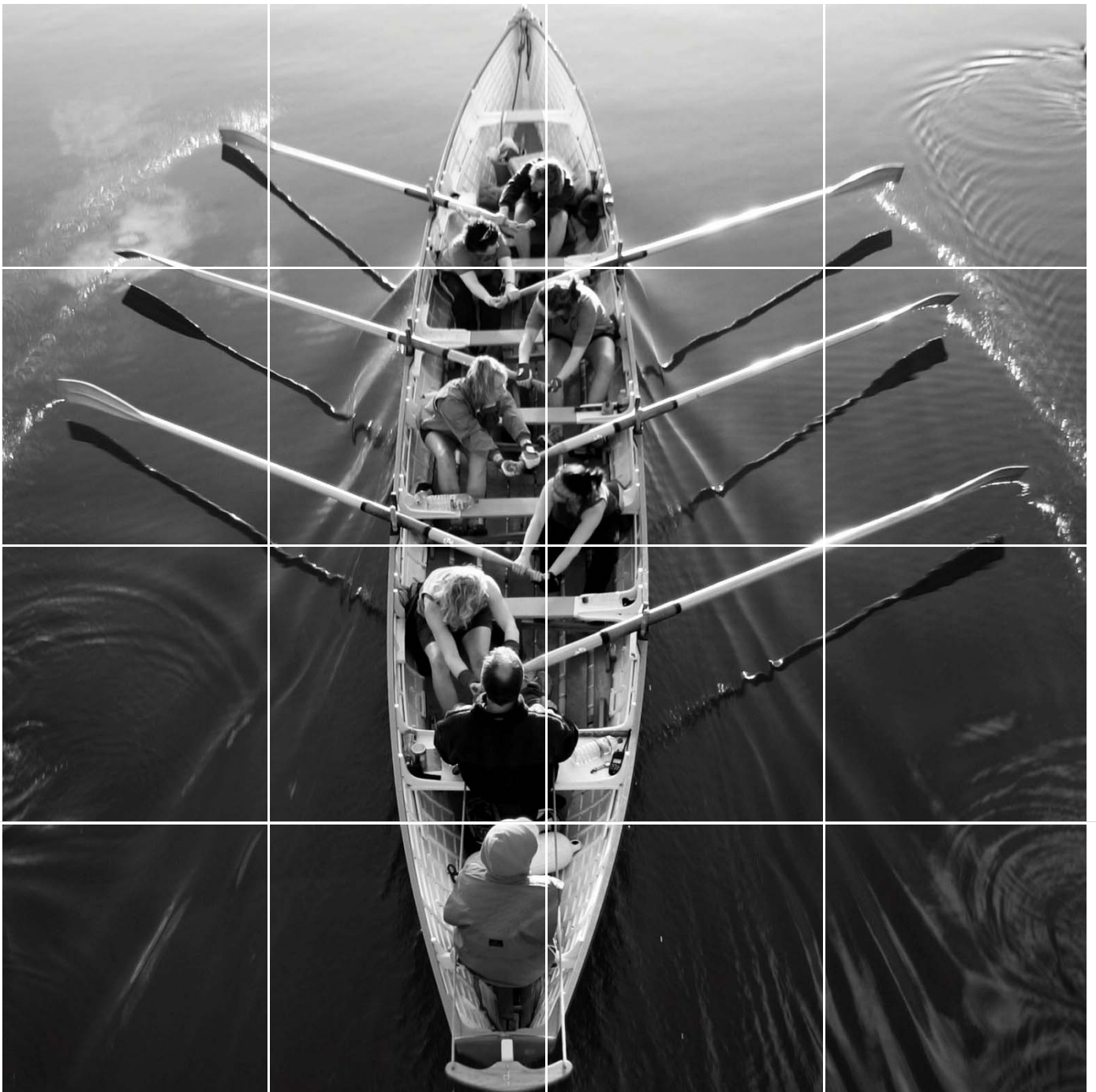


April 2015



# *Bundaberg Riverside Master Plan – Market Sounding and Assessment Report*

Prepared for Bundaberg Regional Council



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# 1 Executive Summary

JLL has assessed the local market drivers including local economy, property market sectors and relevant characteristics of the catchment. This has enabled an informed view to be developed regarding the market-based opportunities, barriers and key risks that will be key influences on the successful implementation of the master plan for the Riverside precinct.

Key findings with regard to medium density residential development opportunities and destination retail land uses are noted below. In addition, key recommendations regarding the implementation plan for the master plan are outlined and based on the market assessment and market sounding undertaken as part of the process.

## 1.1 Medium Density Residential

The introduction of significantly enhanced amenity within the Riverside precinct, combined with improved quality of connectivity to the CBD (across Quay Street and mid-block connections) will provide an attractive opportunity for local residents to consider medium density inner city living options. This will build on the momentum of the early stages of retail activation that have occurred in the CBD.

Based on the residential market assessment and feedback from the market sounding, we note the following key considerations regarding the opportunities for medium density residential within the Riverside precinct and in close proximity to the precinct:

- The high proportion of older residents within the region (22% of residents within the catchment aged greater than 60 years) represents a good opportunity for medium density development and retirement living solutions. This demographic is more accepting of medium density development given they are generally looking to downsize from a larger separate house or rural dwelling to be closer to their networks, retail amenity and critical support (doctors and hospitals);
- The older demographic has driven a change in the dwelling structure within the catchment with the growth in the number of semi-detached and medium density dwellings outpacing supply of detached housing;
- Despite this growth, the market for medium density residential within the catchment and the Bundaberg LGA is still relatively shallow and a multi-rise market is yet to emerge. The number of transactions for this segment of the market was only 50 in 2014 with less than 100 sales recorded each year since 2009. This relatively shallow market and limited emergence of this product type is consistent with many regional towns of comparable size within Queensland. Importantly, there are a number of precedents for regional townships that have recently (last 10 years) successfully started to develop a multi-rise residential market such as Townsville, Mackay, Rockhampton and Gladstone. In each of these markets, there has been a clear improvement in inner city amenity that has occurred as a pre-cursor or in tandem with the delivery of such medium density residential product.
- Price point drivers will be critical in the viable delivery of medium density product. This may present some challenges, given the relatively low median sales prices for medium density product within the primary catchment (only \$227,000 during 2014) and income profiles in the catchment (a significant 68.8% of individuals had an income less than \$800 per week as at 2011). These factors will heavily influence viability of multi-rise product in terms of prices and take-up rates. While price points for multi-rise product will clearly be above current median prices in order to be viable, detailed feasibility testing would determine the range of potentially viable price points that could be supported relative to the depth of market.
- Based on forecast population rates and changing dwelling preferences the demand for medium density product within the Primary Catchment is expected to be between 3,000 and 3,800 dwellings required over the next 20 years. This equates to an average of 150 to 190 dwellings per annum. JLL note that a large proportion of this demand will occur between 2021 and 2036 not necessarily in the short term.
- For the Riverside precinct specifically, based on land availability and alignment with activated opportunities within the precinct, JLL consider this could see the precinct capture a market share in the order of 10% to 20% of the medium density market. This would see between 300 and 750 dwellings between 2016 and 2036, equating to an annual average level of demand of between 15 to 40 dwellings. Stronger take-up rates may potentially be achieved depending on a range of other influential factors.



These may include but are not limited to: the pace of implementation of the riverside master plan with regard to complementary land uses that will support strong demand for residential living and other CBD market influences that may support these market drivers.

- Specific to the level of density likely to be achieved, it is noted that given the level of market depth and risk profile, the majority of development will be likely be up to 5 levels or a total of a maximum of around 40 apartments per project. This will enable sufficient pre-sale hurdles to be achieved in realistic timeframes (50% sold within 6 months) which will support likely funding requirements.

The above findings highlight the opportunity for medium density development within the primary catchment and the Riverside precinct. This opportunity will occur over time, with the larger portion of demand being over the medium to long term as more significant traction is demonstrated to the market regarding implementation of the riverside master plan.

## 1.2 Retail Development

The retail market within the Bundaberg CBD has maintained a diverse mix of high street retailing and activity with key activity nodes including Bourbong, Woongarra and Maryborough Streets. This provides a solid base that can drive activation of Quay Street and Riverside precinct. Providing quality enhanced linkages from the CBD and across Quay Street to the Riverside precinct will be critical to capturing this major source of demand. This will be an essential element that underpins the sustained financial performance and level of utilisation of the Riverside precinct.

Furthermore, the riverside precinct has strong potential to introduce a diverse range of uses that have destination appeal and that leverage the range of existing uses to enhance the success of the precinct. JLL consider that retail development, as part of future development along the riverfront would be highly attractive to both tenants and developers. Recommended uses that would be market supportable and complementary to the precinct are:

- A designated dining precinct – formed by a small number of co-located alfresco cafés and restaurants (5-6 tenancies or in the order of 500sqm to 1,000sqm);
- A tavern / bar (possibly the local Bargara Brewery) providing entertainment and possibly function and event facilities. Outdoor elements will be key and leveraged the significant river views (which most existing venues do not fully leverage);
- Leisure based retailing to serve the visitor market – e.g. unique locally produced lifestyle clothing, local crafts / souvenirs, ice cream shop, coffee shop, produce focussed on the local region (say 6-10 tenancies);
- Services – enhanced offering to existing facilities for tourist operators for river cruises / other river based activities, tourist information (2-4 tenancies);
- Convenience retailing – e.g. newsagent, deli (2-4 tenancies).

JLL consider that the Riverside precinct will perform best with a number of smaller clusters that will support the strongest opportunity for activation and sustainable operations. Our assessment of key uses above suggests 20-25 tenancies, with most tenancies being between 80-150 square metres each.

## 1.3 Market Sounding Findings

JLL conducted a level of market sounding with a range of local market participants. This included active local developers, key landholders and occupiers in the precinct. A number of strong themes were evident from this market sounding. These have been categorised into the following key segments as follows and include JLL's observations relating to implications for the master plan and implementation strategy:



## Opportunities for Redevelopment and Enhanced Recreational and Retail Amenity

Theme	Implications for the Master Plan and JLL Recommendations
The strongest opportunities for retail along the riverfront are considered to be through an 'extension' of the most active retailing segment of the CBD – between Barolin and Tantitha Streets	The concentration of new retail in 'nodes' will be key to ensure economically sustainable and leveraging the strongest source of demand drivers from the CBD
Potential for a fresh-food / farmers markets style retail opportunity on the parklands – this was noted as having been tried by an organisation called Bundy Pride.	JLL note that markets can be a very effective activating use but require 'curation' by a skilled operator to have maximum impact. This ranges from selection of stall operators, to frequency, and marketing to ensure a successful outcome. Conversely, if executed poorly or not meeting the target market the markets can detract significantly from the renewal potential of a precinct.
High priority need for alterations to Quay Street to reduce the volume and speed of the traffic and ideally reduction in heavy vehicles.	This is considered to be one of the most critical elements to address in the initial stages of the implementation of the Masterplan.
Moving carparks from prime riverfront locations to other locations to significantly enhance the recreational spaces along the river	This will be key to address over time but ideally over the short to medium term.
<p>Major sites noted for redevelopment were:</p> <ul style="list-style-type: none"> <li>• Bowls Club – would represent a good opportunity for a 'gateway' land use to the precinct.</li> <li>• Diary Co-op – currently owned by the State</li> <li>• Pool – leverage the opportunity with upgraded facilities and potentially expanded facilities e.g. 'water play'</li> </ul>	<p>A range of land uses and development sites present significant opportunity for increased density and activation of the precinct.</p> <p>Key to the co-op site is aligning the activation potential of the sites with the vision and objectives for the Riverside precinct to land on the optimal land use outcomes. Preliminary consideration is that short-term and permanent accommodation are considered to be most suitable for this site.</p> <p>The pool site provides significant opportunity to build on this use with enhanced facilities that elevate the region-wide appeal of this as a key recreational anchor for the precinct</p>
State pre-commitment to new commercial buildings would provide the catalyst for the redevelopment / development and could anchor the main street and Quay Street	Retention of State employees in the precinct is critical or could run counter to objectives of supporting activation of the Riverside precinct. Will also be critical to improve activation of the CBD and reinforce the primacy of this as the major commercial node. Consolidation and relocation of State occupied space into two new multi-rise buildings in the CBD core would provide significant economic stimulus.
Short-term accommodation uses were identified as having strong market appeal to develop	The local market sees strong potential in this land use in the precinct and noted the range of locations that may be suitable for the precinct broadly ranging from Targo Street to Burrum Street
Residential development was considered to generally	Most local market participants engaged with





be most likely to be market supportable at lower densities (3 to 5 levels) for the short to medium term (1 to 10 years) given the risk associated with the development type and current market depth	were not considered high potential to undertake development of multi-rise residential but considered this land use an important one to develop in the precinct
Retail use should be supported on Quay Street but must be staged and complementary to retail on the Bourbong street.	This is critical as the Council has invested heavily into the redevelopment of the main street and some of the retailing has been challenging. Retention of major CBD retail anchors in the CBD is also noted as key to ensuring that the performance of the CBD is not progressively eroded by enclosed suburban retail shopping centres. The performance of the CBD will be essential to preserve and enhance to ensure the best possible outcomes for the Riverside precinct.
Market interest in participating in development opportunities was moderate to high depending on the proponent. Many proponents would develop a particular type of land use (e.g. short-term accommodation), but no single group indicated a preference to develop multiple uses	Implications for this may be that larger scale private sector capital and expertise to facilitate the initial and potentially medium to longer term development outcomes will most likely be required to come from outside of the region

### Barriers to Redevelopment and Key Risks

Theme	Implications for the Master Plan and JLL Recommendations
There are no immediate compelling drawcards for visitors and residents to interact with the Riverfront.	The Riverside precinct has the opportunity to introduce a range of retail and recreational attractors that have strong destination appeal. These attractors will need to appeal widely to be both locals and tourists to deliver a sustainable outcome and a genuine Bundaberg experience.
The volume and speed of traffic on Quay Street is unappealing for pedestrians and for crossing the road	As per comments above – addressing this will be key early component of the implementation plan for the precinct
The direction of the tenancies on the main street, which all face inwards away from the river provides limited cross access	Mid-block connections and enhanced connectivity to Bourbong Street will be key to successfully activating Quay Street / the Riverside precinct
A lack of shade or trees making it uncomfortable to walk along Quay Street	Addressing the street amenity will strengthen the pedestrian linkages between the precinct and CBD. This will open up a new 'movement economy' on these connections and through to Quay Street and the Riverfront.
Large contiguous land holders in the Quay Street precinct that are not active developers or likely participants in the renewal process	While this may act as a barrier, the contiguous holdings can present an opportunity for master planned and coordinated urban renewal outcomes. Coordinated approach with support from Council to ensuring the market can 'unlock' opportunities will be key during the implementation process.



<p>Not enough facilities on the parkland to attract many people and any space is "overrun by hippies and backpackers"</p>	<p>Reduction in car parking in immediate precinct will assist in reducing conflicts. Strategy will need to still strongly encourage visitation by backpackers to the precinct as the precinct that acts as the showcase Bundaberg. Potential dedicated short-term over-night backpacker parking facilities in close proximity or free shuttle services.</p>
<p>Limited weekend activation in the CBD after work hours and on a weekend makes it difficult to support night time based retail</p>	<p>Enhanced focus on strengthening demand drivers for increased night time economy through incentivised arrangements to rapidly increase supply of short-term and permanent accommodation in close proximity to the CBD and Riverside precinct and enhanced retail activation provisions for new / emerging businesses</p>
<p>Prior to the floods the river was activated with trawlers and commercial boats but the private marina was washed away leaving a void in activation</p>	<p>Explore reinstatement of river infrastructure to drive on-river activation. Introduction of a range of new uses such as use of light river craft, pontoon structures and light weight structures that can be rapidly and cost effectively restored post major flood events. Potentially explore more river craft mooring opportunities to enable 'boaties' to utilise the precinct</p>
<p>Potential loss of employment and major tourism attractors for the region through loss of Bundaberg Distillery and Bundaberg Brewing</p>	<p>These iconic tourism attractors are understood to have the potential to be retained through ensuring cost effective energy supplies to maintain local production. Given the proximity to the Riverside precinct and the potential 'tourism trail' experience to connect to these major businesses, coupled with the range of other existing and planning retail uses on the 'trail' this is considered to be a critical element of a broader economic and tourism strategy for the CBD and local economy. This reinforces the issue that the successful renewal of the Riverside precinct will be very much dependent on the actions and initiatives that support major demand drivers for the precinct.</p>





## 2 Introduction

Bundaberg plays a critical role as a major regional centre within Queensland and in particular the focal point for Wide Bay Burnett. As Bundaberg continues to expand and strengthen this role as a key regional centre, it is important that key assets such as the riverside precinct are optimised in line with the evolving requirements of the city's residents and visitors. The riverside precinct provides a significant 'city shaping' opportunity that can stimulate property markets and play a greater role in driving economic activity for Bundaberg.

Bundaberg Regional Council (Council) has commenced a master planning process, led by Place Design Group and JLL to prepare a master plan for the precinct as well as provide a clear framework implementation of master plan. Specifically, this master planning process is seeking to address the following project objectives:

- Identification of preferred land uses and development of key sites and precincts within the study area;
- Rationalise movement and function within the study area, in particular vehicular movements along Quay Street and pedestrian accessibility from the CBD to the riverside;
- Consolidation of open space and recreational activities within the study area;
- Provide an detailed understanding of the economic and market influences necessary to facilitate the delivery of commercial elements the master plan; and
- Identify key implementation and staging recommendations, with a specific focus on immediate to short term opportunities

Place Design Group and JLL have completed a commercially grounded approach to master planning process, including initial market engagement with key local stakeholders. This approach is fundamental to ensuring the master plan is viable, cost-effective and deliverable to enable the strongest possible response to development opportunities from the property industry. This will ensure the success of the master plan and ultimately support a cycle of continued investment and redevelopment of the riverfront precinct that facilitates a dynamic outcome that achieves Council's long-term vision for the precinct.

As part of this process, JLL has undertaken an assessment of local demand drivers for the relative land uses being considered for development on the site. This will include key factors such as:

- Structure, size and performance of the local economy;
- Major industry drivers – local and state based;
- Property market sector analysis – to consider the demand drivers, and performance characteristics of local market sectors. This is to inform the thinking behind market-based opportunities for development potential within the precinct that can be factored into the master plan;
- Major projects (industry specific and infrastructure) that have been recently completed are planned or are underway in the local area. This includes road projects, hospitals, schools and major property projects;
- Demographic Profiling – analyse local catchment demographics and trends to further detail a market profile specific to the local market and its precincts (this will examine age distribution, income, employment profile, spending trends, dwelling structure and tenure); and
- Regional economic benefits – A high-level overview of the expected economic benefits that will flow to the Bundaberg region because of the development of the Bundaberg Riverside Master plan. Industry benchmarks will be utilised to determine potential economic benefits for land use types and quantum under the proposed master plan, including through employment (construction and operational).



## 3 Macroeconomic Drivers

### 3.1 National and State Economic Overview and Outlook

Australian economic growth for 3Q14 came in well below market expectations at 0.3%; equivalent to 2.7% growth over the year to September. Deloitte Access Economics estimates that growth over 2014 was 2.7%, below the annual trend of just above 3%. However, this compares favourably with most other developed economies. Whilst the number of people employed has gradually increased throughout the year, the unemployment rate ended the year at 6.1% slightly above the 5.9% recorded in December 2013. Consumer sentiment remains subdued and business confidence has also trended downwards since the middle of 2014.

Bulk commodity prices (iron ore, coal) have fallen significantly during 2014 and this will have a significant impact on the value of Australia's exports. However, the decline of the Australian dollar against the US Dollar has helped to offset some of these price falls - 1 AUD is currently equivalent to 0.78 USD. Australia's economy is not making the switch to the domestic economy as easily as had previously been expected. The RBA cut the cash rate by 25 basis points at its first meeting of the year in February. This takes the rate to a new historic low of 2.25%; directly aimed at helping to stimulate the economy.

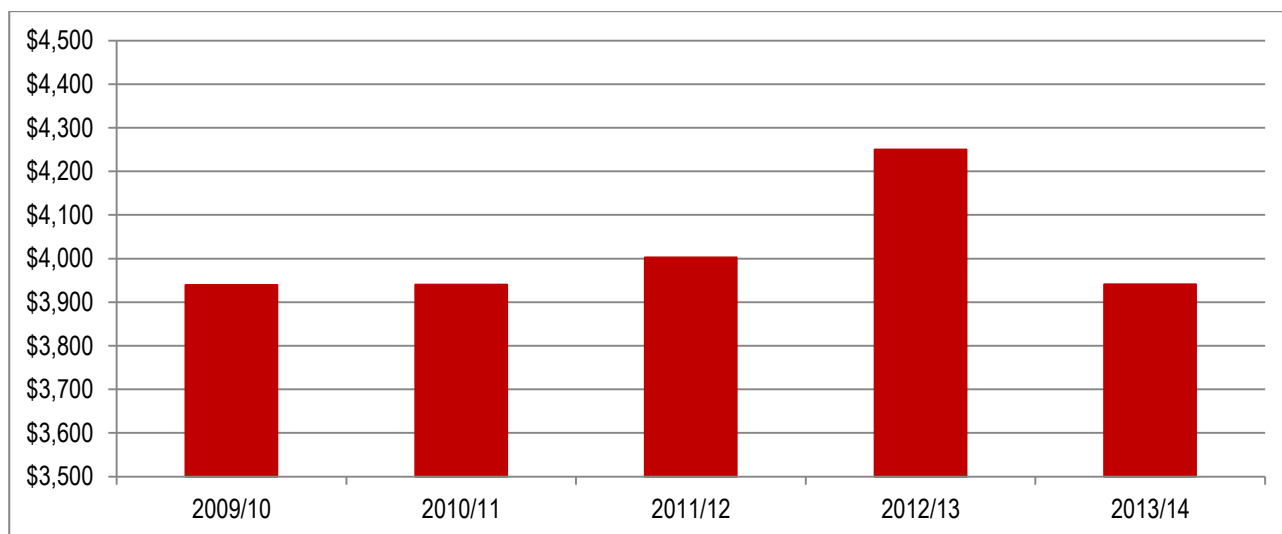
Queensland's economic growth has been more heavily dependent on mining investment in recent years with the construction of the enormous LNG projects in Central Queensland but with a recent and rapid slowdown in this sector, the local economy has not had sufficient time to make a successful transition to a broader base of economic drivers. This is reflected in key indicators such as Gross State Product which is estimated to have grown by 2.5% in 2014, whereas State Final Demand (SFD) is thought to have declined by 0.8%.

Strong export demand will support growth; however, a revival in the domestic economy is also expected. Residential investment should help to offset some of the decline in business investment. Tourism is also expected to support growth as the weaker Australian dollar will encourage international visitors and domestic tourism. Queensland GSP growth is expected to be around 2.9% in 2015, before increasing to 4.1% in 2016. SFD is also forecast to make a recovery with positive growth of 1.1% in 2015 and 2.4% in 2016.

### 3.2 Local Economic Review

The economy within Bundaberg LGA experienced a significant temporary spike in growth during 2012/2013 with GRP increasing by over 6.0% between 2011/12 and 2012/13. This strong growth was largely led by considerable investment in mining, retail trade and healthcare and social services and works undertaken during post-flood recovery activities. The growth in GRP, as illustrated in the chart below, has returned to being more broadly in line with the long-term average within the LGA.

#### Bundaberg Economic Output (Gross Regional Product – GRP) 2009-14

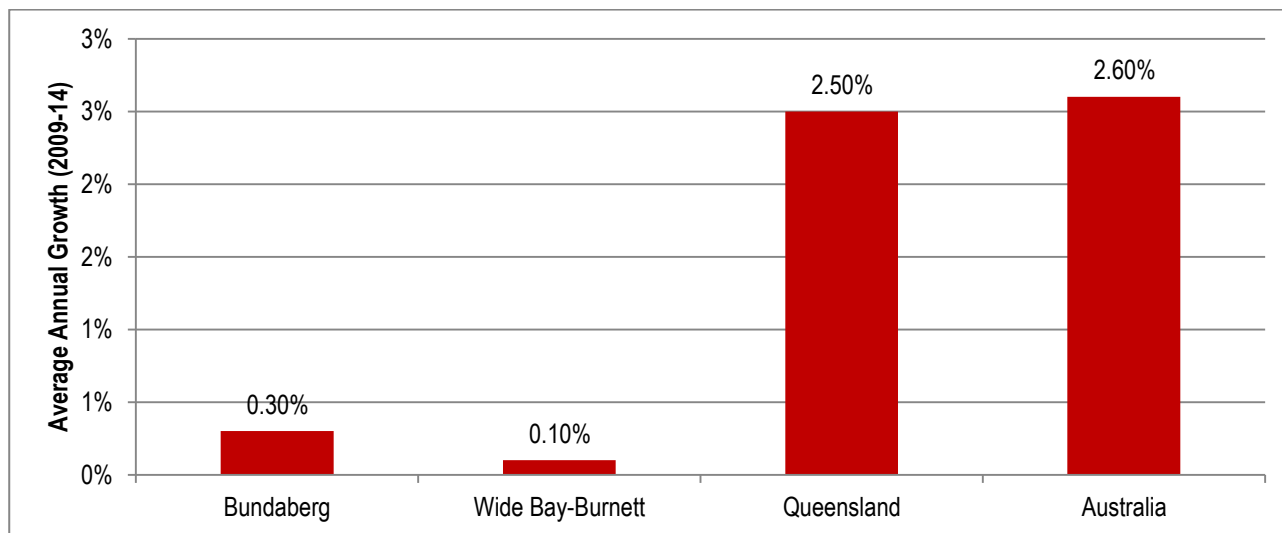


Source: JLL, ABS and Lawrence Consulting



The chart below illustrates the average annual growth in GRP for the Bundaberg LGA, Wide Bay-Burnett, Queensland and Australia. It illustrates that over the last five-year period ending June 2014, Bundaberg has registered positive growth in GRP, albeit only a marginal amount. This is consistent with the Wide Bay-Burnett region and reflects the impact of a number of contributing factors including the recent major flood events and associated employment and productivity impacts (and equally the spike in recovery expenditure) that has resulted in slower levels of average annual growth in overall economic performance of the region in recent years.

### Economic Growth Comparisons – 2009-14



Source: JLL, ABS and Lawrence Consulting

### 3.3 Key Major Local Projects

The Bundaberg LGA is well serviced by key infrastructure, and was recently rated in the top 20% of regional LGAs nationally by the Regional Australia Institute for essential infrastructure including ports, airports, roads and rail, as well as access to services such as education and medical.

Within the 2014-15 regional budget, there are a number of projects mooted for the Wide Bay-Burnett region including Bundaberg. These include:

Project	Description	Value (\$ Million)
Recovery and reconstruction	Local government authorities for recovery and reconstruction projects in partnership with the Australian Government	\$250
New oral health facility	New oral health facility at Bundaberg	\$7.5
Social Housing	Expanding and improving social housing in the region	\$20
D'Aguilar Highway Upgrade	Construct a new 1.2 kilometre-overtaking lane on the D'Aguilar Highway between Yarraman and Kingaroy.	\$5
Burnett River Bridge	Rehabilitate the Burnett River Bridge on the Bundaberg–Gin Gin Road in Bundaberg Central, due for completion in June 2015	\$3.5
Isis Highway, Childers	To rehabilitate pavements on sections of the Isis Highway at Childers, due for completion in May 2015	\$3

A number of initiatives and major projects for the region are currently in advanced stages of planning and or delivery, including:

- Burnett River Floodplain Action Plan



- Rubyanna Wastewater Treatment Plant
- Barolin Street Upgrade
- Bundaberg Showgrounds
- Childers Streetscape
- Aviation and Aerospace Precinct
- Gin Gin Streetscape
- Bundaberg Recreational Precinct
- Elliott Heads Foreshore Masterplan and Kiosk
- Bundaberg Region Athletics Facility



# 4 Demographic Assessment

## 4.1 Catchment Area Demographic Profile

Assessment of the demographic profile of the catchment has been undertaken as a critical element to identifying the major source of demands and the key driver for land use components within the riverside precinct. The map below illustrates the catchment region adopted for the demographic analysis in order to provide an understanding of the profile of the local market.

The primary catchment broadly reflects the metropolitan area of the City of Bundaberg, which is benchmarked against the Bundaberg Regional Council. The regions were adopted based on a Statistical Area Level 2 (SA2) or Local Government Area (LGA), as identified by the table below;

**Table 1: Primary Catchment and Benchmark Regions**

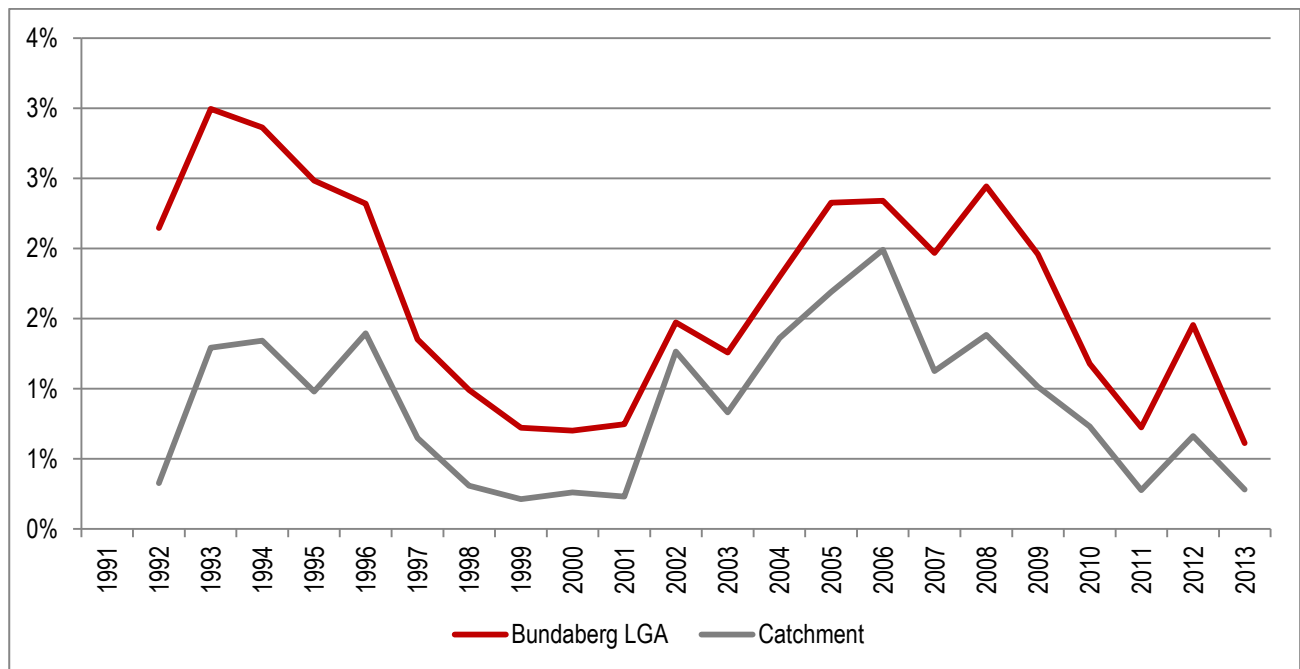
Primary Catchment Region (SA2)	Benchmark Region (LGA)
Ashfield - Kepnock	Bundaberg Region
Bundaberg	
Bundaberg East - Kalkie	
Bundaberg North - Gooburrum	
Millbank – Avoca	
Svensson Heights - Norville	



## 4.2 Population Growth

The figure below illustrates the annual growth in estimated resident population (ERP) within the catchment and Bundaberg LGA.

Figure 1: Bundaberg and Catchment Population Growth



Source: JLL & OESR

Growth within the catchment has averaged 0.7% per annum over the last five years, and 1.1% over the last decade, underlining the constrained population growth with the region. In absolute growth terms, the catchment has increased by almost 5,000 residents over the last decade with the majority of this growth occurring between 2004 and 2008. The Bundaberg LGA has grown at a higher rate when compared to the catchment, recording a growth of 1.7% over the last decade. This equates to a growth of approximately 15,000 residents over the last decade.

The limited growth within the Bundaberg LGA and catchment can be attributed to a number of key fundamentals including:

- Limited direct economic growth within the Bundaberg LGA, which has flowed through to a stagnation in employment numbers and subsequently demand for new residents to move into the region;
- The increase of the FIFO mining workforce with workers able to service the mining industry from other major regional towns; and
- The transient nature of the workforce within the Bundaberg LGA with a large part of the workforce employed as Labourers (15.4%) and Technicians and Trade Workers (14.7%). This type of occupation can generally relocate quickly for work purposes and as such, a large proportion could have potentially moved out of the region once the economic conditions declined as they moved elsewhere to seek employment opportunities.



### 4.3 Age Distribution

The table below illustrates the age distribution for the primary catchment and Bundaberg LGA at the time of the 2001, 2006 and 2011 Census Periods.

	Catchment			Bundaberg LGA		
	2001	2006	2011	2001	2006	2011
0-4 years	6.6%	5.8%	6.0%	7.2%	6.3%	6.4%
5-9 years	7.6%	6.9%	6.3%	7.7%	6.8%	6.4%
10-14 years	7.6%	7.7%	7.1%	7.3%	7.6%	6.9%
15-19 years	6.8%	6.5%	6.5%	7.1%	7.0%	6.9%
20-24 years	4.8%	4.8%	4.8%	5.6%	5.9%	5.8%
25-29 years	5.2%	4.4%	4.7%	5.9%	4.9%	5.8%
30-34 years	5.8%	5.1%	4.7%	6.2%	5.5%	5.0%
35-39 years	6.8%	6.2%	5.5%	6.6%	6.0%	5.5%
40-44 years	7.3%	7.0%	6.3%	6.9%	6.6%	5.9%
45-49 years	6.8%	7.1%	6.8%	6.4%	6.5%	6.3%
50-54 years	6.7%	6.8%	6.9%	6.0%	6.1%	6.1%
55-59 years	6.3%	7.2%	6.8%	5.4%	6.0%	5.8%
60-64 years	5.7%	6.7%	7.3%	4.9%	5.7%	5.9%
65-69 years	4.9%	5.8%	6.7%	4.3%	5.2%	5.8%
70-74 years	4.4%	4.5%	5.3%	4.3%	4.6%	5.1%
75-79 years	3.1%	3.6%	3.7%	3.6%	4.1%	4.1%
80-84 years	2.0%	2.3%	2.6%	2.5%	2.9%	3.3%
85 years and over	1.6%	1.8%	2.1%	2.1%	2.5%	3.0%

Source: JLL and ABS Census 2001, 2006 & 2011

The high proportion of older residents within the primary catchment is evident with 21.3% of the population, at the time of the 2011 Census period, aged between over 64 years, compared with 16.6% as at the 2001 Census. The prevalence of this older demographic is more paramount within the LGA where the proportion of residents aged greater than 60 years was almost 28% at the time of the 2011 Census Period, increasing from 21% in 2001. In absolute growth terms, the population within this age cohort within the LGA has increased by almost 10,000 residents between the 2001 and 2011 census periods, which accounted for approximately 75% of all population growth within the LGA over the period.

The growth within the older demographic within both the catchment and LGA has been offset by a decline in the number of young families, parents aged 30 to 39 years and children less than 10 years. The number of residents aged between 30 to 39 years has decreased by 500 within the catchment and by 550 within the LGA between the 2001 and 2011 Census periods. Residents aged less than 10 years of age has also declined in absolute terms by more than 300 within the catchment over the same period.

The change in age distribution will have an impact on the residential property market through:

- A change in dwelling preferences with an older demographic more content to reside within medium density dwellings (generally townhouse or low density apartment projects) as they don't have the space requirements of a young family; and
- A level of increased affordability constraints with an older demographic, although generally more asset rich, generally seeking to downsize and reduce their capital requirements of their primary dwellings



## 4.4 Dwelling Structure

The table below illustrates the dwelling structure within the catchment and Bundaberg LGA at the time of the 2001, 2006 and 2011 Census periods.

**Table 2: Catchment and Bundaberg LGA Dwelling Structure**

	Catchment			Bundaberg LGA		
	2001	2006	2011	2001	2006	2011
Separate house	82.3%	80.6%	78.9%	83.2%	83.5%	82.7%
Semi-detached	5.7%	6.8%	8.1%	4.6%	4.2%	5.5%
Flat, medium density product or apartment	8.3%	9.2%	10.3%	5.9%	6.5%	6.6%
Other dwelling:	3.1%	3.3%	2.7%	5.6%	5.7%	5.1%
Dwelling structure not stated	0.6%	0.2%	0.0%	0.7%	0.2%	0.0%

Source: JLL and ABS Census 2001, 2006 & 2011

Typical of most regional markets, dwelling types in both the catchment and Bundaberg LGA are primarily detached houses. Interestingly, the proportion of detached houses within the catchment has declined between the 2001 and 2011 census periods by approximately 3.5%, larger due to an increase in the number of semi-detached and apartment dwellings.

The larger number of older residents and changing dwelling preference is one of the main drivers behind the steady emergence of the semi-detached medium density product. The proportion of these two dwelling types in the catchment has increased by 4.4% between the 2001 and 2011 census periods, equating to a growth in absolute terms of approximately 1,194 dwellings.

## 4.5 Dwelling Tenure

The table below illustrates the dwelling tenure for the primary catchment and Bundaberg LGA at the time of the 2001, 2006 and 2011 Census periods.

**Table 3: Catchment and Bundaberg LGA Dwelling Tenure**

	Catchment			Bundaberg LGA		
	2001	2006	2011	2001	2006	2011
Owned outright	40.8%	36.8%	34.3%	43.8%	39.4%	37.7%
Owned with a mortgage	22.4%	25.5%	25.7%	23.5%	27.3%	28.0%
Rented	32.2%	30.0%	32.8%	27.4%	25.7%	27.5%
Other tenure type	1.5%	1.1%	1.6%	1.7%	1.2%	1.5%
Tenure type not stated	3.0%	6.6%	5.6%	3.5%	6.5%	5.4%

Source: JLL and ABS Census 2001, 2006 & 2011

The composition of home owners (including both owned outright and with mortgage) compared with renters has only changed marginally within the catchment between the 2001 and 2011 Census periods, and this is consistent with the Bundaberg LGA.

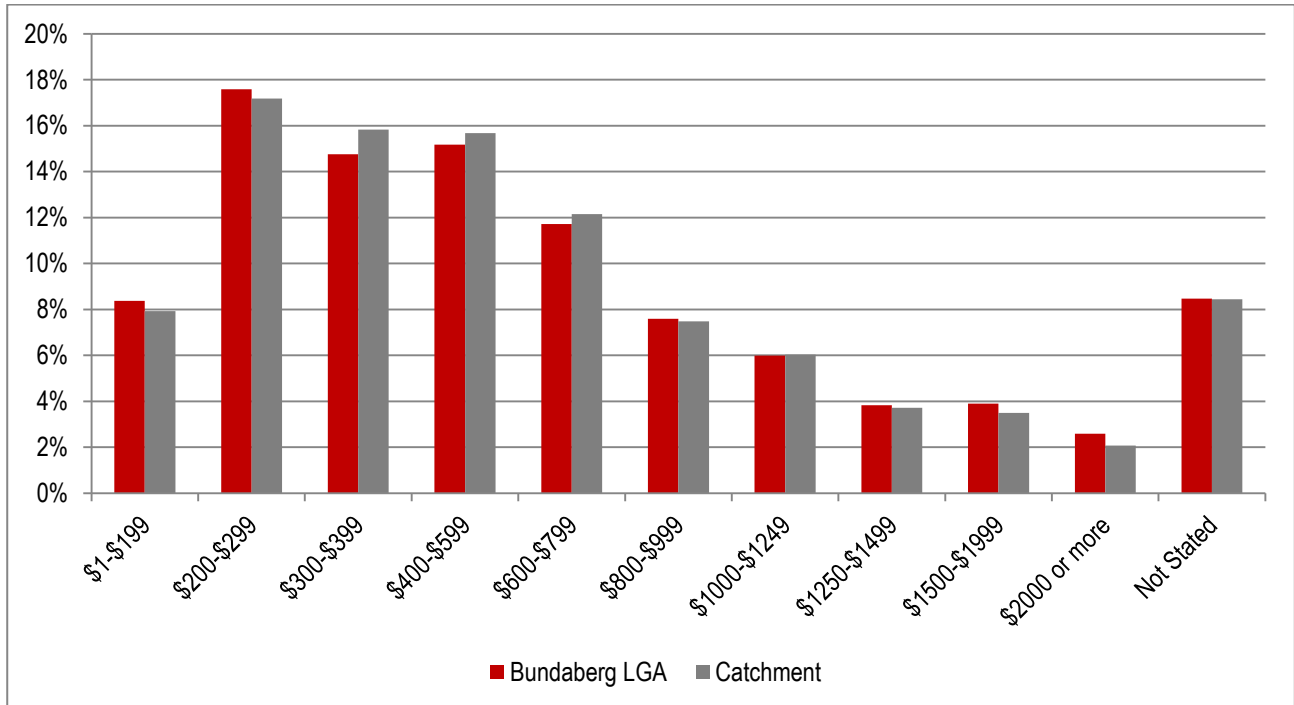
Within both the catchment and LGA however, there has been a reduction in the proportion of those who own outright, offset by an increase in those with a mortgage. This highlights the increasing cost of home ownership and is consistent across most markets across Queensland and indeed nationally.



## 4.6 Personal / Individual Income

The chart below illustrates the individual income for residents within the catchment and Bundaberg LGA at the time of the 2011 Census Period. A change of recording methodology by the ABS prevented a time series comparison being conducted.

**Figure 2: Catchment and Bundaberg LGA Individual Weekly Income Profile**



Source: JLL and ABS 2011

The individual income profile illustrates the high level of correlation between the catchment and the Bundaberg LGA. The catchment exhibited a fairly low income profile, with \$200 - \$299 the most common income range for residents during the 2011 Census period, and 68.8% of residents recording an income less than \$800 per week.

The lower income levels are in part a reflection of the large population of retirement aged residents, many of whom are no longer in full-time employment. Income levels relative to the deepest segments of the market will influence the rent and sales prices and total volume of new product, which can be supported by the local market.



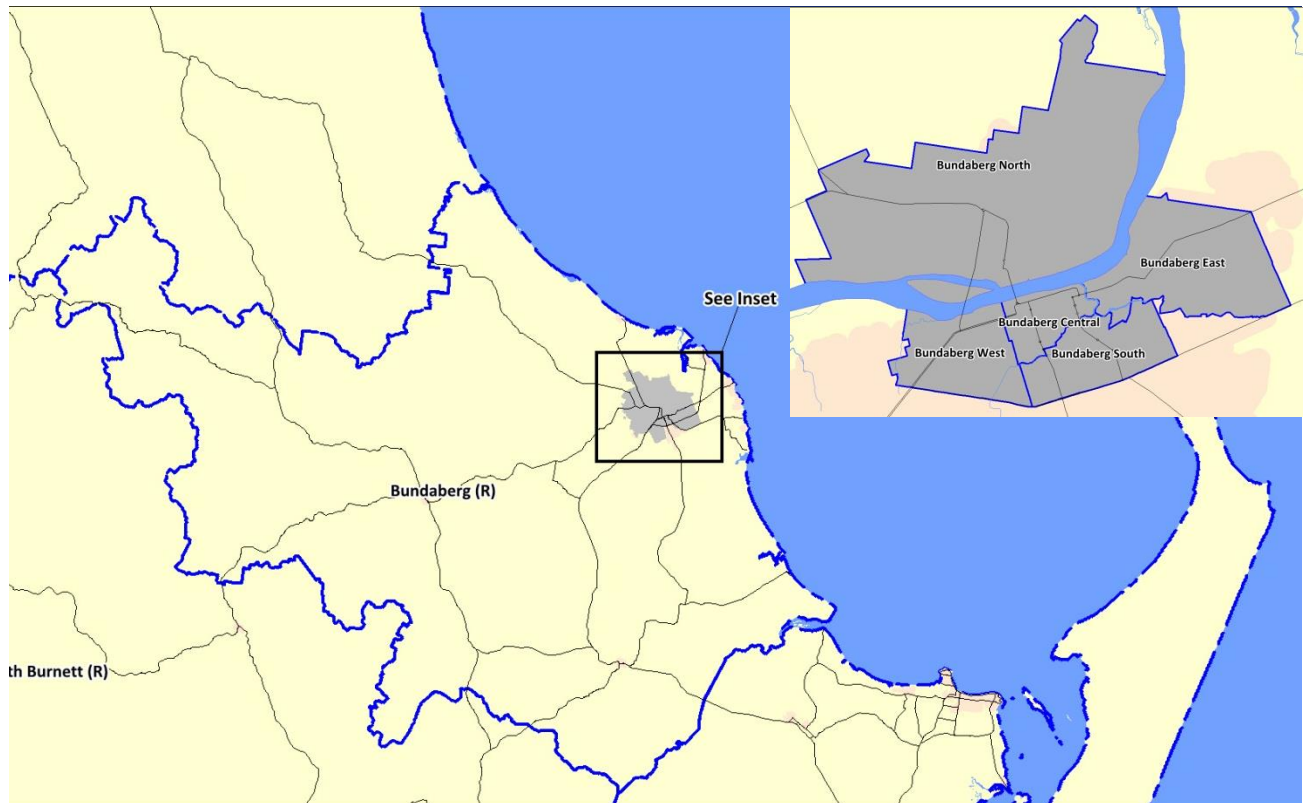
# 5 Residential Market Supply and Demand Analysis

## 5.1 Overview

The map below illustrates the catchment region adopted for the residential analysis. The catchment was established to provide the most accurate analysis relevant to the project site. The catchment was based on suburb boundaries, with the benchmark region the Bundaberg Local Government Area (LGA), as identified by the table below;

**Table 4: Primary Catchment and Benchmark Regions**

Primary Catchment Region (Suburbs)	Benchmark Region (LGA)
Bundaberg	Bundaberg Region
Bundaberg North	
Bundaberg East	
Bundaberg East	
Bundaberg Central	
Bundaberg South	
Bundaberg West	

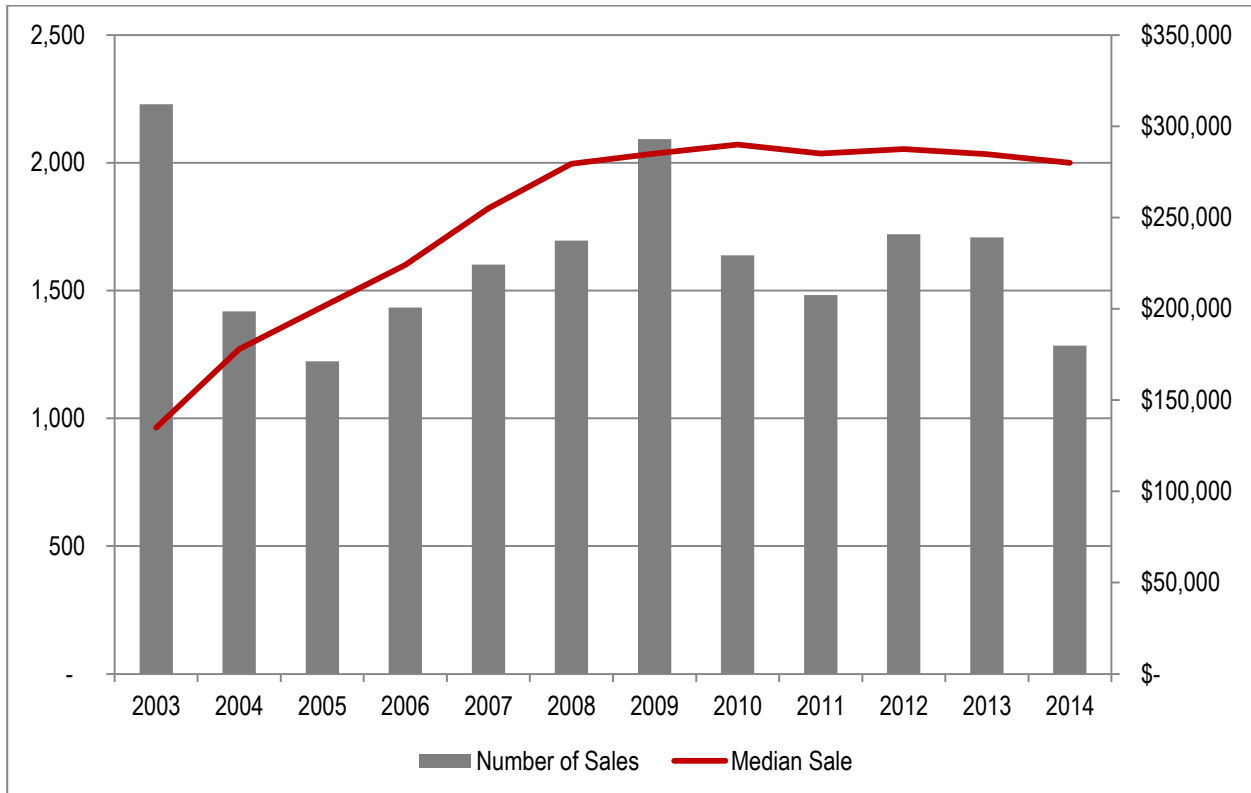


## 5.2 Detached House Market Cycle Analysis

### Bundaberg LGA Analysis

The graph below illustrates the number of sales and median sales price for houses within the Bundaberg LGA on an annual basis between 2003 and 2014. We note that 2014 data is for the year to October 2014.

Figure 3: Bundaberg LGA - House Sales Cycle



Source: JLL & RPData

The median sales price for houses within the Bundaberg LGA during 2013 was recorded at \$284,750 based on 1,708 transactions. Over the five year period ending December 2013, the median sales price recorded average annual growth of 1.9% per annum, having softened since the strong growth experienced in the lead up to 2008. As a result, this growth rate recorded is slightly below the long term 10 year average with the median sales price recording strong growth of 8.2% per annum between 2003 and 2013.

The number of settled transactions within the housing market has remained fairly consistent, with 2013 recording 1,708 sales, which was slightly above the long term average (1,601), and indeed the fourth highest year for settled transactions during the period considered, after 2003 (2,229 sales), 2009 (2,093 sales) and 2012 (1,720 sales).

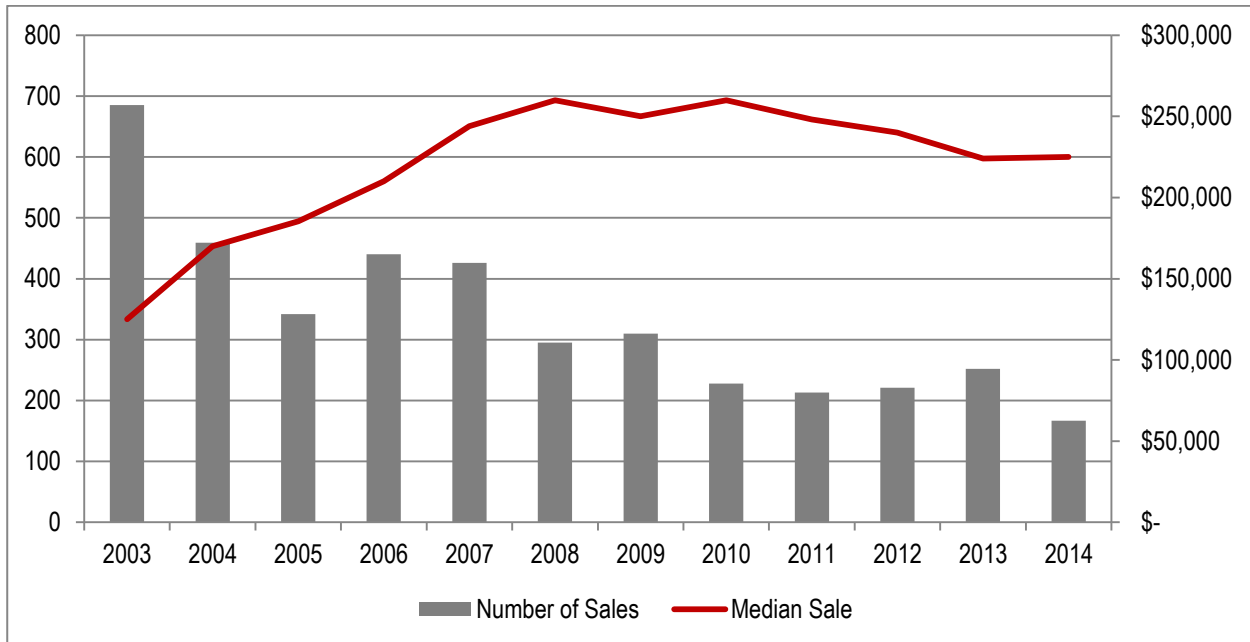
The steady volume of transactions and high level of stability in the median sales price within the Bundaberg LGA bodes well for any future development within the subject area as it highlights the existing level of on-going demand to reside within the region.



## Catchment Analysis

The chart below illustrates the volume of sales and median sales price for houses within the residential catchment on an annual basis between 2003 and 2014.

**Figure 4: Catchment - House Sales Cycle**



Source: JLL & RPData

The median sales price for houses within the primary catchment during 2013 was recorded at \$224,000 based on 252 transactions. The median sales price is down from the most recent peak of the market in 2010, equating to a decrease in the medium price of around 15% and with sales volumes at around 35% below long-term average levels. By comparison, the long-term average growth rate in the median sales price has seen a steady level of growth at 6.1% per annum between 2003 and 2013.

The catchment median in 2013 (\$224,000) was significantly lower than the benchmark (\$280,000). This can be attributed to a number of key elements including;

- The lack of recent large-scale development and urban renewal within the primary catchment has resulted in a number of the suburbs having an aging stock of dwellings, which may be contributing in part to the recent softening in the median price as well as a shift to more price-point sensitive stock in the market.
- The number of rural properties with significant land holdings which may have been included in the LGA sales statistics

The number of house transactions within the primary catchment increased by 14.0% between 2012 and 2013 with 31 additional transactions recorded over the period. The number of transactions was also the highest recorded since 2009, illustrating an increased level of market activity within the primary catchment and a continued recovery from the effects of the GFC. This activity should contribute to attracting new development to the region as the market seeks to capitalise on this strong demand.

While data for 2014 is only available to October, this presents a partial understanding of the impact of the 2013 floods on the catchment housing market from this event. The 2011 flood appears to have had little negative impact on the total volume of sales during 2011 and the following years. Interestingly, total settled sales increased marginally in both 2012 and 2013. We note that the floods may in fact have contributed to increased sales volumes as flood affected vendors seek to relocate to other areas. It is likely that these flood events have had an impact on the median sales price, however, with declines each year between 2010 and 2013. Preliminary data indicates that a strengthening in median sales prices may be underway.



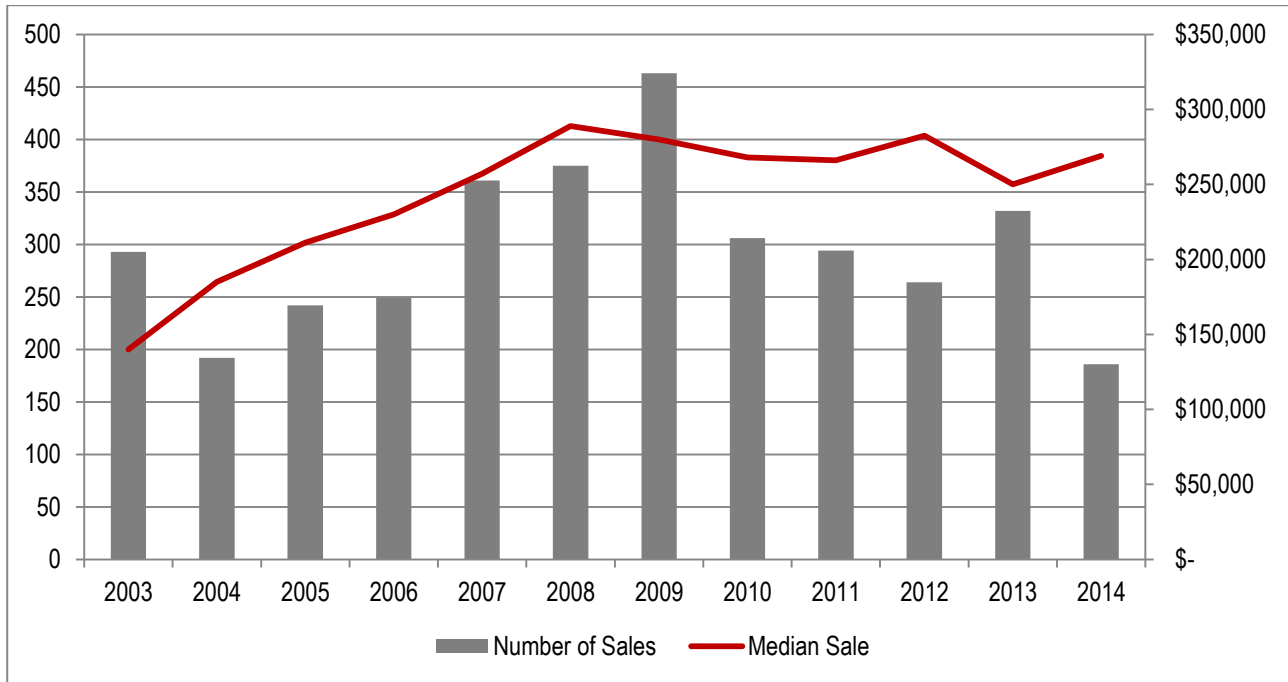


### 5.3 Medium Density Market - Sales Analysis

#### Bundaberg LGA Analysis

The graph below illustrates the number of sales and median sales price for medium density housing within the Bundaberg LGA on an annual basis between 2003 and 2014. We note that 2014 data is for the year to October 2014.

Figure 5: Bundaberg LGA Medium density product Sales Cycle



Source: JLL & RPData

The median sales price for medium density product within the Bundaberg LGA during 2013 was \$250,000 based on 332 transactions. The median sales price recorded a softening of 11.5%, between 2012 and 2013. Despite this, the long-term price growth of medium density product within the region is strong with prices increasing by an average of 6.6% per annum between 2003 and 2013.

Similar to the housing market, the number of transactions for medium density housing has increased recording 68 additional transactions between 2012 and 2013. The volume of sales recorded for 2013 was the highest recorded since 2009, further highlighting an improvement in residential market conditions within the region.

The low number of medium density housing transactions when compared to detached housing reflects the dominance of separate houses in the Bundaberg LGA. Over the ten-year period ending 2013, attached dwellings only accounted for an average of 18.5% of transactions with only 3,371 attached dwellings and 18,234 house transactions.

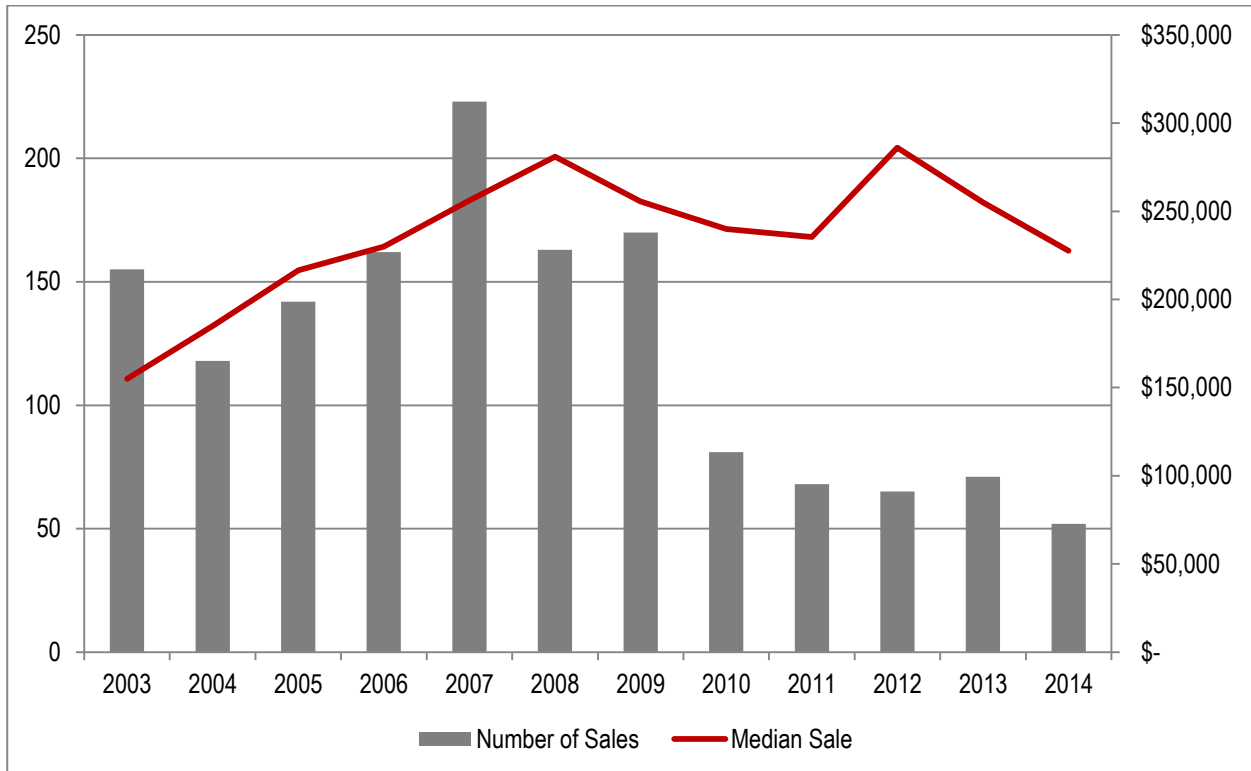
Important to understanding the economic viability of new developments is the current price points for attached dwellings. The current median sales price indicates that there are a large number of older attached dwellings transacting within the market. The pricing benchmark currently set by these dwelling types will make it a larger step-change in price points for new medium density stock to be brought in line. However, the extent to which new attached dwelling supply is meeting demand for new stock and is appropriately priced and targeted at the right buyer market segments, including with appropriate supporting amenities and services, this larger price differential between new and older stock is expected to be less of an issue.



## Catchment Analysis

The graph below illustrates the number of sales and median sales price for medium density product, medium density product and townhouses within the catchment on an annual basis between 2003 and 2014. We note that 2014 data is incomplete.

**Figure 6: Catchment Medium density product Sales Cycle**



Source: JLL & RPData

The median sales price for attached dwellings within the catchment during 2013 was recorded at \$255,000 based on 71 transactions. The median sales price recorded a softening of 10.8%, between 2012 and 2013, and with further price declines in 2014 based on the year-to-date data to October 2014. However, we note that due to a very small number of total transaction volumes, price volatility will be more pronounced. The long term price growth of attached dwellings within the region has been reasonably strong, with prices increasing by an average of 5.7% per annum between 2003 and 2013.

The proportion of medium density product transactions compared to house transactions is significantly higher than within the Bundaberg LGA, reflecting the steady growth in medium density projects in the catchment over the last decade. Over last ten year period ending 2013, approximately 37.1% of transactions within the catchment were for medium density product; however, this figure was as high as 54.8% when it peaked in 2009.



## 5.4 Residential Dwelling Forecast

Based on the demographic profile and population projections for the Catchment, JLL has provided a forecast of the future demand for residential dwellings. We note the following key assumptions:

- Under a low growth scenario, growth in population has been projected forward based on historic growth rates.
- The number of residents per household is based on the historic rates using Census data, and then forecast forward based on the growth rates achieved between census periods.
- Similarly, the dwelling proportion by type is directly based on the proportion of each type of dwelling stock at each census period. This has been projected forward using the growth rates achieved between Census periods.

	2006	2011	2016	2021	2026	2031	2036		
<b>Population Growth</b>									
<b>Estimated Resident Population</b>	46,065	49,318							
Low			48,015	50,855	52,985	54,614	56,574		
Medium			53,350	56,506	58,872	60,682	62,861		
High			58,684	62,156	64,759	66,750	69,147		
<b>Number of Residents Per House Hold</b>									
	2.4	2.4	2.3	2.3	2.2	2.2	2.2		
<b>Number of Dwellings</b>									
<b>Estimated Historical Number of Dwellings</b>	19,194	20,549							
Low			20,876	22,111	24,084	24,824	25,716		
Medium			23,195	24,568	26,760	27,583	28,573		
High			25,515	27,025	29,436	30,341	31,430		
<b>Dwelling Proportion</b>									
Separate house	80.6%	78.9%	77.2%	75.5%	73.8%	72.1%	70.4%		
Semi-detached	6.8%	8.1%	9.4%	10.6%	11.9%	13.1%	14.4%		
Flat, unit or apartment	9.2%	10.3%	11.3%	12.3%	13.3%	14.3%	15.3%		
Other	3.3%	2.7%	2.2%	1.6%	1.1%	0.5%	0.0%		
Not Stated	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Total	100%	100%	100%	100%	100%	100%	100%		
<b>Separate House Forecast Number</b>									
Low			16,116	16,694	17,774	17,898	18,104		
Medium			17,907	18,549	19,749	19,887	20,115		
High			19,698	20,404	21,724	21,876	22,127		

<b>Medium Density Forecast Number (Semi-detached and Apartment)</b>									
Low			4,311	5,063	6,057	6,802	7,625		
Medium			4,528	5,324	6,374	7,163	8,035		
High			4,745	5,584	6,691	7,525	8,445		
<b>Separate Houses Required to Meet Demand Forecasts (Per Annum)</b>								<b>Average Per Annum</b>	<b>Total</b>
Low			-19	116	216	25	41	<b>76</b>	<b>1,512</b>
Medium			339	128	240	28	46	<b>156</b>	<b>3,122</b>
High			697	141	264	30	50	<b>237</b>	<b>4,731</b>
<b>Medium Density Required to Meet Demand Forecasts (Per Annum)</b>								<b>Average Per Annum</b>	<b>Total</b>
Low			106	151	199	149	165	<b>154</b>	<b>3,075</b>
Medium			149	159	210	158	174	<b>170</b>	<b>3,403</b>
High			193	168	221	167	184	<b>187</b>	<b>3,731</b>
<b>Bundaberg Waterfront Market Share - 10%</b>								<b>Average Per Annum</b>	<b>Total</b>
Low			11	15	20	15	16	<b>15</b>	<b>307</b>
Medium			15	16	21	16	17	<b>17</b>	<b>340</b>
High			19	17	22	17	18	<b>19</b>	<b>373</b>
<b>Bundaberg Waterfront Market Share - 15%</b>								<b>Average Per Annum</b>	<b>Total</b>
Low			16	23	30	22	25	<b>23</b>	<b>461</b>
Medium			22	24	32	24	26	<b>26</b>	<b>510</b>
High			29	25	33	25	28	<b>28</b>	<b>560</b>
<b>Bundaberg Waterfront Market Share - 20%</b>								<b>Average Per Annum</b>	<b>Total</b>
Low			21	30	40	30	33	<b>31</b>	<b>615</b>
Medium			30	32	42	32	35	<b>34</b>	<b>681</b>
High			39	34	44	33	37	<b>37</b>	<b>746</b>



# 6 Retail Market Analysis

## 6.1 Regional Context

This section provides an overview of the retail environment in the Bundaberg region, existing supply and projects that may contribute to future supply.

Bundaberg CBD's concentration of retail and commercial activity is located on Bourbong Street, a wide tree-lined street with attractive colonial style buildings. There is a wide mix of retail services, cafes and restaurants as well as hotels, although many of the "shopfronts" house a range of commercial premises such as banks, accountants, lawyers and real estate offices.

Hinkler Central and Bundaberg Plaza are both within the CBD (along Maryborough Street). There is an additional Supa IGA and Target discount department store on Woongarra Street.

There is also a diverse range of government and community services in the CBD including Bundaberg Regional Council, Bundaberg Library, police station and courthouse. Health services are a major employer, with the CBD being the home to the Bundaberg Hospital and Friendly Society Private Hospital.

While the CBD has managed to retain a reasonable level of traditional high street retailing, the major shopping destinations comprise two strong performing enclosed sub-regional centres, each with over 20,000 square metres of retail floor area. The main shopping centres in Bundaberg and environs are detailed below.

### Sub-regional Centres

Hinkler Central Shopping Centre is a sub-regional shopping centre anchored by Kmart, Woolworths and Coles with a total of 70 retailers. The centre is located in the CBD, six blocks south of the river and less than 1 km from the subject site. According to its owners, Mirvac, the centre has a trade area population of 91,130 residents and 4.9 million customer visits per annum. Total turnover as at June 2014 was \$169.8 million. The size of the trade area corresponds with the population of the Bundaberg Region.

Stockland Bundaberg is owned by Stockland and shareholders associated with AMP Capital Investors. Formerly known as Sugarland Shoppingtown, the centre comprises around 22,800 square metres of lettable area and comprises a large Woolworths and Big W, JB HiFi, four mini-majors and 63 speciality stores. Total annual turnover as at December 2014 was \$179.3 million. Stockland Bundaberg would be expected to have an overlapping trade area with Hinkler Central, with both centres drawing trade from the entire Bundaberg region.

### Neighbourhood Centres

There are four main supermarket based neighbourhood centres as detailed in Table 5. Bundaberg Plaza is located within the CBD and Northway Plaza is located on the northern side of Burnett River. Westside Plaza is in close proximity to Stockland Bundaberg. Bargara Central is located some 12km to the east and primarily serves the coastal communities of Bargara.

### Bulky Goods Retailers

Bundaberg has a broad selection of bulky goods retailers, most of which are located near the Bundaberg Airport in the suburb of Kensington. Johanna Boulevard is the location for most of the main bulky goods retailers, including a new 18,000 square metre Bunnings Warehouse, The Good Guys, BCF, Harvey Norman and Amart Sports.





**Table 5: Retail Centres Summary**

Centre Name	Address	Approx. Dist. From Precinct	Retail Area (sqm)	Major stores
<b>Sub-regional Centres</b>				
Stockland Bundaberg (Sugarland Shoppingtown)	115-119 Takalvan Street, Avoca	3.5km	22,800	Big W, Woolworths, JB Hi-Fi, Best & Less
Hinkler Central	16 Maryborough Street, Bundaberg	<1km	20,800	Kmart, Woolworths, Coles
<b>Supermarkets (Neighbourhood)</b>				
Bargara Central	699 Bagara Road	12km	7,674	Woolworths, Supa IGA
Bundaberg Plaza	19 Maryborough Street	<1km	3,748	IGA
Northway Plaza	23 Queen Street	1km	4,828	Supa IGA
Westside Plaza	14 Heidke Street	3.5km	4,563	Bi-Lo
<b>Bulky Goods</b>				
Bundaberg Home Centre	2 Stancer Court, Kensington	3.5km	9,657	nil
Bunnings Warehouse	Johanna Boulevard, Kensington	3.5km	18,000	Bunnings

## Retail Development Activity

Much of the recent development activity is centred in Kepnock, located approximately 3km south east of Quay Street. Approval has been granted for a Masters Home Improvement store and a new sub-regional level shopping centre, Kepnock Central Shopping Centre. Neither developments have yet to commence construction.

Further bulky goods development is proposed adjoining the new Bunnings Warehouse (approx. 9,000 square metres).

The former TAFE Marine Training School is also proposed to be redeveloped to include a mix of market stalls, restaurants and bars.

Further afield, a marina development with some retail facilities was proposed at Burnett Heads. This development has yet to proceed.

In terms of development opportunities that may compete directly with the subject site, the former TAFE Maritime Training School development aims to develop a leisure base retail destination. The question is whether a regional city such as Bundaberg can support two such developments. The subject site is more central to the existing workforce and visitors and is therefore considered a superior location. Supporting the viability of an enhanced range of leisure retail uses in the riverside precinct will be critical to the success of the renewal of the precinct and revitalisation of the CBD. As such, these competitive challenges will warrant strategic consideration with regard to the role of the former Maritime Training School to determine the mechanisms to potentially support both retail nodes.

## 6.2 Retail Analysis

The main shopping centres within the region are Stockland Bundaberg and Hinkler Central. Combined, these centres achieve annual sales of approximately \$350 million. Assuming available spending of around \$10,000 per resident for each of Bundaberg's 94,000 residents, these centres account for around 37% of all spending in the Bundaberg region.

Stockland Bundaberg and Hinkler Central are both strong performing sub-regional centres. In a survey of 98 shopping centres of 40,000 square metres and lower, Hinkler Central ranked 15<sup>th</sup> in terms of turnover per square metre while Stockland Bundaberg ranked 26<sup>th</sup>.<sup>1</sup>

The CBD has maintained a diverse mix of high street retailing and activity, despite the strength of Stockland Bundaberg (outside of the CBD) and the relatively large size of the CBD and length of key retailing streets. Key activity nodes are:

- Bourbong Street – Bundaberg's main high street has retained an active mix of retailing and is well served by on-street parking;
- Woongarra Street – anchored by a Supa IGA and Target Discount Department Store; and
- Maryborough Street – the location of Hinkler Central and Bundaberg Plaza and the main north-south thoroughfare in the CBD.

Retailing in the Bundaberg CBD is anchored by two discount department stores (Kmart and Target), Woolworths, Coles and two Supa IGA supermarkets. The vibrant high street in Bourbong Street is complemented by a quality enclosed shopping centre, Hinkler Central.

The riverside location, however, has not been exploited and there is currently very limited retail interfacing with Quay Street that attracts or drives pedestrian foot traffic. JLL has identified a number of factors have contributed to the lack of retail activity along Quay Street and the subject site:

- Limited number of north-south connections from Bourbong Street through to the subject site;
- Quay Street experiences high volumes of vehicular traffic, which limit its appeal for pedestrians and retailing;
- Sheer width of Quay Street;
- Limited locations for safe and easy pedestrian crossings on Quay Street, which acts as a significant barrier for pedestrian movement through the precinct;
- This in turn restricts the public's access to and from the riverfront;
- Distance between existing activity nodes along the riverbank – lacking "critical mass" of complementary land uses;
- Risk of Flooding; and
- Competition from other retail precincts within the CBD, noting that Hinkler Central is approximately 1km south of the subject site.

These factors have combined to limit recent investment in the riverfront precinct and along Quay Street. Few businesses have capitalised on riverfront location, with the RSL Club, Spinnaker Restaurant and Bar, Rowers on the River and Grunske's on the River providing a range of dining options and amenity.

Retailing fronting Bourbong Street comprises a mix of retail services catering for both locals and visitors. We note that the retail mix along the main street provides a reasonable selection of retail services to meet both every-day and weekly needs of local residents (groceries, banks, newsagent, pharmacy and bakery).

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<sup>1</sup> 2014 Shopping Centre News, p64



However, these services are spread out over a relatively large area and do not provide the same level of 'one stop' shopping convenience as Stockland Bundaberg or Hinkler Central shopping centres.

Our understanding is that often Bundaberg residents as well as residents of the surrounding region are attracted to the major shopping centres due to their one stop shopping convenience, more comprehensive range of everyday and weekly shopping needs and ease of parking. In addition, Bourbong Street is considered to be less convenient for daily shopping due to slow traffic movement through that precinct and relatively high traffic volumes given the slow speed environment.

Ground floor rents along the main street are typically in the order of \$500 to \$600 per sqm net, although vary significantly depending on position. Second floor retail or commercial tenancies have typically been the weakest part of the main street market in terms of both price points achieved and desirability to tenants. This has resulted in landlords of second floor commercial space seeking to refit their space to support short term accommodation, in response to limited interest for commercial uses by tenants. Commercial uses are generally located away from the main street, and it was clear in the market sounding that such commercial uses would remain in the CBD core.

### 6.3 Retail Market Opportunities

Bundaberg has maintained a relatively strong retail CBD with one of the two main shopping centres serving the region being located in the CBD. The wide streets, plentiful on-street parking, and attractive amenity, particularly Bourbong Street, have all helped to retain a reasonable level of vibrancy in the CBD. Connecting the CBD to the Riverfront is a major opportunities for Bundaberg. The region is well known for having an ideal climate year-round, which will support leisure based retail activities including outdoor markets, alfresco dining and a retail promenade that fully leverages the riverfront location.

We do not expect a major opportunities for large scale retailing options given the market is fully serviced with two strong performing centres and a third centre is proposed at Kepnock, which is expected to cater for future population growth in the region. Furthermore, shopping catering to everyday and weekly needs are less likely to benefit from a riverfront location – such shopping trips are more about convenience rather than an experience.

#### Existing Retail Gaps

Bundaberg has a strong provision of convenience and comparison retailing as well as an evolving bulky goods / homemakers retail precinct. These key retail uses appear to be well catered for.

JLL has identified the following retail gaps in the Bundaberg retail market, which may present opportunity for the subject site or in close proximity to the subject site – which may indirectly drive a stronger level of activation for the riverside precinct.

Retail Gap	Comments
Department store – e.g. Myer; David Jones	Myer has stores at Mackay, Townsville and Cairns to the north. Closest store to the south is Sunshine Coast. Unlikely to consider regional stores in Queensland.  David Jones has no QLD stores outside Brisbane / Gold Coast
Fashion retailing	Both sub-regional centres have a reasonable selection of national fashion brands, typically in the low to mid-price bracket. Limited fashion retailing in the mid-upper price bracket, but this is reflective of the demographic structure of the market and size of the Bundaberg market.
Dining precinct	A clear opportunity given lack of strong competing precincts and riverfront location. Would also be supported by the existing tourist population and assist in deepening the offering of major tourism attractors for the region.
Leisure retail precinct	Would be supported by the tourist population. Expected to be a limited market but potential for small enclave of leisure / lifestyle retailers that would complement a dining precinct.



JLL consider that retail development as part of future development along the riverfront would be highly attractive to both tenants and developers. Likely uses would be:

- A small number of co-located alfresco cafés and restaurants (say 5-6 tenancies);
- A tavern / bar providing entertainment and possibly function and event facilities;
- Leisure based retailing to serve the visitor market – lifestyle clothing, local crafts / souvenirs, ice cream shop, coffee shop, produce focussed on the local region (say 6-10 tenancies);
- Services – tourist operators for river cruises / other river based activities, tourist information (2-4 tenancies);
- Convenience retailing – e.g. newsagent, deli (2-4 tenancies).

Given the limited retail amenity located on the waterfront in Bundaberg currently, and the role which the town plays regionally, a good quality dining offering is likely to offer a notable level of destination appeal for Bundaberg and the surrounding region's population as well as the growing visitor market. A bar and restaurant (with function capabilities), which successfully embraces the site's waterfront location (noting that the major retail and function facility offered by the RSL does not fully engage with the riverfront – as the facility is set-back, enclosed and overlooks a car park) will enhance this destination appeal as well as creating night activation.

Due to the untested nature of this offering within the region, the strength of the operators will be critical to the success of the offering. A strong offering, which achieves these outcomes, will drive demand for the wider retail component and be a key factor in the success of the development.

While visitor accommodation on its own is unlikely to support a significant level of retailing, it will certainly contribute to its viability. Furthermore, accommodation with river views is expected to be highly regarded by patrons.

JLL considers a good leisure retail offering which has strong destination appeal has the ability to attract patrons across the Bundaberg region as well as visitors to the region and can underpin the riverfront precinct development.

We do not anticipate strong retail demand supporting a large retail precinct and advise against providing too many tenancies in the riverfront precinct. Instead, a clustering of retail uses would provide the strongest opportunity for activation, and economically sustainable operations. Our assessment of key uses above suggests 20-25 tenancies, with most tenancies being between 80-150 square metres each. Initial considerations are that these would be best clustered between Barolin and Tantitha Streets.

Key success factors for the retail component within a mixed use development will include:

- **Complementary dining establishments** clustering together to create an appealing destination, provide choice and drive reciprocal demand between offerings;
- **Quality operators** that build a strong client base and attract repeat visitation;
- **Engaging with the riverfront** through well-located tenancies with an appealing outlook which make use of the location's climate and river views;
- **Accessible car parking** for patrons;
- **Support from local residents and workers** – dining precincts that rely too heavily on a visitor market are likely to be difficult to sustain. Repeat visitation from locals is critical and will be driven largely by the quality of the operators and the convenience of visitation.



## 7 Tourism Market Review

The Great Barrier Reef is the world's largest coral reef system comprising over 900 islands and stretching over 2,600 kilometres. The World Heritage listed coral reef is largely protected by the Great Barrier Reef Marine Park which manages the reef in partnership with the Queensland Government. Tourism is an important economic activity for the region and is concentrated in the Whitsundays and Cairns regions.

The Great Barrier Reef is separated into three regions; Northern, Central and Southern. The southern part of the reef, including Bundaberg and its surrounds, is the most accessible reef touch-point in Queensland, spanning 300 kilometres of Queensland coast and is only a four hour drive from Brisbane. The region extends from south of Bundaberg to the Capricorn Coast north of Rockhampton and includes the islands of Lady Elliot, Lady Musgrave, Heron, Wilson and Great Keppel.

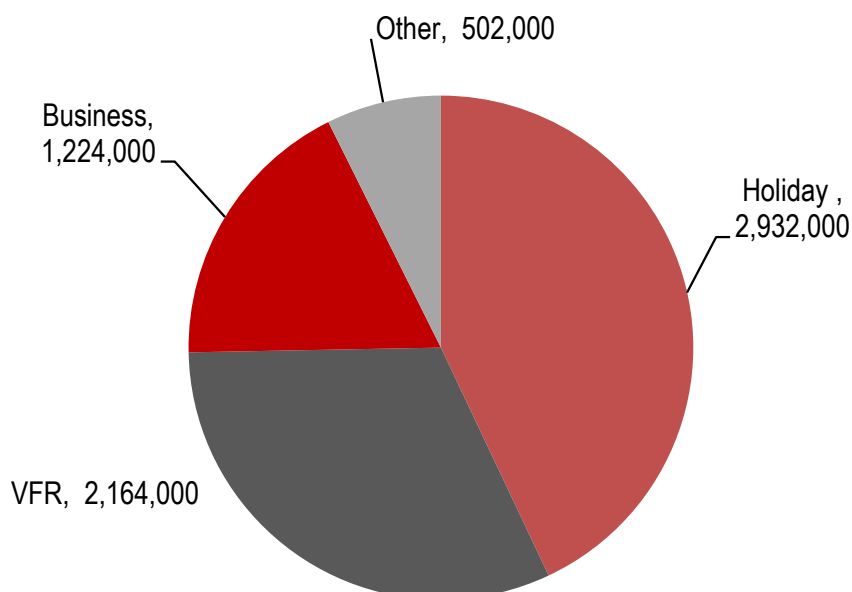
The Southern Barrier Reef region tourism market has been undergoing a process of recovery over the last few years, with a number of natural disasters having taken a toll on the region previously. The area now appears to be entering a period of growth, supported by the Queensland State Government's focus on the tourism industry as one of the four key industries for State economic growth moving forward. According to Tourism and Events Queensland, a total of 8.94 million visitor nights were spent in the Southern Great Barrier Reef region in the year ending June 2013, which represents an increase of 1.7% compared to the previous year.

The region attracts a higher proportion of domestic visitor nights, representing 76.3% (6.82 million) of total visitor nights, with international visitor nights accounting for the remaining 23.7% (2.12 million) of visitor nights. We note the Southern Great Barrier Reef region includes the Bundaberg, Capricorn and Gladstone sub-regions which have historically been strongly supported by resources related demand.

During the year ending June 2013, domestic visitation to Southern Great Barrier Reef declined -4%, however domestic visitor nights improved 2% over the period as a result of the growth in holiday travellers by 17%.

International visitor nights for the year ending June 2013 increased slightly by 1% compared to the previous year, representing over 21,000 additional room nights. The United Kingdom was the largest international source of visitation to the Southern Great Barrier Reef. Other key source markets were New Zealand and the US which grew 6% and 11% over the period.

**Figure 7: Domestic Visitor Nights Southern Great Barrier Reef Purpose of Visit - Year Ending June 2013**



## Tourism and Short Term Accommodation

JLL has engaged with AEC Group with regard to the tourism and short term accommodation market, due to their recent engagement to undertake analysis on this market for Council, and note AEC Group's key findings to date as follows:

- The local visitor market is dominated by leisure travellers but also includes 30% business travellers, which is important for the accommodation industry to provide balance in vacancy levels
- Bundaberg currently has just over 1,000 hotel/motel style rooms, spread across 44 properties. The majority of properties are older style motels with 10-15 rooms. In total (including rooms available in caravan parks and backpackers) there are 1,163 rooms. The Don Pancho is currently the largest property in the market with 49 rooms, the Burnett Riverside Motel is second with 44. There are no large, branded hotels.
- The market in Bundaberg segments itself by geography, with the majority of stock along the Isis Highway, which is generally quite old and small (often 10-15 rooms). Bargara provides another accommodation node that includes generally larger and newer product (generally between 35-45 rooms). Surprisingly, 70% of demand in Bargara comes from the business market with the remaining scattered through leisure, VFR, etc. The Isis Highway market receives a larger proportion of demand from leisure travellers. Many of these travellers are generally passing through Bundaberg either headed towards Mackay/Cairns or travelling around Australia. Many international visitors come through and stay along the Isis Highway. A 60-80 rooms hotel in the CBD (likely 4 star, branded) is likely viable. Equally, eco-accommodation in Mon Repos is also likely viable.
- A new CBD property would impact the rest of the market and capture market share. However, the market is likely large enough to cope with this type of supply increase. A supply increase above 100 rooms is potentially possible would likely have a larger impact on the rest of the market. Many of the older (and smaller) properties along the Isis Highway may have a higher and better use. Losses at the lower end of the market (i.e. properties exiting the market) may not be a negative outcome for the market
- In terms of future develop, the old dairy site/main roads property is ideal for future development but is large enough to accommodate more than just a hotel. Likely this development will be mixed use with combination residential and short-stay (likely serviced medium density product) with ground level retail/restaurant.
- Likely investors would probably include local/private individuals as well as other Australian consortiums/private equity. Some international interest main be available for the diary/main roads site.



## 8 Market Sounding

JLL conducted a level of market sounding with a range of local market participants. This included active local developers, key landholders and occupiers in the precinct. A number of strong themes were evident from this market sounding. These have been categorised into the following key segments as follows and include JLL's observations relating to implications for the master plan and implementation strategy:

### Opportunities for Redevelopment and Enhanced Recreational and Retail Amenity

Theme	Implications for the Master Plan and JLL Recommendations
The strongest opportunities for retail along the riverfront are considered to be through an 'extension' of the most active retailing segment of the CBD – between Barolin and Tantitha Streets	The concentration of new retail in 'nodes' will be key to ensure economically sustainable and leveraging the strongest source of demand drivers from the CBD
Potential for a fresh-food / farmers markets style retail opportunity on the parklands – this was noted as having been tried by an organisation called Bundy Pride.	JLL note that markets can be a very effective activating use but require 'curation' by a skilled operator to have maximum impact. This ranges from selection of stall operators, to frequency, and marketing to ensure a successful outcome. Conversely, if executed poorly or not meeting the target market the markets can detract significantly from the renewal potential of a precinct.
High priority need for alterations to Quay Street to reduce the volume and speed of the traffic and ideally reduction in heavy vehicles.	This is considered to be one of the most critical elements to address in the initial stages of the implementation of the Masterplan.
Moving carparks from prime riverfront locations to other locations to significantly enhance the recreational spaces along the river	This will be key to address over time but ideally over the short to medium term.
<p>Major sites noted for redevelopment were:</p> <ul style="list-style-type: none"> <li>• Bowls Club – would represent a good opportunity for a 'gateway' land use to the precinct.</li> <li>• Diary Co-op – currently owned by the State</li> <li>• Pool – leverage the opportunity with upgraded facilities and potentially expanded facilities e.g. 'water play'</li> </ul>	<p>A range of land uses and development sites present significant opportunity for increased density and activation of the precinct.</p> <p>Key to the co-op site is aligning the activation potential of the sites with the vision and objectives for the Riverside precinct to land on the optimal land use outcomes. Preliminary consideration is that short-term and permanent accommodation are considered to be most suitable for this site.</p> <p>The pool site provides significant opportunity to build on this use with enhanced facilities that elevate the region-wide appeal of this as a key recreational anchor for the precinct</p>
State pre-commitment to new commercial buildings would provide the catalyst for the redevelopment / development and could anchor the main street and Quay Street	Retention of State employees in the precinct is critical or could run counter to objectives of supporting activation of the Riverside precinct. Will also be critical to improve activation of the CBD and reinforce the primacy of this as the major commercial node. Consolidation and relocation of State occupied space into two new multi-rise buildings in the CBD core would





	provide significant economic stimulus.
Short-term accommodation uses were identified as having strong market appeal to develop	The local market sees strong potential in this land use in the precinct and noted the range of locations that may be suitable for the precinct broadly ranging from Targo Street to Burrum Street
Residential development was considered to generally be most likely to be market supportable at lower densities (3 to 5 levels) for the short to medium term (1 to 10 years) given the risk associated with the development type and current market depth	Most local market participants engaged with were not considered high potential to undertake development of multi-rise residential but considered this land use an important one to develop in the precinct
Retail use should be supported on Quay Street but must be staged and complementary to retail on the Bourbong street.	This is critical as the Council has invested heavily into the redevelopment of the main street and some of the retailing has been challenging. Retention of major CBD retail anchors in the CBD is also noted as key to ensuring that the performance of the CBD is not progressively eroded by enclosed suburban retail shopping centres. The performance of the CBD will be essential to preserve and enhance to ensure the best possible outcomes for the Riverside precinct.
Market interest in participating in development opportunities was moderate to high depending on the proponent. Many proponents would develop a particular type of land use (e.g. short-term accommodation), but no single group indicated a preference to develop multiple uses	Implications for this may be that larger scale private sector capital and expertise to facilitate the initial and potentially medium to longer term development outcomes will most likely be required to come from outside of the region

## Barriers to Redevelopment and Key Risks

Theme	Implications for the Master Plan and JLL Recommendations
There are no immediate compelling drawcards for visitors and residents to interact with the Riverfront.	The Riverside precinct has the opportunity to introduce a range of retail and recreational attractors that have strong destination appeal. These attractors will need to appeal widely to be both locals and tourists to deliver a sustainable outcome and a genuine Bundaberg experience.
The volume and speed of traffic on Quay Street is unappealing for pedestrians and for crossing the road	As per comments above – addressing this will be key early component of the implementation plan for the precinct
The direction of the tenancies on the main street, which all face inwards away from the river provides limited cross access	Mid-block connections and enhanced connectivity to Bourbong Street will be key to successfully activating Quay Street / the Riverside precinct
A lack of shade or trees making it uncomfortable to walk along Quay Street	Addressing the street amenity will strengthen the pedestrian linkages between the precinct and CBD. This will open up a new 'movement economy' on these connections and through to Quay Street and the Riverfront.





<p>Large contiguous land holders in the Quay Street precinct that are not active developers or likely participants in the renewal process</p>	<p>While this may act as a barrier, the contiguous holdings can present an opportunity for master planned and coordinated urban renewal outcomes. Coordinated approach with support from Council to ensuring the market can 'unlock' opportunities will be key during the implementation process.</p>
<p>Not enough facilities on the parkland to attract many people and any space is "overrun by hippies and backpackers"</p>	<p>Reduction in car parking in immediate precinct will assist in reducing conflicts. Strategy will need to still strongly encourage visitation by backpackers to the precinct as the showcase Bundaberg. Potential dedicated short-term over-night backpacker parking facilities in close proximity or free shuttle services.</p>
<p>Limited weekend activation in the CBD after work hours and on a weekend makes it difficult to support night time based retail</p>	<p>Enhanced focus on strengthening demand drivers for increased night time economy through incentivised arrangements to rapidly increase supply of short-term and permanent accommodation in close proximity to the CBD and Riverside precinct and enhanced retail activation provisions for new / emerging businesses</p>
<p>Prior to the floods the river was activated with trawlers and commercial boats but the private marina was washed away leaving a void in activation</p>	<p>Explore reinstatement of river infrastructure to drive on-river activation. Introduction of a range of new uses such as use of light river craft, pontoon structures and light weight structures that can be rapidly and cost effectively restored post major flood events. Potentially explore more river craft mooring opportunities to enable 'boaties' to utilise the precinct</p>
<p>Potential loss of employment and major tourism attractors for the region through loss of Bundaberg Distillery and Bundaberg Brewing</p>	<p>These iconic tourism attractors are understood to have the potential to be retained through ensuring cost effective energy supplies to maintain local production. Given the proximity to the Riverside precinct and the potential 'tourism trail' experience to connect to these major businesses, coupled with the range of other existing and planning retail uses on the 'trail' this is considered to be a critical element of a broader economic and tourism strategy for the CBD and local economy. This reinforces the issue that the successful renewal of the Riverside precinct will be very much dependent on the actions and initiatives that support major demand drivers for the precinct.</p>

