

WHITSUNDAY REGIONAL COUNCIL
AIRLIE BEACH LP | AUG 2014

AIRLIE BEACH STRUCTURE PLAN

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1 INTRODUCTION

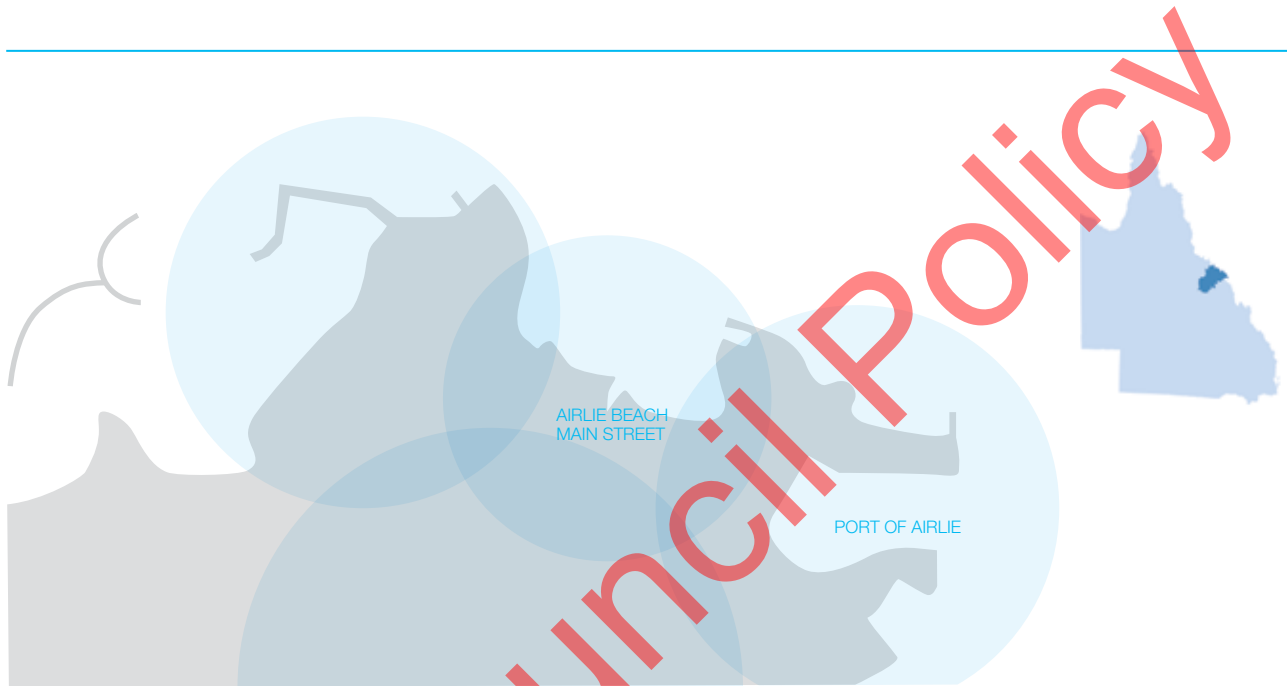


FIGURE 1 AIRLIE BEACH LOCAL PLANNING AREA AND LOCALITIES

1.1 PURPOSE OF THE STRUCTURE PLAN

This Structure Plan is written for Whitsunday Regional Council in preparation of a Local Plan for Airlie Beach, and as part of Council's preparation of a new planning scheme for the Whitsunday region.

A Local Plan for Airlie Beach has been determined as necessary in response to a number of potential, and significant, development influences, with key drivers including:

- completion of the Airlie Beach Main Street upgrade in late 2013
- completion of construction of new full size Woolworths on Waterson Way

- construction underway for the new Cruise Whitsundays Terminal at Port of Airlie
- proposed extension of the Whitsunday Coast Airport runway to accommodate international flights and greater domestic service
- major development proposals and interest for greenfield sites and the redevelopment of brownfield properties along the Main Street and general locality
- outdated development control requirements in the current Whitsunday Shire Council Planning Scheme 2006
- a need to formalise key public infrastructure requirements required as part of future development of the precinct.



IMAGES: PLACE Design Group

As the key activity centre for the Whitsunday coast, Airlie Beach provides a unique tourism driver in the region; its future development and growth must be well planned to sustain and strengthen its economy, while retaining valuable community and natural assets.

This Structure Plan establishes the vision and development intents for Airlie Beach. It provides the rationalisation of key strategic elements and describes their effectiveness in achieving the vision and intents for the area. Development intents and outcomes of the Structure Plan have been tested for their viability of such development in current and projected market conditions: in this way the Structure Planning framework is a tested basis on which to build a realistic and informed statutory Local Plan.

The concluding proposition of the Structure Plan establishes a development framework that informs the subsequent local planning components, in accordance with the Sustainable Planning Act 2009 (SPA) and the Statutory Guideline for Making and Amending Local Planning Instruments 2012 (MALPI).

Specifically the outputs of this Structure Plan provide the following Local Plan components:

- Its purpose and overall outcomes
- The purpose and overall outcomes of its precincts
- Strategically considered mapping elements
- Assessment criteria identified as relevant to the Airlie Beach intended outcomes

This Structure Plan is the culmination of a number of processes, undertaken to ensure that planning frameworks are developed in a comprehensive, integrated and effective way.

In order to provide robust strategies towards these objectives, this Structure Plan details the conclusions of the following stages of investigation and analysis:

- 1 Baseline Analysis - a preliminary review of site analysis, background documentation, and historical strategies that creates a baseline understanding of issues, opportunities and constraints in the local planning area.
- 2 Market Analysis - a summary of research into local demographics, market data, and pricing of product to understand commercial indicators and their likely influences on land use and development.
- 3 Feasibility Analysis - a test of development scenarios using inputs from the market data for indicators of the performance of planning scheme intents and control.
- 4 Concept Structure Plans - the conceptual spatial representation of strategic considerations drawn from the analyses.
- 5 Final Structure Plan - the final planning framework that consolidates process outcomes.

1.2 THE AIRLIE BEACH LOCAL PLANNING AREA

Airlie Beach is part of the Whitsunday Regional Council Local Government Area (LGA), incorporating also the towns of Proserpine, Bowen and Collinsville. It is home to approximately 900 permanent residents and is a gateway to the Great Barrier Reef and the Whitsunday islands, drawing significant tourism to the region.

It is an area of riches – rich in tourism, rich in natural aspects, and rich in community.

Its unique, core tourism economy is acknowledged as a cornerstone of future growth, with development opportunities being enabled through this framework to also deliver contribution to these values.

1.3 PLANNING FRAMEWORK

This Structure Plan provides an interim process to the creation of a considered, relevant and tested Local Plan, for development intents that reflect deliverable outcomes.

While not in itself a statutory document, this document prepares the strategic thinking and testing of outcomes, to rationalise application in a statutory planning instrument, directly informing the subsequent Local Plan.

The planning framework for these current processes is illustrated in Figure 2.

It is expected that the Draft Planning Scheme and the Draft Airlie Beach Local Plan will be finalised by the end of 2014.

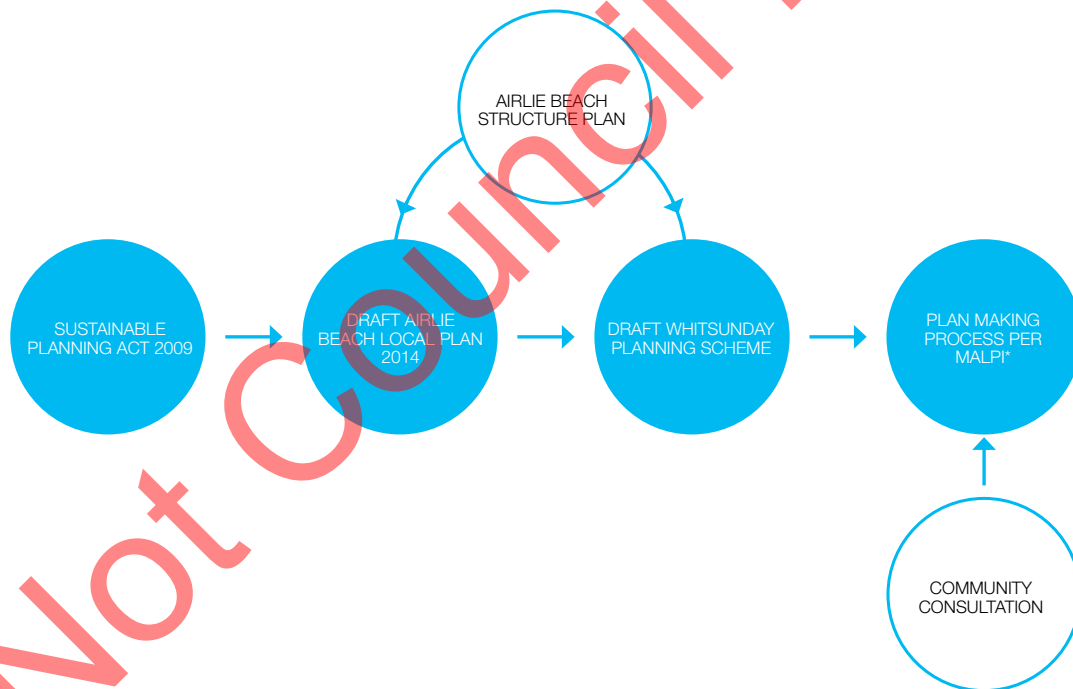


FIGURE 2 PLANNING FRAMEWORK AND PROCESS FOR MAKING A LOCAL PLAN

*MALPI is the State guideline for Making and Amending Local Planning Instruments. this includes issue of the Draft Whitsunday Planning Scheme for State Interest Review, followed by Public Consultation, prior to the scheme being adopted and commenced.



IMAGES: PLACE Design Group

1.4 QUEENSLAND PLANNING PROVISIONS

While this Structure Plan document is intended to be extrinsic to the Local Plan, it acknowledges future standard requirements for statutory planning schemes, adopting where relevant terminology in accordance with the Queensland Planning Provisions (QPP) (as per the version current at the time of writing).

Specifically the strategic analysis of the Airlie Beach local planning area and the derivation of Desired Outcomes and Key Strategic Directions will be examined through the Strategic Framework themes identified in the QPP. These include:

1. Housing and liveable communities
2. Economic growth
3. Environment and heritage
4. Hazards and safety
5. Transport and infrastructure

This approach will assist in coordinating and interpreting the Structure Plan for adoption into other statutory mechanisms across all levels of the New Whitsunday Regional Planning Scheme, including the subject Airlie Beach Local Plan, and the Strategic Framework.

2 BASELINE ANALYSIS

2.1 BACKGROUND DOCUMENTATION SYNOPSIS

This synopsis is made as a pre-cursor to consolidating strategic interests and determining key directions for the drafting of the Airlie Beach Local Plan.

It acknowledges previous and existing works relevant to the study area, that have been undertaken in recent years, and that will underpin these current planning processes.

The baseline review is undertaken for the following documents and information:

- Airlie Beach local area plan key issues paper, prepared by Whitsunday Regional Council, May 2014
- Whitsunday region economic analysis: Economic and population study, prepared by Norling Consulting, November 2013
- The Whitsundays tourism opportunity plan 2012-2016, Tourism Queensland
- Whitsunday Shire Planning Scheme 2009
- Whitsunday 2020 corporate plan, Whitsunday Regional Council
- Community plan 2011-2021, Whitsunday Regional Council

In addition to the above documents, a number of historical documents have been provided and reviewed as context to previous planning and growth strategies for the area. These have included:

- Airlie Beach and Hillside Development Control Plan 1998
- Open space and recreation study for the Shire of Whitsunday 2005
- Airlie Main Street Master Plan 2011-2012

TABLE 1: BACKGROUND DOCUMENTATION SYNOPSIS

DOCUMENT	SUMMARY	RELEVANCE TO AIRLIE BEACH LOCAL PLAN
Airlie Beach Local Area Plan Key Issues Paper, prepared by Whitsunday Regional Council, May 2014	<p>Key Issues have been sourced from Council strategic planning processes, Council technical departments, including development assessment, and Councillor feedback.</p> <p>The summary is further based on supporting documentation primarily an economic and population study by Norling Consulting in 2013 (refer to summary below).</p> <p>Issues categorised under land use, access and movement, infrastructure, community, open space and environment, economy and general statutory requirements are included in the proposed Desired Outcomes in following sections of this synopsis.</p>	Lists all contemporary key issues and will inform basis of Key Strategic Directions for drafting of Structure Plan
Whitsunday Region Economic Analysis: Economic and Population Study, prepared by Norling Consulting, November 2013	<p>This report studies data for the Whitsunday region, and describes the relevant demographic and population profile for Cannonvale to Airlie Beach area, but does not refine the data specific to the Airlie Beach subject study area for this project.</p> <p>Summary statements on this larger statistical area note its potential for strong growth, accommodating an additional 5,900 people and 3,900 jobs to 2036. Tourism growth in Airlie Beach will drive the most employment growth.</p> <p>No planning recommendations are made specific to the study area.</p>	The project team will review core data and update where necessary. This comparison is intended to substantiate growth projections which have varied between different sources, and in particular between OESR analysis and the more current analysis by Norling Consulting. It is also noted that the data in this report is for Cannonvale to Airlie Beach, and as such the project team will consider a derivation of just Airlie Beach data.
Whitsunday Regional Council Urban Growth Study Draft Report, May 2014	<p>Urban growth study of the region and individual town centres. Again considers the study area for Cannonvale to Airlie Beach, concluding that "there is sufficient residential capacity within existing zones to meet the anticipated growth till 2036, with a minor deficit in industrial land identified and appropriately allocated"</p> <p>Residential land capacity for growth and recommendations of the report are:</p> <ul style="list-style-type: none"> - Low density residential - Significant oversupply of land is available; recommends that existing land is appropriately developed. - Low-medium density residential - Moderate supply of additional land required; recommends that existing land is consolidated through appropriate infill development and appropriate reallocation of low density residential land. - Mixed use - Sufficient land available; recommends that existing land is appropriately developed. 	Consider the – re-zoning of residential zones to match demand and supply
Proposed Draft New Planning Scheme Codes Conversion	<p>MIXED USE ZONE CODE</p> <p>Identifies Airlie Beach as Precinct MU2, addressing its key tourism role, building typologies for mixed use and visitor accommodation, population density, character, and built form including heights. Key built form provisions are described in Table 2.</p> <p>TOURISM ZONE CODE</p> <p>Includes provisions for development in the Port of Airlie in accordance with the approved Master Plan, now adopted as part of the planning scheme.</p>	<p>Predominantly 2-3 storeys, with conditional 4 storeys maximum allowed on the Main Street.</p> <p>Port of Airlie: various heights allowed for different precincts.</p> <p>Table 2 shows planning scheme provisions that are layered and disparate across the localities of the planning area. In particular building envelope provisions are complicated to interpret with variations across buildings of different heights and configuration.</p>

DOCUMENT	SUMMARY	RELEVANCE TO AIRLIE BEACH LOCAL PLAN
Whitsunday Shire Planning Scheme 2009	<p>IPA (1997) Planning Scheme for former Whitsunday Shire establishes Desired Environmental Outcomes; Zones and Overlays; Planning Scheme Codes and Policies.</p> <p>Specific to Airlie Beach the following intents are noted:</p> <ul style="list-style-type: none"> (a) primary mainland tourist area providing tourist and recreation focused shopping and commercial activities and services, and resident and short-term accommodation. (b) character includes tropical flavour, pedestrian scale, compact form, orientation towards the street, unifying awning treatments, building heights and landscape elements (c) height of new development is max 9m/3 storeys to northern side of Shute Harbour Road; and up to 12m/4 storeys on southern side (set back from street and parks). (d) Abel Point marina provides accessible mixed use: marina; industries and accommodation over commercial uses. 	Code requirements are reflected in the Draft New Planning Scheme codes conversion, shown in Table 2.
Whitsunday 2020 Corporate Plan	<p>Centres on four key themes of Governance, People, Place and Prosperity: a five year vision for Council, identifying six strategic priorities, including:</p> <ul style="list-style-type: none"> - Development of the Whitsunday Coast Airport as a transport and exports hub and regional economic driver - Implementation of the Bruce Highway Action Plan - Continued development of the Port of Abbot Point and the Abbot Point State Development Area - Water Security through advocating for construction of the Urannah Dam and improvements to the Burdekin Falls Dam - Advocate for a base load power station at Collinsville - Advocate for Integrated Resort Development within the Whitsunday Region 	<p>Key priority for the advocacy of Integrated Resort Development is still current.</p> <p>Whitsunday Coast Airport expansion will provide opportunity for diversifying market share for Airlie Beach tourism and visitation.</p>
Community Plan 2011-2021, prepared by Whitsunday Regional Council	Community 'conversation' that defined community vision for the region, including implementation considerations for economic, infrastructure, community, and natural environment aspects of regional growth.	Provides context to key issues summary paper for community matters and communication of Council intents.
The Whitsundays Tourism Opportunity Plan 2012-2016, Tourism Queensland	<p>Outlines coordinated strategy for Tourism Opportunities for the Whitsundays. Incorporates assessment criteria of potential projects, refining through this a list of catalyst projects. Projects listed specific to Airlie Beach include:</p> <ul style="list-style-type: none"> - Airlie Beach Water Park - Airlie Beach Flow Rider Attraction - Airlie Beach Tourist Precinct - Airlie Beach Conference venue - Airlie Beach development <p>Identifies Whitsunday Coast Airport runway extension and key infrastructure upgrades in alignment with its opportunities' plan. The report identifies target markets for the Whitsundays</p> <p>Primary:</p> <ul style="list-style-type: none"> - Connectors in Brisbane and Regional Queensland - Social Fun Seekers in Sydney and Melbourne - UK, the Americas and Europe (Germany, France and Italy). <p>Secondary:</p> <ul style="list-style-type: none"> - Scandinavia, other Europe and Korea <p>Emerging:</p> <ul style="list-style-type: none"> - Active Explorers in Sydney & Melbourne - New Zealand, China, Hong Kong, Japan, India, Middle East 	<p>Contextual strategic planning to potential growth sectors for Airlie Beach's tourism economy. Will help to inform strategic thinking for the Local Plan commercial activation frameworks for the Airlie Beach Main Street.</p> <p>Most of the identified catalyst projects (including planning upgrade for renewal development) are located in Airlie Beach.</p>

TABLE 2 PLANNING SCHEME REVIEW

BUILT FORM PROVISIONS	AIRLIE BEACH – MAIN STREET	PORT OF AIRLIE	REST OF AIRLIE BEACH + ABELL POINT
DRAFT NEW PLANNING SCHEME MIXED USE CODE			
BUILDING HEIGHTS			
BUILDING (M) MAX.	12		12
PODIUM (M) MAX.	3		
LEVEL 1 (M) MAX.	6	C-9 D-9 N-7.0	
LEVEL 2 (M) MAX.	9	H-11 M-9.4	
LEVEL 3 (M) MAX.	12	B-12.6 F-13 G-14.2	12
LEVEL 4 (M) (MAIN STREET: SOUTH SIDE ONLY*)	15	A-15.8 L-15.8	
SITE COVER MAX. (5)	MDU + Short-term accomm. - 50%	(MAX GFA BY PRECINCT)	50%
* ONLY WHERE OFFSETTING GFA LOSS AND/ OR VISUAL CONNECTION MAIN STREET TO BEACH IS PROVIDED			
SETBACKS (MIXED USE/ MULTIPLE DWELLING)			
FRONT (PODIUM) (M)	0		
FRONT (OTHER) (M)	2.5		4.5
SIDE			
SIDE THOROUGHFARE (IF FRONTAGE > 20M)	3		4.5
REAR	4		4
MAXIMUM BUILDING LENGTH (BEFORE ARTICULATION) (M)		30	
BUILDING SEPARATION (M)		11 (Precincts F & G)	
WHITSUNDAY SHIRE PLANNING SCHEME 2009 GENERAL DEVELOPMENT CODE			
SITE COVER	50%		50%

BUILT FORM PROVISIONS	AIRLIE BEACH - MAIN STREET	PORT OF AIRLIE	REST OF AIRLIE BEACH + ABELL POINT
CAR PARKING			
HOUSE	2		
MULTIPLE DWELLING	1 bed 1cp/du 2 bed 1.5cp/ du 3 bed 2cp/ du Visitor 1cp/ 7du	1 bed 1cp/du 2 bed 1.5cp/ du 3 bed 2cp/ du Visitor 1cp/ 7du	1 bed 1cp/du 2 bed 1.5cp/ du 3 bed 2cp/ du Visitor 1cp/ 7du
SHORT-TERM ACCOMMODATION	1 bed 1cp/du 2 bed 1.5cp/ du 3 bed 2cp/ du Vi 1cp/ 7du	1 bed - 0.7cp/ du 2 bed - 1.05cp/ du 3 bed - 1.4cp/ du Vi - 1cp/ 7du	1 bed 1cp/du 2 bed 1.5cp/ du 3 bed 2cp/ du Vi 1cp/ 7du
HOTEL	Comm - 1cp/15m ² to 1cp/ 25m ²	1 bed 0.5 cp/du 2+ bed 0.7 cp/du Conference 0 Vi 1 space/7 units Comm - 1cp/10m ² to 1cp/ 50m ²	Comm - 1cp/15m ² to 1cp/ 25m ²
FOOD AND DRINK	1cp/15m ²	1 cp/ 25m ²	1cp/15m ²
INDOOR RECREATION	1cp/20m ²	1cp/20m ²	1cp/20m ²
MARKET	1cp/50m ²	1cp/50m ²	1cp/50m ²
OFFICE	1cp/ 30m ²	1cp/ 30m ²	1cp/ 30m ²

2.2 LOCALITIES' CATALOGUE AND OBSERVATIONS

Existing conditions in Airlie Beach are considered as context to the background information being concurrently reviewed.

These observations have been catalogued by preliminary localities. Observations are represented by the following collection of images, made up of uses, built form, activity and tenancy typologies in Airlie Beach. The implications for different precinct strategies are discussed in the following section to inform strategic understanding.

Localities have been nominated in early phases of this process as a starting point for on-going analysis; reflecting immediately identifiable character and functions within the study area.

The nominated localities are:

- Airlie Beach Main Street and Foreshore;
- Airlie Hill;
- Abell Point Marina and Broadwater Avenue; and
- Port of Airlie.

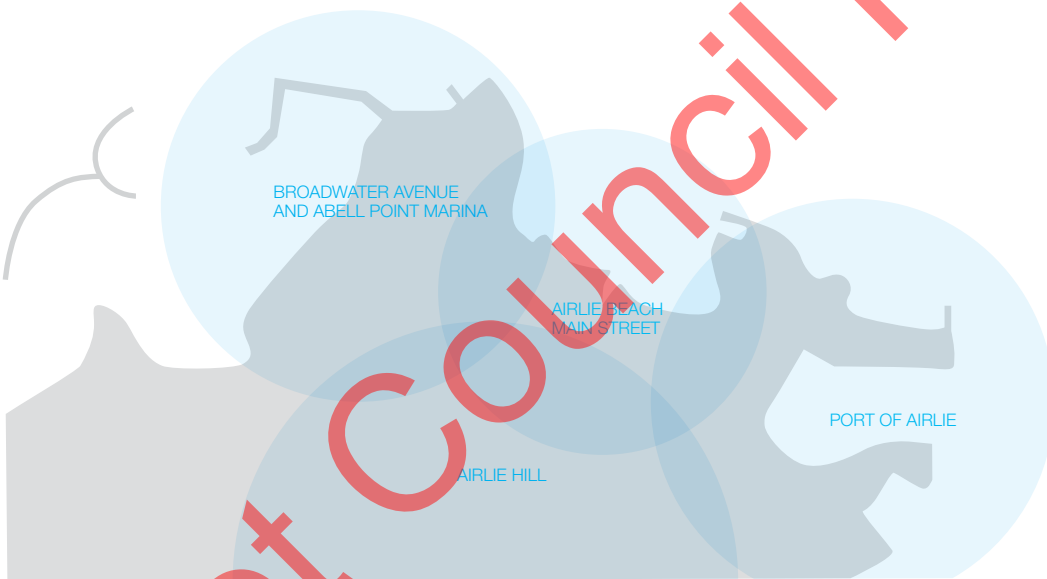
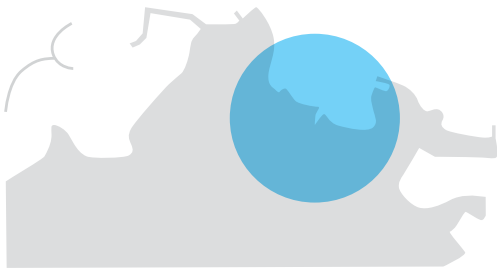


FIGURE 3 AIRLIE BEACH LOCAL PLANNING AREA AND LOCALITIES

AIRLIE BEACH MAIN STREET AND FORESHORE OBSERVATIONS



Uses on the Main Street are commercially activated in the ground plane, and are almost absolutely marketed to the backpacker tourism market. Accommodation uses, retail and tourist operators are the main use categories.

A Woolworths supermarket has recently opened on the Main Street, although is recessed behind other retail and dining uses. Many of the retail stores on the Main Street are small boutique shops, although there is a section (sleeving the Woolworths store) where national clothing brands and outlets are predominant. Dining is a mix of takeaway outlets, cafés and casual dining, with some finer dining restaurants found towards the eastern end and around Airlie Esplanade.

Some vacancy in the ground plane is evident and there is limited use of upper levels for retail or dining.

Night-time activity is prevalent and supported by a youthful, backpacker and tourist visitor demographic. Numerous bars, beer gardens and nightclubs evidence this area as an entertainment precinct.

An audit of uses in the Main Street are illustrated in Figure 4.

Main Street buildings are configured predominantly to one or two stories; with block access via vehicular crossovers penetrating an otherwise, reasonably, continuous built form along the street. The form provides a human scale and accessible retail experience. The lagoon and parklands sit behind

the Main Street and there is limited integration (connections and orientation) between them.

Sections of the built form are interrupted by service areas, often fenced and not integrated as part of the built form. At times this creates a sense of insecurity and potentially compromises safety or raises opportunities for anti-social behaviour.

Buildings are dated and some disrepair is evident.

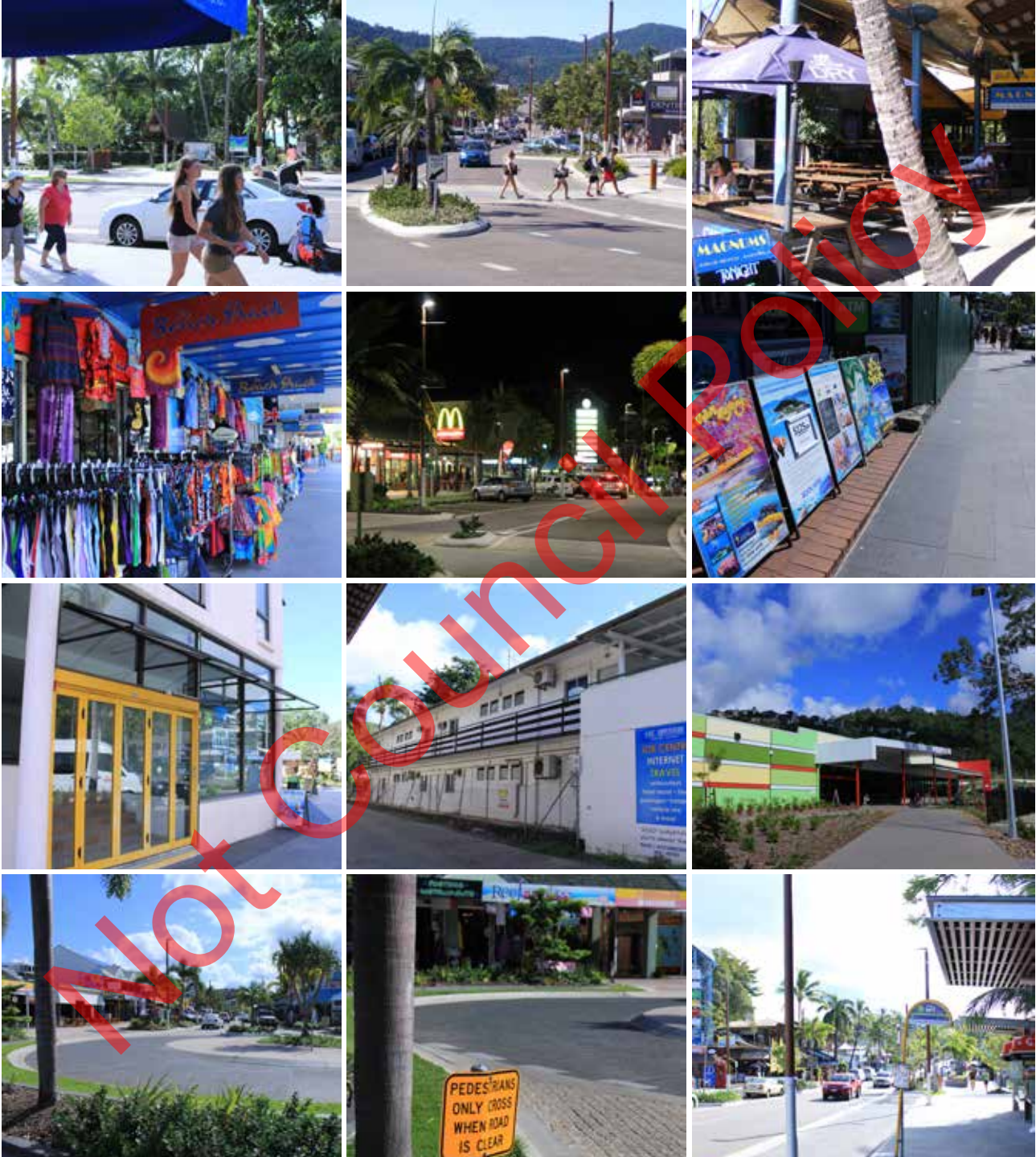
However, recent works in the Main Street have renewed the overall public realm, and contributed to a comfortable user environment: well shaded, retained parking and servicing, and slowed traffic (pedestrian friendly). Public bus stops are currently located on the Main Street.

The diversion of westward, through bound traffic to Waterson Way (avoiding the Main Street) has contributed to a feeling of a pedestrian orientated space on the Main Street, Broadwater Avenue to Airlie Esplanade, however creates a high speed environment on the Main Street eastward past the Waterson Way diversion, and potential pedestrian safety issues on this intersection.

Similarly the treatment of the Main Street as a slower traffic environment and a space given somewhat over to pedestrian use, is conflicted by the signed intention for pedestrian traffic to give way to vehicles in the Main Street.

Pedestrian users in the Main Street are disconnected from the foreshore and ocean, including the lagoon and parklands, and similarly there is very limited extension of Main Street uses beyond its primary shop frontages. Views towards Airlie Hill and the surrounding, elevated bushlands provides a natural green frame to the Main Street, however the same perspective of the ocean side is not there.

AIRLIE BEACH MAIN STREET

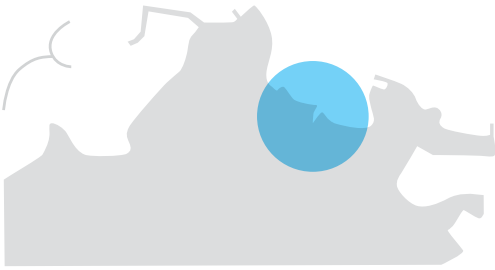


IMAGES: PLACE Design Group and WRC





FORESHORE AND LAGOON OBSERVATIONS



Airlie Beach's foreshore and lagoon parklands are the important water connection in the centre: fully, publicly accessible and one of the only recreational open spaces Airlie Beach.

The beaches themselves do not extend along the entire foreshore, occurring over short lengths within sections of the otherwise rocky shoreline. Swimming activity is supplemented by the Lagoon parklands, where safe, leisure socialisation is engaged in.

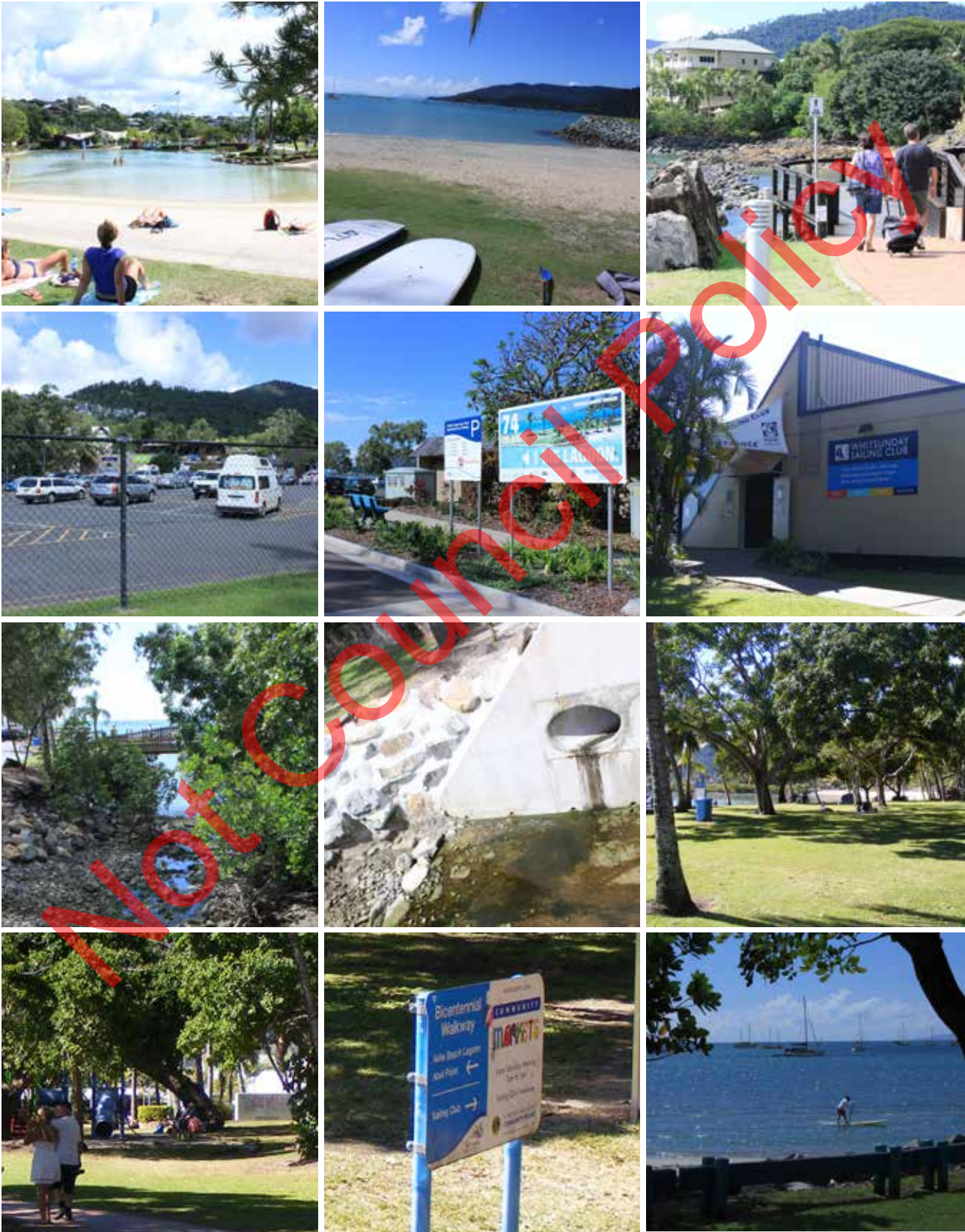
The Whitsunday Sailing Club operates its facilities on a prominent point on the ocean front, in proximity to interfaces with the Port of Airlie development area, although separated by roads and car parking. The Airlie Beach Community Markets also operate on the adjoining parkland every weekend.

Car parking in the foreshore area and parklands serves much of the Main Street retail areas, and is predominantly metered. The exception to this is informal car parking areas behind the Sailing Club that are strategically identified for future metering.

The parklands provide opportunity for picnics and sheltered barbeque activity, but there are limited other active uses on offer. Paddle boarding and kayaks are hired from one of the beaches. A children's playground is provided in the well treed parkland, near to the eastern most sand beach.

The Bicentennial Walkway has been instated along the coastline from Cannonvale to the Port of Airlie. It is a highly utilised movement corridor, for non-motorised access, walking, running and cycling for both recreational and training purposes

FORESHORE AND LAGOON



IMAGES: PLACE Design Group and WRC

AIRLIE HILL OBSERVATIONS



Above the main activity centre of Airlie Beach slopes the Airlie Hill residential areas, separated through significant natural gradients and lush treed and vegetated hillsides.

Identified as extending up from Waterson Way and wrapping around the Main Street commercial areas to the east and west, the Airlie Hill areas provide a dramatic backdrop to the higher urbanised areas in the Main Street. High standard, premium housing (combined with some older stock) is generally observed in these areas, requiring conscious design responses to sloping sites. Sea views and vistas across the bay and islands are valuable aspects to this location.

Residential typologies are a mix of detached and attached dwellings, with building heights generally reaching two or three storeys, although matching with natural ground levels means buildings step up behind themselves at this same height.

While this area is understood to accommodate most of the permanent residents in Airlie Beach, resorts and other short-term accommodation uses are evident in these locations also.

The residential areas are further framed by the hillside ridge and protected habitat areas. The Conway National Park meets the ridgeline, and walking trails connect it through the Airlie Hill locality to meet with Waterson Way at the bottom of the Hill. A small gateway and sign identifies the trail as the Airlie Beach Track, constructed at this starting/ finishing point to the trail, which traverses the hillside, and connects with the Whitsunday Great Walk.

AIRLIE HILL



IMAGES: PLACE Design Group and WRC

PORT OF AIRLIE OBSERVATIONS



The Port of Airlie is newly reclaimed land extending the eastern stretches of Airlie Beach, and at various stages of development.

Construction is finished on the Boathouse development, offering a higher end residential product in a mixed use configuration fronting onto the completed marina. The development has delivered a four to five storey building, and ground floor uses currently include retail and dining. It is at a different scale and character to the Main Street public realm interface, although considered appropriate given the differentiated target market, functions and interfacing aspects of the Boathouse development.

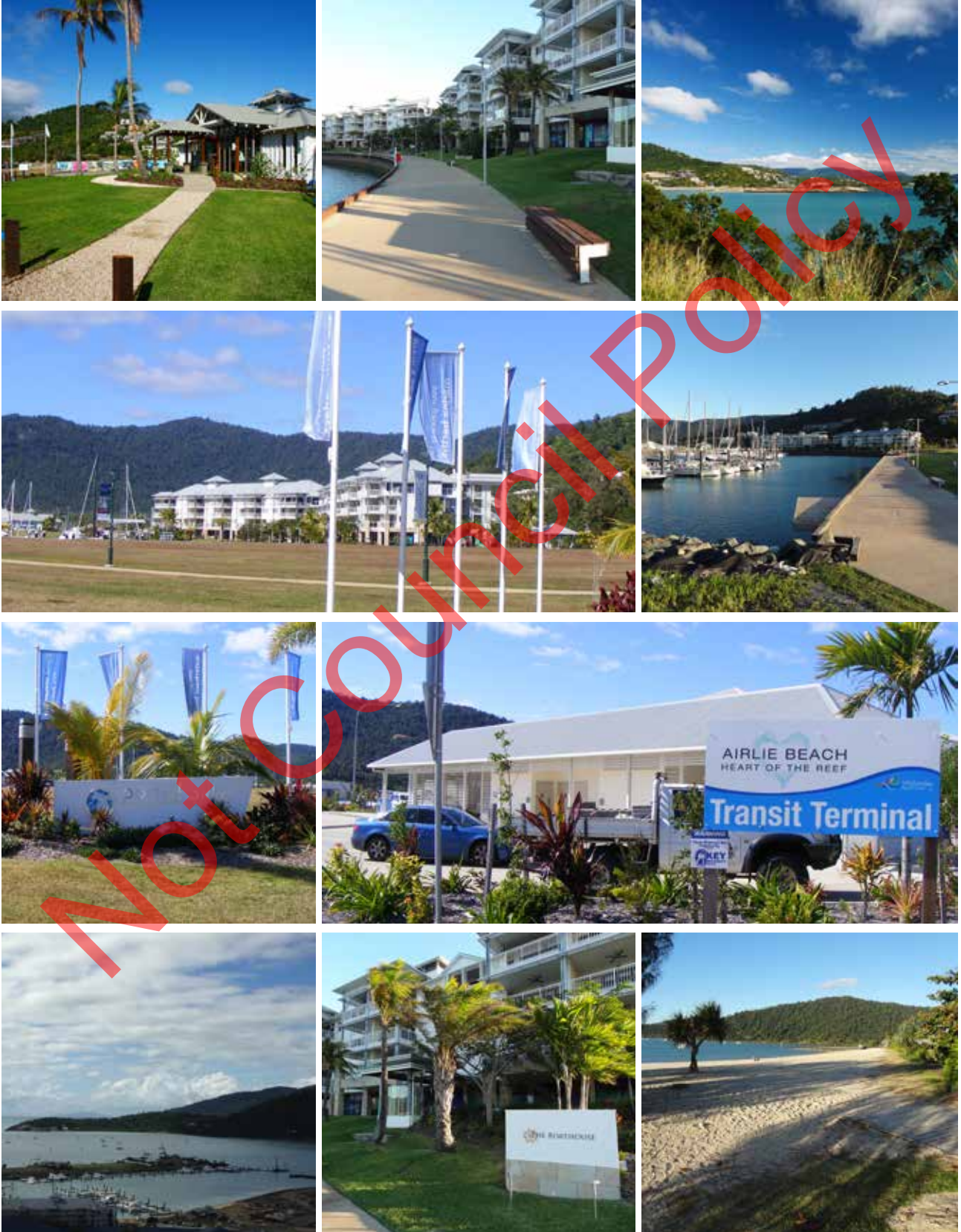
Development has occurred on Boathaven – a single arm of land for residential allotments, backing onto the marina and fronting directly out to sea. Additionally the Airlie Beach Transit Terminal has been completed alongside new cruise terminal facilities from which Cruise Whitsundays will be imminently operating from. The marina itself currently accommodates approximately 100 berths, with approximately 250-300 proposed for future construction. A public boat ramp is provided in this area. Public car parking is provided to service the boat ramp, as well as in public parking facilities that service the marina and retail areas of the Boathouse.

A sales office has also been completed, but the completion of significant servicing and infrastructure works shows the area is prepared for further development.

While the staged development of Port of Airlie is not yet complete, there is a significant disconnect of its current uses with the Main Street. While infilling development is intended, the current lack of integration and connectivity with the Main Street affects pedestrian movement, in particular given that the Transit Terminal is located in the more eastern reaches of the area.

Clear legible paths to and from this important function are not evident. Crossing from the Port of Airlie lands into the Main Street centre activities requires movement along car dominant Shute Harbour Road, or crossing of Coconut Grove, which does not interface with active uses, and is now the accelerating approach to Shute Harbour Road outbound traffic. This section of the centre has not benefitted from streetscape or pedestrian realm improvements of the Main Street upgrade works and the coconut trees of Coconut Grove have since been removed.

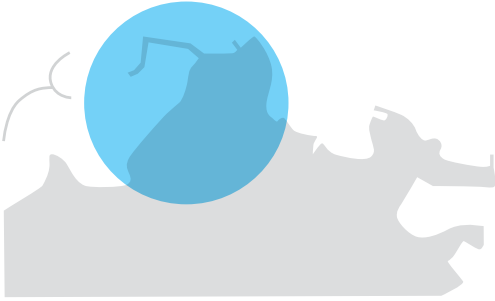
PORT OF AIRLIE



IMAGES: PLACE Design Group and WRC



ABELL POINT AND BROADWATER AVENUE OBSERVATIONS



Nestled into the westward side of Shute Harbour Road, on the approach into Airlie Beach, Abell Point Marina is a 500 berth marina, with a mix of commercial uses operating as support to marina functions.

Development of the marina is ongoing, with the southerly extents of the site still undergoing operational works and land stabilisation for future use. While no residential uses are yet proposed in the area, amenity in the public realm is viewed as minimal, with landscape areas competing with abundant hardstand areas for car parking and boat manoeuvring. A public boat ramp is provided at the marina.

Retail, dining and tour operations are active in two separate centre locations: one optimising a headland aspect with both sea and coastal views around it; and one located more centrally to the main boat gangplank, where exiting cruise ferries operate from.

It is noted that the existing cruise operator is shortly to re-locate to Port of Airlie.

The waters of the marina are a defining character to the area, continuously blue in sunny weather, as representative of the Airlie Beach tropical "brand".

The Bicentennial Walkway connects through Abell Point, along the marina shoreline and around the headland to connect to Broadwater Avenue. Sections of the walk in this locality are not fully defined, and require users to cross through car parks, without wayfinding or clear separation of potentially conflicting users (pedestrians and vehicles).

Broadwater Avenue is the outer extent of a pocket of residential allotments that are adjacent to Abell Point Marina sitting above its access road at the summit of the headland. These residences are low density in nature and one to two storeys in height. The sloping topography of the location provides unimpeded views across the bay and waters. The housing in this area is older, with weatherboard and fibro materials most common.

Two resort accommodation uses are located on the edges of the Broadwater residential area; one at the water's edge provides conference facilities as part of its operations.

ABELL POINT MARINA AND BROADWATER AVENUE



IMAGES: PLACE Design Group

3 KEY STRATEGIC DIRECTIONS

Local planning mechanisms for the growth and development intents for Airlie Beach will be established out of strategic directions that respond to identified issues and preferred outcomes for the locality.

3.1 PURPOSE

The purpose of this chapter is to develop the key strategic directions for the Structure Plan, including a strategic intent statement, that will help to inform the vision for the Airlie Beach Local Planning area.

Developing strategic directions for Airlie Beach will be achieved through:

- a) Reviewing and analysing identified issues and opportunities to establish Desired Outcomes for Airlie Beach;
- b) Categorising the Desired Outcomes as an interpretation of strategic framework themes, in accordance with QPP.

Desired Outcomes have been derived from the different analyses of the Baseline Analysis in the previous section. These have been refined through workshop processes and are presented in Table 3 at the end of this section.

This section also develops specific Structure Plan Precincts, derived from the previous localities' analysis, to better structure Desired Outcomes and Strategic Directions.

3.2 EXISTING STRATEGIC INFLUENCES

A number of studies, relevant strategic documents, internal consultations and planning processes have been undertaken prior to this subject strategic analysis.

Most significantly these studies and strategic documents have included:

- Airlie Beach local area plan key issues paper, prepared by Whitsunday Regional Council, May 2014
- Whitsunday region economic analysis: Economic and population study, prepared by Norling Consulting, November 2013
- The Whitsundays tourism opportunity plan 2012-2016, Tourism Queensland
- Whitsunday Shire Planning Scheme 2009
- Community plan 2011-2021 Whitsunday Regional Council

A background synopsis of these relevant documents is provided in Chapter 1, and contribute to the agreed list of Desired Outcomes, consolidated in the following sections.

3.3 LOCAL PLANNING AREA STRATEGIC CONTEXT

Airlie Beach is the key activity centre of the Whitsunday coast, providing a landmark gateway to the Great Barrier Reef and the Whitsunday Islands.

With an LGA population of 33,100, Airlie Beach is home to approximately 900 people, and is a well-known destination for over 800,000 tourists visiting the region annually.

Airlie Beach provides a unique economic contribution to the region, represented through a core tourism economy, supported by associated business and industry. It supports integrated port and marina operations, and values its settled community, and relaxed residential living choices.

3.4 STRUCTURE PLAN PRECINCTS

Fundamental strategic components of the Airlie Beach local planning area are evident in the land use and functions of key precincts.

These include the Main Street on Shute Harbour Road; the foreshore and lagoon, residential areas on Airlie Hill, and both marinas at Abell Point and the Port of Airlie.

Figure 3 reflects these distinct areas in the proposed precincts of the Structure Plan.

Based on the observations described in the previous section, and informed through the background strategies review, appropriate strategic responses for each of the precincts are detailed in the following commentary.

Following this commentary, the precinct strategic responses have been consolidated with other key issue responses, to derive the Key Desired Outcomes table as the foundation for Key Strategic Directions for Airlie Beach.



FIGURE 3 AIRLIE BEACH LOCAL STRUCTURE PLAN PRECINCTS

PRECINCT 1 AIRLIE BEACH MAIN STREET AND FORESHORE



This precinct contains the retail core and short-term accommodation commercial area, adjoined with the main public parkland and lagoon recreational area. Both commercially and recreationally, the precinct services the tourist population. Tourism operators and businesses, boutique and national clothing retailers, cafes, restaurants, bars, nightclubs, accommodation and convenience services, are found here.

The Airlie Beach foreshore sits adjacent to the Main Street, opening out to Pioneer Bay and views to the Whitsunday islands. However views and the lagoon parklands are not well integrated with the Main Street and are backed on by building orientation of the Main Street.

PRECINCT STRATEGIC RESPONSES

HOUSING AND LIVEABLE COMMUNITIES

- permanent residential development will not locate in the Main Street to avoid conflict with nightlife and entertainment function
- backpacker and tourist accommodation is prevalent in the Main Street
- mixed uses and servicing minimises conflicts with accommodation
- suitable convenience and services for all users
- diversify accommodation options to capture optimum market share
- integrate lagoon with Main Street

ECONOMIC GROWTH

- diverse tourism economy through local businesses
- activation of vacant premises
- limited to no new big box retail
- island tourism balanced with in town stay appeal and tourism

- predominantly commercial and mixed uses in the Main Street
- indoor recreation and entertainment
- inclusion of boardwalk along backside of Main Street retail to better integrate and orientate uses to lagoon and foreshore

ENVIRONMENT AND HERITAGE

- older housing stock does not represent heritage values in the built form - improvement on older building stock in the Main Street to be enabled
- lagoon and foreshore optimise open space aspect for Airlie Beach Main Street
- the Airlie brand is protected
- Airlie creek function and quality is improved
- Views and vistas to and from Pioneer Bay are preserved and feature in streetscape and built form outcomes



HAZARDS AND SAFETY

- improve pedestrian conditions, minimising conflict potential with vehicular traffic
- protect property and public spaces from inappropriate and anti-social behaviour through additional infrastructure (rubbish bins, lighting, public conveniences)
- minimise Airlie Creek flooding risk (further assessment required)
- minimise entrapment areas in built form; increase surveillance of laneways
- improve pedestrian access over Waterson Way corner with Main Street
- resilient foreshore uses

TRANSPORT AND INFRASTRUCTURE

- improve pedestrian legibility in Main Street
- access and movement strategy is undertaken to determine transport and access needs to service the Main Street
- servicing needs are accommodated appropriately for commercial uses in the Main Street
- public transport incorporated through Main Street to connect with local and regional services
- car parking strategy to be implemented to manage car parking efficiently where car parking on premium land is made available for more optimal development
- provide for cycling infrastructure

PRECINCT 2 WATERSON WAY



Differentiated from the Main Street, Waterston Way will enable development to intensify as the market drives growth, but is not intended to develop significant retail uses, or to compete with commercial growth in the Main Street or at Port of Airlie. Short-term accommodation will develop and integrate with the Main Street, so that efficient movement and access is complementary to the vibrant activity of the tourist market on the Main Street. Development is attentive to Airlie Creek and support public access to the corridor, linking Airlie Hill and the Main Street.



PRECINCT STRATEGIC RESPONSES

HOUSING AND LIVEABLE COMMUNITIES

- permanent residential uses do not locate in the Waterston Way Precinct
- integrated development contributes to movement and access networks that complement pedestrian and traffic movement on Waterston Way and Shute Harbour Road

ECONOMIC GROWTH

- short-term accommodation uses are encouraged to continue and respond to market growth and demand.

ENVIRONMENT AND HERITAGE

- Airlie Creek is not adversely impacted on by development and its water and ecology quality is improved through development
- views along Airlie Creek, through the Main Street and to the bay are promoted where possible

HAZARDS AND SAFETY

- safe use and crossing of Waterston Way is provided for all users
- flooding impacts are not worsened by development near Airlie Creek

TRANSPORT AND INFRASTRUCTURE

- pedestrian paths along Waterston Way are provided to connect with Airlie Hill and to promote the Airlie Creek walking trail gateway on Waterston Way
- public transport use of Waterston Way is included as part of traffic and transport assessment and planning for the area

PRECINCT 3 ABELL POINT MARINA



500 berth marina and service facilities. Currently the port from which Cruise Whitsundays operates out of, although these services will be re-locating to the Port of Airlie in 2014. The marina supports recreational boating, including having a public boat ramp. Boat servicing and related businesses are also operating out of Abell Point Marina.



PRECINCT STRATEGIC RESPONSES

HOUSING AND LIVEABLE COMMUNITIES

- hillside residential areas
- marina and accommodation
- some commercial convenience
- well connected around the point with Airlie Beach via the Bicentennial Walk

ECONOMIC GROWTH

- existing Cruise Whitsundays port
- fishing and charter operators
- marina improvements need to be informed by future functions
- commercial activation to be suitable to volume and profile of tourists, visitors and users

ENVIRONMENT AND HERITAGE

- marine ecology is protected from degradation as result of urban development
- green, treed aspect retained on hillside residential areas

TRANSPORT AND INFRASTRUCTURE

- finish full connections along Bicentennial Walkway to provide safe, continuous pathway for all users
- ensure pedestrian safety in crossing car park to access operators and services

PRECINCT 4 PORT OF AIRLIE



A master planned, mixed use development including luxury waterfront apartments, marina, newly created beach, and transit terminal for Airlie Beach. Will be the operational base for Cruise Whitsundays. A public boat ramp is provided at the eastern end of the Port of Airlie master plan area.

Strategic directions will respond to the differing needs of key areas or precincts within the planning locality.



PRECINCT STRATEGIC RESPONSES

HOUSING AND LIVEABLE COMMUNITIES

- higher end short-term accommodation
- commercial convenience and quality
- quality housing options direct on water front

ECONOMIC GROWTH

- different retail mix to Main Street
- future Cruise Whitsundays port

ENVIRONMENT AND HERITAGE

- construction does not impact on Pioneer Bay water or ecology

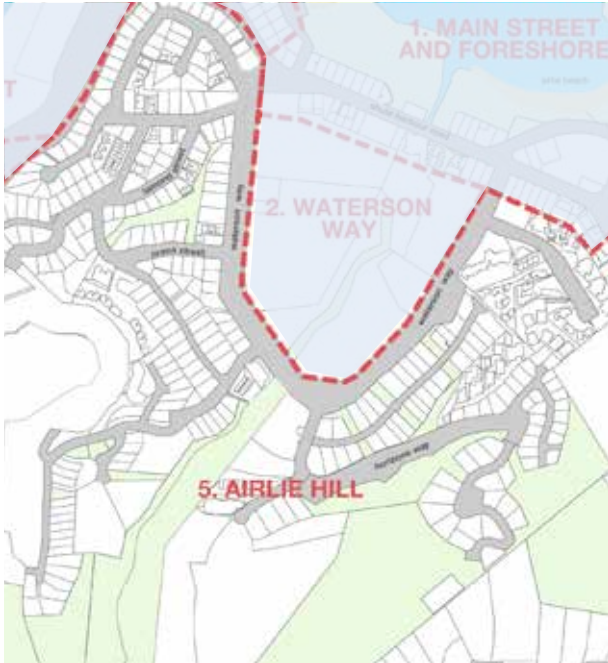
HAZARDS AND SAFETY

- water front apartments are elevated above storm surge levels
- Marine ecology is protected from degradation as a result of urban development

TRANSPORT AND INFRASTRUCTURE

- provide prominent pedestrian connection to Main Street and foreshore

PRECINCT 5 AIRLIE HILL



Residential areas and accommodation that have been built into the inland rising landscape, creating a backdrop to the Airlie Beach Main Street. Preferred living area for permanent residents, removed from the 'party' nature of the Main Street and Waterson Way areas, however also includes short-term holiday rental properties. High quality built form outcomes often in response to necessary design attention for hillside construction.

PRECINCT STRATEGIC RESPONSES

HOUSING AND LIVEABLE COMMUNITIES

- premium housing usually requiring steep slope design to optimise views and hillside aspects

ECONOMIC GROWTH

- luxury, holiday accommodation options provide for diversified tourism market (families, spa retreats), complementing permanent residential areas, views and national park proximity

ENVIRONMENT AND HERITAGE

- views across Pioneer Bay are a feature of dwellings in this area
- green leafy aspect of hillside urban areas is protected

- urban development does not encroach on habitat areas to the south of the ridgeline
- urban development does not impact on Airlie creek catchment and flow paths

HAZARDS AND SAFETY

- landslide hazards mitigated through all urban development

TRANSPORT AND INFRASTRUCTURE

- safe transit for all modes of transport
- some public transport access to service hills
- impaired pedestrian connections with steep hill approaches

3.5 KEY DESIRED OUTCOMES WORKSHOP

Strategic directions outline the base framework objectives for Airlie Beach.

The Key Desired Outcomes below have been workshopped internally with Council, and are proposed to be categorised according to the QPP themes of:

1. Housing and liveable communities
2. Economic growth
3. Environment and heritage
4. Hazards and safety
5. Transport and infrastructure

This thematic framework will provide a logical transition of the Structure Plan into future Local Plan intents and provisions. As an integral part of the Structure Plan this informs and substantiates solutions demonstrating viability and implementation. The key strategic directions as a reflection of the themes under the future planning scheme strategic framework, will ultimately form the basis of the Local Plan mechanism.

TABLE 3 – STRATEGIC DIRECTIONS KEY DESIRED OUTCOMES

PRECINCT LOCALITY	KEY DESIRED OUTCOMES
Airlie Beach Key Study Area Outcomes	<ul style="list-style-type: none"> - brand is retained
Main Street Precinct Outcomes	<ul style="list-style-type: none"> - commercial, mixed uses, lagoon integration - increased short-term accommodation options (serviced hotels) - boardwalk between commercial buildings and lagoon parklands - continuous streetscape and podium built form that promotes access to both the foreshore and Waterson Way growth area - building heights that preserve character and views
Foreshore Precinct Outcomes	<ul style="list-style-type: none"> - parkland – increase parkland open space, Main Street integration, gateway and connection to Bicentennial Walk - boardwalk between commercial buildings and lagoon parklands - improved utilisation of car park areas
Waterson Way Precinct Outcomes	<ul style="list-style-type: none"> - mixed use (residential accommodation) development intensification - potential conference venue
Abell Point Precinct Outcomes	<ul style="list-style-type: none"> - mixed use (retail, marine industry, residential accommodation), marina
Port of Airlie Precinct Outcomes	<ul style="list-style-type: none"> - mixed use (retail, marine industry, residential accommodation, transit terminal, serviced hotel), marina, permanent residential
Airlie Hill Precinct Outcomes	<ul style="list-style-type: none"> - permanent residential – mix of lots, dwelling units and premium housing - steep slope appropriate design - manage/mitigate impacts from Main Street activity (noise) at Main Street

PRECINCT LOCALITY**KEY DESIRED OUTCOMES**

Airlie Beach Key Study Area Outcomes

- Operational increase to passenger market share

Main Street Precinct Outcomes

- Diversify tourism economy through local businesses
- Activate vacant premises
- Limited to no new big box retail
- Develop a more balanced retail tenancy mix which addresses needs of both locals and tourists and day / night economy
- Facilitate new investment by landlords
- Attract new investment and development

Waterson Way Precinct Outcomes

- Short-term accommodation diversification

Abell Point Precinct Outcomes

- Marina: Private charters function
- Commercial uses to suit future functions and user profiles
- Industrial servicing
- Improved waterfront dining options

Port of Airlie Precinct Outcomes

- Marina: Public transit function
- Commercial uses to suit future functions and user profiles, leverage prime location to provide an upmarket retail, accommodation option for users
- Conference facilities opportunities to be further investigated
- Industrial servicing

ENVIRONMENT AND HERITAGE

Foreshore Precinct Outcomes

- Increased parkland
- Indoor public recreation/ sporting facility, integrating with sailing club and other recreational uses

Waterson Way Precinct Outcomes

- Public open space to optimise connections and activity with Main Street and future road network linkages
- Public access to Airlie Creek provided to complement movement networks, increase public open space networks, and creek rehabilitation.
- Potential location for indoor public recreation/ sporting facility

Abell Point Precinct Outcomes

- Green, treed aspect maintained for hillside residential areas
- Urban Development does not encroach on habitat areas
- Marine ecology is protected from degradation through development and use

Port of Airlie Precinct Outcomes

- Marine ecology is protected from degradation through development and use

Airlie Hill Precinct Outcomes

- Urban development does not encroach on habitat areas to the south of the ridgeline
- Urban development does not impact on Airlie Creek catchment and flow paths

PRECINCT LOCALITY**KEY DESIRED OUTCOMES**

Main Street Precinct Outcomes	<ul style="list-style-type: none"> - Resilience from Airlie Creek flood - Pedestrian and traffic conflicts managed between Main Street, Waterson Way and Port of Airlie
Foreshore Precinct Outcomes	<ul style="list-style-type: none"> - Coastal hazard protection; resilient functioning uses
Waterson Way Precinct Outcomes	<ul style="list-style-type: none"> - Airlie Creek function and quality is improved
Abell Point Precinct Outcomes	<ul style="list-style-type: none"> - Dwelling units on waterfront are elevated above storm surge levels (including Broadwater Avenue)
Port of Airlie Precinct Outcomes	<ul style="list-style-type: none"> - Dwelling units on waterfront are elevated above storm surge levels
Airlie Hill Precinct Outcomes	<ul style="list-style-type: none"> - Landslide resilient residential growth - Airlie Creek function and quality is improved

TRANSPORT AND INFRASTRUCTURE

Airlie Beach Key Study Area Outcomes	<ul style="list-style-type: none"> - Stormwater management retains water quality - Development suitable to water and sewer infrastructure capacity and upgrades
Main Street Precinct Outcomes	<ul style="list-style-type: none"> - Integrated access and movement strategy: pedestrian and cyclists; public transport; service vehicles; private vehicles; car parking - Coordinated signage - Improve access links between Main Street and Foreshore; and Main Street and Port of Airlie
Foreshore Precinct Outcomes	<ul style="list-style-type: none"> - Iconic gateway to connect foreshore to the Main Street and the coastal movement networks
Waterson Way Precinct Outcomes	<ul style="list-style-type: none"> - Integrated access and movement strategy - Road network improvement that supports development intensification - Arterial function maintains traffic flow (including Shute Harbour Road)
Abell Point Precinct Outcomes	<ul style="list-style-type: none"> - Finish full connections along Bicentennial Walkway to provide safe, continuous pathway for all users - Accessible and connected by public transport
Port of Airlie Precinct Outcomes	<ul style="list-style-type: none"> - Connection and integration with traditional Main Street
Airlie Hill Precinct Outcomes	<ul style="list-style-type: none"> - Safe transit for all modes of transport to optimise access over steep gradients - Public transport loop to access hillside - Improved pedestrian access and connections

STAKEHOLDER ENGAGEMENT

As an outcome of the workshop and agreed Desired Outcomes, a number of key stakeholders have been identified, and with that an opportunity to further ground-truth Desired Outcomes and Strategic Directions. This engagement has been undertaken to inform market analysis stages, as well as for the refinement of key strategic directions where necessary.

The list of stakeholders identified as relevant includes:

- Land owners
- Hotel operators – Best Western, Airlie Beach Hotel
- Abell Point Marina – owner/ manager
- Beaches
- Whitsunday sailing club
- Tenants
- Port of Airlie
- Whitsunday Airport
- Chamber of Commerce
- Whitsundays Marketing and Development

The approach proposes the following matters for discussion:

- Business sentiment, performance and outlook
- Development / expansion plans, and the key enablers, risks and 'deal killers'
- What the market would like to see happen in Airlie Beach in the short, medium and long term. Both from a development and town planning perspective, as well as more general changes: international tourism market, backpackers or domestic visitors?
- Key gaps in the local offering, opportunities.
- How the locals think the implementation of the new Main Street can be leveraged further; and are there opportunities that have been missed thus far
- Market appetite for ideas regarding parkland and foreshore integration

It is noted that the intended nature of these interviews is an informal discussion, each being unique and evolving as talks progress. The matters listed above are of interest, but may not have been all fully explored in each engagement.

Of the stakeholders identified, the following owners, operators or service providers were met with in June and July of 2014 and engaged on the aforementioned topics:

- Beaches property (land owner/ operator)
- Magnums property (land owner)
- Whitsunday Sailing Club (operator)
- Port of Airlie (operator)
- Whitsundays Marketing and Development
- PRD Nationwide
- Cruise Whitsundays
- Abell Point Marina
- Buckley Van

The outcomes of the discussions are reported in following chapters of the Structure Plan.

3.6 KEY STRATEGIC DIRECTIONS

The following key strategic directions have been identified for the Airlie Beach Local Planning process:

HOUSING AND LIVEABLE COMMUNITIES

Airlie Beach will be both a community and a gateway. It will retain its vital, small town character and function as a vibrant destination and gateway for travellers, visitors and local residents.

Key precincts will be renewed and integrated through development and growth, while community values, amenity and the natural beauty of the hills, bay and islands are preserved.

Residential uses will be appropriately located, with permanent residential housing being located so as not to be impacted by nightlife and conflicting uses.

ECONOMIC GROWTH

Airlie Beach embraces its tourist economy, promoting diversified tourism markets through local business.

Investment attraction for commercial activities that support day and night time activity, as well weekday activation, in suitable locations. Opportunities for indoor recreation, entertainment and regional or national conferencing facilities are considered in appropriate locations.

The Airlie Beach "brand" is augmented through a wider range of experiential opportunities of Airlie, such as zip-lining, lugging, hiking, etc in addition to coastal water experiences already available.

Marina uses are coordinated and managed appropriate to service demand and target market profiles.

ENVIRONMENT AND HERITAGE

Parkland and open space networks are consolidated and opportunities to improve and increase recreational opens space are optimised.

Valuable vegetation and habitat areas are protected from development, and water quality, in particular for Airlie Creek, is maintained and improved where possible.

Visual and scenic amenity both over hills and Conway National Park, and out to the Whitsunday waters and islands.

TRANSPORT AND INFRASTRUCTURE

Movement networks will be integrated and connect key precincts through a coordinated, legible and safe network for road users, considering strategic functionality for pedestrians, cyclists, public transport, service vehicles, and private vehicles.

Development will contribute to the consolidation of the Bicentennial Walkway, providing clearly legible, safe connections through all areas.

Public transport will provide easy access to key precincts, specifically investigating the potential dedicated servicing of Abell Point, Waterson Way, Airlie Hill and the Port of Airlie.

Development and growth occurs in accordance with trunk services capacity and upgrades.

HAZARDS AND SAFETY

Airlie Beach is recognised as a safe and legible community that is attentive to visitor safety and sense of well-being.

Development in Airlie Beach will be conscientious of flooding and storm surge inundation, and other climatic risks that may impact people and property.

4 AIRLIE BEACH MARKET ANALYSIS

4.1 RELEVANCE OF ECONOMIC MARKETS TO LOCAL PLANNING

Economic market analysis is a valuable input for planning processes. A planning scheme, through its integrated strategic framework and operative development controls, needs to enable development, or risk stagnating investment and growth, and the community's sustainable future.

The sections that follow have been summarised from the full market analysis undertaken by JLL as supporting documentation to this Structure Plan.

Understanding development market conditions as they apply to development controlling planning schemes is vital in drafting not just a coordinated scheme, but a scheme with viable intents and desired outcomes.

Through the property market analysis and the following feasibility analysis of the Concept Structure Plan, a commercially grounded resolution of planning components is achieved, and demonstrates rationalised development outcomes, relevant to market conditions today and over the life of the plan.

The market analysis will:

- provide a demographic analysis to understand buyer markets and investment trends
- investigate commercial markets and activity at national, regional and local levels on which to build assumptions around projections of growth
- focus analysis of market sectors on tourism and short-term accommodation, as the core economic driver for Airlie Beach
- provide an understanding of residential markets relevant to density and growth and related to the needs of local populations
- generate a pricing strategy to inform feasibility testing in subsequent sections

A synopsis of the key outcomes of these specific investigations is provided on the following pages.

PREVIOUS FINDINGS

In reviewing economic conditions for the Structure Plan, the recent Economic Analysis by Norling Consulting (November 2013), commissioned by Whitsunday Regional Council, has been reviewed as context to developing a detailed and local market intellect. While the general findings of the Norling report are not in direct conflict with the findings of this economic and market analysis, a key distinction between these two works is the level of local analysis. Primarily the Norling work analyses data for the entire statistical area (ABS level 2) for Airlie Beach, which also includes Cannonvale and Jubilee Pocket.

Key outputs are considered but do not represent an specific enough level of detail, upon which accurate interpretation of economic conditions for Airlie Beach can be analysed.

Additionally it is noted that population forecasting for retail spending undertaken specific to this study, differs also to the Norling work, taking account of factors such as tourism growth within the region, and trade which may arise from non-permanent residents.

RESIDENTIAL MARKET KEY FINDINGS

The residential apartment market is considered to be entering a growth period in the market cycle, with demand strengthening for off-the-plan product. In particular, larger apartments (3 bedroom) have seen the strongest demand, even at high price points.

Given the historically high proportion of demand from interstate purchasers, there has been an emerging trend for apartment complexes which offer the ability to enter the apartment into a holiday letting pools: as an example, the Boathouse (Port of Airlie) allows holiday letting, managed by Outrigger.

The Port of Airlie has seen both apartment and land subdivision sales transact at high price points, suggesting that Airlie Beach is starting to attract a more premium market. This is supported by marina berth demand, which has seen a strong shift toward boats in the 15m+ berthing size. Discussions with sales agents from the region strongly suggest this more premium product mix, attracts a higher proportion of permanent residents (owner occupiers).

Anecdotal evidence of a \$12 million house is currently under construction in the Port of Airlie, suggesting an

opportunity for the Airlie Beach property market to target high net wealth individuals as a niche market.

Given extensive new investment in the Main Street, as well as strengthening regional tourism drivers, and improving housing markets, there may be an opportunity for developers to achieve strong sales rates for new residential product. According to discussions with the asset manager of the Port of Airlie, some improvement in sales rates has been seen. However historically, a maximum sales rate of around 100 apartments per annum for Airlie Beach (pre-GFC) is observed, and must be considered as context to potential growth in sales rates. Importantly this sales volume comprises both new and existing dwellings.

The medium density market in proximity to the Main Street is largely untested, with residential product typically located on the hillside areas. Some demand for residential living on the Main Street could be expected, given the water views and convenience to retail and leisure amenity. However challenges regarding impacts on dwellings close to the vibrant night activity of the Main Street will limit the appeal of permanent residential living in these areas. Entertainment uses, as a driving component to the tourism economy for Airlie Beach should retain priority in any land use conflicts for this area.

Based on sales performance likely demand for residential product in Airlie is forecast on the following assumptions:

- Sales performance for detached product has ranged from 5 to 16 sales per annum over the last decade, with a long term average of 11 sales (new and existing product)
- Sales performance for attached product has ranged from 79 to 143 sales per annum over the last decade, with a long term average of 76 sales (new and existing product)
- The proportion of sales that new product comprises have generally ranged from between 15% to 30% of total sales volumes, with an average of around 20-25%.
- On the basis that sales performance for Airlie returns to long term average annual rates of sales it is considered that demand for new product would be:
 - Around 3 to 6 houses per annum (strong cycle)
 - Around 15 to 30 apartments per annum (strong cycle)

- The above take up rates will vary depending on factors such as: investment that enhances destination appeal; marketing and investment attraction for Airlie Beach; land supply; economics of developing new product (short-term improvement anticipated); broadening of, and improvements to the local retail and recreational mix; critical mass achieved close to the Main Street; and surrounding economic, employment and population growth factors that drive activity in the wider region.

RETAIL MARKET KEY FINDINGS

The effect of the upgrade in terms of providing a catalyst for further redevelopment and investment along the Main Street has been promising, with a number of tenants currently exploring opportunities to better utilise or improve the appeal of their site. Council's investment in the Main Street is expected to improve retail offerings. This is well-timed with the property market recovery now underway.

Many restaurants, cafes and nightclubs are scattered throughout the precinct. Consolidation of dining in discrete, advantageous locations (for example where with water views) could create an identifiable activity area. Such areas can benefit from co-location through dedicated patronage and competition that can drive quality and innovation for different offerings and quality. Increasing patronage from both locals and visitors and would help to eventually generate a critical mass of establishments such that the area may act as destination in its own right.

The lagoon is a key attractor of Airlie Beach and its proximity to the Main Street draws patronage to the precinct. An opportunity to better integrate the two landmark spaces should be considered. Investigation of a boardwalk public space along the lagoon side of existing commercial uses could potentially provide for outdoor dining or external retailing. Boardwalk space could be leased, generating revenue for Council, and is easily achieved under the existing permit scheme. Facilitation of footpath activities on the Main Street/Lagoon interface will also support retailers, increasing their trade exposure to visitors to the lagoon.

The Airlie Beach Community Markets are another key attractor for the area. Importantly, the markets occur weekly and are more likely to attract regular

customers (as long as there is product that the local resident population desire). The markets also open for cruise ship visits, encouraging increased day-visitors from both the cruise ships and the Main Street. Consideration could be given to night-time markets during peak visitor periods, targeting the backpacker market, as well as the emerging, main stream, mid- to upper-tier markets; particularly as future stages of Port of Airlie are delivered.

Given the importance of the Main Street as a pedestrian thoroughfare and the primary 'ant trail' for tourists, improving a safe pedestrian experience should be part of future planning. Two key opportunities to assist in achieving this are creating legible environments for all road users, by improving crossings and signage; and improving use of Waterson Way for pedestrians and vehicles by improving road conditions and lighting.

While there is a natural opportunity to extend the Main Street and link it to the Port of Airlie development, activation of the extended strip would be challenging, and the market analysis gives little evidence to support specific retail designation of land uses in these developing areas.

The two marinas will increasingly seek to attract retail uses. It is understood that the retail tenancies considered will appeal to a more affluent demographic than currently provided for in the Main Street: a complement to Main Street retailing. However, some impacts on any quality cafe / dining options in the market, is likely to be the key area of overlap. Ultimately, as accommodation stock increases and tenancy mix improves in quality and diversity, impacts will be offset as 'critical mass' of retail and dining options is reached, elevating the destination appeal of the area.

SHORT-TERM ACCOMMODATION KEY FINDINGS

Given the quantum and mix of existing stock, and the current relatively narrow retail offering and limited, local, Airlie Beach based tourism experiences, particularly for wet weather, most new hotel or short-term accommodation development will be oriented towards a mid-market serviced product in the short-term (over next 5 years).

Growth over the medium to longer term, and diversification of tourism experiences and appeal, suggests a higher quality and full-service hotel / resort will be market supportable. This may be accelerated should dedicated conference facilities establish; and as Port of Airlie develops out and provides a new and higher quality level of retail and accommodation. Occupancy rates will also need to demonstrate improvement and consistency before new supply could reasonably be justified.

In the short-term, a typical mid-sized operation would be 80-120 rooms however; national and international operators would tend to require a room volume of 100+ rooms in order to take advantage of economies of scale.

Hotels are capital intensive and in some instances, return losses or provide limited returns from a development perspective. It would be important for hotels to be economically efficient in terms of build and operational costs. As such hotels that offer limited/selected services, or otherwise serviced apartment offerings are most likely until tourism demand drivers, quality and experiences are enhanced.

Supportable levels of quality with regard to accommodation options is ultimately dependent on the supply and demand fundamentals previously mentioned; and occupancy rates will need to be maintained to support new projects.

ALTERNATIVE LAND USES

A number of alternative land uses have been considered for Airlie Beach, which may assist in supporting increased investment within the region.

These activities are similarly supportive of increased experiential activation, tourism diversification, community engagement and the Airlie Beach brand. Many of these ideas have been identified through market sounding interviews with local operators and stakeholders.

- Events and function centre
- Education tourism
- Experiential and entertainment
- Recapturing the backpacker appeal
- Increasing the appeal of Airlie Beach to the Asian tourist market

OVERALL MARKET RELEVANCE TO LOCAL AREA PLANNING

With a market tested scheme the local planning process will appropriately optimise the commercial activation of the town centre creating buildable, feasible, and viable built form controls; while also preserving community values, amenity, servicing functions and the natural beauty of the locality.

4.2 MACRO-ECONOMIC DRIVERS

NATIONAL AND STATE ECONOMIC OVERVIEW AND OUTLOOK

A number of international, leading markets (USA, Europe, Japan, China) have been considered for a perspective of global influences on local economic trends. While global economic growth remains below-trend, the pace of growth has increased over the second half of 2013.

Australian gross domestic product growth also remains below-trend as drivers transfer from mining investment to domestic demand. However, retail turnover has grown following higher consumer sentiment in recent months; and the housing market is also continuing to improve (lower interest rates). Business investment in non-mining sectors is still lagging, but business sentiment is highest in four years.

Queensland has experienced lower resource investment and fiscal contraction over the past year, but this is increasingly being offset by a stronger domestic economy. Queensland retail turnover has grown over the past year, the state's important tourism sector is improving, and the local housing market is starting to recover. The long-term outlook for the state remains very strong, with a healthy gross state product growth forecast over the next decade.

LOCAL ECONOMIC REVIEW

In reviewing more localised economic conditions, this analysis has accordingly considered a regional economic analysis recently commissioned by Council for the Whitsunday region. Prepared by Norling Consulting (November 2013), the Whitsunday Region Economic Analysis: Economic and Population Study for the Whitsunday Regional Council has been reviewed and summarised below:

- Mining and tourism are the two most important industries in the region. Other key industries include construction, agriculture and manufacturing.
- In terms of local employment, tourism is more significant than mining; however, mining is more significant by gross regional product (GRP).
- Mining contributes to over 25% of the GRP (mainly coal). A number of mining and related projects in the region suggest a bright future for the sector.

- Tourism, is the next most significant driver in the region. The Whitsunday Region is the most tourism dependent regional economy in Queensland in terms of tourism contribution to the GRP.
- The Whitsunday region received almost 1 million overnight visitors and day-trippers for the year ending in July 2012.
- International tourism is relatively small (16% visitors) in the region; likely a result of strong Australian dollar in recent years, and no direct international flights to the Whitsundays. The cruise ship industry, however supports international tourism and shows solid growth prospects in this sector.
- The Whitsunday Region has experienced steady population growth averaging 1.3% per annum (1991 - 2013) - significantly below the state average of 2.1% over the same period.
- The region has a very high labour participation rate, reflective of low proportion young and old residents.
- The region also has a below average unemployment rate. While the tourism sector has been impacted in recent years, growth in mining employment in the nearby Bowen Basin has offset this.
- The region provides a popular residential base for mining workers in the Bowen Basin (DIDO workers).

Key economic opportunities for the Whitsunday region are primarily related to the two key industries of mining and tourism. There is a reasonably strong expectation of economic growth in the Whitsunday Region due to the following:

- Proposed new mining projects, supported by continued demand for coal from China.
- A rebound in the tourism market is expected, with growth in domestic and international visitors. International tourism is expected to be supported by a weakening Australian dollar. The Whitsunday region has not yet attracted a large proportion of the growing Chinese / Asian tourist market.
- Future upgrades to the existing airports at Proserpine and Hamilton Island would further support the tourism sector.
- A modest tourism development that is currently proposed (approved) for Shute Harbour would support growth in the tourism sector.

4.3 DEMOGRAPHIC ANALYSIS

AIRLIE-WHITSUNDAYS LOCAL GOVERNMENT ANALYSIS

The demographic analysis is derived of data from the Airlie-Whitsundays statistical areas, where census data is provided to this level. The area is shown in Figure 4.

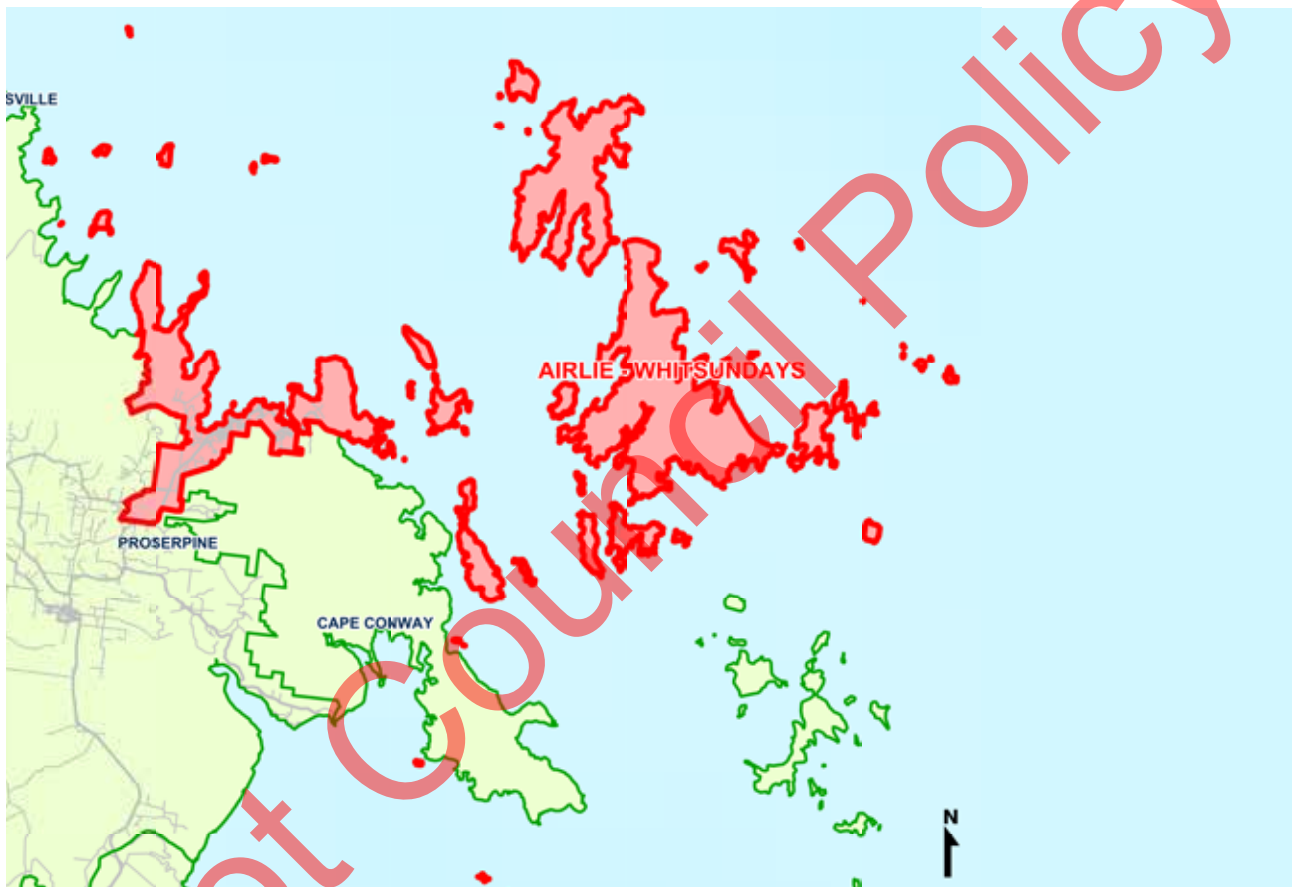


FIGURE 4: AIRLIE WHITSUNDAY STATISTICAL AREA

Source: OESR, 2011

A summary of the key demographics of the resident population for this area is made in comparison to Queensland overall data.

The key characteristics of Airlie-Whitsundays are:

- There is a high level of young adults in the 25-34 and 35-44 age brackets. These two groups account for 48.1% of the resident population compared with 27.9% in Queensland.
- There is a low proportion of aged residents, considered unusual for coastal communities. Coastal communities commonly attract retirees for the “sea change” lifestyle. Residents aged 65 and over account for just 6.3% of the population compared with the Queensland average of 13.1%.
- There is also a relatively low proportion of children and young adults in the 5-19 age groups.
- Home ownership is quite low. Rental accommodation accounts for 48.2% of occupied households compared with 34.0% across Queensland.
- The region is dominated by Australian born residents. The largest non-Australian born community are residents born in the UK (7.3% of the population).
- While detached dwellings are the dominant housing structure (59.2%), there is a relatively large proportion of flats, units and apartments, which make up 27.9% of occupied housing stock. Across Queensland, detached dwelling account for a much higher 78.6% of occupied dwellings.
- There is a relatively high proportion of group households (8.4% of households compared with 4.7% across Queensland). Approximately half of all family households are couples without children. Overall, average household size is smaller in Airlie-Whitsundays at 2.3 per household (compared with 2.6 across Queensland).
- Median incomes are relatively high, particularly personal incomes. The median personal income is 22.7% above that of Queensland.
- Median mortgage repayments are also relatively high (13.5% above the Queensland median). Median rents, however, are in line with the Queensland average.

– The employment profile reflects the strong services sector within this tourist location and proximity to both the Whitsunday islands and mines. The accommodation and tourist industry accounts for a large 26.3% of the employment. Airlie Beach is also a popular residential location for workers associated with nearby mining operations. Mining (5.0%) and construction (10.4%) both account for proportionately a higher percentage of the workforce compared with Queensland. This is consistent with expectations as construction jobs are typically a high proportion of employment in fast growing communities, mining areas (where mines are undergoing development) and areas with expanding tourism markets, all of which are key economic drivers for the region.

Of the 4,419 private dwellings counted in Airlie-Whitsundays as at the 2011 Census, 1,036 dwellings, or 23.4%, were identified as un-occupied. This high proportion of un-occupied private dwellings reflects the high number of holiday homes in the region.

While this analysis derives an assumed population of usual residents for the Airlie-Whitsundays area (next section), it is noted that there is a significant tourism population attracted to the region. On Census night 2011, 4,057 visitors from outside the region were counted in Airlie-Whitsundays.

In summary, the Airlie-Whitsunday region is a relatively affluent community, which is as expected given the lifestyle attributes of this coastal location. A surprisingly low proportion of retirees are evident from the demographic data, but it is assumed residents are similarly attracted to this location for its beautiful natural environments, coastal aspects, and high quality of living, where job prospects are good.

CATCHMENT COMPARATIVE ANALYSIS – AIRLIE BEACH, CANNONVALE AND JUBILEE POCKET

The main urban areas in close proximity to Airlie Beach comprise three distinct locations:

- Airlie Beach
- Cannonvale
- Jubilee Pocket

These locations are compared in the following section, summarising key demographic characteristics of the usual resident population for each of the locations:

- Airlie Beach (905) had a relatively small usual resident population as at the 2011 Census, with a large proportion of its population being short-term visitors. Cannonvale’s usual resident population was 4,885 residents while Jubilee Pocket had 1,680 residents.
- Airlie Beach has a relatively low representation of families with a very low proportion of residents aged under 15 years. This may reflect limited family oriented lifestyle attributes in retail and recreational activity, no immediate local schools, less suitable dwelling types and affordability. Its core demographic is young adults in the 20-24 age bracket (12% of the population), for which its entertainment, recreational, lifestyle and housing options are more suitable.
- There is a relatively high proportion of older residents in Airlie Beach (21.8% aged 55 and over) which may indicate the emergence of the region as a

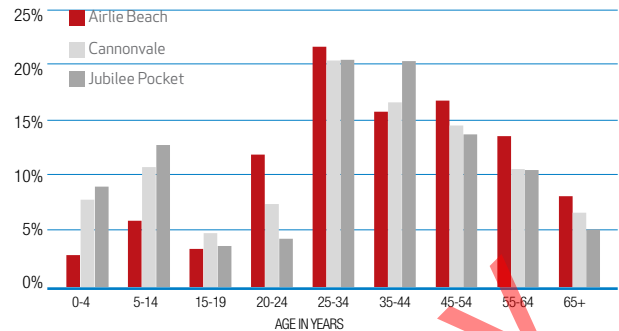


FIGURE 5: AGE PROFILE – AIRLIE, CANNONVALE AND JUBILEE POCKET, 2011
Source: JLL, Australian Bureau of Statistics (2011 Census)

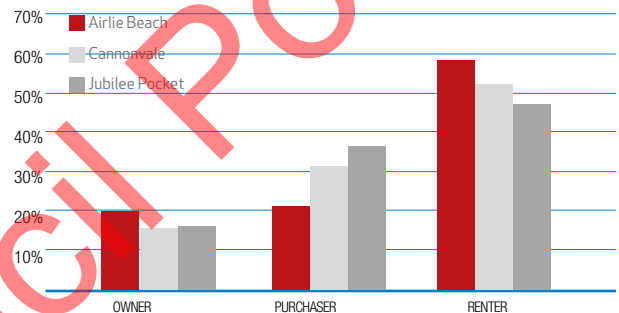


FIGURE 6: HOUSING TENURE – AIRLIE, CANNONVALE AND JUBILEE POCKET, 2011
Source: JLL, Australian Bureau of Statistics (2011 Census)

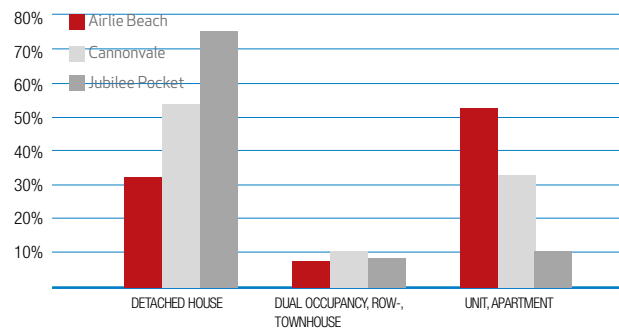


FIGURE 7: HOUSING TYPE – AIRLIE, CANNONVALE AND JUBILEE POCKET, 2011
Source: JLL, Australian Bureau of Statistics (2011 Census)

retirement location, and will have implications for the mix of housing likely to be developed. This contrasts to the region which has a very low representation of older residents (10.6%), being below the State average (11.6%).

- Rental accommodation is high across all three suburbs, but highest in Airlie Beach (59% vs 52% and 47% for Cannonvale and Jubilee Pocket respectively).
- Separate houses are the dominant housing type in Jubilee Pocket. Given the land supply constraints in the relatively small area of Airlie, the topography and the high concentration of short-term accommodation, flats and units are the dominant housing types in Airlie Beach. This will continue to be the dominant form with land values and economic returns becoming more pronounced with the development activity at Port of Airlie.
- A high proportion of Airlie Beach Households are either lone person households or group households (unrelated individuals living together). Family households only account for 52% of all households.
- Personal income levels are relatively high compared to the Queensland average. There is little difference between the three suburbs.

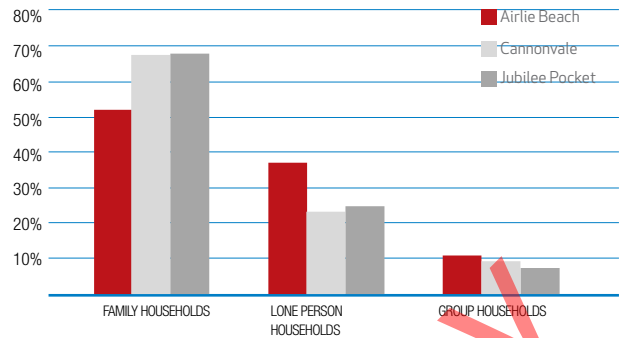


FIGURE 8: HOUSEHOLD FORMATION – AIRLIE, CANNONVALE AND JUBILEE POCKET, 2011
Source: JLL, Australian Bureau of Statistics (2011 Census)

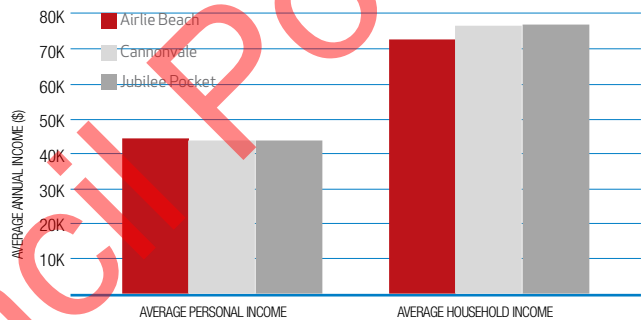


FIGURE 9: MEDIAN PERSONAL AND HOUSEHOLD INCOMES – AIRLIE, CANNONVALE AND JUBILEE POCKET, 2011
Source: JLL, Australian Bureau of Statistics (2011 Census)

Not Council Policy

4.4 TOURISM MARKET OVERVIEW

QUEENSLAND TOURISM MARKET OVERVIEW AND OUTLOOK

Tourism in Queensland is a key economic driver, contributing \$22 billion to gross state product: approximately 7.8% of Queensland's total. In addition, the Queensland tourism industry accounts for approximately one quarter of the national tourism market, highlighting the significance of the industry.

DOMESTIC TOURISM MARKET

The most important source markets for Queensland tourism are domestic intrastate and interstate visitors: approximately 17.9 million people per annum for Queensland, in comparison to 2.06 million international visitors. Domestic visitors to Queensland recorded an annual growth of 1.9% for the period ending September 2013, largely driven by strong growth from the interstate market.

The highest growth in Queensland was in the Business Visitor market with 3.3 million visitors, up 7.6% from the previous year. This was followed by a strong growth of 3.6% in the Holiday market, bringing this total to 7.74 million. However, in contrast the Visiting Friends and Relatives market, softened by 1.2% from the previous year.

Figure 10 illustrates the number of domestic visitors by key tourism regions. The domestic market contributes approximately 83.2% of total tourism expenditure in Queensland. Forecasts to 2022 show increases in domestic visitor nights (0.8% per annum), importantly highlighting the need to cater for domestic visitors.

Airlie-Whitsunday has a high proportion of domestic visitors (around 75%).

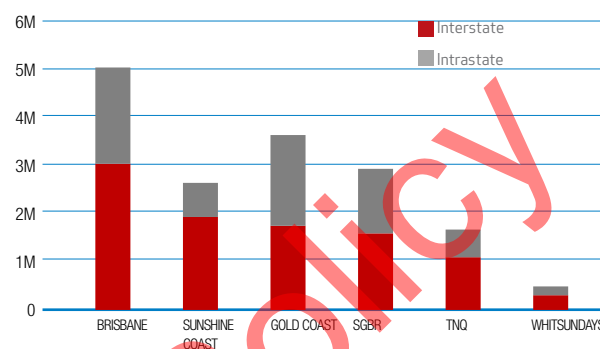


FIGURE 10: NUMBER OF DOMESTIC VISITORS BY KEY TOURISM REGIONS - YEAR TO SEPT 13
Source: Tourism and Events Queensland

INTERNATIONAL TOURISM MARKET

Queensland experienced a strong improvement in international visitation in the year to September 2013 with the number of international visitors increasing by 4.4% to approximately 2.06 million visitors. The growth was led by increases in the number of people visiting Queensland for a Holiday (6.8% growth) and Visiting Friends and Relatives (5.4% growth).

International visitors from Asia increased by 11.8% in 2013.

Queensland Tourism has estimated that a considerable driver of this growth has been the introduction of direct flights from Asia to the Gold Coast, and such leverage may be possible for Airlie Beach through the Whitsundays Coast Airport.

The main drawcard for tourists to come to Australia, and Queensland in particular, is the natural environment. A survey of eleven key international tourist markets found that 53% of tourists consider Australia's beaches to be the most appealing attraction; followed by Australian wildlife (46%); the Great Barrier Reef (44%); rainforests/ national parks (42%); and natural wilderness (40%).

The traditional international tourism source markets for Queensland are New Zealand, Europe, United Kingdom, Japan, and the United States. These key markets have begun to change in response to:

- The relative strength of the Australian dollar and the economic conditions in source markets
- Increased competition from other travel destinations

- New technologies and products
- Shifts in visitors' travelling patterns (e.g. due to a catalyst such as a natural disasters)

Table 4 illustrates these changes as the change in number of international visitors to Queensland.

While some key source markets (UK, US and New Zealand) continue to be important to the Queensland tourism market, new emerging markets are becoming increasingly central to the Queensland tourism sector.

The strongest growth (2012-2013) was seen in visitor expenditure from the Chinese tourist market. It is expected, that a greater proportion of future international visitors will come from Asia, and expenditure from this market will continue to increase. It is increasingly important, to understand that these visitors have different preferences and expectations to traditional markets.

TABLE 4: INTERNATIONAL TOURISM NUMBER AND ANNUAL CHANGE, SEPT 2012 TO SEPT 2013

COUNTRY	TOTAL NUMBER OF VISITORS	ANNUAL CHANGE
New Zealand	393,000	-3.70%
China	312,000	25.90%
UK	206,000	8.80%
Japan	161,000	-7.30%
USA	157,000	1.60%
Other	148,000	-4.10%
Singapore	73,000	20.90%
Germany	69,000	-1.50%
Other Europe	61,000	-5.80%
Korea	59,000	-3.90%
Hong Kong	47,000	7.70%
Taiwan	47,000	24.70%
Canada	45,000	-8.60%
Malaysia	43,000	0.20%
France	41,000	8.10%
India	37,000	22.20%

Source: Tourism and Events Queensland

WHITSUNDAY TOURISM TRENDS

The Whitsunday tourism market has been recovering over the last few years, with a number of severe weather events 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.

Domestic visitation within the Whitsundays increased 5.2% over the 12 months ending December 2013, driven by visitors from Brisbane, Gold Coast and central Queensland. 'Visiting friends or relatives' was the strongest growth market, with holiday makers remaining a large, but consistent, proportion of the market. Domestic visitation is still below the peak rates recorded in 2007, but are now in line with long term averages and trending positively.

In terms of aggregate visitor numbers, the Whitsundays attract over half a million domestic visitors per annum, generating around \$598 million per annum. It is noted that annual expenditure has grown by 17.5% as a result of increased visitation from Sydney and Brisbane (considered 'high yielding' markets). With direct flights from Sydney to Proserpine, Airlie Beach now has an opportunity to leverage this access to a high yielding market further.

The region has also increased international visitation by 10.4%, representing the highest growth market in Queensland. Visitation is still below the long term average, having declined sharply in 2009 and 2010 due to a number of factors including the strong Australian Dollar and wider economic downturns across a number of key tourism source markets. With three years of uninterrupted growth in international visitors to the Whitsundays however, a recovery appears to be well underway.

While growth for the State has been driven largely by China and other Asian countries, Whitsundays growth has been primarily driven by UK and Europe. Reasons for travel is for holiday purposes (75%). This growth has largely come from lower yielding markets such as backpacker and working holidaymakers. Given that Airlie Beach has a strong backpacker tourism base, it is important that it continues to provides the appropriate mix of retail, recreational and accommodation options to cater to this growing market.

IMPLICATIONS FOR THE AIRLIE BEACH STRUCTURE PLAN

The analysis indicates a range of opportunities within Airlie Beach which may assist in supporting increased investment within the region, while achieving other desirable outcomes including increased activation, addressing key community ideas to enhance the local drivers and supporting a more diverse economy.

EVENTS AND FUNCTION CENTRE

Currently, there is a strong perception among many key stakeholders that there is a lack of good conference / function facilities in the region. This analysis has identified three conference centres in the area:

- Newly constructed Palm house at the BIG4 Airlie Cove Resort catering for up to 200 guests
- Existing conference room and facilities at Coral Sea Resort for up to 300 delegates cocktail style, and 200 theatre style
- Existing conference facilities at the Peppers are able to accommodate up to 110 delegates (theatre style)

There is an opportunity for Airlie Beach to increase its presence as a conference and events destination by offering a mid to high quality waterfront facility, taking advantage of great climate, waterfront location and access to a domestic airport. Benefits include:

- Improved short-term accommodation markets, increasing mid-week and low-season demand.
- Supporting retail and local businesses by increasing the number of visitors as well as the average daily spend. Conference visitors spend up to six times as much in per-day expenditure, and 1.5 times as much on average per trip compared with a leisure traveller.
- There is also a significant flow on effect which occurs in strongly performing conference / function markets located in desirable holiday locations, with many attendees holidaying before or after a conference.
- Business conventions can substantially raise the profile of a location and lead to prosperous tourism growth. This is consistent with the results of the National Business Events Survey which found that nearly 60% of business event delegates would likely return on a personal trip within two years.

Two immediate opportunities are evident from the assessment, as potentially suitable for development of mid to high quality conference facilities:

1. Whitsunday Sailing Club: Located on a prime waterfront location, this site currently plays a role as an informal events and function facility, and there is opportunity to improve this offering through expanding the capacity and updating the facility.

A partnering interest from existing hospitality or hotel operators could augment this scenario as an option with the existing club operator. Refurbishment or redevelopment of the clubhouse may be proposed in return for an operational contract on the hospitality component. This would support the hotel operator's business, and allow the club to benefit from the economies of scale available to a large hotel chain.

Discussions with the Whitsunday Sailing Club, have indicated the Club would be open to such arrangements, provided their ability to operate as a sailing club from the location was maintained.

2. Under the existing planning scheme, Precinct H within the Port of Airlie is intended to be a tourism and conference facility. While the Port of Airlie are currently seeking to alter the development scheme, discussions with both port management and the engaged town planners indicated a strong desire to offer conference centre facilities as part of future hotel development. However, given the asset manager will not be developing the hotel component of the site, the timeline for the hotel, including the conference facilities, is unknown.

In addition, in discussions with local stakeholders, the idea of an over-water, boardwalk style function space in the water adjacent to the lagoon was noted as a potential opportunity to support the local wedding industry. While this opportunity would need to be further tested with regard to environmental and other constraints, at a high level it appears to be a fairly low cost proposition which could act as a unique point of difference and complement the local wedding event / tourism industry.

EDUCATION TOURISM

The Whitsunday Sailing Club offers a number of accreditations and boating courses, some of which are not available anywhere else within the region. Discussions with the club highlighted the popularity of these courses, which also benefit the local accommodation industry with a number of intrastate, and to a lesser extent interstate, students attending the Club.

Currently, the club owns a 1,200m² parcel of land within the Port of Airlie which is designated for Education Tourism. The club would like to expand the capacity and range of courses which it currently offers by establishing a dedicated marine academy on this site. To date, a lack of funding has prevented this occurring.

EXPERIENTIAL AND ENTERTAINMENT

One of the key themes which emerged from the market sounding, supported by the analysis of accommodation market seasonality, was lack of 'all weather' activities within Airlie Beach. A number of opportunities have been considered, that could establish activities, suitable in both wet and dry weather conditions, and which can act as a unique point of difference for the town and increase the length of time spent in the region by tourists. If Airlie can establish a critical mass of these activities, there is the potential for the town to leverage the 'Airlie Experience' to create a destination appeal.

Examples of activities which could be offered include:

- Utilise the Conway National Park range on the Southern side of Airlie Beach to provide a number of experience based activities including lugging, zipline, cable car / chairlift uses
- Camping, mountain biking facilities
- A lookout leveraging the eastern views towards the islands
- Introducing a micro-cinema into the Main Street, anecdotal evidence suggests that this may already be approved for art store site adjacent to the BWS
- Wildlife experiences – guided tours or a wildlife centre
- Leverage the local sugar cane culture / identity to provide tours and historical treks

RECAPTURING THE BACKPACKER APPEAL

Given the importance of the backpacker tourism market to Airlie Beach, some revitalisation of the experience for this community in Airlie Beach is important to consider. In addition to the commercial benefits, a strong backpacker community tends to contribute to the artistic and creative culture of a location, evident in such locations as Byron Bay.

As noted, there are a number of opportunities to offer a range of experiences and activities which could drive the destination appeal of Airlie Beach for backpackers. In addition, a number of easily achievable measures could help support this important market segment:

- Busking licenses have been identified as an easy win to facilitate the sense of involvement for the backpacker market as well as an easy way to create activation on the Main Street.
- Provide a dedicated area for parking vans, with shower and BBQ facilities. This would reduce the illegal parking issues and friction with locals. While this 'touring' backpacker market will typically avoid / limit spending on accommodation, discussions with local entertainment and hospitality venues, highlighted their significant contribution to pubs, bars, and food operators revenues.
- As discussed in following accommodation sections of this report, there has been an emergence of the 'flashpacker' market in a number of tourism centres around Australia. This market typically seeks better quality facilities and are prepared to pay higher rates; although importantly while retaining the backpacker experience.
- Establishment of a designated 'entertainment precinct' along Main Street – supporting the Airlie Beach vibrancy and ensuring consistency in licensing between establishments. Market sounding through stakeholder engagement noted a strong opinion among many entertainment venue operators that nightlife culture has been affected over time by inconsistent licensing and increasing noise constraints. There may be an opportunity to adopt a 'clean slate' approach and implement one set of licensing / regulations for the precinct.

INCREASING THE APPEAL OF AIRLIE BEACH TO THE ASIAN TOURIST MARKET

China is a key driver of international visitor growth to Australia, increasing 17.9% over the year ending December 2013 to contribute \$4.7 billion to the Australian economy.

However, Queensland is not the only destination competing for these new high growth markets. Tourist attractions across the world are moving quickly to capture this new market. The challenge is to understand, and deliver, upon the experiences sought by the new tourists.

Tourism Research Australia recently completed a report on the drivers of Chinese tourism in Australia, which provides a good insight into the experiences which are being sought, and to determine the areas which need to be improved.

Key findings of this report include:

- Australia's natural environment is an essential part of the Chinese visitor experience. 44% cited Australia's unspoilt natural environment as the single best feature of Australia. A further 7% referred specifically to Australia's beaches and 6% the Great Barrier Reef as their best experience. Australia's liveability was also the main reason given for recommending Australia to others (89%).
- The quality of Chinese food is an important aspect of a positive travel experience for Chinese visitors.
- The consumption of Western food can also add to the likelihood of a positive travel experiences with a positive association between regular consumption of Western food and having a better than expected trip.
- Repeat visitors were more likely to be satisfied with shopping, food and beverage experiences, nature-based experiences and would recommend Australia as a destination.
- The availability of Chinese language services positively influenced trip outcomes and likelihood to recommend Australia as a destination.

CRUISE SHIP OPERATIONS

Key information on cruise ship visitation is noted as:

- Currently around 300 cruise ship visits are made to Queensland per annum, increasing from 193 in 2011.
- Of these, approximately 115 are 'mega' cruise ship port visits, which is forecast to increase to at least 260 by 2024/25.
- Between 2010-11 and 2012-13 average annual passenger growth in the cruise sector was 32%.
- The average spend of a cruise passenger while on a day visit to shore is 60% higher than the average spend of a non-cruise visitor.

In Airlie Beach specifically, the cruise ship market is a significant tourism drive for the region, with over 70 cruise ships per annum anchoring off Airlie Beach. In addition to increased visitation and expenditure, cruise ship visits also support ferry services and other tourism related businesses.

The re-location of Cruise Whitsundays (as a key 'ship to land' ferry operator) to Port of Airlie in September will see a direct change to the movement of cruise visitors, with bus transfers no longer needed. Direct pedestrian access to the Main Street means more time to spend in town, and potentially an increased spend rate.

4.5 MARINA MARKET OVERVIEW

The Airlie Beach marina market is dominated by the significant presence of one of Australia's most high profile marina, Abell Point. The marina is a true super yacht marina catering to large high quality vessels that seek to have direct deep water access to the world class waters of the Great Barrier Reef. This marina in its current configuration is now in excess of 500 berths and contains a wide range of vessels. Demand is consistently high for the marina, with occupancy rates varying throughout the season as with most marinas. Limited expansion potential of the marina saw the development of Port of Airlie which recently completed and has provided a level of new marina berth supply. Reflecting the broader growth in demand for boating in the region, and recovery in this recreational market the Port of Airlie has seen solid demand for berths particularly for larger 15m+ and multi-hull berths. This is leading to a reconfiguration of existing arms to cater to stronger demand for larger berths.

Importantly, this measure of demand is considered to be closely related to demand for higher quality residential (including short-term accommodation) product, and ultimately a level of demand for higher end retail services. Abell Point has initiated improvements in the retail and presentation standard to better match the profile of high net wealth 'boaties' that regularly use the marina. Port of Airlie has a similar opportunity and retail services will continue to follow as the level of good quality accommodation is developed in coming years.

The profile of marina berth owners and boaties that are utilising the marinas are largely Australians suggesting that a level of renewal and reinvestment in retail and residential offerings in Airlie Beach will need to be tailored to meet this market.

4.6 RESIDENTIAL PROPERTY MARKET OVERVIEW

CATCHMENT OVERVIEW

The residential property market has been analysed on three statistical area-based levels as noted in the following table below. The catchment was established drawing information from all directly adjoining suburbs considered appropriate. The regions were adopted based on a suburban, Statistical Area Level 2 (SA2) or Local Government Area (LGA) basis as identified by the table below:

TABLE 5 CATCHMENT AREAS

CORE LOCALITY	PRIMARY CATCHMENT REGION (SA2)	BENCHMARK REGION (LGA)
Airlie Beach	Airlie Beach	Airlie-Whitsunday
	Jubilee Pocket	
	Cannonvale	



FIGURE 11: STATISTICAL AREAS

DETACHED HOUSING MARKET ANALYSIS

The following chart provides an overview of the sales performance of detached housing markets in Airlie Beach.

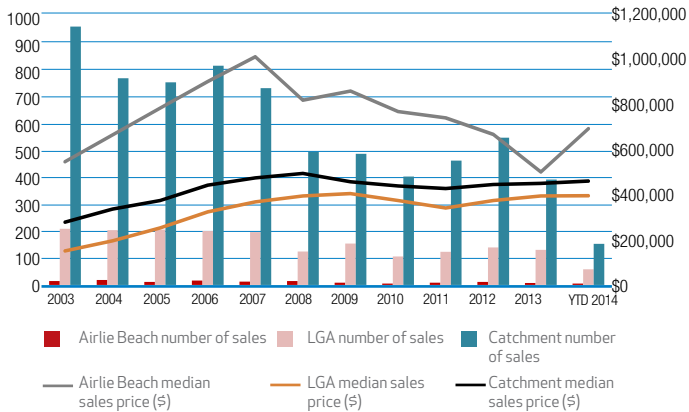


FIGURE 12: DETACHED HOUSING MARKET CYCLE
Source: JLL and RP Data

Airlie Beach experienced strong capital growth for detached dwellings over the period 2003 to 2007, emerging as a premium holiday destination. Median sales prices for houses peaked in 2007 at \$1.0 million.

Consistent with a number of holiday / leisure destinations across both Queensland and nationally, Airlie Beach experienced significant price softening in the wake of the Global Financial Crisis (GFC). However, the small number of transactions observed can amplify the perceived change in capital values, where sales of lower priced stock were simply more prominent than higher priced stock.

In addition, many people chose to hold their prime real estate assets following the GFC, to wait for market recovery. This meant that often only the lower quality product was sold, further biasing the sales price data.

The median house price within Airlie Beach as at 2014 is \$685,000 based on five settled transactions. 2014 has seen the first price recovery in five years, and while based on a small sample size, recent market evidence from the Port of Airlie further suggests that a shift towards the long term average is underway.

Sales volumes are still being largely constrained by the available supply of new developed product; and by the limited land that is available for detached housing.

Over the period considered, the median house price for Airlie Beach has consistently achieved a premium over both the broader catchment and the Whitsunday LGA.

APARTMENT MARKET ANALYSIS

The following chart provides an overview of the attached housing market for Airlie Beach.

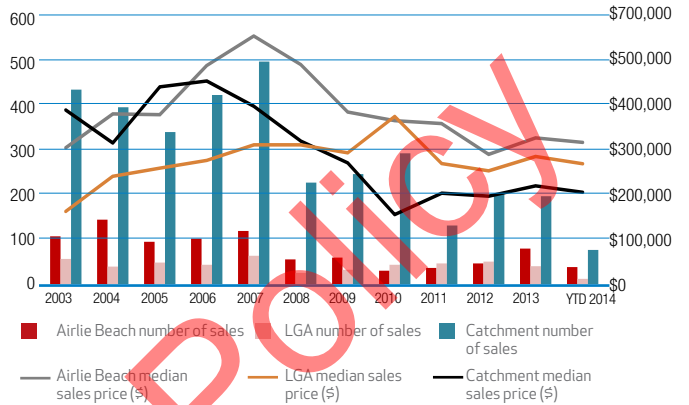


FIGURE 13: APARTMENT MARKET CYCLE
Source: JLL and RP Data

Similar to the trend experienced in the detached housing market, Airlie Beach's apartment dwelling market underwent strong price growth in the lead up to the GFC. At its peak in 2007, the median sales price for apartments was recorded at \$641,250. This was well above both the catchment and Whitsunday LGA median prices and reflects both strong demand, and the development of premium apartments at the time.

The most recent market cycle post 2007 saw market prices soften in Airlie Beach for both attached and detached product. Airlie Beach however, still achieves a premium over the wider surrounding markets, due to its waterfront location and appeal of apartments in close proximity to the available amenity.

As at May 2014, the median sales price for attached product in Airlie Beach was \$366,500. Recent sales since May in the Port of Airlie development reportedly are recording prices in the range of \$550,000 to \$650,000 (2 Bed) and \$850,000 to \$950,000 (3 Bed), and it is expected median sales prices will increase.

The apartment market within Airlie Beach is well established, and comprises a significant proportion of the total LGA in terms of sales volumes of this product type. Over the 10 year period considered, the highest number of sales transacted in 2004, at 143. Sales volumes softened over the period 2008 to 2011, which was both a factor of the wider economic conditions and limited new supply.

Strong sales within the Port of Airlie in recent months, particularly for 3 bedroom product, indicate that there

is an improving level of demand for apartment product within Airlie Beach. Market feedback from the managers of the Port of Airlie development project indicate that demand for product has been for both permanent residence as well as holiday-homes, who typically include the apartment in a management letting pool. As the market cycle continues to move into a stronger recovery following several years of stable prices, and a significant upgrade of the Main Street, this growth phase is expected to support additional new supply, with prospects for sales volumes to return to be more in line with long term averages.

While townhouse stock has not been included in the above analysis, sales volumes and median sales prices have been reviewed to determine the depth of the townhouse market within Airlie Beach. Townhouses have typically achieved median prices in line with apartments, with an average of 20 transactions per annum recorded.

OWNERSHIP PROFILE

The chart below demonstrates the ownership profile for a sample of 1,236 dwellings within Airlie Beach, based on RPData records as at June 2014.

Only 29.2% of the dwellings sampled were owned by residents who reside there on a permanent basis, with 35.3% of other owners coming from other parts of Queensland, and interstate visitors accounting for 33.8% (negligible international owner proportions).

Lower proportions of permanent resident owners in Airlie Beach has implications for the type of dwellings which are likely to be developed. As the retail and recreational elements of the local planning area broaden, it is expected that a higher proportion of residents will seek to permanently reside in Airlie, which may see an increase in the proportion of permanent accommodation delivered.

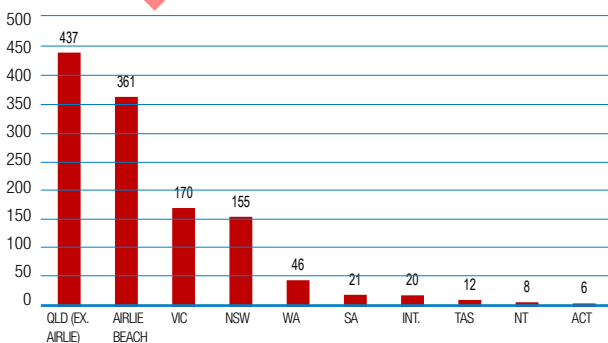


FIGURE 14: OWNERSHIP PROFILE AIRLIE BEACH
Source: JLL and RP Data

HIGH-NET WEALTH INDIVIDUAL MARKET

A number of sales achieved within the Port of Airlie, as well as the construction of a \$12M house within the Port which is mooted to be underway, indicate that there may be an opportunity to target the high net wealth individual (HNWI) market to deliver premium residential product in areas of Airlie Beach. Increasing activity has been observed within this market over the last 12 to 18 months, with Hamilton Island providing a good example of a market which has successfully targeted domestic high wealth individuals within developments such as the Yacht Club villas. The following key points are made regarding HNWI markets:

- The Asia-Pacific region accounts for 21% of the world's HNWI's wealth, which includes citizens from Japan, China, Middle-East and Australia. 6.5 million individuals within the Asia Pacific region have a net wealth of >\$1 million (USD), most of which (91%) have a net wealth of \$1-5 million.
- Among the very HNWIs (+\$500 million), the Asia Pacific accounts for 30-35% of the worldwide total, or 1,000 individuals.
- Primarily, global HNWI investors seek to invest in their own region rather than allocating a large share of wealth overseas. For example, North American HNWIs, Asia Pacific HNWIs and European HNWIs had an allocation of 20.3%, 79.2% and 74.2% within their home regions respectively as at Q1 2013.
- It is expected that most purchasers of luxury residences of \$2 million and over would have individual wealth of at least \$5 million (USD.)

Based on these trends and detailed market assessment, the total annual luxury residence market is estimated at \$144.3 billion including \$40.5 billion from the Asia Pacific market and \$4.2 billion from the Australian market.

There are approximately 6.5 million HNWI investors within the Asia Pacific region, providing a deep pool of potential buyers. Of this, a significant 568,000 investors have an estimated net wealth of between \$10m and \$100m, and a further 8,500 residents with an estimated wealth of greater than \$100m. These market segments represent significant opportunity for luxury real estate product in leisure locations such as Airlie Beach.

- The number of high value residential sales in Queensland peaked in 2007 at 7,916 after having grown at an average of 28 % per annum since 2003. At this stage, around 54% of the high value transactions were for houses.
- Wider economic impacts in 2008 saw a significant decrease in the total number of high value transactions across Queensland in that year, decreasing by 38% to 3,288.
- Furthermore, these economic impacts also drove a change in the distribution of transactions with an increase in the proportion of \$1.0 million to \$2.5 million dwellings as people sought to down-size. The trend toward this price bracket has continued through to 2013.
- However, in the 2013, the market has seen an increase in high value transactions in comparison to the softening in 2008 as transactions have increased by 25% from the 5 year low in 2012.
- The proportion of ultra-high value transactions for apartments during 2013 with 29% of transactions greater than \$2.5 million is greater than the proportion recorded for houses, which was 14%. This can be potentially attributed to the high price points for 'lifestyle' apartments located within premium holiday markets including Noosa, Port Douglas and Hamilton Island.

RESIDENTIAL FUTURE SUPPLY

The future development pipeline within Airlie Beach and the local catchment for residential dwellings is noted as being limited. There are 78 units with development approval in the local planning area. Of these approvals, none have yet commenced development; similarly for the 172 approved lot reconfigurations.

The bulk of new supply within the short-term is expected through Port of Airlie developments. Over the longer term, available land on the Airlie Hill will likely supply new detached dwelling development. While increased density allowances on the Main Street and around Waterson Way may also facilitate redevelopment of existing buildings into medium density residential product, permanent residential uses are not intended to locate in this area, where noisy activity may conflict with long term residents.

KEY IMPLICATIONS FOR THE AIRLIE BEACH STRUCTURE PLAN

- The residential apartment market is considered to be entering a growth period in the market cycle, with demand strengthening for off-the-plan product. In particular, larger apartments (3 bed) have seen the strongest demand, even at high price points.
- Given the historically high proportion of demand from interstate purchasers, there has been an emerging trend for apartment complexes which offer the ability to enter the apartment into a holiday letting pools. The Boathouse in the Port of Airlie, is one such example, which has holiday letting management by Outrigger.
- The Port of Airlie has seen both apartment and land subdivision sales transact at high price points, suggesting that Airlie Beach is starting to attract a more premium market. This is supported by the marina berth demand, which has seen a strong shift toward boats in the 15m+ berthing size. In discussions with sales agents within the region, it was strongly suggested that this more premium product mix was attracting a higher proportion of permanent residents (owner occupiers).
- Anecdotal evidence that a \$12 million house is currently under construction within the Port of Airlie also suggests that there may be an opportunity for Airlie to target high net wealth individuals as a niche market that has typically not been catered for.
- Given extensive new investment in the Main Street public realm, as well as strengthening, regional, tourism drivers and improving, housing markets, there may be opportunity for an incoming developer to achieve strong sales rates for new residential (evidenced in discussions with Port of Airlie). However, historically a maximum sales rate of around 100 apartments per annum was recorded for Airlie Beach pre-GFC. It is important to note that this sales volume comprises both new and existing dwellings.

Based on sales performance likely demand for residential product in Airlie is forecast on the following assumptions:

- Sales performance for detached product has ranged from 5 to 16 sales per annum over the last decade, with a long term average of 11 sales (new and existing product).
- Sales performance for attached product has ranged from 79 to 143 sales per annum over the last decade, with a long term average of 76 sales (new and existing product).
- The proportion of sales that new product comprises have generally ranged from between 15% to 30% of total sales volumes, with an average of around 20-25%.
- On the basis that sales performance for Airlie returns to long term average annual rates of sales that demand for new product would be:
 - Around 3 to 6 houses per annum (for a solid to strong cycle)
 - Around 15 to 30 apartments per annum (for a solid through to a stronger cycle)
- The above take up rates will vary depending on factors such as: investment in Airlie in areas that enhance the desirability of the area as a destination, marketing of Airlie Beach, availability of land supply, economics of developing new product (which are anticipated to improve to viable levels in the short-term), broadening of and improvements to the local retail and recreational mix, the level of critical mass achieved in close proximity to the Main Street, and surrounding economic, employment and population growth factors that drive activity in the wider region.



IMAGE: PLACE Design Group

4.7 RETAIL MARKET OVERVIEW

TRADE AREA OVERVIEW AND KEY RETAIL CENTRES

The table below provides an overview of the local centres within the Airlie Beach trade area.

TABLE 6: RETAIL CENTRES SUMMARY

CENTRE NAME	ADDRESS	DIST. FROM MAIN STREET	RETAIL AREA (M ²)	MAJOR STORES
SUB-REGIONAL CENTRES				
CENTRO WHITSUNDAY	Galbraith Park Dr / Shute Harbour Rd, Cannonvale	5km	14,300	Big W, Woolworths, Harvey Norman, Dollars & Sense, Super Cheap Auto, Best & Less, Rivers
WHITSUNDAY S.C.	226 Shute Harbour Rd, Cannonvale	2km	10,600	Coles, Target Country, Reject Shop
SUPERMARKETS				
WOOLWORTHS	Waterson Way, Airlie Beach	Adjacent	3,000	Woolworths
AIRLIE BEACH SUPER-MARKET	277 Shute Harbour Road, Airlie Beach	Adjacent	n.a.	
IGA JUBILEE CENTRAL	Shute Harbour Road, Jubilee Pocket	2km	1,200	IGA
OTHER MAJOR RETAIL				
BUNNINGS	Shute Harbour Road, Cannonvale	3km	5,500	Bunnings
BULKY GOODS OUTLETS	Shute Harbour Road, Cannonvale	3-5km	n.a.	Home Hardware, Mitre 10, BCF, Supercheap Auto, Beds R Us, Carpet Court, etc.

The main shopping centres near Airlie Beach Main Street are located at Cannonvale, to the west of Airlie Beach. There are two small sub-regional centres:

- Centro Whitsunday, a 14,300m² centre that is located 5km from Airlie Beach and is anchored by Big W and Woolworths. There are approximately 30 specialty stores and numerous large format retailers, including Harvey Norman, Best and Less and Super Cheap Auto.
- Whitsunday Shopping Centre, a 10,600m² centre anchored by Coles and Target Country with around 30 specialty retailers. The centre is just 2km west of Airlie Beach's Main Street.

Cannonvale also provides a selection of bulky goods retailing, primarily fronting Shute Harbour Road. The largest store is a 5,500m² Bunnings Warehouse.

There is a small local centre at Jubilee Pocket (Jubilee Central) anchored by an IGA supermarket. This centre comprises around 1,200m² of retail space and additional commercial tenancies on the first floor.

Within the Main Street precinct, there is a new Woolworths supermarket of approximately 3,000m² on Waterson Way. This is the largest individual store and opened in late 2013.

RETAIL MIX AND PERFORMANCE

Retail fronting Shute Harbour Road comprises a mix of retail services catering for both locals and visitors. 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). However, these services are spread out over a relatively large area and do not provide the same level of 'one stop' shopping convenience as the Cannonvale centres.

It is understood that Airlie Beach residents as well as residents of Jubilee Pocket are attracted to the major Cannonvale centres due to their one stop shopping convenience; more comprehensive range of everyday and weekly shopping needs; and ease of parking. The new Woolworths supermarket on Waterson Way is expected to have re-directed some retail spending to Airlie Beach.

Many of the tenancies along the Main Street are primarily catering to the visitor population and are a mix of retail (souvenir shops; resort wear / t-shirts; take-away food) and services (laundromat; tourist information; travel centres; hire cars). Backpacker establishments, including related services such as bars and tourist information, also occupy a significant part of the Main Street space.

The Main Street is quite long and a high proportion of retail for a small area, making it challenging to achieve a vibrant, active street frontage along its entire length. However, there is a reasonable level of activity along the street, with activity anecdotally starting to pick up following the completion of the new streetscape upgrade and coinciding with a broader recovery across Queensland in the tourism sector. The western end tends to be more focussed on visitor trade, with large backpacker establishments and the nearby lagoon being drawcards for tourists. The eastern end generally has higher quality retail tenants providing everyday retailing to both locals and tourists. The addition of the Woolworths supermarket may provide an opportunity to consolidate specialty food and other everyday retail tenancies at the eastern end of the Main Street precinct. This end of the street has typically achieved higher rents, and it is likely to further benefit from the relocation of Cruise Whitsundays to Port of Airlie in September which will increase the level of time for pedestrian spend while travelling through the Main Street.

There has generally been a very positive response to the redeveloped Main Street. A number of respondents

noted, however, that the period of construction was particularly taxing on many of the retailers, and ultimately resulted in an increase in vacancies during this period. Since completion of the upgrade, there was a strong opinion within the market that there has been an enhancement in the performance of businesses on the Main Street, with vacancy reducing significantly. At the time of market sounding, there were estimated to be around 12 vacancies, down from a peak of 60 to 70 (estimated). Incentives have also reduced significantly over the last 12 months, and some leasing deals in the more prime sections of the street are now seeing leases completed with no incentives.

Ground floor rents along the Main Street are typically in the order of \$500 to \$600 per m² 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 in Cannonvale, and it was clear in the market sounding that this was unlikely to change in the near future.

With extensive works being undertaken on both sites, the performance and mix of the retail associated with the Port of Airlie and Abell Point Marina is similarly in a state of transition. Both sites have seen a level of investment and improvement in the last few years. Port of Airlie's first stage of completion post GFC was an important first step in creating a 'book end' to the Main Street, including the first new lifestyle based retail space in many years and this has been most recently supported by the significant upgrade and investment in Abell Point, including the retail component, as the other 'book end' to the Main Street.

Currently the retail offering with Port of Airlie has not been actively marketed, with the asset managers choosing to wait for the development to build more critical mass through residential development and the relocation of Cruise Whitsundays in September 2014 before they target retail tenants. The tenancy mix within this project is considered likely to play to a more mid-to-premium market than the Main Street, and these offerings are seen to largely complement each other and broaden the appeal of the area as this will cater to a market not presently well-served.

FORECAST POPULATION

This section provides forecasts for the two geographies that make up the majority of the Airlie Beach Main Street catchment: Airlie-Whitsundays and Proserpine. Relatively strong population growth is expected between 2011 and 2036. Stronger growth is expected in the Airlie – Whitsundays region, which includes Cannonvale and Jubilee Pocket.

TABLE 7: AIRLIE BEACH AND ENVIRONS POPULATION FORECASTS, 2011-2036

	2011	2016	2021	2026	2031	2036
PRIMARY CATCHMENT						
Airlie - Whitsundays	10,982	12,498	13,929	15,308	16,658	18,004
Proserpine	8,195	9,005	9,828	10,623	11,410	12,208
POPULATION GROWTH RATES						
Airlie - Whitsundays		2.6%	2.2%	1.9%	1.7%	1.6%
Proserpine		1.9%	1.8%	1.6%	1.4%	1.4%

Source: JLL, Australian Bureau of Statistics, PIFU (QLD)

The above forecasts have been used to estimate the resident population within the Airlie Catchment. As at 2014, the estimated resident population is 20,489 with only 3,129 residents in the primary catchment of Airlie Beach and Jubilee Pocket.

TABLE 8: AIRLIE BEACH CATCHMENT POPULATION FORECASTS, 2011-2036

	2011	2016	2021	2026	2031	2036
Primary Catchment	3,129	3,289	3,665	4,028	4,383	4,737
Secondary Catchment	17,360	18,203	20,288	22,296	24,262	26,223
Main Catchment	20,489	21,491	23,953	26,324	28,645	30,960
POPULATION GROWTH RATES						
		2011-16	2016-21	2021-26	2026-31	2031-36
Primary Catchment		2.6%	2.2%	1.9%	1.7%	1.6%
Secondary Catchment		2.5%	2.2%	1.9%	1.7%	1.6%
Main Catchment		2.5%	2.2%	1.9%	1.7%	1.6%

Source: JLL, Australian Bureau of Statistics, PIFU (QLD)

RETAIL DEMAND ASSESSMENT

This section assesses the demand for retail floor space in Airlie Beach to 2036. Anecdotal evidence suggests that a large proportion of spending in the Main Street is visitor spending; and it is assumed this accounts for 70% of total expenditure. Local residents have a broader range of options for their weekly shopping needs at Cannonvale.

AVAILABLE AND CAPTURED SPENDING

Average retail spending per person in the catchment is expected to be above the Queensland average, due to the relative affluence of residents. Per capita spending is estimated at \$13,800 (year to March 2014).

Assuming an average \$13,800 per capita available retail spending, \$43.2 million is available in retail spending (primary catchment) and \$239.6 million (secondary catchment) as at 2014.

The spending captured by residents within the primary and secondary trade areas is also estimated, reflecting the retail mix present and existing competition.

The recreational trade from the wider region, alongside predominantly visitor retailing, supports other related retail and services in the Main Street such as clothing stores, gifts and souvenirs; and daily services such as chemists and newsagents.

Assuming 70% of spending comes from beyond the main catchment, total spending in Airlie Beach Main Street precinct is estimated at \$59.2 million in 2014.

With strong population and visitor population growth, this is expected to rise to \$132.2 million by 2036.

Some small increase in the spending captured by residents of the main catchment has been allowed for. As the retail mix improves in quality and broadens in markets that are catered to, local residents will have greater choice and can be expected to spend a greater share of their total spending locally.

TABLE 9: AVAILABLE AND CAPTURED SPENDING IN AIRLIE BEACH, 2014-2036

	2014	2016	2021	2026	2031	2036
ESTIMATED TURNOVER						
Primary Catchment (\$ million)	43.2	45.4	50.6	55.6	60.5	65.4
Secondary Catchment (\$ million)	239.6	251.2	280.0	307.7	334.8	361.9
MAIN CATCHMENT (\$ MILLION)	282.7	296.6	330.6	363.3	395.3	427.2
MARKET SHARE (%)						
Primary Catchment	15.0%	15.0%	16.0%	17.0%	18.0%	19.0%
Secondary Catchment	3.0%	3.0%	3.5%	4.0%	4.5%	5.0%
TURNOVER CAPTURED IN MAIN STREET PRECINCT						
Primary Catchment (\$ million)	6.5	6.8	8.1	9.4	10.9	12.4
Secondary Catchment (\$ million)	7.2	7.5	9.8	12.3	15.1	18.1
MAIN CATCHMENT (\$ MILLION)	13.7	14.3	17.9	21.8	26.0	30.5
TURNOVER FROM VISITORS AND BEYOND						
MARKET SHARE (%)	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
TURNOVER - VISITORS AND BEYOND	45.5	47.8	59.6	72.5	86.5	101.7
TURNOVER - MAIN CATCHMENT	13.7	14.3	17.9	21.8	26.0	30.5
TOTAL TURNOVER	59.2	62.2	77.5	94.3	112.5	132.2

Source: JLL, Australian Bureau of Statistics, PIFU (QLD)

SUPPORTABLE DEMAND

The following tables provide forecasts of retail floor-space demand for Airlie Beach Main Street precinct.

It is estimated that approximately 10,000m² of additional retail space will be supportable by 2036. Assuming a 60:40 ratio of retail floor area to other commercial and services uses, an additional 16,700m² of “shopfront” tenancies will be supportable in the Airlie Beach precinct. Some of this demand would be considered to be in the form of renewed space that is underperforming on the Main Street and / or some spaces that are occupied by lower quality and or commercial uses on the Main Street.

TABLE 10: RETAIL FLOOR SPACE SUPPORTABLE DEMAND, AIRLIE BEACH MAIN STREET PRECINCT, 2014-2036

	2014	2016	2021	2026	2031	2036
Existing Floor Area (m ²)	10,000	10,359	12,505	14,732	17,303	20,035
Spend per Floor Area (\$ per m ²)	6,000	6,000	6,200	6,400	6,500	6,600
Shortfall in Retail Floor Area (m ²)		359	2,505	4,732	7,303	10,035
Other services						
Assume a 60:40 split between retail and other (m ²)		239.4	1,670.1	3,154.4	4,868.7	6,690.2
Supportable commercial floor area (m ²)		598.5	4,175.3	7,886.0	12,171.7	16,725.5

Source: JLL, Australian Bureau of Statistics, PIFU (QLD)

ASSUMPTIONS AND LIMITATIONS

The key drivers for retail demand will be growth in the residential population and visitor population, determined from the following sources:

- Queensland Government Population Projections (2013 edition) for Airlie-Whitsundays and Proserpine SA2 geographic regions
- Tourism Forecasting Council for growth in visitor numbers

The visitor number forecasts are for Queensland (excluding Brisbane / Gold Coast) and it is assumed that Airlie Beach will reflect overall Queensland growth. The Whitsundays / Airlie Beach may under or over perform Queensland.

Extremely modest growth in market share of captured retail spending within the main catchment has been allowed for. As the mix of retailing improves in the Airlie Beach Main Street, market share is expected to grow. There will be more incentive to shop locally and less incentive to go further afield to access superior retail mix.

No growth in real terms in per capita spending from either residents or visitors has been allowed for. This is a relatively conservative view to take, but it is noted that even without such growth, the future demand for retail floor-space is very strong. Such growth in the real spending rates would further support additional space or stronger turnover of existing retailers.

PORT OF AIRLIE RETAILING

The Port of Airlie has the potential to develop a strong leisure and dining retail precinct that will provide the opportunity to provide a point of differentiation compared to the existing retailing along the Main Street. To a degree, some of this retailing may be an extension of the Main Street retailing, however this new quality waterfront location will provide the opportunity to deliver an improved quality of retail offering.

While there will be some competition between Port of Airlie and the Main Street, the different focus will limit the level of direct competition particularly as Port of Airlie is positioned as a more affluent visitor offering that is not strongly catered for at present.

Potential benefits arising from the nearby Port of Airlie retailing are recognised, and may include:

- Positive impact of nearby Port of Airlie investment leading to existing landlords re-investing in their Main Street properties
- The new attraction of Port of Airlie bringing more patrons into Airlie Beach, with adjoining retailers benefitting
- Overall growth in the size of the retail market due to the attraction of retailers and retail categories that have previously been poorly represented
- Strong linkages between the two precincts, allowing patrons to easily move between the two precincts

RETAIL SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> – Large visitor population supporting retail tenancies – Swimming lagoon, providing major attractor to the precinct – Climate – Attractiveness of natural setting – Position between two large (and expanding) marinas / developments 	<ul style="list-style-type: none"> – Retail mix for weekly shopping needs is relatively poor – Poor quality buildings / tenancies in need of capital investment – Concentration of similar land uses – in particular backpacker accommodation
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> – Building on convenience retail at eastern end of Main Street (with Woolworths as the anchor) – Quality outdoor dining, leveraging off improved street-scaping and water views – Boardwalk along the Lagoon side of Main Street shops to encourage orientation of uses towards the lagoon and parklands and improve integration of uses – Introducing more variety in visitor accommodation – support for retail tenants – Extending / linking Main Street to Port of Airlie – Leveraging off new cruise ship terminal / cruise passengers – Leveraging off affluent population attracted to the marinas including through a waterfront dining precinct – Leveraging off Whitsunday Airport expansion and increased tourism market share 	<ul style="list-style-type: none"> – Retail at Cannonvale more attractive to local resident needs – Future retailing at Abell Point Marina (if directly competing with Main Street) – Future retailing at Port of Airlie (if directly competing with Main Street) – Increased direct flights to Hamilton Island – bypassing Airlie Beach – Competition from alternative ports for Cruise Ships

KEY IMPLICATIONS FOR THE AIRLIE BEACH STRUCTURE PLAN

- The effect of the Main Street upgrade as a catalyst for further redevelopment and investment has potential to generate further improvements. A number of tenants are actively interested in better use or appeal of their site and investment would be well-timed with the property market recovery underway.
- Some consolidation of dining in a location that optimised amenity with water views, could generate strong patronage from both locals and visitors. Consolidated dining precincts could generate critical mass activity to be destinations in their own right.
- The lagoon is a key attractor of Airlie Beach and its proximity to the Main Street draws patronage to the precinct. Leveraging off this further, and creating an opportunity to better integrate the two landmark spaces, consideration should be given to a boardwalk space hanging off existing commercial uses for dining or external retailing. Outdoor spaces could be leased, generating revenue for Council, and easily achieved under the existing permit scheme. The facilitation of footpath dining and other outdoor retailing activities within this area will also support the retailers by increasing their trade exposure to visitors to the lagoon.
- Likewise the Airlie Beach Community Markets are a key attractor for the Main Street precinct attracting additional weekend patronage. The markets are weekly and as such more likely to attract regular customers (as long as there is product that the local resident population desire). The markets also open for cruise ship visits, which encourage both increased day-visitors from the cruise ships, and pedestrians through the Main Street precinct. Consideration could be given to night-time markets during peak visitor periods, for the usual backpacker market, as well as the newer emerging markets, particularly as future stages of Port of Airlie are delivered.
- Given the importance of the Main Street as a pedestrian thoroughfare and the primary 'ant trail' for tourists, improving a safe pedestrian experience should be part of future planning. Two key opportunities to assist in achieving this are creating legible environments for all road users, by improving crossings and signage; and improving use of Waterson Way for pedestrians and vehicles by improving road conditions and lighting.
- While there is a natural opportunity to extend the Main Street and link it to the Port of Airlie development, activation of the extended strip would be challenging, and the market analysis gives little evidence to support specific retail designation of land uses in these developing areas.
- The two marinas will increasingly seek to attract retail uses. It is understood that the retail tenancies considered will appeal to a more affluent demographic than currently provided for in the Main Street: a complement to Main Street retailing. However, some impacts on any quality cafe / dining options in the market, is likely to be the key area of overlap. Ultimately, as accommodation stock increases and tenancy mix improves in quality and diversity, impacts will be offset as 'critical mass' of retail and dining options is reached, elevating the destination appeal of the central area.

4.8 SHORT-TERM ACCOMMODATION

GREAT BARRIER REEF ACCOMMODATION MARKET OVERVIEW

The Great Barrier Reef is a primary tourism driver for Queensland in particular coastal towns which provide key access points to the reef, and are populated with the range of accommodation including: hotels, island resorts, serviced apartments, backpackers, motels and eco resorts.

As a broad barometer of tourism performance for Airlie Beach, given it is the primary launching point for the most popular and most well-developed of the Great Barrier Reef islands, short-term accommodation performance on these islands has been analysed to most accurately reflect tourism activity in Airlie Beach.

The Great Barrier Reef Tourism Region data set encapsulates the accommodation resorts located on the islands along the Queensland Coast. These are the off-shore portions of the Tropical North Queensland, Northern, Whitsundays, Mackay, Central Queensland and Bundaberg Tourism Regions.

Islands of note include: Bedarra, Brampton, Daydream, Dunk, Fitzroy, Great Keppel, Green, Hamilton, Hayman, Heron, Hinchinbrook, Lady Elliott, Lindeman, Lizard, Long, Magnetic, Orpheus and South Molle.

EXISTING ACCOMMODATION SUPPLY

According to the Australian Bureau of Statistics (ABS), Great Barrier Reef Tourism Region had 11 accommodation establishments with 1,815 rooms at the end of June 2013. This represents an average property size of 165 rooms. The number of establishments has reduced over the last ten years, declining from 17 establishments in June 2002.

HISTORICAL PERFORMANCE

Over the five years to 2012, the Great Barrier Reef tourist accommodation has recorded moderate revenue per available room (RevPAR) growth averaging 0.8% per annum.

Declining demand (-8.6%) has resulted in lower occupancy rates, down from 59.4% in 2007 to 49.1% in 2010. Subsequently, volumes recovered slightly over the two years to 2012 when significant supply decreases were witnessed. Average daily rate (ADR) has increased at an average rate of 2.9% per annum over the five years to 2012. ADR in 2012 was \$273, up 15.6% from \$236 in 2007.

The following table outlines historic trading performance in the Great Barrier Reef tourism region.

**TABLE 11: ACCOMMODATION MARKET PERFORMANCE
GREAT BARRIER TOURISM REGION - HOTELS, MOTELS AND SERVICED APARTMENTS**

	Room Nights Available (RNA) (000's)	% Change	Room Night Occupancy (RNO) (000's)	% Change	Occupancy %	% Change	Average Daily Rate (ADR) A\$	% Change	Revenue per Available Room (RevPAR) A\$	% Change
2007	1,010	1.6%	600	-0.9%	59.4%	-2.5%	\$236.34	6.7%	\$140.37	4.0%
2008	962	-4.7%	531	-11.5%	55.2%	-7.1%	\$254.13	7.5%	\$140.28	-0.1%
2009	942	-2.1%	509	-4.2%	54.0%	-2.2%	\$249.12	-2.0%	\$134.56	-4.1%
2010	933	-0.9%	459	-9.9%	49.1%	-9.0%	\$264.96	6.4%	\$130.20	-3.2%
2011	766	-17.9%	397	-13.5%	51.8%	5.3%	\$271.34	2.4%	\$140.42	7.8%
2012	716	-6.5%	383	-3.5%	53.4%	3.3%	\$273.23	0.7%	\$146.02	4.0%
Calculated Average Annual Growth 2007-2012		-6.6%		-8.6%		-2.1%		2.9%		0.8%

Source: Australian Bureau of Statistics, Jones Lang LaSalle

The offshore island market recorded an improvement in occupancy performance for the six months to June 2013, with a 12.7% improvement on the same period the previous year to 53.1%. However, over the same period the number of room nights available has declined by a further -10.1%. This was largely a consequence of both reduced room nights available due to the closing of operations such as Club Med Lindeman Island, Dunk and Brampton Island Resorts; and an improvement in room night demand by 1.4%.

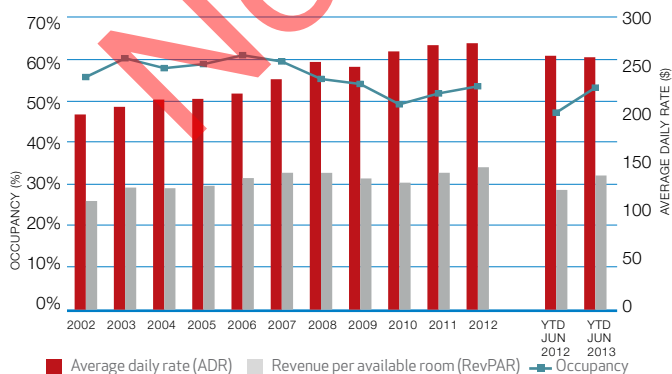


FIGURE 15: GREAT BARRIER REEF TOURISM REGION ACCOMMODATION MARKET HISTORICAL PERFORMANCE 2002 TO JUNE 2013

SEASONALITY

Analysis of the monthly occupancy levels in the Great Barrier Reef tourism region shows levels typically peak in September and October, with September school holidays coinciding with temperate weather. During 2012 occupancy performance trended above the previous year for nine months of the year. This is likely to be due in part to the region's sharp declines at the beginning of 2011 owing to extreme weather. During the first half of 2013, occupancy levels continued to demonstrate an improvement trending above the last four years of trading performance.

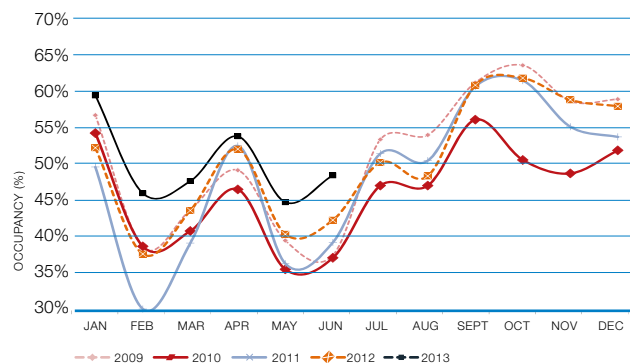


FIGURE 16: GREAT BARRIER REEF TOURISM REGION ACCOMMODATION MARKET OCCUPANCY SEASONALITY

RECENT TRADING PERFORMANCE

In line with the ABS, results from STR Global using a selected basket of 3, 4 and 5-star Great Barrier Reef island resorts, also highlights early signs of a turnaround in performance. According to STR, results demonstrated occupancy levels have increased by 1.7% compared to the same period in 2012 and Average Daily Rate (ADR) grew 4.2% resulting in RevPAR growth of 6.0% for the year to date, November 2013.

TABLE 12: GREAT BARRIER REEF ACCOMMODATION MARKET - RECENT PERFORMANCE

GROWTH	OCCUPANCY	ADR	REVPAR
YTD Nov-12	64.1%	\$ 295.78	\$ 189.61
YTD Nov-13	65.2%	\$ 308.09	\$ 201.01
Growth %	1.7%	4.2%	6.0%

Source: STR Global / Jones Lang LaSalle

AIRLIE BEACH BACKPACKER MARKET

Airlie Beach is well known for its budget / backpacker accommodation, which is predominantly located in the Main Street of Airlie Beach along Shute Harbour Road. There are seven main backpacker establishments:

- Magnums;
- Beaches
- Airlie Waterfront
- Nomads
- Airlie Beach YHA
- Base Airlie Beach Resort
- Backpackers by the Bay

Many of the retail tenancies along Shute Harbour Road provide complementary services for residents of these hostels.

The quality of the backpacker establishments varies. Most provide a mix of accommodation styles from dorm style accommodation to double rooms with ensuites. Facilities may include a bar / restaurant, pool, BBQ area, WIFI, air-conditioning, recreation room, kitchen facilities, 24 hour access and security.

A large part of the market is price sensitive and investment in this accommodation needs to be

conscious of meeting the market; however it is noted that some backpacker establishments have not had significant upgrades or investment for some considerable time.

One of the trends in backpacker accommodation has been the emergence of a premium backpacker product that typically caters for a slightly older 'backpacking' traveller with higher travel budgets for accommodation and entertainment. This segment of the backpacker market is typically referred to as "flashpackers", reflecting higher incomes and higher discretionary spending capacity. Some of the accommodation at Airlie Beach provides a higher level of facilities and accommodation, but compared to the higher end of the backpacker market in other Australian locations, there is still a wide gap in quality.

With tourism trends showing strong growth in this segment, and Airlie not yet catering to this market, there may be an opportunity for development of "flashpacker" accommodation in Airlie Beach to diversify the market target. The attraction of this market segment would support complementary investment in high quality, new development and may also create a domino effect, leading to improvements of other hostels.

What is a Flashpacker?

A Flashpacker is essentially a backpacker with a bigger budget. They tend to be a little older and have established a career, which has increased their budget and expectations. Many flashpackers have probably "roughed" it previously and enjoyed the backpacker lifestyle, but now want to enjoy 'life's little luxuries'. This may include private room with ensuite, air-conditioning, and typically being tech-savvy, access to support technologies (free wi-fi) that keep them 'plugged in' to their careers/lifestyles. However, they typically seek to avoid mass tourism experiences, instead pursuing authentic local offerings and cultural experiences. Their higher discretionary spend rate supports higher quality tourism support services including restaurants, cafes and activities.

SHORT-TERM ACCOMMODATION DEVELOPMENT CONDITIONS

There are a number of barriers facing development of tourism accommodation establishments in Airlie Beach. These include:

- High construction costs;
- Land acquisition costs and associated holding costs;
- Competing land uses - accommodation developments compete against other property classes such as residential that are often easier to finance and provide greater development returns;
- Difficulty in gaining access to development finance/funding, and
- Unique structures and operational costs - Hotels derive their value from the business that operates within the property rather than the property itself. Hotel operations are very labour intensive with a high fixed cost basis. Volatility in demand, supply and pricing can also have a dramatic impact on the value of the hotel property.

These barriers are not unique to Airlie Beach. Land uses that compete with short-term accommodation for location, often provide revenue and investment returns in a much shorter timeframe. In many cases, development profit for short-term accommodation projects are very low (even zero or negative), with the driver for development largely being to generate ongoing revenue streams. This highlights the difficulty in achieving a required investment return. Generally, accommodation developments require a minimum of two to three years to be planned, approved and developed followed by two to three years to achieve normalised trading levels. An accommodation development may therefore require several years before normal revenue streams develop.

It is also acknowledged that in some instances land costs are subsidised or discounted in order to facilitate hotel and short-term accommodation development. For example an approach that has been adopted in a number of larger mixed use development schemes has been to lower the cost of the land to support the development of short-term accommodation either by releasing the land at no cost or limited cost to the developer. Methods of delaying the holding costs of land during the development period, until the hotel is complete or demonstrates a positive cash flow operation, may also be applied.

IMPLICATIONS FOR AIRLIE BEACH STRUCTURE PLAN

Given the quantum and mix of existing stock, and the current relatively narrow retail offering and limited local Airlie Beach based tourism experiences, particularly for wet weather, most new hotel or short-term accommodation development will be oriented towards a mid-market serviced product in the short-term (over next 5 years). As the retail offering improves over the medium to longer term, and diversifies the local tourism experiences to provide stronger destination appeal at a state-wide and national or international level, it is anticipated that a higher quality and full-service hotel / resort style offering will be market supportable. This may be accelerated should dedicated conference facilities establish, that can compete for events at a state-wide and national level; and as Port of Airlie develops out and provides a new and higher quality level of retail and accommodation offering. Occupancy rates will also need to demonstrate a solid level of improvement and consistency before new supply could reasonably be justified.

In the short-term a typical mid-sized operation would be 80-120 rooms however the scale of operation would also be determined by the operational structure. A national and international operator would tend to require a room volume of 100+ rooms in order to take advantage of economies of scale. Furthermore, as hotels are capital intensive and in some instances loss making or providing limited returns from a development perspective, it would be important to create an operation that is economically efficient to build and ultimately operate. With this rationale in mind, limited/selected service hotel operators or serviced apartments are most likely until the base of tourism demand drivers are further broadened and deepened and quality of the experiences are enhanced. The scale and quality level of the accommodation development which may be supportable within Airlie Beach is also ultimately dependent on the supply and demand fundamentals mentioned above and occupancy rates will need to be consistent maintained at solid levels to support new projects.

Not Council Policy



5 CONCEPT STRUCTURE PLANS

Planning concepts for the Airlie Beach Local Planning area have been created through the key strategic directions and Desired Outcomes. They represent these objectives in a spatial sense, communicating strategic resolution of key issues in integrated layers with implementable and measurable elements.

The key strategic directions are essentially a framework to Local Planning processes, setting up high level objectives and helping to form and detail specific, supportive outcomes.

In addition the Concept Structure Plans establish a base line of land uses and intents which can then be tested for marketable, developable outcomes.

The market analysis provided a pricing strategy, based on current market conditions, to be used in the high level calculations of development viability of the conceptual plans. Results of the testing are indicators of whether intended outcomes of the plans are feasible; and can be used to revise and refine land uses and built form outcomes to improve the market performance of development under regulated planning mechanisms.

The test of the Concept Structure Plans provides evidence based recommendations to set up the final Structure Plan.

The final Structure Plan will inform the ultimate Local Plan for Airlie Beach.

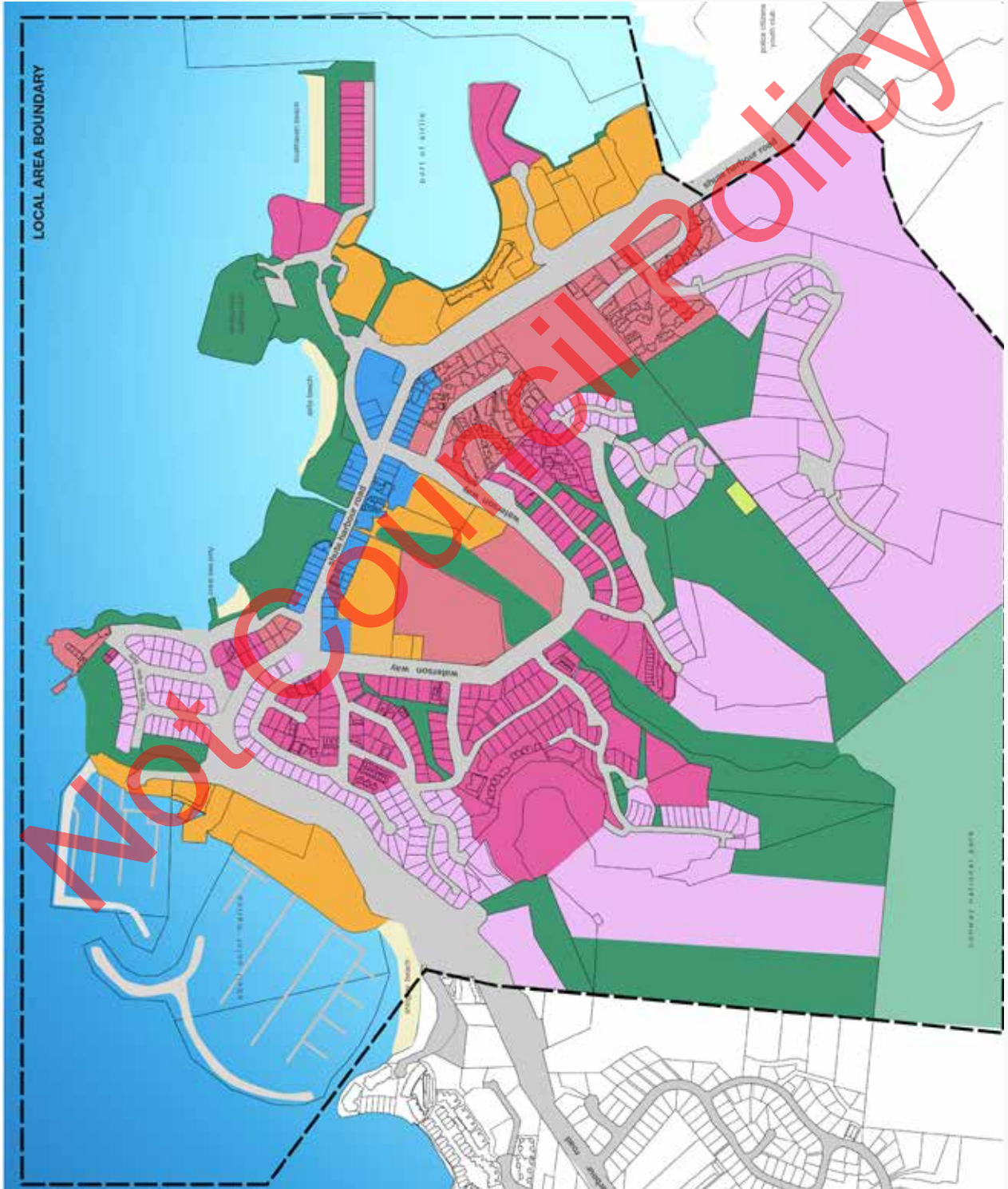
The Concept Structure Plans comprise the following:

- Land use concept plan
- Economic growth concept plan
- Environment and heritage concept plan
- Transport and infrastructure concept plan
- Hazards and safety concept plan
- Building heights concept plan

LAND USE CONCEPT PLAN

LEGEND

- CENTRE MIXED USES
- TOURISM MIXED USES
- SHORT-TERM ACCOMMODATION MIXED USES
- PERMANENT RESIDENTIAL USES
- LOW-MEDIUM RESIDENTIAL USES
- RECREATION AND OPEN SPACE
- COMMUNITY FACILITIES
- ENVIRONMENTAL MANAGEMENT AND CONSERVATION



**KEY STRATEGIC DIRECTIONS
HOUSING AND LIVABLE COMMUNITIES**
Airlie Beach will be both a community and a gateway. It will retain its vital, small town character and function as a vibrant destination and gateway for travellers, visitors and local residents. Key precincts will be renewed and integrated through development and growth, while community values, amenity and the natural beauty of the hills, bay and islands are preserved. Residential uses will be appropriately located, with permanent residential housing being located so as not to be impacted by nightlife and conflicting uses.



BUILDING HEIGHTS CONCEPT PLAN








LEGEND

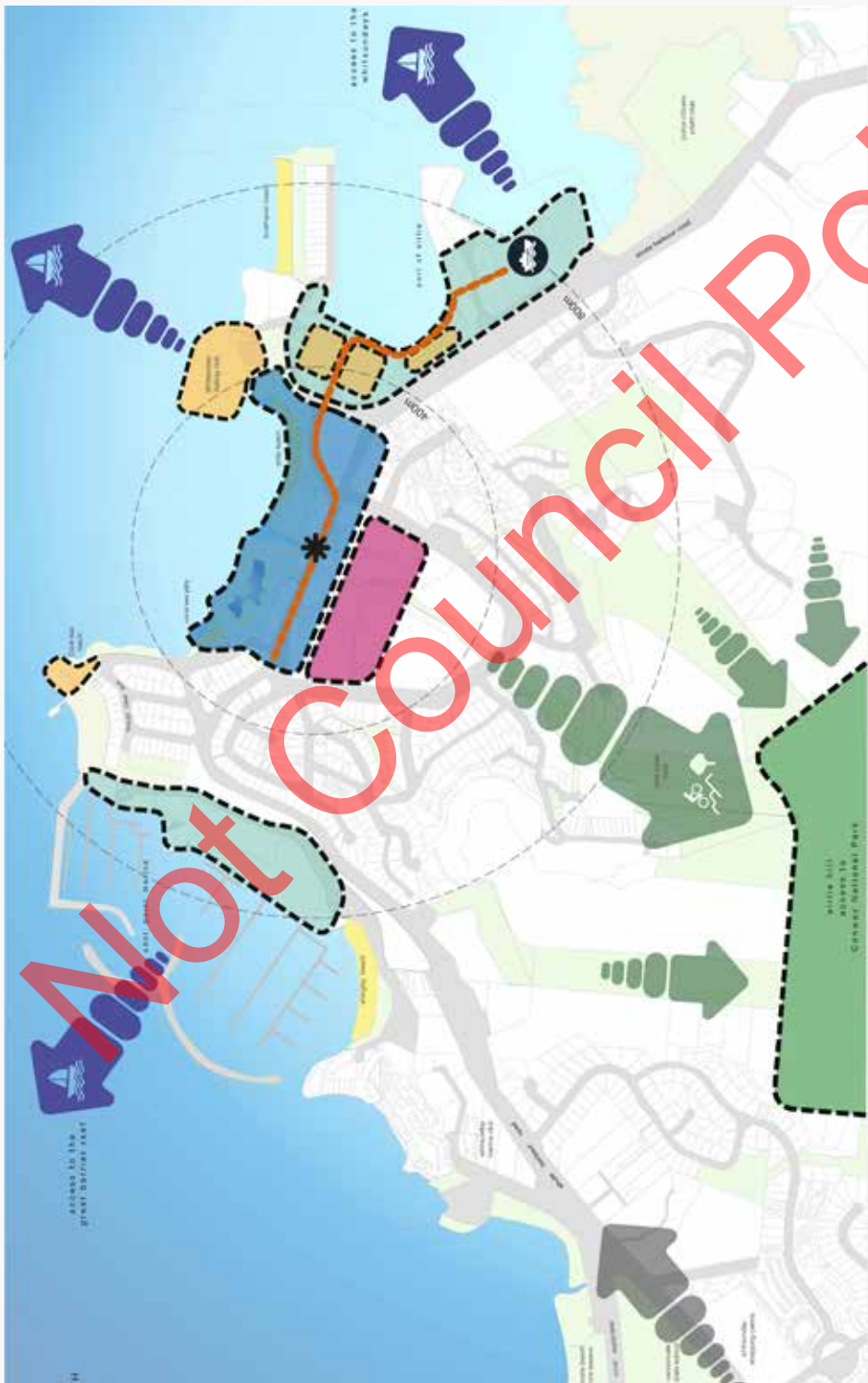
- MAX. 46M (12 STOREYS)
- MAX. 32M (8 STOREYS)
- MAX. 22M (6 STOREYS)
- MAX. 15M (4 STOREYS)
- MAX. 12M (3 STOREYS)



**ECONOMIC GROWTH
CONCEPT PLAN**

LEGEND

-  HEART OF AIRLIE - MAIN STREET AND FORESHORE
-  SHORT-TERM ACCOMMODATION GROWTH AND DIVERSIFICATION AREAS
-  MARINA/ PORT DRIVER
-  AIRLIE AS A BUSINESS / LEARNING DESTINATION
-  BRAND AIRLIE "GREEN"
-  BRAND AIRLIE "BLUE"
-  AIRPORT DRIVER



**KEY STRATEGIC DIRECTIONS
ECONOMIC GROWTH**

Airlie Beach embraces its tourist economy, promoting diversified tourism markets through local business.

Investment attraction for commercial activities that support day and night time activity, as well as weekend activation, in suitable locations. Opportunities for indoor recreation, entertainment and regional or national conferencing facilities are considered in appropriate locations.

The Airlie Beach "brand" is augmented through a wider range of experiential opportunities of Airlie, such as zip-lining, jogging, hiking, etc in addition to coastal water experiences already available.










Marina uses are coordinated and managed appropriate to service demand and target market profiles.



Not Council Policy

ENVIRONMENT AND HERITAGE CONCEPT PLAN

LEGEND

-  NATIONAL PARK
-  OPEN SPACE (PASSIVE CONSERVATION)
-  OPEN SPACE (FORESHORE AND ACTIVE PARKS)
-  SAILING CLUB (PRIVATE USE)
-  PRIVATE USE SPORTING FIELDS (SCHOOL AND YOUTH CLUB)
-  PUBLIC BEACHES
-  AIRLIE CREEK
-  SEA VIEWS
-  HILLSIDE VIEWS



KEY STRATEGIC DIRECTIONS ENVIRONMENT AND HERITAGE

Parkland and open space networks are consolidated and opportunities to improve and increase recreational open space are optimised.

Valuable vegetation and habitat areas are protected from development, and water quality, in particular for Airlie Creek, is maintained and improved where possible. Visual and scenic amenity both over hills and Conway National Park, and out to the Whitsunday waters and islands.

TRANSPORT AND INFRASTRUCTURE CONCEPT PLAN

- MAJOR ROAD NETWORK
- "MAIN STREET" ENVIRONMENT
- SECONDARY ROAD NETWORK
- MAJOR OFF-ROAD PEDESTRIAN PATHWAYS
- MAJOR TRAILS/ BUSH WALKS
- BUS TRANSIT CENTRE (REGIONAL)
- PUBLIC CAR PARK
- CONSOLIDATION OF EXISTING PATHWAYS INTO BOARDWALK
- POTENTIAL CRUISE SHIP/ BOATING TOURS TERMINAL
- MARINA
- PUBLIC BOAT RAMP
- SAILING CLUB
- CRUISE SHIP OPERATORS
- INTEGRATED MAIN STREET - FORESHORE (SAFE PEDESTRIAN ENVIRONMENT/ PUBLIC TRANSPORT/ SIGNAGE/ GATEWAYS & CONNECTION TO PARKLAND)
- PUBLIC TRANSPORT SERVICE AREA
- BICENTENNIAL WALKWAY CONNECTIVITY
- MISSING PEDESTRIAN LINKAGES
- PEDESTRIAN ENVIRONMENT UPGRADE
- FURTHER INVESTIGATIONS AREA

KEY STRATEGIC DIRECTIONS TRANSPORT AND INFRASTRUCTURE

Movement networks will be integrated and connect key precincts through a coordinated, legible and safe network for road users, pedestrians, cyclists, public transport, service vehicles, and private vehicles. Development will contribute to the consolidation of the Bicentennial Walkway, providing clearly legible, safe connections through all areas. Public transport will provide easy access to key precincts, specifically investigating the potential dedicated servicing of Abell Point, Waterston Way, Airlie Hill and the Port of Airlie. Development and growth occurs in accordance with trunk services capacity and upgrades.

NORTH

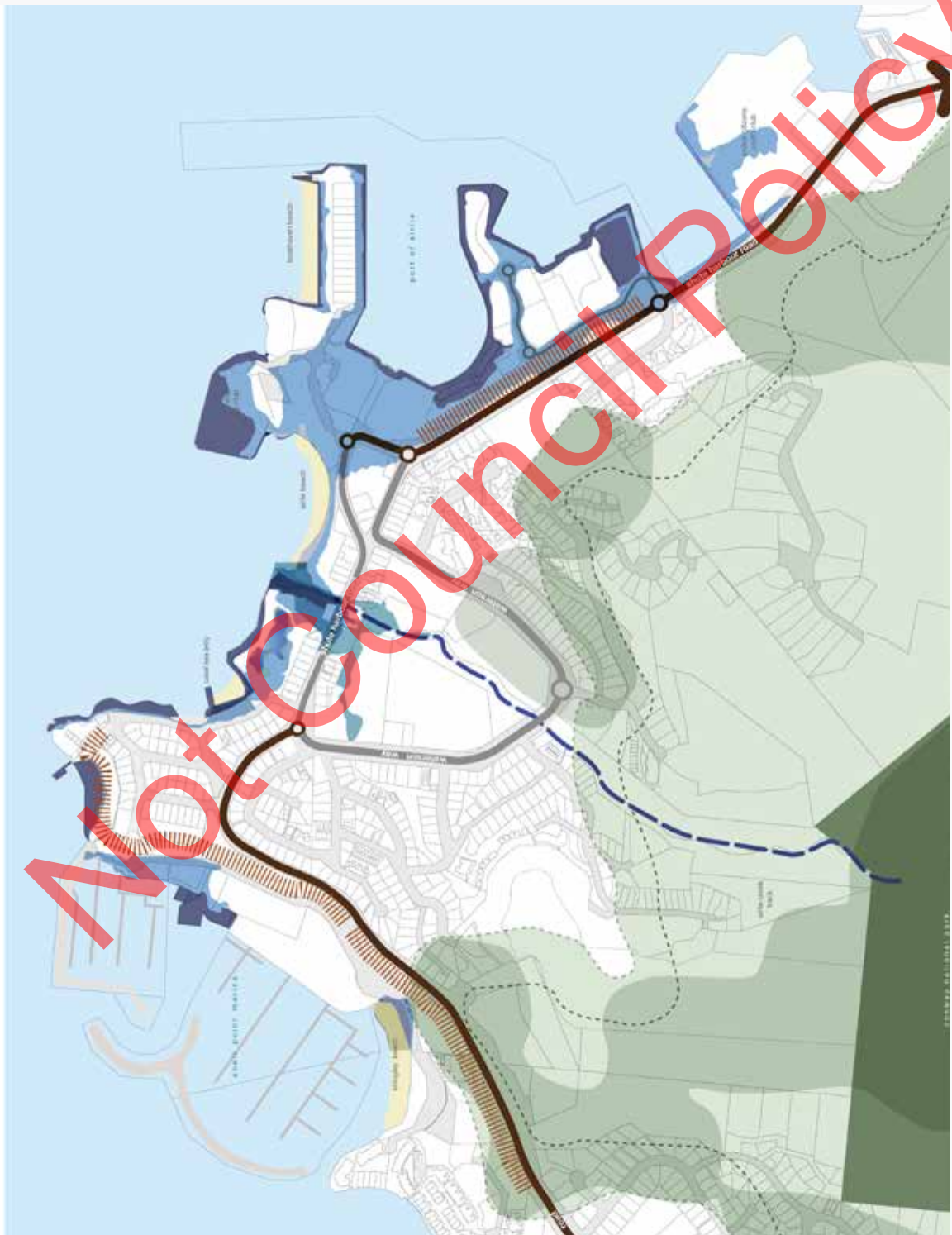


*An Access and Movement Integration Plan is being progressed concurrently to this Structure Plan for consideration by Council. The Access and movement Plan will provide integrated strategies for all movement Networks and users in the investigation area shown.

HAZARDS AND SAFETY CONCEPT PLAN

LEGEND

-  AIRLIE CREEK
-  AIRLIE CREEK FLOOD EVENT AFFECTED AREA
-  ESSENTIAL HABITAT - PROSERPINE ROCK WALLABY AND 100M ASSOCIATED BUFFER
-  SHUTE HARBOUR ROAD - HIGH SPEED VEHICLE ENVIRONMENT
-  MAJOR ENVIRONMENTAL BUFFER - GRADE CHANGE/ SIGNIFICANT SLOPE
-  STORM INUNDATION - HIGH RISK
-  STORM INUNDATION - MEDIUM RISK



KEY STRATEGIC DIRECTIONS HAZARDS AND SAFETY
 Airlie Beach is recognised as a safe and legible community that is attentive to visitor safety and sense of well-being. Development in Airlie Beach will be conscientious of flooding and storm surge inundation, and other climatic risks that may impact people and property.



6 FEASIBILITY ANALYSIS

The Concept Structure Plans provide consideration of core themes upon which the Structure Plan will be developed. While strategically the plans have developed from comprehensive review and investigation processes, leading practice for the finalisation of plans prescribes that the practical application of the plans should be market tested.

6.1 OVERVIEW

More specifically a scheme can be tested for its ability to enable the desired development intents, and can be informed about its performance over time in response to varying market conditions.

This is an important step in strategically planning for growth and development that will drive economic, employment, and lifestyle qualities for communities and regions.

Testing the feasibility of the Concept Structure Plans, and specifically the Land Use and Building Heights Concept Plans, informs and confirms that development intents will be deliverable through the Structure Plan, and ultimately through the Airlie Beach Local Plan.

While this is high level testing, and not detailed, site-specific feasibility assessment, the analysis provides a series of observations through a measureable indicator – return on total development costs – that reflect how the Structure Plan will perform in response to market conditions. Financial viability of development is the fundamental indicator through this testing.

The testing is based on a series of assumptions around land availability, site profiles, market inputs, construction costs, product type, and pricing.

Development feasibility testing processes are detailed through this section, using outputs of the Market Analysis, and providing recommendations that inform the final Structure Plan.

The approach is outlined below.

Scenarios Development – establishes relevant, generic development scenarios designed to test identified aspects of development

Identification of Market Inputs – considers the cost of land acquisition, commercial cap rates, leasing revenue and sales prices derived from the market analysis

Establishment of construction cost assumptions – makes relevant assumptions on construction cost rates in the Airlie Beach locality, for yield components, such as living areas, circulation areas, communal and private open space areas, car parking and landscaping areas

Establishment of development cost assumptions – makes assumptions on applicable soft development costs, such as professional fees, marketing costs, legal fees, infrastructure charges and regulatory fees

Feasibility testing – calculates indicative return on costs through calculation of revenue and cost components based on the development concept yields and construction area measurements;

Recommendations – draws conclusions from both the market analysis and the feasibility tests on the general feasibility of intents viability; along with recommendations for development controls that can improve the likelihood of development progress under the proposed plan.

By way of introduction to feasibility testing, a basic description of its relevance to scheme drafting is also provided.

6.2 DEVELOPMENT FEASIBILITY AND VIABILITY

For development to be possible it must be...

1. legally possible
2. able to be constructed
3. market supportable
4. financially viable

Any planning framework should be drafted to ensure that these key drivers are enabled through its intents and controls. Ultimately a planning scheme is a tool to regulate and protect local values through development, but it must fundamentally enable development to support economic growth and sustainable communities.

The planning scheme elements that contribute to this are:

Legally possible - Zone and local plan intents establish what development is appropriate to go where.

Able to be constructed - Built form provisions of a planning scheme (height, setbacks, open space, car parking) ensure development is able to be built to achieve the preferred outcomes of a scheme or plan.

Market supportable - Zone and local plan intents which have been considered against existing supply and projected demand from market analysis.

Financially viable - Zones, plans and provisions which are tested for performance in market conditions regarding the likelihood of development providing a suitable return on cost for development to proceed.

Simply put, a development's viability is an equation of balancing each of these four requirements. The simple indicator for viability is the financial test for return on total development cost:



The profit, or return on cost is often expressed as a percentage. It is generally accepted that a return on cost (ROC) of around 20% is appropriate for securing financing and commitment to commence.

Feasibility assessment models may vary but essentially the equations are balancing the same information. A static feasibility model is used for the testing of this plan, which assumes that all costs and revenue are achieved in a discrete amount of time. This model is used for the sake of simplicity and is proposed as suitable to these high level considerations. Development costs and revenues are usually amassed over months and years and this in turn varies through accumulation the costs and revenues as time progresses. More detailed feasibility assessments would account for this through escalation or discounted case flow feasibility modelling.

What does this mean for drafting a local plan?

- Projects are ultimately determined by market demand and funding limits - i.e. banks and buyers/ occupiers determine project size, mix and design - not the developer
- Under-development is very possible and its potential or likelihood can be assessed through feasibility testing
- Planning scheme variations can be tested to test their potential to create market distortions
- Understanding real development drivers and expectations enable planners to create the most flexible schemes

6.3 DEVELOPMENT FEASIBILITY SCENARIOS

This analysis tests a number of development scenarios to determine their viability with consideration of key market and development parameters such as product type, construction costs and expected sales price points. Various scenarios have been tested under two broad tests:

Core Test: Based on built form controls proposed under the Draft New Whitsunday Planning Scheme

Sensitivity Test: based on revised built form controls, which test opportunities to improve development feasibility

Residential and mixed use viability has been tested for generic sites in the Main Street Precinct, in the Waterson Way Precinct, and in the Abell Point Precinct (Broadwater Avenue, as a premium waterfront site).

The scenarios have been derived to reflect expected lot dimensions in each precinct and their potential under the Concept Structure Plans.

TABLE 13: OVERVIEW OF SCENARIOS

SCENARIO	SITE AREA (M ²)	BUILDING HEIGHT	NO. OF APARTMENTS	RETAIL GFA (M ²)	BUILDING TYPOLOGY	REQUIRED CAR PARKS
MAIN STREET PRECINCT:						
SCENARIO 1:	1,200	3	9	708	Medium density mixed-use	74
SCENARIO 2	1,200	6	23	708	Medium density mixed-use	97
SCENARIO 3	2,400	6	50	1,155	Medium density mixed-use	183
SCENARIO 4	2,400	8	58	1,155	Medium density mixed-use	201
SCENARIO 5	600	3	4	410	Medium density mixed-use	38
SCENARIO 6	600	3	4	180	Medium density mixed-use	23
WATERSON WAY PRECINCT						
SCENARIO 7	10,000	3	30	0	Multiple dwelling	66
SCENARIO 8	10,000	8	270	500	Medium density mixed-use	462
SCENARIO 9	10,000	3	78	0	Townhouse attached dwellings	146
SCENARIO 10	10,000	8	310	0	Multiple dwelling, medium density	482
ABELL POINT PRECINCT						
SCENARIO 11	2,980	4	19	264	Medium density mixed-use	63

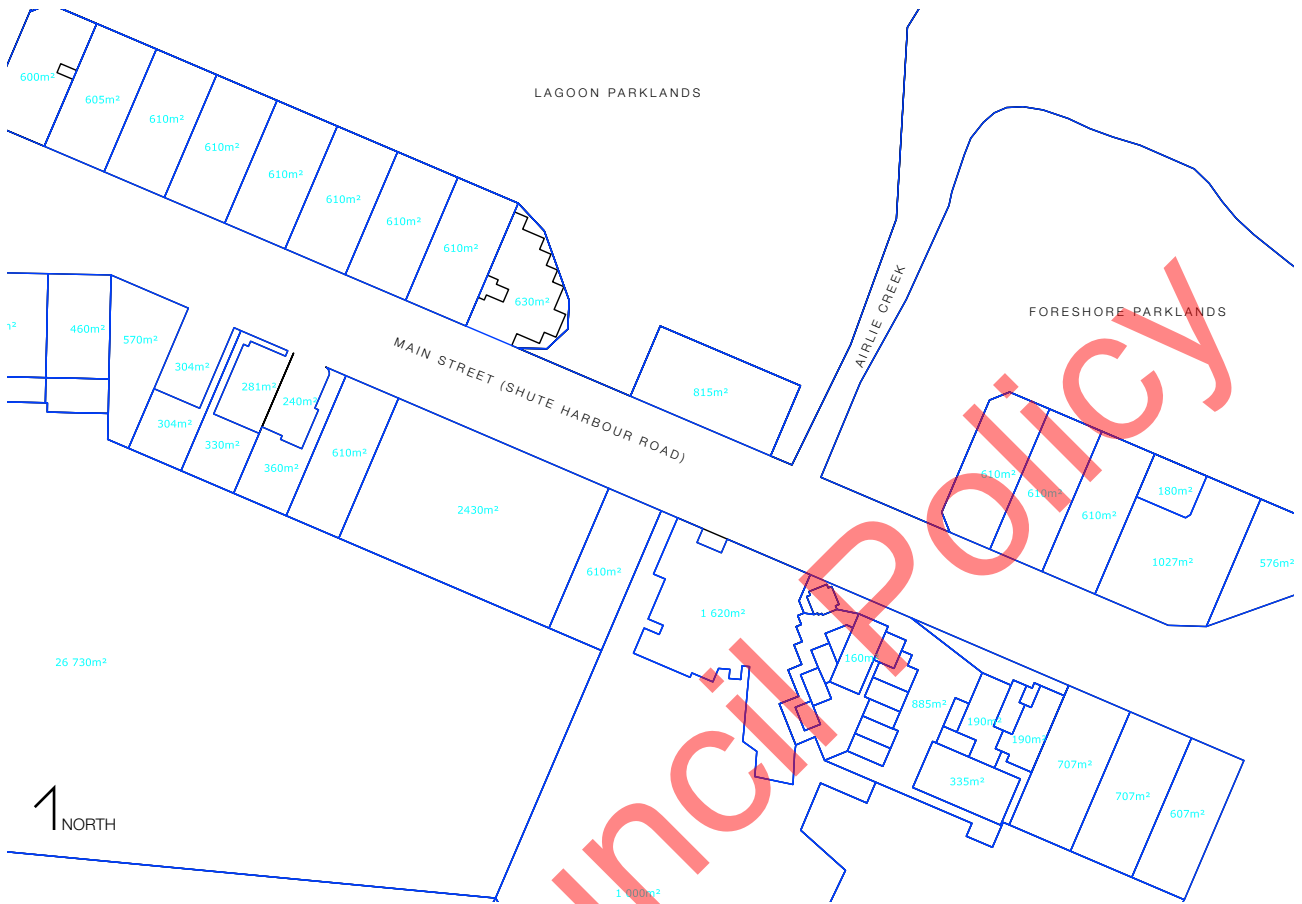


FIGURE 17: MAIN STREET LOT CONFIGURATION

MAIN STREET OWNERSHIP PROFILE

A review of land ownership in the Main Street identifies a highly fractured ownership profile, comprised of predominately individually titled properties. Lots in the Main Street are mostly 600m² in size, improved by going-concern businesses such as retail, accommodation, tourism services or entertainment venues.

In particular, there are a high proportion of strata titled retail complexes. Discussions with local commercial real estate agents suggest that around 60% of the Main Street is held under strata title; there is limited evidence of adjoining lots held in a single ownership.

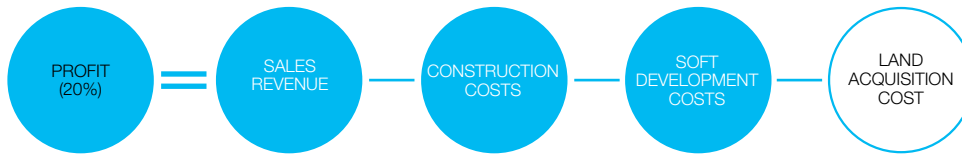
Key to local planning frameworks and the delivery of desired outcomes, will be the acquisition and amalgamation of suitably sized land parcels, at viable prices for redevelopment. While there is no single standard lot size for residential or mixed use development, industry experience and developer

feedback suggests the most efficient development parcels, based on target market and proposed densities, will be in the order of 1,200m² to 2,400m².

This highly fragmented ownership in the Main Street has significant implications for new development, affecting the ability of an incoming developer to purchase sites of a size that allows for viable redevelopment. Values of properties in the Main Street will be linked to:

- the income stream associated with tenancies
- the quality of improvements
- the site’s proximity to key anchors (the lagoon, Port of Airlie and Woolworths)

As such it is difficult to provide an accurate average acquisition cost across the precinct for use in generic feasibility scenarios.



The test model used works the return on cost equation in reverse (shown above).

It calculates a land acquisition price which achieves the required return on cost in line with town planning and market constraints

6.4 GENERAL FEASIBILITY ASSUMPTIONS

This feasibility testing has been undertaken at a high level using a suite of assumptions on standard development parameters (hard build cost, soft development costs, site characteristics, financing models etc.).

- A static feasibility model has been adopted for each scenario to determine an indicative minimum cost for land (residual land value) in order for the return on costs to be considered viable. The model accounts for total development costs and profit based on appropriate market rents, residential sale price points, capitalisation rates, and total development costs.
- Development parameters tested have been selected to provide a general overview of development feasibility for a number of 'generic' examples that are reflective of the local market.
- Key market assumptions (dwelling sales prices, land purchase prices) have been determined through the market analysis.

6.5 RESIDENTIAL PRODUCT MIX, SIZING AND PRICING ASSUMPTIONS

Assumptions for the product mix, sizing, prices are based on current market conditions, as detailed in Section 4.6 Residential Property Market Overview, and through an analysis of recent, successfully completed projects in Airlie Beach. In addition, the market sounding interviews with a number of local developer groups and sales agents has provided insight into typical product design, sizing and price sensitivity for the local area.

The tables that follow illustrate two comparable, recently completed residential projects in Airlie Beach. Limited development has occurred recently within the area and as such, the sample size is restricted. Given the historic volatility of the Airlie Beach market, particular consideration for the age of benchmark stock has been made where appropriate, to determine whether pricing inputs for the feasibility analysis reflect the performance of the market today.

THE BOATHOUSE SALES SUMMARY

TABLE 14: BOATHOUSE SALES' SUMMARY 2007-2014

MIX	SIZE (M ²)			PRICE (\$)			\$/M ²		
	MIN.	AVE.	MAX.	MIN.	AVE.	MAX.	MIN.	AVE.	MAX.
1 Bed	0	0	0	\$-	\$-	\$-	\$-	\$-	\$-
2 Bed	114	114.3	115	\$600,000	\$951,870	\$1,650,000	\$5,263	\$8,328	\$14,474
3 Bed	156	163.1	170	\$725,000	\$1,172,368	\$2,000,000	\$4,382	\$7,230	\$11,834
Penthouse	316	316.0	316	\$1,725,000	\$2,646,250	\$3,850,000	\$5,459	\$8,374	\$12,184

Source: JLL

The table above provides a summary of the total transactions for the Boathouse development over the period 2007 to 2014. In support of pricing assumptions, transactions which occurred over the 2013/14 period have been considered more indicative.

The average rates and sizes recorded for the period considered are as follows:

PENTHOUSE PRODUCT

- Average price recorded \$1,737,500
- Average apartment size of 316 m²
- \$5,500/m²

THREE BEDROOM

- Average price recorded \$760,000
- Average apartment size 165 m²
- \$4,640 /m²

TWO BEDROOM

- Average prices recorded are approximately \$635,675
- Average apartment size of 114 m².
- \$5,566 /m².



IMAGE: PLACE Design Group

PEPPERS SALES SUMMARY

TABLE 15: PEPPERS SALES' SUMMARY 2005 - 2014

MIX	SIZE (M ²)			PRICE (\$)			\$/M ²		
	MIN.	AVE.	MAX.	MIN.	AVE.	MAX.	MIN.	AVE.	MAX.
1 Bed	74	76	77	\$294,000	\$510,993	\$567,500	\$3,818	\$6,701	\$7,466
2 Bed	105	112.9	120	\$395,000	\$695,784	\$814,500	\$3,762	\$6,174	\$6,995
3 Bed	134	136.0	138	\$480,000	\$845,800	\$973,000	\$3,478	\$6,220	\$7,112

Source: JLL

The table above provides a summary of the total transactions for the Peppers development over the period 2005 to 2014. In support of pricing assumptions, transactions which occurred over the 2013/2014 period were considered more indicative.

The average rates and sizes recorded for the period considered are as follows:

TWO BEDROOM (BASED ON ONE RECORDED SALE)

- Average price recorded \$395,000
- Average apartment size of 105 m²
- \$3,762 /m²

THREE BEDROOM (BASED ON ONE RECORDED SALE)

- Average price recorded \$485,000
- Average apartment size 134 m²
- \$3,619 /m²



IMAGE: PLACE Design Group

Analysis of recently completed projects in Airlie Beach highlights the significant variation in pricing for residential product pre- and post- GFC. Market prices post-GFC (2009 and 2010) were particularly low with many sales below cost of development of the product.

However, more recently, prices have shown a level of recovery and the adopted pricing strategy accounts for current market pricing (2013 to year to date), and accounting for new product. End product revenue has been determined for generic precinct conditions, with adjustments between precincts based on their relative residential and retail mixes. A summary of ranges is provided below:

1 Bed \$405,000 - \$410,000

2 Bed \$515,000 - \$900,000

3 Bed \$575,000 - \$1,100,000

The table below illustrates the residential inputs that were adopted for the feasibility testing.

Key assumptions are:

- Market sounding with local developers and sales agents anecdotally suggest that residential product on the Main Street and Waterson Way precinct would sell for less than projects located at the Port of Airlie or on the hill. Pricing may be constrained due to poor noise amenity and limited views.
- The Main Street location would be attractive for short-term accommodation development, located close to the lagoon and retail, recreational amenity, entertainment and conveniences.
- An average price point for the entire Main Street has been assumed, for generic (non-site specific) scenario testing. Realistically price discrepancies would be evident across Main Street locations.
- Scenario 1 assumes a premium standard of product reflecting prices for sites located on the northern (ocean) side of the Main Street.
- Pricing and product mix within the Abell Point Precinct are indicative of premium waterfront development with a high quality build finish.

TABLE 16: PRICING STRATEGY

SCENARIOS	1	2	3	4	5	6	7	8	9	10	11
	MAIN STREET					WATERSON WAY					ABELL POINT
Site Area (m ²)/ Number storeys	1200/3	1200/6	2400/6	2400/8	600/3	600/3	10000/3	10000/8	10000/3	10000/8	2980/4
Number of 1 Bed	0	6	10	10	4	0	0	127	0	150	0
Number of 2 Bed	7	10	20	20	0	2	0	90	52	100	10
Number of 3 Bed	2	7	20	28	0	2	30	53	26	60	9
Average Size (Internal) 1 Bed	0m ²	80m ²	80m ²	80m ²	65m ²	0m ²	0m ²	65m ²	0m ²	65m ²	0m ²
Average Size (Internal) 2 Bed	115m ²	105m ²	105m ²	105m ²	115m ²	115m ²	120m ²	110m ²	120m ²	110m ²	117m ²
Average Size (Internal) 3 Bed	150m ²	130m ²	130m ²	130m ²	150m ²	150m ²	160m ²	140m ²	160m ²	140m ²	157m ²
Average Balcony Size	20m ²	20m ²	20m ²	20m ²	20m ²	20m ²	20m ²	20m ²	20m ²	20m ²	20m ²
Average Sales Price 1 Bed	\$0	\$405,000	\$405,000	\$405,000	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000	\$0
Average Sales Price 2 Bed	\$595,000	\$525,000	\$525,000	\$525,000	\$525,000	\$525,000	\$515,000	\$515,000	\$515,000	\$515,000	\$900,000
Average Sales Price 3 Bed	\$685,000	\$595,000	\$595,000	\$595,000	\$595,000	\$595,000	\$575,000	\$575,000	\$575,000	\$575,000	\$1,100,000

Source: JLL

6.6 RETAIL ASSUMPTIONS

In order to determine rental yields adopted in the feasibility, current and advertised Airlie Beach retail rents have been reviewed. The rents adopted for use in the feasibility analysis were comparable to pricing for new, ground floor, Main Street retail; however significant variances were seen across local rents, likely due to factors such as location, outlook and building age.

The adopted rent rate reflects the likely achievable rent for new product on average across the Main Street precinct. It is noted the location of the development, including whether it fronts onto the water, lagoon or is in close proximity to the Woolworths, will materially influence the retail leasing rates achieved.

TABLE 17: RETAIL LEASING EVIDENCE

NUMBER	STREET	SIZE (M ²)	NET RENT (\$/M ²)	OUTGOINGS (\$/M ²)	NOTES
257	Shute Harbour Road	152	\$400	\$70	Western end of town, northern side of street.
259	Shute Harbour Road	87	\$550	\$75	Western end of town, fronting the lagoon. Shops at the bottom, accommodation on second level
265	Shute Harbour Road	22	\$750	\$70	Western end of town, adjacent to lagoon
265	Shute Harbour Road	36	\$500	\$90	
265	Shute Harbour Road	39	\$500	\$90	
267	Shute Harbour Road	43	\$850	n/a	Western end of town, adjacent to lagoon
287	Shute Harbour Road	32	\$600	\$120	Northern side of street, opposite Woolworths
295	Shute Harbour Road	44	\$600	\$130	Fronting Main Street, northern side of street
295	Shute Harbour Road	61	\$550	\$130	Fronting Main Street, northern side of street
346	Shute Harbour Road	48	\$650	\$65	Located near lagoon, on southern side of street
346	Shute Harbour Road	23	\$650	\$51	Located near lagoon, on southern side of street
346	Shute Harbour Road	29	\$650	\$51	Located near lagoon, on southern side of street
	Port of Airlie		\$600	-	Not currently leasing, but indicative pricing from local agents

The retail leasing evidence identified ranges in price from \$400/m² through to \$850/m² for a large retail tenancy located adjacent to the lagoon (on average \$600/m²). Based on the proposed retail within the feasibility scenarios, a range of \$600/m² to \$700/m² has been adopted for the Main Street; and \$400/m² to \$500/m² for Waterson Way scenarios.

6.7 CAR PARKING ASSUMPTIONS

The core testing and sensitivity testing has been applied to the planning provisions for car parking, as outlined in the table below.

Core Test A – Full car parking requirements as per planning regulations

Sensitivity Test B – Reduced car parking assuming a rate of 1 car park / dwelling and no retail parking provided. A nominal adjustment is also made that 25% of parking is undercroft; and 75% is in basement configurations.

TABLE 18: CAR PARKING ASSUMPTIONS

SCENARIO		1	2	3	4	5	6	7	8	9	10	11
MAIN STREET		WATERSON WAY						ABELL POINT				
Site Area (m ²)/ Number storeys		1200/3	1200/6	2400/6	2400/8	600/3	600/3	10000/ 3	10000/ 8	10000/ 3	10000/ 8	2980/4
CORE TEST												
RESIDENTIAL CAR PARKS	Basement	17	40	90	108	5	8	66	422	146	482	63
	No undercroft or podium proposed											
RETAIL CAR PARKS	Basement	57	57	93	93	33	15	0	40	0	0	0
	No undercroft or podium proposed											
NUMBER OF CAR PARKS	Basement	74	97	183	201	38	23	66	462	146	482	63
	No undercroft or podium proposed											
Total		74	97	183	201	38	23	66	462	146	482	63
SENSITIVITY TEST)												
RESIDENTIAL CAR PARKS	Basement	9	17	38	44	4	4	23	203	59	233	63
	Undercroft	0	6	13	15	0	1	8	68	20	78	0
No podium parking proposed												
RETAIL CAR PARKS	No retail parking proposed											
	Basement	9	17	38	44	4	4	23	203	59	233	63
Undercroft	0	6	13	15	0	0	8	68	20	78	0	
Podium	0	0	0	0	0	0	0	0	0	0	0	
Total		9	23	50	58	4	4	30	270	78	310	63

Source: JLL

6.8 CONSTRUCTION AND DEVELOPMENT COSTS

The build costs in each scenario have been estimated based on elemental per square metre rates derived from latest cost estimates from Rawlinsons. These rates have been adjusted where required, based on current construction costings utilised by active developers within the Airlie Beach market.

The key costs adopted were:

TABLE 19: CONSTRUCTION COSTS

DEVELOPMENT TYPE	LOW	AVERAGE	HIGH
RESIDENTIAL			
Town House (Medium Std)	\$1,570	\$1,630	\$1,690
Town House (High Std)	\$1,715	\$1,783	\$1,850
Multi Unit (Basic m ²)	\$1,865	\$1,938	\$2,010
Multi Unit (Medium m ²)	\$2,000	\$2,078	\$2,155
Multi Unit (High m ²)	\$2,475	\$2,570	\$2,665
Multi Unit (Basic Balcony)	\$490	\$670	\$850
Multi Unit (Medium Balcony)	\$525	\$708	\$890
Multi Unit (High Balcony)	\$640	\$848	\$1,055
RETAIL			
Neighbourhood Shops (Single Storey)	\$650	\$675	\$700
Neighbourhood Shops (Double Storey)	\$745	\$773	\$800
Supermarket	\$1,355	\$1,408	\$1,460
Car Park		\$0	
On-Grade	\$400	\$450	\$500
Podium Parking	\$850	\$900	\$950
Basement (2 Levels)	\$1,115	\$1,180	\$1,245
Basement (3 Levels)	\$1,282	\$1,357	\$1,432

Additional expenses, costs and outgoings are detailed within the table below.

TABLE 20: DEVELOPMENT COSTS

SELLING AND LEASING EXPENSES		
RESIDENTIAL	Selling Expenses	5.00%
RETAIL	Selling Expenses	1.50%
	Leasing Expenses	1.00%
INFRASTRUCTURE COSTS AND FEES		
RESIDENTIAL	Cost Per One Bedroom	\$20,000
	Cost Per Two Bedroom	\$20,000
	Cost Per Three Bedroom	\$28,000
RETAIL	Costs Per GFA (m ²)	\$180
PROFESSIONAL FEES	Professional Fees	6.50%
STAMP DUTY	Stamp Duty	6.00%
OUTGOINGS		
COMMERCIAL	Costs Per GFA (m ²)	\$100
RESIDENTIAL	Costs Per Unit	\$0
RETAIL	Costs Per GFA (m ²)	\$100

7 FEASIBILITY RESULTS

The following tables show the results of the feasibility tests for the 11 generic scenarios proposed for testing.

The results are shown in full for the scenarios with cost values used in the calculations and the residual land value as the output.

This residual land value is the price a developer would need to pay for land acquisition component of the total development costs, in order to achieve a return on cost of 20 %.

A further analysis of the results also shows the results for Main Street scenarios as return on costs in percentages.

Observations and recommendations are provided at the end of the results tables.

Not Council Policy

7.1 FEASIBILITY OUTPUTS – CORE TEST A

SCENARIO	1	2	3	4	5	6	7	8	9	10	11
LOT AREA/ BUILDING HEIGHT	1200m ² / 3 st.	1200m ² / 3 st.	2400m ² / 6 st.	2400m ² / 8 st.	600m ² / 3 st.	600m ² / 3 st.	10000 m ² /3 st	10000 m ² / 8 st.	10000 m ² /3 st.	10000 m ² / 8 st.	2980m ² / 4 st.
TYPOLOGY	Mixed Use	Mixed Use	Mixed Use	Mixed Use	Mixed Use	Mixed Use	Townhouse	Mixed Use	Multiple Dwelling	Multiple Dwelling	Mixed Use
NO. DWELLINGS	9	23	50	58	4	4	30	270	78	310	19
COMMERCIAL GFA (M²)	708	708	1155	1155	410	180	0	500	0	0	389
RESIDENTIAL INCOME											
Gross Realisation (Total)	\$5,535,000	\$11,845,000	\$26,450,000	\$31,210,000	\$17,250,000	\$128,895,000	\$41,730,000	\$147,500,000	\$18,900,000	\$1,640,000	\$2,240,000
Net Realisation	\$4,780,275	\$10,229,875	\$22,843,410	\$26,954,360	\$14,897,876	\$111,319,522	\$36,039,906	\$127,387,638	\$16,322,891	\$1,416,378	\$1,934,565
RETAIL INCOME											
Net Rental (Total)	\$330,990	\$330,990	\$539,963	\$539,963	\$191,675	\$84,150	\$0	\$148,750	\$0	\$0	\$0
Cap Value	\$3,309,900	\$3,309,900	\$5,399,625	\$5,399,625	\$1,916,750	\$841,500	\$0	\$1,487,500	\$0	\$0	\$0
Net Realisation	\$3,227,153	\$3,227,153	\$5,264,634	\$5,264,634	\$1,868,831	\$820,463	\$0	\$1,450,313	\$0	\$0	\$0
TOTAL INCOME & RETURN											
Net Realisation	\$8,007,428	\$13,457,028	\$28,108,045	\$32,218,995	\$3,285,209	\$2,755,027	\$14,897,876	\$112,769,835	\$36,039,906	\$1,273,876,38	\$16,322,891
Dev't. Profit & Risk (Return on Costs)	\$1,334,571	\$2,242,838	\$4,684,674	\$5,369,832	\$547,535	\$459,171	\$2,482,979	\$18,794,972	\$6,006,651	\$2,231,273	\$2,720,482
Outlay	\$6,672,856	\$11,214,190	\$23,423,371	\$26,849,162	\$2,737,674	\$2,295,856	\$12,414,897	\$93,974,862	\$30,033,255	\$1,061,563,65	\$13,602,409
DEVELOPMENT COSTS											
Total Construction Costs	\$6,330,340	\$10,659,817	\$22,215,227	\$25,549,989	\$2,536,951	\$2,400,462	\$14,648,425	\$84,273,929	\$32,035,484	\$9,832,849	\$10,507,683
Professional Fees	\$411,472	\$692,888	\$1,443,990	\$1,660,749	\$164,902	\$156,030	\$952,148	\$5,477,805	\$2,082,306	\$6,099,135	\$682,999
Infrastructure Charges	\$323,440	\$643,440	\$1,367,900	\$1,591,900	\$153,800	\$128,400	\$840,000	\$5,914,000	\$1,768,000	\$6,680,000	\$452,000
Total Development Costs	\$7,065,252	\$11,996,145	\$25,027,117	\$28,802,639	\$2,855,652	\$2,684,892	\$16,440,572	\$95,665,734	\$35,885,790	\$1,066,119,85	\$11,642,682
FINANCE & LENDING COSTS											
Total Holding Costs	\$349,149	\$592,822	\$1,236,783	\$1,423,361	\$141,120	\$132,681	\$812,456	\$4,727,583	\$1,773,394	\$5,268,521	\$575,355
Total Land Costs (inc. Interest)	-\$741,544	-\$1,374,778	-\$2,840,529	-\$3,376,837	-\$259,098	-\$521,718	-\$4,838,131	-\$6,418,454	-\$7,625,929	-\$5,724,141	-\$1,384,372
RESIDUAL LAND VALUE											
Residual Land Value (ex. Stamp Duty)	-\$649,227	-\$1,203,628	-\$2,486,904	-\$2,956,445	-\$226,842	-\$456,767	-\$4,235,818	-\$5,619,402	-\$6,676,555	-\$5,011,526	\$1,212,027
Land Value (\$/m ²)	-\$541	-\$1,003	-\$1,036	-\$1,232	-\$378	-\$761	-\$424	-\$562	-\$668	-\$501	\$407
Finalised Residual Land Value	-\$649,227	-\$1,203,628	-\$2,486,904	-\$2,956,445	-\$226,842	-\$456,767	-\$4,235,818	-\$5,619,402	-\$6,676,555	-\$5,011,526	\$1,212,027

7.2 FEASIBILITY OUTPUTS – SENSITIVITY TEST B

SCENARIO	1B	2B	3B	4B	5B	6B	7B	8B	9B	10B	11B
	1200m ² / 3 st.	1200m ² / 3 st.	2400m ² / 6 st.	2400m ² / 8 st.	600m ² / 3 st.	600m ² / 3 st.	10000 m ² / /3 st	10000 m ² / 8 st.	10000 m ² / /3 st.	10000 m ² /8 st.	2980m ² / 4 st.
TYPOLOGY	Mixed Use	Mixed Use	Mixed Use	Mixed Use	Mixed Use	Mixed Use	Townhouse	Mixed Use	Multiple Dwelling	Multiple Dwelling	Mixed Use
NO. DWELLINGS	9	23	50	58	4	4	30	270	78	310	19
COMMERCIAL GFA (M²)	708	708	1155	1155	410	180	0	500	0	0	389
RESIDENTIAL INCOME											
Gross Realisation (Total)	\$5,535,000	\$11,845,000	\$26,450,000	\$31,210,000	\$17,250,000	\$128,895,000	\$41,730,000	\$147,500,000	\$18,900,000	\$1,640,000	\$2,240,000
Net Realisation	\$4,780,275	\$10,229,875	\$22,843,410	\$26,954,360	\$14,897,876	\$111,319,522	\$36,039,906	\$127,387,638	\$16,322,891	\$1,416,378	\$1,934,565
RETAIL INCOME											
Net Rental (Total)	\$330,990	\$330,990	\$539,963	\$539,963	\$0	\$148,750	\$0	\$0	\$0	\$191,675	\$84,150
Cap Value	\$3,309,900	\$3,309,900	\$5,399,625	\$5,399,625	\$0	\$1,487,500	\$0	\$0	\$0	\$1,916,750	\$841,500
Net Realisation	\$3,227,153	\$3,227,153	\$5,264,634	\$5,264,634	\$0	\$1,450,313	\$0	\$0	\$0	\$1,868,831	\$820,463
TOTAL INCOME & RETURN											
Net Realisation	\$8,007,428	\$13,457,028	\$28,108,045	\$32,218,995	\$14,897,876	\$112,769,835	\$36,039,906	\$127,387,638	\$16,322,891	\$3,285,209	\$2,755,027
Dev't. Profit & Risk (Return on Costs)	\$1,334,571	\$2,242,838	\$4,684,674	\$5,369,832	\$2,482,979	\$18,794,972	\$6,006,651	\$21,231,273	\$2,720,482	\$547,535	\$459,171
Outlay	\$6,672,856	\$11,214,190	\$23,423,371	\$26,849,162	\$12,414,897	\$93,974,862	\$30,033,255	\$106,156,365	\$13,602,409	\$2,737,674	\$2,295,856
DEVELOPMENT COSTS											
Total Construction Costs	\$3,875,940	\$7,758,857	\$16,961,147	\$19,881,189	\$13,149,865	\$75,771,209	\$29,105,884	\$85,899,729	\$10,507,683	\$1,253,111	\$1,683,022
Professional Fees	\$251,936	\$504,326	\$1,102,475	\$1,292,277	\$854,741	\$4,925,129	\$1,891,882	\$5,583,482	\$682,999	\$81,452	\$109,396
Infrastructure Charges	\$323,440	\$643,440	\$1,367,900	\$1,591,900	\$840,000	\$5,914,000	\$1,768,000	\$6,680,000	\$452,000	\$153,800	\$128,400
Total Development Costs	\$4,451,316	\$8,906,623	\$19,431,522	\$22,765,367	\$14,844,606	\$86,610,337	\$32,765,766	\$98,163,212	\$11,642,682	\$1,488,363	\$1,920,819
FINANCE & LENDING COSTS											
Total Holding Costs	\$219,974	\$440,145	\$960,262	\$1,125,013	\$733,587	\$4,280,086	\$1,619,209	\$4,851,002	\$575,355	\$73,551	\$94,922
Total Land Costs (inc. Interest)	\$2,001,566	\$1,867,422	\$3,031,587	\$2,958,783	\$3,163,296	\$3,084,439	\$4,351,721	\$3,142,151	\$1,384,372	\$1,175,760	\$280,115
RESIDUAL LAND VALUE											
Residual Land Value (ex. Stamp Duty)	\$1,752,386	\$1,634,941	\$2,654,176	\$2,590,436	\$2,769,488	\$2,700,449	\$-3,809,962	\$2,750,975	\$1,212,027	\$1,029,386	\$245,242
Land Value (\$/2)	\$1,460	\$1,362	\$1,106	\$1,079	\$-277	\$270	\$-381	\$275	\$407	\$1,716	\$409
Finalised Residual Land Value	\$1,752,386	\$1,634,941	\$2,654,176	\$2,590,436	\$-2,769,488	\$2,700,449	\$-3,809,962	\$2,750,975	\$1,212,027	\$1,029,386	\$245,242

Return on costs as percentages are shown in the following table, for all Main Street scenarios.

TABLE 22 RETURN ON COST ANALYSIS

SCENARIO	1	2	3	4	5	6
LOT AREA/ BUILDING HEIGHT	1200m ² / 3 st.	1200m ² / 6 st.	2400m ² / 6 st.	2400m ² / 8 st.	600m ² / 3 st.	600m ² / 3 st.
TYPOLOGY	Mixed Use	Mixed Use	Mixed Use	Mixed Use	Mixed Use	Mixed Use
NO. DWELLINGS	9	23	50	58	4	4
COMMERCIAL GFA (M2)	708	708	1155	1155	410	180
CORE TEST A						
NET REALISATION	\$8,007,428	\$13,457,028	\$28,108,045	\$32,218,995	\$3,285,209	\$2,755,027
ESTIMATED ACQUISITION COST	\$1,680,000	\$1,680,000	\$3,000,000	\$3,000,000	\$1,050,000	\$1,050,000
TOTAL DEVELOPMENT COSTS	\$9,430,401	\$14,604,967	\$29,863,900	\$33,825,999	\$4,256,772	\$4,077,574
PROFIT (\$)	-\$1,422,973	-\$1,147,940	-\$1,755,855	-\$1,607,005	-\$971,563	-\$1,322,546
RETURN ON COST (%)	-15.1%	-7.9%	-5.9%	-4.8%	-22.8%	-32.4%
SENSITIVITY TEST B						
NET REALISATION	\$8,007,428	\$13,457,028	\$28,108,045	\$32,218,995	\$3,285,209	\$2,755,027
ESTIMATED ACQUISITION COST	\$2,000,000	\$2,000,000	\$3,000,000	\$3,000,000	\$1,000,000	\$1,000,000
TOTAL DEVELOPMENT COSTS	\$6,671,290	\$11,346,768	\$23,391,783	\$26,890,379	\$2,561,914	\$3,015,741
PROFIT (\$)	\$1,336,138	\$2,110,260	\$4,716,261	\$5,328,616	\$723,295	-\$260,714
RETURN ON COST (%)	20.0%	18.6%	20.2%	19.8%	28.2%	-8.6%
DIFFERENCE IN PROFIT (\$)	\$2,759,111	\$3,258,200	\$6,472,117	\$6,935,620	\$1,694,858	\$1,061,832

7.3 OBSERVATIONS

CORE TEST A

- This base test demonstrates fully compliant development, based on the concept designs, is predominantly unviable.
- Where car parking allocations are fully provided for retail and residential land uses as per the draft planning provisions, none of the options are viable. This is attributed to the cost of providing full and extensive car parking (refer to Table 18 Car Parking Assumptions). High costs of providing basement car parking contribute significantly to costs.
- A large number of dwellings are achieved in Scenarios 8 and 10. As demonstrated in the Market Analysis and specifically in the Residential Market Overview in Section 4.6, the demand for new dwellings is shown to be expected to be low, at around 15-30 apartments each year.
- Sensitivity is observed with regard to site acquisition costs. Lower end transactions (from the determined range of costs) has been used in the feasibility tests. Scenario 2 is used to illustrate the sensitivity of land values.
 - Low end of land acquisition cost – at 18.6% ROC (\$2.0m acquisition cost)
 - Middle of land acquisition costs – Unviable at 11% ROC (\$2.75m acquisition cost)
 - Upper of land acquisition cost – Unviable at 5% ROC (\$3.5m acquisition cost)
- Larger sites were modelled at lower site acquisition costs on a \$/m² basis, based on analysed market evidence, and assuming the whole site was purchased as one contiguous parcel. In the event that amalgamation for a larger site requires acquisition of multiple 600m² lots, it is noted that redevelopment will only be viable where at the lower end of likely market values.

SENSITIVITY TEST B

- Under Test B, all Main Street scenarios have recorded a positive residual land value, with the medium-density multiple dwelling scenarios in Waterson Way also shifting into positive values. The Abell Point scenario improved its existing positive residual land value
- Test B assumes that Main Street redevelopment of existing retail GFA requires no net increase in car parking. Residential components assume car parking at a rate of 1 car park per dwelling (consistent with Port of Airlie). A viable return is observed for the scenarios, except for Scenario 6B, which compromised revenue generating retail GFA for at grade car parking.
- Redevelopment at current market prices for site acquisition is likely to be viable where sites are acquired at the lower end of current market values. This would suggest that sites with dated improvements and / or tenants that are on low rents or short leases and or have retail space that is vacant would be more likely to be viable for redevelopment. Conversely, sites in good condition, with stronger tenants paying market rents and on longer leases would likely be unviable for redevelopment.

7.4 RECOMMENDATIONS

LOT AREAS

– Fundamental observations on the configuration of a large proportion of lots and lot sizes in the Main Street (single lot depth block, dual active fronts, 600m²) show limited value in owner-developers seeking to re-develop single sites.

: site amalgamation should be encouraged, potentially through consideration of minimum lot sizes for maximum heights. Given the potential for significant (and varying) land values (ie cost to acquire), incentives should be considered that reduce other development costs for developers, such as the existing infrastructure charges relaxation scheme.

BUILT FORM

– Building heights are not seen to improve return on costs, in the market conditions of Airlie Beach. As such it is not considered a driver for development profit, and in fact scenarios that vary only height are seen to perform worse. This is attributed to additional cost of construction and car parking.

: Building heights can be comfortably considered for increases, without providing direct motivation for developers to maximise yields. This may also inspire existing land owners to develop and renew old sites, where a sudden increase in potential could catalyse interest.

Findings of the feasibility assessment demonstrate that a range of new projects in different locations within the town centre can be potentially viably developed based on the proposed densities of the Concept Structure Plan (pending car parking concessions as previously described).

CAR PARKING

– In the first instance scenarios have been designed to fully comply with the Draft New Planning Scheme provisions, and demonstrate primarily that the provision of full on-site car parking is restrictive to feasible outcomes. Tests that have assumed reduced car parking provisions - no car parking required for additional commercial GFA, and 1 car park per dwelling for short-term accommodation uses - perform significantly better in the return on costs.

: minimum on-site car parking requirements are removed for commercial GFA for any lots on the northern side of the Main Street.

: Relaxation of on-site car parking requirements for commercial GFA are made available to lots on the southern side of the Main Street, for alternative off-site options (potentially including monetary contributions to Council for the provision/upgrade of a central car parking facility).

: On-site car parking rates for short-term accommodation uses are reduced to 1 car park per dwelling, for self-contained apartments.

ECONOMIC AND MARKET DRIVERS

- The viability of the planning scheme provisions has been tested and confirmed as not being a constraint to development on the basis of the above assumptions. This indicates that proposed yields under the structure plan are considered to be viable. Accordingly, economic and market drivers will be the two most influential factors in drive redevelopment activity. This includes wider macro drivers as well as local market drivers that influence the economic performance of Airlie Beach. While there already appears to be recovering confidence within the local economy, supported by the Main Street upgrade and significant new investment within the Port of Airlie and Abell Point, the ability to diversify and strengthen the local economy away from a primarily backpacker focused tourism economy, through broader demand drivers, will encourage landowners to improve, upgrade or intensify their site's use.
- The Main Street Precinct is unique due to a large proportion of long term landowners, and considerable variation in property values due to income generated by commercial uses and quality of the covenant (i.e. tenant quality, lease term and rent). this has a material impact on feasibility and there has been very low re-sale activity in the area in the last decade. Acquisition costs at the lower end of the values range show redevelopment is likely; whereas above the middle of the range shows it to be unlikely (unviable). Growth in residential prices and stability in market values for commercial/retail assets would materially improve viability for redevelopment.

Development from external developers in the Main Street is largely challenged by costs for land acquisition of suitably sized sites, impacting on viability.

The viability of existing land owners redeveloping is improved where a land owner purchased the asset at a price considerably below current market costs, and held it in the long-term. This removes the burden of upfront land acquisition, and can increase viability compared to returns if acquired at market value. Not all land owners are inherent developers, and further incentives may be required to inspire redevelopment.
- An increase in the number of apartments and/or retail space was generally associated with an increase in the viability of the project. This was a marginal net benefit with the increase in profitability associated with higher yield ultimately being offset by increased holding and development costs.

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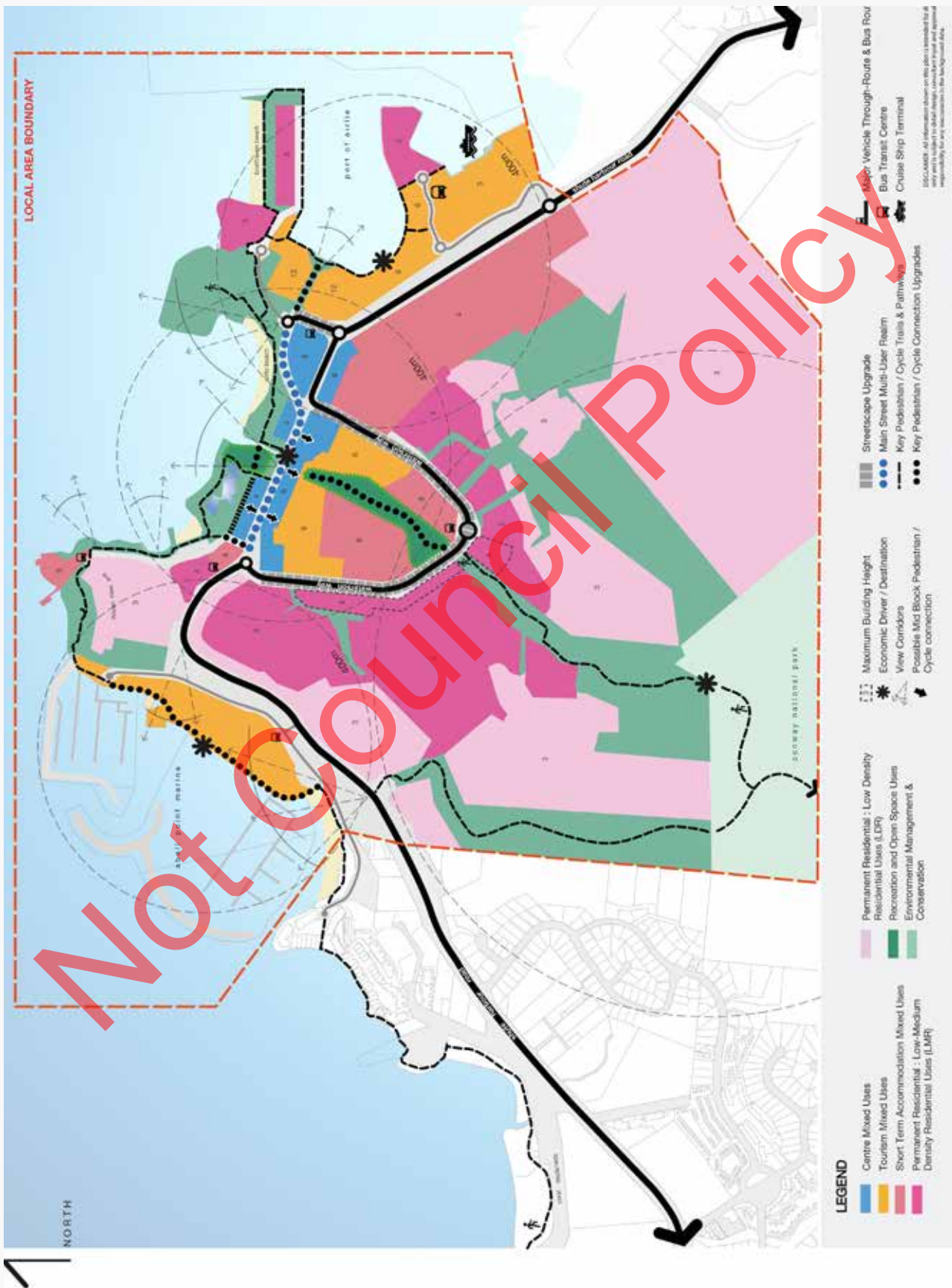
FINAL STRUCTURE PLAN

This Final Structure Plan is a culmination of key spatial elements from the Concept Structure Plans, providing a core structural strategy to the local planning area.

It derives not just structural elements, but considers those elements that will be effective in delivering the structural strategy and key desired outcomes in a local planning instrument.

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FINAL STRUCTURE PLAN



- LEGEND**
- Centre Mixed Uses
 - Tourism Mixed Uses
 - Short Term Accommodation Mixed Uses
 - Permanent Residential: Low-Medium Density Residential Uses (LMR)
 - Permanent Residential: Low Density Residential Uses (LDR)
 - Recreation and Open Spaces Uses
 - Environmental Management & Conservation
 - Maximum Building Height
 - Economic Driver / Destination
 - View Corridors
 - Possible Mid Block Pedestrian / Cycle connection
 - Streetscape Upgrade
 - Main Street Multi-User Realm
 - Key Pedestrian / Cycle Trails & Pathways
 - Key Pedestrian / Cycle Connection Upgrades
 - Major Vehicle Through-Routes & Bus Routes
 - Bus Transit Centre
 - Cruise Ship Terminal
- DISCLAIMER: all information shown on this plan is intended for a general guide only. The Council does not accept any responsibility for any inaccuracies in this Structure Plan.



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