Short-term commercial accommodation demand study for the Moreton Bay Region

For external distribution

Moreton Bay Regional Council

October 2021

Final

Moreton Bay Regional Council
Paul Martins and Kevin Cook
220 Gympie Road
Strathpine
QLD 4500
28 October 2021

By email: kevin.cook@moretonbay.qld.gov.au

Dear Paul and Kevin

Re: Short-term commercial accommodation demand study for the Moreton Bay Region – FINAL

At the outset it is important to acknowledge that hotels themselves are not drivers of demand. Hotels satisfy demand created by other drivers such as commerce, attractions, experiences, activities, events, amenities, access. The development of new hotels is not a case of 'build it and they will come'; rather, visitors stay in hotels as a consequence of visiting a destination (be this for leisure or business reasons). Having said that, it is also true that without adequate accommodation, of a suitable standard, visitors do not stay overnight in a region and deliver the full economic benefit of their visitation. Most importantly, for Council's consideration, is that, without significant and substantial incentives, hotel investors and developers will not provide new accommodation supply, unless sufficient demand is evident. Moreton Bay has a plethora of exciting and inspirational developments and plans across a number of precincts that will result in $40 billion being invested in the region over the next two decades and generate 100,000 new jobs. To attract new hotels it will be critical that experienced hotel investors can see these plans being executed. In a market that welcomed 4.85 million visitors in 2019 and generated 4.5 million visitor nights, Moreton Bay is significantly undersupplied with hotels to support the needs of a growing economy.

This report presents an overview of the short-stay commercial accommodation market in the Moreton Bay Region and provides an estimate of the anticipated number of new serviced accommodation rooms required to support the needs of overnight leisure, business and other (including sport and education-related) travellers to the region. This report is intended to provide guidance to the Moreton Bay Regional Council (MBRC) regarding the number of rooms, type of visitor accommodation (ie hotel, resort or serviced apartment), location and market positioning required to meet both current and future demand.

Based on THSA modelling of future demand it is estimated that there will be sufficient demand to support the development of six or seven internationally branded and operated hotels with a total of 1,235 rooms across all properties over the next decade. Specifically:

- **In the short-term (by 2026)** there is a clear market opportunity for development of up to four new-build internationally branded hotels, in locations such as North Lakes (180 rooms), The Mill (200 rooms), Redcliffe (225 rooms) and South Pines Sports Complex (180 rooms).
- **In the medium-term (by 2029)** there will be sufficient demand for the development of an additional 200 room internationally branded hotel at the Mill.
- **In the long-term (by 2031)** there will be sufficient demand for the development of an additional 250 room internationally branded conference/convention-oriented hotel at Redcliffe or a smaller hotel in Redcliffe (with approximately 150 rooms and a 100 room hotel in Caboolture.
- **2032 and beyond:** it is envisaged that there will be sufficiently strong demand drivers at the North Harbour Marina Village to support the development of an internationally branded hotel(s).

From an economic perspective, investment in the development of 6 or 7 new-build internationally branded hotels in Moreton Bay has potential to generate $146.5 million in direct, indirect and consumption spend, support 953 jobs and create 757 new jobs.

In addition, although not included within our future projections of room nights in the region, we have also identified an opportunity for the development of two upper upscale or luxury boutique properties (one in the Hinterland and one on Bribie Island) as well as other family and group-oriented accommodation in close proximity to major sporting and entertainment venues. We have also identified the possible opportunity to develop an additional hotel or serviced apartment or sport holiday park at South Pines in the future (refer to our Sport Visitor Accommodation Report Oct 2021) for more information.

Thank you for the opportunity to be part of this exciting project and we look forward to hearing from you if we can provide any further assistance regarding the findings and conclusions in this report.

Yours sincerely,

Rodger Powell
Managing Director

Note:

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Quality information

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Project title:	Short-term commercial accommodation demand study for the Moreton Bay Region
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Disclaimer

Executive summary

With visitation to the Moreton Bay Region recording year-on-year growth and with internationally branded hotel accommodation currently equating to 290 rooms, immediate action is required to address the current shortfall in hotel accommodation. The region's $40 billion investment in creating 100,000 jobs and 16,000 new businesses by 2041 provides a solid base that will underpin strong demand fundamentals to support future hotel investment.

Reasons to invest in the Moreton Bay regional Hotel Market

- Fast growing economy fuelled by $40 billion investment over the next 20 years.
- Master planning for The Mill at Moreton Bay, a 460ha greenfield site designated as a Priority Development Area (PDA) by Queensland Government and already home to a new campus for the University of the Sunshine Coast will, once complete, support 6,000 on-site workers.
- Strong opportunity to convert day visitors into overnight visitors.
- Current limited supply of full-service hotel accommodation, with only 204 full-service rooms available to accommodate 4.5 million visitor nights.
- Fast establishing itself as a sports tourism and event destination following multi-million dollar investment in sporting infrastructure.
- Moreton Bay will be a host venue for the 2032 Olympic and Paralympic Games.
- New national NRL team based at Dolphins Stadium in Redcliffe will enter the competition in 2023.
- Significant investment in region-shaping projects by a proactive Council.

Summary of results

It is estimated that there will be sufficient demand to support the development of six or seven internationally branded hotels with a total of 1,235 rooms across all properties over the next decade.

- **In the short-term (by 2026)** there is a clear market opportunity for development of up to four new-build internationally branded hotels, in locations such as North Lakes (180 rooms), The Mill 200 rooms), Redcliffe (225 rooms) and South Pines Sports Complex (180 rooms).
- **In the medium-term (by 2029)** there will be sufficient demand for the development of an additional 200 room internationally branded hotel at the Mill.
- **In the long-term (by 2031)** there will be sufficient demand for the development of an additional 250 room internationally branded convention-oriented hotel at Redcliffe or a smaller hotel in Redcliffe (with approximately 150 rooms and a 100 room hotel in Caboolture).
- **In economic terms, investment in developing 6 or 7 new-build internationally branded hotels in Moreton Bay has potential to generate $146.5 million in direct, indirect and consumption spend, support 953 jobs and create 757 new jobs.**

Economic overview

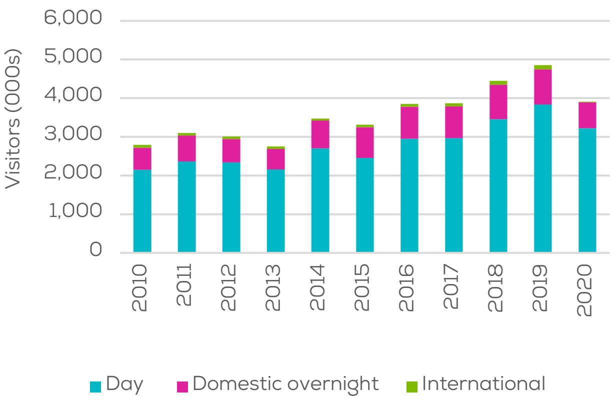
- Moreton Bay Region is currently experiencing rapid growth in its population and economy. Population is expected to increase to 700,000 by 2041. Competitively priced residential and commercial premises and land underpins a strong economic performance that continues to attract residents, a highly-skilled workforce and new businesses.
- The recently released Regional Economic Development Strategy (REDS), supported by an array of other strategic plans and public/private partnerships and collaborations, represents a fresh focus to grow the economy by building on four key priority sectors:

1 advanced manufacturing
2 food and agribusiness
3 knowledge, innovation and entrepreneurship
4 tourism, sport and major events.

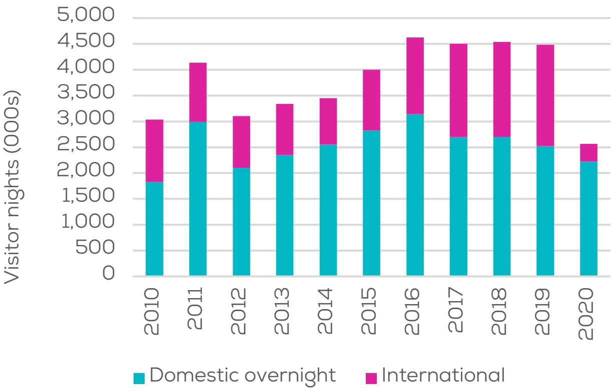
Tourism snapshot

- Over the period 2017 to 2019 (ie pre-COVID-19), the region experienced a 25.5% uplift in visitors from 3.87 million visitors in 2017 to 4.85 million visitors in 2019. This increase was fuelled by an increase of 29% in day visitors, 11% uplift in domestic overnight visitors and 28% increase in international visitors. Constrained by a lack of supply, growth in visitor nights has not matched the same upward trajectory and in fact, has actually declined (albeit marginally by 0.4%) from 4.50 million in 2017 to 4.48 million in 2019.
- Conversion of day visitors into overnight visitors to deliver increased economic benefit is therefore of paramount importance. The supply of the right type of accommodation in the right location to meet unsatisfied demand is essential in achieving this. This represents a significant opportunity for early entry hotel investors to establish their presence in an uncrowded marketplace.

Total visitors to Moreton Bay Region: 2010-2020



Total visitor nights spent in Moreton Bay: 2010-2020



Purpose of visit by visitors to Moreton Bay (2019) – expressed as a percentage of total visitors and visitor nights

Holiday 41% overnight visitors 44% visitor nights	VFR 51% overnight visitors 39% visitor nights	Business 7% overnight visitors 9% visitor nights	Other 2% overnight visitors 5.5% visitor nights

Source: TRA (2021 a and b)

Accommodation

Moreton Bay's visitor economy is multifaceted with demand driven by traditional leisure visitors, visiting friends and relatives (VFR) market, festival and event goers, business travellers, sports events, education and medical related visitors. Each market segment is driven by different demand fundamentals in different locations, and each has different accommodation requirements.

- Moreton Bay is characterised by a number of small-scale, unbranded commercial accommodation operators which have traditionally geared their business models to service the leisure market. As such, they do not typically meet the accommodation demands of all visitor markets, most notably the corporate, MICE and sports group visitor segments.

- An audit of existing accommodation in the region has identified a total of 722 rooms across hotels, motels, serviced apartments (self-catering units) comprising 290 internationally branded hotel rooms and 432 non-branded rooms. Only 204 rooms across three properties (equivalent to 26% of total commercial rooms available) are considered to be full-service hotels: the 51 room Mecure Clear Mountain Lodge and 63 room Best Western Plus North Lakes Hotel (both internationally branded hotels) and the independently operated (non-branded) 90 room Eatons Hill Hotel.

In a market that welcomed 4.85 million visitors in 2019 and generated 2.65 million visitor nights, Moreton Bay is significantly undersupplied with hotels to support the needs of a growing economy.

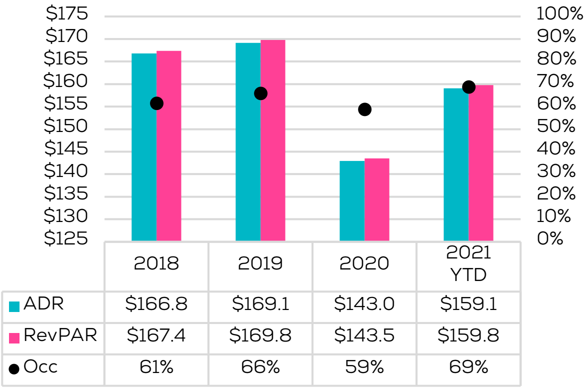
- Market performance for Moreton Bay's branded hotel market (comprising 380 rooms across 7 properties) indicates that with the exception of 2020, RevPAR has recorded year-on-year growth. The market also appears to be immune to supply shocks, as evidenced by the introduction of the 63 room Best Western North Lakes hotel in April 2018, followed by the almost immediate opening of The Sebel property at Margate Beach in May 2018, which resulted in an initial dip in performance, but resumed to normalised conditions three months later. From an ADR perspective, the regional market consistently performs around 7% above the Brisbane market and appears to have weathered the impact of COVID-19 better, with RevPAR achieving a $20 advantage in absolute terms.

Importance of internationally branded hotels

There is abundant evidence to support the fact that in addition to the achievements of passionate, entrepreneurial and highly experienced owner/operators, significantly greater hotel returns are achieved by international brand operators than unbranded operators – typically in excess of 10% at the GOP line than non-branded hotels. Branded operators also:

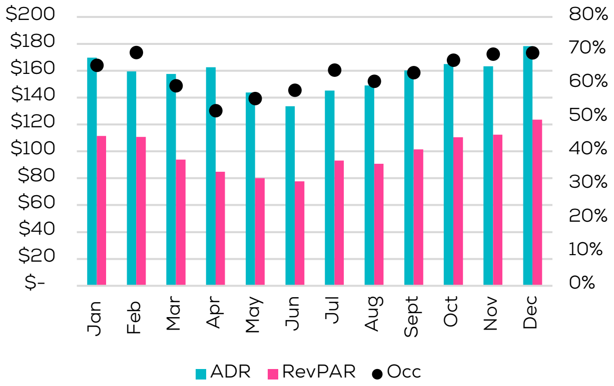
- ✓ have highly effective, global marketing and distribution systems that deliver greater volumes of business at higher rates
- ✓ have extensive consumer loyalty programs that deliver business
- ✓ have the best available people, since their scale provides clear and structured career paths
- ✓ have highly skilled management teams that typically deliver higher performing hotels
- ✓ provide design and technical assistance during the early stages of development
- ✓ attract lower financing costs,
- ✓ deliver powerful group purchasing arrangements

Moreton Bay: Room occupancy, ADR and RevPAR performance (2018-2021 YTD)



	2018	2019	2020	2021 YTD
▪ ADR	$166.8	$169.1	$143.0	$159.1
▪ RevPAR	$167.4	$169.8	$143.5	$159.8
● Occ	61%	66%	59%	69%

Moreton Bay: 3 Yr Ave seasonality performance (2018-2021 YTD)



Note: STR data represented is includes the period May 2018 through to April 2021
Source: STR

Role of hotels in the visitor economy

- The benefit of hotels lies beyond just GDP and employment measures. Hotels are a vital part of creating active and attractive destinations and communities. Hotels within an area add vibrancy and energy to precincts throughout the day; they create an evening economy for restaurants, bars, theatres and entertainment; they create a sense of destination and lifestyle, and they complement existing uses eg sports facilities and support others eg offices, conference venues, hospitals and universities.

- A particular benefit of hotels, in contrast to other businesses, is that the multipliers are not just in relation to the hotel itself, its supply chain and employees' spending power, but also the guests staying in the hotel who in turn spend locally at visitor attractions, bars, restaurants, transport providers etc. which in turn indirectly supports wages within these businesses and induce secondary spend within the local economy. Where necessary these benefits will need to be succinctly communicated to relevant community groups to garner support for future development and to stimulate investor interest (eg in the form of a hotel investment prospectus).

Future hotel development opportunities

There is widespread recognition that current hotel supply will be insufficient to keep pace with the level of economic development planned for the future.

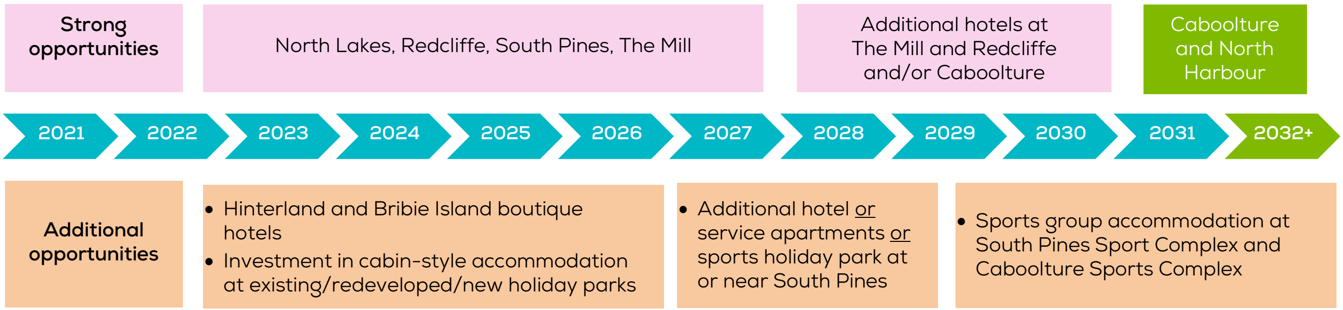
- Future demand for hotel accommodation in Moreton Bay, driven by economic growth, diversification and investment in the region, is expected to continue to increase with different market segments experiencing different levels of future growth. It is possible, however, that this demand may be satisfied by Brisbane hotels unless suitable accommodation is developed in Moreton Bay.
- Confirmation of South East Queensland as host to the 2032 Olympic and Paralympic Games will act as a catalyst to fast-track public infrastructure projects and will necessitate the timely development of hotels to meet demand, both across the region generally, and particularly in areas within close proximity to major sporting precincts.
- Demand for commercial accommodation is expected to intensify in areas – particularly in the Brisbane Fringe (most notably Strathpine and Brendale) and Moreton Commercial Hub area (North Lakes and The Mill in Petrie), due to expanding urban centres and diversification of the local economy. Longer-term, the establishment of new master planned communities, particularly in and around Caboolture West and North Harbour (PDA), is likely to drive increased demand for overnight accommodation from a diverse range of source markets including leisure, groups, health, sport, events and corporate.
- Increasing visitation to the region's hinterland and Bribie Island signals a strong market opportunity for the development of at least one boutique hotel in each location operated either by an experienced boutique operator or under a white label management agreement with an international hotel operator (such as Accor, IHG or Marriott).

Modelling future demand

- Modelling future hotel demand to support projected increases in vistor nights provides an indication of the extent to which the hotel sector is likely to be under or over-supplied with capacity in the future.
- Stakeholder consultation in support of this study has indicated that there is currently insufficient hotel accommdation available in the region, especially during peak event periods, be they leisure, corporate or sports-related, to satisfy demand. There is also widespread consensus that a reasonable proportion of latent demand for accommodation exists and that a purpose-built convention centre is required to elevate the region's competitiveness to attract residential MICE (Meeting, Incentive, Conference and Exhibition) business.

Suggested timeline for the introduction of new hotels into the Moreton Bay market

While some locations are ripe for hotel investment in the short-term (such as North Lakes, South Pines and Redcliffe), others are more suited for investment in the medium- and longer-term as mega projects such as The Mill at Moreton Bay (in Petrie) and the development of Caboolture West come to life.



Strong opportunities

North Lakes, Redcliffe, South Pines, The Mill

Additional hotels at The Mill and Redcliffe and/or Caboolture

Caboolture and North Harbour

Additional opportunities

- Hinterland and Bribie Island boutique hotels
- Investment in cabin-style accommodation at existing/redeveloped/new holiday parks

- Additional hotel <u>or</u> service apartments <u>or</u> sports holiday park at or near South Pines

- Sports group accommodation at South Pines Sport Complex and Caboolture Sports Complex

Looking beyond 2031 we consider there to be sufficiently strong demand drivers in Caboolture and North Harbour Marina Village to support the further development of internationally branded hotels in these locations. Given these future opportunities, we strongly recommend that future hotel sites be identified early on in the master planning process of these respective developments to ensure that they are protected and are advantageously placed to both add amenity to, and benefit from, excellent accessibility, visibility, sense of place and other important locational attributes once operational.

Summary of recommended facilities, market positioning and branding for identified hotel opportunities in Moreton Bay

Timeframe	Identified hotel opportunities	
2023-2026	**North Lakes** • 180 rooms • Upscale full-service hotel • Recommended facilities: o Restaurant and bar o Gym and wellness o Flexible meeting space • Key visitor markets: o Health o Weekend leisure o Midweek corporate and MICE o Sport • Suggested brands: o Crowne Plaza by IHG, Marriott by Marriott o Doubletree by Hilton o Novotel by Accor	**South Pines Sports Complex** • 180 rooms • Upper midscale – upscale full-service hotel • Recommended facilities o Restaurant and bar o Guest lounge o Large gym and pool o Outdoor gym o Flexible meeting space (including breakout rooms to host team meetings and briefings) • Key demand drivers: o Sport o Leisure o MICE and functions o Events and festivals • Suggested brands: o Mercure by Accor o Holiday Inn by IHG o Courtyard by Marriott
	Redcliffe (opportunity # 1) • 225 rooms • Upscale – upper upscale full-service hotel • Recommended facilities o Restaurant and bar (possibly rooftop) o Guest lounge o Large gym and lap pool o Flexible meeting spaces • Key demand drivers: o Sport o Leisure o MICE and functions o Events and festivals • Suggested brands: o Novotel by Accor o Crowne Plaza by IHG o Marriott by Marriott o Doubletree by Hilton	**The Mill at Moreton Bay (opportunity # 1)** • 180-200 rooms • Upper midscale select-service hotel • Recommended facilities: o Market pantry o Small meeting space o Restaurant (leased) • Key demand drivers: o Education o MICE o Corporate o Sport o Leisure associated with events and festivals • Suggested brands: o Hyatt Place by Hyatt o Holiday Inn Express by IHG o Garden Inn by Hilton o Ibis Styles by Accor
2027-2029	**The Mill at Moreton Bay (opportunity # 2)** • 200 rooms • Upscale full-service hotel • Recommended facilities: o Restaurant and bar o Guest lounge o Large gym and lap pool o Flexible meeting space • Key demand drivers: o Education o MICE o Corporate o Sport o Leisure associated with events and festivals • Suggested brands: o Novotel by Accor o Crowne Plaza by IHG o Marriott by Marriott	**Redcliffe (opportunity # 2)** • 250 rooms • Upscale – upper upscale full-service hotel associated with future convention centre (pending further investigation and feasibility) • Recommended facilities o Restaurant and bar (possibly rooftop) o Guest lounge o Gym o Satellite meeting space • Key demand drivers: o Sport o Leisure o MICE and functions o Events and festivals • Suggested brands: o Novotel by Accor o Hilton o Marriott by Marriott
2030	**Redcliffe (alternative opportunity)** • 150 rooms • Upper midscale select-service hotel • Recommended facilities: o Market pantry o Small meeting space o Restaurant (leased) • Key demand drivers: o Leisure o Sport o Corporate o Leisure events and festivals • Suggested brands: o Hyatt Place by Hyatt o Holiday Inn Express by IHG o Garden Inn by Hilton o Ibis Styles by Accor	**Caboolture (alternative opportunity)** • 100 rooms • Upper midscale full-service hotel • Recommended facilities: o Meeting space o Restaurant • Key demand drivers: o Education o Corporate o Sport o Leisure associated with events and festivals • Suggested brands: o Holiday Inn by IHG o Courtyard by Marriott o Mercure by Accor o Ramada by Wyndham

Summary of recommended facilities, market positioning for additional accommodation opportunities in Moreton Bay

Timeframe	Additional accommodation opportunities	
2023-2026	**Hinterland boutique hotel** • 30-40 suites • Upper upscale/luxury full-service • Recommended facilities: o High-end restaurant and intimate outdoor dining spaces o Bar o Day spa o Swimming pool o Small meeting room o Library and guest lounge o Links with existing trail network • Key visitor markets o Short-break leisure market o Wedding and special occasion market o Corporate retreat • Suggested brands: o Spicers Retreats o White label management (eg Accor)	**Bribie Island boutique hotel** • 20-30 suites • Upper upscale/luxury full-service • Recommended facilities o Restaurant o Pool bar o Swimming pool o Guest lounge • Suggested brands: o Ovolo o Crystalbrook Collection o White label management (eg Accor)
2027-2029	**Sport Holiday Park – South Pines Sports Complex** • Mix of accommodation offering (e.g. cabins, powered sites and glamping units) designed around a central activity core. • Recommended facilities: o Swimming pool(s) (including splashpad / waterplay) o Playground and ninja course o Skate park and/or BMX pump park o Games room o BBQ areas and outdoor kitchens o Café and licensed bar • Key visitor markets o Sport o Short-break family leisure market **OR** **Additional South Pines Sports Complex hotel or serviced apartment accommodation** • Upper midscale select-service hotel or serviced apt • Recommended facilities: o Market pantry o Small meeting space o Restaurant (leased) • Key demand drivers: o Sport o Corporate o Leisure events and festivals • Suggested brands: o Hyatt Place by Hyatt o Holiday Inn Express by IHG o Garden Inn by Hilton o Breakfree by Accor	**Encourage continued investment in holiday parks to meet demand from leisure and sport visitors** • Development of additional on-site cabin-style accommodation with varying room configurations • Key visitor markets o Sport o Leisure market
2030	**North Habour Marina** • 110 -125 rooms • Upscale/upper upscale select-service hotel o Due to the planned retail and dining precinct at the Marina Village we do not envisage there to be any commercial advantage reasons to support the incorporation of a hotel restaurant as part of a future hotel development. • Recommended facilities: o Swimming pool o Gym o Business centre • Key demand drivers: o Leisure o Corporate (marine industry) o MICE and functions • Suggested brands: o Peppers or The Sebel by Accor o Centric by Hyatt o Even by IHG	**Sport group accommodation** • South Pines Sport Complex • Caboolture Sports Complex • Feasibility will be required to determine the most appropriate scale, room configuration, dining facilities, quality/standard, price point and guest amenities required to support future investment. • Any future investment in developing sport group accommodation will need to be considered through the lens of modern, contemporary travellers in order to stimulate demand from diverse market audiences and generate sufficiently high yield to service a return on investment. The latter is particularly important to enable ongoing maintenance and reinvestment in product. • Key visitor markets o Sport (including training camps) o School groups (school camps) o Corporate teambuilding and training o Community multi-day events (camps)

Source: THSA

Westfield North Lakes

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University of Sunshine Coast Moreton Bay Campus

Key definitions

Room Occupancy refers to the ratio of rooms that are booked or occupied compared to the total amount of available rooms over a specific period of time, usually calculated as an annual average.

- In Australian regional capital cities, an occupancy rate of 85% or higher indicates a tight hotel market. Sydney and Melbourne are the top performing hotel markets in Australia, which enjoy occupancy rates well in excess of 85% during periods of peak demand. These high occupancy rates signal to banks and other hotel developers that new rooms are likely to be absorbed quickly. This has been the case, especially in Sydney over the past 10 years, where hotel rooms continue to be built and absorbed into the market, with strong occupancy rates.

- It is important to note however that occupancy rates alone do not indicate whether new hotel development is feasible. A hotel market must have strong occupancy rates and a sufficiently high ADR to support new construction or renovation. New supply can also be absorbed, in part, by old product dropping out of the market. Additionally, new business supply also has capacity to stimulate its own market.

Average Daily Rate (ADR) is a metric that is widely used in the hotel industry to indicate the average realised room rental per paid occupied room per day

- In key regional centres such as MBRC, ADRs are more likely to fluctuate or stagnate than occupancy rates. As new rooms come into the market, they can prevent existing hotels from increasing their ADRs. When ADRs stagnate, despite strong occupancy rates, it can impact the feasibility of new hotel development. If ADRs are not high enough to create sufficient revenues to support new development, construction of new hotels can slow down or stop. In addition, aging hotels can lower their ADRs to remain competitive to budget travellers. Because room prices can fluctuate daily, by weekday or season, hotels can quickly adjust ADRs to maintain high occupancy rates.

Revenue per Available Room (RevPAR) is an indicator of the relationship between room occupancy and average daily rates. From an investor perspective, RevPAR is the single most important indicator/concern when making decisions as it provides an indicator of the property's ability to fill its rooms at an average rate and is a leading indicator for return on investment

- As RevPAR incorporates both occupancy rates and ADR, it is useful for tracking market performance over time and also a good indicator in assessing the ability of a property to fill its available rooms. Increasing RevPAR performance could reflect increasing occupancy rates, ADRs, or both, and is typically an indicator of strengthening market conditions. However, ADRs and rooms occupancy can also move inversely to one another. A flat or declining RevPAR indicates that markets are not keeping up with general inflation and could be weakening. It is also important to note that increasing RevPAR does not necessarily mean better profit performance as it fails to consider the size of a hotel. A hotel may have a lower RevPAR but still have more rooms that earn higher revenues. Equally, it is important to recognise that RevPAR does not mean that a hotel's profits are increasing. This is because RevPAR does not use any profitability measures or information on profits in calculating this metric.

1. Background and approach

1.1 Approach

Following a high-level overview of the Moreton Bay Regional economy (including an economic profile and identification of current and future drivers of economic growth) and a detailed summary of Moreton Bay's visitor economy – both pre- and post-COVID, we provide a deep dive into overnight visitor trends across the region as they relate to short-stay commercial accommodation preferences, characteristics of overnight visitors and reasons for visiting.

A thorough audit of the existing short-stay commercial accommodation market was used as a starting point to assess the location, scale, quality and operating performance of existing supply, which, when overlaid with economic growth and visitation patterns, has identified several market gaps and opportunities for future hotel development. Using a supply and demand approach, these opportunities were further refined to recommend the most appropriate scale, category of accommodation, location, market positioning (star rating) and facilities mix to maximise the market opportunity.

Given Moreton Bay's limited international brand presence (ie only 290 rooms), the basic premise of this report is to focus on the opportunities to attract internationally branded hotel operators (as opposed to independently non-branded hotels) – refer to page 16 for more information. Equally, it is important to recognise that the opportunities identified in this report are not based on any particular brand or franchise. Rather, focus is placed on identifying the timely introduction of internationally branded and operated hotels into the market in locations and at the appropriate market positioning, that will maximise demand fundamentals. Appendices 1 and 2 provide more information regarding international brand and hotel classification (market positioning).

The execution of a targeted hotel investment attraction strategy to attract international hotel operators to the region forms a natural extension and necessary next step of this investment opportunities report.

1.2 Data sources

In preparing this report, THSA has relied on both primary and secondary data sources, including stakeholder interviews, Council economic development strategies, plans, investment prospectus and development applications, visitation data provided by Tourism Research Australia (TRA) and proprietary data from Smith Travel Research (STR) and AirDNA.

Primary data

THSA collected original primary data through site visits and in-region consultation with external and internal stakeholders in the region during the first and fourth weeks of March 2021, followed up by subsequent telephone meetings in April and May 2021.

THSA met and spoke with representatives from the following organisations who shared their insights regarding key trends, demand drivers and potential future supply across the Moreton Bay tourism and serviced accommodation industry:

- MBRC Economic Development
- Moreton Bay Region Industry and Tourism
- Millovate
- University of the Sunshine Coast
- Brisbane Economic Development Agency
- Comiskey Group
- Redcliffe Leagues Club
- North Harbour
- Traders in Purple
- Open Studio Architecture
- Old Petrie Town
- Abbey Museum
- Woodfordia

Secondary data

THSA used secondary data sources for specific analyses, which are cited throughout the report including:

- Tourism Research Australia (TRA) and TRA Online which allows paid subscribers to access real time statistics relating to day, domestic overnight and international visitor profile information. Due to COVID-19 the most relevant 'business as usual' statistical data available is up to and including the period 31 December 2019.
- Purchase of a STR Market Trends Report for participating hotels in the Moreton Bay Region that provided information relating to aggregated monthly room occupancy and ADR performance between May 2018 to April 2021.
- Literature review of MBRC strategic documents, third party market evaluation and outlook reports, industry reports and outlook projections, in addition to relevant recent news articles in local and national newspapers, magazines and industry trade publications that focus on the travel and hospitality industry and Moreton Bay real estate.

1.3 Report structure

2	**Moreton Bay economic snapshot:** Profile an overview of the economic positioning of the region, future growth prospects and major projects that are likely to underpin future demand for overnight accommodation.
3	**Moreton Bay visitor economy:** Provides a profile of visitors to Moreton Bay and an overview of growth trends across different market segments (ie holiday, VFR, business, events, sports, health and education), their geographic dispersal and their use of hotels and other serviced accommodation.
4	**Moreton Bay hotel supply and performance trends:** Provides a snapshot of current and future hotel supply, hotel performance trends (including room occupancy, ADR and RevPAR) and insights regarding future short stay accommodation opportunities in the region.
5	**Moreton Bay hotel demand forecast:** This section sets our forecasting model and considers baseline, medium and low growth scenarios to arrive at an estimate of the number of hotels required to meet increasing demand for visitor nights across the region over the next decade.
6	**Moreton Bay hotel investment opportunities:** This section provides a summary of future hotel investment opportunities in Moreton Bay, highlighting the locations with the most potential, recommended scale, market positioning, facilities mix and suggested international hotel brand partners. This section also highlights the role of Council in attracting investment to facilitate and stimulate hotel development in the region

Importance of internationally branded and operated v unbranded (independent) hotels

More than 60% of Australian hotels and 70% of rooms in urban centres are branded. Offering a clearly defined brand promise and delivering a great guest experience drives customer loyalty and value for owners.

Summary of advantages and disadvantages: branded v non-branded (independent) hotels

Internationally Branded and Operated Hotels	Unbranded Hotels
Advantages: • Customer brand awareness. • Brand standards ensure consistency of product and service offering which provides guests with confidence and assurance that they will receive the level of service and amenities they desire and expect, wherever the property is located. • Along with standards, brands provide operating manuals, which are intended to provide a turnkey approach to the operation of the property. • Brands make big investments in marketing to help guests understand what they can expect when they arrive at a particularly branded hotel. In return, guests expect the hotel to deliver on their brand promise and meet or exceed their expectations each and every time. • Strong worldwide distribution platforms facilitate powerful purchasing platforms (through reservations systems, sales offices, corporate contracts and brand advertising) which deliver hotel owners and investors significant profit premiums. In fact, many government organisations and large corporates require their staff to stay in branded hotels with whom they have corporate rate agreements. • Brand customer loyalty programs provide owners and operators with a distinct competitive advantage that drives increased business. • Staffing (ie can move expert senior staff between properties and countries, standardised training programs and can offer staff benefit programs, growth opportunities and corporate support which collectively lends itself towards increase hiring and retention). • Technical services and design support. • Higher bottom line profitability. **Disadvantages:** • Design standards can be expensive to deliver. • High management fees, marketing fees and incentive fees.	**Advantages:** • No licence or system fees. • Greater flexibility to meet the market ie independent hotels can experiment and change, which can be more difficult, under a brands regime. • There are some instances in which a brand is not essential. For example, a hotel adjacent to a university or hospital might not need a brand affiliation to drive occupancy. Equally, in some destinations, the location of the property itself will put heads in beds and drive a high occupancy. **Disadvantages:** • Unable to capitalise on the benefit of a support system, including detailed operating manuals and procedures, training, access to best practices, and perhaps most importantly, the human capital that can make the difference between a successful and unsuccessful hotel. • Greater responsibility by owner to source and train resources. Placing the success of the hotel in the hands of the wrong third party manager has potential to be a risky venture. • Unbranded hotels do not typically have dedicated reservation or marketing and distribution systems and therefore are unable to fully capitalise on the scale benefits associated with online travel agents (e.g. Booking.com, TripAdvisor, etc.) commission rates and procurement discounts. While there are a number of generic options available, they are not necessarily designed to the specific needs of the hotel or, conversely, require increased investment by the owner to create an effective reservation and marketing program. • Lower profitability.

Source: THSA

In our opinion the benefits associated with internationally branded and operated hotels far outweigh the costs and de-risk most hotels under consideration. Our view is also shared by the major banks who invariably seek the comfort of a major brand and Hotel Management Agreement when considering debt facilities and interest rates

2. Moreton Bay Region

2.1 Location and connectivity

The Moreton Bay Region[1] is located between 20 and 44km north of the Brisbane CBD and is bounded by Sunshine Coast Council area in the north and Brisbane City to the south. The Moreton Bay Region is a growing residential area, with substantial rural, rural-residential, commercial and industrial areas.

Road and rail

Moreton Bay is serviced by three major arterial roads – the Gateway Motorway, the Bruce Highway and D'Aguilar Highway. The Gateway and Bruce highways run north-south and connect the region with the Sunshine Coast and Brisbane and the D'Águilar Highway runs west connecting Caboolture to Woodford and beyond. Moreton Bay is one of the benefactors of the $10 billion investment in upgrading the Bruce Highway in Queensland with key upgrades including the stretch between Caboolture to Caloundra on the Sunshine Coast, Pine Rivers to Caloundra Road interchange, Caboolture-Bribie Island Road to Steve Irwin Way and the Deception Bay interchange.

An estimated 155,000 vehicles travel between the Moreton Bay Region and north Brisbane each day using the Gateway Motorway, the Bruce Highway and Gympie Arterial Road. Demand indicates the traffic levels currently experienced through this important road corridor will increase by around 50% by 2041 (TMR, 2021). In response to this TMR has started consultation to support a business case to develop a whole-of-network solution for the area, improving network efficiency for motorists and ensuring effective connectivity between different transport corridors. It is estimated that the business case will be finalised in 2023, with construction following approval and securement of funding (TMR, 2021).

Air access

Brisbane International Airport is located 20 minutes south of the Moreton Bay Region and is the third-largest airport in Australia by passenger numbers, and before COVID-19, accommodated 34 airlines flying to 85 domestic and international destinations. During 2019 Brisbane Airport recorded growth in passenger numbers of 2.1% to reach a new high of 24.1 million passengers. 2019 also marked the airport's strongest growth in domestic passengers since 2016 and the highest level of growth across Australia's major gateway airports (BAC, 2020). Despite COVID-19 limiting aircraft movements, Brisbane's second runway opened in July 2020 which, when travel resumes to pre-COVID-19 capacity, will effectively double the airport's capacity.

In June 2021, Brisbane Airport unveiled plans to build a $1-billion third terminal that will connect its dual runways. Although community consultation and final designs are yet to be signed off, the recent announcement of South East Queensland 2032 Olympic and Paralympic Games is likely to fast-track development (UD, 2021a).

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[1] Refer to the Notes section at the end of this report for a list of SAs (small area geographies) included in the Moreton Bay Regional Council LGA (Local Government Area).

Moreton Bay: Economic snapshot

479,639 residents

Over the last decade, the region's population has grown by 21%, and continues to climb at a similar rate.

700,000 residents estimated to live in the region by 2041

Moreton Bay Region is expected to increase its population by 240,000 by 2041, to approximately 690,000. This represents more than a 50% increase over the next 25 years. By comparison it is anticipated that by 2031 the Moreton Bay Region will have a larger population than Tasmania.

3rd largest and 5th fastest growing LGA in Australia

29,090 local businesses

139,819 local jobs

Largest industries by employment:
(2019/20) and percentage increase over 2014/15

1	Health care and social assistance	23,663	+25%
2	Retail	18,928	+3%
3	Education and training	14,139	+26%
4	Construction	18,928	+3%
5	Manufacturing	9,839	+14%

Moreton Bay has been primed as a Priority Development Area by the State Government, which has resulted in a lot of infrastructure and development investment, which includes a new University of the Sunshine Coast campus at Petrie. This major knowledge and innovation hub is expected to generate 6,000 jobs.

$17.72 billion
Gross regional Product
= 4.76% of QLD's
Gross State Product

Economic precincts across the region

- Industrial lands are mainly focused along the Bruce Highway including Brendale, North Lakes, Narangba, Burpengary and Elimbah East and in specific precincts in Clontarf, the Hills District, and Caboolture.
- Tourism activities are associated with Redcliffe, the Peninsula and Bribie Island as well as the hinterland, including Samford, Dayboro and Woodford.
- Retail and urban centres are located in Strathpine, North Lakes and Caboolture
- Agriculture is a key industry and occupies much of the region's northern section.
- Residential neighbourhoods provide affordable housing in the region's south.

Priority industries: The next 20 years will see a reduction in reliance on population-driven industries and increased focus on high value-adding industries, exports and innovation

Advanced manufacturing

As the third largest contributor to GRP, manufacturing is already an important industry for the Moreton Bay Region. Several local companies export products around the world and are leaders in their respective fields. The region's industrial precincts at Caboolture, Narangba and Brendale have access to transport and utility infrastructure as well as a large workforce (more than 1 million workers within a 30-minute drive). Two large greenfield future industrial hubs at the most northerly interchanges of the Bruce Highway will continue to support further development, diversification and innovation well into the future.

Food and agribusiness

Agriculture has long been an important part of the local economy. In addition to growing macadamia nuts, avocados, prawns, bugs and crabs, the region produces 57% of Queensland's strawberries and 32% of the state's pineapples. While there are opportunities to continue expanding in these areas, there are also new areas to explore including oyster and seaweed production. In addition, with the region being home to Queensland's only aquaculture research facility (at the Bribie Island Research Centre) supporting CSIRO, DAF and the University of the Sunshine Coast, there are significant opportunities to capitalise on value-adding and processing opportunities.

Tourism, sport and major events

The diversity of the region's tourism product and experience offering, together with its strategic location with respect to Brisbane and the Sunshine Coast, provides opportunities to further grow and maximise the potential of the industry. Investment in the clear definition of tourism precincts, visitor accommodation, new attractions, experiences, events, festivals and serviced accommodation will be important levers in growing the scale and depth of the industry.

Knowledge, innovation and entrepreneurship

The recent opening of the University of the Sunshine Coast Moreton Bay Campus at the Mill at Moreton Bay (Petrie – between Strathpine and North Lakes) will increasingly stimulate and support further innovation as the campus reaches its capacity of 10,00 students over the next decade. The USC satellite campus in Caboolture has several health research initiatives currently underway including alternative health service delivery and a significant clinical trial site providing new capacity to accelerate the research and development of the next generation of medications and medical devices.

Source: Economic ID (2021) and MBRC (2020 a and b)

2.2 Major projects

Delivery on the following major projects will shape the region well into the future:

The Mill at Moreton Bay

The Mill is a 460ha mixed use and redevelopment PDA project that will provide significant opportunity as the largest greenfield innovation precinct in Australia. The site includes the Petrie Town Centre, Petrie Rail Station and the former Amcor Petrie Paper Mill Site, totalling 65ha of greenfield development potential (50% larger than the Brisbane CBD).

In addition to its urban footprint, the site will also include more than 110ha of rehabilitated habitat to provide a dedicated conservation area for wildlife, which will diversify the attraction of the site to include future tourism and recreation opportunities.

The Mill is expected to deliver 8,600 ongoing jobs and add $950 million into the regional economy per year on average, once fully realised (MBRC, 2020a).

In early 2022, Expressions of Interest will be sought for involvement in two key catalyst projects for The Mill at Moreton Bay including an Integrated Health Village and Advance Manufacturing (MaMB, 2021).

USC Moreton Bay campus

Situated at the entryway to The Mill, the University of the Sunshine Coast (USC) Moreton Bay is Australia's newest university campus, and the first full-service university campus in the region. Stage 1 of the USC campus opened in February 2020 with a 16,000sqm foundation building and exceeded its expectations of 1,200 students in the first year of alone. Upon completion of the development in 2030, the 10.5ha precinct is expected to provide education for more than 10,000 university students over its first 10 years and 25,000 over the long-term (MBRC, 2020c).

North Harbour

North Harbour is a 785ha master planned community in Burpengary East located along the banks of the Caboolture River. Now in its 5th year of development, North Harbour is already home to a resident community, a Heritage Park precinct, mountain trail and 1,000 acres of open space and parklands.

Following the declaration of the site as a PDA in late 2020, work is currently underway to build a waterfront precinct with 400 marina berths, 500 dry storage docks and more than 500 private pontoons. The 570ha Marina Village will offer 600 apartments and 600 detached homes and a waterfront estate will include an additional 800 homes. A community and visitor precinct will incorporate a mix of retail, dining and entertainment offerings.

The $2.7 billion project is expected to create up to 7,000 jobs and inject $707 million into the Moreton Bay Region every year (MBRC, 2020d).

2032 Olympic Games

On 21 July 2021 the International Olympic Committee (IOC) awarded Brisbane and surrounding regions (SEQ) the 2032 Olympic Games and Paralympic Games. Following this announcement, the Queensland and Australian Governments have establishment a joint Olympic Infrastructure Agency that will deliver key projects for the games, including the new Moreton Bay Indoor Sports Centre for boxing (UD, 2021b).

Recent and ongoing sports infrastructure developments taking place across Moreton Bay positions the region in a significantly advantageous position to pre-training camps and preliminary finals.

For Moreton Bay a significant risk is the lack of both large-scale internationally branded and operated hotels as well as suitable sport and athlete accommodation, of sufficient size, to enable the region to maximise the economic and legacy benefits associated with the Olympics and Paralympic Games.

SEQ Northern Freight Terminal

ShapingSEQ South East Queensland Regional Plan 2017 identifies the importance of the northern rail freight corridor and highlights a future intermodal facility north of Caboolture. The Queensland Government has formed a working group to progress plans for the Northern Freight Terminal. A future terminal has the potential to create jobs directly related to the operation of the intermodal terminal (office, terminal operations, warehousing) and indirect jobs (transport, postal and warehousing, wholesale, manufacturing) as well as a catalyst for commercial/industrial growth (RDA, 2020).

Scarborough Harbour Masterplan

Scarborough Harbour already represents significant maritime infrastructure for the region. Development of a masterplan for the harbour is currently underway which seeks to redevelop the harbour to expand its reach and use. Although not yet finalised, the redevelopment is touted to include a new art gallery, aquarium, hotel/conference facility, new and expanded green recreational areas, new maritime facilities and support infrastructure.

3. Moreton Bay visitor economy

3.1 Moreton Bay destination offering

Moreton Bay's visitor economy is multifaceted with demand driven by traditional leisure visitors, visiting friends and relatives (VFR) market, festival and event goers, business travellers, sports events, education and medical related visitors. Each market segment is driven by different demand fundamentals in different locations, and each has different accommodation requirements.

Leisure and VFR

Key assets and activities include:

- Beaches, lakes (Lake Samsonvale and Lake Kurwongbah), islands and water-based experiences (eg whale watching, dolphin cruises motorised watersports, fishing).
- Hinterland and active outdoor experiences (incl. walking trails, rail trails, mountain bike riding, 4WD, kayaking).
- History and heritage (Old Petrie Town, Caboolture Historical Village, various small museums.
- Art galleries (Redcliffe Art Gallery, Pine Rivers Art Gallery, Caboolture Regional Art Gallery).
- Food, wine and craft beer (Ocean View Wine Estates, Sandstone Point Hotel, Brendale Brewing Co. The Belvedere, Bite Dining Markets and various seafood speciality restaurants).
- Shopping and markets (Westfield North Lakes, weekly markets in Redcliffe and Caboolture).

Future opportunities: **Continued investment in Moreton Bay's tourism product and experience offering has potential to drive increased demand for overnight accommodation across various price points, from diverse market segments and in various locations, thereby stimulating tourist dispersal and spend across the entire region.**

Events and Festivals

Signature and major events:

- Woodford Folk Festival is an annual 6-day event held in Woodford between 27 Dec and 1 Jan (attracted 132,000 visitors in 2019) and is the largest gathering of artists and musicians in Australia.
- Abbey Medieval Festival is the largest annual medieval event in the southern hemisphere held over two days in July (attracted 28,000 visitors in 2019).
- Redcliffe Festival of Sails (Easter weekend) incorporates the annual Brisbane to Gladstone Yacht Race.
- Moreton Bay Food and Wine Festival is the showcase event of the month-long Tastes of Moreton Bay held in Sept.

Future opportunities: **Increased supply of visitor accommodation in key event destinations will enable the region to maximise visitor experiences and economic benefits associated with the leisure festivals and events industry.**

Sport

Current facilities:

- South Pines Sports Complex, Dolphin Stadium at Redcliffe Leagues Club, Queensland State Equestrian Centre, Morayfield Sport and Events Centre, Lakeside Motor Sport Complex and Redcliffe Harness, Racing and Sporting Club. Council continues to invest in sporting infrastructure across the region, with $49 million being allocated in the 2020/21 financial year alone (up 40% over the previous year).

Major events

- SEQ Horse and Home Show is the largest horse trade show event in the state held annually at Queensland State Equestrian Centre in Caboolture
- Polo by the Bay is an annual event held at Sandstone Point Hotel
- Imminent completion of the South Pines Indoor Complex has enabled it to secure pre-training and host games associated with the 2022 FIBA Women's Basketball World Cup and the 2023 FIFA Women's Soccer World Cup.

Future opportunities: **Council has made a significant investment in its sporting infrastructure in recent years and is fast-becoming a popular venue for state, national, and more recently, international events. Increased supply of commercial accommodation will enable the region to secure multi-day events, maximise economic benefits and improve its positioning as a competitive sports destination.**

Business and MICE

Major commercial precincts:

- The North Lakes - Mango Hill area is home to the highest number of jobs, with a focus on health and retail.
- Brendale, Narangba and Caboolture are the main manufacturing hubs
- Caboolture is an established urban centre which is poised for significant growth over the next 40 years as Caboolture West takes shape.

Future opportunities: **The development of suitably corporate-oriented hotels will enable the region to capture a larger slice of the lucrative MICE and business (including latent business) travel market and build a reputation as a business friendly destination. Increased supply of quality, internationally branded hotel accommodation in accessible locations, will also enable the region to capture transient business demand associated with Brisbane International Airport irrespective of whether business is being conducted within the region or not.**

Source: Compiled by THSA

3.2 Visitation profile

In 2019, Moreton Bay welcomed 4.85 million visitors and generated just over one million visitor nights. Around 8 in every 10 visitors to the region are day visitors who either come to see friends and family (VFR) or to simply engage in leisure activities. Only 20% of all visitors to the region stay overnight, with VFR visitors accounting for half of these (at 50%), followed by leisure visitors at 40%. Business and Other visitors ie visitors coming for education and health-related reasons comprise a small, yet growing, portion of the market (TRA, 2021a and b).

In terms of growth, with the exception of 2020, Moreton Bay has experienced year-on-year increases in visitation over the period 2010 to 2019, with growth in day visitors leading the charge, averaging over 9% growth p.a. over the period 2017 to 2019. Growth in overnight visitation has been marginal, averaging just 3% p.a. over the same period.

Several recent projects have supported this growth including the $1.5 million development of Lake Gkula at Woodfordia, relocation and redevelopment of a new 1,000sqm Redcliffe Art Gallery, digitisation of popular heritage walks, establishment of AquaSplash inflatable waterpark in Redcliffe, establishment of the Moreton Bay Food and Wine Festival and a growing number of sporting events at newly opened venues have had an important impact on amplifying the tourism profile of Moreton Bay. While these investments are indicative of a growing level of confidence in the tourism potential of the region, there has been very little investment in hotel accommodation

Looking ahead, given the level of unprecedented economic growth projected for the region over the 20 years, combined with increased global recognition associated with the 2032 Olympic and Paralympic Games, there is every reason to suggest that day visitation to Moreton Bay will continue to record strong levels of growth. However, without any new investment in commercial visitor accommodation, particularly internationally branded hotels, the region will be unable to grow the volume and value of its overnight visitor economy.

3.3 Sub-regions

Not only does the Moreton Bay Region cover an area of 2,042km^2, but it includes a diverse mix of coastal communities, an expansive hinterland and pockets of urban development. For this reason, we have grouped SA2s which share similar characteristics together into sub-regions, which have then been examined further to identify their key drivers of demand to support future hotel development.

- **Brisbane fringe:** Albany Creek, Eatons Hill, Bray Park, Lawnton, Strathpine, Brendale
    - Strathpine is broadly considered to be the epicentre of this sub-region and is home to a handful of large employers including Moreton Bay Regional Council offices and Super Retail Group, as well as several training centres and an established retail strip along Gympie Road. Brendale is the premier industrial precinct in the Moreton Bay Region, strategically located just off the Bruce Highway, with easy access to the Brisbane City, Brisbane international and domestic airports, and the Port of Brisbane. It is also the focus of the South Pines Sports Complex
- **Moreton Bay commercial hub:** North Lakes, Mango Hill, Murrumba Downs, Griffin, Dakabin, Kallangur, Petrie
    - This sub-region incorporates several suburbs each with their own distinct character, yet collectively have all the elements of larger activity centre poised for significant growth. North Lakes is a contemporary masterplanned community including the Westfield Shopping Centre, Ikea and Costco (all visible from the Bruce Highway) and the health precinct close to Anzac Avenue being key anchor points. Petrie is home to The Mill at Moreton Bay which is on the cusp of embarking on its billion dollar development that is expected to support 6,000 jobs when fully completed in 2041.
- **Redcliffe Peninsula:** Redcliffe, Scarborough, Newport, Moreton Island, Margate, Woody Point, Clontarf, Rothwell, Kippa-Ring, Deception Bay
    - The peninsula has a strong leisure tourism focus, with very high levels of utilisation. The new Redcliffe Peninsula Rail Line has been a game changer, increasing connectivity from the Bay to the rest of the region and to Brisbane City and the expansion of the Dolphins NRL Stadium has elevated its profile as a sports event destination.
- **Hinterland:** Wamuran, Woodford, D'Aguilar, Cashmere, Dayboro, The Hills District, Samford Valley
    - This sub-region comprises several national parks including Bellthorpe National Park, Northbrook Gorges and D'Aguilar National Park that offer a multitude of outdoor activities. The hinterland is also home to several villages, farmgates and Ocean View Estates winery and Australia's largest music festival at Woodford.
- **Caboolture and surrounds:** Burpengary, Burpengary East, Caboolture, Caboolture South, Elimbah, Morayfield East, Morayfield, Narangba, Upper Caboolture
    - Caboolture is one of the region's principal regional activity centres and is home to numerous major public infrastructure facilities including hospitals, schools and emergency services. This sub-region is also the focus of future residential masterplan communities including North Harbour in Burpengary and Caboolture West
- **Bribie Island and Sandstone Point:** Bribie Island, Sandstone Point, Beachmere
    - Bribie Island is a popular destination with daytrippers from Brisbane and the Sunshine Coast, it offers the closet surf beach to Brisbane and is the only beach in mainland SEQ where 4WD driving is permitted. The southern part of the island is urbanized, with the rest of the island being designated a national park. Sandstone Point is anchored by the Sandstone Point Hotel which is a popular dining and events venue. The BIG4 at Sandstone Point is one of the most popular caravan parks in Australia and is reportedly booked out six months in advance.

Moreton Bay visitation snapshot:2019*

Visitors

4.85 million visitors

↑ 9.1%

(YoY 2019 v 2018)

3.84 million
day visitors
↑ 11.1% YoY

910, 230
domestic overnight
↑ 1.7% YoY

108,100
international visitors
↑ 7.7% YoY

Growth in visitation to Moreton Bay has been largely fuelled by growth in day visitors, which recorded an uplift of 11% in 2019 over 2018.

Expenditure

$

In 2019-19, Moreton Bay's tourism industry contributed:

- output of $725.4 million
- supported approx. 6,050 jobs
- generated $414 million in total value add

This compares with an estimated total output (ie tourism and hospitality sales) of $2,350.1 million and 16,575 jobs on the Sunshine Coast and $9,224.3 million in total output and 54,815 jobs on the Gold Coast during 2019/20

Visitor nights

4.48 million
visitor nights

↓ -1.3%
YoY

Average
length of
stay
4.4 nights

2.52 million domestic visitor nights
ave length of stay = 2.8 nights
↓ 6.8%
YoY

1.96 million international visitor nights
ave length of stay = 18.1 nights
↑ 6.9%
YoY

On average* domestic visitors account for 60% of all visitor nights to the region. The long average length of stay by international visitors is the primary contributor to total visitor nights (rather than actual number of international visitors)

Purpose of visit

Holiday	46% all visitors +3% YoY
VFR	40% all visitors +18% YoY
Business	8% all visitors +52% YoY
Other	6% all visitors -26% YoY

2020 visitation snapshot

3.91 million visitors
-19% YoY decline

82% day visitors
-16% YoY

17% domestic overnight visitors
-26% YoY

1% international visitors
-84% YoY

2.56 million
visitor nights
-43% YoY

694,000 overnight visitors of which 98% were generated by the domestic market, representing -26% decline over 2019

-12% decline in domestic visitor nights
-83% decline in international visitor nights

Ave length of stay by domestic visitors = 3.3 nights, slightly up from 2.8 in 2019

*** Note on statistics:**

Due to the significant disruptive impact that COVID-19 has on both domestic and international travel, including the sports, festivals and events industry, tourism visitation data for 2020 and Qtr. 1 2021 (although available) is not presented here as it is not considered to reflect 'normalised' patterns of visitation to the region (or any region for that matter). In line with current industry practice, THSA has therefore reported on 2019 visitation data as this is considered to represent a more accurate snapshot of the volume and characteristics of the region, upon which to base future investment decisions.

Refer to the notes section at the end of this report for more information regarding TRA statistical methodology

Source: TRA (2020a and b) and THSA analysis

Moreton Bay overnight visitor profile snapshot:2019

Oernbight visitors

1.02 million overnight visitors

↑ 2.3%

(YoY 2019 v 2018)

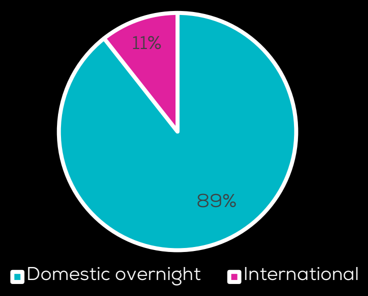
910,250 domestic overnight visitors

+1.7% YoY growth (2019 v 2018)
+11.4% growth (2019 v 2017)

910,250 domestic overnight visitors

+7.7% YoY growth (2019 v 2018)
+12.9% growth (2019 v 2017)

% Market share (2019)



Visitor nights

4.48 million visitor nights

↓ -1.3%

Average
length of stay
4.4 nights

2.52 million domestic visitor nights
ave length of stay = 2.8 nights

↓ 6.8%
YoY

1.96 million international visitor nights
ave length of stay = 18.1 nights

↑ 6.9%
YoY

Expenditure

Average spend per night on commercial accommodation

	Ave spend
Moreton Bay:	$106
Sunshine Coast:	$199
Gold Coast:	$231
Logan:	$115

The comparably lower average spend on commercial accommodation in Moreton Bay is a direct result of the limited number of premium quality accommodation products which are able to command higher rates.

Significant potential therefore exists to provide quality accommodation in locations with the highest demand. Not only will this stimulate a higher conversion of day visitors into overnight visitors, but it will also provide an opportunity to increase the average spend in the region per night.

Purpose of visit

Holiday
41% overnight visitors
+9% YoY

44% visitor nights
+7.5% YoY

VFR
51% overnight visitors
+10% YoY

39% visitor nights
-3.7 YoY

Business
7% overnight visitors
-23% YoY

9% visitor nights
-0.2% YoY

Other
2% overnight visitors
-68% YoY

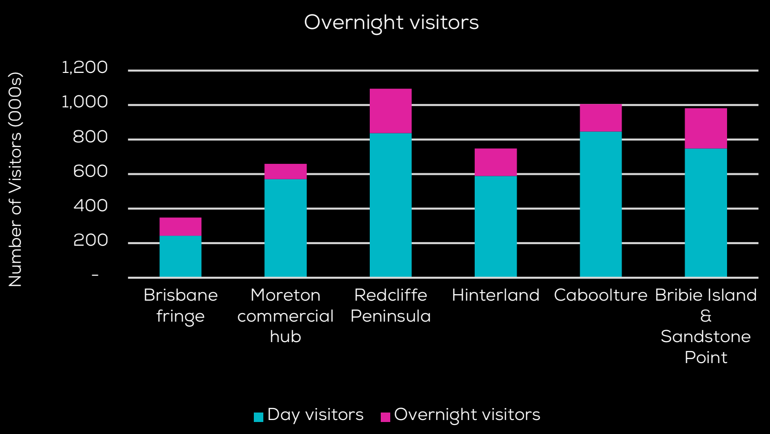
5.5% visitor nights
-36.3% YoY

Notes:
*3 year ave (2017-2019)
Source: TRA (2020a and b) and THSA analysis

3.4 Sub regional insights

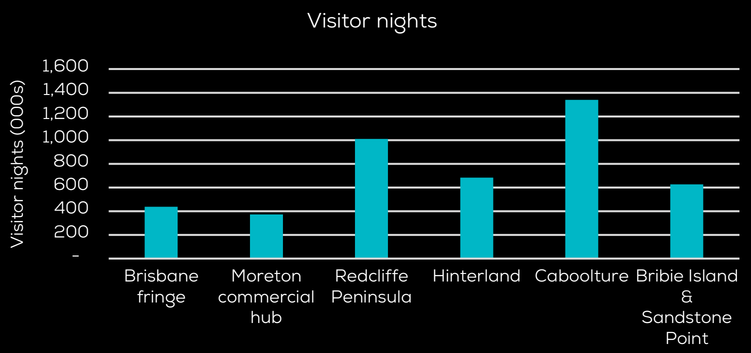
Number of visitors

- In absolute terms, the Redcliffe Peninsula and Bribie and Sandstone Point sub-regions collectively attracted around attract 50% of all overnight visitors to the region in 2019.
- In terms of growth, predominately driven by the VFR and business markets, the Brisbane Fringe sub-region has recorded the strongest growth in overnight visitors, increasing by 120% (to 96,100 visitors) over the period 2018 to 2019.
- The Redcliffe Peninsula sub-region also recorded a strong uplift in overnight visitors, increasing by 23% over the same period.



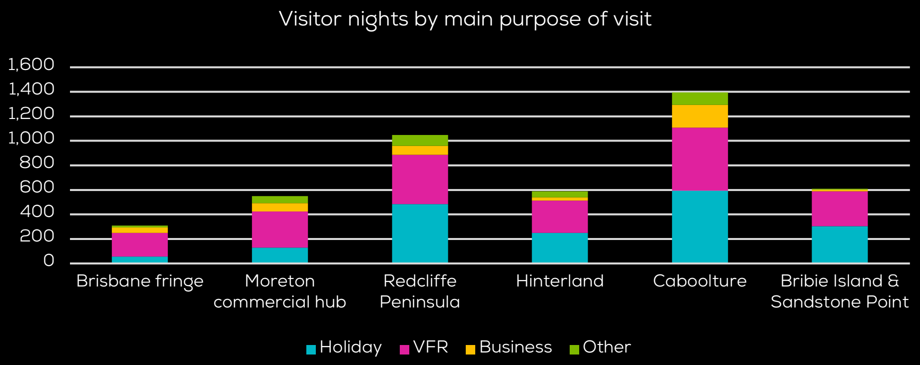
Visitor nights

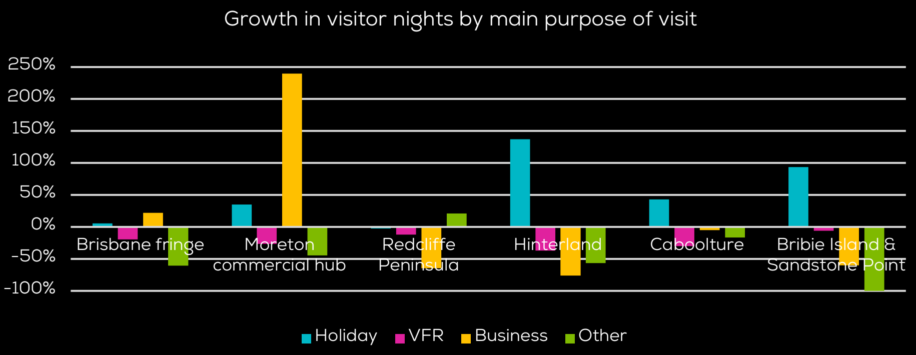
- In absolute terms, Redcliffe Peninsula and Caboolture and Surrounds are the top generating sub-regions in terms of visitor nights.
- Redcliffe Peninsula was the only sub-region to record any increase in visitor nights over the period 2018 to 2019.
- In terms of average length of stay, in 2019, visitors to Caboolture and surrounding areas stayed the for longest (at 8.5 days). All other sub-regions recorded shorter average lengths of stays ranging from 3 to 5 days.



Purpose of visit

- The Moreton Commercial Hub was the greatest generator of business visitor nights in 2019. This market also recorded the strongest growth across any visitor market segment across any sub-region over the period 2018 to 2019.
- The Hinterland recorded the strongest uplift in leisure visitor nights across the region in 2019





Sub-regions:
Brisbane Fringe: Albany Creek, Eatons Hill, Bray Park, Lawnton, Strathpine, Brendale
Moreton Bay Commercial hub: North Lakes, Mango Hill, Murrumba Downs, Griffin, Dakabin, Kallangur, Petrie
Redcliffe Peninsula: Redcliffe, Scarborough, Newport, Moreton Island, Margate, Woody Point, Clontarf, Rothwell, Kippa-Ring, Deception Bay
Hinterland: Wamuran, Woodford, D'Aguilar, Cashmere, Dayboro, The Hills District, Samford Valley
Caboolture and surrounds: Burpengary, Burpengary – East, Caboolture, Caboolture – South, Elimbah, Morayfield – East, Morayfield, Narangba, Upper Caboolture
Bribie Island and Sandstone Point: Bribie Island, Sandstone Point, Beachmere
Source: TRA (2020) and THSA analysis

3.5 Key findings: visitor demand drivers and opportunities

Leisure

- Moreton Bay has a diverse tourism asset base (eg D'Aguilar National Park, Bellthorpe National Park, Bribie Island, etc.) that are equally comparable with other destinations in SEQ however, several of these are currently under-developed or of sufficient scale to be destination differentiators in their own right as they are in other destinations, such as the Sunshine Coast and Gold Coast hinterland regions. In recognition of this situation, Council has commissioned a *Tourism Infrastructure Priority Project Plan* that seeks to identify a range of projects required to support and develop the tourism offering of the region. A key focus of the Plan will be to identify how best to use existing Council land and infrastructure to create new and elevate existing tourism opportunities and to identify areas for private sector investment. Investing in Moreton Bay's hotel infrastructure is just one foundational element in creating a stronger and more competitive leisure tourism industry.

VFR

- Overnight visitation to Moreton Bay is dominated by VFR visitors, which accounted for around 51% of all overnight visitors and 39.4% of all visitor nights generated by the region in 2019. Although growth in VFR visitor nights has declined in recent years, the anticipated growth in population over the next 20 years, stimulated by urban infill developments, high density living and new master planned communities (such as that proposed at North Harbour and Caboolture West), means that the VFR sector will continue to be an important generator of visitation to the region. Looking ahead, we anticipate that social functions held in the region (eg private events, weddings, Christmas parties, etc.) will have capacity to generate reasonable demand for commercial overnight accommodation, providing that the infrastructure (ie hotels, resorts or serviced apartments) is there to support it.

Sport

Team representation in the region:

- Current: Brisbane Roar Men's (soccer) team and AFL Brisbane Lions Women's team
- Future confirmed: National NRL team (based at Dolphins Stadium, Redcliffe) and Brisbane Roar Women's team
  - In October 2021, the Australian Rugby League Commission granted a new licence to the Redcliffe based Dolphins. The expanded 17-team competition will see the NRL Telstra Premiership become a 26-round competition from 2023 onwards (FoxSports, 2021). This announcement has been received with much enthusiasm insofar as it: 1) provides a springboard to grow the sport at all levels both within Queensland and nationally; 2) provides an opportunity to raise the profile of the Moreton Bay Region, 3) provides a catalyst to fast-track the development of hotel accommodation close to the Stadium, and 4) provides an opportunity to generate direct and indirect economic for the region.

Infrastructure developments

- The region is currently undertaking significant investment in its sporting infrastructure, with $49 million being spent by Council in the 2020/21 financial year alone (MBRC, 2021). The standard of facilities being delivered will enable the region to firmly establish itself as a multi-sports training and event destination with capacity to attract state, national and international competitors and spectators and stimulate increased demand for overnight accommodation.

- Construction of the northern grandstand at Dolphin Stadium, Redcliffe (jointly funded with the Council contributing $8.5 million to the project) was completed in August 2020, increasing the total capacity of the stadium to 11,500. This increased capacity has potential to attract larger national and international events to the region. The Dolphins recently hosted the Women's National Championships which attracted 14 teams from around Australia (in My 2021) and have signed a three-year affiliation deal with the New Zealand Warriors which means that players and support staff will travel to Moreton Bay to participate in the Intrust Super Cup from 2021.

- Construction of a new $18 million state-of-the-art soccer Women's Centre of Excellence and Youth Academy at South Pine Sports Complex (SPSC) is currently underway that will become the new home for Brisbane Roar Women when they relocate to the new facility ready for the start of the 2023 season and in time for the 2023 FIFA Women's World Cup hosted in Australia and New Zealand. The facility will also provide opportunities to host training and preliminary games associated with the 2032 Olympic Games (MBRC, 2020). This project follows the recently completed (May 2021) $15.8 million South Pine Indoor Sporting Complex which now includes multi-purpose indoor courts, retractable grandstand seating for up to 2,000 spectators, and five multipurpose function spaces. The development also included new clubhouse facilities for rugby union and touch football. The indoor venue has already received interest to hold some of the 2022 FIBA Women's Basketball World Cup games which is being hosted in Australia (MBRC, 2021).

- Construction is currently underway for the development of a new rugby league complex as part of the $13.85 million Griffin Sports Complex. The facility, when open in February 2022, will comprise full sized and one half size field, club house and car parking. The 90ha site will also include walking trails and other recreation facilities around the precinct. The standard of facilities envisaged will provide further opportunities for the region to attract multi-day state, national and international events.

- Other sports infrastructure developments recently completed include the $18.8 million Nathan Sports Ground at Kippa-Ring which has recently been award AFL project of the year for 2020 and the Samford Soccer Club as part of the wider Samford Parklands project. Other projects include the Noland Park BMX Precinct in Brendale, Narangba Tennis Centre, clubhouse and training facility at the Newport Cruising Yacht Club are all at various stages of development.

- The Queensland State Equestrian Centre (QSEC) in Caboolture, under the *Equestrian Queensland Statewide Facilities Plan 2019-2028*, has identified several facilities across the region including QSEC, Burpengary Equestrian Centre, Caboolture Showgrounds and Samford Showgrounds as being future recipients of infrastructure upgrades to support ongoing activities, competitions and events (EQ, 2019).

Festivals and Events

- Moreton Bay is fast-establishing itself as a leisure events destination, with annual major events such the Moreton Bay Food and Wine Festival, Tastes of Moreton Bay, Redcliffe Festival of Sails, Woodford Folk Festival and the Abbey Medieval Festivals attracting year-on-year increases in visitors. Venues such as Eatons Hill Hotel and Sandstone Point Hotel also have a well-established and highly attended year-round calendar of food festivals, family entertainment events and music concerts. While both Eatons Hill and Sandstone Point both have on-site accommodation, demand for overnight accommodation far outweighs supply.

- One of the key disadvantages of the region as a major leisure events destination is the reported lack of visitor accommodation to facilitate the hosting of multi-day events with an interstate and international audience. Not only does this impact on the region's ability to raise its profile as a competitive events destination, but it is constraining the ability of the region to maximise on the economic benefits generated by a fully functioning events industry. By way of example, the well-attended Abbey Medieval Festival, which attracts around 28,000 event-goers (primarily day visitors) to its 2-day event every year, is reportedly unable to expand its program of events and activities due to the limited supply of overnight accommodation. In order to overcome this challenge, the Abbey Museum is currently undertaking a feasibility study to identify the market opportunity to expand its current footprint to create a medieval living museum with on-site medieval themed accommodation. Old Petrie Town is another example of how a lack of accommodation in the region is constraining its ability to expand its events program to host multi-day events. Similar to the Abbey Museum, Old Petrie Town is also embarking on a master planning exercise to identify the market opportunity to provide on-site accommodation to meet market demand.

Business and MICE

- Business visitation is low, with only 6.5% of all overnight visitors (equivalent to 66,300 visitors) visiting the region in 2019 for business-related activities. In contrast, the region's day business market has recorded strong growth in recent years, increasing by an average of 6.2% p.a. over the last three years (2017-2019) and 8.2% in 2019 over the previous year to reach 316,000 visitors. This trend of stagnating overnight demand against an increasing number of day visitors suggests that either the close proximity of Brisbane to the region makes day business trips an easy undertaking and therefore negates the need for overnight accommodation in the region or more likely that due to the limited supply of internationally branded and operated corporate-oriented hotels in the region any overnight requirements are fulfilled by hotels located out-of-region.

- The reported flurry of investor interest in the region following the release of the REDS 2020-2041, supported by a planned $40 billion economy and creation of 100,000 jobs has potential to position Moreton Bay as one of the top regional innovation hubs in Australia by 2041. PDA mega-projects such The Mill at Moreton Bay (in Petrie) and North Harbour (near Burpengary) are expected to have a significant impact on driving sustainable demand for overnight accommodation from the business sector.

- The proximity and excellent accessibility of Moreton Bay to the Brisbane CBD and Brisbane International Airport provides clear opportunities for the region to expand its footprint in the MICE market. Opportunities also exist for the region to leverage opportunities with the Brisbane Convention Centre (BCC) either in the form of satellite events pre- or post-events taking place at BCC or through pre- or post-event bleisure or incentive trips.

- Ongoing commercial-related investment is also expected to generate increased demand for business and MICE (meetings, incentives, conferences and events)-related visitation in the coming years, however, with there being few quality conference and events venues available in the region, overnight demand from this lucrative segment is unlikely to grow without significant investment in a large purpose-built conference venue with modern facilities. Further consideration and investigation, including a detailed feasibility study would need to be undertaken to assess the viability of such an opportunity.

Health

- Overnight health-related visitation in Moreton Bay is low, accounting for around 6% of the market in 2019 (equivalent to 58,500 visitors). While this volume of overnight visitors is low considering the number of health precincts and hospitals in the region, this is more likely to be a function of the supply of suitable accommodation rather than demand.

- Future health-related visitation to the region will be supported by the existing specialised health precincts in North Lakes (which includes the Moreton Day Hospital, Montserrat North Lakes Day Hospital and North Lakes Hematology and Oncology Hospital) and Redcliffe (which includes the Redcliffe Hospital, Moreton Bay Integrated Care Centre and Peninsula Eye Hospital Peninsula Private Hospital) as well as new developments including the $394.6 million redevelopment of the Caboolture Hospital which, when completed in 2023, will provide 400 beds and support 600 jobs (CM, 2020a). Construction of a new $10 million in Caboolture health hub which commenced in May 2021 will provide further support the Caboolture Hospital redevelopment and will feature 13 tenancies including pathology, GP medical clinic, dentist, physio and other allied health services (CM, 2021a). Plans have also been approved for the development of a new multistorey integrated health facility at Bongaree on Bribie Island which will include a 35-bed hospital, a 78-bed high care facility and a range of health services including pathology, radiology, dental and specialist consulting rooms (CM, 2020b).

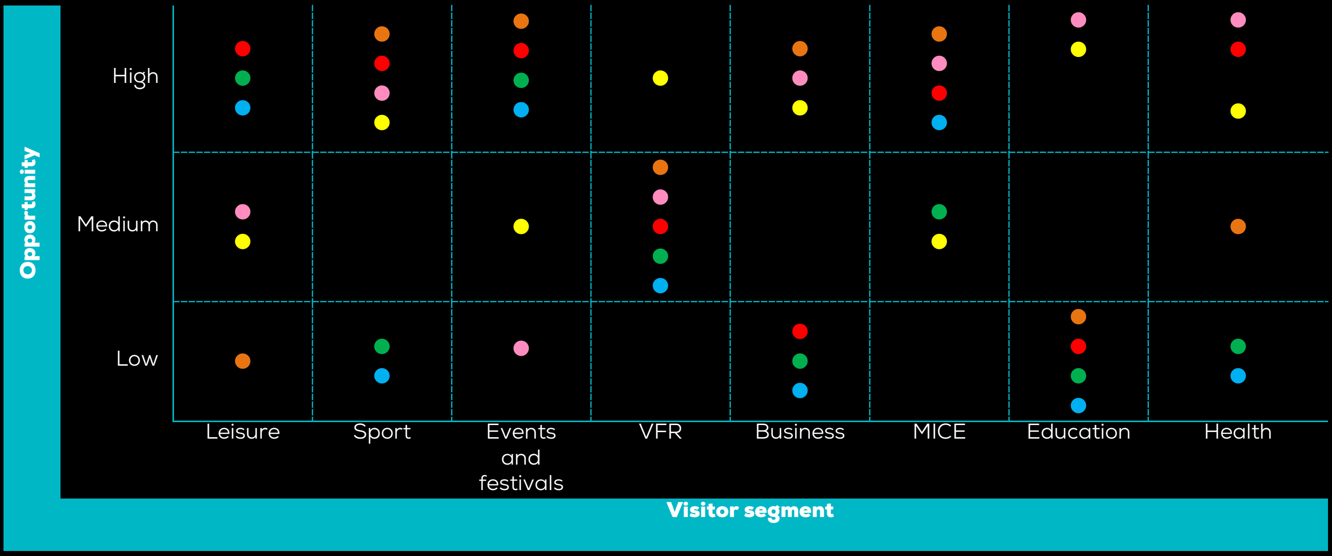
Education

- Education related visitation to the region is currently an untapped market however the opening of USC's Moreton Bay campus in February 2020 has provided the catalyst for future growth in this market segment. Although THSA understands that 78% of students currently enrolled at USC Moreton Bay reside locally and therefore have limited demand for overnight accommodation, as subsequent stages of the campus open and student numbers grow to the targeted 10,000 by 2030 and as the campus introduces postgraduate and doctorate courses, it is anticipated that demand generated by visiting friends, families, professors and lecturers will also increase. Demand associated with the campus' planned conference and event facility and R&D innovation hub is also expected to drive demand for overnight accommodation throughout the student calendar year.

3.6 Summary of opportunities

Looking ahead, Moreton Bay's future prospect and demand drivers are positive and are expected to strengthen as the region's economy prospers and diversifies. Each sub-region has different visitation drivers. It is these differences and the ability of tour operators and industry stakeholders and promotors to amply the unique offerings of each region that will ensure their long-term sustainability.

Based on an analysis of the volume, market mix, growth trends and dispersal of visitors throughout Moreton Bay, the following table provides a summary of the level of opportunity across different visitor segments in each sub-region:



- ● Brisbane Fringe: Albany Creek, Eatons Hill, Bray Park, Lawnton, Strathpine, Brendale
- ● Moreton Bay commercial hub: North Lakes, Mango Hill, Murrumba Downs, Griffin, Dakabin, Kallangur, Petrie
- ● Redcliffe Peninsula: Redcliffe, Scarborough, Newport, Moreton Island, Margate, Woody Point, Clontarf, Rothwell, Kippa-Ring, Deception Bay
- ● Hinterland: Wamuran, Woodford, D'Aguilar, Cashmere, Dayboro, The Hills District, Samford Valley
- ● Caboolture and surrounds: Burpengary, Burpengary – East, Caboolture, Caboolture – South, Elimbah, Morayfield – East, Morayfield, Narangba, Upper Caboolture
- ● Bribie Island and Sandstone Point: Bribie Island, Sandstone Point, Beachmere

Source: THSA analysis

Locations with the strongest opportunities include:

- ✓ **The Mill**
- ✓ **Redcliffe**
- ✓ **North Lakes**
- ✓ **South Pines Sports Complex**

3.7 COVID-19 recovery

The tourism, hotel and hospitality sectors were the first to be impacted by measures introduced by governments in response to COVID-19 and will be among the last to recover. Looking ahead, the domestic market is expected to return to 2019 levels by 2024 and the opening of international borders in late 2021/22 is expected to result in an influx of Australians returning home, followed by an increase in international VFR related visitation, followed by leisure, corporate and MICE related visitation, in that order. Given that 98% of the Moreton Bay visitor economy is driven by domestic tourism, recovery is likely to take place at a faster rate when compared with other destinations (and other Australian capital cities) that are more reliant on visitors from international markets.

Equally, it is important to acknowledge that different visitor market segments will recover at different rates. For example, domestic leisure and VFR related travel will continue to support visitor economy albeit strongly skewed towards weekends and holiday periods. Recovery in corporate and MICE related travel is expected to take longer due to ongoing city lockdowns and State border closures. Recovery will also be affected by capacity challenges, including aviation capacity, tourism business viability, loss of human capital, low consumer confidence and travel sentiment in the short-to-medium term, and when international travel resumes, Australia will face an extremely competitive landscape with countries looking to reactivate their tourism industries as part of the recovery from the impacts of the pandemic.

3.8 Tourism forecasts

Visitor forecasts for the Moreton Bay Region over the next 10 years have been prepared using the tourism forecasts provided by TRA (for the period 2018/19 to 2028/29 and extended out to 2031) and applying the Rest of State growth rates to estimate the number of visitor nights that the region could be expected to welcome in 2031.

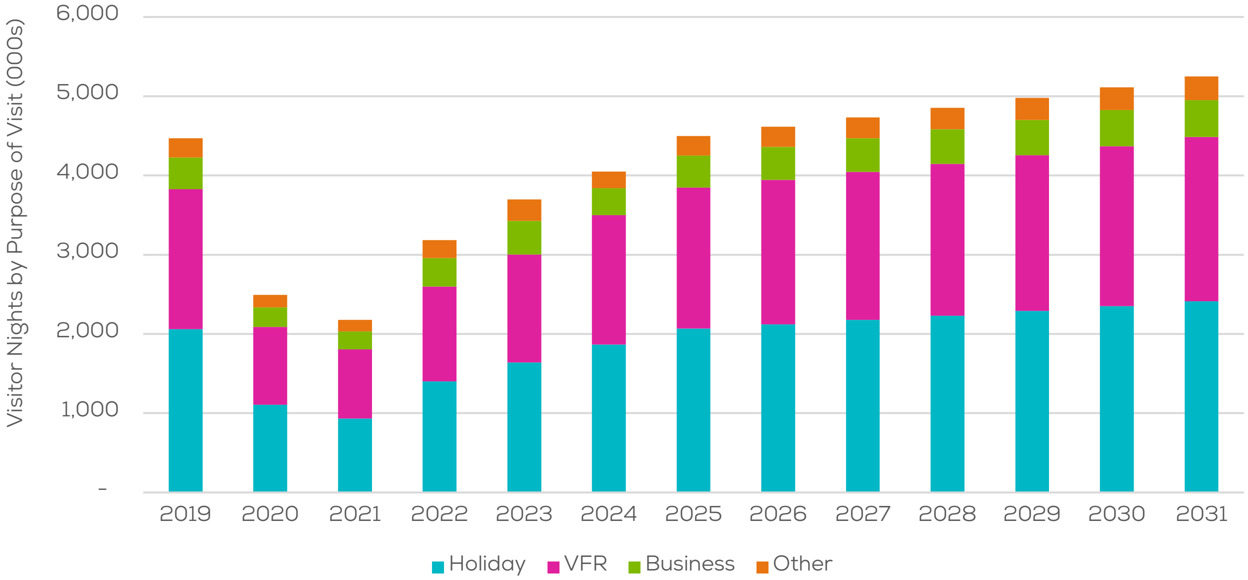
Note: Given the disruptive impact of COVID-19 on domestic and international travel, the following assumptions have been applied to our forecasts of projected visitor nights:

- **2020:** domestic and international visitation is as per that reported by TRA, noting the closure of international borders from 20 March 2020 onwards
- **2021:** no international visitation in 2021
- **2022:** international visitation is expected to equate to 50% of international visitation achieved in 2019
- **2023:** international visitation equates to 75% of that achieved in 2019
- **2024:** growth in international visitation is assumed to be in line with that achieved in 2019. The volume of domestic visitor nights is assumed to recover to 2019 levels.

The application of TRA growth forecasts to the actual number of visitor nights recorded by Moreton Bay in 2019 suggest that visitor nights are expected to increase from 4.47 million in 2019 to 5.25 million in 2031, equivalent to an additional requirement for almost 640,000 visitor nights (refer to Figure 2.1).

Given the planned level of economic growth and development expected to take place in the region over the next 20 years, together with the $4.6 million spent on promoting Moreton Bay and securing events through the region's destination management organisation – MBRIT, the TRA growth forecasts applied here are considered to somewhat conservative.

Table 2.1: Estimated annual increase in visitor nights in the Moreton Bay Region (2019 – 2031)[1]



Source: TRA forecasts (2019) and THSA anticipated market recovery and projections

4. Moreton Bay hotel supply and performance trends

4.1 Current supply

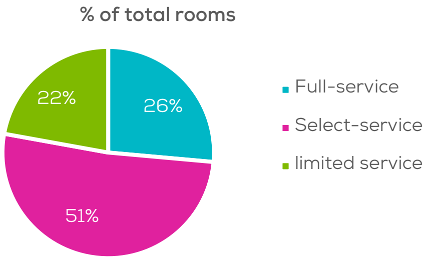
Moreton Bay is characterised by a number of small-scale, unbranded commercial accommodation operators which have traditionally geared their business models to service the leisure market. As such, they do not typically meet the accommodation demands of all visitor markets, most notably the corporate, MICE and sports group visitor segments.

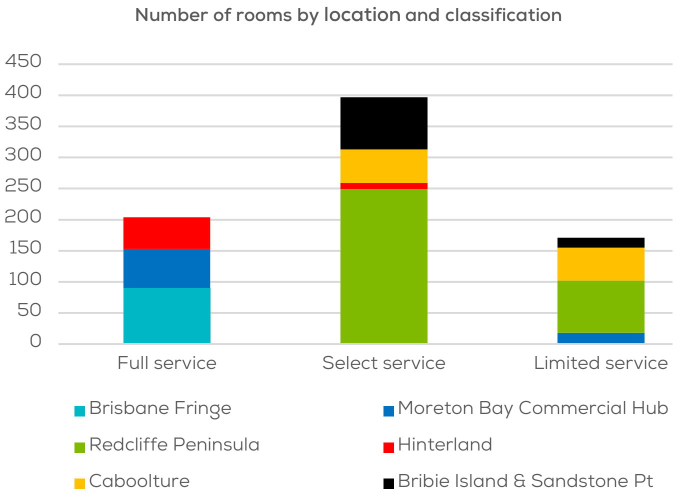
An audit of existing accommodation in the region (refer to Appendix 3) has identified a total of 722 rooms across hotels, motels, serviced apartments (self-catering units) comprising 290 branded[2] hotel rooms, and 432 non-branded[3] rooms. With regards to the classification of accommodation, only 204 rooms (ie 26% of total hotel rooms in the region) are considered to be full-service hotels of which only 15% are classified as internationally branded full-service hotels.

In a market that welcomed 4.85 million visitors in 2019 and generated 4.5 million visitor nights, Moreton Bay is significantly undersupplied to support the needs of a growing economy.

Supply snapshot

Total hotel and serviced apt rooms	22 properties 722 rooms
Branded rooms	5 properties 290 rooms
Non-branded rooms	17 properties 432 rooms





Source: THSA

Note on terminology:

- **Limited-service** hotels are defined as properties, sometimes without restaurants or conference facilities. The services and amenities offered to guests in this asset class are fairly restricted and might include a business centre, a fitness room, a guest laundry facility, and a pool. These hotels will have daylight hours on reception desk and provided few other personal services. Motels and serviced apartments typically fall into this asset class. Examples within Moreton Bay include Best Western Caboolture Gateway Motel and Caboolture Central Motor Inn.
- **Select-service hotels** defined as properties that offer the fundamentals of those in the limited-service class together with a limited selection of the services and amenities characteristic of full-service properties. Select service hotels typically will have limited front desk hours, light snack in room dining options and limitations on services like porterage, parking etc. Examples within Moreton Bay include: The Sebel Brisbane Margate Beach and Oaks Redcliffe Mon Komo.
- **Full-service hotels** offer an abundant provision of food and beverage services suitable for both guests and groups. Full-service hotels, unlike hotels in other categories, typically play a significant role in servicing the business, meeting and special events needs in their market area. Full Service hotels typically provide 24 hour reception, room service, daily room servicing, laundry and concierge services. Examples within Moreton Bay include: Mecure Clear Mountain Lodge, Eatons Hill and Best Western Plus North Lakes.

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[2] Affiliated with a national or international hotel or serviced apartment operator. In Moreton Bay operators (and brands) represented include Accor (The Sebel and Mecure), Minor Hotels Group (Oaks), Best Western (Best Western, Best Western Plus and Collection by BW)

[3] Not affiliated to a national or international hotel or serviced apartment accommodation operator.

4.2 Future supply

According to Council's online application tracking portal, there are currently three active development applications in the region which have an accommodation element included as part of their broader development. Of these, only the proposal for a mini brewery and hotel development at 4 Will Street in North Lakes is well advanced. That said, supporting documentation (Macroplan, 2021) suggests that this development is small scale and therefore not of future relevance to the scale of hotels required to meet room night demand across the region.

We are aware of the following proposed mixed-use developments in the region which also include hotel accommodation as part of their overall development scheme. Except for Laguna North Lakes, which received Council approval in 2018, all other projects are in early concept stages.

Location	Number of Rooms	Other on-site facilities	Developer	Status
Laguna North Lakes	138 room TRYP hotel	1.7ha community space 10,500sqm commercial offices 2,500sqm convention space 5,000sqm retail 1,500sqm bars andrestaurants 2,000sqm gym and wellness Lagoon-style pool 900 car parking spaces	PointCorp and George Group	Development approval for original application has been granted and a tender for future construction has been awarded however we understand that the hotel component is currently being reviewed and that if it does proceed, then this is likely to be in a different format to that originally planned.
Dakabin	TBC	Hotel Bottle shop Fast food outlets Service station	Comiskey Group	Development application submitted
Newport Marina 156 Griffith Road	120 room hotel 24-serviced apts 555sqm conference facility	11,133sqm mixed use site 93 residential apts Restaurants Bar Commercial offices Retail Outdoor aquarium	Kindred Group	Concept
North Harbour Marina	TBC	400 berth marina marina village incorporating residential apts and café, restaurant precinct	North Harbour	Concept
The Mill at Moreton Bay	TBC	460ha site is currently in the master planning stage.	Millovate	Concept

Source: Stakeholder interviews, CM (2021b), Urban Developer (2018) and www.lagunanorthlakes.com,au

Note on Airbnb

Moreton Bay, in line with many other urban markets across Australia, has been reshaped in recent years by a significant increase in the number of short-term rentals which are booked through platforms such as Airbnb and Stayz although there has been a rise in the number of short-term rental properties also advertising their presence on more mainstream booking platforms such as Booking.com and Hotels.com.

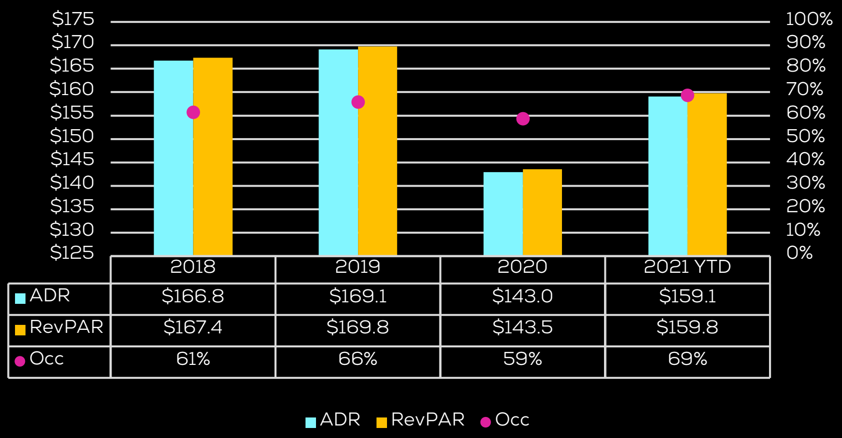
For the most part, Airbnb properties across the Moreton Bay Region are concentrated in strong leisure-focused destinations such as Bribie Island and the Redcliffe Peninsula (refer to the map in Appendix 4) where there has been a limited investment in hotel supply to meet increasing demand or in areas which are not zoned for hotel development.

According to AirDNA there are approximately 860 active rentals in the Moreton Bay Region of which around 750 (87% of the total market) are offered as entire homes. While Airbnb properties are often viewed by critics as creating a de facto, shadow hotel market, in areas such as Moreton Bay where an increase in overnight visitation has not been met with increased investment in new supply, it may be argued that the Airbnb market has actually played a key role in supporting the Region's overnight visitor economy insofar as the sector enables visitors to stay longer and spend more of their tourism dollars in the Region. That said, from an economic perspective, traditional hotels deliver a significantly greater economic benefit to the local economy than Airbnb properties due to their ongoing role in supporting supply chains, job creation and job security. Experience in other markets has revealed that as supply of commercial hotel accommodation increases – particularly internationally branded accommodation - the number of Airbnb listings decreases.

4.3 Hotel market performance

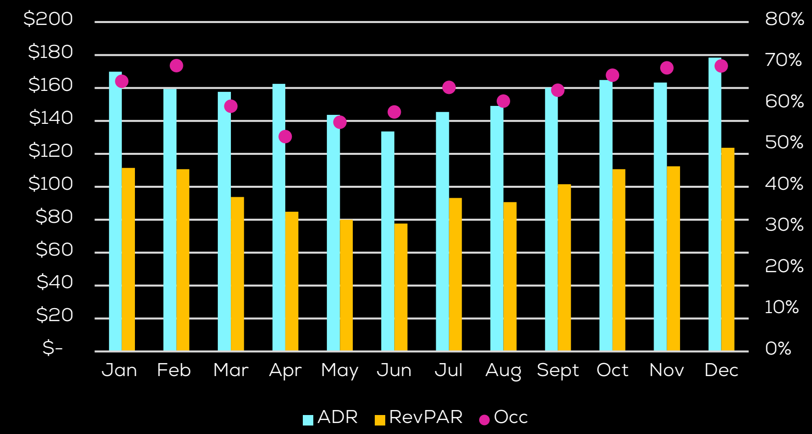
- Based on STR performance recorded for Moreton Bay's branded hotel market, with the exception of 2020, RevPAR has recorded year-on-year growth.
- The introduction of the Best Western North Lakes property into the market in April 2018, followed soon after by The Sebel in Margate Beach in May 2018, which effectively increased market supply by 32% (123 rooms) had a significant impact on room occupancy performance in three months following their market entry. This impact was short-lived however, with performance from Sept 2018 marking a recovery to normalised market performance levels.
- For an urban fringe market, ADR performance is notably strong. In 2018 and 2019 for example, Moreton Bay averaged 7% above the Brisbane market which achieved average ADR outcomes of $156 and $158 respectively. Even during 2020, Moreton Bay's RevPAR performance at $85.45 was stronger than Brisbane's at $62.52. While this trend may be a function of effective yield management practices, it is more likely to be simple function of supply and demand dynamics.
- Seasonality trends indicate the months Oct through to Feb are the busiest months of the year, with room occupancies averaging around 68%.
- Characteristic of a dominant leisure market, market performance across room occupancy, ADR and RevPAR is the greatest during weekends (Friday through Sunday nights) and softer during midweek periods (Monday to Thursday).
- Performance trends suggest that stimulated demand across the business visitor and residential MICE segments could greatly assist in boosting midweek demand and during the traditionally off-peak holiday periods. It would also enable Moreton Bay to grow both its leisure and corporate visitation markets in parallel with each other. Additionally, these trends also suggest that future increases in full-service, internationally branded and operated hotel supply could assist in attracting business visitors to stay overnight in the region rather than travelling back to Brisbane for an overnight stay.

Moreton Bay: Room occupancy, ADR and RevPAR performance (2018-2021 YTD)

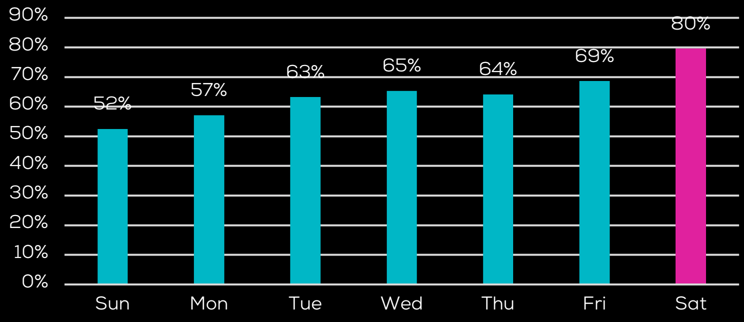


	2018	2019	2020	2021 YTD
ADR	$166.8	$169.1	$143.0	$159.1
RevPAR	$167.4	$169.8	$143.5	$159.8
Occ	61%	66%	59%	69%

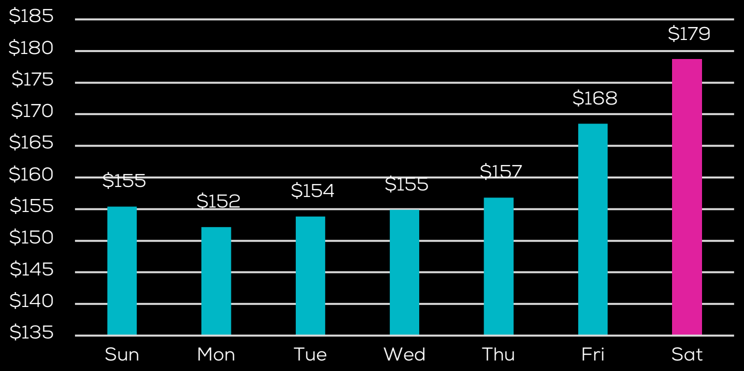
Moreton Bay: 3 Yr Ave seasonality performance (2018-2021)



Moreton Bay: 3 Yr Ave daily occupancy performance (2018-2021)



Moreton Bay: 3 Yr Daily ADR Performance (2018-2021)



Notes:
STR data represented is includes the period May 2018 through to April 2021
Source: STR (2021) and THSA analysis

4.4 Future hotel opportunities

As emphasised at the outset of this report, hotels themselves are not drivers of demand. Hotels satisfy demand created by other drivers such as attractions, experiences, activities, amenities, access. The development of new hotels is not a case of 'build it and they will come'; rather, visitors stay in hotels as a consequence of visiting a destination. Having said that, it is also true that without adequate accommodation, of a suitable standard, visitors do not stay overnight in a region and deliver the full economic benefit of their visitation. Most importantly, for Council's consideration, is that, without significant and substantial incentives, hotel investors and developers will not provide new accommodation supply, unless sufficient and strong demand is evident.

The combination of our visit to the region, stakeholder consultation and our knowledge of the hotel landscape in other fast-growing regional areas has identified the following market gaps and opportunities:

- Future demand for hotel accommodation in Moreton Bay, driven by economic growth, diversification and investment in the region, is expected to continue to increase with different market segments experiencing different levels of future growth. It is possible, however, that this demand may be satisfied by Brisbane hotels unless suitable accommodation is developed in Moreton Bay.

- Due to the majority of accommodation supply being predominantly geared towards the leisure market, business facilities and services such as desks, task-chairs, high-speed and secure wi-fi, 24-hour front desk, co-working spaces, access to printers and scanners, laundry and dry-cleaning, loyalty program etc. are largely absent. As a result, it is likely that certain proportion of business travellers who require business-specific overnight accommodation stay outside of the region. Currently, only the Eatons Hill hotel (unbranded) and the Best Western Plus North Lakes branded hotel adequately service the needs of business travellers to the region. These visitors are classified as latent visitors who presumably have a high level of pent-up demand for suitable hotel accommodation in key commercial areas such as The Mill, North Lakes and Strathpine. The development of new internationally branded and operated corporate-oriented hotels in these locations will satisfy demand for room nights from the business traveller market and enable Moreton Bay to establish credentials as a business traveller friendly destination.

- Demand for commercial accommodation is expected to intensify in areas – particularly in the Brisbane Fringe (most notably Strathpine and Brendale) and the Moreton Commercial Hub area (North Lakes and The Mill in Petrie), due to expanding urban centres and diversification of the local economy. Longer-term, the establishment of new master planned communities, particularly in and around Caboolture and North Harbour, is likely to drive increased demand for overnight accommodation with demand being driven by a diverse source markets including leisure, groups, health, sport, events and corporate.

- Consultations with stakeholders emphasised the need for a sizeable conference centre, either as a standalone facility or preferably, integrated as part of a new hotel development, that would increase the volume and value of the residential MICE sector. These simultaneous developments (ie a conference centre and a full-service business hotel) could additionally serve to build awareness of Moreton Bay as a business destination, encourage investment in new businesses and accommodation, and increase the overall market share of the business and MICE visitor segments within the region.

- The trend for bleisure and experiential travel remains strong and, based on anecdotal evidence shared at the 2021 Australian Hotel Investment Conference, is likely to strengthen post COVID-19 as business travellers take leisure time, either pre- or post- business trip to discover the destination they are visiting. Although opportunities to engage in bleisure travel in Moreton Bay are currently under-developed, future investment in tourism infrastructure has capacity to increase participation in bleisure travel. In addition, further strengthening and development commissionable tourism products and experiences in Moreton Bay presents opportunities for the region to become a potentially competitive contender in the incentive travel space – a very high yielding business sector.

- Given the solid growth in visitation to Moreton Bay's hinterland since 2015 and given the limited supply of visitor accommodation of any significant scale, we consider there to be an opportunity for the development of an upper upscale boutique hotel (30-40 rooms) operated either by an experienced boutique operator or under a white label management agreement with an international hotel operator (such as Accor). Equally, given the popularity of Bribie Island as a leisure destination, the current lack of full-service hotel products on the island and the high proportion of Airbnb properties, especially in Bongaree, Banksia Beach and Woorim (which collectively account for 53% of all Airbnb properties in the region), we consider there to be an opportunity for the development of a boutique hotel (30-40).

- Although master planning for The Mill PDA is currently underway, it will be important to protect and preserve a site(s) for hotel future development early on the process so that these sites are not replaced by other higher-yielding uses for short-term gain. The same principle applies to the protection of a future hotel site within the marine village at North Harbour (also a PDA site) to support the region's visitor economy. Hotels are long-term assets and critically important elements of infrastructure that support fully-functional visitor economies.

- The recent announcement of the SEQ as host to the 2032 Olympic and Paralympic Games has catalysed the development of a new 7,000-8,000 spectator capacity Moreton Bay Indoor Sports Centre at The Mill and will necessitate the timely development of hotels to meet future demand. Additional hotels at international-standard sport facilities such as South Pines Sport Complex, will also be required to maximise economic benefits associated with national and international events and will help to establish the region's competitive positioning as sports event destination.

5. Moreton Bay hotel demand forecast

Snapshot summary:

Demand and supply modelling estimates that there will be sufficient demand to support the development of 6 or 7 internationally branded hotels with a total of 1,235 rooms across all properties over the next decade.

Identified opportunities	Estimated timeline	Recommended locations and number of rooms	Additional opportunities
Short-term (by 2026) **4 hotels**	2022 2023 2024 2025 2026	• North Lakes (180 rooms) • South Pines (180 rooms) • Redcliffe # 1 (225 rooms) • The Mill # 1 (200 rooms)	• Hinterland and Bribie Island boutique hotels • Investment in cabin-style accommodation at existing/redeveloped/new holiday parks • Additional hotel or serviced apartments or sports holiday park (with mixed visitor accommodation styles) at or near South Pines Sports Complex • Sports group accommodation at South Pines Sports Complex and Caboolture Sports Complex
Medium-term (by 2029) **1 hotel**	2027 2028 2029	• The Mill # 2 (200 rooms)	
Long-term (by 2031) **1 or 2 hotels**	2030 2031	• Redcliffe # 2 (250 rooms) or • Redcliffe (150 rooms) and Caboolture (100 rooms)	
6 or 7 hotels	1,235 rooms		
	2032 and beyond	North Harbour Marina	

Estimated economic impact

$146.5 million in direct, indirect and consumption spend

support 953 jobs and create 757 new jobs.

5.1 Approach and scenario modelling

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5.2 Latent visitor demand

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5.3 Scenario forecasting

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5.4 Projected room night demand assumptions

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5.5 Scenario 1: Low growth

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5.6 Scenario 2: Medium growth

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5.7 Scenario 3: High growth

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5.8 Scenario comparison

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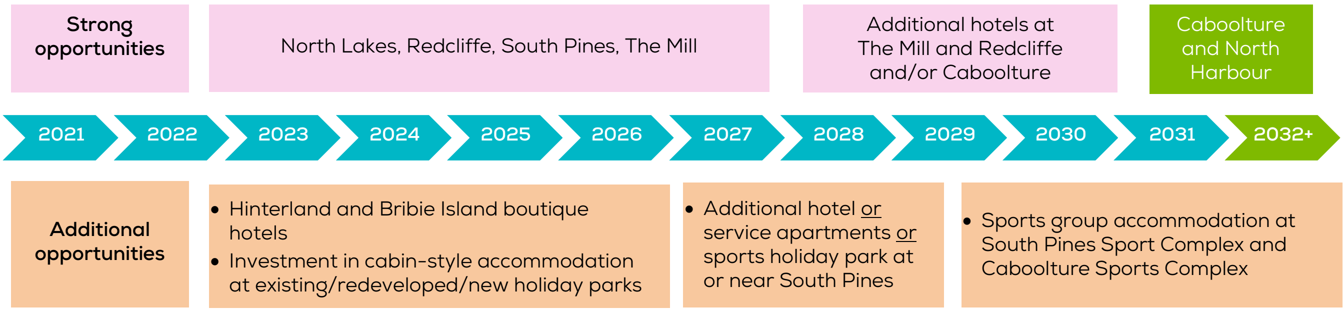
Suggested timeline under medium growth scenario:



Strong opportunities

North Lakes, Redcliffe, South Pines, The Mill

Additional hotels at The Mill and Redcliffe and/or Caboolture

Caboolture and North Harbour

2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032+

Additional opportunities

- Hinterland and Bribie Island boutique hotels
- Investment in cabin-style accommodation at existing/redeveloped/new holiday parks

- Additional hotel or service apartments or sports holiday park at or near South Pines

- Sports group accommodation at South Pines Sport Complex and Caboolture Sports Complex

Additional opportunities

In addition, during the compilation of this report and THSA's report entitled *Sports Visitor Accommodation Demand in the Moreton Bay Region* (prepared in September 2021), we identified the following additional opportunities:

- Upscale or upper upscale boutique hotels in the Hinterland and on Bribie Island that will appeal to the high value traveller market
- An additional internationally branded and operated hotel or serviced apartment hotel or a sports holiday park at, or within close proximity to South Pines Sports Complex comprising a mix of free-standing cabins of different capacities supported by a multi-dimensional leisure activity core that could include a swimming pool(s), water play activities, playground, café, ninja course, climbing wall, skate park, etc. that will have high appeal with youth and school sporting groups.
- Additional cabin-style accommodation at new or existing holiday parks in the region that are also located close to major sport and leisure precincts.
- Group-style accommodation at South Pines Sports Complex and Caboolture Sports Complex

Looking beyond 2031 we consider there to be sufficiently strong demand drivers in Caboolture and North Harbour Marina Village to support the further development of internationally branded and operated hotels in these locations. Given these future opportunities, we strongly recommend that future hotel sites be identified early on in the master planning process of these respective developments to ensure that they are protected and are advantageously placed to both add amenity to, and benefit from, excellent accessibility, visibility, sense of place and other important locational attributes once operational.

5.9 Economic benefits associated with new hotel development in Moreton Bay

The economic benefits associated with the development of 6 or 7 new-build internationally branded hotels in the Moreton Bay Region has been calculated using THSA projections of visitor nights (detailed in Section 5.6) and applying the average spend per visitor night (equivalent to $117 in 2019 for Moreton Bay) to the results to arrive at an estimate of potential revenue generated by Moreton Bay's overnight visitor market. This revenue estimate has then inputted into the National Economics' (NIEIR) input-output microsimulation model to derive an estimate of the future economic benefit of the region's overnight visitor market with and without future investment in hotel accommodation. The variance between the two scenarios is used to demonstrate the value that new hotel investment in Moreton Bay will have on lifting economic output and creating jobs.

Table 4.4: Summary of economic output with and without investment in new-build internationally branded hotels

	Without investment in new hotel accommodation	With investment in new hotel accommodation	Variance
2019			
Room nights spent in branded hotels[1]	69,649	69,649	-
Est. visitor nights in branded hotels in MBRC[2]	104,474	104,474	
Average spend per visitor to MBRC[3]	$117.00	$117.00	-
Total spend generated by MBRC branded hotels	**$12,22 M**	**$12,22 M**	**-**
2031			
Projected room nights in MBRC branded hotels	84,680[4]	408,680[5]	324,000
Projected visitor nights in MBRC branded hotels[2]	127,020	613,020	486,000
Est. spend generated by MBRC branded hotels (ex. inflation)	$14,86 M	$71,72 M	$56,86 M
Direct spend	$14.9 M	$71.72 M	$56.9 M
Indirect spend	$9.49 M	$45.68 M	$36.25 M
Consumption spend	$6.06 M	$29.17 M	$23.15 M
Total spend	**$30.46 M**	**$145.55 M**	**$116.3 M**
Direct Jobs	137	661	524
Indirect Jobs	35	168	134
Consumption jobs	26	124	99
Total jobs	**198**	**953**	**757**

Notes:
All $ values are expressed in 2018/19 base year dollar terms.

[1] 69,649 equates to total the number of room nights sold in 2019 at branded hotels in MBRC ie 290 branded rooms x 365 days x 65.8% occupancy (based on STR report purchased for this report – refer to Section 4.3 and 5.4)

[2] Based on an assumed room density of 1.5 (refer to Section 5.6, Table 5.5)

[3] As per TRA

[4] 84,680 estimated room nights sold is calculated as 290 rooms x 365 x 80%. Even though MBRC is projected to welcome an increasing number of overnight visitors over the next decade, the lack of any new supply will not necessarily mean that all properties will operate at 100% - seasonality, daily demand, stress on the hotel asset due to continuous operation at high room occupancy (utilisation levels) will mean that existing branded hotels are more likely to operate, on average, at 80% throughout the year.

[5] 408,680 estimated room nights sold is based on THSA's projections under a Medium Growth scenario that takes account of latent demand, increasing visitor nights at 2.5ppts over and above that projected by TRA growth forecasts, as well as the introduction o future supply at various intervals over the next 10 years to 2031

Source: National Institute of Economic and Industry Research (NIEIR) ©2021. Compiled and presented in economy.id by .id (informed decisions).

In summary, investment in the development of 6 or 7 new-build internationally branded hotels in Moreton Bay has potential to generate $146.5 million in direct, indirect and consumption spend, support 953 jobs and create 757 new jobs.

Note on methodology

Economic impact modelling enables MBRC to explore how change in employment or output (sales) in one sector of the local economy (ie the overnight sports tourism market in the case of this report) will impact on all other sectors of the economy, by modelling the flow-on effects across different industries. Different industries will have different flow on effects. Adding jobs in a particular sector (e.g. the accommodation sector) will not only add to the value of that sector, but also to other industries related to the supply chain (eg suppliers, wholesalers) and service industries (such as retail, food services and administration) which will expand to service the additional workforce. Jobs in associated industries may also be added in the local area or outside it.

6. Moreton Bay hotel investment opportunities

6.1 Internationally branded and operated hotel and other accommodation opportunities

While some locations are ripe for hotel investment in the short-term (such as North Lakes, South Pines and Redcliffe), others are more suited for investment in the medium- and longer-term as mega projects such as The Mill at Moreton Bay (in Petrie) and the development of Caboolture West come to life.

Table 6.1 and 6.2 provide more detail regarding the rationale and suggested market positioning for each hotel investment opportunity. Table 6.3 and 6.4 provide more detail regarding additional visitor accommodation opportunities identified, both as part of this study, and as part of THSA's accompanying *Sport Visitor Accommodation Demand Report* (Oct 2021).

Table 6.1: Summary of identified hotel and additional accommodation opportunities for the Moreton Bay Region

Location	Rationale for opportunity	Future locational considerations
North Lakes	• Well-established demand drivers • Established commercial, retail and health precincts • Excellent accessibility by road (M1) and air (Brisbane International Airport)	• Ideally integrated within existing retail and health precincts
Redcliffe	• The Redcliffe Peninsula is one of the most popular leisure destinations in Moreton Bay and as such, has a well-established leisure and events profile. • Redcliffe currently has an abundance of self-catering visitor accommodation options (including serviced apartments, Airbnb properties and holiday lets) but no true full-service hotels. This accommodation gap presents a unique opportunity for an international operator to provide a real point of difference and firmly establish itself as the first market entrant. • The Dolphins Stadium in Redcliffe is home to Brisbane Roar men's soccer team and a new national NRL team. • Redcliffe Peninsula sub-region is earmarked for future development (eg Newport Marina and Scarborough Harbour Masterplan) which have potential to support the development and expansion of the Peninsula's marine industry to include corporate, sport and tourism opportunities. • Pending further investigation to support the development of a purpose-built conference/convention centre in Redcliffe, potential exists for a new-build hotel to meet room night demand from the residential MICE market.	• Within close, walking proximity to sporting, leisure, entertainment or event (including convention centre) precincts
South Pines Sports Complex	• Recent and ongoing development and investment in sporting infrastructure at South Pines will stimulate room night demand from international, national, state and regional sporting events including the 2023 FIFA Women's World Cup Soccer and training and preliminaries games for the 2032 Olympics. • Completion of the $15.8 million South Pine Indoor Sporting Complex in early 2021 provides new opportunities for the region to attract basketball games across all levels from amateur through professional and regional to international events. • Construction of a new $18 million state-of-the-art soccer Women's Centre of Excellence and Youth Academy is currently underway that will become the new home for Brisbane Roar Women when they relocate to the new facility ready for the start of the 2023 season.	• Easy (walkable) accessibility to all areas of the sporting precinct
The Mill at Moreton Bay	• Once complete, The Mill is estimated to support up to 6,000 jobs across multiple industries. • Continued expansion of the University of Sunshine Coast campus will stimulate demand from education-related market. • The announcement of the SEQ 2032 Olympic and Paralympic Games has resulted in the announcement of the development of a new-build 7,000-8,000 capacity sports complex at The Mill (Moreton Bay Indoor Sports Complex) to host the Olympic boxing event. • The large (460ha) site over a long development timeframe supports the opportunity for the development of at two internationally branded hotels with differentiated market positionings and product offerings.	• Be prominently positioned within future planned activity precincts/hubs
Caboolture	• There is currently a limited supply of quality accommodation available midway between the northern Moreton Bay Region and southern parts of the Sunshine Coast. • During event periods held at Woodfordia, Abbey Museum and Sandstone Point, demand for accommodation exceeds supply. As a consequence, the region is unable to maximise the full economic benefit associated with the events industry. • Caboolture is the focus of significant future investment (Caboolture West) that is expected to eventually provide approximately 30,000 homes for around 70,000 people and generate close to 23,000 jobs (QSG, 2021).	• Excellent accessibility from M1 and D'Aguilar Highway. • Close proximity (ideally walkable) to activity precincts/hubs

Table 6.2: Summary of recommended facilities, market positioning and branding for identified hotel opportunities

Timeframe	Identified hotel opportunities	
2023-2026	**North Lakes** • 180 rooms • Upscale full-service hotel • Recommended facilities: o Restaurant and bar o Gym and wellness o Flexible meeting space • Key visitor markets: o Health o Weekend leisure o Midweek corporate and MICE o Sport • Suggested brands: o Crowne Plaza by IHG, Marriott by Marriott o Doubletree by Hilton o Novotel by Accor	**South Pines Sports Complex** • 180 rooms • Upper midscale – upscale full-service hotel • Recommended facilities o Restaurant and bar o Guest lounge o Large gym and pool o Outdoor gym o Flexible meeting space (including breakout rooms to host team meetings and briefings) • Key demand drivers: o Sport o Leisure o MICE and functions o Events and festivals • Suggested brands: o Mercure by Accor o Holiday Inn by IHG o Courtyard by Marriott
	Redcliffe (opportunity # 1) • 225 rooms • Upscale – upper upscale full-service hotel • Recommended facilities o Restaurant and bar (possibly rooftop) o Guest lounge o Large gym and lap pool o Flexible meeting spaces • Key demand drivers: o Sport o Leisure o MICE and functions o Events and festivals • Suggested brands: o Novotel by Accor o Crowne Plaza by IHG o Marriott by Marriott o Doubletree by Hilton	**The Mill at Moreton Bay (opportunity # 1)** • 180-200 rooms • Upper midscale select-service hotel • Recommended facilities: o Market pantry o Small meeting space o Restaurant (leased) • Key demand drivers: o Education o MICE o Corporate o Sport o Leisure associated with events and festivals • Suggested brands: o Hyatt Place by Hyatt o Holiday Inn Express by IHG o Garden Inn by Hilton o Ibis Styles by Accor
2027-2029	**The Mill at Moreton Bay (opportunity # 2)** • 200 rooms • Upscale full-service hotel • Recommended facilities: o Restaurant and bar o Guest lounge o Large gym and lap pool o Flexible meeting space • Key demand drivers: o Education o MICE o Corporate o Sport o Leisure associated with events and festivals • Suggested brands: o Novotel by Accor o Crowne Plaza by IHG o Marriott by Marriott	**Redcliffe (opportunity # 2)** • 250 rooms • Upscale – upper upscale full-service hotel associated with future convention centre (pending further investigation and feasibility) • Recommended facilities o Restaurant and bar (possibly rooftop) o Guest lounge o Gym o Satellite meeting space • Key demand drivers: o Sport o Leisure o MICE and functions o Events and festivals • Suggested brands: o Novotel by Accor o Hilton o Marriott by Marriott
2030	**Redcliffe (alternative opportunity)** • 150 rooms • Upper midscale select-service hotel • Recommended facilities: o Market pantry o Small meeting space o Restaurant (leased) • Key demand drivers: o Leisure o Sport o Corporate o Leisure events and festivals • Suggested brands: o Hyatt Place by Hyatt o Holiday Inn Express by IHG o Garden Inn by Hilton o Ibis Styles by Accor	**Caboolture (alternative opportunity)** • 100 rooms • Upper midscale full-service hotel • Recommended facilities: o Meeting space o Restaurant • Key demand drivers: o Education o Corporate o Sport o Leisure associated with events and festivals • Suggested brands: o Holiday Inn by IHG o Courtyard by Marriott o Mercure by Accor o Ramada by Wyndham

Table 6.3: Summary of identified hotel and additional accommodation opportunities for the Moreton Bay Region

Location	Rationale for opportunity	Future locational considerations
Hinterland boutique hotel	• Current limited supply of scalable accommodation in the Moreton Bay Hinterland • High (and ever-growing) demand for outdoor activities • High potential to attract High Value Travellers • Provision of overnight accommodation will provide catalyst needed to showcase the Moreton Hinterland and encourage further investment in hinterland tourism products and experiences.	• Ideally located within close proximity to established tourism assets eg Ocean Estates, Mount Mee, Lake Samsonvale
Bribie Island boutique hotel	• Current high demand for overnight accommodation (as evidenced by the high number of Airbnb properties on the island) • High potential to attract High Value Travellers • Well-established leisure tourism destination • Small-scale development/redevelopment of existing character property will minimise visitor footprint and appease concerns amongst local community groups	• Ideally positioned in tranquil location with ocean views and beach access
North Harbour	• Highly desirable waterfront location that will provide opportunity to strengthen and further amplify Moreton Bay's coastal lifestyle brand.	• Marina village
Sport holiday park or additional hotel at South Pines Sports Complex	• A recent study undertaken by THSA into the region's sport accommodation market has identified the opportunity to develop either a sport holiday park or an additional hotel at the South Pines Sports Complex. • A variety of accommodation options will maximise the opportunity to host multiple events at South Pines Sports Complex eg soccer matches and basketball games on the same day/evening, enhance the experience of sports fans and ensure that the economic benefit derived from sports events is retained within MBRC.	• Easy (walkable) accessibility to all areas of the sporting precinct
Investment in new/ existing holiday parks	• Consideration could be given to utilise or sell existing Council assets such as Bells Caravan Park in Clontarf and Beachmere Caravan Park for the development of cabin-style accommodation, in a style/design/standard comparable to that currently provided by branded operators such as BIG4, Discovery Parks and NRMA.	• Close proximity to a variety of well-established demand drivers e.g. sport complexes, entertainment, dining and retail precincts, beaches and other natural attractions/activities
Sport group accommodation	• MBRC has made and continues to make significant investment in the region's sporting infrastructure, however the provision of suitably appointed and suitably priced accommodation is widely considered to be a key factor in constraining the ability of the region to fully utilise its sporting facilities, bid for and secure sporting events and improve its competitive positioning as a sports event destination. • Delivered well, sport group accommodation has potential to capture demand from a variety of source markets including sports visitors, school groups (school camps), corporate market (teambuilding and training courses) and community multi-day events (camps)	• Located within multisport complexes eg South Pines Sports Complex or Caboolture Sports Complex

Source: THSA

Table 6.3: Summary of Recommended Facilities, Market Positioning and Branding for Additional Visitor Accommodation Opportunities

Timeframe	Additional accommodation opportunities	
2023-2026	**Hinterland boutique hotel** • 30-40 suites • Upper upscale/luxury full-service • Recommended facilities: o High-end restaurant and intimate outdoor dining spaces o Bar o Day spa o Swimming pool o Small meeting room o Library and guest lounge o Links with existing trail network • Key visitor markets o Short-break leisure market o Wedding and special occasion market o Corporate retreat • Suggested brands: o Spicers Retreats o White label management (eg Accor)	**Bribie Island boutique hotel** • 20-30 suites • Upper upscale/luxury full-service • Recommended facilities o Restaurant o Pool bar o Swimming pool o Guest lounge • Suggested brands: o Ovolo o Crystalbrook Collection o White label management (eg Accor)
2027-2029	**Sport Holiday Park – South Pines Sports Complex** • Mix of accommodation offering (e.g. cabins, powered sites and glamping units) designed around a central activity core. • Recommended facilities: o Swimming pool(s) (including splashpad / waterplay) o Playground and ninja course o Skate park and/or BMX pump park o Games room o BBQ areas and outdoor kitchens o Café and licensed bar • Key visitor markets o Sport o Short-break family leisure market **OR** **Additional South Pines Sports Complex hotel or serviced apartment accommodation** • Upper midscale select-service hotel or serviced apt • Recommended facilities: o Market pantry o Small meeting space o Restaurant (leased) • Key demand drivers: o Sport o Corporate o Leisure events and festivals • Suggested brands: o Hyatt Place by Hyatt o Holiday Inn Express by IHG o Garden Inn by Hilton o Breakfree by Accor	**Encourage continued investment in holiday parks to meet demand from leisure and sport visitors** • Development of additional on-site cabin-style accommodation with varying room configurations • Key visitor markets o Sport o Leisure market
2030	**North Habour Marina** • 110 -125 rooms • Upscale/upper upscale select-service hotel o Due to the planned retail and dining precinct at the Marina Village we do not envisage there to be any commercial advantage reasons to support the incorporation of a hotel restaurant as part of a future hotel development. • Recommended facilities: o Swimming pool o Gym o Business centre • Key demand drivers: o Leisure o Corporate (marine industry) o MICE and functions • Suggested brands: o Peppers or The Sebel by Accor o Centric by Hyatt o Even by IHG	**Sport group accommodation** • South Pines Sport Complex • Caboolture Sports Complex • Feasibility will be required to determine the most appropriate scale, room configuration, dining facilities, quality/standard, price point and guest amenities required to support future investment. • Any future investment in developing sport group accommodation will need to be considered through the lens of modern, contemporary travellers in order to stimulate demand from diverse market audiences and generate sufficiently high yield to service a return on investment. The latter is particularly important to enable ongoing maintenance and reinvestment in product. • Key visitor markets o Sport (including training camps) o School groups (school camps) o Corporate teambuilding and training o Community multi-day events (camps)

Source: THSA

6.2 The role of Council in future hotel development

New hotel development will support and stimulate future overnight visitation to the region and will deliver both direct and indirect economic benefits to the local economy. New hotels will also add amenity to the identified precincts and in fact hotels are an essential part of the fabric of well-balanced commercial developments that both support and, in turn, are supported by the other elements of the mix. A particular benefit of hotels, in contrast to other businesses, is that economic multipliers do not lie exclusively with the hotel itself, its supply chain and employees' spending power; economic benefits are also generated by the guests staying in hotels who also spend locally at visitor attractions, bars, restaurants, transport providers etc. which in turn indirectly supports wages within these businesses and induce secondary spend within the local economy. Where necessary these benefits will need to be succinctly communicated to relevant community groups to garner support for future development and to stimulate investor interest (eg in the form of a hotel investment prospectus).

In particular, it is very important to recognise that in most major markets, internationally branded and operated hotels are an essential consumer requirement. Over 70% of USA hotels are now branded and over 60% of Australian hotels are branded. Kalibri Labs reported that in 2019 56.2% of all hotel bookings in the USA were loyalty related (with an international hotel operator) and Australia is an avid follower of this trend. Indeed many corporates and some governments require their travellers to stay in particular internationally branded and operated hotels as a matter of safety and security. COVID-19 has further cemented trust in these brands as a result of assurance of new global hygiene and safety standards and protocols.

Global and nationally contracted corporate and leisure rates available to both business and leisure travellers assure the growing consumer reach of international brands and their international marketing and distribution systems create both awareness of, and intent to travel to, destinations where their brands are located. In the case of Moreton Bay, it will be vital, especially due to the anticipated growth of commercial precincts in Moreton Bay, and now that SEQ has won the Olympics, that the majority of new hotels earmarked for the region are internationally branded and operated.

Council can further facilitate and support future hotel investment in the region by:

- Identifying both private and public sites that could be activated for hotel development, including for example, how existing Council assets could be extended vertically to create accommodation within existing visitor and/or sporting precincts;

- Protecting identified sites where possible so that vital hotel sites, which lend amenity to their precincts, are preserved. The latter is done particularly well in Singapore for example.

- Looking for alternate land occupancy methods eg long-term 'peppercorn' leases, land giveaways for specific purposes eg Olympic precinct hotels and athlete accommodation and/or mixed used development opportunities where many purposed developments support each other eg commercial, health, education and transport facilities combined with hotels. Internationally, many hotels have been built on or above transport nodes; this concept is now being rolled-out in Australia eg the 230 room Little National Hotel which opened in 2020 above Wynyard Station in Sydney and the three hotels under development on Sydney Airport land.

- Implementing a hotel investment and development incentive program that extends beyond the Council's current incentivising infill development program which runs until December 2021, to include for example: moratoriums on infrastructure charges for a prescribed period of time; public realm improvements to offset building height densities, GFA and FSR incentives, headwork and roadwork fees and charges relief, incentives to encourage new-build developments in line with sustainable building practices (which are very difficult for hotels to achieve compared to other property classes) or rebates on planning application fees if works start within a prescribed date of approval. Potentially provide these incentives to only those investors and developers who build hotels of a particular scale, standard, facilities and enter operating agreements with a prescribed list of recognised international brand operators.

- Undertaking a sustained (5 to 10 year) active hotel investment attraction program that highlights the opportunities available in the region; the performance of the region and the preparedness of Council to welcome and support hotel investors and developers (this is particularly important as the investors and developers are frequently overwhelmed with hotel proponents).

- Actively working with the private sector to navigate the pre-planning application process (both local and state) in order to speed up the approval process and to minimise costs, holding costs, and expedite outcomes for both parties;

- Providing dedicated resources within Council to actively address and respond to local community concerns regarding future hotel developments;

- Consistently meeting and actively engaging with potential hotel investors at conferences and events held in Southeast Asia and Australia and through targeted efforts with international hotel investors, developers and operators who have an established presence in capital cities and who are seeking to expand their footprint into regional areas.

What are hotel investors looking for?

The hotel investment community is exposed to a wide range of projects and has many parties soliciting their development interest. Typical hotel investors have several key criteria they consider when determining how/where to invest their funds, the most important of which are:

- **Return on investment:** Return on investment measures the gain or loss generated on an investment relative to the amount of money invested. Hospitality property is considered to be a secondary form of real estate investment due to its specialised nature, requirement for strong management and higher risk associated with the cyclical nature of the income stream. Investors require a higher rate of return on hospitality property as compared to more traditional real estate investments. THSA's experience in the industry indicates that typical hotel investors expect a return on equity investment in the range of 10% to 15%, higher than what is characteristic of other real estate classes.

- **International branding and operation:** Internationally branded and operated properties offer several benefits including enhanced awareness and recognition among travellers, customer loyalty programs with potentially broad ranging benefits and the powerful impact of an on-line brand presence/central reservations network that could generate as much as 60% to 70% of total occupied room nights. Branded hotels also offer design and construction prototypes/team services that can guide developers and their designers through the conceptual to construction processes.

- **Availability and likelihood of financing:** The availability and cost of financing has a direct impact on the value of a hotel, and hence hotel financing parameters play an integral role in the feasibility of new hotels. In today's lending environment, obtaining financing on a non-branded asset is highly challenging. The support of a large, well run international hotel brand reduces the performance risk of an asset with the premier brands almost always outperforming second tier brands or independent hotels. In addition, the support of a large brand/reservation system and national marketing network, also makes a hotel asset much less vulnerable to new supply.

- **Liquidity/exit strategy:** Both lenders and developers consider the ultimate exit strategy when evaluating a hotel investment opportunity. Research shows that branding also helps to reduce the liquidity risk of an asset, insofar as there are more potential purchasers for product carrying strong brands that are not specific to one owner/operator/developer.

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Note on geography

The Moreton Bay Region includes the suburbs, townships and localities of Albany Creek, Arana Hills, Armstrong Creek, Banksia Beach, Beachmere, Bellara, Bellmere, Bellthorpe, Bongaree, Booroobin, Bracalba, Bray Park, Brendale, Bribie Island North, Bunya, Burpengary, Burpengary East, Caboolture, Caboolture South, Campbells Pocket, Camp Mountain, Cashmere, Cedar Creek, Cedarton, Clear Mountain, Clontarf, Closeburn, Commissioners Flat, D'Aguilar, Dakabin, Dayboro, Deception Bay, Delaneys Creek, Donnybrook, Draper, Eatons Hill, Elimbah, Everton Hills, Ferny Hills, Glass House Mountains, Godwin Beach, Griffin, Highvale, Jollys Lookout, Joyner, Kallangur, King Scrub, Kippa-Ring, Kobble Creek, Kurwongbah, Laceys Creek, Lawnton, Mango Hill, Margate, Meldale, Moodlu, Moorina, Morayfield, Mount Delaney, Mount Glorious, Mount Mee, Mount Nebo, Mount Pleasant, Mount Samson, Murrumba Downs, Narangba, Neurum, Newport, Ningi, North Lakes, Ocean View, Petrie, Redcliffe, Rocksberg, Rothwell, Rush Creek, Samford Valley, Samford Village, Samsonvale, Sandstone Point, Scarborough, Stanmore, Stony Creek, Strathpine, Toorbul, Upper Caboolture, Wamuran, Wamuran Basin, Warner, Welsby, White Patch, Whiteside, Wights Mountain, Woodford, Woody Point, Woorim and Yugar.

Note on TRA statistics

The National Visitor Survey is conducted by Tourism Research Australia for each quarter. New NVS methodology, 2019: Tourism Research Australia has transitioned NVS sampling to 100% mobile phone interviews (from 50% mobile phone/50% landline) to reflect current phone usage trends. The change in methodology has seen a break in series, so please use caution when comparing 2019 results with previous time periods. Note that 2017 and 2018 estimates have been revised to align with the latest release of ABS population projections and will differ slightly from previously published estimates. For further information, regarding methodology, please refer to https://www.tra.gov.au/TRA-Online/tra-online

Assumptions, limiting conditions and use of report

Assumptions

This summary report is subject to the following assumptions:

- Our report is based on estimates, assumptions and other information developed from research of the market; knowledge of industry and other information provided by tourism and hospitality industry stakeholders. Specific customer intercept studies on the proposed components of the overall development concept and its potential use have not been conducted. Therefore, the report does not draw conclusive evidence about customer sentiment.

- The decision as to whether to support (or not) the future development of short-stay accommodation in pre-identified locations across the Moreton Bay Region lies solely with the Moreton Bay Regional Council.

Limiting conditions

The following comprise our limiting conditions, which form part of this report:

- As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

- Our forecasts, projections and estimates are based on the opening of as-yet unfinalised concepts of visitor accommodation.

- Unless otherwise stated in the body of our report, it is assumed that future short-stay accommodation properties will operate in full compliance with all applicable city, local and private codes, laws, consents, licences and regulations (including an alcohol licence where appropriate) and that all required licences, permits, certificates, franchises and so forth can be freely obtained, renewed and/or transferred.

- THSA takes no responsibility for any events, conditions or circumstances that will negatively affect the region's ability to successfully deliver on the proposed game-changing projects detailed in this report over the next decade.

- The quality of on-site management and the affiliation of future short-stay serviced accommodation in the region with national and international brand operators will have a direct effect on the future performance and economic viability of individual properties. Any variance from this assumption may have a significant impact on future operating conditions at individual properties and may have a significant impact on consumer purchasing (booking) decisions at properties located inside or outside the Moreton Bay Region.

- Unforeseen changes to the supply and demand of the transient accommodation market that may influence material changes to the business environment generally, could severely disrupt anticipated demand and operating performance of commercial visitor accommodation in the Moreton Bay Region. As a result, our estimates of the future visitor accommodation trading environment may be significantly different to that anticipated at the time of preparation of this report. That said, the future estimates of performance as set out in this report are based on none of these circumstances arising and reflect the market conditions, we believe most likely to eventuate during the period under review in this report. It should therefore be acknowledged that all estimates are based on our best judgement at this time.

- Many of the figures presented in our reports are generated using sophisticated computer models that make calculations based upon numbers carried out to three or more decimal places. In the interest of simplicity, most numbers presented in our reports are rounded to the nearest tenth. Thus, these figures may be subject to small rounding errors in some cases.

- All information (including tourism, accommodation and economic statistics and opinions) obtained from parties not employed by THSA is assumed true and correct. No liability resulting from misinformation can be assumed.

- While the information contained herein is believed to be correct, it is subject to change. Nothing contained herein is to be construed as a representation or warranty of any kind

Use of this report

- This study has been prepared for Moreton Bay Regional Council and their advisors and is intended for internal decision-making and to steer the direction of the type of commercial visitor accommodation concepts required to meet future market needs. The conclusions and recommendations in this report are provided for the internal use of Moreton Bay Regional Council and should not be redistributed without the express written consent of THSA.

- The contents of this document or any reference to it may not be included in any public document, circular, statement, public forum, prospectus or printed material without our prior written consent of the form and context in which it will appear.

For the avoidance of doubt, our role did not include any aspect of valuation or investment analysis of recommended commercial visitor accommodation. As such, this report (and other associated reports) should not be considered as investment advice, nor should it be used for investment purposes.

Appendix 1: Summary of brands

Market positioning	Luxury	Upper Upscale and Upscale	Upper Midscale and Midscale	Economy
ACCOR	Raffles Orient Express Banyan Tree Delano Fairmont House of Originals Rixos SLS SO/ Sofitel	25 Hours Angsana Art Series Grand Mecure Hyde Mantis MGallery Mondrian Movenpick Peppers Pullman Sebel Swissotel	Adagio Novotel Mantra Mama Shelter Mecure Tribe	Adagio Access Breakfree Greet Ibis Ibis Styles Jo and Joe
IHG HOTELS & RESORTS	InterContinental Kimpton Regent Six Senses	Hotel Indigo Crowne Plaza Even Hotels Hualuxe Voco	Avid Atwell Suites Candlewood Suites Holiday Inn Holiday Inn Express Staybridge Suites	
Marriott INTERNATIONAL	Bvlgari Edition JW Marriott Luxury Collection Ritz-Carlton St Regis W Hotels	Autograph Collection Delta Hotels Design Hotels Gaylord Hotels Le Meridian Marriott Marriott Vacation Club Marriott Executive Apartments Renaissance Sheraton Tribute Portfolio Westin	AC Hotels Aloft Courtyard Element by Westin Homes and Villas Fairfield Inn and Suites Four Points by Sheraton Moxy Protea Hotels Residence Inn Springhill Suites Towneplace Suites	
Hilton	Conrad LXR Signia Hilton Waldorf	Canopy Curio Collection Embassy Suites Hilton	DoubleTree Garden Inn Homewood Suites Tapestry Collection Tue	
HYATT HOTELS & RESORTS	Alila Andaz Grand Hyatt Miraval Park Hyatt Unbound Collection	Caption Hyatt Centre Hyatt House Hyatt Place Hyatt Regency Joie de Vivre Thompson Hotels		
WYNDHAM HOTELS & RESORTS		Dazzler Dolce Esplendor TM Trademark Tryp Wyndham Wyndham Grand	AmericInn Baymont Encore Hawthorn Suites Ramada Wingate Wyndham Garden	Days Inn Howard Johnson Knights Inn Microtel Travelodge

Note:
Not all brands detailed in this table are represented in Australia
Source: Operator websites (compiled by THSA)

Appendix 2: Hotel classification

STR uses a six-tier categorisation system primarily based on room rates rather than on a general assessment of hotel quality, amenities or other features within the local markets it examines. This system is used globally by STR and by the hotel investment community as the most commonly accepted benchmark of market performance.

Classification/Tier	Description	ADR Range (AU$)	Example
Economy	Typically offers basic amenities and a limited breakfast.	<$85	• Econo Lodge • Ibis Budget • Nightcap
Midscale	Typically offers limited breakfast, selected business services, limited recreational facilities (either a pool or fitness equipment), and limited transportation (airport shuttle).	$86-$125	• Breakfree • Best Western • Ibis and Ibis Styles • Quality Inn • Ramada • Travelodge
Upper midscale	Typically offers restaurants, vending, selected business services, partial recreational facilities (either a pool or fitness equipment), and limited transportation (airport shuttle).	$126-$165	• Best Western Plus • Comfort Inn and Suites • Holiday Inn Express • Holiday Inn • Punthill • Mecure • Vibe
Upscale	Typically offers a full range of on-property amenities and services, including restaurants, spas, recreational facilities, business centres, concierges, room service and local transportation (shuttle service to airport and/or attractions).	$166 - $195	• Abode • Art Series • Hyatt Place • Hilton Doubletree • Mantra • Novotel • Quest • Oaks Hotels and Resorts • Rydges
Upper upscale	Typically offers a full range of on-property amenities and services, including restaurants, spas, recreational facilities, business centres, concierges, room service and local transportation (shuttle service to airport and/or attractions).	$196-$270	• Adina Apartments • Crowne Plaza • Hilton • Hyatt Regency • Meriton Suites • Ovolo • Pullman • Peppers • QT • Skye Suites • The Sebel • Westin
Luxury	Typically offers first class accommodations and an extensive range of on-property amenities and services, including restaurants, spas, recreational facilities, business centres, concierges, room service and local transportation (shuttle service to airport and/or attractions).	>$275	• Intercontinental • Park Hyatt • Ritz Carlton • JW Marriott • Sofitel

Source: STR and THSA (2021)

Note: There are some discrepancies between where the brand markets itself and where it is positioned by STR. For example, STR has Novotel listed as an upscale brand, but Accor in its own marketing literature describes Novotel as upper midscale or midscale.

Appendix 3: Accommodation audit

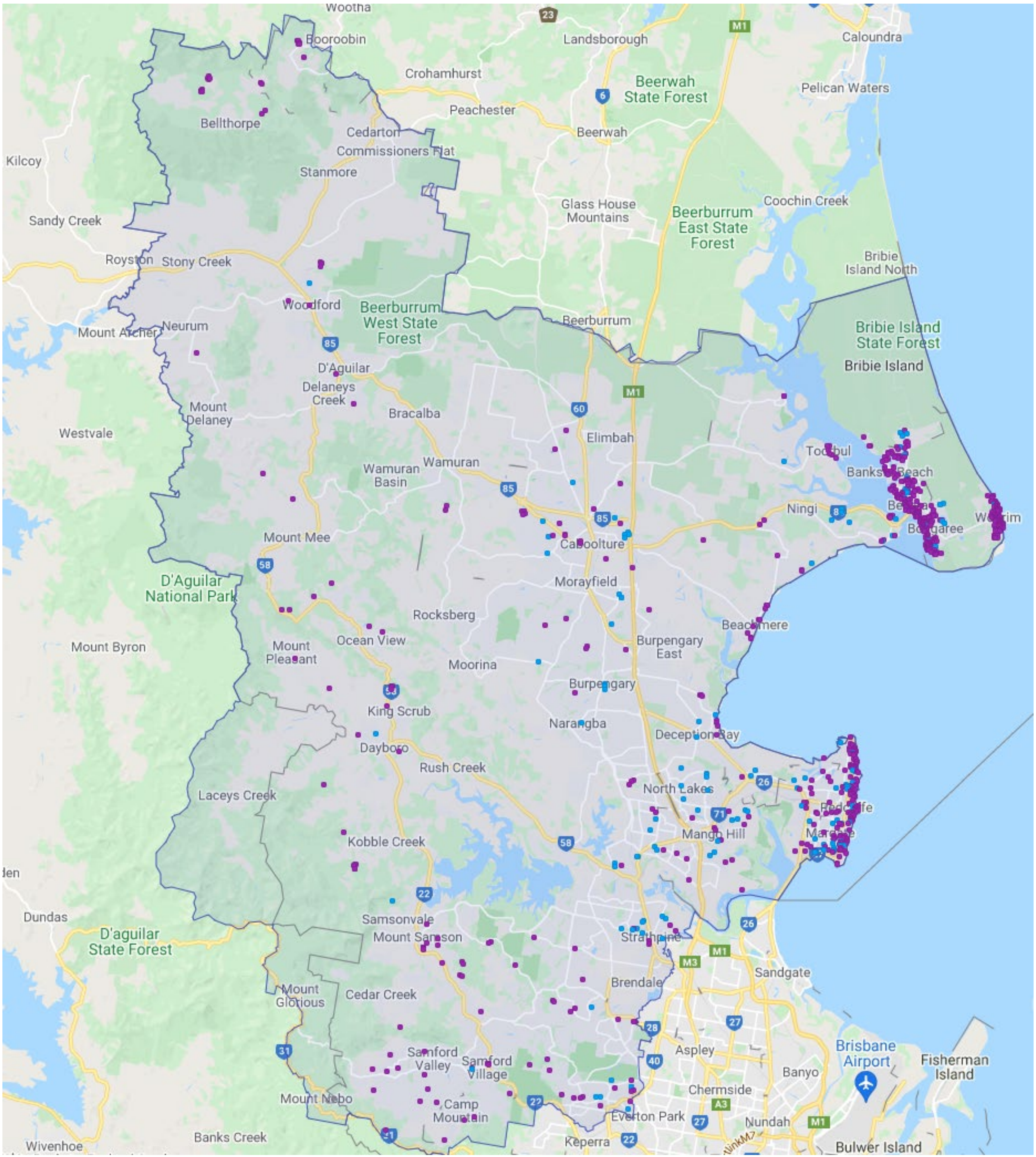
					Category						Facilities		
Property	Number of rooms	Branded	Non-branded	Full service	Select service	Limited service	Location	Sub-region	Restaurant	Bar	Conference facilities	Pool	Gym
Best Western Plus North Lakes Hotel	63	✓		✓			North Lakes	Moreton Bay Commercial Hub	✓	✓	✓	✓	
Eatons Hill Hotel	90		✓	✓			Eatons Hill	Brisbane Fringe	✓	✓	✓	✓	✓
Mecure Clear Mountain Lodge	51	✓		✓			Clear Mountain	Hinterland	✓	✓	✓	✓	
Oaks Redcliffe Mon Komo	70	✓			✓		Redcliffe	Redcliffe Peninsula					
The Sebel Brisbane Margate Beach	60	✓			✓[1]		Margate	Redcliffe Peninsula	✓	✓	✓	✓	✓
Beachmere Palms Motel	6		✓		✓		Beachmere	Bribie Island and Sandstone Pt				✓	
Best Western Caboolture Central Motor Inn	20	✓			✓		Caboolture	Caboolture and surrounds				✓	
Bribie Waterways Motel	28		✓		✓		Bribie Island	Bribie Island and Sandstone Pt				✓	
Caboolture Motel	34		✓		✓		Caboolture	Caboolture and surrounds				✓	
Woodford Village Hotel/Motel	10		✓		✓		Woodford	Hinterland	✓	✓	✓		
Fairways Golf and Beach Retreat	50		✓		✓		Bribie Island	Bribie Island and Sandstone Pt					
La Vida on Anzac	30		✓		✓		Redcliffe	Redcliffe Peninsula					
Redvue Apartments	25		✓		✓		Redcliffe	Redcliffe Peninsula					
Scarborough Beach Resort	64		✓		✓		Scarborough	Redcliffe Peninsula					
Best Western Caboolture Gateway Motel	26	✓				✓	Caboolture	Caboolture and surrounds			✓		
Bribie Island Hotel	16		✓			✓	Bribie Island	Bribie Island and Sandstone Pt	✓	✓			
Caboolture Riverlakes Motel	9		✓			✓	Caboolture	Caboolture and surrounds	✓	✓			
D'Aguilar Motel	8		✓			✓	Aguilar	Caboolture and surrounds	✓	✓			
Kallangur North Lakes Motel	18		✓			✓	Kallangur	Moreton Bay Commercial Hub					
Kippa Ring Village Motel	16		✓			✓	Kippa Ring	Redcliffe Peninsula				✓	
Redcliffe Motor Inn	18		✓			✓	Redcliffe	Redcliffe Peninsula					
Sundowner Hotel Motel	10		✓			✓	Caboolture	Caboolture and surrounds	✓	✓			
Proximity Waterfront Apartments	38		✓			✓	Redcliffe	Redcliffe Peninsula				✓	
Suttons Beach Apartments	12		✓			✓	Redcliffe	Redcliffe Peninsula				✓	
Total rooms / properties	**722**	**6**	**17**	**3**	**12**	**10**							

Notes:

[1] Although The Sebel, as classified by Accor, is a serviced apartment brand, the product offerings at The Sebel Brisbane Margate Beach are broadly commensurate with those at a full-service hotel.

Source: THSA

Appendix 4: Locational map of Airbnb properties



Note:
🟪 entire home
🟦 private rooms

Source: AirDNA (2021

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