

Pacific Southwest
STRATEGY GROUP



Shute Harbour Marina Development
Marina Demand Update, February 2008



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EXECUTIVE SUMMARY

Project Background

This report has been commissioned by *Shute Harbour Marina Development Pty Ltd* (SHM) to provide an update to the original report, produced in August 2006. The report has been written as an addendum to the original and needs to be read in conjunction with it.

Population Growth

Since 2001, Queensland's annual population growth has generally fluctuated between 2.0 and 2.5 percent, well above that for Australia. For the same period, population growth in the *Mackay Statistical Division* (SD) has averaged 3.1 percent.

Annual population growth rates to 2026 are forecast to average 1.6 percent for both Queensland the Mackay SD (medium series).

Boat Registrations

The average annual growth trend for boat registrations in Queensland in the five years since 2002 was:

- 4.9 percent for overall boat numbers; and
- 7.7 percent for boats over eight metres in length.

The average annual growth trend for boat registrations in the Mackay SD since 2001 was:

- +6.5 percent for overall boat numbers; and
- +11.1 percent for boats over eight metres in length.

Growth of recreational boat registrations was stronger in Mackay SD than in Queensland for both overall boat numbers and for boats greater than eight metres length for the period.

While still showing substantial growth, the trend line for larger boats has decreased for Queensland from 9.6 percent growth in 2004 to 5.6 percent in 2007 and for Mackay SD from 23.8 percent to 6.4 percent.

Marina Berth Demand

Demand for marina berths is mainly for boats in the eight metres in length or more. Based on the boat registration trends, the project team estimates that marina berth demand for Mackay SD will require an additional 738 berths will be required by 2010 and 3,133 by 2020. These predictions are similar to those in the 2006 report which suggested that 737 would be required in the region by 2010 and 3,129 by 2020.

Future Marina Berth Supply

Based on the known projects for expansion of existing marina facilities, or provision of new facilities, there are an additional 2,600 wet and dry berths in planning for the Mackay SD.

Regional demand is forecast to be for an additional 3,133 berths by 2020 suggesting that if all the known projects are constructed there will still be a shortfall of 533 berths in the region.

1. SITUATION ANALYSIS

1.1 Project Background

In August 2006, Pacific Southwest Strategy Group produced a report for *Shute Harbour Marina Development Pty Ltd* (SHM) which suggested the need for an additional 732 marina berths in the Mackay Whitsunday region by 2010 and 3,105 by 2020. Planning for an additional 2,489 berths was underway at the time of the study and even if all were constructed, still left a shortfall of 616 by 2020.

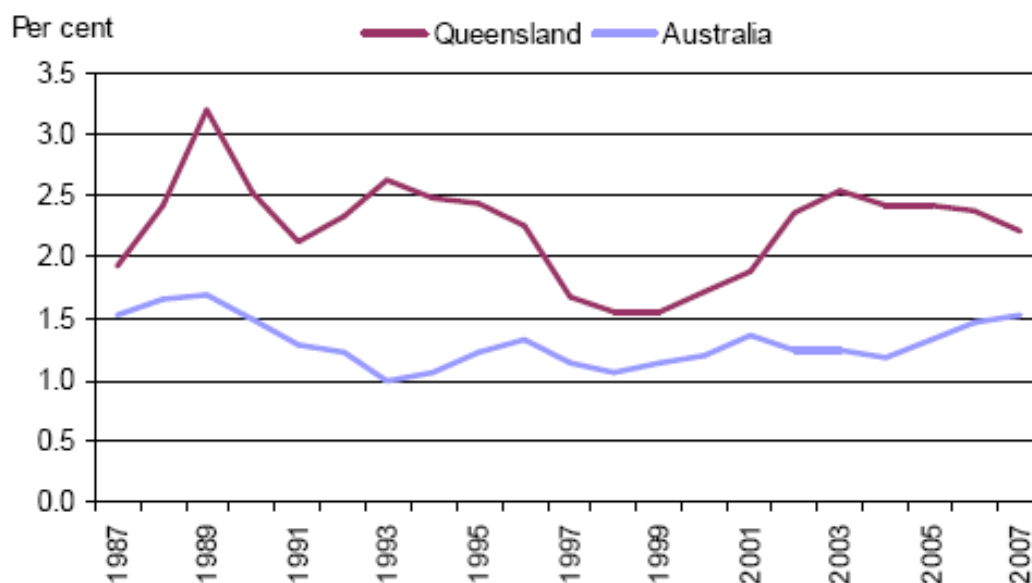
This report has been commissioned by SHM to provide an update to the original predictions using the latest population forecasts and boat registration statistics.

The report has been written as an addendum to the original August 2006 report and needs to be read in conjunction with it.

1.2 Population Growth

Since 2001, Queensland's annual population growth has generally fluctuated between 2.0 and 2.5 percent, well above that for Australia.

Figure 1: Population Annual Growth Rate Queensland and Australia

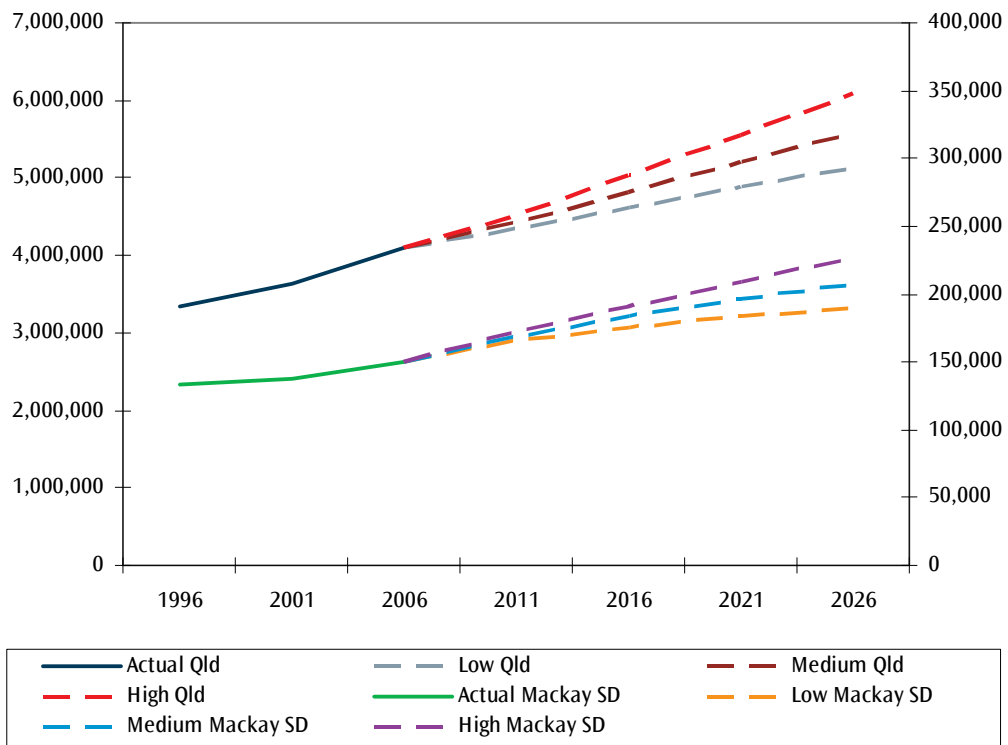


Source: OESR, 2008

Based on the latest medium series forecast, Queensland's population is forecast to reach 4.82 million by 2016 and 5.58 million by 2026.

At the same times, the Mackay Statistical Division's (equivalent to the WHAM region) population is forecast to reach 183,433 and 207,419 respectively (medium series).

Figure 2: Queensland (LHS) and Mackay Statistical Division (RHS) Populations and Forecasts



Source: Pacific Southwest Strategy Group, 2008

These forecasts have been increased by the state government since the original report was produced in August 2006 following the release of the 2006 Census data:

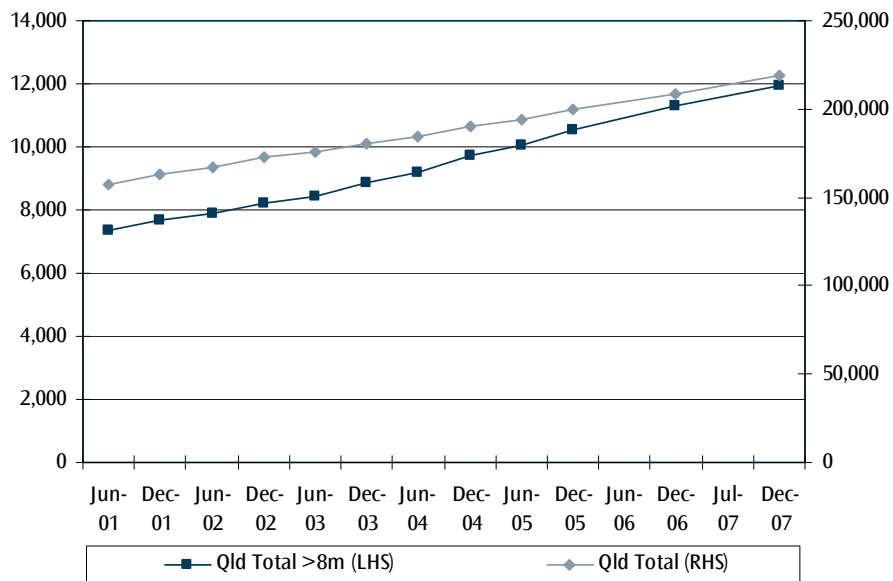
- Queensland:
 - o +145,000 in 2016;
 - o +295,000 in 2026;
- Mackay Statistical Division (SD):
 - o +19,600 in 2016; and
 - o +26,500 in 2026.

Annual population growth rates to 2026 are predicted to average 1.6 percent for both Queensland the Mackay Statistical Division (medium series).

1.3 Boat Registrations

Queensland boat registrations reached 219,033 at the end of December 2007, and were up 17,089 (or +4.8 percent) since December 2006. For the corresponding period, registrations for boats greater than eight metres in length totalled 11,941, and were up 636 (or +5.6 percent). Demand for marina berths has been mainly dependant on the number of boats in the eight metres plus length range.

Figure 3: Queensland Boat Registrations



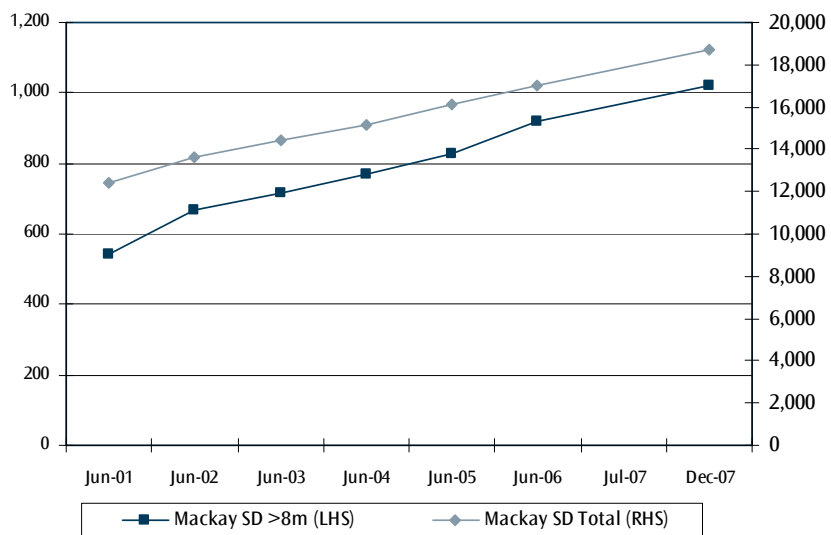
Source: Pacific Southwest Strategy Group, 2008

The average annual growth trend for boat registrations in Queensland since 2002 was:

- 4.9 percent for overall boat numbers; and
- 7.7 percent for boats over eight metres in length.

For the Mackay SD, recreational boat registrations reached 18,685 at December 2007, up 1,670 (or +5.8 percent per annum) from June 2006. For boats greater than eight metres length, the corresponding numbers were 1,022 registrations, up 101 (or +6.4 percent per annum).

Figure 4: Mackay SD Boat Registrations



Source: Pacific Southwest Strategy Group, 2008

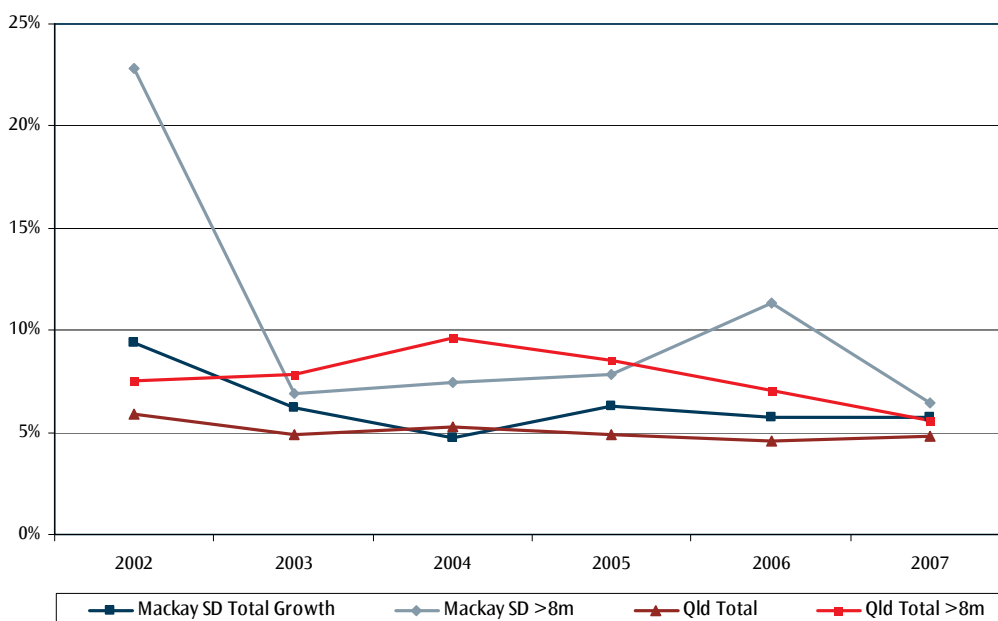
The average annual growth trend for boat registrations in the Mackay SD since 2001 was:

- +6.5 percent for overall boat numbers; and
- +11.1 percent for boats over eight metres in length.

Growth of recreational boat registrations was stronger in Mackay SD than in Queensland for both overall boat numbers and for boats greater than eight metres length for the period 2002 to 2007.

The following graph shows the trends in boat registrations in Mackay SD in comparison to Queensland and highlights the higher growth rate for boats over 8 metres length. While still showing substantial growth, for Queensland the trend line has dipped, or slowed for overall numbers over the last five years from about six percent in 2002 to less than five percent in 2007 and from 9.4 percent to 5.8 percent for Mackay SD. The reason for this is thought to be cyclical, rather than economic. This trend is also evident for larger boats, with a decrease for Queensland from 9.6 percent growth in 2004 to 5.6 percent in 2007 and from 23.8 percent to 6.4 percent for Mackay SD.

Figure 5: Annual Growth in Queensland and Mackay SD Boat Registrations



Source: Pacific Southwest Strategy Group, 2008

Overall boat registration growth in Queensland is currently 2.2 times the population growth, and 2.6 times for boats over eight metres, while for Mackay SD the ratios are 4.0 and 4.1 respectively.

1.4 Waiting List

Mr Barry Hibberd, general manager of *Marine Queensland* (formerly *Boating Industry Association of Queensland* (BIAQ)) in discussions advised that marina operators had ceased maintaining waiting lists as the situation has not changed in recent years and there was no point to updating them. He went on to say that the shortfall in berths was similar to that reported in January 2005.

With the constant influx of migrants to Queensland and the increased boat registrations particularly in the lengths greater than eight metres, Mr Hibberd suggested that demand would increase and that there was a need to build a significant numbers of marina berths throughout the state.

In January 2005, the waiting list for berths totalled 1,480 with the majority of the demand in South East Queensland.

1.5 Berth Demand

Based on the boat registration trends, the project team prepared a marina berth demand model for Mackay SD. This is shown below.

The assumptions used for the modelling included:

- Base demand of 1,993 marina berths in Mackay SD in 2005 (as noted in original report);
- Yearly growth in demand for berths based on growth in registrations for boats over eight metres length (6.6 percent per annum 2002 to 2006). Three values adopted:
 - Low of 4.5 percent;
 - Medium of 6.5 percent (likely); and
 - High of 8.5 percent.

Year	Low (4.5% growth)	Medium (6.5% growth)	High (8.5% growth)
2005	1,993	1,993	1,993
2010	2484	2731	2997
2020	3857	5126	6776

Source: Pacific Southwest Strategy Group, 2008

Based on the medium growth modelling, an additional 738 berths will be required by 2010 (range 491 to 1,004) and 3,133 by 2020 (range 1,864 to 4,783). These forecasts include the 121 berth unmet demand from 2005 noted in the 2006 report.

These predictions are similar to those in the 2006 report which adopted an overall boat registration growth rate of 6.3 percent and suggested that 737 additional berths will be required in the region by 2010 and 3,129 by 2020.

The revised 669 berth marina proposed for the *Shute Harbour Marina Development* will cater for about 90 percent of the additional berths required in the Mackay SD by 2010 and 21 percent of those required by 2020.

1.6 Future Marina Supply

There has been some construction of berths as well as modifications to plans since the original report was produced. Detailed below are the known projects for expansion of existing marina facilities, or provision of new facilities for the region.

Project	Additional Berths		
	Wet	Dry	TOTAL
Mackay Marina Expansion	156	200	356
Laguna Quays Expansion	500	-	500
Bowen Harbour	600	-	600
Hamilton Island	200	35	235
Port of Airlie	240	-	240
Shute Harbour	669	-	669
TOTAL	2,365	235	2,600

Source: Pacific Southwest Strategy Group, 2008.

Shute Harbour Marina Demand Update

Based on the above, there are an additional 2,600 wet and dry berths in planning for the Mackay SD.

Regional demand is forecast to be for an additional 3,133 berths by 2020 suggesting that if all the projects listed are constructed there will still be a shortfall of 533 berths in the region.



Your project team for this study was Phil Graham, who figured it out; Megan Thorrold, who checked it out; and Richard Elliott, who made the coffee.

Minimising Risk

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