Lockyer Valley Accommodation Study

Prepared on behalf of:

Lockyer Valley Regional Council

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EXECUTIVE SUMMARY

- This analysis and investigation of the Lockyer Valley Regional Council existing and potential accommodation market has been prepared by Urban Economics. This Study investigates the existing supply mix, underlying demand drivers, gaps and opportunities for the development and positioning of the accommodation market within Lockyer Valley in optimising economic development opportunities for the Lockyer Valley.

- There are limited published sources that provide rigorous data as to the existing tourist market at the local area level in Lockyer Valley. As a result, consultation was a critical element to the study, with a range of phone interviews and surveys of accommodation providers and local businesses undertaken to contribute to understanding the issues pertaining to demand for and supply of accommodation within the Lockyer Valley.

- There are an array of accommodation facilities within the Lockyer Valley, although the facilities are typically small-scale, independent budget-oriented, with a focus on camping and motel style accommodation facilities. A number of B&B style accommodation facilities are emerging within the area, again providing only a limited array of rooms within each facility limiting choice and capacity within the region. This in part reflects the local demand for short term accommodation which focuses on weekend accommodation needs rather than mid-week.

- Overall, it is estimated that there are some 270 rooms within commercial accommodation, excluding camping ground and on-campus facilities. This has also excluded the rental market, which is also understood to cater for the short to medium term accommodation needs of the seasonal workforce and for students.

- The accommodation is typically oriented at only a limited mix of target markets including older, budget travellers, the family camping market and an emerging mix of facilities catering to the weekend drive/getaway market for couples and small groups.

- There appears to be a gap in the mix of purpose-built accommodation for:

    - Independent retirees
    - Student housing in an off-campus location
    - Short term workers/farm workers accommodation

- Throughout the consultation process, there was a consistent perception by employers, agriculturalists, labour hire companies and large companies within the Lockyer Valley that both the quality and quantity of accommodation facilities within Lockyer Valley is insufficient to meet current and future needs.

- It is estimated that there are some 2,000-3,000 farm workers within the Lockyer Valley region, with one of the stakeholders estimating that there can be a shortfall of between 1,000 and 1,500 beds within the Lockyer Valley area to cater for the short term accommodation needs of these workers.

- If it is assumed that backpackers/farm workers stay in backpacker accommodation for the duration of their 88 days working, as per their visa requirements, in the Lockyer Valley area, it is estimated that the nightly demand for backpacker beds would represent a significant 1,030 beds. It is anticipated that some of this demand may be met by the rental housing market, with farm workers/backpackers electing to share houses, however, it is indicative of the level of potential demand for affordable, short term accommodation within Lockyer Valley.

- Overnight business accommodation needs were typically met in Toowoomba, in offering these overnight visitors quality, business standard motel or hotel accommodation including on-site Wi-Fi and quality dining options.

- In other words, there is evidence that the existing commercial accommodation options in Lockyer Valley are not specifically meeting the needs of the key target markets, with insufficient product meeting the demand in both a quantitative and qualitative sense, such that unmet demand is flowing into other sectors of the market including the home rental market, or geographically to other areas such as Toowoomba.

- The following TABLE summarises the projected nightly demand for short term accommodation relative to committed supply. This does not make allowance for older facilities such as established caravan parks to be repositioned for other eg. affordable housing solutions relative to meeting the needs of emerging target markets.

Ultimate Demand Projections

Accommodation Type	Total Nightly Demand	Total Nightly Demand @ 70% occupancy	Current, Approved Supply	Potential Gap
Hotel, motel, resort or motor inn (Nightly Demand)	125	180	177[1]	**3**
Camping/Caravan (Nightly Demand)	130	190	160	**30**
Rented House/Apartment/Unit (Nightly Demand)	90	130	n/a	**n/a**
Backpackers (Nightly Demand)	450	640	202[2]	**440**
B&B, Guesthouse, or Farm stay (#)	25	37	38	**-**

[1] includes Lakeview under construction, Plainland
[2] includes Imperial approval

- Furthermore, in order to achieve the target supply of aged care beds to cater for older persons within Lockyer Valley, the Region would require an additional 480 places by 2036 over existing places.

- In meeting the future needs of independent, downsizing retirees within the Lockyer Valley, some 425 additional Independent Living Units or ILU's between 2016 and 2036 would be required, or an average of 20-25 new units per annum.

- A potential demand for between 50 and 80 off-campus student rooms in secure and modern facilities are projected, unless the University again significantly increases the enrolment base of the University by locating other core courses at the Gatton campus.

- The quantitative and qualitative analyses of this Accommodation Study have identified that there is a mismatch between the current and emerging mix of target markets seeking short term and temporary accommodation with the existing supply of accommodation within the Lockyer Valley. The quantity, quality and mix of short term accommodation facilities is not meeting the needs of the key market segments such that other forms of accommodation are catering for gaps in the market including the local rental market.

- In terms of the Short Term Accommodation market, we consider that there are a range of opportunities for Lockyer Valley including:

    - **Backpackers/Farm workers** accommodation within the Gatton area.
    - Additional **motel** rooms, positioned as affordable business standard accommodation.
    - Boutique style **lodge/B&B** operations in out of town/detached locations that will offer amenity, access to active recreation pursuits and or seclusion.

1.0 INTRODUCTION

1.1 BACKGROUND

Urban Economics has been commissioned by the Lockyer Valley Regional Council (LVRC) to undertake the Lockyer Valley Accommodation Study. The Accommodation Study investigates a range of temporary and permanent accommodation solutions that would meet the evolving accommodation needs of the local community, and add value to the local economy through diversification of accommodation solutions to cater for a range of short term and temporary visitors, and medium term housing needs.

The Lockyer Valley Economic Development Plan 2013-2018 highlighted the lack of commercial accommodation facilities in Lockyer Valley and the variability of the quality of accommodation facilities that was available within the region. The Plan recognised the need for Council to proactively attract and facilitate investment in accommodation facilities within the area including the undertaking of feasibility studies for accommodation facilities in demonstrating the demand-supply gap to prospective developers and operators.

Council has therefore implemented a series of incentives in seeking to attract development of a range of different accommodation models within the Lockyer Valley. In testing and refining the mechanisms within these incentive policies, it is timely and appropriate to quantify and understand the needs of the various target markets that these accommodation models may benefit and cater for in ensuring that the appropriate mix, scale and location of facilities is attracted to the Lockyer Valley region.

This Study particularly examines the existing and anticipated mix of short term and specialist accommodation options within the Lockyer Valley, and critiques the demand for additional accommodation options in planning for and delivering a sustainable mix of accommodation options. Understanding both the quantitative supply-demand balance as well as the qualitative implications for housing choice, fostering economic growth and activity are critical outcomes for the Accommodation Study.

It is important to recognise that the Accommodation Study is not simply a tourist accommodation study, but also recognises, seeks to understand and plans for the accommodation needs of a range of other critical target markets in Lockyer Valley. In particular, the proximity of the Lockyer Valley to both Brisbane and Toowoomba presents challenges in differentiating and positioning the region as an overnight or short stay market in its own right, however, this Accommodation Study does not exclude this market, but also considers other target markets and opportunities to grow the short stay and temporary accommodation markets for which the Lockyer Valley may have a competitive advantage and that are opportunities for the region.

Similarly, the specialist accommodation needs of other sectors of the market including workers and older persons are also examined within this Accommodation Study.

1.2 Study Objectives and Methodology

The purpose of this Study is to investigate the provision of accommodation facilities within the Lockyer Valley utilising a range of quantitative and qualitative research tools and analyses in order to provide recommendations as to opportunities for accommodation facilities in the Region.

In preparing this analysis, Urban Economics has undertaken the following staged tasks:

Phase One: Inception

- Met with the Lockyer Valley Regional Development office to confirm study deliverables and refine the milestones for the study.
- Identified and confirmed relevant contacts and stakeholders for consultation

Phase Two: Data Collection and Collation

- Designed a survey template and methodology for engagement with accommodation providers and stakeholders
- Undertook a survey of accommodation providers within the LVRC area
- Estimated the state of the short term visitor market within the Lockyer Valley
- Conducted interviews with other relevant stakeholders

Phase Three: Demand and Supply Analysis

- Reviewed the key economic fundamentals and drivers underpinning the Lockyer Valley and potential growth of these sectors
- Examined the demographic and socio-economic profile of the Lockyer Valley community and projected changes in the demographic profile
- Identified potential emerging market segments for whom accommodation options may be required
- Reviewed population growth rates
- Reviewed key trends and drivers influencing the tourist visitor market

- Explored other key economic development opportunities that may influence demand for short term and alternative accommodation options
- Identified other key target markets and opportunities for growth
- Quantified the current and future demand for retirement and over 50’s resort accommodation within Lockyer Valley
- Examined key trends in retirement living development and implications for the Lockyer Valley
- Explored proposed and approved tourist and other short term accommodation developments within surrounding local authorities
- Quantified existing accommodation performance and activity
- Prepared a model to extrapolate demand by housing and short term accommodation mix

Phase Four: Gap and Opportunity Analysis

- Undertook a threshold and gap analysis based on the demand analysis modelling
- Analysed strengths, weaknesses, opportunities and threats (SWOT) for accommodation alternatives
- Critiqued vertical and horizontal integration linkages
- Examined the supply-demand gap between existing, proposed and required facilities

Phase Five: Recommendations and Implementation

2.0 LOCKYER VALLEY

2.1 THE LOCKYER VALLEY REGION

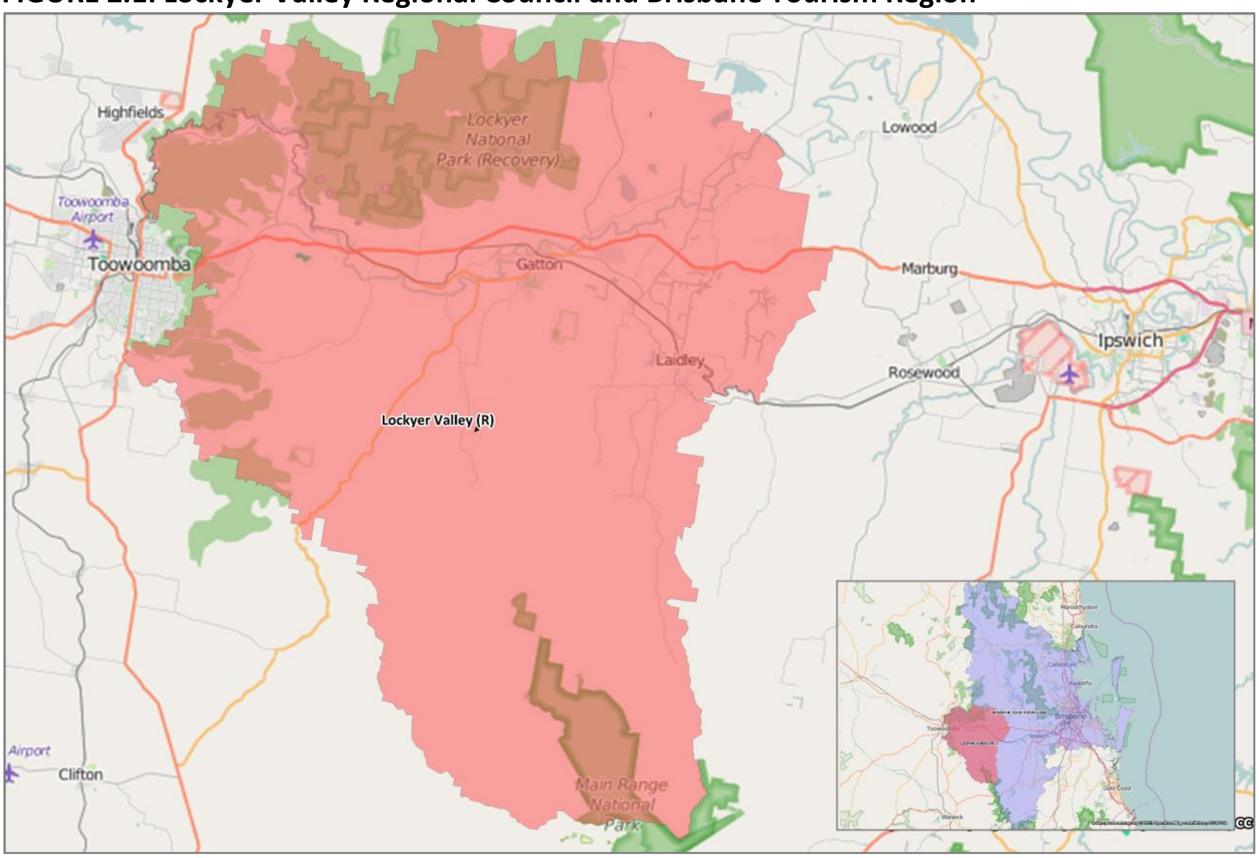
The Lockyer Valley region comprises the former local government areas (LGA) of the Gatton and Laidley Shires. Lockyer Valley is contained within the Brisbane Tourism Region (TR), as illustrated in FIGURE 2.1, a key geographical boundary for the analysis of tourism and visitor accommodation data.

Lockyer Valley is defined by the key townships of Gatton and Laidley and numerous smaller villages such as Plainland, Forest Hill, Grantham, Withcott, Helidon, Mulgowie and Murphys Creek.

The region is positioned between the Toowoomba, Ipswich, Somerset and Scenic Rim LGAs and is connected east-west by the Warrego Highway (A2).

Known as the "Salad Bowl" of Queensland, the Lockyer Valley's fertile soils and rural industries provide much of Queensland's and Australia's winter vegetables as well as numerous other food products and produce.

FIGURE 2.1: Lockyer Valley Regional Council and Brisbane Tourism Region



2.2 ECONOMIC OPPORTUNITIES

This section provides an overview of the underlying economic drivers and opportunities that may influence the demand for short term and alternative accommodation options within the Lockyer Valley region, and forms the basis for examining prospective target markets for additional accommodation options.

- Gross Regional Product (GRP) for the Lockyer Valley Regional Council was reported to be $1.34billion.

- The Lockyer Valley and surrounding region is renowned as a key agricultural market for South East Queensland, with the ABS reporting that agricultural output within the Lockyer Valley Regional Council in 2010/11 was $263million, 79.5% of the value of which was contributed by vegetable production. At the time of the 2011 Census, the agricultural sector employed some 1,593 workers, or 13.6% of the total LVRC workforce.

- As at June 2015, there were 2,939 businesses registered in Lockyer Valley (ABS), 29% of which were classified as agricultural, forestry and fishing and a further 16% as construction businesses.

- What is perhaps less well recognised, is the significance of the education sector in terms of the employment of workers within the LVRC, employing some 2,119 workers or 18.3% of the workforce within the LVRC. This represents a significant share of the LVRC workforce and therefore economy as a key export and economic wealth creating sector, and includes employment within the University of Queensland Gatton campus as well as the local schools and training facilities.

- Interestingly, more workers commute to the LVRC for employment in the educational sector than for any other sector within the LVRC, indicative of both a lack of depth of highly skilled workers within the LVRC to cater for this sector, as well as the role of the higher education market in attracting specialist academic staff for short term contracts and sharing of staff across campuses etc.

- The University of Queensland's Gatton Campus had a 2015 student enrolment of 1,617 students. The campus offers some 436 rooms for students wishing to study and stay on site within its Halls of Residence. The significant relocation of the University's School of Vet Science to the Gatton Campus in 2010 in a $100million redevelopment of the Campus represented an almost doubling of the student population at the Campus, and the relocation of more than 100 staff to the Campus.

- The Southern Queensland Correction Centre opened as a correctional facility in 2012 with 300 beds and currently employs some 200 staff. The facility has the capacity to be developed and expanded to ultimately cater for some 1,600-1,700 beds, but is dependent on the prevailing political will and allocation of resources at other correctional facilities and no set timeframe is currently available for this potential expansion.

- Lockyer Valley Regional Council is also a significant employer of local residents, with the 2014/15 Annual Report stating that 392 staff were employed by Council in 2015 across a range of different tenures and positions.

- Importantly, small businesses are a significant component of the Lockyer Valley economy, with 64% of businesses classified as non-employing businesses, and a further 25% employing only 1 to 4 workers. This reflects the prominence of agricultural and construction businesses within the area, which are typically sole-trader or family-run businesses.

2.3 Population and Household Growth

Lockyer Valley has continued to increase its population with an estimated 8,274 new residents added to the Region between 2005 and 2015, growing at an estimated 2.4% per annum over this period as outlined in TABLE 2.1, which was slightly higher than the Queensland average (2%). The majority of this growth has been within the Lockyer Valley – East SA2 in localities such as Hatton Vale, Plainland and Laidley.

TABLE 2.1: Population Change 2005-2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2005-15	
												#	%p.a
Lockyer Valley (R)	30,524	31,305	32,050	32,974	34,333	35,110	35,880	36,514	37,609	38,298	38,798	8,274	2.4%
Gatton	6,166	6,232	6,339	6,497	6,960	7,174	7,374	7,507	7,572	7,648	7,656	1,490	2.2%
Lockyer Valley - West	9,488	9,555	9,734	9,985	10,226	10,353	10,458	10,607	10,804	11,035	11,196	1,708	1.7%
Lockyer Valley - East	14,870	15,518	15,977	16,492	17,147	17,583	18,048	18,402	19,235	19,617	19,948	5,078	3.0%

Source: ABS

TABLE 2.2 notes building approvals within Lockyer Valley between June 2011 and February 2016; highlighting the prevalence of new detached dwellings and development within the eastern areas of the Region. Relevant developments include The Fairways at Hatton Vale and McInnes Field, Cunningham Park and Coopers Crossing estates at Laidley, amongst others.

TABLE 2.2: Building Approvals

	2011/12			2012/13			2013/14			2014/15			2015/16*		
	House	Other	Total	House	Other	Total	House	Other	Total	House	Other	Total	House	Other	Total
Gatton	21	4	25	23	8	31	24	8	32	49	0	49	22	6	28
Lockyer Valley - West	93	0	93	59	4	63	69	0	69	69	0	70	52	0	52
Lockyer Valley - East	155	0	155	117	0	117	87	0	87	97	0	97	82	10	93
TOTAL	269	4	273	199	12	211	180	8	188	215	0	216	156	16	173

Source: ABS **Fiscal year to February 2016*

By 2036, Lockyer Valley is projected to include more than 54,200 persons; an additional 14,660 residents between 2016 and 2036. In particular, the resident population of Lockyer Valley is anticipated to include a higher proportion of older persons aged over 60 between 2016 and 2036 increasing from 21.1% in 2016 to more than 33% by 2036.

TABLE 2.3: Population Projections by Age – Lockyer Valley

	2011		2016		2021		2026		2031		2036	
	#	%	#	%	#	%	#	%	#	%	#	%
0–4	2,498	7.0%	2,624	6.6%	2,777	6.4%	2,938	6.2%	3,068	6.0%	3,182	5.9%
5–9	2,647	7.4%	2,852	7.2%	3,016	7.0%	3,181	6.8%	3,359	6.6%	3,493	6.4%
10–14	2,734	7.6%	2,881	7.3%	3,119	7.2%	3,299	7.0%	3,474	6.8%	3,660	6.7%
15–19	2,720	7.6%	2,897	7.3%	3,055	7.0%	3,313	7.0%	3,505	6.9%	3,682	6.8%
20–24	2,278	6.3%	2,530	6.4%	2,672	6.2%	2,813	6.0%	3,029	6.0%	3,200	5.9%
25–29	2,163	6.0%	2,242	5.7%	2,424	5.6%	2,511	5.3%	2,623	5.2%	2,807	5.2%
30–34	1,939	5.4%	2,407	6.1%	2,542	5.9%	2,676	5.7%	2,740	5.4%	2,849	5.3%
35–39	2,201	6.1%	2,262	5.7%	2,722	6.3%	2,876	6.1%	2,987	5.9%	3,047	5.6%
40–44	2,470	6.9%	2,526	6.4%	2,601	6.0%	3,062	6.5%	3,231	6.4%	3,334	6.1%
45–49	2,615	7.3%	2,714	6.9%	2,794	6.4%	2,874	6.1%	3,335	6.6%	3,519	6.5%
50–54	2,449	6.8%	2,765	7.0%	2,892	6.7%	2,989	6.3%	3,071	6.1%	3,533	6.5%
55–59	2,186	6.1%	2,543	6.4%	2,833	6.5%	2,979	6.3%	3,085	6.1%	3,172	5.8%
60–64	2,145	6.0%	2,208	5.6%	2,562	5.9%	2,829	6.0%	2,984	5.9%	3,098	5.7%
65–69	1,811	5.0%	2,076	5.2%	2,170	5.0%	2,516	5.3%	2,767	5.5%	2,932	5.4%
70–74	1,220	3.4%	1,694	4.3%	1,984	4.6%	2,101	4.5%	2,444	4.8%	2,689	5.0%
75–79	833	2.3%	1,100	2.8%	1,537	3.5%	1,833	3.9%	1,971	3.9%	2,311	4.3%
80–84	510	1.4%	685	1.7%	917	2.1%	1,303	2.8%	1,586	3.1%	1,740	3.2%
85+	461	1.3%	572	1.4%	759	1.8%	1,029	2.2%	1,488	2.9%	1,989	3.7%
Total	**35,880**		**39,577**		**43,377**		**47,120**		**50,746**		**54,238**	

Source: QGSO

2.3 Demographic and Socio –Economic Characteristics

The results of the 2011 ABS Population and Household Census (the most recent Census results available) have been utilised to examine the demographic and socio-economic characteristics of the Lockyer Valley population and are summarised in TABLE 2.5. The key characteristics of the Lockyer Valley are compared with the Brisbane Tourism Region (TR) and Queensland averages and briefly summarised below.

- The age profile of Lockyer Valley included heightened proportions of children aged 0-14 (22.1%) and older persons aged over 60 (19.7%). A breakdown of the age profile by SA2 however reveals that Gatton included a substantially higher proportion of young persons aged 15-29 (28.4%), which is attributed to the influence of UQ's Gatton Campus.

- The unemployment rate within Lockyer Valley (6.5%) was slightly higher than the Queensland average (6.1%) at the time. The Region also had a below average level of workforce participation (61.7%) particularly for females (55.4%) indicative of single worker couples and families.

- Agriculture, forestry and fishing (12.3%) was the key industry of Locker Valley's resident working population in 2011. The Region also included a heightened proportion of transport, postal and warehousing workers (7.0% c.f. QLD 5.3%), indicative of Lockyer Valley's links to the transport industry and importance of the area as a gateway for road based transport to the west.

- There were some 263 international visitors recorded within Lockyer Valley on Census night or 0.75% of all persons within the Region at the time. Comparatively, Queensland had some 65,800 international visitors or 1.5% of all people in the State on Census night. Approximately 74% of these short-term visitors (staying for less than a year) were enumerated within the Gatton SA2 suggesting these visitors were predominantly linked to the University or within accommodation suited for seasonal workers.

- Students attending education facilities at the time of the Census included approximately 10,850 persons, with concentrations of different student types linked to relevant institution types as outlined in TABLE 2.4. Interestingly it is noted that female students comprised a significant 72.5% of university students in 2011.

TABLE 2.4: Students by Educational Institution Attended

	Gatton	Lockyer Valley - West	Lockyer Valley - East	TOTAL
Pre-school	79	102	186	367
Primary School	579	1,049	1,726	3,354
Secondary School	383	719	1,147	2,249
Technical or Further Educational Institution	97	134	275	506
University or other Tertiary Institution	651	236	411	1,298
Males	199	59	100	358
Females	452	177	311	940
Other	61	50	77	188
Not Stated	493	825	1,566	2,884
TOTAL	2,343	3,115	5,388	10,846

Source: ABS

- Approximately 25.4% of dwellings were rented within Lockyer Valley at the time of the Census which was significantly lower the Brisbane TR and Queensland (33.2%). The Gatton SA2 however was distinct from the Region with 40.7% of dwellings being rented in 2011, characteristic of seasonal workers renting share homes within the Gatton area to be close to work opportunities.

- Similarly, 94.1% of dwellings were detached houses within the Lockyer Valley whilst the Gatton SA2 included the largest diversity of housing having more than 70% of all units, apartments, townhouses etc within the Region.

TABLE 2.5: Demographic Profile

Demographic	Lockyer Valley (R)	Brisbane Tourism Region	Queensland
Age Profile (%)			
0-14yrs	22.1	19.9	20.2
15-29yrs	19.4	22.3	20.5
30-59yrs	38.8	40.8	40.5
60+yrs	19.7	17.0	18.7
Labour Force (%)			
Unemployment Rate	6.5	5.8	6.1
Workforce Participation Rate	61.7	68.5	66.8
Occupation Profile (%)			
Managers/Administrators	12.8	11.7	12.0
Professionals	10.9	22.7	18.9
Technicians & Trade Workers	15.4	13.3	14.9
Community & Personal Service Workers	9.6	9.6	10.0
Clerks, Administrative & Sales Workers	21.0	25.6	24.5
Machine Operators & Drivers	10.0	6.2	7.3
Labourers	18.6	9.1	10.6
Inadequately Described/Not Stated	1.8	1.8	1.8
Industries of the Workforce (%)			
Agriculture, forestry & fishing	12.3	0.7	2.7
Mining	1.3	1.3	2.6
Manufacturing	9.6	9.3	8.4
Electricity, gas, water & waste services	1.1	1.2	1.2
Construction	7.7	8.3	9.0
Wholesale trade	4.5	4.1	3.6
Retail trade	10.8	10.1	10.7
Accommodation & food services	5.8	6.0	7.0
Transport, postal & warehousing	7.0	5.7	5.3
Information media & telecommunications	0.6	1.4	1.2
Financial & insurance services	1.5	3.4	2.7
Rental, hiring & real estate services	1.2	1.7	1.8
Professional, scientific & technical services	3.5	8.3	6.5
Administrative & support services	2.4	3.3	3.2
Public administration & safety	5.7	7.4	6.7
Education & training	8.2	8.1	7.9
Health care & social assistance	9.5	12.4	11.9
Arts & recreation services	0.8	1.3	1.4
Other services	3.6	3.7	3.9
Inadequately described/Not stated	2.8	2.2	2.4

Home Ownership (%)			
Owned Outright	32.4	27.4	29.0
Mortgage	37.9	36.4	34.5
Rent	25.4	33.2	33.2
Other/Not Stated	4.3	2.9	3.3
Structure of Dwellings (%)			
Separate House	94.1	78.6	78.5
Semi-detached/Row/Terrace/Townhouse	1.3	8.6	8.4
Flat/Unit	3.0	12.1	11.7
Other/Not Stated	1.6	0.7	1.3
Number of Vehicles Per Dwelling (%)			
0	4.6	7.9	7.2
1	29.1	35.7	35.4
2	37.9	37.0	37.2
3	15.4	11.5	11.7
4+	9.0	5.3	5.5
Not Stated	4.0	2.7	3.0
Average Annual Household Income ($2011)	64,340	86,110	78,860
Relationship in Household (%)			
Couple in Registered Marriage/De Facto Relationship	46.6	45.3	46.0
Lone Parent	7.5	8.4	8.9
Child Under 15yr	22.3	20.2	20.6
Dependent Student (15-24yr)	3.9	5.0	4.4
Non-dependent Child	5.7	5.8	5.5
Other in Family Household	3.3	4.1	3.6
Group Household Member	3.9	4.7	4.0
Lone Person	7.5	8.4	8.9
Visitor in Household (from within Australia)	2.3	1.8	2.3

Source: 2011 ABS Census

3.0 THE SHORT TERM ACCOMMODATION MARKET

3.1 TRENDS IN ACCOMMODATION

The international accommodation industry has seen a number of changes, disruptions and emerging trends over recent years. Investment in accommodation has largely been driven by demand from Asia, with 33% of global hotel investments in 2015 coming from Asian investors, according to Ernst & Young's 2016 Global Hospitality Insights report. The sharing economy has also had a significant impact upon the market. With more than 1.5 million peer-to-peer listings across 190 countries, Airbnb has significantly increased competition particularly for low cost accommodation providers, though there is debate as to whether this disruption is likely to help or hinder the accommodation industry.

Recent growth in the Australian tourism and hotel sectors has been extremely strong, with international visitation growing 8.2% and domestic tourism increasing 7% in 2015 according to Deloitte Access Economics's 'Tourism and Hotel Market Outlook 2016' report. Furthermore, overall occupancy rates for Australian hotels were 68.4% in 2015 according to data from STR Global. This is expected to grow to 71.8% by 2018 based upon forecasted growth demand for accommodation and expected increase in supply.

These strong occupancy rates and a domestic market underpinned by strong economic activity have attracted significant new investment and activity including the entry of new, international brands, the expansion of the chains and operators within Australia and the range of brands they are offering to the short stay market. This level of investment and mooted upcoming activity is at levels not seen at least for more than 10 years, particularly in Queensland.

Much of Queensland's tourist accommodation infrastructure is dominated by small, privately run enterprises as well as older accommodation stock in need of renewal and redevelopment. Investment in the hotel and tourism industry typically comes in waves, with incentives in the Brisbane CBD for instance, attributed to the announcement of a number of new hotel and short term accommodation facilities including six star accommodation facilities.

The State Government and Brisbane City Council's "*A Guide to Hotel Investment in Brisbane, Australia 2014*" estimates that there is a need to increase the hotel room supply in Brisbane by some 216 to 330 new rooms **per annum** between 2014 and 2022 in particularly appealing to the increasing travel patterns of Chinese visitors and leisure visitors seeking recognised brands.

Hotels, Motels and Resorts

- Recent new brands that have opened in Brisbane include the Ibis Styles and Four Points by Sheraton, with the Pullman to open a 5 star hotel at the Brisbane Airport, W to open in 2017 and Westin to open in 2018.

- The Queen's Wharf development will introduce 5 new hotels to Brisbane, including some 1,100 rooms and Brisbane's first 6 star hotel. The Ritz Carlton is one of the confirmed new brands that will open within the Queen's Wharf development, by around 2022.

- Increasingly, hotel/motel room rates are becoming more flexible and dynamic with features such as 'best available rate', members pricing and package deals for longer stays or inclusive of food and beverage allowances.

- The Brisbane Tourism Region reported 220 hotel, motel, resort and serviced apartment establishments, with an average occupancy of 70.1% for the year ending June 2015.

Backpackers

- International backpacker numbers within Australia increased at an average of 1.6% p.a. between 2005 and the year ended 2015 to include approximately 600,000 visitors or around 10% of all international visitors. Approximately 35% or 206,000 of these visitors came to the Brisbane TR and represented 5.1million visitor nights and $319million in regional expenditure.

- The Department of Immigration and Border Protection Working Holiday Maker Visa Programme Report 31 December 2015 states that the number of visas granted for the 6 months ending 31 December 2015 is 3.3% lower than the corresponding period in 2014-15. However, this reduction does not appear indicative of a systemic decline in visa demand. TABLE 3.1 below summarises the total number of Working Holiday Maker Visas granted remaining relatively stable with the 2015-16 FY on track to grant 233,500 if trends continued.

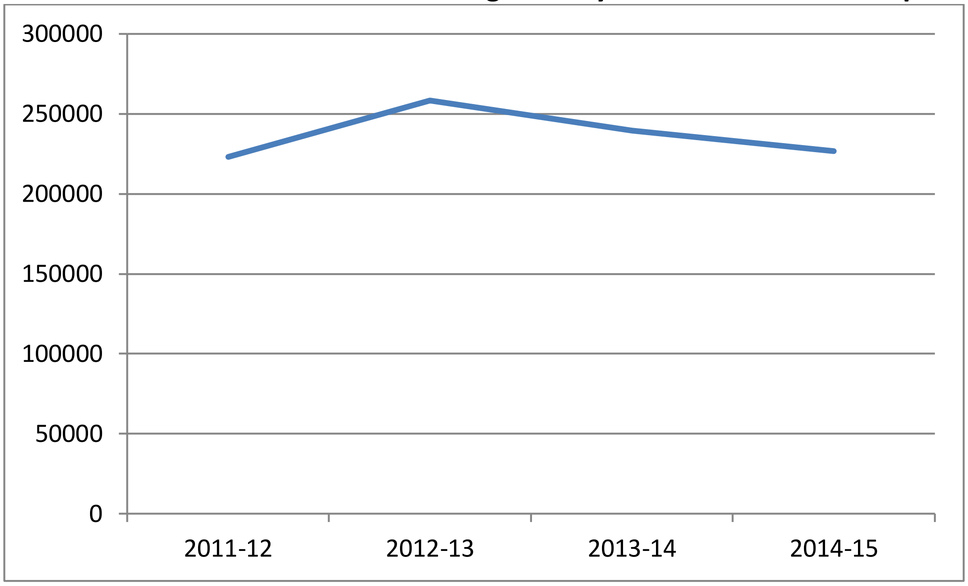
TABLE 3.1: Total number of Working Holiday Maker Visas Granted per FY

Year	2011-12	2012-13	2013-14	2014-15	6 months ending 2015
Visas Granted	222,992	258,248	239,592	226,812	116,750

Source: Department of Immigration and Border Protection

- Additionally, the continued demand for visas will be supported by the falling Australian Dollar and its effect on affordability for potential tourists. The Australian dollar is currently trading at around USD 0.74, with Trading Economics anticipating that the dollar will continue to trade in the low 0.70's during 2016 and 2017 and projecting that the dollar will trade around USD 0.59 by 2020.

FIGURE 3.1: Total number of Working Holiday Maker Visas Granted per FY



Source: Department of Immigration and Border Protection

- ‘Flashpacking’ operates in the spirit of backpacking with communal accommodation, but in an atmosphere and with facilities that are more modern and can include small luxuries often related to more upmarket hotels.

Campervans, Caravans and RV’s

- The 2015 Motor Vehicle Census highlighted that Queensland had the highest number of campervan and caravan registrations in Australia, with approximately 151,765 registered vehicles. Key markets include regional centres such as Bundaberg, Hervey Bay, Toowoomba, Caloundra, Gympie, Mackay and Gladstone.

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- Between 2008 and 2013, the number of registered caravans and motor homes (or collectively RV’s) in Australia has increased by some 21.6%, with a 9.8% year on year growth recorded in production statistics between 2013 and 2014 (GreyNomads) with ongoing growth in this particular market anticipated to be in the order of at least 5% per annum over the next four years.

- The growth in demand for RV's may ease due to the saturation of the existing market. However, the first cohort of baby boomers born 1946 are only now reaching 70 years of age and the youngest born in 1964 are now 52. This group will be retiring in the coming years with higher wealth than previous groups, including larger superannuation packages indicative of the likelihood of sustaining demand for travel including the Gray Nomad lifestyle at least for the medium term, but not at double digit growth that has been demonstrated over the last few years.

- The Campervan and Motorhome Club of Australia (CMCA) has undertaken an economic analysis of the impact of the RV tourist sector in Australia, reporting that approximately 50% of these tourists enjoy a mix of both commercial and non-commercial accommodation options, with average trip lengths of approximately 156 days and spending between $500 and $900 per week.

- Within Australia, caravan parks have included a mix of short-term accommodation sites and permanent sites, catering to those seeking affordable accommodation as a visitor or resident. Increasingly, caravan parks are including stronger mixes of permanent accommodation or conversion to 'manufactured home parks', typically targeting older persons over the age of 50.

- This sector has also been the subject of significant developer and investor interest in securing prime, and in particular coastal, sites for redevelopment, impacting on both the availability of affordable permanent and family oriented holiday sites.

- In regional and resource communities, caravan parks have also offered temporary accommodation for resource sector workers, often at the expense of the more traditional holiday drive market.

Bed & Breakfast

- Market studies on the competitive advantages of Bed & Breakfasts suggest that the major attraction to these venues is the personal service and host guest interaction that they offer (Scarini & Richins).

- As a segment of the B&B market, and as identified above, peer-to-peer hosting services such as Airbnb are market disruptors within the accommodation sector, linking persons seeking affordable and unique travel experiences and those who have additional (typically non-commercial) accommodation space such as a spare bedroom or dwelling. Within Australia there are estimated to be more than 50,000 Airbnb listings in 2016, with a listing of Airbnb facilities in the Lockyer area identified in Section 3.3.

- It is difficult to regulate the availability and impacts of this form of supply on the accommodation market. There are international examples such as in Jasper, Canada, which specifically license private accommodation options. The Jasper Home Accommodation Association is a registered list of inspected and licensed private home accommodations across a range of budgets and styles from sleeping rooms, to private ensuited accommodation and B&B facilities.

3.2 The Brisbane Tourism Region

Tourism Research Australia (TRA) estimates that there were some 5,752,540 domestic and 1,125,970 international overnight visitors to the Brisbane Tourism Region (BTR) for the year ended December 2015.

The Lockyer Valley is located within the Brisbane Tourism Region, with tourism contributing 2.4% of GRP in 2013/14, compared with the State average of 4.9%. This reflects Brisbane's capital city role and diverse economy. Tourism Queensland reports that there were 193 commercial accommodation establishments within the Brisbane Tourism Region for the year ending June 2014, representing an occupancy rate of 72%, which was by far the highest occupancy rate in comparison to the other tourism regions across Queensland and the Queensland average (62%).

The latest small area data is published by the Australian Bureau of Statistics (ABS) with 220 commercial accommodation facilities reported within the BTR as at the June Quarter 2015, representing an occupancy rate of 67.5%, and comparable to the State average occupancy rate overall for the Quarter.

3.3 Accommodation in the Lockyer Valley

There are a range of tools that have attempted measurement of the overnight and Daytripper market within the Lockyer Valley, with some variability in the data, reflective of the arbitrary nature of the resources and information sources on which these estimates have been prepared, and of the lack of availability of real data particular to the Lockyer Valley on which rigorous analysis may be founded. Some of the differences may be related to the recording of international students and backpackers and their main reasons for being within the area.

Tourism Queensland estimates that there were 100,000 domestic overnight visitors within the Lockyer Valley (averaged over 4 years to December 2012), and 199,000 domestic day trip visitors to the region. Key statistics include:

- 52% of domestic overnight visitors indicated that the main purpose of their visit was "visiting friends or relatives"
- 31% of domestic overnight visitors were travelling as part of a family group
- 65% of domestic overnight visitors were staying with friends or relatives

In comparison, populationid references data from Tourism Research Australia (TRA) reporting:

- 468,897 domestic overnight visitors for the period 2010/11-2014/15 or an average of almost 100,000 per annum, which is consistent with the Tourism Queensland estimates
- Average length of stay for domestic overnight visitors or 2.4 nights.
- An average of 244,000 domestic day trip visitors per annum, which is greater than the Tourism Queensland estimates
- An average of 5,500 international visitors per annum, staying an average of 62.7 days. Interestingly, the average length of stay for those international visitors stating that their main reason for visiting was for "holiday" was a significant 68.1 days suggesting that either the entire trip was included within these estimates or holiday may otherwise be a euphemism for study or work purposes within the region and the primary reason for working in the area.

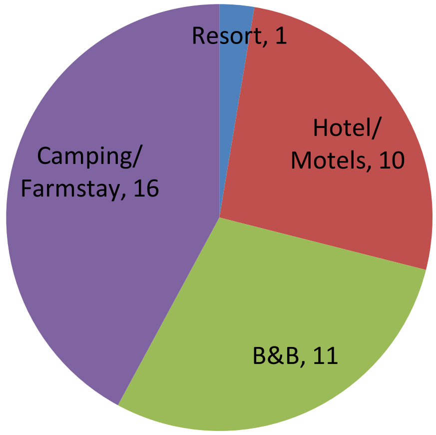
Lockyer Valley includes a diverse range of commercial accommodation types including:

- Motels and pubs/hotels
- Camp sites and caravan parks,
- backpackers, seasonal and temporary worker accommodation,
- B+B's and farm stays; and
- Student accommodation

TABLE 3.2 lists the supply of short to medium-term accommodation within Lockyer Valley noting key operational characteristics and performance (where known). The data has been refined by the input of the accommodation providers.

The existing accommodation network in the Lockyer valley offers approximately 650 rooms, units and camp grounds. These accommodation facilities are dominated by camping/ farm stays followed by hotels/motels, B&B's and a single resort, as displayed in FIGURE 3.2. There are also an additional 436 beds which provide specifically for student accommodation, focused on-campus, and 170 beds provided as a part of a children's educational camp.

FIGURE 3.2: Composition of Accommodation Facilities



The average cost of these accommodations is varied dependent upon the style. The average B&B cost is $171, while the average cost of a hotel/motel is $130, a farm stay is $147 and the average camp ground is approximately $24.

As displayed in FIGURE 3.2, the accommodation facilities are concentrated in the major towns and regions, such as Gatton, Helidon Spa, and Laidley. The remaining facilities predominantly lie on or proximate to the major roadways through the region, such as the Warrego Highway and Gatton-Clifton Road, enjoying the profile and exposure to passing traffic.

FIGURE 3.3: Existing Accommodation Network

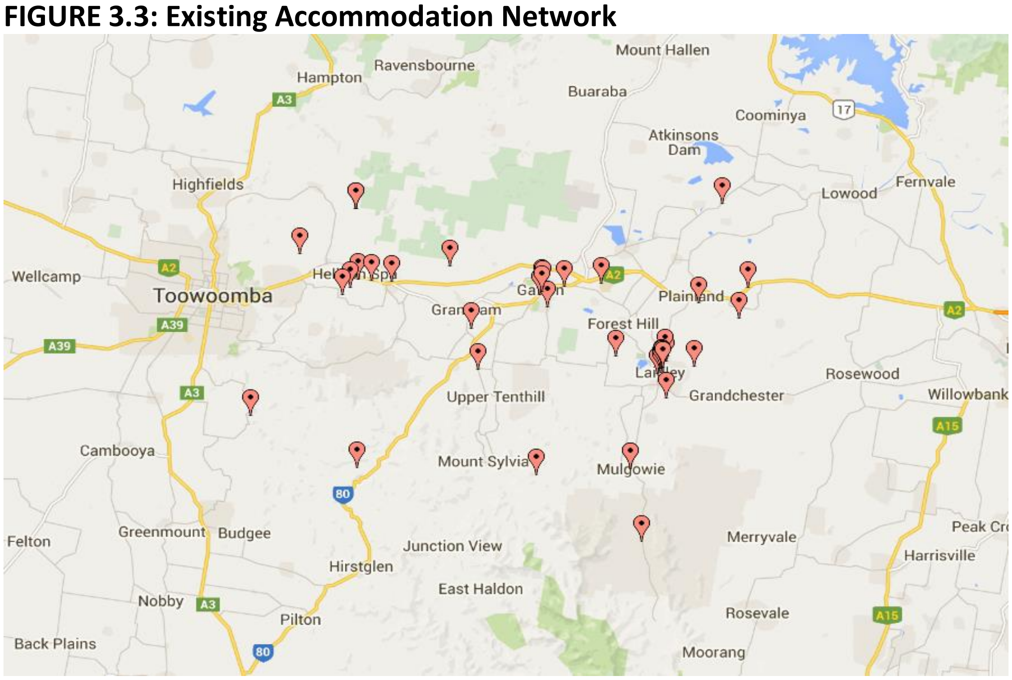


TABLE 3.2: Accommodation

Facility	Address	Rooms/ Units/ Villas	Type	Room Type	Price Range ($/night)	Rating (RACQ/AAA)
Gatton Motel	74 Railway St, Gatton 4343	20	Motel	Double & family rooms	$125-$160	3.5
Lockyer Motel	5 Kellys Rd, Helidon 4344	17	Motel	Single, double & family rooms	$99-$157	3.5
Hatton Vale Motel	1 Shaw Rd, Hatton Vale 4341	12	Motel	Single, double & Family rooms	$110-$135	3
UQ Gatton Campus Motel	UQ Gatton Campus 4343	14	Motel	Double rooms	-	-
Royal Hotel – Gatton	2 Railway St, Gatton 4343	11	Hotel/Motel	Single, Twin & Family rooms	$125	-
Gatton View Hotel	111 Railway St, Gatton 4343	11	Hotel/Motel	Double rooms	-	-
Porters Plainland Hotel	39 Donaldson Rd, Plainland 4341	5	B&B	Single & Double rooms	$120-$140	
Commercial Hotel – Gatton	1 Railway St, Gatton 4343	4	Hotel/Motel	Twin Rooms	-	-
QN Hotel	90 Patrick Street Laidley 4341	4	Hotel/Motel	Double rooms	-	-
Laidley Hotel (Currently Closed)	112 Patrick Street Laidley 4341	11	Hotel Motel	Double, Twin & Family rooms	-	-
Exchange Hotel - Laidley	134 Patrick Street, Laidley 4341	10	Hotel/Motel	Double & Twin Rooms	-	-
Branell Homestead B&B	12 Paroz Rd, Laidley 4341	5	B&B	Double & Family rooms	$90-$180	4
Whispers of the Valley B&B	198 Grantham Winwill Rd, Grantham 4347	2	B&B	Chalets	$295	-
Stockton Rise	23 Glen Cairn Rd, Forest Hill 4342	2	B&B	Chalets	$150-$180	-
Clewleys Country Haven	385 Spa Water Rd, Iredale 4344	6	B&B	Chalets		-
Eco Ridge Hideaway	712 Rockmount Rd, Preston 4352	3	B&B	Chalets	$150-$205	-
Emu Gully Adventure Park	142 Twidales Rd, Helidon Spa 4344	170 beds	Educational Camp	Dorms and Camping	$80	-
Helidon Mineral Spa Resort	7828 Warrego Hwy, Helidon Spa 4344	26	Resort	Cabins	$220-280	-
Homestyle Lodge	10 Breuer St, Laidley 4341	42	Backpackers	Twin rooms	-	-
Mrs O'Connor's B&B	9 Deviney St, Helidon 4344		B&B	Twin Room	-	-
Mulgowie Hotel	106 Mulgowie Rd, Mulgowie 4341	26	Hotel	Twin Rooms	$135-$175	-
Green Acres Retreat	18 Beames Drive Laidley South Qld 4341	3	Farm Stay	Rooms	$110	-

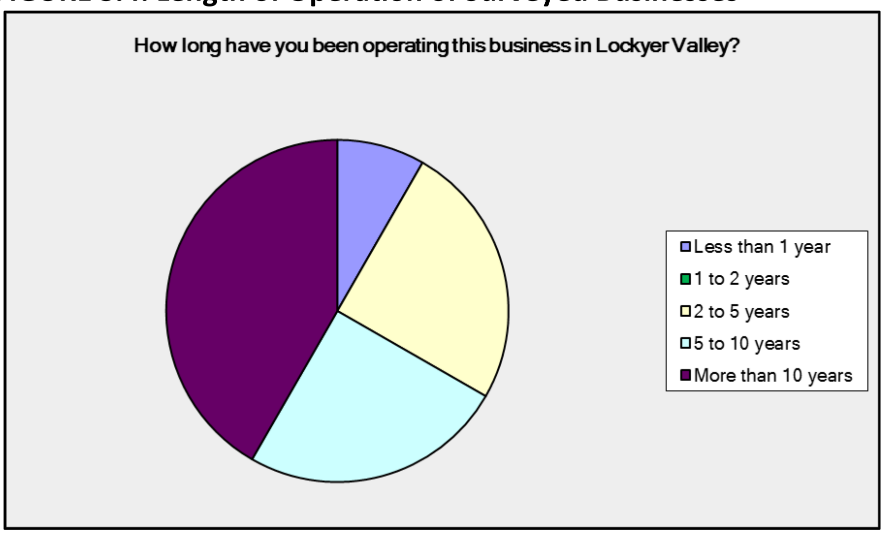
No. 15 B&B	15 Anthony Crt, Summerholm 4341		AirBnB		$110-$130	-
	Patrick St, Laidley		AirBnB	Single Room		
	Forest Hill-Fernvale Rd, Lynford		AirBnB	Room		
Warra Ridge	Sandy Creek Rd, Grantham		Airbnb	Room		
Echoes In The Valley	Ingoldsby Rd, Ingoldsby		Farm Stay	House	$115-$250	
Six Mile Retreat	290 Six Mile Creek Road, Postmans Ridge QLD 4352, Australia	45 approx	Camping	Powered, unpowered, water	unknown	-
Murphy's Creek Escape	356 Thomas Rd, Upper Lockyer QLD 4352	75 Camping	Camping	unpowered, powered, water	$15-47	-
Murphy's Creek Hideaway	356 Thomas Rd, Upper Lockyer QLD 4352	6 Camping	Camping	luxury	$199-399	-
Murphy's Creek Adventures	356 Thomas Rd, Upper Lockyer QLD 4352	unknown - very large	Campin g	school	Unknown	-
Centenary Park Camping Ground	Mulgowie Rd, Thornton	12+	Camping	unpowered, powered, water	from $12-25	-
Lake Dyer Camping & Caravan Ground	Bill Gunn Dam, Laidley-Forest Hill Rd, Laidley	32	Camping	unpowered, powered, water	from $12-25	-
Fordsdale Farmstay, Camping and Horseback Adventures	171 Wagners Rd, Fordsdale 4343	10 in guest house + camping ground	Farm stay	Farm house	$25-220	-
Gatton Caravan Park (temp farm workers)	291 Eastern Drive, Gatton 4343	Includes permanent, on-site vans and sites	Camping/Caravan	Single & Twin Cabins	unknown	-
Laidley Caravan Park (permanent retirees)	25 Campbell St, Laidley QLD 4341	13	Caravan	caravan, cabin	unknown	-
Tenthill Caravan Park	216 Mt Sylvia Road, Upper Tenthill, 4343	40	Camping/Caravan	powered, cabin	$10-36	-
Laidley Showgrounds	McGregor St Entrance, Laidley	unknown - large	Camping/Caravan	powered	$14-18	-
Mulgowie Hall Recreational Camping	106 Mulgowie Road, Mulgowie, QLD	unknown - medium	Camping/Caravan	unpowered, powered, water	unknown	-
Glen Rock Park Casuarina camping area	East Haldon Rd, Glen Rock State Forest	50	Camping	unpowered, water	Free Camping	-
Heifer Creek Rest Area	LOT 6 Gatton-Clifton Rd, Fordsdale QLD 4343	unknown - limited	Camping/Caravan	unpowered	Free Camping	-
Narda Lagoon Rest Area	Drayton Street Laidley	approx. 50	Camping/Caravan	unpowered, water	Free Camping	-
Hedges Park Helidon	Warrego Highway	Unknown – limited	Camping/Caravan	Unpowered, water	Free Camping	

A survey of the commercial accommodation facilities was undertaken during April and May 2016, with email surveys sent to 17 commercial accommodation providers. Two reminder emails were sent following up on the survey, together with telephone calls to providers in order to encourage participation in the survey. A total of 14 responses were collated by the 16th of May 2016. The response rate is reasonable for a study of this nature. Typically we find that for business-to-business type surveys, the response rate ranges around 10%, this higher response rate reflects both the methodology in securing response to the survey as well as the topical nature of the survey for these respondents.

The following summarises the key results of the survey:

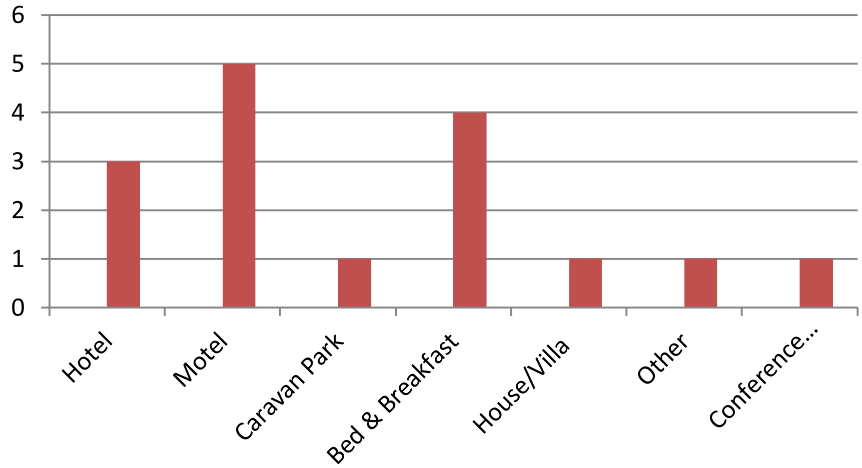
- The majority of respondents had been operating their business for more than 5 years (69%), with 23% having operated for 2-5 years and 8% operating for less than one year, as displayed in FIGURE 3.4.

FIGURE 3.4: Length of Operation of Surveyed Businesses



- As illustrated in FIGURE 3.5, the respondents were predominantly hotel (20%), motel (33%) and bed & breakfast (27%) operations, with a smaller representation from caravan parks, houses/villas and conference facilities.

FIGURE 3.5: Type of Accommodation Represented in Survey

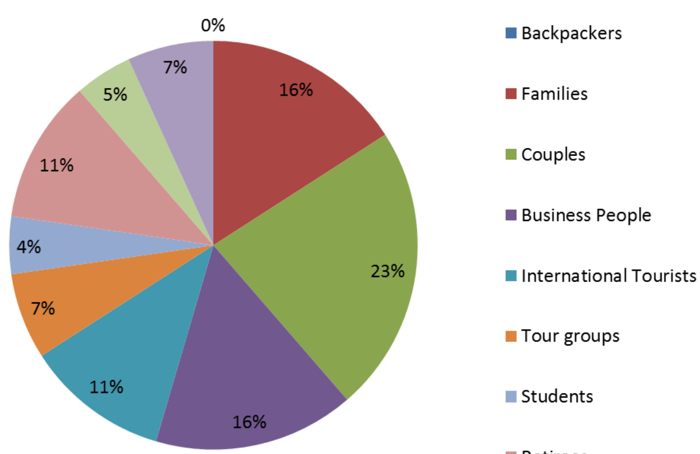


- In total, the number of beds offered by respondents amounted to a total of 165 within 100 rooms, though it is noted that during semester breaks there is capacity for a further 436 beds within a student accommodation venue. In addition, the respondents also offered a total of 20 on-site cabins, 16 off-site cabins and 20 sites.

- Including working proprietors the businesses surveyed employ 22 full-time, 4 part-time and 52 casual employees, or a total of 78 people.

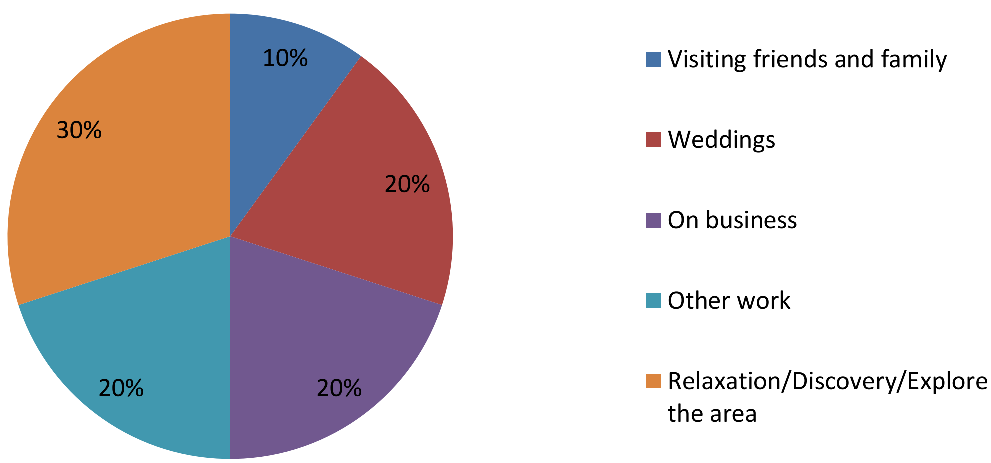
- When asked to identify their main target markets, 10 respondents identified couples, 7 identified families and 7 identified business people. FIGURE 3.5 graphically displays the breakdown of the identified target markets.

FIGURE 3.6: Respondent's Identified Target Markets



- When asked "What is the main reason visitors stay at your facility?", 30% of respondants answered 'Relaxation/Discovery/Exploring the area', 40% selected 'Business' or 'Other Work', 20% answered 'Weddings', as displayed by FIGURE 3.7.

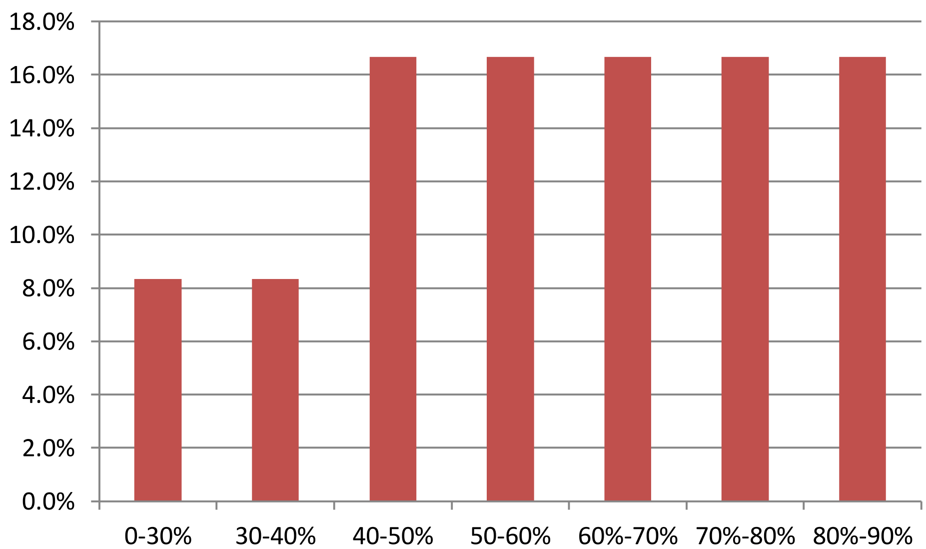
FIGURE 3.7: Main Reson for Visitor's Stay



- When asked how long the average visitor stays at their accommodation, 50% of respondents stated 2 nights, 17% 1 night, while 3 nights, 4 nights and more than one month were selected by 8% each.

- The occupancy rates of the accommodation facilities for the March Quarter of 2016 had a relatively even spread between 40% and 90%, as displayed in FIGURE 3.8.

FIGURE 3.8: Occupancy rates for March Quarter of 2016



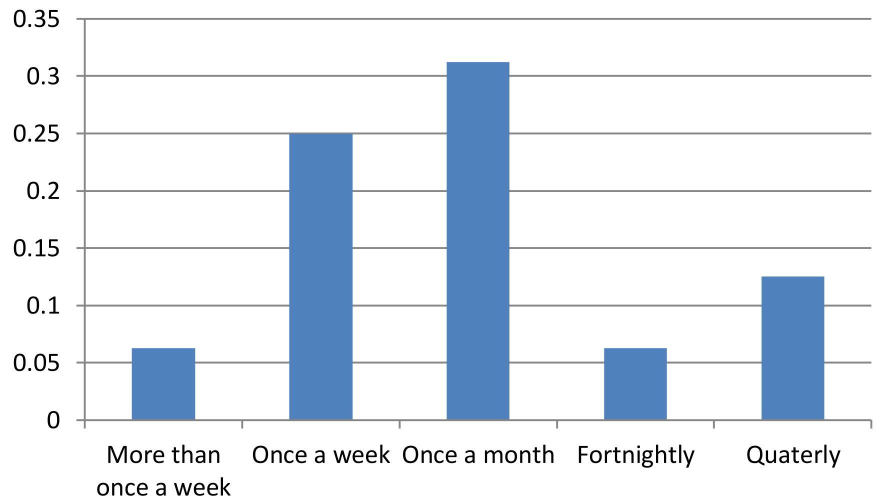
- The average occupancy rate of the accommodation facilities during the 2014/15 Financial Year was 61.6%.

- During the 2014/15 Financial Year, the average nightly revenue for the surveyed facilities was $120 per room.

- 80% of respondents specified that there were no rooms or sites occupied by seasonal workers in the agriculture industry, while one respondent estimated that this market segment represented 10-20% of their patronage, and another estimated that they composed 80-90%.

- All participants identified that their facilities were booked to capacity quarterly, or more often. 62% of surveyed facilities in the Lockyer Valley Region were booked to capacity once a month, once a week or more than once a week, as displayed by FIGURE 3.9.

FIGURE 3.9: Frequency of Accommodation Facilities Booking to Capacity



- Attraction and retention of staff does not appear to be a significant issue for the survey participants, as 91% of respondents identified that they did not have any difficulty in doing so.

- More than half (54%) of surveyed accommodation providers are seeking to grow their businesses. When asked how they are working to do so, some of their responses included “Building brand awareness across the Lockyer Valley”, developing new hotels, improving reputation, enhancing dining experiences, “Providing TV’s and Air conditioners to rooms and updating” and “Increasing number of rooms (because there are) a lot of enquiries from workers for long term stay but cannot accommodate”.

- There were a range of identified constraints to growth identified by accommodation providers. Some of these include the high cost of capital investment, the 'red tape' associated with the expansion of their businesses, property rates and the lack of midweek demand for accommodation.

- When asked to identify opportunities for the Lockyer Valley accommodation market in general, there was an overwhelming response that there are significant opportunities due to a current shortage. For example, a number of respondents identified a need for more long term accommodation. Another highlighted the lack of accommodation currently available over the weekends in Laidley, particularly "when people come for weddings".

- When asked how they believe the Council may assist in growing the accommodation market in the Lockyer Valley, respondents identified high rates as a key issue facing their business. Another suggestion was the education of the importance of supporting and fostering a positive environment for tourists. The need for support and promotion of another motel in the Laidley region was also highlighted.

In addition to commercial accommodation, there are other types of short-term accommodation utilised within the Region including informal roadside camping and caravanning and Airbnb providers; as well as more formal arrangements for longer term stays within the private rental market. Tourism and Events Queensland's tourism profile indicated that around 82% of accommodation nights provided for visitors to the Lockyer Valley were outside of the commercial network including:

- Friends or relatives property
- Caravan or camping near road or on private property
- Own property (e.g. holiday house).

Whilst quantifying these more informal accommodation options is difficult, Urban Economics has identified Airbnb listings within the Lockyer Valley in TABLE 3.3, the majority of which are within localities which are unlikely to support more formal commercial operations.

TABLE 3.3: Airbnb Listings

Name	Location	Type
No. 15 B&B	Anthony Crt, Summerholm	House
-	Patrick St, Laidley	Single Room
-	Forest Hill-Fernvale Rd, Lynford	Room
Warra Ridge	Sandy Creek Rd, Grantham	Room
Glencoe Cottage	Glen Cairn Rd, Glen Cairn	House
-	Flagstone Creek Rd, Flagstone Creek	Twin Room

3.4 Proposed Supply Additions

There are numerous approved, proposed, mooted and planned supply additions for the accommodation landscape of Lockyer Valley. The following summarises known projects within the Region.

- The Lakeview accommodation precinct within Gatton was a Council initiative to attract a modern accommodation development, proximate to the **Lockyer Valley Cultural Centre** which includes an art gallery, conference centre, the Queensland Transport Museum, the Staging Post Café and visitor information. The **AB Group** is progressing plans to develop accommodation within the precinct to include:
    - Room Motel comprising 34 units plus a managers unit,
    - 24/7 Motel with 20 units,
    - Student accommodation for 54 students; and
    - Ancillary shops of 210m^2.
- The former Imperial Hotel in Gatton was destroyed by fire in November 2015 and has previously been approved to develop a backpacker facility at 41 Railway St including approximately 150 beds.
- Council is progressing the potential development of a self-managed recreational park.
- The Black Duck Valley Moto Park at East Haldon has a chequered history of operation but has been mooted to include camping grounds and facilities as part of the Park's potential reopening.
- A motocross facility proposal was refused by Council at Adare Rd, Vinegar Hill which intended to include camping capacity for up to 100 people.

3.4 Implications

There are a diverse array of accommodation facilities within the Lockyer Valley, although the facilities are typically small-scale, independent budget-oriented, with a focus on camping and motel style accommodation facilities. A number of B&B style accommodation facilities are emerging within the area, again providing only a limited array of rooms within each facility limiting choice and capacity within the region. This in part reflects the prominent demand for accommodation which focuses on weekend accommodation needs rather than mid-week accommodation.

This suggests that target markets are likely to be couples and those visiting family friends, attending weddings or other weekend events rather than business persons or those attending the region for conferences etc.

Overall, it is estimated that there are some 270 rooms within commercial accommodation, excluding camping ground and on-campus facilities. This has also excluded the rental market, which is also understood to cater for the short to medium term accommodation needs of the seasonal workforce and for students.

The accommodation is typically oriented at only a limited mix of target markets including older, budget travellers, the family camping market and an emerging mix of facilities catering to the weekend drive/getaway market for couples and small groups. Occupancy rates are generally lower than those for the Brisbane Tourism Region overall, but it is estimated that there is a divergence between the Lockyer Valley accommodation market which is focused on weekend trade in comparison to the week day focused market of the Brisbane City and inner city areas, which dominate the Brisbane Tourism Region data.

There is a lack of quality, modern, business standard accommodation facilities and facilities that cater for larger groups and events within the Lockyer Valley.

4.0 RETIREMENT, AGED CARE AND OTHER ACCOMMODATION

It is well documented that Australia's ageing population will continue to influence and impact on a number of industries and sectors and in particular; retirement living, financial and tax regimes, aged care and health. This Chapter outlines those key trends, such as the ageing population, which are influencing the retirement living industry, the opportunities for the proposed development, as well as the various types of operational models and tenure types which are currently utilised within the industry for retirement living accommodation.

4.1 TRENDS IN RETIREMENT AND AGED CARE

- Much has been debated about the aging of Australia's population and implications for taxation policy, health and wellbeing, and importantly, housing or accommodation solutions that particularly cater to the needs of people as they age.

- For instance, research undertaken by Towers Watson and the University of Melbourne estimates that only 53% of couples and 22% of singles will have sufficient funds to enjoy a comfortable income during retirement, suggesting ongoing demand for at least part pensions to supplement income streams. The family home will continue to be a significant component of retiree's funding source for their future retirement living decisions.

- Approximately 5.3% of Australia's population aged 65+ currently lives within retirement villages, with a slightly higher representation in Queensland (5.5%). If this participation or penetration rate remained constant, there would be significant increase in demand for additional independent living and retirement living within Queensland. For instance, when applying the Queensland Government population projections 2015 edition from the QGSO and adopting a penetration rate of 5.5% of the 65+ age group living in retirement villages in 2015 and remaining constant to 2013, it is estimated that the growth in those living in retirement villages would be in the order 27,261, representing demand for some 19,500 independent living units

- However, slightly higher penetration rates are estimated for Brisbane (6%) and Perth (8%), which still remain well below the New Zealand and US rates of 10% and 12%, respectively, both of which have demonstrated more mature and diverse retirement living markets than in Australia at this point in time. Research undertaken by Urban Economics has also identified much higher penetration rates in markets with significant supply of retirement choice including Cairns at 8% and Bundaberg 16%.

- With an increasing critical mass of population approaching retirement age and interested in more purpose built retirement accommodation, it is expected that the Australian market will demonstrate increased levels of differentiation and segmentation of design. In the US, there are complexes targeted at Asian residents, the gay and lesbian community and even nudists. Australia's first village targeted particularly at the interests and lifestyles of residents of Asian descent is to be developed at Jeta Gardens in Bethania, whilst in Maryborough, a village has been designed around the needs and lifestyles of RV owners – RV Homebase. We believe that there will be increasing scope for more segmentation or specialisation in both home and village designs.

- The average age for entry to a retirement village is 73 years, and the average age of those living within a retirement village is around 82 years. The St Ives Group, the largest retirement living provider in WA, reports that the average age of residents moving in to their villages is becoming younger, as residents recognise the value of enjoying the range of lifestyle facilities available at the village. However, other research suggests that there is an increasing demand for older residents to remain in their homes longer and live more independently.

- The St Ives Group also considers that the inclusion of aged care or continuing care options within some of its villages fundamentally influences the stronger take-up rates at these villages in comparison to those without supported levels of care on site.

- There is increasing evidence of integrated care developments provided by both for-profit and not-for profit operations, including the emergence of partnerships between aged care providers and retirement living developers, as well as aged care providers moving to the inclusion of independent living arrangements as an integrated living environment.

- In 2014, the planning figures for residential aged care places were 86 places per 1,000 people aged over 70 in Australia. Under recent government reforms, the regulation target for this figure will be reduced to 80, according to the Aged Care Financing Authority Annual Report on the Funding and Financing of the Aged Care Sector.

4.2 EXISTING & PROPOSED SUPPLY

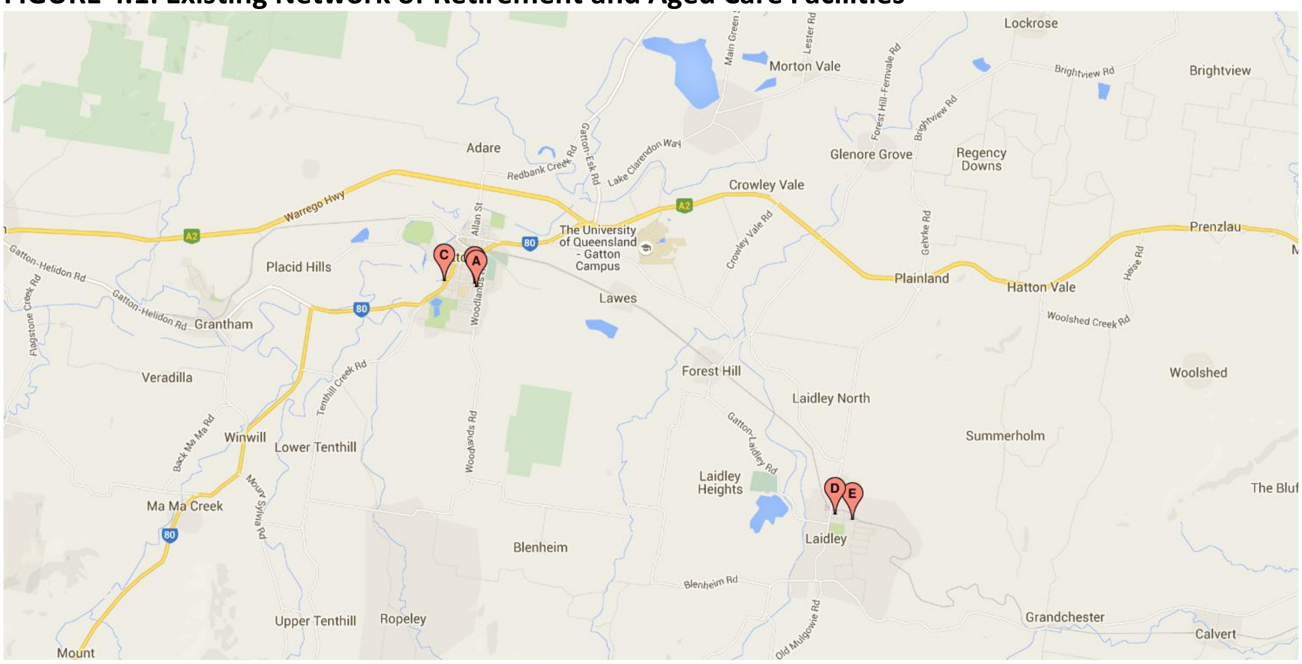
Within the Locker Valley, there are a number of existing retirement and aged care facilities. Urban Economics has outlined these facilities and their location in TABLE 4.1 and FIGURE 4.1.

TABLE 4.1: Existing Network of Retirement and Aged Care Facilities

Facility	Address	Map Key	Beds
Blue Care Lockyer Community Care	8 Dawson Drive, Gatton, QLD.	**A**	**Community Care**
Regis Valley Views	22 Dawson Drive, Gatton, Queensland, 4343	**B**	**60**
Churches of Christ Amaroo Aged Care Service	28 Logan St, Gatton QLD 4343	**C**	**70**
Tabeel Lutheran Aged Home	27 Ambrose St, Laidley QLD 4341	**D**	**78**
Carinity Aged Care - Karinya	26 Samuel St, Laidley QLD 4341	**E**	**63**

Some 221 beds are estimated to be available within the Lockyer Valley area.

FIGURE 4.1: Existing Network of Retirement and Aged Care Facilities



- Urban Economics also notes that there has been an application for a 'Residential Village Resort' with more than 100 rooms, to which the Lockyer Valley council has given 'in-principal support' in February of 2016.

- Lockyer Valley Retirement Resort by Peart Land is planned to manufactured homes, targeting downsizing retirees aged 50 plus in Beavan St, Gatton.

- Laidley Lifestyle Village is being progressively developed within the Laidley Caravan Park; repositioning the park to include a greater mix of manufactured homes for active retirees aged over 50.

4.3 Other Accommodation

Student Accommodation

- The Economist estimates that there are 4.5 million international students across the globe studying outside of their home country, up from approximately 2 million in 2000. By 2025, this is estimated to increase to between 7 and 8 million students, highlighting the increasing globalisation and mobilisation of education.

- Jones Lang Lasalle's Student Accommodation Market Update 2015 indicates that *"Australia is the fifth most popular destination for international students behind the USA, the UK, Germany and France."* The Report also identifies an existing gap of almost 24,000 places within Brisbane's student accommodation market.

- The National Census of University Student Accommodation Providers 2014 suggests that more than 20% of students in Australia are within the private rental market. The Census also highlights a distinct increase in the number of commercially managed university places between 1999 and 2014.

- The Reserve Bank of Australia's Foreign Investment in Residential Real Estate Report 2014 outlines "*foreign purchases of dwellings in Australia generally reflect a decision to invest for the longer term. In particular, these purchases appear to be motivated to meet housing needs for business persons located temporarily in Australia, for children studying in Australia, to acquire a second residence (possibly for eventual migration) and/or to diversify holdings of wealth geographically*."

- The Gatton Campus of the University of Queensland claims to incorporate the largest on-site number of beds for students within its Halls of Residence within Australia, with a capacity for 436 students, or almost 27% of the total enrolment base. The Halls of Residence are also advertised as available for conferences and groups during semester periods in particular.

Other advertised facilities include:

- Homestyle Student Lodge catering for student and backpacker accommodation needs in Laidley, advertising transport for local farm work.

Workers Accommodation

- The resources boom perpetuated an industry demand for temporary accommodation solutions for workers, with varying degrees of concern as to impacts on local communities and local residential property markets. Operators such as MAC camps have introduced sophisticated and modern temporary accommodation developments for workers including on-site recreational facilities and amenities in regional and resource communities in delivering significant quantums of new accommodation facilities in meeting the needs of temporary workforces, intended to complement the existing mix of short term commercial accommodation facilities as well as the more traditional housing markets in regional communities.

- Communities with significant seasonal workforces such as Emerald, Childers and the Lockyer Valley, have also demonstrated competing interests for short term and more permanent forms of accommodation, with strong demand in particular for caravan park accommodation during peak seasons, often flowing into other less formalised camping areas with ensuing pressures on maintenance, cleanliness and social amenity.

4.4 IMPLICATIONS

There appears to be a gap in the mix of purpose-built accommodation for:

- Independent retirees
- Student housing in an off-campus location
- Short term workers/farm workers accommodation

There is an increasing degree of sophistication around specialist accommodation models, including investor and developer confidence in exploring alternative accommodation models in catering to emerging market segments. Whilst there are a range of aged care facilities within Lockyer Valley, for instance, there are limited dedicated independent living units, with the broad array of community or recreational facilities typically associated with a large format retirement village. As a result, retiring residents of the Lockyer Valley seeking to downsize their maintenance or household commitments, may be forced to either relocate outside the Lockyer Valley region to purpose built retirement living, or to seek smaller format and attached housing formats within Lockyer Valley.

There are a range of on-campus halls of residence at the University of Queensland's Gatton Campus, however, these are older, traditional style college accommodation facilities. There are no modern, off-campus student accommodation villages or facilities such as those typically favoured by international students managed by organisations such as Urbanest, The Pad Student Living, UniLodge, which have been prolific in their development in metropolitan areas proximate to major universities and lifestyle areas. It is noted, that out of semester, these student rooms are generally available to the short term accommodation market, representing a significant potential injection in the market for single accommodation.

There do not appear to be purpose built accommodation facilities targeting the short term worker/farm worker market, although some smaller facilities have at times offered accommodation for both students and farm workers, but not in central locations that have appealed to the short term worker market. These workers are likely accessing other forms of accommodation including caravan park and the rental housing market in securing accommodation close to their place of temporary work. There is an opportunity for purpose-built workers accommodation facilities that would cater to the needs of short term and temporary workers, in providing self-sufficient accommodation options.

The overall scale of these markets will be explored in Chapter 6.0 in examining the depth of the markets within each of these opportunities.

5.0 Stakeholder Consultation

5.1 The Consultation Process

In order to gain a broader understanding of the pertinent issues regarding accommodation within Lockyer Valley, key stakeholders were consulted. The method of consultation was predominantly via telephone interviews with senior representatives of target organisations including farms, labour hire groups, major employers and accommodation providers. 17 telephone interviews were completed and a number of participants contacted who were not interested in participating in the survey or who did not return contacts after repeated attempts.

The key objective of the interviews and surveys was to understand each organisation's intentions and needs for their operations in the Region. Questions were asked regarding growth, occupancy rates, employees and general opinion and how this related to the accommodation sector of the Lockyer Valley.

Stakeholders were selected on the basis of their role within Lockyer Valley as either a significant farm/agricultural operation/labour hire group, major employer or accommodation provider. Some unique stakeholders including community workers and the University of Queensland were also included within the consultation process.

Phone interviews were conducted from the week beginning April 16th 2016.

5.2 Summary of Stakeholder Responses

- There was a consistent perception by employers, agriculturalists, labour hire companies and large companies within the Lockyer Valley that both the quality and quantity of accommodation facilities within Lockyer Valley is insufficient to meet current and future needs.

- Importantly, there is a general perception by international workers visiting the Lockyer Valley for employment in the agricultural sector, that the reputation and quality of accommodation within Lockyer Valley is poor.

- Seasonal workers are typically accommodated either in share house accommodation or at the Gatton Caravan Park. One of the organisations reported that their Asian workers refused to stay at the Caravan Park, so share housing was the only option available for their workers.

- Needs for temporary accommodation ranged from 3 to 6month accommodation needs for workers within the agricultural sector, facilities to house company workers attending training, and overnight accommodation for business representatives and visitors.

- Based on estimates from the Labour Hire Companies interviewed, there are in the order of 2,000 to 3,000 workers within the Lockyer Valley at peak times, with peaks focused around the winter months. Some of these participants indicated that the shortfall in accommodation facilities made it difficult to attract sufficient workers to fulfil the needs within the Lockyer Valley.

- One of the participants estimated that generally there was a gap of some 1,000 to 1,500 beds that would particularly cater to the needs of the seasonal agricultural workforce.

- Overnight business accommodation needs were typically met in Toowoomba, in offering these overnight visitors quality, business standard motel or hotel accommodation including expected on-site Wi-Fi and quality dining options. Proximity to choice in other dining and entertainment venues was also available in Toowoomba. Businesses participating in the telephone survey were uniform in their utilisation of business standard accommodation facilities outside the Lockyer Valley.

- A number of businesses also identified a regular need for accommodation for staff visiting for training purposes, again these visitors were typically housed in Toowoomba, commuting to Gatton for their training purposes. Reasons for doing so were focused around the access to both quantity and quality of motel style rooms within the one location.

- Visitors from interstate and intrastate had traditionally flown to Brisbane and hired cars to commute to the Lockyer Valley, however, some participants indicated increasing use of the Brisbane West Toowoomba Airport.

- Discussions with local business operators also identified that there was an inclination to host trade and business events including conferences and meetings, or to do so on a more frequent basis, if sufficient business style accommodation was available for participants. Trade shows, agricultural shows, etc were identified by both business and agricultural organisations as opportunities for the Lockyer area if better quality and quantity of accommodation was available.

- Seasonal workers, particularly international backpackers were identified as requiring:
    - Secure, clean and reliable accommodation
    - Proximity to town and entertainment facilities
    - Small villa style accommodation to suit longer stay 3-6month stay workers

- There was a general awareness by the participants that there is a new motel under construction proximate to the Conference Centre, although there was a perception that this type of accommodation would not be appropriate for the short term, seasonal workers and their needs.

- More than half of the participants indicated that there was a need for backpacker or hostel type accommodation within the Lockyer Valley, highlighting that such a facility needed to be “in town” and close to entertainment and facilities.

- Participants generally considered that Council was supportive of the needs of businesses within the Lockyer Valley and was open to development within the area.

6.0 DEMAND ANALYSIS

6.1 TARGET MARKETS

Target markets are those key sectors of the market for whom marketing, development and promotional strategies are focused. This approach assumes that for the accommodation market overall, there are different needs, expectations, desires and preferences based on some degree of segmentation across the market for short term accommodation. With this study examining a mix of short term accommodation needs as well as the needs of retirees, there are expected to be diverse, competing and in some ways complementary accommodation needs of these various markets. In other words, this Accommodation Study is essentially a multi-segmentational strategy aimed at identifying the needs and expectations of a range of different potential market segments.

Even within the key market segments, there will be potential segmentation based on:

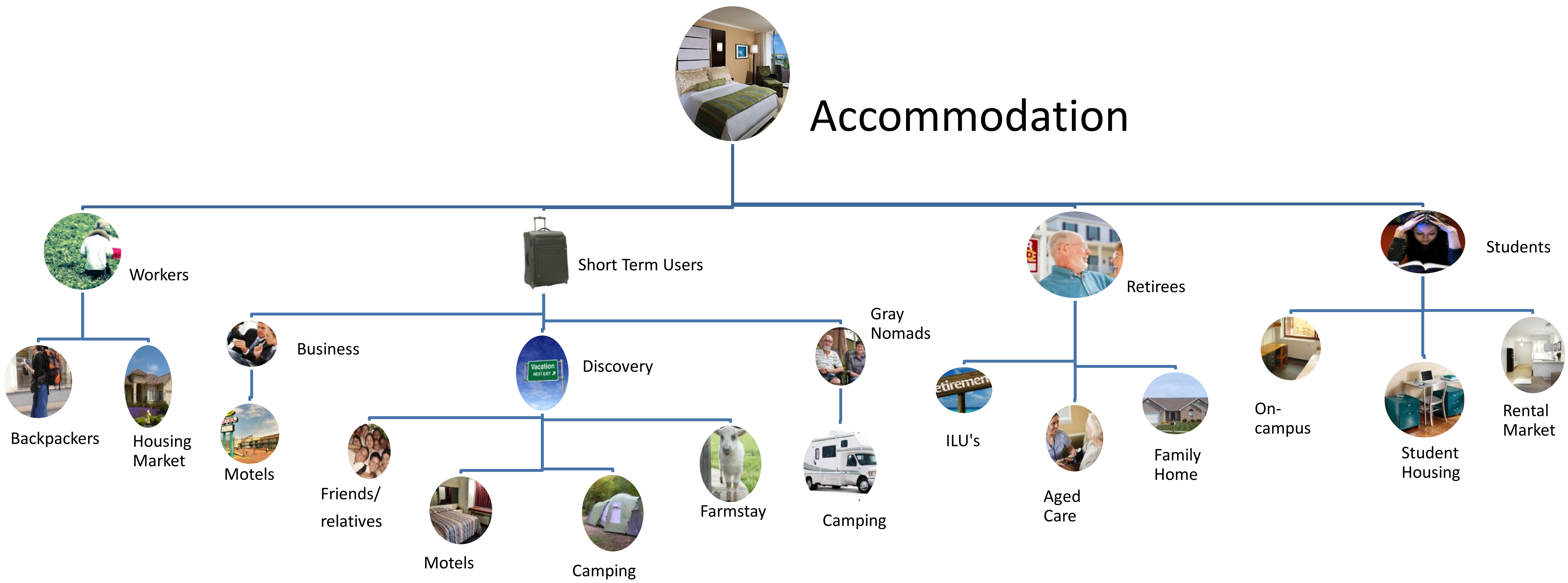
- demographic variables such as the age profiles, employment, education
- geographic variables eg. origin of visitors
- psychographic variables – motivations and lifestyles
- behaviouristic variables – price sensitivity, volume usage

The economic framework of Lockyer Valley and the demographic profile of the community has identified the key market segments for whom accommodation options in the Lockyer Valley may be required.

The following GRAPHIC generally illustrates the key market segments for whom the demand analysis will be critiqued, identified as:

- Short term market including both business and discovery travellers
- Seasonal workers
- Aging demographic of the Lockyer Valley area
- Students

The proximity to both Toowoomba and Brisbane suggests that the business and potentially discovery or short stay travel markets, are likely to be small segments of the market, however, the visiting friends and relatives market in terms of visiting local residents, students and seasonal workers is a potentially untapped market for whom a more diverse array of accommodation and support facilities may be explored.


Accommodation
Workers
Short Term Users
Retirees
Students
Backpackers
Housing Market
Business
Motels
Discovery
Friends/ relatives
Motels
Camping
Farmstay
Gray Nomads
Camping
ILU's
Aged Care
Family Home
On-campus
Student Housing
Rental Market

6.2 Demand for Short-Term Accommodation

Urban Economics has investigated the demand for short-term, commercial accommodation facilities within Lockyer Valley. This section isolates demand for commercial accommodation such as hotels, motels, serviced apartments, backpacker hostels, caravan parks (powered sites), campgrounds and B&B's and excludes informal accommodation such as persons staying with family and friends or roadside camping/caravanning.

The demand modelling combines the data derived from the various published sources that estimate demand at a high level for the Lockyer Valley region, together with information sourced from the Accommodation Survey in order to provide quantitative local information as to takeup and occupancy rates for short term and commercial accommodation options.

With a lack of published data at the small area level for Lockyer Valley, the quantitative information collected from the survey of commercial accommodation providers has been utilised in informing:

- Occupancy rates
- The number of visitors to the region
- The mix of visitors staying in commercial accommodation

As outlined in Sections 3.2 and 3.3, there are some derived estimates for the Lockyer Valley in terms of the number of overnight visitors, and the accommodation survey has estimated an occupancy rate of 61% for the Lockyer Valley commercial accommodation facilities, with a higher average occupancy rate on weekends relative to mid-week for a number of the providers.

Data gaps, discrepancies and assumptions:

- Based on discussions with stakeholders, the populationid estimates for international visitors of 5,500 persons seems too conservative and therefore we have adopted 10,000 for the year based on the consultation analysis and critique of Census data

- We are comfortable with the average of 100,000 domestic overnight visitors per annum, and the assumption that 35% stay within commercial accommodation.

- An above average stay for international visitors in caravan and rental home accommodation facilities is estimated to reflect the practice for those accessing these facilities to work within the agricultural sector during their stay.

- An occupancy rate of 69% is therefore estimated for the commercial accommodation, which is in excess of the occupancy rate estimated by the Accommodation Survey, but noting that the survey was unable to obtain responses from the key caravan park operators in the area, thereby likely to understate the overall occupancy rates.

- Visitor numbers to the Lockyer Valley generally have remained relatively stable in terms of domestic visitors, and therefore only modest growth in visitor numbers is projected within the Lockyer Valley region.

- Nor do we anticipate significant change in the type of accommodation sought by domestic visitors, but increasing demand for quality weekend-style accommodation including cabins, B&B type venues is anticipated for the short stay domestic market to reflect trends generally in this market.

The following TABLE estimates the nightly demand by accommodation type, for commercial accommodation within the Lockyer Valley, excluding demand by those staying with family, friends etc.

TABLE 6.1: Estimated Current Demand

Accommodation Type	Domestic Demand	International Demand	Total Nightly Demand	Occupancy Rate %
Hotel, motel, resort or motor inn (Nightly Demand)	35	8	**42**	**42%**
Camping/Caravan (Nightly Demand)	39	117	**156**	**91%**
Rented House/Apartment/Unit (Nightly Demand)	6	90	**96**	**n/a**
Backpackers (Nightly Demand)	0	39	**39**	**65%**
B&B, Guesthouse, or Farm stay (#)	10	4	**14**	**54%**

It is estimated that the rental market is fulfilling a gap in the market for commercial short term accommodation, qualified by the consultation. The most significant impact of the addition of alternative accommodation options is therefore expected to be on the home rental market, with share houses a popular alternative for international workers within the agricultural sector in offering secure, semi-permanent accommodation.

Urban Economics has reviewed the rental bond statistics lodged with the Rental Tenancy Authority (Qld) for postcode 4343 which includes Gatton, noting that four bedroom homes were dominant in terms of rental bonds lodged for the March Quarter 2016.

In other words, there is evidence that the existing commercial accommodation options in Lockyer Valley are not specifically meeting the needs of the key target markets, with insufficient product meeting the demand in both a quantitative and qualitative sense of the key target markets, such that unmet demand is flowing into other sectors of the market including the home rental market or geographically to other areas such as Toowoomba.

If different accommodation options were made available that are more appropriately tailored to the key short term accommodation markets or in other words the multi-segmented target markets for the Lockyer Valley that would also increase the relative share of those staying within commercial accommodation rather staying with friends and relatives, we have estimated the following nightly demand for accommodation based on a 10% growth of the visitor market and diversification of accommodation types:

TABLE 6.2: Ultimate Demand Projections

Accommodation Type	Total Nightly Demand	Total Nightly Demand @ 70% occupancy	Current, Approved Supply	Potential Gap
Hotel, motel, resort or motor inn (Nightly Demand)	125	180	177[1]	**3**
Camping/Caravan (Nightly Demand)	130	190	160	**30**
Rented House/Apartment/Unit (Nightly Demand)	90	130	n/a	**n/a**
Backpackers (Nightly Demand)	450	640	202[2]	**440**
B&B, Guesthouse, or Farm stay (#)	25	37	38	-

[1] includes Lakeview under construction, Plainland

[2] includes Imperial approval

If it is assumed that backpackers/farm workers stay in backpacker accommodation for the duration of their 88 days working, as per their visa requirements, in the Lockyer Valley area, it is estimated that the nightly demand would represent a significant 1,030 beds.

This is somewhat consistent with the information from the consultation process which suggested an under-supply of some 1,000 to 1,500 beds particularly for farm workers. However, it is recognised that the rental housing market will still form a share of this market and there may be a preference for some of these backpackers/farm workers to move to share accommodation for short term rentals.

Further diversification of the commercial accommodation market is likely to most impact on demand for rental housing and caravan park accommodation, as more specialised accommodation options are available including:

- Potential demand to support a boutique style development such as the Spicers Group, which offers luxury B&B style accommodation in a limited number of rooms targeting the short stay, weekend and weddings market.

- Backpacker accommodation that would offer an alternative to rooming accommodation, share houses or caravan park accommodation for seasonal workers within a central and accessible location.

- Increasing demand for motel style accommodation, particularly as business representatives recognise the availability of localised rooms that are tailored to business needs.

- Business standard motel style accommodation would also support trade, expo and conference events within the Lockyer Valley region.

- Whilst there is not a significant identified gap in the supply/demand mix between existing and potential caravan park demand, it should be noted that the existing supply does not necessarily meet the needs of potential users for caravan park accommodation. The opportunity to target the domestic, short stay, family and Gray Nomad accommodation markets seeking affordable caravan park accommodation should not be under stated. The existing accommodation does not specifically meet the expectations of these travellers, who are also seeking a high level of amenity and access to a range of facilities and leisure facilities, including active recreation.

- The analysis has also assumed some movement away from caravan park accommodation by farm workers/backpackers as specialist backpacker accommodation is developed, reducing takeup by these markets, but representing an increasing demand by other active markets, who would not necessarily utilise existing caravan parks within existing locations.

- Older, established caravan park facilities may represent an opportunity for redevelopment for affordable housing, or as in the case in Laidley, opportunities for redevelopment for manufactured homes targeting the retiree market.

6.3 DEMAND FOR RETIREMENT AND AGED CARE FACILITIES

This section reviews the demand for residential aged care places and retirement living in Lockyer Valley due to population growth and the ageing population, and provides commentary as to whether the existing supply is sufficient to meet such demand.

The Australian Government's target planning ratio for residential aged care places is 80 places per 1,000 persons aged 70+ years. Therefore to meet the target planning ratio, the estimated 2016 population of 4,051 persons aged 70+ in the Region would require approximately 324 residential aged care places. TABLE 6.4 projects the required growth in aged care places to maintain the target ratio of 80 places per 1,000 persons aged 70+ in Lockyer Valley.

TABLE 6.4: Growth in Required Aged Care Places to 2036

	2011	2016	2021	2026	2031	2036	Growth 2011-2036
Population 70+	3,024	4,051	5,198	6,264	7,489	8,729	**5,705**
Required Places	242	324	416	501	599	698	**456**

With the population of persons aged over 70+ years projected to more than double between 2016 and 2036, the required places to maintain the target ratio of 80 places per 1,000 persons aged 70+ would need to increase to almost 700 residential places.

From the findings of Chapter 3, Urban Economics estimates that the current supply of aged care in the Lockyer Valley region is 221 places, a shortfall of approximately 103 places. ***Therefore to achieve the target supply in 2036, the Region would require an additional 480 places by 2036 over existing places.***

As noted in Chapter 3, Lockyer Valley also includes a limited number of independent living units that cater for independent retirees, and a pipeline of some future supply. The total capacity of retirement living facilities in the Region is estimated to support some 50 persons in ILU's and manufactured homes (@ 1.4 persons per unit).

The 2016 population of persons aged 65+ years in Lockyer Valley is approximately 6,130 persons. Assuming an overall occupancy rate of 95%, less than 1% of the resident population 65+ population is accommodated within a specialty retirement living facility.

This is a relatively low share relative to the State average of 5.5% of the population aged 65+ living within retirement villages, and is a reflection of the potential for persons seeking retirement living to access facilities in other centres such as Toowoomba and Ipswich, and the intentions of older persons to stay in their homes for longer before utilising aged care facilities in the later stages of life.

Despite this, growth in the number of persons aged 65+ is projected to increase from approximately 6,130 persons in 2016 to almost 11,700 persons in 2036. Based on population growth alone and no change to the current penetration rate, there is estimated to be demand for an additional 32 independent retirement living units in the Lockyer Valley between 2016 and 2036.

However, as improved choice in specialist independent living for retirees is offered within the Lockyer Valley, it is anticipated that there will be an increased interest from local retirees in retirement living. On this basis we have projected an increasing penetration rate or share of the retiree population living within independent living units in projecting the potential demand for retirement living within Lockyer Valley.

We have assumed that there will still be some reticence from older persons within the Lockyer Valley in moving to purpose-built retirement living and therefore the penetration rate remains lower than the State average throughout much of the projection period.

TABLE 6.5: ILU Demand Projections

	2016	2021	2026	2031	2036	Change
ERP	6,130	7,370	8,780	10,250	11,660	5,530
Rate	0.8%	1.5%	3%	4%	5.5%	
Supply	35	80	190	290	460	425

Growth in demand for some 425 additional ILU's between 2016 and 2036, or an average of 20-25 new units per annum is projected in meeting the needs of the aging community.

Assuming the ongoing development of the Laidley Lifestyle Village (40 manufactured homes), the establishment of Peart Land's Lockyer Valley Residential Village Resort and further development of the existing Churches of Christ Care Amaroo Village and Lutheran Community Care's Tabeel Village, the development pipeline could potentially support an additional 250-270 persons in retirement living accommodation.

There is therefore a potential capacity to support a further 200-220 ILU's in the Lockyer Valley between 2016 and 2026 over existing and committed supply.

Demand for retirement living would also have implications for the short-term accommodation network, specifically whereby caravan parks are being repositioned to accommodate more permanent dwelling forms such as manufactured homes and affordable accommodation for older persons. In particular, affordable living arrangements for retirees potentially displaced from caravan park accommodation, as well as downsizing retirees from surrounding rural and agricultural products suggest a propensity for demand for manufactured home style retirement living, which offers an affordable independent living environment.

On this basis, we consider that there is an undersupply of independent living units and retirement living options within the Lockyer Valley, and that there will be increasing demand for specialised retirement and aged care accommodation within Lockyer Valley including manufactured home parks.


6.4 STUDENT ACCOMMODATION

As outlined in Section 4.3, the Halls of Residence at the University of Queensland Gatton Campus offer some 436 beds, equivalent to some 27% of the total student enrolment base at the campus.

Whilst there has been strong growth in enrolments as a result of the relocation of the School of Vet Science to the Campus in 2010, unless there are similar bulk relocations of schools to the Gatton Campus, growth in student enrolments is not anticipated to be significant. Enrolments at the St Lucia campus increased 14% between 2012 and 2015, enrolments at the Gatton Campus have remained relatively constant, suggesting that at least for the short to medium term, there would not be a significant increase in the demand for student accommodation over existing levels.

Notwithstanding this, there is evidence of the increasing internationalisation of education, with Australia a popular destination for international students. Moreover, it is noted that the Halls of Residence are older style accommodation facilities.

The JLL Australian Student Accommodation Market Update Report 2015, estimated that only 5% of the student base in Brisbane lives within on-campus or commercial student accommodation facilities, compared with almost 29% in Canberra. The Report does not examine the propensity for international students to seek commercial accommodation, rather simply identifies the supply and potential gap relative to the international student population, highlighting a potential shortfall of accommodation catering for international students in Brisbane, even in light of the significant development pipeline.

If it is assumed that only 3% of the student base at UQ's Gatton Campus were seeking off-site commercial student accommodation, this suggests a potential demand for 50 student rooms.

If this rate increased to 5% of the student enrolment, a demand for 80 beds for students in an off-campus, secure and modern facility. This has not made any allowance for approved student accommodation facilities but has excluded the on-campus accommodation.

This would compete with the convenience and accessibility, including potential security of on-campus accommodation facilities, however, modern, well-located facilities are likely to appeal to a segment of the market.

6.5 Demand Implications

There is a disparity between the mix of accommodation facilities available within the Lockyer Valley and the key and emerging target markets that are requiring access to short term and longer term specialist accommodation. There is a clear undersupply of accommodation that caters to the needs of:

- Independent retirees
- Specialist care needs of the ageing
- Seasonal agricultural workers
- Weekend getaway market
- Business representatives

Whilst growth in the overall number of visitors to the Lockyer Valley is not expected to be significant, there are opportunities to grow the share of those staying within commercial accommodation, and in the type of accommodation that is sought by the short term market. This strategy is likely to most impact on the local rental housing market within Lockyer Valley and the local caravan parks. We consider that there will be opportunities for these facilities to reposition themselves in catering to other evolving markets within the Lockyer Valley, including opportunities to better cater for the discovery and grey nomad markets, as well as affordable housing needs.

7.0 Opportunity Analysis

7.1 Gap Analysis

The demand analysis has identified potential demand-supply gaps in the provision of a range of accommodation styles in meeting established markets both in terms of quantum and nature of supply, including:

- The aging population of the Lockyer Valley
- Downsizing retiree households
- Seasonal workers

Other emerging markets and opportunities on the basis of the economic opportunities and consultation as part of this analysis include:

- Short stay and drive markets
- Grey Nomads
- Business market
- Project specific workers
- Affordable family market

There is a clear gap in the mix of accommodation that is meeting the needs of temporary workers, including workers in the agricultural sector, as well as accommodation that meets the needs of businesses within the Lockyer Valley. These are both very different accommodation needs including more motel style accommodation for short term business needs, and affordable, secure accommodation such as backpackers' accommodation for seasonal workers.

The demand analysis did identify an increasing demand for aged care beds as well as independent living accommodation options for retirees. Independent living units within retirement villages or manufactured home parks, would present an alternative living arrangement for retiree households of the Lockyer Valley seeking to downsize without needing to relocate out of the Lockyer Valley in search of fit-for-purpose retirement living.

7.2 Strengths, Weaknesses, Opportunities and Threats

The following TABLE 7.1 briefly outlines the strengths and weaknesses of the Lockyer Valley region for accommodation and the opportunities and threats to the provision of accommodation within the Region.

Strengths and weaknesses are those factors internal to the accommodation industry and Lockyer Valley, whilst opportunities and threats are external to the sector and to the Lockyer Valley that may influence the opportunities for the nature and mix of accommodation that could be supported within the region.

It is interesting to note that the Brisbane West area and particularly the Lockyer Valley, do not feature prominently within the South East Queensland Country Tourism Opportunity Plan 2009-2019, although this Plan is nearing its end life and a number of significant elements have changed the framework of the Queensland Country area, including the opening of the Brisbane West Toowoomba Airport. However, there are some features of this Plan that do still hold true for the Lockyer Valley area, particularly in terms of the quality of accommodation and the range of infrastructure available to support growth in the Country Tourism sector for the local region.

TABLE 7.1: SWOT ANALYSIS

Strengths	Weaknesses
• Major travel, tourist and transport route (A2) • University of Queensland • Lockyer Valley Cultural Centre • Agricultural sector as a key economic and employment driver • Number of new proposals including under construction accommodation • Visiting friends and relatives • Laidley is an RV Friendly Town and promoted by CMCA and Caravan Forums to Grey Nomads • Increasing inquiry at the Visitor Information Centres	• Quality and reputation of facilities • Limited re-investment in existing stock • Limited entertainment, restaurants, evening activities • Supply of accommodation with lack of capacity for some segments of the market • Lack of capacity to accommodation large groups/events • Lack of capacity to accommodate business visitors
Opportunities	**Threats**

• Worker accommodation
    o Seasonal farm workers
    o 2nd Range Crossing
• Backpackers
• New Lockyer Valley Showgrounds and Events Precinct
• Recreational groups e.g. auto clubs, adventure tourism
• Major events e.g. Gatton Agricultural Show, Lights on the Hill, music festivals
• Conference groups
• Continued growth of the Wellcamp Airport including opening of new routes
• Boutique hotel/lodge style accommodation
• Inland rail project (long term)
	• Airbnb
	• Exchange rate
	• Labour hire practices
	• Changes to work visa conditions
	• Free camping sites overused by seasonal workers
	• Proximity to other centres e.g. Toowoomba and Ipswich
	• Marketing and development strategies focusing on the Scenic Rim and Somerset short stay markets
	• Continued decline in enrolments at UQ Gatton Campus
	• Lower propensity for takeup of retirement living options by regional and rural residents
	• Lower demographic profile of existing older residents

• Expansion of the Southern Qld Correctional Centre • Destination wedding market growth • Aging of the population	• Active recreation infrastructure development in Scenic Rim and Somerset councils

There are a number of major infrastructure projects under construction and mooted within the surrounding region which may generate demand for short-term workforces requiring temporary accommodation options. There is no accommodation that is particularly suited to the needs of these temporary workforces, although it is noted that there have been proposals for workers camp type facilities in out of town locations.

Visiting friends and relatives (VFR) market will continue to represent a significant share of the Daytripper market in particular, as well as the short stay market for Lockyer Valley. Encouraging a share of the Daytripper market to convert their daytrip to a short stay and for an increased share of the VFR market to utilise commercial accommodation, as assumed within the demand Analysis presented in Chapter 6. Motel style accommodation that has proximity to the townships and major facilities such as UQ would contribute to the gap in facilities that are catering to this market.

There is also an opportunity to better cater to the short stay/weekend market including the destination wedding market and the romantic getaway market. Research from the US estimates that the growth in destination weddings has increased by some 30% in 2015 and that destination weddings comprise some 24% of the market. In Australia, this market is still in its infancy, although for instance, it is noted that Echuca-Moama alone hosts 400 weddings per annum, approximately 2.5hours drive from Melbourne and that the Blue Mountains has an established history in catering for weddings in a variety of settings. Again motel style accommodation as well as boutique B&B accommodation including lodges and cottages appeal to this market sector. The setting is perhaps more important, likely to be reflect an out of town location, relative to demands and expectations by workers and business representatives seeking an in-town location with access to entertainment, activities, and shops.

We note that the Scenic Rim is establishing a strong position in this market, and has approved a range of alternative ventures including “glamping” ventures that are targeting this market segment. One recent approval includes three glamping tents in association with an existing cabin on acreage property in Tamborine.

Further, both the Scenic Rim and Somerset areas are establishing important active recreation facilities that are broadening the appeal of the local areas for the short stay market, with facilities such as the ongoing development of the Wyaralong Dam precinct, the Lowood Rail Trail etc.

The Stafford Group's Tourism Destination Plan for Lockyer Valley also identified that there was a lack of facilities and interests for families and teenagers. Active pursuits such as access to rail trails for hiking/cycling, mountain biking, kayaking, farm stays, 4WDing, would appeal to these groups, suggesting casual accommodation, including camping, farm stays, for which there are a range of options available in terms of accommodation to cater for these sectors. Encouraging the upgrade and investment in infrastructure of existing facilities would better cater to the market segments.

The UQ Gatton Campus does advertise its halls of residence, on-campus student accommodation as available for conferences and meetings. There may be opportunities to explore out of semester accommodation for local workers within the agricultural sector, offering single accommodation within the one location, with access to recreational facilities.

Backpacker accommodation is a distinct opportunity for the Lockyer Valley that would cater particularly for short term workers within the agricultural sector, as well as those seeking affordable accommodation to visit friends/relatives boarding at the UQ Gatton Campus. We would recommend that such an opportunity be focused within the township of Gatton, with opportunities to connect and integrate with the Greyhound bus service that connects Gatton to Brisbane and Toowoomba. It is also noted that the bus service also links to UQ Gatton Campus, providing a further opportunity for integration with the campus halls of residence accommodation during semester break periods.

8.0 CONCLUSIONS & RECOMMENDATIONS

The quantitative and qualitative analyses of this Accommodation Study have identified that there is somewhat of a mismatch between the current and emerging mix of target markets seeking short term and temporary accommodation and the existing supply of accommodation within the Lockyer Valley. The quantity, quality and mix of short term accommodation facilities is not meeting the needs of the key market segments such that other forms of accommodation are catering for gaps in the market including the local rental market.

This may place increasing pressure on the supply of affordable rental housing for the Lockyer Valley community as investors seek to secure higher yields through rental to seasonal workers.

The mismatch between accommodation preferences and expectations and the supply available within the Lockyer Valley area, is indicative that there is an opportunity to increase the range, mix and quantity of accommodation facilities to better meet these expectations and preferences. Dependent on the ultimate mix, this may also reduce the need for accommodation users to stay outside the region, with the opportunity for the Lockyer Valley to retain expenditure by short term and longer stay visitors.

The challenge continues in the strong weekend versus mid-week demand for commercial accommodation particularly for B&B style accommodation relative to the longer term accommodation needs of seasonal workers.

In terms of the Short Term Accommodation market, we consider that there are a range of opportunities for Lockyer Valley including:

- **Backpackers/Farm workers** accommodation within the Gatton area, with connections to entertainment facilities, retailing and dining options, also presenting an opportunity to represent an additional target market for new retailing within the town centre. Access to the intrastate/interstate bus route would enhance appeal for backpackers.

- Additional **motel** rooms, positioned as affordable business standard accommodation. The integration of the motel precinct with the conference centre is supported in maximising the flow-on benefits for the township of Gatton and the Lockyer Valley economy overall with potential to attract and support business and trade events.

- Boutique style **lodge/B&B** operations. Opportunities in out of town/detached locations that will offer amenity, access to active recreation pursuits and or seclusion to appeal to the retreat/getaway and wedding markets. Positioned differently to the motels in town and under construction.

In maximising these opportunities, key strategies include:

- Explore opportunities to integrate with the UQ Gatton Campus in offering short term accommodation options for temporary workers within the agricultural sector during semester break periods, particularly until such time as centralised backpacker accommodation is developed that would cater to the needs of this unique target market. The intrastate/interstate bus route includes a Gatton College stop and the mix of single accommodation and recreational facilities could represent an accommodation option that better meets the needs of workers. This is not a permanent nor full-time solution but may represent a stop-gap opportunity to offer accommodation options that are better tailored to the needs of this target market.

- Advocate to the State Government for the regular estimation and reporting of the number of temporary workers within the Lockyer Valley area, comparable to reports prepared quantifying the temporary workers within the Bowen and Surat Basins, to assist in providing to prospective investors up-to-date information on a regular basis as to the demand needs for accommodation.

- Develop a register and list of all rooming accommodation options from which to both monitor the available accommodation options, and to promote the diversity of accommodation options within the Lockyer Valley area. Without introducing significant perceived additional "red tape", the register could be membership based with fees directed towards marketing and promotion of the Lockyer Valley in benefiting registered accommodation operators.

- Retain the incentives program for short term accommodation options until such time as development of backpackers' accommodation is delivered to the market.

- As development approaches a critical mass of additional supply, it will be increasingly important to move away from the development incentives packages to marketing and promotional strategies that work with local accommodation providers to promote the area to the short stay market.

- There is a nexus between student accommodation and the provision of secure, safe and affordable accommodation for temporary workers, suggesting that there are opportunities for providers of off-site student accommodation to also cater for temporary workers, which may require some consideration in terms of definitions in to define as rooming accommodation rather than the more specific definition of student accommodation.

There is a clear opportunity to attract specialist retirement accommodation within Lockyer Valley, particularly that offers affordable options for retirees to downsize their home and upsize their lifestyles. Integration with existing and future aged care and health care facilities would optimise the potential takeup rates and interest in retirement living within Lockyer Valley. There may be a need for education as to the difference between retirement living and aged care, but this would be a challenge for prospective developers.

Moreover, we consider that the manufactured home park model is more likely to appeal to downsizing retirees in Lockyer Valley in comparison to other leasehold or licence models of retirement living. Manufactured home parks typically offer a more affordable entry price structure and the freedom for retirees to retain a level of ownership on their home and rent only the land on which the home is located. This is likely to be a sensitive issue for regional and rural communities that have limited exposure to more diverse models of retirement living.

We have identified examples where local authorities have taken it upon themselves to develop specialist retirement accommodation options for their local area, particularly in the delivery of affordable accommodation options for retirees. We are not advocating that this would be appropriate in this instance, however, key strategies that would contribute to the attraction and delivery of independent retirement living options include:

- There is sufficient long term demand to support at least two larger format manufactured home parks (approximately 100 ILU's each) with attenuating communal and recreational facilities such that we recommend maintaining the incentive program in place in attracting developer interest in manufactured home products for Lockyer Valley. These developments are likely to be staged over time to reflect modest takeup rates at least in the short to medium term.

- Typically these facilities seek affordable, flat land that can often be in fringe, peri-urban and rural locations, potentially challenging Council. Incentives could be tied to the development on appropriately designated land in order to minimise the potential application activity on rural or non-urban land detached from the town centres or villages.

- Explore opportunities with active aged care providers that are progressing innovative integrated health, aged care and living options such as Australian Unity, Bupa, Regis, Blue Care etc.

- Investigate integration with existing aged care providers with advantages for aged care providers in retaining retirees within the Lockyer Valley area, and opportunities for independent retirees within retirement or manufactured home parks to enjoy access to assisted care solutions as and when required.

- Explore opportunities to coordinate with UQ Gatton Campus or its vocational training, in the provision of training opportunities for those seeking to work in the aged care and health care sector.

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Appendix B

Consultation Participation List	
EcoRidge Hideaway	Barden Farms
Laidley Caravan Park	David Simon
Lockyer Motel	Derrel Farms
Stockton Rise Country Retreat	Eskanda Labour Hire
Queensland National Hotel	Kings Labour Hire
UQ Gatton Conference Unit	Koala Farms
Commercial Hotel	Lindsay Transport
Gatton Motel	Lockyer (Bauer's) Valley Organics
Whispers of the Valley	Maragi Farms
Porters Plainland Lockyer Valley B&B	Moira Farm
Gatton View Hotel Motel	Nolans Interstate
Royal Hotel Gatton	Orica
Hatton Vale Motel	Pohlmans Nursery
Branell Homestead B&B	Qualipac Produce
	Reck Farms
	Rugby Farms
	Stanbroke

Urban Economics has been commissioned by the Lockyer Valley Regional Council to undertake a survey of accommodation providers within Lockyer Valley as input to developing a strategy for investigating opportunities for and constraints to the rooming and accommodation market in Lockyer Valley. All information provided is for research purposes only, all responses will be collated and subject to the Privacy Act.

1. What is the name of your business?

2. What is the address of your business?

3. How long have you been operating this business in Lockyer Valley?

- Less than 1 year
- 1 to 2 years
- 2 to 5 years
- 5 to 10 years
- More than 10 years

4. Which of the following best describes your business?

- [ ] Hotel
- [ ] Motel
- [ ] Caravan Park
- [ ] Bed & Breakfast
- [ ] Campground
- [ ] Farmstay
- [ ] House/Villa (not B&B)
- [ ] Other (please specify)

5. In total, how many beds/rooms/sites does your business have available in Lockyer Valley?

Beds

Cabins

Sites

Rooms

On-site cabins

Other (specify)

6. How many people does your business employ at this location, including working proprietors?

Full Time

Part Time

Casual

7. Who would you say is your main target market?

- [ ] Backpackers
- [ ] Families
- [ ] Couples
- [ ] Business People
- [ ] International Tourists
- [ ] Tour groups
- [ ] Students
- [ ] Retirees
- [ ] Seasonal agricultural workers
- [ ] Other (please specify)

8. What was your occupancy rate for the March Quarter of 2016?

- ○ 0-30%
- ○ 30-40%
- ○ 40-50%
- ○ 50-60%
- ○ 60%-70%
- ○ 70%-80%
- ○ 80%-90%
- ○ 90%-100%

9. What was your average occupancy rate during the 2014/15 Financial Year?

10. For the 2014/15 Financial Year, what was the average revenue per room?

11. On average, how long do visitors stay?

- 1 night
- 2 nights
- 3 nights
- 4 nights
- 5-6 nights
- Approximately 1-2weeks
- Approximately 1 month
- More than one month

12. Approximately how often do you book to capacity?

- Once a week
- Once a month
- Once a year
- Less than once a year
- Never
- Other (please specify)

13. Do you have difficulties attracting and retaining staff for your business?

- ○ Yes
- ○ No
- ○ Unsure

14. Why is that?

15. Are you seeking to grow your accommodation business in Lockyer Valley?

- ○ Yes
- ○ No

16. In what ways are you seeking to grow your business?

17. What constraints, if any, are there to growing your accommodation business in Lockyer Valley?

18. What additional opportunities do you believe that there are for the accommodation market generally in Lockyer Valley?

19. What areas do you believe Council could assist in continuing to grow the accommodation market in Lockyer Valley?

20. Do you have any further comments regarding the future accommodation market in Lockyer Valley?

Thank you for your time and consideration in completing this survey. If you have any questions regarding this survey, please do not hesitate to contact Kerrianne at Urban Economics 07 3839 1400