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Green change

Big demand, limited supply.

Five years on...

It has been five years since we last wrote about the green change movement. Unlike sea change, which lost some popularity due to the global financial crisis and has been subject to volatility, the green change movement has continued to grow in strength. This has been particularly the case in south east Queensland and especially along the Scenic Rim.

The Scenic Rim gets its name from the U-shaped range of mountains from Mount Mistake in the west, passing through Cunningham's Gap, east to Mount Barney, across the New South Wales border and turning north to Lamington National Park and Arthur Groom's Binna Burra Lodge. This area supports eight national parks.

Since late 2004, several local milestones are worth mentioning:

➤ The successful development of 48 Mountain "Bowers" at O'Reillys, of which 90% have sold. These mostly two bedroom Bowers sold for an average price of \$750,000 or around \$7,500/m² gross, and largely to Brisbane buyers. Whilst no resale has yet taken place, property values in the Beechmont area have more than doubled since 2004. In 2004 two bedroom Bowers sold for \$600,000. The most recent recorded sales (late 2008) of similar product exceeded \$800,000.

➤ Visitations to Gold Coast national parks has been increasing by 9% per annum, with three out of five visitors coming from SE Queensland. Also three-quarters of the population growth on the Gold Coast now settles west of the pacific highway, with the hinterland growing by over 1,000 new residents per annum. The more rural areas on the Gold Coast have seen a 20% increase in residents over the last five years.

➤ The Tamborine Mountain escarpment and the Springbrook and Lamington plateaux have been identified in the South East Queensland Regional Plan as "core landscape areas" that have high priority for protection, management, rehabilitation and restoration. The regional plan aims to avoid or minimize impacts on core landscape areas. This means a limit on new tourist accommodation in the area. The plan also aims to restrict further rural residential development in the Scenic Rim.

➤ Binna Burra Lodge, however, has approval to build up to 25 new Sky Lodges in four, three level, buildings. These are a mix of one and two bedroom lodges selling for between \$310,000 and \$820,000, depending on size and orientation. At an average price of \$7,250/m² gross (including furniture package), these are competitively priced against other new "tourist" product for sale on the Gold Coast. New beachside apartments are now priced over \$11,000/m².

➤ The Scenic Rim Regional Council has recently commissioned the Southern Cross University to prepare a Scenic Rim Regional Tourism Strategy. This strategy, which is due in August this year, will be used to guide future tourism development in the area.

➤ Baby boomers are keen to unlock equity in their homes or investment properties, which will deliver lifestyle advantages. On average, they have about \$500,000 to spend, which is purchasing less and less in the volatile coastal markets.

➤ As well, self managed superannuation funds are looking for steady returns and ethical investments. Australia's 420,000 SMSF's are controlled predominantly by couples in their mid-50's, who are financially literate.

Nature tourism

Tourism Australia's latest research shows that over 3.5 million international "nature" tourists visit "downunder" each year. The most popular activity for this group is visiting national parks. International eco-tourists also spend twice as much when on holidays than mainstream visitors. They also stay two days longer when visiting Australia. Most of the nature travellers from overseas are adult couples, closely followed by lone tourists.

On the domestic side, there are around 13 million domestic overnight trips that include a nature activity. These account for about one fifth of all domestic overnight stays. The two top domestic tourist activities are bushwalking and visiting national parks.

Most domestic "nature" tourists are adult couples (31%), followed by family groups (another 31%), then related groups (23%) and people travelling alone (15%). The average tourist group size is just over two people.

Regardless of from where nature tourists originate, recent research has found that:

- 46% are interested in a nature resort, defined as "a secluded luxurious resort in a natural environment";
- 45% are interested in accommodation that is in "a secluded, scenic place" with all amenities;
- 35% are interested in socializing with like-minded people;
- 29% are interested in a guided educational experience; and 20% want friendly guides.

Tourism outlook

According to Tourism Queensland, in 2010 the economic recovery in Australia, combined with the release of some pent-up demand for domestic travel, is expected to underpin modest local tourist growth. Domestic visitor nights in Queensland are forecast to increase 2.2% while domestic visitor nights on the Gold Coast and its hinterland are forecast to increase 6.2% after a soft 2009. Growth in tourism demand is expected to be stronger by active seniors (persons aged 55-69 years).

International visitor arrivals to Australia are forecast to grow at an average annual rate of 3.5% from 2008 to 2018. International visitor nights are forecast to grow 3.8% annually. On the Gold Coast and its hinterland, domestic visitor nights are forecast to reach 29.3 million nights in 2010.

Key ingredients

If you are considering buying into the green change opportunity, and in order to maximise resale potential, the following ingredients are important.

➤ **Proven growth in tourist demand.** For example, Binna Burra Resort in the Gold Coast Hinterland has seen significant growth in visitor numbers over the years, to the extent that their existing suites have reached capacity. Capitalising on the green change trend and the probable halt on future new tourist accommodation in the area, Binna Burra, as already outlined, is set to expand.

➤ **Additional markets.** Green change locations usually appeal to one of two markets, which, in simple terms, are - couples enjoying long weekends and empty nesters on longer breaks. However, the stronger green change locations are those which can tap into additional markets, such as conferences and international visitors. With 32 new ensuited bedrooms, the Sky Lodges appear ideally suited to the mid-week conference market.

➤ **Wide appeal.** Most visitors to a green change location come from the immediate area or closest major capital city. Again, additional strength is offered if an area has a

wide appeal, being achieved by either unique features (i.e. World Heritage National Park), or facilities such as a unique dining experience and/or the nature of the resort itself or its surrounds (i.e. boutique/historic/scenic).

Binna Burra offer

One of Australia's longest-established nature-based resorts, Binna Burra Mountain Lodge was founded in 1933 by Arthur Groom and Romeo Lahey. These two pioneering conservationists shared a vision to create a place where people could stay and experience the beauty of the Lamington National Park rainforest. Through interpretive walks and educational programs, they believed more people would become committed to preserving this natural wilderness for future generations.

As well as being competitively priced, the new Sky Lodges at Binna Burra feature several key points of difference.

- All face north, with uninterrupted views towards Beechmont, and the Coomera and Numinbah Valleys;
- Correct product mix, being one and two bedroom dual key lodges, which dovetails perfectly with nature tourist demographics;
- Generous sized product at 46-73m² for one-bedroom lodges and 106-118m² for two-bedders;
- Internal fireplaces and bath/spas. The spas are privately located to enjoy the expansive views;
- Kitchenette option for one-bedroom product;
- Two ensuited within the two-bedroom lodges;
- Income stream from inclusion in Binna Burra Lodge's rental pool.

The Binna Burra Resort has been operating for over 75 years and currently achieves in excess of 60% occupancy. Financial modelling for the proposed Sky Lodges assumes similar occupancy, yet nearby Alcheringa House is occupied 90% of the time. History shows that occupation rates increase with better quality accommodation.

Green change checklist

So, if you are considering a green change investment, we offer the following checklist in order to help you make a wise purchase.

- Within 200km of a capital city;
- Close proximity to an airport;
- Small, yet functional, nearby town centre;
- Several visitor activities in the area;
- At least one unique point of difference;
- Known location;
- Ability to sustain repeat tourism, and
- The ability to accommodate future growth without compromising the integrity of the place itself.

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