



Accommodation Study
Geraldton, WA

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Accommodation abbreviations and terms:

ABS	Australian Bureau of Statistics
ADR	Average Room (or Daily) Rate – Total room takings divided by room nights occupied
CAAG	Compound Annual Average Growth
CPI	Consumer Price Index
Density Ratio	For the purposes of this report assumed to be 120 to 180 rooms per hectare
DPI	Department for Infrastructure and Planning
FIT	Free Independent Traveller/Tourist
GDP	Gross Domestic Product
HMSA	Hotels Motels and Serviced Apartments
HMGSA	Hotels Motels Guesthouses and Serviced Apartments
MWDC	Mid West Development Commission
Occ	Average Occupancy – room nights occupied divided by room nights available
PA	Per Annum
RevPAR	Revenue Per Available Room (or room Room Yield)
RNA	Room Nights Available (supplied)
RNO	Room Nights Occupied (demanded)
RPT	Regular Public Transport
SNA	Site Nights Available – Total caravan park site nights available (including chalets, cabins and units)
SNO	Site Nights Occupied
Star Rating	Also referred to as Star Grading as per national AAA national classification scheme
WA	Western Australia
Tourism WA	Western Australian Tourism Commission



1.0 Executive Summary

1.1. Preamble

This advisory report has been prepared pursuant to our instructions dated April 2008 from Mr Lance Hardy, of Western Australian Tourism Commission ("Tourism WA" and "The Client") to prepare an Advisory Report on the future accommodation needs for Geraldton. This report can be used by government, developers and investors to identify investment opportunities, and assist with the identification, planning and prioritisation of appropriate tourism development sites within the City of Geraldton-Greenough.

1.2. Methodology

To address the study's objectives a combination of primary and secondary research was conducted. As part of this study we also visited the Geraldton-Greenough region, interviewed council planners, various government department representatives, tourism and business development staff, inspected local accommodation supply, and collected data on demand generators and potential future supply.

1.3. Specific Assumptions & Disclaimer

The assumptions in respect to future events are our best estimates at the date of preparing the report. To the extent that any of the assumptions noted in our report are not realised, the forecasts may be materially affected. Our assessment is based upon current as well as expected future conditions as perceived by the market. We do stress that the estimation of future market conditions is a very problematic exercise which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties.

The process of making forward projections involves assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions. To rely upon our analysis therefore, the reader must be satisfied as to the reasoning behind these future estimates.

1.4. Findings & Recommendations

Geraldton Hotel & Tourism Performance

- A total of 617,000 visitor nights were spent in Geraldton in 2007 and this represents 1.2% of all visitor nights in Western Australia. Domestic Visitor nights accounted for 87% (536,000) and international visitor nights 13% (81,000). This compares to the national average of 65% and 35% respectively.
- Over the last three years, 81% of the domestic visitor nights have been sourced from within Western Australia.
- The domestic and international visitor nights proportions spent in paid accommodation in Geraldton during 2007 was 91% and 9.4% respectively. This compares to the national average of 75% for international and 25% for domestic.

- According to the ABS data, both the number of domestic visitors and visitor nights have declined within Geraldton over the past few years however we understand that “Business” as defined does not include long stay workers.
- Main purpose of visit for domestic visitors remains visiting family and friends, followed closely by holiday and pleasure and then business with the majority sourced from either Perth or regional WA locations.
- Domestic visitor nights spent in camping/caravan parks has demonstrated steady average growth of 8.6% per annum while visitor nights spent in hotels motels and guest houses are reported to have declined by an average of 5.7% per annum over the five year period ending 2007.

Table 1.4.1

Visitor	% Visitor nights spent in HMSA	% Visitor nights spent in camping/caravan parks
Domestic	23.4%	18.2%
International	15%	22%

- Geraldton has a relatively small international market that has remained flat over the last 5 years. Despite this international visitor nights spent in HMSA has demonstrated steady average growth of 6.0% per annum.
- Regular public transport (RPT) air passenger movements in and out of Geraldton Airport have increased significantly by 53% over the last 10 years or a compound average rate of 4.3% per annum.
- In line with employment growth in the mining sector and infrastructure works, demand growth in room nights HMSA occupied has risen 6.6% during the 12 months to March quarter 2007 and 6.2% in the 12 months to March quarter 2008.
- HMSA occupancy has gradually improved from 52.7% in the year ending March 2003 to 73.9% in the year ending March 2008. The Average Daily Rate (ADR) trend over 2003 to 2008 exhibited an annual average growth rate of 6.0%, increasing from around \$75.44 to \$100.95.
- Caravan Park site nights available have remained reasonably stable with demand measured by the amount of sites occupied showing growth in recent years. In fact demand growth was 13.2% over the 12 months to March 2008. This has resulted in occupancies increasing from the high 60% range during 2006 to 78.8% for the 12 months ending March 2008.
- Average Daily Rate growth achieved by Caravan Parks in Geraldton however has been relatively low (average of 2.0% per annum over the last 2 years) compared to that achieved by hotel, motels and serviced apartments.

Current & Known Future Accommodation Supply in Geraldton

- According to our survey of accommodation greater than 10 rooms in size, there are a total of 24 establishments in the Geraldton area providing a total of 654 rooms. This includes unrated accommodation and small operators let on a casual basis although not officially classified by ABS as permanent short term accommodation and those less than 10 rooms. Excluding caravan parks, the total number of establishments is 19 and these provide a total of 571 rooms.

Table 1.4.2

Accommodation	No. of establishments	% of total supply	No. of rooms	% of total supply	Forecast new supply*
Holiday units / villa	7	29.2%	154	23.5%	Nil
Hotels Motels	9	37.5%	359	54.9%	442 rooms
Serviced apartments	1	4.2%	24	3.7%	Nil
Caravan parks	5	20.8%	83	12.7%	60 sites 50 cabins
Backpackers	2	8.3%	34	5.2%	Nil

* In total the known future supply comprising establishments either under construction or likely to be built over the next five to six years

- The most common star grading across all types of accommodation is 3.5 stars.
- Supply measured by room nights occupied has actually reduced over the last five years as measured by ABS statistics showing annual average decrease of -2.8%. This is equivalent to 69 rooms. The most recent reduction in rooms was due to the closure of the Batavia Motor Inne in February 2008.
- Hotels, motels and serviced apartments make up 41.7% of supply by number of establishments, however contribute 58.6% of total supply when measured by rooms. The most common rating category for motels is 3.5 stars and then split evenly between 3 and 4 stars.
- Of the motel accommodation available, the largest property is the All Seasons Geraldton motel which comprises a total of only 60 rooms. Notably this hotel is one of the few branded or chain operated properties in Geraldton with most others either owner operated under a franchise or co-operative marketing agreement.
- In total the known future supply comprising establishments either under construction or likely to be built over the next five to six years total 442 hotel/motel rooms, 50 cabins and 60 caravan sites.
- Taking into consideration the recent closure of one motel establishment and excluding cabins and caravan sites, if all of these projects proceed, they will add over 83% to the existing supply of hotels, motels and serviced apartments (greater than 15 rooms as defined by ABS). Some projects are on hold and we expect that similar development projects may face delays as financing has become more difficult to secure in the current environment.

- The Drummond Cove Holiday Park, Public Transport Authority and Batavia Coast Marina Stage 2 sites are also likely to add further supply in the future to some extent however it is difficult to estimate given it is in the early stages of planning or being sold or tendered. A key assumption in respect of our future supply and demand analysis is that they have not allowed for specific additions of hotel, motel and serviced apartment supply from any of these sites. We comment that the conclusions of our analysis including the additional tourism land requirements should be viewed in this context by the client.

Demand Segmentation & identification of accommodation needs:

- Analysis of Geraldton Visitor Centre booking information indicates an average split between domestic and internationally sourced room nights occupied across all accommodation classes is in the order of 86% and 14% respectively.

Estimates of contribution to overall demand for total room nights occupied are:

- 70% for corporate, transient commercial, contracted worker and government sources segments;
 - 20% for free independent travelers/tourists for leisure purposes; and
 - 10% for group leisure tours / coach business.
- Our enquiries regarding caravan park accommodation within Geraldton indicate an average split between permanent and tourism related business ranges in the order of 39% and 61% respectively. Estimates of the amount of permanent on-site accommodation occupied by contract worker population ranged from 50% to 70% with increasing enquiry levels.
 - Booking information shows majority of visitors to Geraldton seek 3 and 4 star accommodation either in the Town Centre or on or close to the Beach or with Ocean Views. There is considered to be a lack of quality mid market and superior accommodation within Geraldton.

Market outlook & likely accommodation needs over "short", "short to medium", "medium" and "long" term

- Assuming current known future supply additions that are either under construction and likely to occur over the "short term" as defined by the Client (2009 – 2011), we expect market room night demand to be met over the next three years however, changes to the supply pipeline will materially impact on equilibrium state. The forecast demand growth on all scenarios assume no deterioration in commodity prices, a continuation of recent growth rates in the Mid West and State economy and that planned infrastructure projects proceed and specifically that the Oakajee development occurs.

Table 1.4.3

Horizon	Rooms required	Land Required*
Short to Medium term (2012-2015)	Minimal or nil	Nil
Medium term (2016-2020)	Up to approx. 300	Approx 1.7 to 2.5 Ha
Long term (2021-2028)	Up to approx. 386	approx 2.1 to 3.2 Ha

*Based on density assumptions outlined in Section 7.0

- In order to ensure availability of suitable land for hotel and tourism development given the commercial pressures on the viability of such development (i.e. high construction and labour costs, relatively higher competing land values and unachievable average room rates), we recommend that Tourism WA work closely with The MWDC and the City of Geraldton-Greenough (incorporate tourism into its new Local Planning Strategy) and LandCorp to ensure the supply of suitably zoned land to meet future demand for room night accommodation in Geraldton.
- We consider suitable sites to provide components of required hotel, motel and serviced apartment rooms and hence additional land subject to approval and individual feasibility validation would include the Public Transport Authority and Batavia Coast Marina Stage 2 sites. The following five broad criteria are considered helpful to assist identifying and ranking other potential sites that would be expected to be either in the Town Centre, on the beach or with ocean views: 1. *Proximity to demand generators*, 2. *Visibility / exposure to passing traffic*; 3. *Ease of access*; 4. *General amenity* and 5. *Competitor environment*.
- We recommend that adequate provisions be incorporated within the Local Planning Strategy or specific town planning controls for the Public Transport Authority site within the town centre opposite town beach. This will provide for a significant accommodation component given that it rates highly for such use in our opinion in terms of proximity to demand generators, guest amenity, visibility/exposure, ease of access and the current competitor environment.



2.0 Introduction

2.1. Background

Western Australian Tourism Commission is working closely with the City of Geraldton-Greenough ("The City"), the Mid West Development Commission ("MWDC"), Department for Infrastructure and Planning ("DPI") and LandCorp and other key stakeholders in the Mid West region to ensure that quality tourism infrastructure is planned for to fully realise the economic and social contribution of tourism in the region.

Tourism WA recently undertook a study to analyse people's perception of Geraldton, which identified a number of challenges and opportunities that need to be considered in the future development of Tourism in Geraldton-Greenough. It is envisaged that this information together with findings and recommendations of this Accommodation Study will feed into the development of a Geraldton-Greenough Tourism Strategy to be undertaken by the MWDC and subsequent completion of a Local Planning Strategy to incorporate tourism by The City as a framework for decision making on tourism development proposals.

This Accommodation Advisory Report has been prepared in response to our specific instructions dated April 2008 from Mr Lance Hardy of Tourism WA to undertake consultancy and research services in respect to the Geraldton accommodation market.

2.2. Scope of Work

In accordance with our brief, this report addresses the following:

- Geraldton hotel & tourism market performance;
- Current Accommodation Supply in Geraldton;
- Analysis of proposed hotel supply in Geraldton;
- Demand Segmentation & identification of accommodation needs;
- Market outlook for accommodation in Geraldton;
- Likely future accommodation over "short", "medium" and "longer" terms as defined by client & likely suitable tourism land requirements

To accomplish the objectives of this instruction we have:-

- Visited Geraldton and surrounding Greenough area;
- Interviewed local tourism authorities including, City of Geraldton-Greenough planners, government representatives, tourism and business development staff and local tourism developer/owners.
- Inspected a cross section of local existing accommodation and future supply sites;
- Collected data on demand generators, local area infrastructure, resources projects and local economy; and
- Used Jones Lang LaSalle Hotels computer modeling to prepare our analysis and conclusions.



2.3. Study Limitations

Our estimates of future hotel supply and demand for the Geraldton market are based upon current as well as expected future conditions as perceived by the market. We do stress that the estimation of future market conditions is a very problematic exercise which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties.

The process of making forward projections involves assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions. To rely upon our opinions therefore, the reader must be satisfied as to the reasoning behind these future estimates.

We have also been provided with information by various third parties that we have relied upon. Whilst due care has been undertaken in the application of that information, its accuracy cannot be verified by Jones Lang LaSalle Hotels. Should it be revealed that any of this information is inaccurate or misleading so that its use would affect our assessment, then Jones Lang LaSalle Hotels reserves the right to amend its opinion without liability.

2.4. Statement of Limiting Conditions

This report has been prepared solely for the information of Western Australian Tourism Commission, the City of Greenough-Greenough, LandCorp, Department for Planning & Infrastructure and the Midwest Development Commission and is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility is accepted to any third party and neither the whole of the report nor any part or reference thereto may be published in any document, statement or circular or in any communication with third parties without our prior written approval of the form and context in which it will appear.

The information contained in the report has been prepared in good faith and with due care by Jones Lang LaSalle Hotels. The projections contained in the report therefore represent best estimates only and may be based on assumptions which, while reasonable, may not be correct. Such projections represent only one possible result, depending on the assumptions adopted.

3.0 Tourism & Accommodation Market Overview

3.1. Introduction

Geraldton-Greenough is a city and port with a population of approximately 35,000¹ residents as surveyed in the 2006 Census by the ABS which represents more than 65% of the Mid West region's population. The area is dissected by Chapman River and bounded by Greenough River. The city of Geraldton-Greenough is situated approximately 450 kilometres north of Perth. Geraldton and is an important centre for mining, fishing and agriculture.

A brief analysis of the local tourist accommodation market in the Geraldton-Greenough region follows, which includes hotels, motels, serviced apartments (HMSA), caravan parks, bed and breakfasts as well as backpacker hostels. (note: Geraldton has intermittent reporting due to ABS methodology).

3.2. Population & Economy¹

Population Growth has been created by resource and infrastructure workers and retirees.

The City of Geraldton-Greenough's population is estimated to be 35,022 or more than 65% of the Mid West region's population. Between 2001 and 2006 coastal municipalities (Geraldton-Greenough, Chapman Valley and Irwin) have shown compound annual average growth of 1.3%. More recent growth over the period between 2005 and 2006 was much higher at 6.5%. The average annual average growth in the Shire of Chapman Valley to the north of the Geraldton-Greenough area during the same time was 1.8%. Many surrounding farming areas however (Carnamah, Morawa, Mingenew and Coorow) have recorded decreases in population, largely as a result of farm amalgamation.

The Mid West's population has increased steadily over the past 20 years and at June 2006 was estimated to be 51,748. This makes up 9.3% of the State's regional population and 2.5% of the total state population. Between the census years of 1996 and 2001 the region grew at an average rate of 0.7% per annum. The growth rate has increased in recent times and between 2005 and 2006 the estimated annual growth rate was 3.5%.

While the current population makes the Mid West the sixth largest of Western Australia's nine regions, the region's high projected population growth will make it the fourth largest region by 2026. Based on historical trends, the population of the region should reach 55,400 by 2016 (0.7% compound annual average growth) and 68,100 by 2031 (1.4% compound annual average growth). Major economic developments such as the numerous resource projects proposed for the Region have the capacity to boost these projections quite significantly.

The region's enviable lifestyle, proximity to the metropolitan area, strong supportive social infrastructure and relatively cheap housing are attracting even more interest from retirees and those looking for a sea-change.

The Mid West region has an economy built around mining, agriculture, fishing and tourism. An important contributor to the Western Australian economy, the Mid West's gross regional product was \$3.5 billion in 2005/2006 which is 17.9% higher than the previous year in real growth terms.

¹ Geraldton and Greenough Local Government Area combined

Mining is the most valuable sector. In 2005/06, the mining and petroleum production in the Mid West reached a value of \$2.4 billion.

Agriculture is also a significant industry for the Mid West. In 2003/04 the region's agricultural gross value was \$792.2 million a substantial 12.6% of the State's total. More than half of all agricultural income is derived from wheat production with the 2003/04 harvest valued at \$432.7 million. Other agricultural industries include various cereal and legume crops, Livestock predominantly sheep and cattle, horticulture and aquiculture both on the coast and inland.

The Mid West has the highest value fishing industry in Western Australia, accounting for 36% of the State's catch in 2004/05. By far the most valuable product is rock lobster. The lobster catch was worth \$116.6 million dollars in 2004/05. However in a strong year with the right combination of catch quantity and beach price the rock lobster industry can be worth as much as \$165.3 million as it was in 1999/00.

The Mid West is also a popular tourist destination and visitors to the region make an important contribution to the local economy. In 2004/05 domestic and international visitors were estimated to have spent \$202 million in the region during overnight visits. The Mid West region has a strong and significant manufacturing sector worth \$383 million in 2001/02 (the most recent data). The majority of manufacturing businesses are based around servicing the needs of the regions agricultural, mining and fishing industry sectors.

¹Source: Department of Local Government and Regional Development, MWDC, ABS.

3.3. Geraldton-Greenough Tourism Infrastructure

Transport Infrastructure

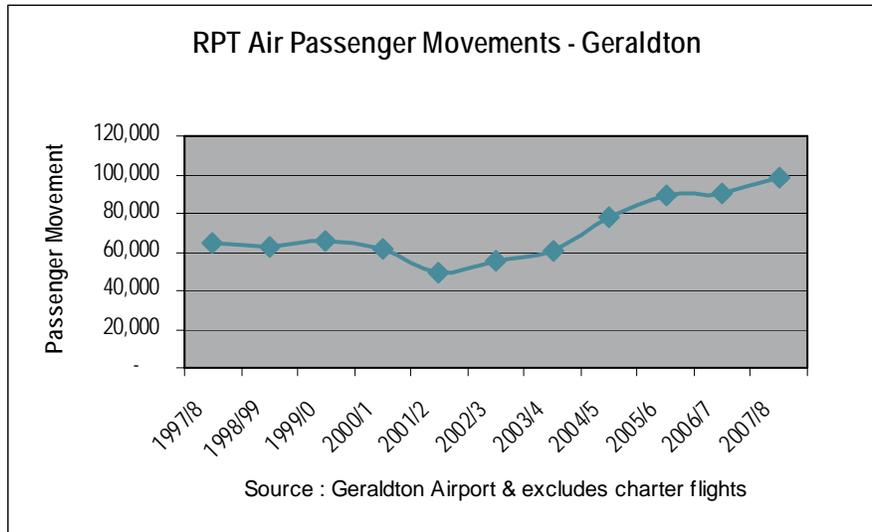
Geraldton is located at the junction of the North West Coastal Highway and Brand Highway which provides arterial access to Perth and coastal regions. The Geraldton region is also serviced by Greyhound Bus services which run to and from Broome and Perth. TransWA Bus services arrive and depart from the Geraldton Railway Station and offer four different routes to Perth via Eneabba, Moora/Kalbarri, Northam/Mullewa and Meekatharra.

During July to December (Wildflower season) Geraldton experiences visitation from coach services with tourists generally staying overnight in budget to mid market hotel accommodation. Some of the coach services visit the Geraldton town centre before departing.

The region is serviced by Geraldton Airport which is owned and operated by the City of Geraldton-Greenough and is situated approximately 10km east of Geraldton on Mt Magnet Road. This \$3.6 million facility was an initiative of the former Shire of Greenough and opened in September 2001 and is aimed to create the most dynamic gateway into the Mid West region. A number of general aviation companies operate from the Geraldton Airport, namely Skywest. The Brearley Terminal has Abrolhos Air, Batavia Coast Air Charter and Geraldton Air Charter.

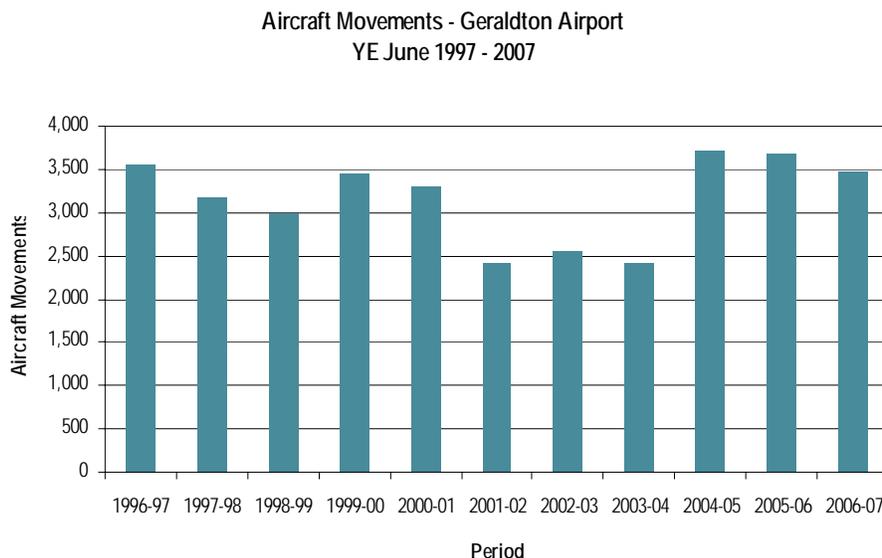
Skywest, an Australian and South East Asia regional airline, servicing the Geraldton-Greenough region, operates 37 separate flights from Geraldton airport per week. Recent developments for Skywest include an increase in capacity from Perth to Geraldton from 37 to 40 flights per week representing an 8% increase in capacity. Skywest continue to seek opportunities for growth focusing on securing additional charter business being developed from the strong mining and resource industry within Western Australia.

Figure 3.3.1



While overall aircraft movements have not exhibited growth, regular public transport (RPT) air passenger movements in and out of Geraldton Airport have increased significantly by 53% over the last 10 years or a compound average rate of 4.3% per annum suggesting higher loadings.

Figure 3.3.2





West Net rail and the Australian Railroad Group operate the rail network and rolling stock in the Mid West and throughout the southern half of the state. The haulage task in the Mid West Region is exclusively made up of bulk products, such as coal, grain, mineral sands and iron ore. The main depot at Narngulu, 13 kilometres from the port of Geraldton, is the junction of the two railway lines that come from the south. Another line branches off at Dongara to service the mineral sand deposits at Eneabba.

The Geraldton Port is a diverse regional port that currently comprises six operational land-backed berths. A port improvement was completed in 2003 which had a total cost of \$103 million and included the deepening of the harbour. However, due to the increased iron ore trade, a further \$35 million upgrade has been completed recently to Berth 5. Imports through the Geraldton Port include petroleum products, phosphate, fertiliser and urea. Exports comprise wheat, mineral sands, talc, stockfeed, livestock, copper, zinc and iron ore. The Geraldton Port will remain a major port within the Mid West region after the Oakajee Port is completed and operational.

Proposed Infrastructure Developments

The abundance of natural resources within the region, has led to numerous proposed developments to road, rail and port infrastructure which will contribute to improving the productivity and efficiency of the region's resource exploration.

Proposed major infrastructure developments within the Geraldton region include projects such as the Oakajee Port and Murchison Rail Construction, Southern Transport Corridor and Indian Ocean Drive.

Oakajee is situated 20 kilometres north of Geraldton and has been identified as a proposed deep water port and industrial area which will comprise 6,500 hectares of land owned by the Western Australian government. The state government has spent \$30 million on planning, environmental investigations, land acquisitions and rezoning. A rail line development will act as a link between Murchison and Oakajee. Tenders for the draft construction plans have been lodged and the final decision was made by the State Government on the 29th of July 2008.

Murchison Metals Limited and Mitsubishi Corporation have obtained the rights to develop the deep water port which will ultimately enhance the Mid-West iron ore sector. Approximately 2,000 workers will be required in the construction of the port and rail infrastructure with up to 300 port or rail workers required in the operational phase. The proposed total cost of the Oakajee development is \$2.5 billion and is estimated to be completed by the first half of 2011.

Stage 1 of the Southern Transport Corridor opened in September 2005 which amounted to a total cost of \$88 million. Stage 2 of the Southern Transport Corridor is due to commence in late 2008, once a major contractor is appointed in August 2008, it will comprise the construction of a 8.7 kilometre section of highway from the North West Coastal Highway through to Mt Magnet Road near Geraldton Airport. It is estimated that the total cost of the road infrastructure will be \$58 million and will be completed by mid 2010.



Work is currently underway on Stage 2 of the Indian Ocean Drive which will consist of a 55 kilometre road enhancement between Lanceline and Cervantes. The Minister for Planning and Infrastructure launched the project on the 17th of June 2008. The project is expected to be completed by June 2011 and will aim to create a shorter travelling time between Perth and the coastal towns and is estimated to cost approximately \$110 million.

According to the MWDC, there were approximately 17 operational mines within the Mid West region as at November 2007. It is projected that there will be 28 mining projects in operation by 2011 within the region. As the area is resource rich, several mine developments have been proposed which will cater for the extraction of commodities such as lead, potash, coal, vanadium and iron ore. The predominant resources currently being extracted from the Mid West region includes gold, iron ore, oil and natural gas.

Geraldton Iron Ore Alliance estimates that approximately 1,360 employment opportunities will be created on average every year while on going employment will offer approximately 4,254 positions during the suggested 25 years of operations. The mining developments will also create approximately 1,900 employment opportunities throughout the rest of Western Australia, of which some 750 positions will be made available within the region.

The Square Kilometre Array is a \$2 billion international radio telescope with a total collecting area of one square kilometre. South Africa and Australia are both bidding for this development. In addition to this, a Murchison Radio-Astronomy Observatory already hosts preliminary projects to the value in excess of \$100 million. The State Government Budget released in May included the following investment in 2008-2009:

- \$75.7 million (total project value \$295 million) for a new 360 kilometre transmission line from Pinjar to Geraldton that will increase supply and reliability of electricity in the region.
- \$15 million for the Geraldton Walkaway Pipe System and Pipeline Upgrade
- \$25 million for Stage 2 of the Geraldton Southern Transport Corridor
- \$2.8 million for the Geraldton Foreshore Redevelopment and CBD Revitalisation Project

Events and Drawcards

Geraldton has developed a programme of regular festivals and cultural events held at venues such as the Queens Park Theatre, Geraldton WA Museum, Bill Sewell Complex located on Chapman Road, Geraldton Speedway, Walkaway Railway Station Museum and the Arts and Cultural Development Council. Tourist attractions in the area include the Houtman Abrolhos Islands famous for the 1629 wreck of the Batavia, South Tomi wreck, HMAS Sydney II memorial, Ellendale Pool, Central Greenough Historic Settlement, the Leaning Trees, Greenough Pioneer Museum and Point Moore Lighthouse among numerous other attractions within the Geraldton-Greenough region.

The Abrolhos Islands are approximately 60 kilometres west of Geraldton and access is available by various modes of transport including charter, fishing and eco tour boats from Geraldton and Kalbarri, as well as float planes from Geraldton with aerial tours available from Dongara, Geraldton and Kalbarri.

The HMAS Sydney II memorial has become a popular landmark within Geraldton attracting tourists.

3.4. Geraldton-Greenough Tourism

Overview

A total of 617,000 visitor nights were spent in Geraldton in 2007 and this represents 1.2% of all visitor nights in Western Australia. Domestic Visitor nights accounted for 87% (536,000) and international visitor nights 13% (81,000). This compares to the national average of 65% and 35% respectively. Over the last three years, 81% of the domestic visitor nights have been sourced from within Western Australia. With the strong mining and infrastructure sectors in the area, an increasing proportion of domestic visitor nights are derived from long stay workers which restrict the capacity of existing accommodation supply to meet short stay guest demand.

The domestic and international visitor nights proportions spent in paid accommodation in Geraldton during 2007 was 91% and 9.4% respectively. This compares to the national average of 75% for international and 25% for domestic.

Domestic Tourism

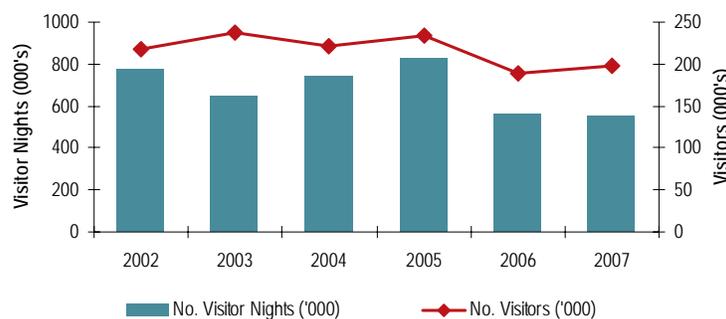
According to the ABS data, both the number of domestic visitors and visitor nights have declined within Geraldton over the past few years however we understand that “Business” as defined does not include long stay workers. More recent trends of strong demand from this segment of the market therefore may not be properly reflected in the data indicating domestic visitors have declined from 218,000 in 2002 to 197,000 in 2007 representing an average rate of decline in the order of 1.9% per annum. Domestic visitor nights are also reported to have decreased at an average rate of 5.1% per annum from 695,000 in 2002 to 536,000 in 2007.

Similarly, both Western Australia and Australia have experienced an average rate of decline in visitors of 1.3% and 0.4% per annum respectively. Domestic visitor nights in Western Australia have increased by 1.9%, while Australia has experienced a 0.7% decrease in visitor nights over the five year period.

This indicates a national rate of decline in domestic visitor nights due to the introduction of low cost carriers into the domestic aviation market and increased cost of fuel in recent years resulting in significantly cheaper air travel has tourists switching long trips by road for short, more frequent air travel.

Figure 3.4.1

**Domestic Visitors & Visitor Nights
Geraldton Region - YE December**



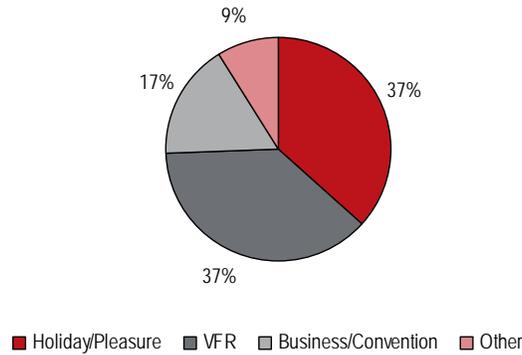
Source: Tourism Research Australia

Table 3.4.2

Domestic Visitors/Visitor Nights						
Year Ending December 2007	2002	2003	2004	2005	2006	2007
No. Visitors ('000)	218	238	222	234	189	197
No. Visitor Nights ('000)	695	714	662	818	571	536
Av. length of stay (nights)	3.2	3.0	3.0	3.5	3.0	2.7

Source: Tourism Research Australia

Figure 3.4.3
Domestic Visitor Nights Purpose of Visit YE December 2007



Source: Tourism Research Australia

The main purpose of visit to Geraldton is to visit family and friends which accounted for 38% of nights in 2007 followed closely by visitation for holiday and pleasure representing 36.6% of visitor nights. However, over the five year period from 2002 to 2007, visitation to Geraldton for these purposes have been declining on an average rate per annum of 4.3% and 4.5% respectively. The majority (37%) of domestic visitors into the region are represented in the 45 – 64 year age group.

Figure 3.4.4
Domestic Visitor Nights - Geographic Origin
Year Ending December 2007



Source: Tourism Research Australia

The majority of visitors to the region are sourced from Perth and other Western Australian regions (81% in total). Markets that have recorded growth over the last couple of years include Other South Australia (excluding Adelaide) and Melbourne, increasing by 30.0% and 14.7% respectively.

Approximately 49.5% of domestic visitor nights were spent with family friends or relatives. A further 23.4% of domestic visitor nights were spent in hotels, motels, guest houses and serviced apartments while 18.2% of visitor nights were spent in camping/caravan parks. The camping/caravan park market has demonstrated steady average growth of 8.6% per annum while visitor nights spent in hotels motels and guest houses are reported to have declined by an average of 5.7% per annum over the five year period ending 2007.

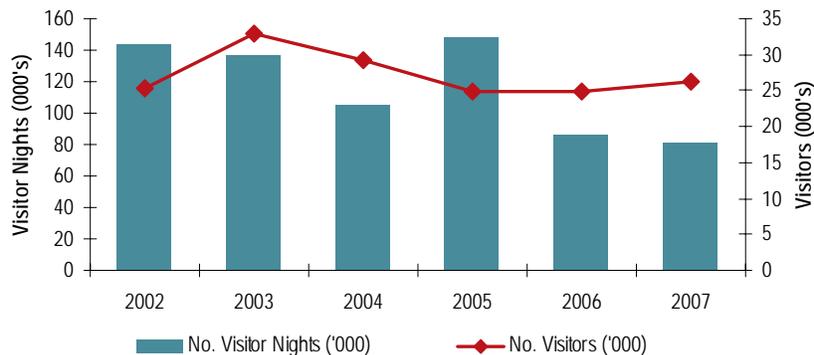
International Tourism

Geraldton has a relatively small international market that has remained flat over the last 5 years.

It hosted 26,154 international tourists in 2007 which was an average increase of 0.6% per annum since 2002. This represented a 5.3% increase in visitors over the year. Europe also represented a slightly increased number of holiday visits and family and friend visitations to the region.

Visitor nights have decreased from 144,156 to 81,080 over the same period which is an average 10.9% decrease. If the figures are correct, they indicate that there has been a notable decrease in the average length of stay of international visitors over the period.

Figure 3.4.5
International Visitors & Visitor Nights
Geraldton Region - YE December



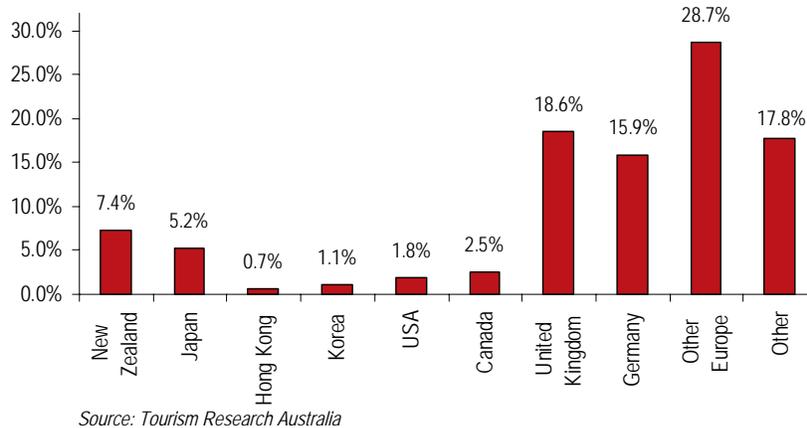
Source: Tourism Research Australia

Table 3.4.6

Year Ending December 2007	International Visitors/Visitor Nights					
	2002	2003	2004	2005	2006	2007
No. Visitors ('000)	25	33	29	25	25	26
No. Visitor Nights ('000)	144	137	105	148	86	81
Av. length of stay (nights)	5.7	4.2	3.6	5.9	3.5	3.1

Source: Tourism Research Australia

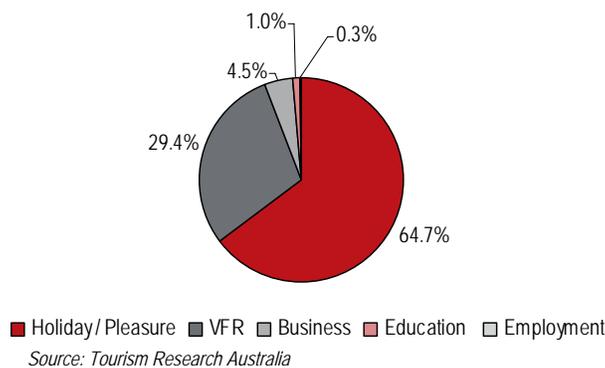
Figure 3.4.7
International Visitor Nights - Geographic Region
Year Ending December 2007



For the year ending 2007, visitors to the Geraldton region are sourced from Europe (44.6% of visitor nights) and the United Kingdom (18.6% of visitor nights) followed by New Zealand (7.4% of visitor nights).

Approximately 40% of international visitor nights were spent with family friends or relatives. A further 22% of international visitor nights were spent in camping/caravan parks while 15% of visitor nights were spent in hotels, motels, or serviced apartments. Growth in the HMSA market has demonstrated steady average growth of 6.0% per annum. Visitor nights spent in other types of accommodation experienced a decline over the five year period from 2002 to 2007.

Figure 3.4.8
Domestic Visitor Nights - Purpose of Visit
Year Ending December 2007



The main purpose of visitation to Geraldton was for holiday and pleasure which accounted for 64.7% of international visitor nights in 2007 followed by visiting family and friends (29.4%). The dominant age group of international visitors to Geraldton are the 25 - 44 year olds followed by 45-64 year olds.

4.0 Geraldton–Greenough Accommodation Supply

4.1 Current Accommodation Supply

The ABS does not report statistics by star grading in Geraldton however it reported that the total number of hotel, motel and serviced apartments over 15 rooms in Geraldton as at December 2007 was 11 establishments. These properties provide 476 rooms and 1,477 beds which represents a net decrease in supply of 38 rooms over the last five years. These figures exclude caravan parks.

According to the NRMA, AAA Tourism, Royal Automobile Club of Western Australia and the Geraldton Visitor Centre databases, there are a total of 24 establishments in the Geraldton area (larger than 10 rooms) providing a total of 654 rooms. We note this total includes unrated accommodation and small operators let on a casual basis although not officially classified by ABS as permanent short term accommodation and those less than 10 rooms. Excluding caravan parks, the total number of establishments is 19 and these provide a total of 571 rooms. Note: We have excluded B&B's from our analysis as they are all less than 10 rooms. The following table provides the spread of venues as they are classified and rated by the various sources.

Table 4.1.1

Accommodation Venues (All Sources) Venue by Type & Star Rating -2008 (> 10 rooms)								
Star Rating	N/A Unrated	★★	★★★	★★★★	★★★★★	★★★★★	★★★★★	Total
Hotel	2				1	1		4
Motel				1	3	1		5
S/Apartment						1		1
Holiday Unit/Villa	3			1	3			7
Backpackers	2							2
Caravan Park	1			1	2	1		5
Total	8	0	0	3	9	4	0	24

Source : NRMA, AAA Tourism, Royal Automobile Club of Western Australia and the Geraldton Tourism Centre databases

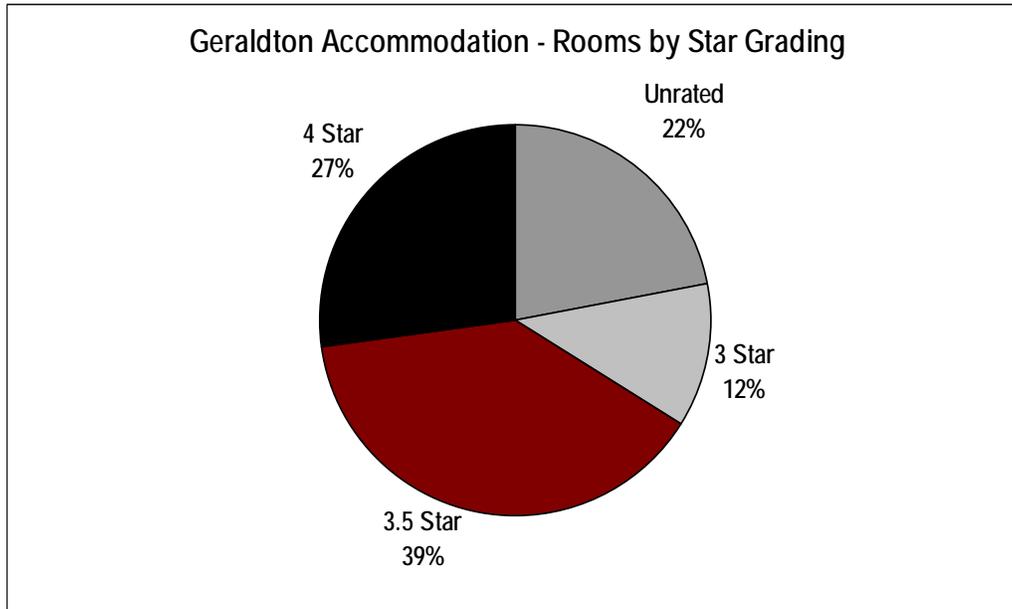
Small holiday villa's/units and homes along with motels appear to be the most common type of accommodation (7 and 5 establishments respectively) comprising 50% of establishments and 55.4% of total supply measured by number of rooms. Many privately owned holiday units/villa's are unrated however those rated appear to be within a range of 3 to 3.5 stars.

Hotels, motels and serviced apartments make up 41.7% of supply by number of establishments, however contribute 58.6% of total supply when measured by rooms. The most common star grading across all types of accommodation is 3.5 stars and then split fairly evenly between 3 and 4 stars.

Our survey of accommodation indicated there is only one serviced apartment complex (rated 4 star) operating as Mantra Apartments. The highest rated full-service accommodation is the Ocean Centre Hotel which is rated as 4 Star. There are no 4.5 or 5 star rated venues within the area which is consistent with the historic price point for the area.

Of the motel accommodation available, the largest property is the All Seasons Geraldton motel which comprises a total of only 60 rooms. Notably this hotel is one of the few branded or chain operated properties in Geraldton with most others either owner operated under a franchise or co-operative marketing agreement. The Best Western Hospitality Inn and Comfort Inn are examples and are slightly smaller than the All Seasons comprising only 52 and 40 rooms respectively.

Figure 4.1.2



Source: Geraldton Information Centre, AAA Tourism Pty Ltd, 2007, Royal Automobile Club Western Australia

The next most common type of accommodation is caravan parks of which there are five. The businesses are rated between 3 and 4 star (with one unrated). Cabins, chalets and units within caravan parks (i.e. excluding sites) make up 20.8% and 12.7% of supply as measured by number of establishments and number of rooms respectively.

A further detailed summary of tourist accommodation larger than 10 rooms in size are summarised below.

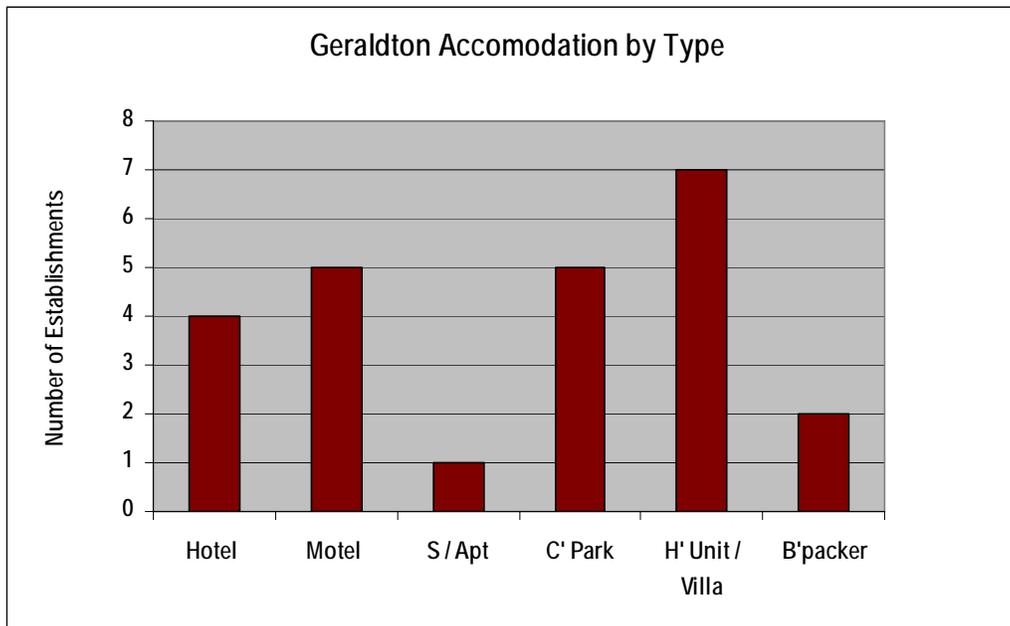
Table 4.1.3

Accommodation Venues -2007			
MOTELS	Star rating	Number of Rooms	Number of Beds
All Seasons Geraldton	3.5	60	153
Best Western Hospitality Inn	3.5	52	167
Comfort Inn Geraldton	4.0	40	102
Sun City Motel	3.5	20	60
Wintersun Hotel Motel	3.0	36	118
BACKPACKERS			
Batavia Backpackers	Unrated	17	96
Foreshore Backpackers	Unrated	17	45



HOTELS	Star rating	Number of Rooms	Number of Beds
Ocean Centre Hotel	4.0	92	210
African Reef Beach Resort	3.5	21	73
Geraldton Beach Hotel (Pub)	Unrated	20	40
Geraldton Hotel (Pub)	Unrated	18	27
SERVICED APARTMENTS / UNITS			
Mantra Apartments Geraldton	4.0	24	96
HOLIDAY UNITS / VILLA'S			
Abrolhos Reef Lodge	3.5	29	104
Intown Apartments	3.5	10	50
Mohammets Village	3.5	35	130
Geraldton's Ocean West Units	3.0	24	52
Ocean View Villas	Unrated	21	63
Ocean West	Unrated	24	55
Rhodeside	Unrated	11	33
CARAVAN PARKS			
	Rating	Caravan Sites	Chalets/Cabins/Units
Sunset Beach Holiday Park	4.0	110	22
Batavia Coast Caravan Park	3.5	90	15
Belair Gardens Caravan Park	3.0	130	17
Drummond Cove Holiday Park	3.5	50	13
Greenough Rivermouth Caravan Park	Unrated	200	16

Table 4.1.4



Source: Geraldton Information Centre, AAA Tourism Pty Ltd, 2007, Royal Automobile Club Western Australia



A key characteristic of the Geraldton accommodation market is that hotels only comprise four out of the total 24 accommodation establishments. Two of these properties are rated 3.5 or 4 star while the others are unrated. The Ocean Centre Hotel is also the largest accommodation facility available within Geraldton commensurate to a 4 star rating and comprises a total of 92 rooms and four conference/ function rooms. The hotel is situated on Foreshore Drive and has direct access to the Foreshore Promenade, town centre, near by restaurants and entertainment as well as transport.

Overall the most prevalent type of graded accommodation is 3.5 stars across motel, hotel, B&B, caravan park and Holiday Unit/Villa types of accommodation.

There is one caravan park graded 4 star, along with the Ocean Centre Hotel and Mantra Apartments, which are the only hotel or serviced apartment properties currently available within the Geraldton-Greenough region that are commensurate to a 4 star rating.

The Mantra is situated nearby the Marina and is within close proximity to all amenities such as the Geraldton town centre and foreshore promenade and comprises 24 serviced apartments in total with additional facilities including a heated indoor swimming pool and gymnasium.

4.2. Known Future Supply

In total the known future supply comprising establishments either under construction or likely to be built over the next five to six years total 442 hotel/motel rooms, 50 cabins and 60 caravan sites. Taking into consideration the recent closure of one motel establishment and excluding the cabins and caravan sites, if all of these projects proceed they will add over 83% to the existing supply of hotels, motels and serviced apartments over the next 6 years (greater than 15 rooms as defined by ABS). Some projects are on hold and we expect that similar development projects may face delays as financing has become more difficult to secure in the current environment. We are unaware of any proposed hostel or backpacker new supply.

Both the Drummond Cove Holiday Park, Public Transport Authority and Batavia Coast Marina Stage 2 sites are also likely to add further supply in the future to some extent however it is difficult to estimate given it is in the early stages of either planning or being sold/tendered. A key assumption in respect of our future supply and demand forecasts is that they not allowed for specific additions of hotel, motel and serviced apartment supply from any of these sites. While all are considered suitable for such development, at this time that there is considerable uncertainty as to the degree, density and timing of such. Nevertheless we would anticipate that the probability would only strengthen if any of the other identified supply additions that are more progressed do not proceed due to viability or other reasons. We comment that the conclusions of our analysis including the additional tourism land requirements should be viewed in this context by the client.

According to research there is only one major accommodation project currently under construction in Geraldton as at August 2008. Broadwater Mariner Resort is a beachfront development by Humfrey Land on the north side of town comprising a total of 122 units. Stage 1 is complete and consists of 15 permanent two storey residential apartment. The second stage of 107 units is currently under construction and comprises a mix of 1 and 2 storey, twin keyed, serviced holiday style accommodation. These units are expected to receive demand for both residential and short or long-term stays and facilities include swimming pool, spa and BBQ facilities. Pre-marketing has begun and it appears 58 of the 107 will be marketed for tourism accommodation.



We are aware of plans currently being considered for refurbishment and extension of an existing accommodation facility in town. Current estimates are that it will add approximately 144 rooms to a 4 star standard. While no approvals have yet been obtained we understand estimated completion is planned for 2010.

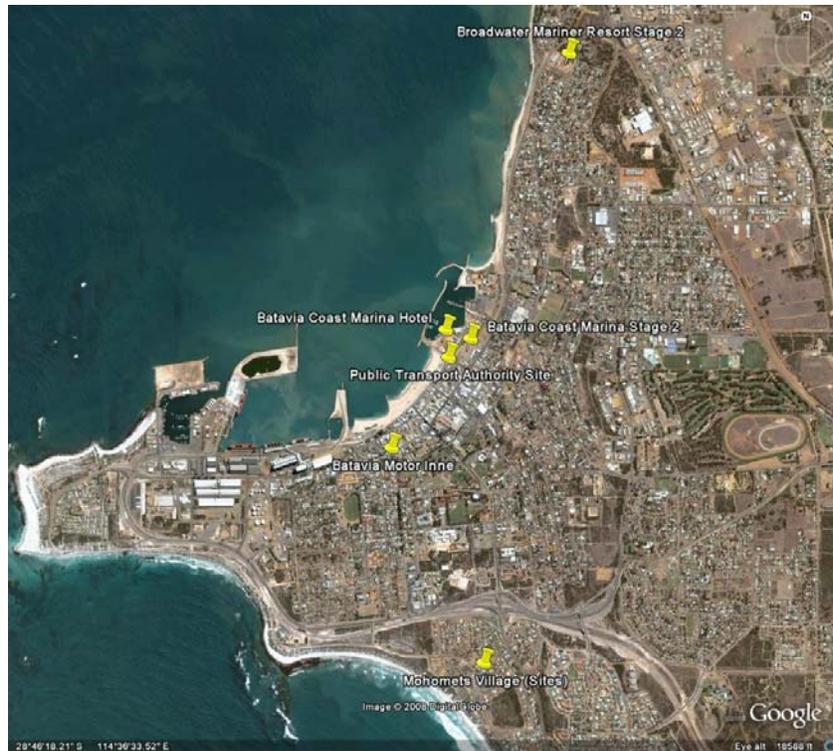
Table 4.2.1

Geraldton - Greenough					
Recently Completed, Under Construction and Likely Proposed					
August 2008					
Project	Due Date	Rooms	Grade	Developer	Operator / Brand
Recently Completed / Closed					
Batavia Motor Inne	Feb-08	-79	3	Mystic Point Lty Ltd	
Total Rooms		-79			
Under Construction					
Broadwater Mariner Resort*	Jan-09	58	4	Humfrey Land	Broadwater Hotels & Resorts
Total Rooms		58			
	Est.	Due			
Likely or Proposed					
Confidential Establishment	2010	144	4	Confidential	
Batavia Coast Marina Hotel	2010/11	77	4.5	Antoine Musu	Mantra
Mohomets Village (sites)	2009/10	60	n/a	Humfrey Land	Humfrey Land
African Reef Motel (Stage 1)	2009	40	3.5	Tarcoola Resort Pty Ltd	Owner Operated
African Reef Motel (Stage 2)	2013/14	133	4.5	Tarcoola Resort Pty Ltd	Owner Operated
PTA Site - future development	2011	unknown	4.5/5	LandCorp - to be tendered	TBA
Batavia Coast Marina Stage 2	2011	unknown	3.5-4	LandCorp - to be tendered	TBA
Abrolhos Islands	2010/11	30	5	Humfrey Land	TBA
Drummond Cove Holiday Park - future revelopment	2010	unknown	unknown	Being marketed	TBA
Greenough Rivermouth Caravan Park (cabins)	2008	10	unrated	Owner	Owner Operated
Total Rooms		494			
Caravan Park cabins/sites		110			
Hotels/Motels		442			
Serviced Apartments		0			
Total		552			

* 58 out of 122 currently designated as tourism accommodation (i.e. short and long stay)

^ 79 rooms closed Feb 08

Owners of the existing 30 room Sun City Motel have previously lodged development application for a 56 unit complex, however this was replaced with plans to demolish the existing motel and redevelop the site for a new accommodation facility. The Quality Edge Resort was to provide a 34 unit, 68 room twin keyed resort due November 2009 at cost of \$8.0 million. The property was expected to attain a 4.5 star rating however we have been advised the owner has shelved these plans citing a lack of viability.



Likely proposed developments include a site adjacent to Mantra at the Batavia Coast Marina, however construction has not commenced. Details of the project include 74-rooms and 3 suites over five storeys plus 11 penthouse residential apartments. Other facilities include conference and meeting facilities, a swimming pool, gym, bar and restaurant. We are advised that the owner has recently appointed a builder and completion is estimated for early to mid 2010.

Mahomet's Caravan Park has a proposed development application of 60 caravan sites however the developer is awaiting re-zoning approval on the land.

Owners of the African Reef Motel and Caravan Park have obtained consent for 40 cabins to be located at the rear of the site which was formerly used as caravan park sites. Completion is expected by June 2009. Furthermore, we are advised the owner's plan as second stage 56 high-end residential apartments and as a third stage 133 room hotel. The large hotel component is not expected to occur until four to five years time.

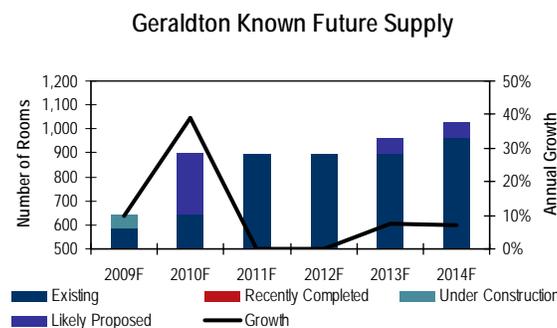
A large 8,300 square metre vacant site in town overlooking the beach owned by Public Transport Authority represents an opportunity for an accommodation component. It is bounded by Foreshore Drive and Marine Terrace, and is being tendered for sale. Due to the site's size, its proximity to demand generators, access, visibility and guest amenity is likely to provide a successful accommodation component within a mixed use development.

An Abrolhos Islands luxury development (60 kilometres west of Geraldton) has been proposed which will comprise a 30 room resort with a 60 guest capacity, and is now looking to relocate the project at nearby East Wallabi Island.

Another oceanfront site located mid-way between Geraldton and the Oakajee site is Drummond Cove Holiday Park. The site is 14.6 hectares in area and is currently being marketed for sale. Developer interest is expected to create a mixed use residential and tourism precinct and is suitable for either a resort or a mix of permanent and short-stay residential accommodation to service the mining sector and the nearby proposed port.

We understand owners of the Greenough Rivermouth Caravan Park have plans for a further 10 cabins due to be completed by year end that will complement their existing supply of cabins and chalets.

Figure 4.2.2



5.0 Accommodation Demand & Trading Performance

5.1 Overview

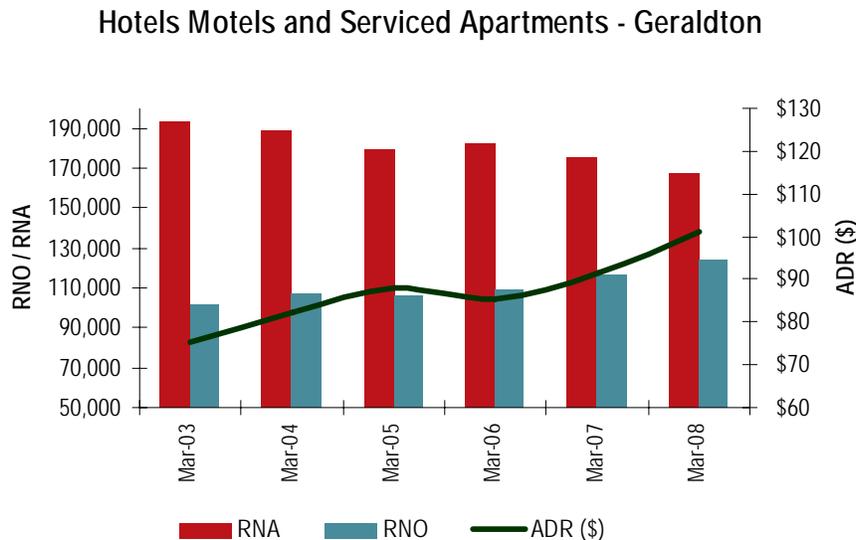
Tourism accommodation data has been extracted and analysed for hotels, motels, serviced apartments and caravan parks. The ABS data only collates statistics for establishments comprising 15 rooms or more within the Geraldton region. It should be noted that in addition to a lack of data for establishments smaller than 15 rooms, visitor hostels and holiday flats/units are also not included in ABS reporting and therefore have not been included in the following analysis. Caravan parks have been separately analysed and we note there is also some historic periods for which ABS did not report on this part of the market.

5.2 Hotels Motels and Serviced Apartments

With demand growth outpacing the lack of additions to supply, occupancy has gradually improved from 52.7% in the year ending March 2003 to 73.9% in the year ending March 2008. The Average Daily Rate (ADR) trend over 2003 to 2008 exhibited an annual average growth rate of 6.0%, increasing from around \$75.44 to \$100.95.

The following graphs depict historic trends within the Geraldton-Greenough region. The data excludes guesthouses because they are all less than 15 rooms.

Figure 5.2.1



Source: ABS, Jones Lang LaSalle Hotels.

The volume of demand has been averaging 27,531 room nights occupied per quarter over the last six years and showing annual compound growth of 4.0%. In line with employment growth in the mining sector and infrastructure works, demand growth in room nights occupied has risen 6.6% during the 12 months to March quarter 2007 and 6.2% in the 12 months to March quarter 2008.

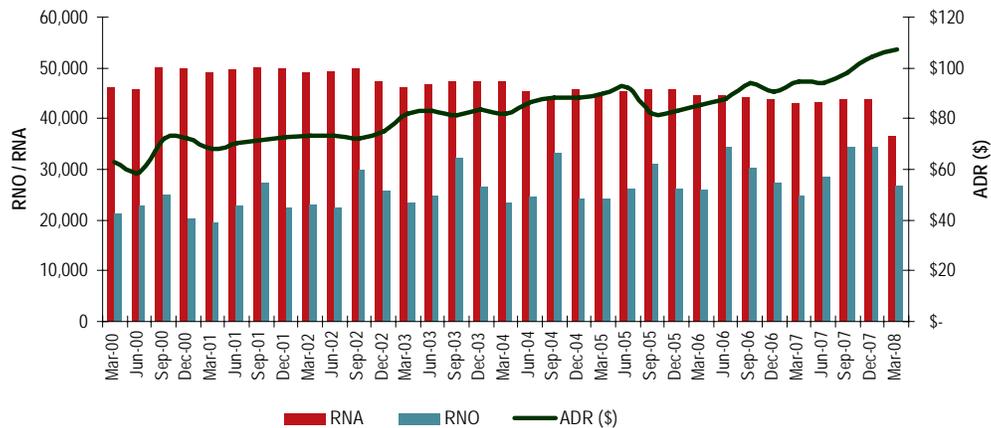
In contrast, supply measured by room nights occupied has actually reduced over the last five years as measured by ABS statistics showing annual average decrease of -2.8%. This is equivalent to 69 rooms. The most recent reduction in rooms was due to the closure of the Batavia Motor Inne in February 2008.

The growth in demand combined with flat or falling supply has resulted in consistent increases in market occupancy over the last five years. In fact the last quarterly data (March 2008) reported a record high occupancy of 72.9% which traditionally is the weakest quarter and the highest occupancy in six years was recorded at 78.2% for both the September 2007 and December 2007 quarters respectively. The most recent full year occupancy reported for Geraldton was 73.9% for the year ending March 2008 which compares to 66.5% for the same period ending March 2007. this level of occupancy corresponds with evidence of higher and increasing occupancies obtained through interviews with operators and local government and tourism authorities.

The latest quarterly data (March 2008) reported an ADR of \$107.34 versus the same period in 2007 at \$94.25. The most recent full year ADR reported for Geraldton was also at a record high of \$100.95 for the year ending March 2008. The compound average annual growth in ADR over the last 5 years has been 6.0% however growth over the 12 months to March 2008 and March 2007 was 10.3% and 7.0% respectively. The higher growth in ADR is being achieved due to limited supply and strengthening demand however it should be noted that there is some sensitivity of relatively small markets like Geraldton to changes in conditions.

Figure 5.2.2

Hotels, Motels and Serviced Apartments - Geraldton



Source: ABS, Jones Lang LaSalle Hotels.

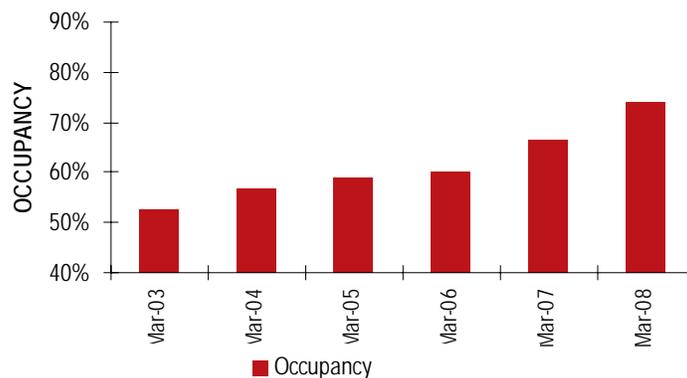
Table 5.2.3

Geraldton Accommodation Performance 2002 - 2008							
Quarter	Est.	RNA	RNO	Occupancy %	Taking (\$000's)	ADR \$	RevPAR \$
Mar-02	14	48,928	22,947	46.9%	1,682	73.31	34.38
Jun-02	14	49,417	22,534	45.6%	1,654	73.38	33.46
Sep-02	14	50,027	30,066	60.1%	2,174	72.30	43.45
Dec-02	13	47,303	25,733	54.4%	1,932	75.07	40.84
Mar-03	13	46,296	23,472	50.7%	1,921	81.84	41.49
Jun-03	13	46,798	24,803	53.0%	2,057	82.93	43.95
Sep-03	13	47,276	32,337	68.4%	2,627	81.24	55.57
Dec-03	13	47,250	26,602	56.3%	2,219	83.41	46.96
Mar-04	13	47,228	23,378	49.5%	1,918	82.04	40.61
Jun-04	12	45,156	24,610	54.5%	2,123	86.27	47.01
Sep-04	11	44,053	33,084	75.1%	2,919	88.23	66.26
Dec-04	12	45,741	24,151	52.8%	2,126	88.03	46.48
Mar-05	12	44,716	24,370	54.5%	2,197	90.15	49.13
Jun-05	12	45,229	26,323	58.2%	2,428	92.22	53.67
Sep-05	12	45,883	31,109	67.8%	2,554	82.10	55.66
Dec-05	12	45,916	26,264	57.2%	2,184	83.17	47.57
Mar-06	12	44,835	25,825	57.6%	2,206	85.40	49.19
Jun-06	12	44,621	34,358	77.0%	3,006	87.48	67.36
Sep-06	11	43,997	30,226	68.7%	2,849	94.25	64.75
Dec-06	11	43,907	27,442	62.5%	2,490	90.75	56.72
Mar-07	11	42,918	24,678	57.5%	2,338	94.75	54.48
Jun-07	11	43,329	28,684	66.2%	2,700	94.12	62.31
Sep-07	11	43,894	34,325	78.2%	3,373	98.27	76.85
Dec-07	11	43,802	34,253	78.2%	3,575	104.37	81.61
Mar-08	11	36,623	26,698	72.9%	2,866	107.34	78.25

Source: Jones Lang LaSalle Hotels, ABS 2008

Figure 5.2.4

**Hotels Motels and Serviced Apartments -
Geraldton**



Source: Jones Lang LaSalle Hotels, ABS 2008

5.3 Caravan Parks

As previously mentioned, data availability for Caravan parks within Geraldton is somewhat limited however despite this the following data is considered representative of performance and it relates to all accommodation provided (i.e. sites, onsite vans, cabins, chalets and units and is referred to as site nights available). Site nights available have remained reasonably stable with demand measured by the amount of sites occupied showing growth in recent years. In fact demand growth was 13.2% over the 12 months to March 2008. This has resulted in occupancies increasing from the high 60% range during 2006 to 78.8% for the 12 months ending March 2008.

Average Daily Rate growth achieved by Caravan Parks in Geraldton however has been relatively low (average of 2.0% per annum over the last 2 years) compared to that achieved by hotel, motels and serviced apartments. Possible reasons quoted by operators indicated resistance to price increase due to recent increases in cost of petrol, high interest rates and flow effect on disposable income on caravan park users.

Figure 5.3.1

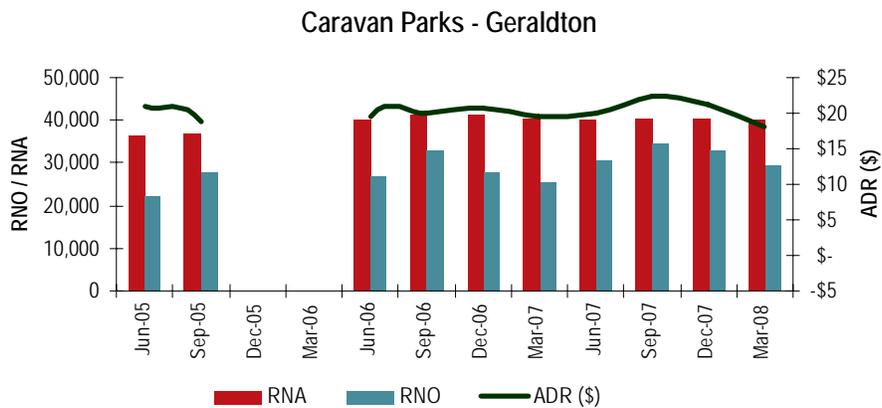


Table 5.3.2

Geraldton Caravan Park Performance 2005 - 2008							
Quarter	Est.	SNA	SNO	Occupancy %	Taking (\$000's)	ADR \$	RevPAR \$
Jun-05	3	36,377	22,408	61.6%	470	20.97	12.92
Sep-05	3	36,806	27,899	75.8%	525	18.80	14.25
Dec-05	3	-	-	-	-	-	-
Mar-06	3	-	-	-	-	-	-
Jun-06	3	40,064	26,963	67.3%	525	19.45	13.09
Sep-06	3	41,209	32,761	79.5%	657	20.06	15.95
Dec-06	3	41,214	27,696	67.2%	571	20.61	13.85
Mar-07	3	40,589	25,206	62.1%	492	19.51	12.12
Jun-07	3	40,243	30,504	75.8%	613	20.09	15.23
Sep-07	3	40,656	34,558	85.0%	775	22.44	19.07
Dec-07	3	40,653	32,929	81.0%	699	21.23	17.20
Mar-08	3	40,247	29,541	73.4%	536	18.16	13.33

Note: SNO & SNA are based on the total capacity of the caravan park sites which include on site vans, powered and unpowered sites, cabins, flats and units.

5.4 Visitor Hostels (Backpackers) & Holiday Flats

ABS does not report trading performance data within Geraldton for Visitor Hostels (Backpackers) or Holiday Flats however the following analysis reports regional (i.e. Coral Coast) performance for these types of accommodation which may have some relevance to Geraldton.

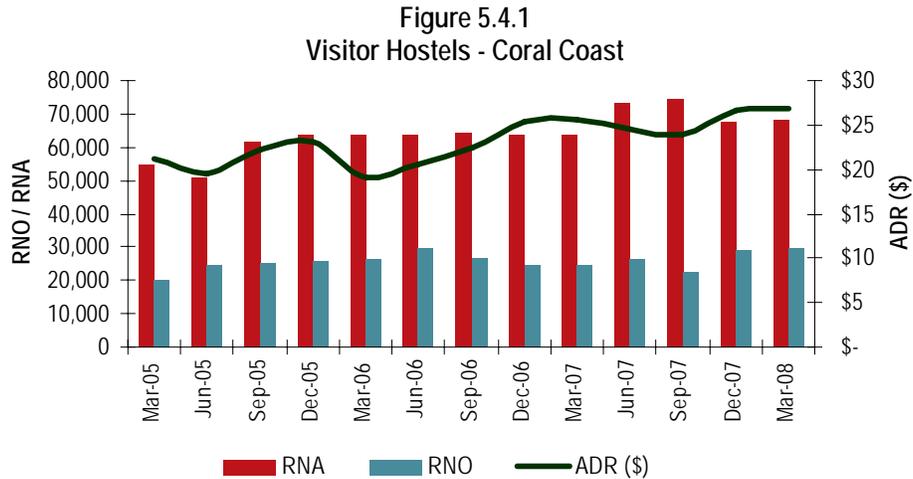


Table 5.4.2

Coral Coast Visitor Hostels Performance 2005 - 2008							
Quarter	Est.	RNA	RNO	Occupancy %	Taking (\$000's)	ADR \$	RevPAR \$
Mar-05	9	55,052	19,929	36.2%	422	21.20	7.67
Jun-05	8	50,914	24,795	48.7%	483	19.50	9.49
Sep-05	9	61,289	25,251	41.2%	562	22.26	9.17
Dec-05	9	63,655	25,844	40.6%	594	23.00	9.34
Mar-06	9	63,513	26,358	41.5%	501	19.02	7.89
Jun-06	9	64,000	29,504	46.1%	609	20.65	9.52
Sep-06	9	64,090	26,918	42.0%	604	22.44	9.42
Dec-06	9	63,611	24,872	39.1%	630	25.32	9.90
Mar-07	9	63,831	24,511	38.4%	627	25.57	9.82
Jun-07	9	73,250	26,077	35.6%	641	24.59	8.76
Sep-07	9	74,619	22,535	30.2%	539	23.91	7.22
Dec-07	9	67,487	29,087	43.1%	774	26.61	11.47
Mar-08	8	68,513	29,392	42.9%	788	26.82	11.51

Occupancies for visitor hostels have been consistently in the high 30% to low 40% range over the last four years. Recent annual occupancy levels have weakened over the last three years as a result of supply increasing at a higher rate than demand (i.e. 8.9% and 2.3% per annum respectively).

The latest quarterly data (March 2008) reported an ADR of \$26.81 versus the same period in 2007 at \$25.27. The most recent full year ADR reported for the Coral Coast Visitor Hostels was \$25.61 for the year ending March 2008. The compound average annual growth in ADR over the last three years has been 10.6%.

**Figure 5.4.3
Holiday Flats – Coral Coast**

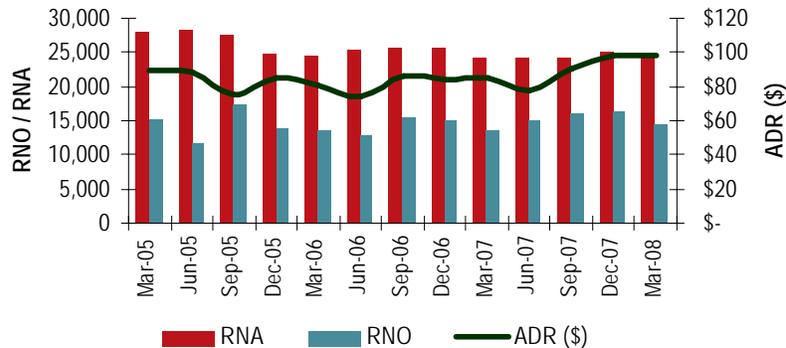


Table 5.4.4

Coral Coast Holiday Flats Performance 2005 - 2008							
Quarter	Est.	RNA	RNO	Occupancy %	Marketing (\$000's)	ADR \$	RevPAR \$
Mar-05	8	28,185	15,220	54.0%	1,364	89.61	48.39
Jun-05	8	28,316	11,638	41.1%	1,025	88.06	36.19
Sep-05	8	27,599	17,360	62.9%	1,305	75.15	47.27
Dec-05	7	24,952	14,023	56.2%	1,193	85.06	47.80
Mar-06	7	24,471	13,704	56.0%	1,108	80.88	45.29
Jun-06	7	25,280	12,842	50.8%	957	74.56	37.87
Sep-06	7	25,674	15,584	60.7%	1,342	86.10	52.26
Dec-06	7	25,558	14,977	58.6%	1,254	83.72	49.06
Mar-07	6	24,206	13,725	56.7%	1,166	84.95	48.17
Jun-07	6	24,398	15,127	62.0%	1,179	77.94	48.32
Sep-07	6	24,303	16,186	66.6%	1,472	90.91	60.55
Dec-07	6	25,015	16,435	65.7%	1,606	97.74	64.22
Mar-08	6	24,941	14,491	58.1%	1,429	98.61	57.29

Occupancies for holiday flats have been growing from low 50% range to low/mid 60% over the last three years. This has been assisted by a decrease in the supply of holiday flats available over the period (-3.2%) versus an average annual growth in demand of 4.7%.

The latest quarterly data (March 2008) reported an ADR of \$98.61 versus the same period in 2007 at \$84.95. The most recent full year ADR reported for the Coral Coast Holiday Flats was \$91.35 for the year ending March 2008. The compound average annual growth in ADR over the last three years has been 5.8%.

5.5 Trading Performance Comparison – Geraldton versus Coral Coast (HMGA)

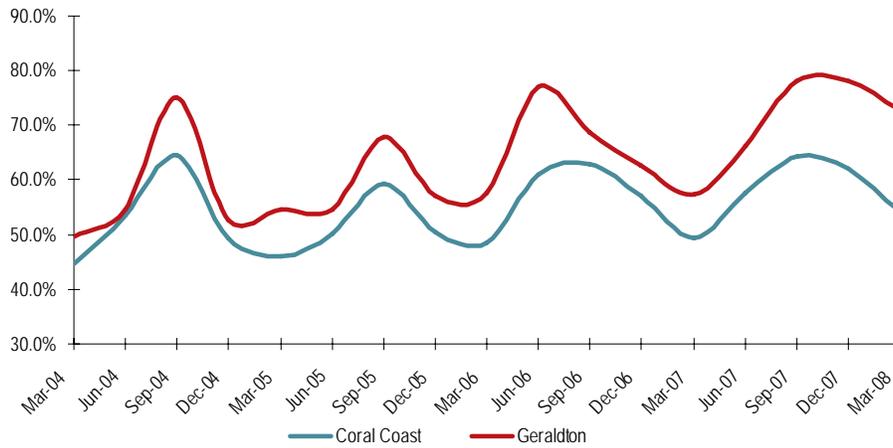
Table 5.5.1

Coral Coast vs Geraldton						
Hotels, Motels, Guesthouses & Serviced Apartments						
	Coral Coast	Geraldton	Coral Coast	Geraldton	Coral Coast	Geraldton
PERIOD	OCCUPANCY (%)		ADR		REVPAR	
Mar-04	44.7%	49.5%	80.31	82.04	35.90	40.61
Jun-04	53.4%	54.5%	87.70	86.27	46.83	47.01
Sep-04	64.7%	75.1%	89.61	88.23	57.98	66.26
Dec-04	49.3%	52.8%	87.89	88.03	43.33	46.48
Mar-05	46.0%	54.5%	90.38	90.15	41.57	49.13
Jun-05	50.3%	54.5%	86.14	92.22	43.33	53.67
Sep-05	59.3%	67.8%	77.39	82.10	45.89	55.66
Dec-05	50.4%	57.2%	80.14	83.17	40.39	47.57
Mar-06	48.4%	57.6%	80.12	85.40	38.78	49.19
Jun-06	60.9%	77.0%	78.75	87.48	47.96	67.36
Sep-06	62.9%	68.7%	84.96	94.25	53.44	64.75
Dec-06	57.2%	62.5%	89.42	90.75	51.15	56.72
Mar-07	49.3%	57.5%	91.78	94.75	45.25	54.48
Jun-07	57.6%	66.2%	96.57	94.12	55.62	62.31
Sep-07	64.4%	78.2%	101.01	98.27	65.05	76.85
Dec-07	62.2%	78.2%	105.01	104.37	65.32	81.61
Mar-08	54.4%	72.9%	105.80	107.34	57.55	78.25

Occupancy performance of Geraldton's hotels, motels and serviced apartments versus the wider Coral Coast region is illustrated in the table above and graph below. Seasonal peaks and troughs in occupancy are in line with expectations, however it is apparent that since March 2007 Geraldton has achieved an increasing premium over the total regions average occupancy (i.e. widening gap between red and blue lines).

Figure 5.5.2

**Coral Coast Versus Geraldton Occupancy Rates
Hotels Motels & Serviced Apartments**

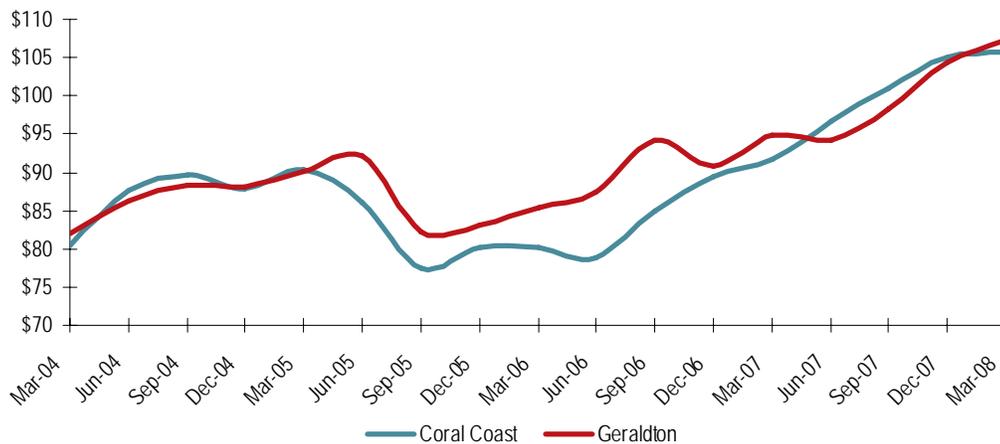


Source: ABS, Jones Lang LaSalle Hotels

Over the same period, the ADR in dollars for hotels, motels and serviced apartments in Geraldton has broadly mirrored that of the greater Coral Coast region with the exception of some higher rates achieved during the period between June 2005 to June 2007.

Figure 5.5.3

**Coral Coast Versus Geraldton Average Daily Rates
Hotels Motels & Serviced Apartments**

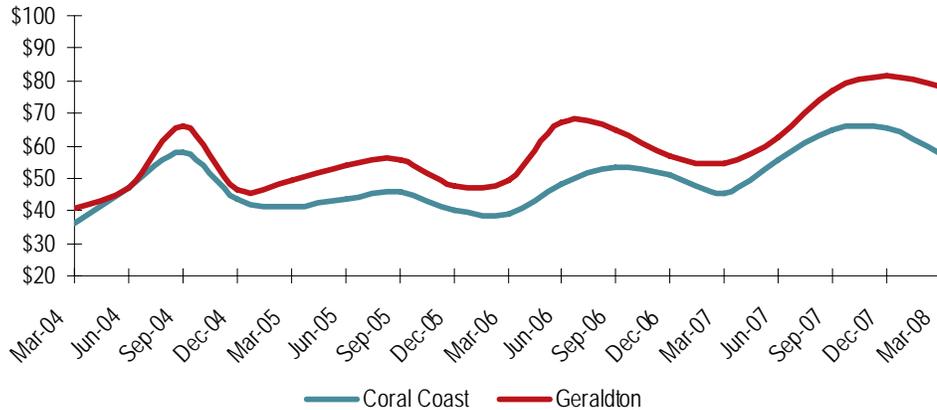


Source: ABS, Jones Lang LaSalle Hotels

The graph below shows that revenue per available room being the key measure of market performance (RevPAR) appears to be consistently higher in Geraldton versus the wider market and is widening the gap during seasonal peaks.

Figure 5.5.4

**Coral Coast Versus Geraldton RevPAR
Hotels Motels & Serviced Apartments**



Source: ABS, Jones Lang LaSalle Hotels.

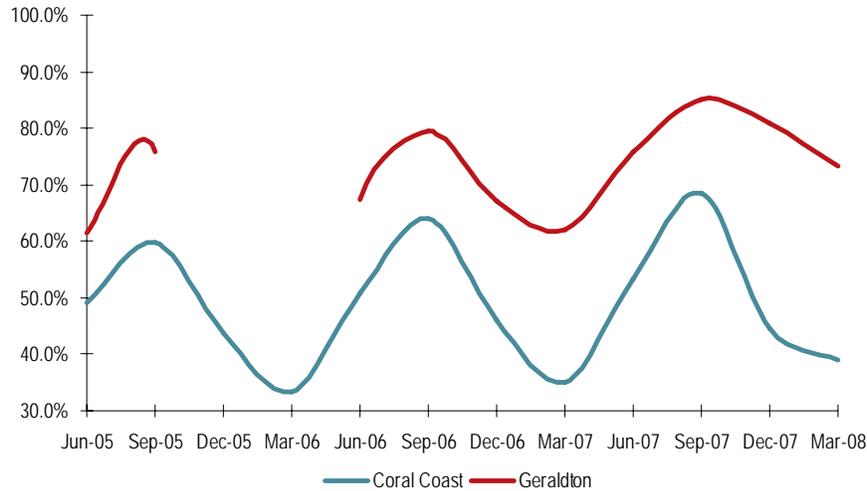
5.6 Trading Performance Comparison – Geraldton versus Coral Coast (C' Parks)

Table 5.6.1

PERIOD	Coral Coast vs Geraldton Caravan Parks		Coral Coast		Geraldton	
	Occupancy (%)	ADR	RevPAR	Occupancy (%)	ADR	RevPAR
Jun-05	49.1%	22.66	11.13	61.6%	20.97	12.92
Sep-05	59.8%	21.62	12.93	75.8%	18.80	14.25
Dec-05	43.9%	23.52	10.33	-	-	-
Mar-06	33.4%	23.60	7.88	0.0%	-	-
Jun-06	50.9%	23.66	12.04	67.3%	19.45	13.09
Sep-06	64.0%	23.09	14.77	79.5%	20.06	15.95
Dec-06	46.1%	23.20	10.70	67.2%	20.61	13.85
Mar-07	35.1%	25.65	9.00	62.1%	19.51	12.12
Jun-07	53.2%	25.77	13.71	75.8%	20.09	15.23
Sep-07	68.4%	24.52	16.77	85.0%	22.44	19.07
Dec-07	44.7%	27.54	12.31	81.0%	21.23	17.20
Mar-08	39.1%	25.75	10.07	73.4%	18.16	13.33

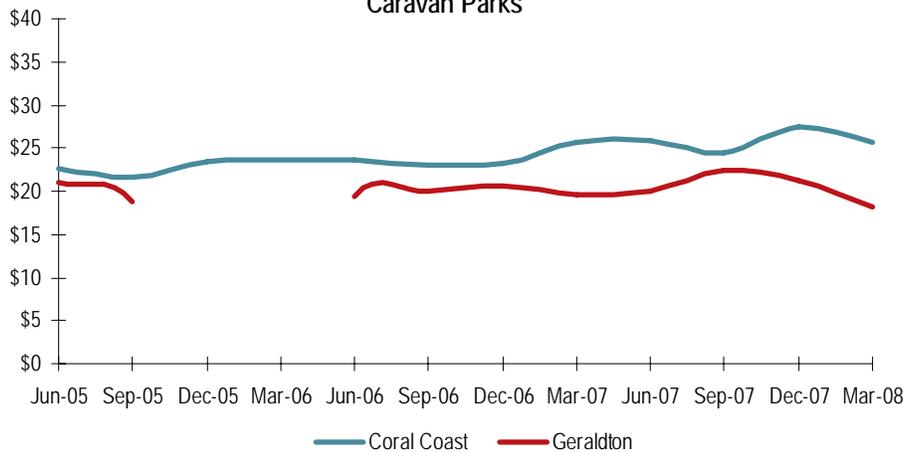
Occupancy performance of Geraldton's caravan parks versus those in the wider Coral Coast region is illustrated in the table above and graph below. Seasonal peaks and troughs in occupancy also correlate as expected however more recently the relative summer drop off in demand appears to be less in Geraldton compared with the wider region suggesting less weather dependant occupation (i.e. less purely leisure demand and increased occupation by workers and contractors).

Figure 5.6.2
Coral Coast Versus Geraldton Occupancy Rates
Caravan Parks



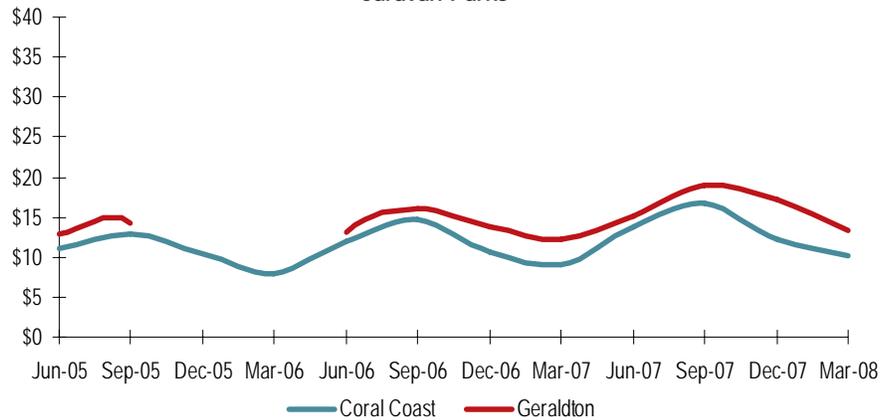
The following graph illustrates that Geraldton's premium over wider market ADR's for caravan parks has increased somewhat over the last 2 years.

Figure 5.6.3
Coral Coast Versus Geraldton Average Daily Rates
Caravan Parks



The graph below shows that Caravan park site yields have been consistently higher in Geraldton versus the wider market.

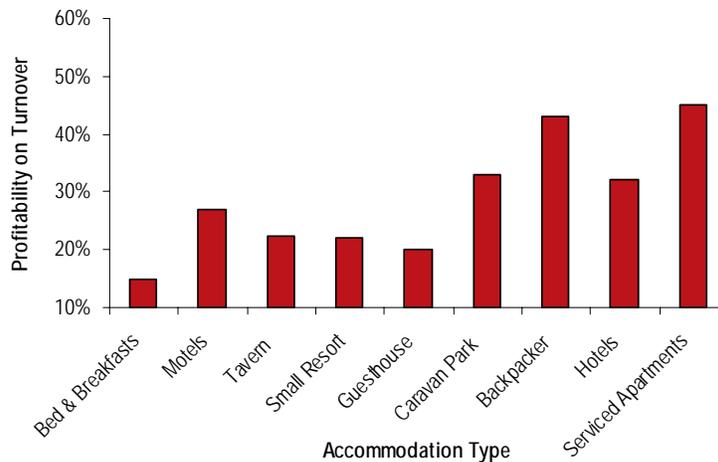
Figure 5.6.4
Coral Coast Versus Geraldton RevPAR
Caravan Parks



5.7 Indicative Profitability Benchmarking

We have been requested to comment upon the profitability of accommodation in the Geraldton market. In this respect there are no publicly available statistics however the following graph represents indicative profitability benchmarks for a variety of accommodation types using industry information which would be relevant to businesses in Geraldton using earnings before interest, taxation, depreciation and amortisation as a percentage of turnover. We do comment however that this is indicative only, and that individual profit performance of accommodation establishments within any market is highly dependant on a wide range of factors including standard of management, food and beverage risk, capital requirements, marketing and operating structures to name a few.

Figure 5.7.1
Profitability Benchmark - EBITDA %



Source: ABS, Jones Lang LaSalle Hotels.

Given the recent improved performance of accommodation establishments in terms of occupancy and ADR's, it is reasonable to assume that the largest revenue source of such businesses (i.e. rooms revenue) would have contributed significantly to increased total revenues. As not all operating expenses are variable it is reasonable to conclude from our experience that increased net operating profits would have been experienced by owners and investors during this time. This is supported by a number of establishments within the study centre of which we are aware have increased net operating profit levels over the last three years.

5.8 Geraldton Accommodation Demand Segmentation

Our research and analysis examined the Geraldton tourism accommodation market in terms of:

- Geographic origin of room nights demanded
- Business mix of room nights demanded.

Geographic Origin

Published statistics do not permit analysis of paid accommodation in order to ascertain what percentage of room night demand is derived from domestic versus international sources. Analysis of Geraldton Visitor Centre booking information however indicates an average split between domestic and internationally sourced room nights occupied across all accommodation classes is in the order of 86% and 14% respectively. These amounts are supported by interview with some establishment operators.

Business Mix

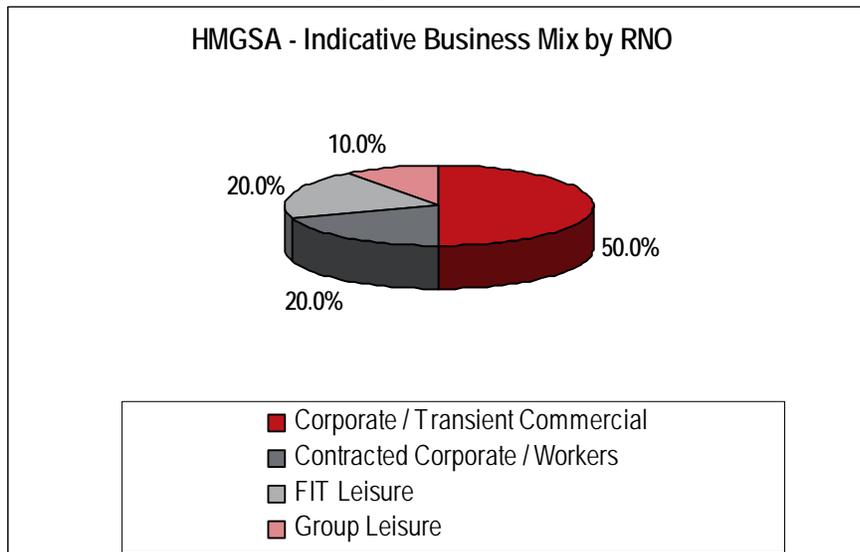
The study reveals that an increasing amount of room night demand is derived from contracted worker and corporate business as a result of the strong local economy, amount of infrastructure works in progress and mining related business. Estimates of what contribution to overall demand corporate, transient commercial, contracted worker and government sources segments range up to 70% in total room nights occupied. With a regional population of approximately 35,000 Geraldton is a small thriving business centre however, it is considered as a main working port town with numerous infrastructure developments currently underway. As a result of the resources boom, demand is generated by trade and infrastructure workers who occupy available accommodation establishments for a short to medium term basis particularly during weekdays and represent either corporate or contract business.

Assuming commodity prices hold and large infrastructure projects proceed as planned, such as Oakejee, this trend is expected to continue and strengthen demand for accommodation particularly during the week. The extent to which alternate long stay permanent accommodation satisfies this demand either through the release of land subdivisions, development of residential estates, or provision of onsite worker camp style accommodation needs however to be considered.

Geraldton is generally a stopover point for many of the travelers and tourists heading up the coast or heading to Perth by either Coach or independently. Other destinations that may involve a stopover in Geraldton include Kalbarri, Monkey Mia and Broome. More recent demand generators such as the HMAS Sydney Memorial and Maritime Museum have strengthened leisure demand for grey nomad leisure and families traveling along the coast. Geraldton also experiences increased visitation during the Wild Flower Seasons among other events and is well known for its local lobster fishing industry. While the area is also famous for its picturesque beaches and windsurfing, Geraldton currently remains viewed by visitors primarily as a port town and stop over destination. Free independent travelers/tourists for leisure purposes are estimated to contribute approximately 20% of overall demand with group tours / coaches during wildflower season are estimated to contribute up to approximately 10% of demand.

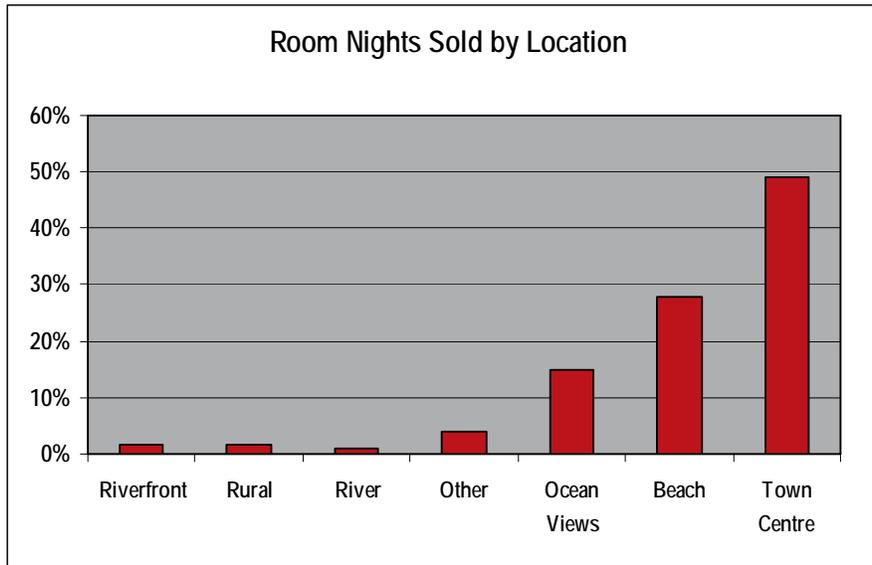
The following graphs summarise the indicative business mix by room nights occupied from market sources plus an analysis of the location of bookings from data provided by Geraldton Visitors Centre.

Figure 5.8.1



Source: Jones Lang LaSalle Hotels and Geraldton Visitors Centre

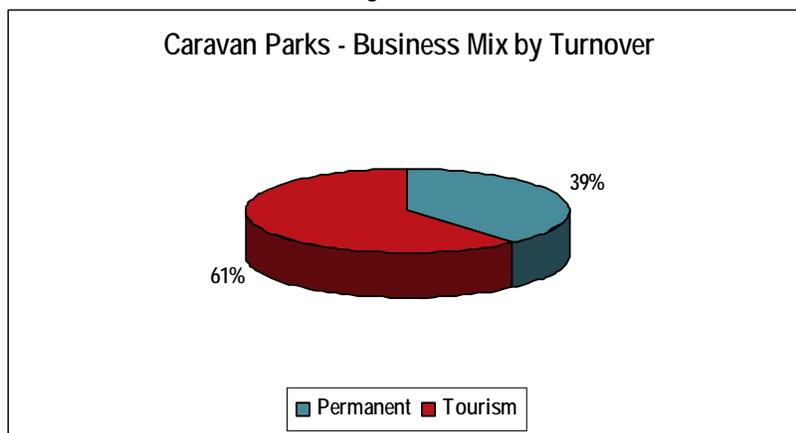
Figure 5.8.2



Source: Jones Lang LaSalle Hotels and Geraldton Visitors Centre

Booking information also indicates that the greatest difficulty in successfully booking accommodation by segment (measured by telephone calls) is in the mid (3 to 3.5 star) and upscale (4 star and above) categories despite existing room supply in these segments providing 60% of total supply in Geraldton. Our previous analysis of the performance of segments within the Geraldton accommodation market in terms of demand and supply indicates that there is considered to be a lack of quality mid market and superior accommodation within Geraldton. Looking ahead there is likely also to be a real deficiency in caravan park sites and onsite accommodation if current demand growth expectations are realised.

Figure 5.8.3



Our enquiries regarding caravan park accommodation within Geraldton indicate an average split between permanent and tourism related business ranges in the order of 39% and 61% respectively. Estimates of the amount of permanent on-site accommodation occupied by contract worker population ranged from 50% to 70% with increasing enquiry levels.

6.0 Accommodation Demand & Supply Projections

6.1 Methodology & Key Assumption

To estimate the required supply for future periods, analysis was undertaken on both the demand and supply side. The steps involved:

- Identifying known future supply of accommodation;
- Forecasting future demand for tourist accommodation;
- Marrying known future supply and demand to determine the resultant occupancy rate in type of tourist accommodation;
- Projection of ADR of tourist accommodation; and
- Marrying ADR and occupancy projections to assess likely viability of new tourist development.

To determine known future supply of accommodation the following process was undertaken:

Given that individual operating statistics for hostels and holiday flats in Geraldton is not available and that the majority of B&B, Guesthouse and most holiday units/villas are less than 15 rooms, undertaking individual accommodation demand and supply forecasts by type is problematic given the size of the Geraldton market both in aggregate and by segment, periods for which we have been requested to forecast, the large number of variables that affect future accommodation demand and the difficulty in ascertaining reliable future demand estimates in each segment. For these reasons we have been instructed to undertake our analysis using hotels, motels and serviced apartments above 10 rooms which comprises approximately 83.4% of total accommodation. The following analysis therefore relates to total accommodation requirements for hotels, motels, and serviced apartments (excludes guesthouses, bed and breakfasts, visitor hostels (backpackers), villa's/units and cabins, chalets and units within caravan parks).

Known future supply, including projects recently completed, under construction and likely proposed were ascertained as previously discussed in Section 4.2. A key assumption is that our future supply forecasts have not allowed for specific additions to supply from the Drummond Cove Holiday Park, Public Transport Authority site or Batavia Coast Marina Stage 2 site. While all are considered suitable for such development, at this time it is considered that there is too much uncertainty as to the amount of rooms, density, timing and likelihood of such occurring. Nevertheless we would anticipate that the probability would only strengthen if any of the other identified supply additions that are more progressed do not proceed due to viability or other reasons. We comment that the conclusions of our analysis including the additional tourism land requirements should be viewed in this context.



We have also had regard to the following as part of our analysis:

Table 6.1.1

Geraldton Indicators	Period	Growth	
		CAAG	Last 12 months
Airport Passenger Movements	1998 -2008	4.3%	8.6%
Population Growth	2001 - 2006	1.3%	6.5%
Regional Population Growth - Mid West	1996 - 2001	0.7%	n/a
Regional Population Growth - Mid West	2001 - 2006	0.4%	2.9%
Regional Population Growth - Mid West	2005 - 2006	3.5%	n/a
Projected (Regional) Population Growth	2008 - 2016	0.7%	n/a
Projected (Regional) Population Growth	2008 - 2031	1.4%	n/a
Visitor Centre Numbers	2001 - 2008	0.6%	-2.3%
Domestic Visitors	2002 - 2007	-5.1%	5.3%
Domestic Visitor Nights	2002 - 2007	-0.7%	-6.1%
International Visitors	2002 - 2007	0.6%	5.3%
International Visitor Nights	2002 - 2007	-10.9%	-5.9%
RNO (HMSA)	2002 - 2008	4.0%	6.2%
RNO (Caravan Parks)	2005 - 2007	13.7%	13.2%
RNO (Holiday Flats - Regional)	2006 - 2008	4.7%	8.9%
RNO (Visitor Hostels - Regional)	2002 - 2008	2.3%	1.2%
WA CPI	2002 - 2008	3.2%	3.7%
WA CPI Forecast	2009 - 2013	2.5%	3.7%
WA Gross State Product	2002 - 2008	5.6%	5.3%
WA Gross State Product Forecast	2009 - 2013	4.2%	5.3%

Source: Geraldton Visitor Centre, IVS, ABS, MWDC, JLLH

6.2 Projected Room Requirements

Despite falling accommodation supply and strong demand in Geraldton over the last two to three years, it is only relatively recently that market average occupancy for hotels, motels and serviced apartments (HMSA) has climbed above 70%. Historically, 70% is the benchmark level of occupancy required to consistently facilitate growth in average room rate across accommodation markets thereby enabling sustainability of accommodation businesses through increased margins by which revenues exceed costs many of which are fixed.

After applying our forecasts of short, medium and longer term estimates of demand for hotel, motel and serviced apartment accommodation, the following estimates of room supply additions over these respective horizons are considered sustainable.

We do note however that these estimates are largely based on continuation of longer term trends in demand and average rate growth. It should be noted that the future supply of permanent or long stay accommodation through increased release of land subdivisions, development of residential estates, or provision of onsite worker camp style accommodation is difficult to measure and may have material impact on both our demand and supply forecasts. We also note that our analysis assumes a "perfect market" where short term increases in demand are met quickly with supply adjustments. In reality most accommodation markets are imperfect and result in peaks and troughs due to barriers to supply, slow moving approvals processes, availability of land and other practical difficulties meeting demand.

Some assumptions inevitably will not materialise and unanticipated events and circumstances may occur. Therefore, actual market occupancy achieved during the forecast period will vary from the assumptions and the variations may be material.

- It is crucial to point out that this analysis relates to a macro assessment of demand and supply. It does not consider the likely relative success or failure of individual projects and specific analysis would be required for any such determination. It is possible that certain unidentified projects will be developed prior to 2011 on the basis of their individual merits and validation.
- It should be noted that this analysis is acutely sensitive to the key input of demand for room nights occupied. The reader should therefore be satisfied that projections of such demand are not only achievable but sustainable.
- The forecast demand growth assumes no deterioration in commodity prices, a continuation of growth in Mid West and State economy, that planned infrastructure projects proceed and specifically that the Oakajee development occurs.

6.3 “Short Term” 2009 – 2011

Table 6.3.1

Market Supply & Demand Analysis (2009 - 2011)								
	YEAR	ROOMS	CHANGE	R N A	CHANGE	R N O	CHANGE	OCCUPANCY
Forecast - 12 months ending March								
1	2009	460	0	167,778	0.1%	133,877	8.0%	79.8%
2	2010	604	144	220,338	31.3%	157,975	18.0%	71.7%
3	2011	711	107	259,393	17.7%	172,192	9.0%	66.4%
	Average (1)		84		24.3%		13.4%	72.6%

- Assuming current all known future supply additions over this period (that are either under construction and likely to occur), we expect market room night demand over the next three years to be met in the “short term”. In fact a supply/demand imbalance is likely to occur post 2010 given the potentially significant increase in supply at that time. Conversely if a number of the current known likely proposed supply additions do not occur due to reasons such as lack of feasibility compared to other uses or the debt funding environment for example, then a market undersupply of accommodation can be expected over this period.
- It should be noted that with a lower growth outlook, then even less rooms would be required to satisfy demand and therefore supports our conclusion that no further rooms are required over and above known additions to supply in the short term.

6.4 "Short to Medium Term" 2012 - 2015

Table 6.4.1

Market Supply & Demand Analysis (2012 - 2015)								
	YEAR	ROOMS	CHANGE	R N A	CHANGE	R N O	CHANGE	OCCUPANCY
Forecast - 12 months ending March								
4	2012	711	0	259,393	0.0%	182,524	6.0%	70.4%
5	2013	777	67	283,666	9.4%	193,475	6.0%	68.2%
6	2014	844	67	308,121	8.6%	205,084	6.0%	66.6%
7	2015	853	8	311,202	1.0%	217,389	6.0%	69.9%
	Average (1)		35		6.3%		6.0%	68.7%

- Assuming current all known future supply additions over this period (that are likely to occur using best estimates at the date of this forecast), we expect market room night demand over the next three years to be met in the "short to medium term". On this basis we estimate that no further additional room supply is required over the "medium term" period as defined by the client to keep the market at a sustainable equilibrium.
- Markets rarely stay in equilibrium and inevitably peak and trough however this analysis is considered reasonable in order to measure likely "short to medium term" supply assuming demand stays consistently strong in line with longer term averages. It is possible that certain unidentified projects will be developed prior to 2015 on the basis of their individual merits or that significantly less projects are built due to many potential reasons such as barriers of entry, slowing growth in mining sector, lack of feasibility, high construction costs, competing land uses, debt availability, slowing economy, change in technology, etc..

6.5 “Medium Term” 2016 – 2020

Table 6.5.1

Market Supply & Demand Analysis (2016 - 2020)								
	YEAR	ROOMS	CHANGE	R N A	CHANGE	R N O	CHANGE	OCCUPANCY
Forecast - 12 months ending March								
8	2016	904	51	329,874	6.0%	230,432	6.0%	69.9%
9	2017	958	54	349,667	6.0%	244,258	6.0%	69.9%
10	2018	1,015	57	370,647	6.0%	258,914	6.0%	69.9%
11	2019	1,076	61	392,885	6.0%	274,448	6.0%	69.9%
12	2020	1,141	65	416,459	6.0%	290,915	6.0%	69.9%
	Average (1)		58		6.0%		6.0%	69.9%

- Subject to the same assumptions in regards to factors likely to affect longer term demand growth for accommodation, we estimate that approximately up to 300 rooms are required over the “medium term” period as defined by the client to keep the market at a sustainable equilibrium. This is equivalent to an average compound rate of 6% p.a. or annual average addition of around 58 rooms. We consider suitable sites to provide components of such supply subject to approval and individual feasibility validation would include the Public Transport Authority and Batavia Coast Marina Stage 2 sites.
- Markets rarely stay in equilibrium and inevitably peak and trough however this analysis is considered reasonable in order to measure likely medium term supply assuming demand stays consistently strong in line with longer term averages. It is possible that certain unidentified projects will be developed prior to 2020 on the basis of their individual merits and validation or that significantly less projects are built due to many potential reasons such as barriers of entry, lack of feasibility, high construction costs, competing land uses, debt availability, slowing economy, change in technology etc.
- It should be noted that this analysis is acutely sensitive to the key input of demand for room nights occupied. The reader should therefore be satisfied that projections of such demand are not only achievable but sustainable.

6.6 “Long Term” 2021 – 2028

Table 6.6.1

Market Supply & Demand Analysis (2021 - 2028)								
	YEAR	ROOMS	CHANGE	R N A	CHANGE	R N O	CHANGE	OCCUPANCY
Forecast - 12 months ending March								
13	2021	1,209	68	441,446	6.0%	308,370	6.0%	69.9%
14	2022	1,282	73	467,933	6.0%	326,872	6.0%	69.9%
15	2023	1,359	77	496,009	6.0%	346,485	6.0%	69.9%
16	2024	1,440	82	525,769	6.0%	367,274	6.0%	69.9%
17	2025	1,527	86	557,315	6.0%	389,310	6.0%	69.9%
	Average (1)		77		6.0%		6.0%	69.9%



- Subject to the same assumptions in regards to factors likely to affect longer term demand growth for accommodation, we estimate that approximately up to 386 rooms are required over the “long term” period as defined by the client to keep the market at a sustainable equilibrium. This is equivalent to an average compound rate of 6% p.a. or annual average addition of around 77 rooms. We consider suitable sites to provide components of such supply subject to approval and individual feasibility validation would include the Public Transport Authority and Batavia Coast Marina Stage 2 sites.
- Markets rarely stay in equilibrium and inevitably peak and trough however this analysis is considered reasonable in order to measure likely long term supply assuming demand stays consistently strong in line with longer term averages. It is possible that certain unidentified projects will be developed prior to 2028 on the basis of their individual merits and validation or that significantly less projects are built due to many potential reasons such as barriers of entry, lack of feasibility, high construction costs, competing land uses, debt availability, slowing economy, change in technology etc.
- It should be noted that this analysis is acutely sensitive to the key input of demand for room nights occupied. The reader should therefore be satisfied that projections of such demand are not only achievable but sustainable.



7.0 Future Land Use Planning

We have been requested to estimate the amount of land required to be identified and set aside for tourist accommodation under each growth scenario. Our comments in respect of key assumptions in this regard are outlined in Section 6.1. Council were consulted as to the appropriate density that should apply in relation to tourism accommodation which has been adopted. We were advised that there are no specific density requirements pertaining to such land however that for the purposes of the analysis, we have been instructed to adopt 120 to 180 rooms per hectare which is the approximate equivalent to the highest density ratio of R60 i.e. 60 units per hectare.

Short Term – 2009 –2011

Nil rooms = Nil land required

Short to Medium Term 2012 – 2015

Nil rooms = Minimal or nil additional land required

Medium Term 2016 – 2020

Up to 300 rooms = approximately 1.7 to 2.5 hectares based on the assumed density outlined above.

Long Term 2021 – 2028

Up to 386 rooms = approximately 2.1 to 3.2 hectares based on the assumed density outlined above.

We consider suitable sites to provide components of such supply and therefore land subject to approval and individual feasibility validation would include the Public Transport Authority and Batavia Coast Marina Stage 2 sites.

We understand site specific identification will occur when the Local Planning Study is developed however the following broad criteria are considered helpful to assist identifying further potential sites:

- *Proximity to demand generators*, e.g. tourist attractions, entertainment facilities, office parks, casinos, convention centres etc;
- *Visibility / exposure to passing traffic*; venues located on main roads or thoroughfares may generate more business than those on back streets due to visibility to passing traffic of visitors;
- *Ease of access*; describes whether there is any impediment to tourists accessing the site, via roads or other means of transport;
- *General amenity*; describes the area in terms of amenity, such as shopping facilities, entertainment facilities, proximity to restaurants/cafes, beaches, golf courses etc. and the general appeal of the area to visitors; and
- *Competitor environment*; describes the location of the site in terms of whether competition is high or low.

These criteria should be used in conjunction with identifying sites in the top 3 locations by room nights sold being Town Centre, Beach and Ocean Views.

8.0 Disclaimer

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