/leisure segment and business segment
- Its ability to generate and capture the accommodation demand associated with the range of land uses offered by the total development
- Its ability to form part of a north Brisbane golf node that incorporates other prestigious golf courses such as Pacific Harbour and North Lakes.

7 Appendices

A1 Values Statement

Value Statement

Northeast Business Park is committed to socially, economically and ecologically sustainable development. The company promotes a distinctly Queensland style of design advocating sustainable and responsible development with a community focus.

Our vision encompasses:

Ecological

1. Responsible development which satisfies Government agendas for Environmental rehabilitation, Marine Industry reform, Increased local

   employment, and balanced environmental social and economic objectives.

2. Regenerative development repairing Caboolture River's river bank ecology, wetlands plains, natural bushland and rediscovering historic Cultural elements of the site. Encouraging public access to these areas for the enjoyment of all.

Economic

3. World class development creating the best industry, employment and community spaces creatively linked through innovative physical & social infrastructure.

4. Industry focused development creating the first purpose designed marine industry precinct in response to Government agenda bringing marine industry clusters, jobs and training

5. Sustainable development through creation of 17,000 permanent local jobs by Global, National and local businesses which will locate to NBP, assisting to stem the outflow of commuters who leave Caboolture Shire to work elsewhere.

6. Tourist development created through leisure craft berthing, Championship class golf course, regenerated Heritage precinct and supporting retail and dining experience.

Social

7. Psychographic development through creation of diverse residential formats which reflect the emerging trends in family living in Australian society (multi level, high density low rise, combined work& live, first family detached & larger detached residential formats).

8. Inclusive development through Integration with Caboolture town centre of public transportation, education & learning and local public facilities.

9. Community development through communication networks, town centre creation, life long learning, skills & learning hubs for youth and adults.

The following presents more details of each of the above areas.

Ecological

- NBP will satisfy Queensland Government development policy and provide a net benefit to the Caboolture Shire and the Moreton Bay region by (1) improving the polluted water quality of Caboolture River and Moreton Bay (2) restoring degraded river banks and wetlands (3) eradicating noxious weeds and contaminated land (4) providing the first planned marine industry precinct (5) providing local jobs for local diverse communities in a sustainable development.

- Less than half of the total available land will be developed making this development one of the most environmentally balanced communities in Australia providing access to large areas of natural watercourses, bushland and open space to the wider community.

- The site is currently environmentally degraded and the development will restore the site for the enjoyment of all including Caboolture River bank restoration, wetlands restoration, provision of riparian buffer zones.

- The Caboolture River has high levels of pollutants from an upstream water treatment plant – this development will assist in decontaminating the Caboolture River which will benefit the Moreton Bay Marine Park. This will be done through utilizing high nutrient water from the treatment plant into NBP and using it for irrigation and grey water supply.

- The development will be responsible to its environment by creating zero impact on flooding to surrounding property.

Economic

- NBP will create and combine individual industries, communities, employment opportunities and leisure pursuits in such a way that the resultant development will contribute more to the community than the sum of the individual parts.

- The project will directly address Government's concerns over the maritime industry and provide a unique location for marine industry and marine leisure with over 3,000 jobs and $230m of value adding to Queensland.

- The industrial sites offer the best transportation links to both Brisbane and the Sunshine Coast available with direct access to the motorway.

- Master planning of the industrial precinct will ensure that commercial/ industrial activity is developed in such a way as to become an asset to the overall development and not a detractor. Road treatment, setbacks, landscaping strips, buffer zones and use of the natural topography will create the environment where residents, marine industry employees, marine leisure and car or public transport visitors and commercial employees can integrate and enjoy the facilities.

- The scale of the industrial development site means that individual company's needs concerning size, aspect, infrastructure and layout can be accommodated in the development. The site is envisaged to become home for major multinational operators as well as medium sized entities and small businesses.

- Global, National and Local commercial and industrial companies will make NBP the location of their latest facilities providing employment opportunities for 14,700 jobseekers during construction and 17,000 permanent employees on completion.

- A world class golf course, excellent marina berthing and servicing facilities, café society dining facilities and mixed use development will ensure NBP becomes an attractor to tourists by road and sea.

- Special measures will be applied to maximize the number of people who work and live in the new community in an effort to reduce the current exodus of workers who commute out of Caboolture daily.

Social

- The development will take the best ideas from around the world and apply them to a large and unique development site to create a world class community.

- This will be achieved firstly through excellence in the execution of each individual precinct and secondly by providing excellent infrastructure (physical and social) that links precincts together.

- A community in excess of 8,000 permanent residents will be established

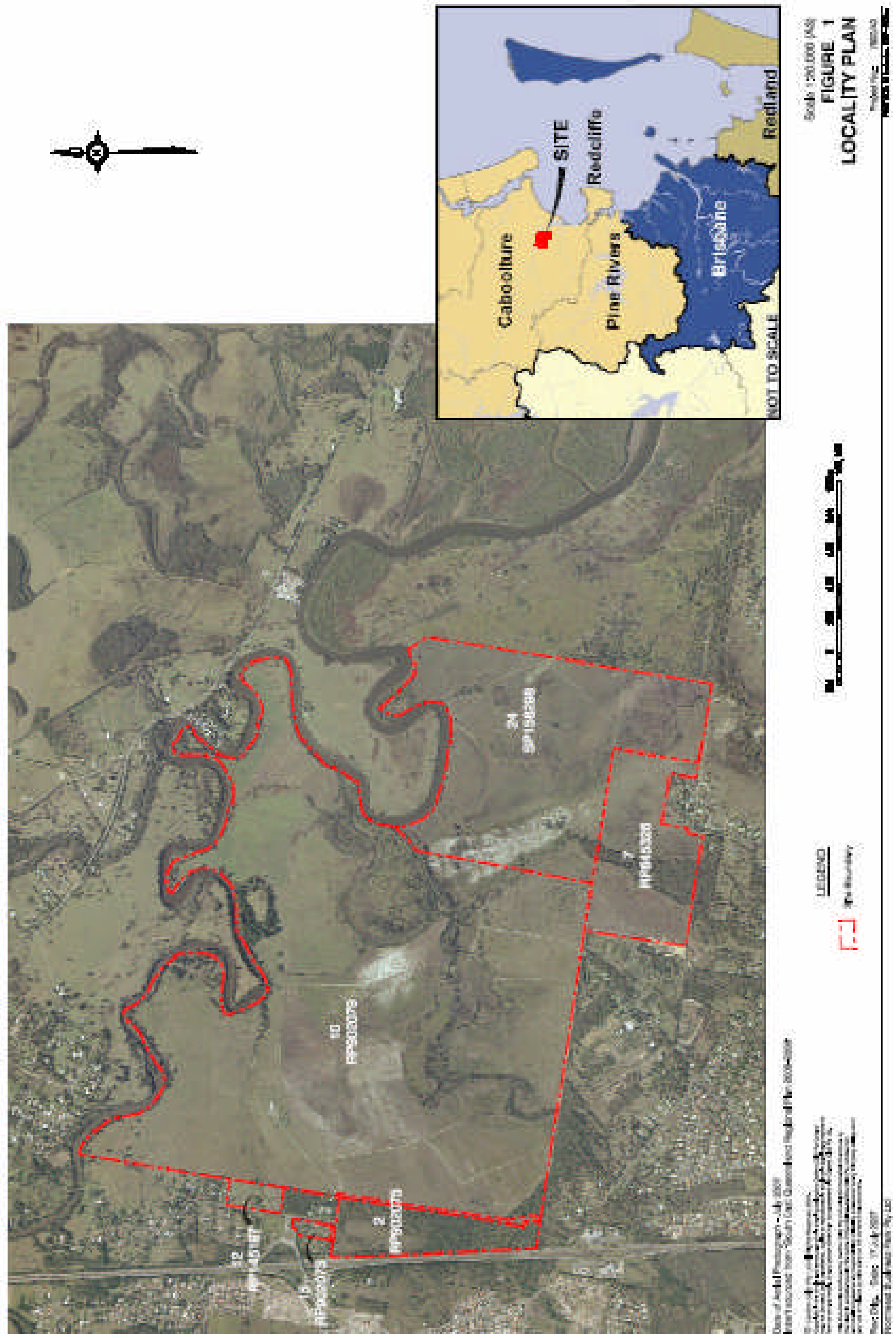
- The project aims to be attractive to a wide cross section of residents through the provision of multi level apartments, low rise apartments and both small and large housing blocks for single dwellings.

- For the resident seeking to works from an attractive home environment and house marine leisure craft locally, NBP will present one of the only opportunities in Queensland to do so.

- Social infrastructure will be provided in unison with Caboolture City, whether it is provision for facilities on NBP or contributing to the expansion of off site facilities.

- Transportation links will ensure residents and the workforce will be integrated into the Caboolture community and access to NBP from rail and bus links is integrated into the local public transportation infrastructure.

The diagrams on the following pages depict the locality of the site and the proposed development.


SITE
Redcliffe
Caboolture
Pine Rivers
Brisbane
Redland
NOT TO SCALE
LEGEND
FIGURE 1
LOCALITY PLAN

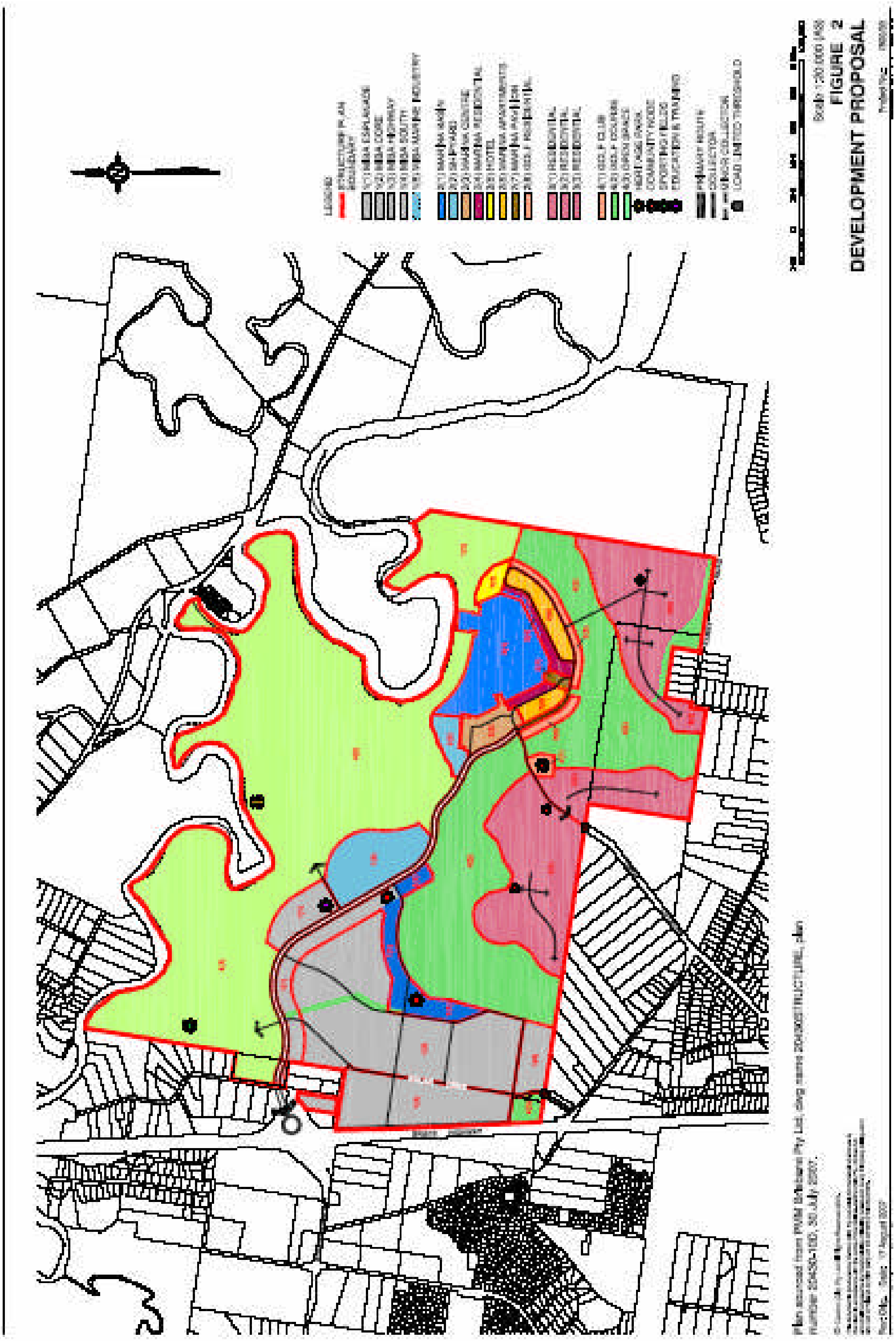


FIGURE 2
DEVELOPMENT PROPOSAL