Western Sydney Opportunities for Destination Holiday Parks

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Prepared for Sydney Business Chamber, Western Sydney and Caravan & Camping Industry Association NSW

STAFFORD STRATEGY

Caravan & Camping INDUSTRY ASSOCIATION NSW

SYDNEY BUSINESS CHAMBER WESTERN SYDNEY

SYDNEY OFFICE
3.02 POST 46a MacLeay Street
Potts Point NSW 2011, Australia
E admin@thestaffordgroup.com.au
O +61 29331 6222

BRISBANE OFFICE
PO BOX 265
Sandgate QLD 4017, Australia
E admin@thestaffordgroup.com.au

MELBOURNE OFFICE
Level 19, 567 Collins Street
Melbourne VIC 3000, Australia
E admin@thestaffordgroup.com.au

STAFFORD STRATEGY

www.staffordstrategy.com.au

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1.1. Introduction

The Sydney Business Chamber, Western Sydney and the Caravan & Camping Industry Association NSW have commissioned Stafford Strategy (Stafford) to undertake a top-line business case to determine the relative merits of encouraging one or more quality destination holiday parks to be established within Western Sydney.

The definition of a destination holiday park is as follows.

> *About having everything you need for your holiday - all in one place: pools, play areas, cafés, etc. Destination holiday parks provide a wide range of accommodation options from campsites to pitch your tent, recreational vehicle sites through to first class accommodation options in cabins and/or safari tents. A destination holiday park provides top-quality facilities and services to its guests.*

The Greater Sydney region is lacking in quality destination holiday parks with the primary issue being the lack of available appropriately zoned land to allow for these to be established. While the ability to position destination holiday parks within inner city council areas is far more challenging due to urban density and lack of larger parcels of available land, there is far greater market demand for such facilities in council areas outside of both the Sydney and Paramatta CBDs, if sites can be more easily accessed by public transport.

It is within this context that this paper highlights both the opportunity for destination holiday park development in Western Sydney, as well as offering some fundamental top-line outcomes if such facilities are introduced.

1.2. The Opportunity

Destination holiday parks have the potential to drive far stronger visitation to Western Sydney, noting that users of such facilities include a wide range of visitors such as:

- traditional holiday makers;
- attendees of major events (Sydney Royal Easter Show for both participants and visitors by way of example) and festival attendees;
- visitors wanting to travel with pets;
- business and conference attendees using cabins and chalets especially;
- school groups and those on education programs;
- those visiting friends and relatives; and
- those coming for niche areas of interest (medical tourism, sporting tourism etc.).

In addition, it's not just the economic benefits which the actual destination holiday parks deliver, but all the supplementary economic activity associated with the supply and maintenance of recreational vehicles, trailers, caravans, tents and other equipment, along with the direct and indirect employment and visitor spend which the sector is able to generate. Destination holiday parks are also important contributors to local tourism promotional campaigns and community events and offer an excellent training ground for a number of skilled and semi-skilled employment opportunities for younger people especially.

On top of this, is the wider economic benefits from the supply of goods and services which destination holiday parks require including food and beverage supplies, laundry services, site maintenance equipment etc.

Overall, the establishment of new higher quality destination holiday parks in Western Sydney offer a diverse range of economic, social and environmental benefits to help bolster the local visitor economy and can greatly assist in the positioning of Western Sydney as a major visitor destination for NSW.

2. Market Demand

The significance of the NSW caravan and camping industry can be seen in key statistics including:

- there were 16.2m nights spent in caravan and camping parks in 2017, which is an increase of 17% over the previous 10 years;
- there are over 640k recreation vehicles registered in Australia, with NSW having the highest growth rate in recreation vehicle registrations since 2015; and
- the major caravan and camping industry showcases held annually in Western Sydney attracts over 80k attendees.

As identified through research undertaken by CCIA, there are very few current facilities to accommodate this growing style of holidaymaker within Sydney. While the DNSW website lists 20 caravan and camping facilities in greater Sydney, only an estimated 20% of these fit the criteria of higher quality and branded destination holiday parks with the services and facilities which this style of holiday maker is after.

As well as various nationally branded privately owned and managed destination holiday parks, we note that the Lane Cove River Holiday Park (operated by NPWS) also offers a higher quality destination holiday park experience.

2.1. International Visitation

The most recent visited data for the sector is for the year ended December 2017. The data indicates a continuing significant level of growth in both visitors and visitor nights for people staying in caravan and camping facilities. Key findings which indicate the level of ongoing demand for NSW includes the following.

- The NSW International Caravan and Camping market segment reflected an 18% annual growth (136.4k) along with a significant increase in visitor nights (1m) which is a 21% increase from the previous year.
- The primary international visitor markets to NSW are from the UK (23.8k), Germany (22.4k), the USA (11.8k), and France (10.3k) with constant growth in several international visitor markets.
- French and German caravan and camping visitors stay on average 10 nights which is noticeably higher than other international markets.
- 35% of the international market is aged between 30-54 years of age, though the largest age bracket is the 20-29 year olds representing 44% of all international caravan and camping visitors to NSW.
- The largest international market segment for international nights spent in the caravan and camping sector were those aged between 20-29 (representing 51%) followed by the 30-54 age bracket representing 31%.

Most importantly, the percentage growth as highlighted earlier of nearly 18% in 2017 compared to the same year on year figure for 2016 is significant, as is the 21% year on year growth in visitor nights and which reflects the continuing growth of this important sector of the visitor economy.

The data illustrates the high level of market demand for the caravan and camping sector, reflecting it's a wider range of visitor markets who enjoy this accommodation option. For NSW to reach its growth targets in visitation and spend post 2020, will necessitate addressing the gap in the supply of destination holiday parks to meet current levels of visitor demand.

The overall growth in the NSW international caravan and camping market since 2008 – visitors and visitor nights – is illustrated in Figure 1.

Figure 1: NSW International Caravan and Camping Market[1]

2.2. Domestic Visitation

Domestic visitor growth in the caravan and camping sector for NSW reflects the following.

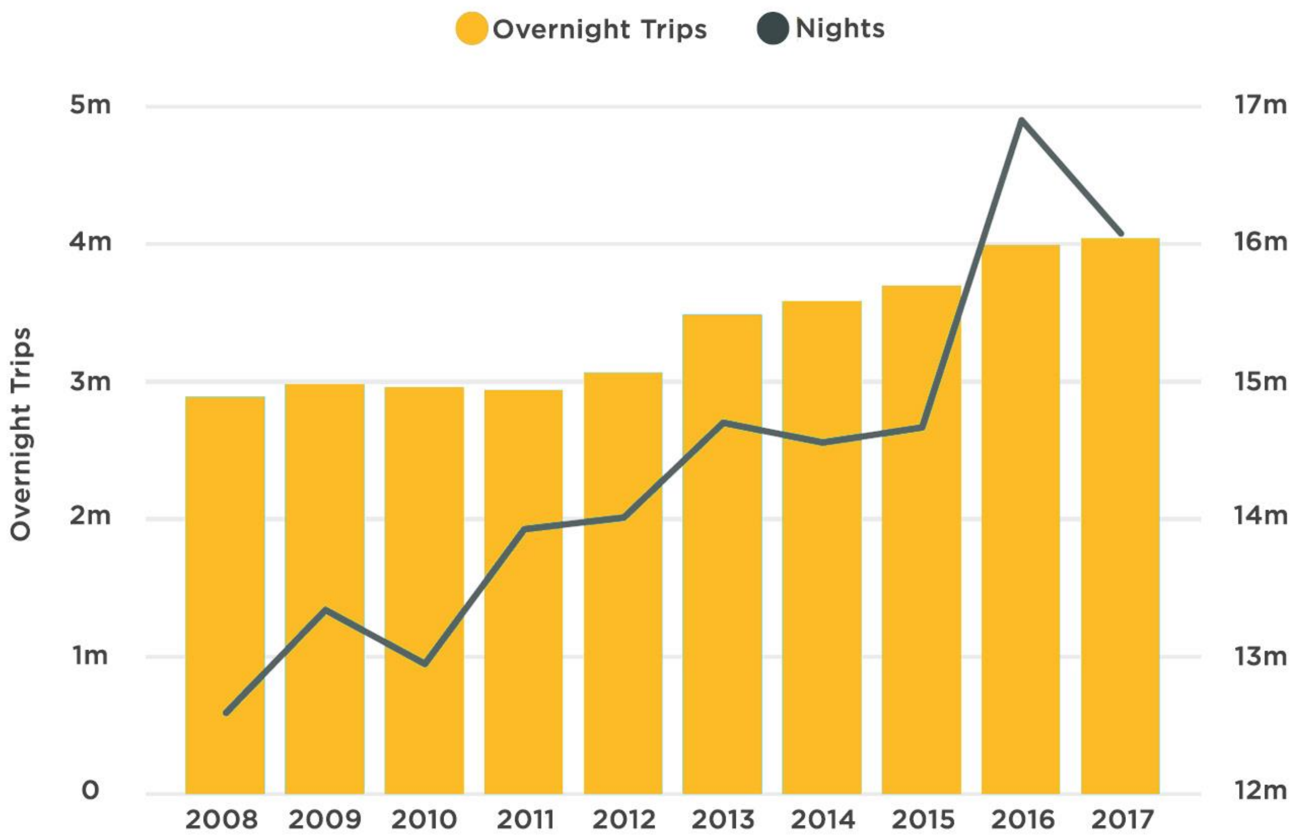
- Overnight domestic caravan and camping visitation increased by 1.32% with a total of 4.04m trips undertaken by all Australians (interstate and intrastate) in NSW.
- Total nights generated in the caravan and camping sector by domestic visitors was 16m which is a slight decrease from the 2016 year which had seen extraordinarily high growth.
- The 30-54 age market segment continues to be the largest segment in the caravan and camping sector for NSW accounting for 46% of all trips followed by the 55+ age bracket accounting for 32%.
- Intrastate (from within NSW) remain the primary generating market in NSW for caravan and camping accounting for 67% of total trips and 64% of total visitor nights.

The continuing growth in major events and experiences, as well as the introduction of new attractions within Greater Sydney, continue to demand additional accommodation facilities and demand for greater capacity in caravan and camping facilities. There is, therefore, a risk that without new facilities coming on stream in Greater Sydney, in the caravan and camping sector, visitor numbers and attendance at major events which attract a variety of domestic markets may start to plateau due to lack of overnight accommodation options and capacity.

[1] Tourism Research Australia, IVS, 2017 Y/E December 2017 Rolling Annual

The overall growth in the NSW domestic caravan and camping market since 2008 – visitors and visitor nights – is illustrated in Figure 2.

Figure 2: NSW Domestic Caravan and Camping Market[2]



As illustrated for both international and domestic visitation, there is a constant and high level of market demand for caravan and camping facilities in NSW. When one realises that Sydney only gets 8% of domestic caravan and camping trips p.a. in NSW, one can easily see the need for greater capacity (supply) to help meet the high demand of this sector of the visitor economy and its growth potential.

Importantly, the market demand evidence reflects that caravan and camping facilities provide a very important accommodation component for a wide range of age groups, with far more under 40-year-old international visitors using these facilities but more 40+ aged domestic visitors regularly using caravan and camping facilities if available.

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[2] Tourism Research Australia, IVS, 2017 Y/E December 2017 Rolling Annual

3. Economic Benefit

The Caravan and Camping Industry Association of NSW (CCIA) is the peak industry body within the state and represents the interests of over 700 members. Importantly, this not only includes the owners and operators of caravan holiday parks but far wider stakeholders including manufacturers, dealers and retailers of caravans, motorhomes, camper trailers, camping equipment and accessories as well as associated service industries.

Introducing destination holiday parks into Western Sydney, therefore, not only generates direct benefit from the facilities created but far wider economic benefit associated with the industry overall.

The profitability of the sector in NSW is reflected in attractive achieved occupancy and site rates with the average price per night in 2017 of:

- cabins - $156
- powered tourist sites - $48
- unpowered tourist sites - $39

These rates reflect solid growth from the previous calendar year (2016) and ongoing growth over some time.

While the annual average rate for holiday park cabins, by way of example, is $156 in the 2017 calendar year, the rate varies from an average low of $123 in June (reflecting the low season) to a high of $213 per night in January. For much of the year, however, rates are noted as strong and over $150 per night.

In addition to the level of market demand for caravan and camping facilities in and around Greater Sydney, production statistics for towable and motorised vehicles (recreation vehicles for the camping and caravan sector) reflect over 10,000 units being produced monthly over the bulk of the year. Demand for caravans, recreational vehicles and related equipment continues to grow and with an ever-increasing baby boomer market, this is not expected to decline in the short-medium term.

In addition to domestic demand, there are also examples of major storage facilities, particularly in parts of Western Sydney where a mixture of recreational vehicles, caravans, trailers and boats are stored for interstate and international visitors who access these vehicles every 12-18 months to undertake a journey around different parts of Australia.

There is, therefore, an ongoing demand from a mixture of visitor markets (intra-state, interstate and international) for destination holiday parks and related service facilities. The potential exists to position Western Sydney as a hub for the caravan and camping sector providing new destination holiday parks can be accommodated.

4. Potential Locations

4.1. Overview

As Stafford Strategy has undertaken many of the destination management plans for councils in Western Sydney, we have a good understanding of both opportunities and challenges, particularly in activating sites for destination holiday park development. There are several locations throughout Western Sydney which, if available land can be freed up, would provide excellent opportunities to capitalise on the sectors growth potential.

The key requirements which major destination holiday park operators are looking for include:

- land holdings of at least 8 ha.;
- the ability to lease land (as well as purchasing the freehold) with terms of no less than 40 years ideally;
- sites which offer easier access to main highways/freeways and ideally can link to public transport (bus and rail);
- sites which ideally have major services (water, electricity, gas etc.) on its boundary;
- sites which are not flood prone or which have other major limitations; and
- sites which avoid inappropriate neighbouring land uses such as industrial, major urban residential areas but in preference, offer open space, recreation or forested areas which can act as attractive buffer zones.

4.2. Current Supply of Holiday Parks in Sydney and Surrounds

4.2.1. Comparative Assessment

Table 1 provides a summary of several existing destination holiday parks with a focus on Greater Sydney and Surrounds). The purpose of this is to offer examples of the types of accommodation and facilities that are typically included in these higher quality destination holiday parks.

Some of these holiday parks listed are in Greater Sydney; two of these are in Sydney (Ingenia Sydney Hills and NRMA Lakeside Holiday Park), while only one (Ingenia Holidays Nepean River) is in Western Sydney.

There is clearly a lack of destination holiday parks located in Western Sydney along with Greater Sydney.

Table 1: Comparative assessment of some greater Sydney and surrounds destination holiday parks[3]

Name	Units	Accommodation types	Activities / Attractions	Occupancy
Ingenia Holidays Hunter Valley 	▪ 26 self-contained ▪ 41 caravan & camping short-term	▪ Villas (2 bedroom & 3 bedroom) ▪ Standard (2 bedroom & 1 bedroom) ▪ Budget cabin (2 bedroom & 1 bedroom) ▪ Powered caravan/motorhome site	▪ Pool/spa ▪ Onsite café/restaurant ▪ Kids club & kids playground ▪ Giant chessboard ▪ Giant jumping pillows ▪ BBQ	▪ Self-contained (52%) ▪ Caravan & camping (46%)
Ingenia Holidays Mudgee 	▪ 33 self-contained ▪ 42 caravan & camping	▪ Deluxe unit (1 bedroom) ▪ Standard Cabin (1 bedroom & 2 bedroom) ▪ Family studio cabin ▪ Powered caravan & camping site	▪ Games room ▪ Inflatable trampoline ▪ Kids playground ▪ Pool & ▪ Sauna ▪ BBQ	▪ Self-contained (45%) ▪ Caravan & camping (30%)
Ingenia Holidays Lake Macquarie 	▪ 21 self-contained ▪ 50 caravan & camping short-term	▪ Waterview cottage (2 bedroom) ▪ Waterfront villa (2 bedroom) ▪ Poolside villa (2 bedroom) ▪ Parkside cabin (2 bedroom) ▪ Cottage (1 bedroom) ▪ Waterfront powered camping & caravan site ▪ Powered camping & caravan site	▪ BBQ ▪ Bike hire ▪ Giant jumping pillows ▪ Boat ramp ▪ Jetty ▪ Kids activities / kid's playground ▪ Pool	▪ Self-contained (53%) ▪ Caravan & camping (28%)
Ingenia Holidays Nepean River 	▪ 38 self-contained ▪ 14 caravan & camping short-term	▪ Deluxe cabin (2 bedroom ▪ Standard cabin (3 bedroom & 2 bedroom) ▪ Group cabin (2 bedroom) ▪ Budget cabin (1 bedroom) ▪ Studios ▪ Powered camping & caravan site	▪ BBQ ▪ Games room ▪ Kid's playground ▪ Lending library ▪ Pool	▪ Self-contained (71%) ▪ Caravan & camping (68%)

[3] https://www.big4.com.au/caravan-parks/nsw; Ingenia Property Report 2015; https://www.caravan-camping.com.au/holiday-parks/sydney-surrounds/sydney-west/ingenia-holidays-sydney-hills

Name	Units	Accommodation types	Activities / Attractions	Occupancy
Ingenia Holidays Sydney Hills 	▪ np[4]	▪ Cabins ▪ Ensuite cabins ▪ Ensuite sites ▪ Motorhome sites ▪ Powered/unpowered camping & caravan site	▪ Swimming Pool ▪ Children's Playground ▪ Barbecues ▪ Camp Kitchen ▪ Pet friendly	▪ np
NRMA Ocean Beach Holiday Park 	▪ np	▪ Villas (3 bedroom & 2 bedroom) ▪ Seabreeze townhouse (2 bedroom) ▪ Playground cabin (2 bedroom) ▪ Cottages (2 bedroom) ▪ Loft (2 bedroom) ▪ Tent (1 bedroom) ▪ Ensuite caravan site ▪ Premium caravan site ▪ Powered & unpowered tent site ▪ Powered caravan site	▪ Basketball/netball ring ▪ Conference facilities ▪ Kiosk and BBQ facilities ▪ Function and games rooms ▪ Giant jumping pillows ▪ Go karts ▪ Kid's playground ▪ Pool, toddler pool & spa ▪ Recreation lounge ▪ Tennis court ▪ Waterpark	▪ np
NRMA Sydney Lakeside Holiday Park 	▪ np	▪ Villa (2 bedroom) ▪ Cabin (2 bedroom & 1 bedroom) ▪ Bungalow (2 bedroom) ▪ Bunkhouse (1 bedroom) ▪ Ensuite powered caravan site ▪ Powered caravan site ▪ Powered and unpowered tent site	▪ Conference facilities ▪ Kiosk & BBQ facilities ▪ Function and games rooms ▪ Boat ramp ▪ Kids activities & playground ▪ Lending library ▪ Recreation lounge ▪ TV/video room ▪ Water playground	▪ np
NRMA Bathurst Panorama Holiday Park 	▪ np	▪ Miners hut (2 bedroom) ▪ Cottage (2 bedroom) ▪ Cabin (1 bedroom) ▪ Homestead (2 bedroom) ▪ Ensuite caravan site ▪ Powered caravan site ▪ Unpowered tent site	▪ BBQ ▪ Games room ▪ Giant jumping pillows ▪ Lending library ▪ Playground ▪ Pool ▪ Recreation lounge ▪ Toddler playground & pool ▪ TV/video room	▪ np

[4] Note: 'np' denotes not published

4.2.2. Major Operators

There are several major destination holiday park operators/marketing chains across Australia, which are keen to secure additional locations to establish quality branded destination holiday parks, to keep pace with market demand and sector growth. These are summarised in Table 2.

Table 2: Major destination holiday park operators and marketing chains in Australia

Operator	Description
Discovery Parks	▪ Operator of parks ▪ Over 60 parks across Australia, located along ski fields, beaches and nature reserves ▪ Head office based in Adelaide
NRMA Parks + Resorts	▪ Operator of parks ▪ 22 parks across Australia ▪ Located in NSW, Queensland, Victoria, South Australia and Tasmania
Ingenia Holidays	▪ Operator of parks ▪ 21 holiday parks in Australia ▪ Located across coastal and inland NSW and Queensland
BIG4 Australia's Favourite Holiday Parks	▪ Marketing chain of independent parks ▪ Over 180 holiday parks across Australia ▪ Located in every state and territory (except ACT)
Top Parks	▪ Marketing chain of independent parks ▪ Australia's largest group of holiday parks in Australia ▪ Offers three styles of parks – Top Caravan, Holiday and Resort Parks ▪ Located in every state and territory (except ACT)
Family Parks Holiday Parks & Campgrounds	▪ Marketing chain of independent parks ▪ Located in every state and territory (except ACT and NT) and in New Zealand ▪ 75% of parks are pet friendly

In addition to those listed above, there are numerous sole operators and family groups who have high-quality destination holiday parks in their portfolio. And as previously noted, there are good examples of other non-branded quality destination holiday parks such as the Lane Cove River Holiday Park run by NPWS.

There are also smaller sole traders who offer a mix of more basic traditional style caravan and camping parks, rather than the higher quality fully integrated destination holiday parks which the major branded operators are more focused on delivering.

There is clearly a need for both, though opportunities to grow the Western Sydney visitor economy are more likely to be better met by major operators (including branded operators as well as those larger scale sole operators/family groups) with the capital investment capacity, marketing and management structures, and networks to help generate stronger outcomes and consistent quality standards.

4.3. Opportunities

4.3.1. Western Sydney Locations

To provide greater context for the following Western Sydney Locations, a map of Western Sydney, including the Local Government Areas within the region, is illustrated in Figure 3. The land area of these combined Western Sydney councils is significant, along with the fact that they also represent the fastest growing population base in Greater Sydney and represent the bulk of Greater Sydney.

This is followed by a short summary of some of the council areas to reflect some of those broader opportunities for the introduction of destination holiday parks.

Figure 3: Map of Western Sydney Local Government Areas

4.3.2. The Hawkesbury

While there is much available land in The Hawkesbury for a variety of outdoor style activities and amenities to support the tourism industry, the fundamental challenge is that much of this is within a major floodplain and therefore harder to activate for development. Council, however, is very keen to identify sites to grow the potential of destination holiday parks, particularly where it is possible to link these with council proposed mountain biking trails, overnight walking trails, etc. Finding suitable sites, however, due to the flood-prone nature of much of the land is the underlying challenge though potential areas on the fringe of national parks and Government crown land exist for consideration.

4.3.3. Penrith

Penrith has developed a number of tourism attractions and supporting infrastructure over the last five years with a strong focus on being the adventure capital of NSW. Finding sites for destination holiday parks, however, are also challenged by the flood-prone nature of land, though major sites, such as Penrith Lakes, could provide potential if sites are able to be zoned accordingly. The benefit of Penrith, in addition, is the strong public transport links to enable those staying in destination holiday parks to leave their recreation vehicles and to use public transport to access not only Penrith but Parramatta and the Sydney CBDs along with recreational sites in and around the Blue Mountains and in Penrith.

Penrith is also likely to be a potential major development hub to support Western Sydney Airport, with an opportunity to create a major accommodation precinct, which should ideally include a destination holiday park as part of the product mix.

4.3.4. The Blue Mountains

The destination management plan for the Blue Mountains identified a site for a destination holiday park and it is understood that Council is in negotiation with interested parties on this. The challenge, however, in the Blue Mountains is that the developable area is tightly constrained by World Heritage National Parks on either side of a narrow lineal urban corridor, once again making it challenging to find appropriate sites to allow for destination holiday parks.

Council is keen to identify opportunities noting that a number of visitors use free camping sites already and with the potential to leverage off the strong number of visitors (interstate, international as well as intra-state) who visit the Blue Mountains on a regular and repeat basis.

4.3.5. Wollondilly

Stafford is just completing the destination management plan for Wollondilly and notes that the area does have land which potentially could be developed for destination holiday parks once appropriately zoned. The area has limited tourism infrastructure currently and could support potentially more than one destination holiday park if suitable sites are able to be found. Council is keen for the opportunity to be activated, but the land would need to be zoned fit for purpose.

4.3.6. Camden

Camden Township is constrained by surrounding flood-prone land though further out potential exists for possible sites. The significant population growth, however, being experienced in Camden and forecast for the short-medium term, will put ongoing pressure on the ability to find suitable sites unless areas can be set aside for destination holiday parks and related open space purposes.

4.3.7. Campbelltown

Campbelltown Council is very keen to encourage destination holiday park development but like many others have limited potential sites to consider. Sites which have been identified are all on private land rather than council or Crown-owned land and therefore require the support of individual landowners to activate the opportunity. Like a number of other councils, Campbelltown is well located to major freeways (the Hume Highway) as well as having good public transport connections to the Sydney CBD, in particular.

4.3.8. Liverpool

Liverpool Council is also keen to encourage the creation of quality destination holiday parks and, if possible, have this opportunity linked to the development of the Western Sydney Airport at Badgerys Creek for which Liverpool is one of two councils which could more easily act as the staging post for this. Finding suitable sites and zoning this fit-for-purpose is a requirement going forward.

4.3.9. Western Sydney Parklands

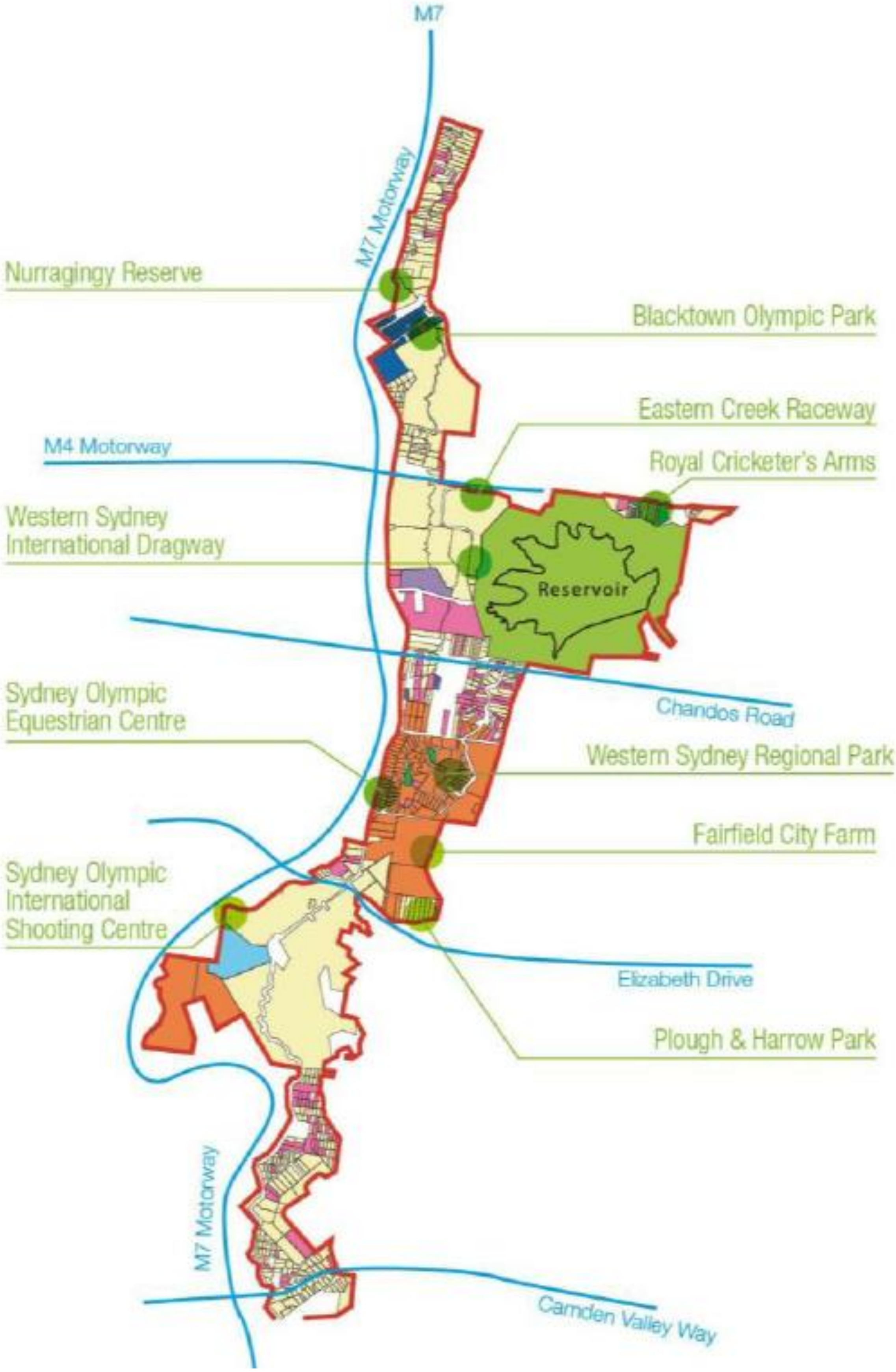
The Western Sydney Parklands Trust manages a major corridor of land known as the Western Sydney Parklands. This runs from South West Sydney through Western Sydney to the North West. The area offers an attractive buffer zone to major urban development and open space area for recreational purposes. Potential may exist to secure one or more sites within the Western Sydney Parklands particularly if there is suitable land to allow for the introduction of a destination holiday park. Importantly, and noting the other activities which are encouraged within Western Sydney Parklands, the potential may then exist to leverage walkways, cycleways, etc. where Destination holiday parks can act as a potential hub to support community recreation activities and to also provide local employment opportunities as well as wider economic and social benefits.

A map of Western Sydney Parklands, as well as key facilities and landmarks, is illustrated in Figure 4 and Figure 5 to highlight where the parklands are located throughout Western Sydney.

Figure 4: Western Sydney Parklands (Regional Context)[5]

[5] NSW Department of Planning and Environment

Figure 5: Western Sydney Parklands with key facilities and locations[6]



[6] Marshall, Hatherly, Corkery and Steinmetz 2008

5. Indicative Profitability

5.1. Indicative Development Costs and Benefits

Though there are no specific sites yet identified for new destination holiday park specifically, there is a high level of interest from several councils for such facilities to be introduced.

To provide an indication of the size, scale and returns which could potentially be generated, the following top-line cost-benefit assessment is offered to reflect a potential destination holiday park scenario for a new facility in Western Sydney. It is provided to illustrate that despite several infrastructure and utility-based cost requirements, attractive returns on investment can be generated. The following is purely indicative and based on the following.

- If a suitable site can be located offering no less than 8 hectares which are noted at the smaller end of the scale requirement for a quality destination holiday park.
- The location will need to be within reasonable proximity of public transport connections to enable those staying in a destination holiday park to access the Parramatta CBD as well as the Sydney CBD for a variety of day-trip excursions and to visit other areas around greater Sydney with attractions.
- That such a facility would need to offer a variety of cabin sites, powered and unpowered sites to cater for the mix of visitors requiring these facilities.
- That a suitable site would be leased to a professional destination holiday park operator for a realistic timeframe which may need to be 40 years plus.

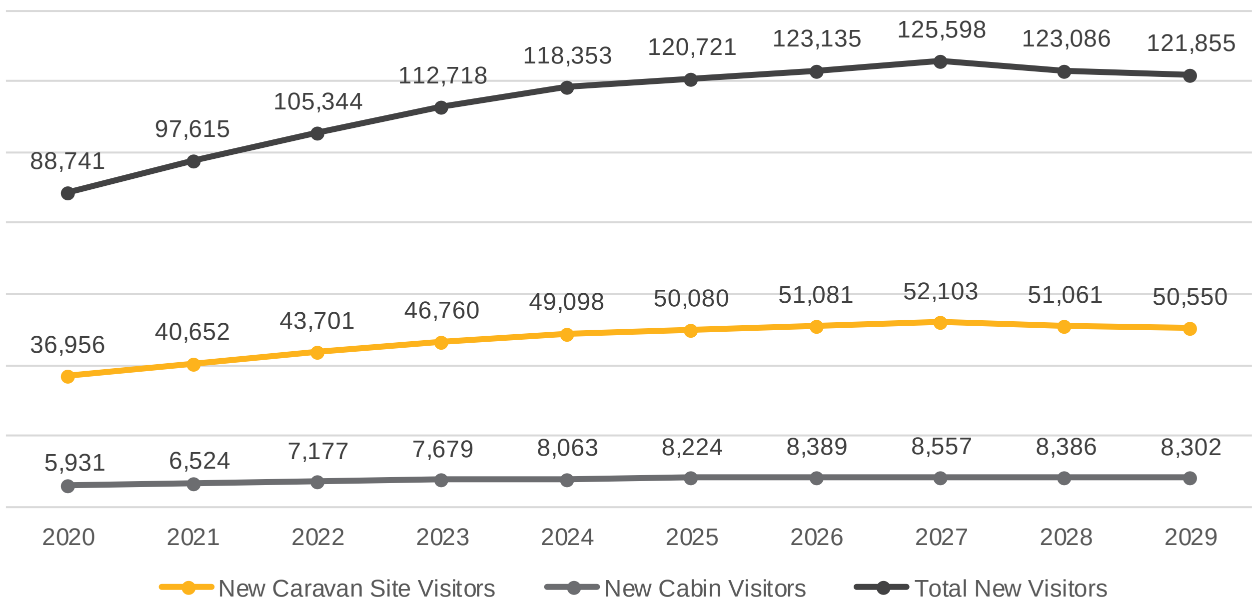
5.2. Cost-Benefit and Financial Outcomes

The cost-benefit provides a indication of the types of economic and financial outcomes which could be expected. It is important to note that a conservative approach has been taken to occupancy levels noting the high level of market demand for caravan and camping facilities and the lack of supply in greater Sydney and surrounds.

The following assumptions have been applied to illustrate an indicative return should a destination holiday park be established in Western Sydney.

- The required yield has been set at 10% with a discount rate of 7% reflecting the standard NSW Treasury discount rate applicable to a commercial venture.
- It is assumed that a site will need to offer 25 cabins, up to 225 powered caravan and recreational vehicle sites.
- That a ratio of 2.5 guests per cabin as well as 2.0 guests per powered site is assumed.
- Applying the average occupancy rates applicable to other destination holiday park facilities in 2017, generates estimated site visitors in total ranging from 88.7k in the first full year of operation to a maximum of 125.6k by year 8 which reflects constant but conservative growth considering where the sector is in and its level of market demand (see Figure 6).

Figure 6: Visitor Forecasts, 2018 – 2027



In addition, Table 3 illustrates the key financial implications of a potential destination holiday park in Western Sydney. These have been tested with industry operators, developers and brokers.

- Total revenue (accommodation direct (2.7m) and other sources ($865k) in year 1) is estimated to grow from $3.56m to $5.47m over the 10-year cash flow period provided.
- Expenditure is broken down to cover a variety of full-time and part-time jobs, budgets for marketing and promotions, and expenditure items covering cleaning and maintenance, utility charges, council levies and rates and IT support and related accounting services. Total expenditure is projected to increase from $1.5m in Year 1 to $2.1m in Year 10.
- An indicative annual lease fee for leasing a site and based on 10% of turnover is applied commencing at $356k per annum and increasing to $211k by year 10.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) range from $2.06m in year 1 to a high of $3.50m by year 8, before easing to $3.35m in Year 10 which is shown to reflect the introduction of new competitor facilities.

The estimated capital cost (including a 20% contingency) is estimated at $26.12m with an upgrade/refresh in the fifth year of operation of $500k and a further upgrade and refresh in year 10 of the same amount.

The cost-benefit indicates an internal rate of return of 12.2% and a net present value of $10m reflecting the positive financial returns able to be generated.

Table 3: Cost-Benefit Findings

Summary Item	Value
Required Yield	10%
Discount Rate	7%
Visitors - Year 1	88.7k
Visitors - Year 10	121.8k
Revenue - Year 1	$3.56m
Revenue - Year 10	$5.47m
Expenditure - Year 1	$1.5m
Expenditure - Year 10	$2.1m
EBITDA - Year 1	$2.06m
EBITDA - Year 10	$3.35m
CAPEX	$26.15m
IRR	12.2%
NPV	$10.03m

It is important to note that a conservative but prudent approach has been applied particularly to direct accommodation and additional revenue estimates and to the estimated level of occupancy on an annual basis. Anecdotal feedback from industry sources indicates that if a new quality destination holiday park was established in Western Sydney, higher levels of occupancy may be able to be generated in a relatively short time frame due to pent up market demand.

For completeness, Table 4 shows the detailed cashflow over a 10-year period, illustrating the capital, expenditure and revenue items that have been detailed throughout this section. No land acquisition value has been included as it is assumed that an operator would lease a site, assuming a lease period of 40+ years can be offered.

Table 4: Indicative cost-benefit assessment

Top Line Cost Benefit Assessment for Destination Holiday Park

Assumptions	
Required Yield	10%
Discount rate	7%
Inflation	2.5%

Demand	Site capacity	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Site Occupancy											
Powered caravan sites (225)	82,125	36,956	40,652	43,701	46,760	49,098	50,080	51,081	52,103	51,061	50,550
Cabin with ensuite (25)	9,125	5,931	6,524	7,177	7,679	8,063	8,224	8,389	8,557	8,386	8,302
Total number of bookings	**91,250**	**42,888**	**47,176**	**50,878**	**54,439**	**57,161**	**58,304**	**59,470**	**60,660**	**59,446**	**58,852**
Visitors											
RV/caravan site visitors	2	73,913	81,304	87,402	93,520	98,196	100,160	102,163	104,206	102,122	101,101
Cabin visitors	2.5	14,828	16,311	17,942	19,198	20,158	20,561	20,972	21,392	20,964	20,754
Total Estimated Site Visitors		**88,741**	**97,615**	**105,344**	**112,718**	**118,353**	**120,721**	**123,135**	**125,598**	**123,086**	**121,855**
Revenue											
Direct Revenue	p/site										
225x powered RV/caravan sites	$48	$ 1,773,900	$ 1,951,290	$ 2,097,637	$ 2,244,471	$ 2,710,199	$ 2,764,403	$ 2,819,691	$ 2,876,085	$ 2,818,563	$ 2,790,378
25 X cabins	$156	$ 925,275	$ 1,017,803	$ 1,119,583	$ 1,197,954	$ 1,446,529	$ 1,475,459	$ 1,504,969	$ 1,535,068	$ 1,504,367	$ 1,489,323
Direct Revenue Subtotal		**$ 2,699,175**	**$ 2,969,093**	**$ 3,217,220**	**$ 3,442,425**	**$ 4,156,728**	**$ 4,239,863**	**$ 4,324,660**	**$ 4,411,153**	**$ 4,322,930**	**$ 4,279,701**
Addiitonal Revenue											
Estimated spend on food and beverage (50% visitors)	$15	$ 665,555	$ 732,110	$ 790,077	$ 845,382	$ 887,651	$ 905,404	$ 923,512	$ 941,983	$ 923,143	$ 913,911
Estimated spend on bike hire, water park use (15% visitors)	$10	$ 133,111	$ 146,422	$ 158,015	$ 169,076	$ 177,530	$ 181,081	$ 184,702	$ 188,397	$ 184,629	$ 182,782
Estimated spend on other retail items (15% visitors)	$5	$ 66,555	$ 73,211	$ 79,008	$ 84,538	$ 88,765	$ 90,540	$ 92,351	$ 94,198	$ 92,314	$ 91,391
Additional Revenue Subtotal		**$ 865,221**	**$ 951,743**	**$ 1,027,100**	**$ 1,098,997**	**$ 1,153,947**	**$ 1,177,025**	**$ 1,200,566**	**$ 1,224,577**	**$ 1,200,086**	**$ 1,188,085**
Total Revenue		**$ 3,564,396**	**$ 3,920,836**	**$ 4,244,319**	**$ 4,541,422**	**$ 5,310,675**	**$ 5,416,888**	**$ 5,525,226**	**$ 5,635,730**	**$ 5,523,016**	**$ 5,467,786**
Expenditure											
Staff salaries (6 FTE staff)		$ 415,000	$ 424,130	$ 433,461	$ 442,997	$ 452,743	$ 462,703	$ 472,883	$ 483,286	$ 493,918	$ 504,785
Staff on costs (holiday, sick leave, superannuation)	25%	$ 103,750	$ 106,033	$ 108,365	$ 110,749	$ 113,186	$ 115,676	$ 118,221	$ 120,822	$ 123,480	$ 126,196
Marketing and promotions	6%	$ 213,864	$ 235,250	$ 254,659	$ 272,485	$ 318,640	$ 325,013	$ 331,514	$ 338,144	$ 331,381	$ 328,067
Cleaning and maintenance	2.5%	$ 89,110	$ 98,021	$ 106,108	$ 113,536	$ 132,767	$ 135,422	$ 138,131	$ 140,893	$ 138,075	$ 136,695
Utility charges (gas, elec, water, sewer charges)	8%	$ 285,152	$ 313,667	$ 339,546	$ 363,314	$ 424,854	$ 433,351	$ 442,018	$ 450,858	$ 441,841	$ 437,423
Council levies and rates		$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000
IT support and accounting services		$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000
Annual lease fee for site as % T/O	10%	$ 356,440	$ 392,084	$ 424,432	$ 454,142	$ 531,067	$ 541,689	$ 552,523	$ 563,573	$ 552,302	$ 546,779
Total Expenditure		**$ 1,499,315**	**$ 1,605,184**	**$ 1,702,571**	**$ 1,793,223**	**$ 2,009,257**	**$ 2,049,854**	**$ 2,091,288**	**$ 2,133,576**	**$ 2,116,997**	**$ 2,115,944**
EBITDA		**$ 2,065,081**	**$ 2,315,652**	**$ 2,541,749**	**$ 2,748,199**	**$ 3,301,417**	**$ 3,367,034**	**$ 3,433,938**	**$ 3,502,154**	**$ 3,406,018**	**$ 3,351,842**
Capital Costs											
Demolition, site preparation, excavation (4.5%)	$900,000										
RV/caravan sites x 225 (including café)	$10,000,000										
Cabin construction (80 sqm)	$3,750,000										
Cabin fit out costs (80 sqm)	$750,000										
Carparking, access roads and landscaping (1125 sqm)	$843,750										
Services (fire system, sewerage, trade waste, potable water, gas supply, electrical, generator) 3.5%	$568,531										
Infrastructure works (HV services, telecommunications, stormwater, sewer connection) 4.5%	$716,053										
Water play feature, pool, splash pad	$1,200,000										
Prelimnaries (4%)	$749,133										
Builders overhead and margin (6%)	$1,123,700										
Professional fees (8.5%)	$1,655,585										
Contingencies (20%)	$3,895,493										
Upgrades/refresh year 5 and year 10						-$500,000					-$500,000
Total Establishment Costs	**$26,152,245**										
Centre Value											**$ 33,518,416**
Cash Flow	**-$26,152,245**	**$ 2,065,081**	**$ 2,315,652**	**$ 2,541,749**	**$ 2,748,199**	**$ 2,801,417**	**$ 3,367,034**	**$ 3,433,938**	**$ 3,502,154**	**$ 3,406,018**	**$ 36,370,257**
IRR	**12.2%**										
NPV	**$10,028,887**										

6. Summary Points

The significant growth of the caravan and camping industry is well-recognised throughout the tourism industry, noting that 31% of all holiday nights in regional NSW are spent in caravan and camping sites. Nationally, the significance of NSW is also well recognised with 32% of all caravan and camping trips being spent in the state.

There are now over 4m overnight trips spent by the domestic market in caravan and camping facilities in NSW as well as over 16m visitor nights in the domestic market alone. In addition to this, there are now over 136k international overnight caravan and camping holidays in NSW which represent over 1m visitor nights in 2017.

The significance of the sector including its growth potential, provides an excellent opportunity for Western Sydney to leverage off this continuous growth to help Greater Sydney meet an ongoing level of market demand. As highlighted in this report, there are significant numbers of vehicle registrations in NSW with caravans (126.7k) and campervans (16.7k) reflecting ongoing growth in the sector. As highlighted, it is not just domestic visitors who are utilising and owning caravans, campervans and other recreational vehicles, but a growing number of repeat international visitors.

From a market demand perspective, a potential reason why visitor growth into Greater Sydney may slow is the lack of supply of facilities such as destination holiday parks to cope with market demand. And we note that only 8% of all NSW domestic caravan and camping trips are in greater Sydney; which should be a major opportunity to grow market demand particularly to Western Sydney.

The lack of destination holiday parks, therefore, risks being a potential constraint on the ability of NSW and Greater Sydney in particular, to generate far stronger returns to the visitor economy.

Most importantly, the major beneficiary from the supply of additional destination holiday park sites is more likely to be Western Sydney where there is a greater chance of finding appropriate sites to allow for further destination holiday parks to be established. Finding suitable sites closer to the Paramatta and Sydney CBDs or on Sydney's coastal fringe, is far less likely.

In conclusion, the market demand for caravan and camping facilities in the form of quality destination holiday parks can provide a number of important benefits specifically for Western Sydney including:

- additional investment both during the construction and operating phase;
- additional employment in the form of full-time, part-time and contract work and through direct and indirect employment potential;
- the broader caravan and camping support industry is expected to be able to provide a number of wider economic benefits through the supply, maintenance, etc. of recreational vehicles including caravans, campervans, etc. and all the various equipment which is associated with the sector; and
- the indicative cost benefit of a potential destination holiday park highlights the ongoing and attractive returns which are expected to be able to be generated even when conservative occupancy and revenue streams are applied.

What is now needed is a series of appropriate sites throughout Western Sydney for not one, but a variety of destination holiday parks to meet current and future demand.

The challenge of finding suitable sites requires a collaborative approach by State Government, Western Sydney councils and key bodies such as the Sydney Business Chamber, Western Sydney and the NSW Caravan and Camping Association, to help facilitate and drive this opportunity.

SYDNEY OFFICE
3.02 POST 46a MacLeay Street
Potts Point NSW 2011, Australia
E admin@thestaffordgroup.com.au
O +61 29331 6222

BRISBANE OFFICE
PO BOX 265
Sandgate QLD 4017, Australia
E admin@thestaffordgroup.com.au

MELBOURNE OFFICE
Level 19, 567 Collins Street
Melbourne VIC 3000, Australia
E admin@thestaffordgroup.com.au