DEMAND FOR UP-MARKET VISITOR ACCOMMODATION IN SHOALHAVEN CITY

Prepared for:
SHOALHAVEN CITY COUNCIL

by

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1. INTRODUCTION

1.1 Study Background

The New South Wales South Coast Region is the fifth most popular domestic overnight trip destination in Australia after Sydney, Melbourne, Brisbane and the Gold Coast. While tourism is one of the major employers in the region, is essentially a small scale industry, oriented to the domestic market. It has few accommodation properties suited to the international market and only 2% of international visitors to NSW spend time in the region

Shoalhaven City is the largest LGA in the South Coast Region and one of the largest cities in regional NSW. Despite its size, the City has very limited quality accommodation and lacks facilities for conferences and meetings. Unlike other Local Government Areas close to Sydney, Shoalhaven has not, in the past, been effective in attracting the higher yielding visitor markets and conferences and meetings. Other areas around Sydney, such as Port Stephens, the Hunter Valley, Blue Mountains and Southern Highlands have built successful businesses from these markets. While the environment and product base of the Shoalhaven rivals these areas it does not have the upmarket accommodation (resort hotels and guesthouses) and quality, purpose built meeting facilities required to attract these markets.

The existing accommodation establishments in the Shoalhaven are not effectively meeting the needs and expectations of existing markets and are a constraint to market diversification and the growth of high yielding tourism in the City. In addition the establishment of higher standard accommodation has direct flow-on effects in terms of employment generation, additional 'new' revenue for the area and stimulation of ancillary and service businesses.

To address this issue, Shoalhaven City Council secured a grant from the Department of Transport and Regional Services to undertake a study to assess the demand for up-market (4/5 star) accommodation/conference facility(s) in Shoalhaven City.

1.2 Terms of Reference

The scope of the project is to establish whether the marketplace could support an upmarket (4-5 star) accommodation and conference venue (or venues) in the Shoalhaven, and if so, the types of property(s) best suited to the local area.

In undertaking the project the consultant was required to liaise with the various stakeholders within the Shoalhaven Region, including:

- Tourism operators
- Tourism organisations
- Major manufacturing establishments
- Others as deemed appropriate

The brief also required the following factors to be addressed:

- The type of accommodation and conference facility(s) that would be most attractive to investors.

- The generic types of sites, ie waterfront, riverfront, natural environment etc. which would be sought by the marketplace.

- The development mix and features across the City which are likely to be financially viable in the next decade.

1.3 Study Tasks

Research for this project was undertaken from September to December 2001 and involved the following tasks:

- Locality review and assessment of key visitor destinations and attractions throughout the City.

- Review of the tourism infrastructure and facilities available in the area, including accommodation and conference facilities.

- Review of published population and visitation statistics, market research and other relevant studies for Shoalhaven City, the South Coast and Illawarra Regions.

- Discussions with Tourist Officers in Shoalhaven City, Eurobodalla Shire, the Southern Highlands and Illawarra areas regarding the performance of the South Coast and Illawarra Regions as destinations, the markets attracted, the need for additional accommodation and facilities in the area and the outlook for the tourism industry.

- Discussions with local accommodation, booking service, inbound, attraction and transport operators regarding Shoalhaven's current markets, the outlook for tourism locally and the demand for up-market accommodation.

- Telephone and face-to-face interviews with local companies and business organisations regarding the need for, and likely use of, up-market accommodation and conference facilities in Shoalhaven City.

- Discussions with Tourism NSW and the Sydney Convention and Visitors Bureau regarding current markets and the outlook for the Shoalhaven, South Coast and Illawarra regions.

- Discussions with the Department of Urban Affairs and Planning, Council Planning Staff and Tourist Officers in the Outer Sydney Region and Eurobodalla Shire to identify proposed accommodation developments within these regions.

- Telephone interviews with a range of tourism and conference industry representatives regarding the accommodation and conference markets for Shoalhaven City, Eurobodalla Shire and the Outer Sydney Region.

- Discussions with the Department of State and Regional Development regarding future economic development of the Shoalhaven region and possible implications for accommodation demand.

1.4 Disclaimer

This report has been prepared by Dain Simpson Associates (DSA) for Shoalhaven City Council to provide information on the demand for up-market accommodation in Shoalhaven City. DSA is aware that this report may form part of a package of information that could be distributed to parties potentially looking to invest in the City.

The information used in this report is primarily qualitative and provided by third parties. DSA has accepted this information in good faith and no representation or warranty is given by DSA as to the accuracy of this information.

As the performance of any accommodation establishment is subject to a range of factors including location, design and fit out, the economic climate, the competitive environment, the capability of the operator and unforeseen factors, DSA does not warrant that the market and performance findings of this report will in fact be achieved.

DSA also gives no warranties or undertakings of any nature with respect to a decision by Shoalhaven City Council, or any other party, to purchase property or to build, own, operate or fund a project, nor as to the financial, economic or other results which may be obtained by Council or other parties as a result of any such decision.

2. SHOALHAVEN CITY AS A DESTINATION

This Chapter provides an overview of the Shoalhaven as a tourist destination. More detailed information on visitation to the City and the tourism infrastructure available is provided in Chapters 3 - 7.

2.1 Location and Description

Located approximately 160 – 250 kilometres south of Sydney, the Shoalhaven is a well established, highly recognised tourism destination. The area is perceived to be the start of the South Coast – an area known for its spectacular coastline, lakes and rivers, rich dairy country and extensive National Parks and State Forests.

Shoalhaven City covers an area of approximately 4,660 square kilometres, extending along the coast from Seven Mile Beach in the north, south to North Durras near Bateman's Bay and inland to the escarpment. The western border of the Shoalhaven is marked by the escarpment, with deep gorges and steep, forested cliffs. Much of this area is included in National Parks and State Forests, with these areas forming part of the attraction base of the City.

The central spine of the City consists of a series of small river valleys, with rich pastoral land interspersed with forested ridges. The coastline is a series of beaches, estuaries and lakes, with numerous high profile areas including Jervis Bay, St Georges Basin, Mollymook, Shoalhaven River and Seven Mile Beach. There are 109 beaches within the Shoalhaven, many of which are surrounded by National Park and State Forest.

The Shoalhaven was settled in the early 19th century, with timber and maritime industries establishing initially, followed by pastoral activities. Historic towns and villages are found throughout the City, with Berry, Kangaroo Valley and Milton being the most well known.

Shoalhaven City has an estimated population of 85,000 residents with population growing at around 2.4% pa. There are 49 towns and villages within the City, with Nowra, located on the Shoalhaven River in the north, being the main retail, commercial and administrative centre. Nowra has a population of around 27,000 people and services a primary catchment area of around 60,000 people. Ulladulla, located approximately 60 kilometres south of Nowra, is the other major town in the Shoalhaven. Ulladulla services a population of around 25,000 people. Other well-known towns and villages include Shoalhaven Heads, Berry, Kangaroo Valley, Culburra, Huskisson, Vincentia, St Georges Basin, Sussex Inlet, Milton and Mollymook.

Today, the main industries within the Shoalhaven are tourism, defence and defence related contracts, dairy farming and dairy goods processing, paper production, manufacture of building materials, fishing and light manufacturing. There is a combined TAFE and University of Wollongong campus at Nowra, with the Illawarra Institute of Technology having campuses at Nowra and Milton. There are two major defence establishments in the City – HMAS Albatross at Nowra and HMAS Creswell at Jervis Bay. A technology park has been developed adjacent to the Albatross base, with this Park emerging as a centre for the aviation and avionics industries.

Major manufacturing companies based in the City include PaperLinx (paper manufacturing), Dairy Farmers (milk processing), Kaman Aerospace International (aviation – avionics), BAE Systems (aviation – avionics), Fosroc (mining chemicals), Manildra Group (grain products – starch, gluten etc), Gates Rubber (Automotive Hoses) and Tyco (flow control valves). These companies have national and, in some cases, international connections. The fishing and abalone industries are also significant industries that are exporting directly into the Asian market.

2.2 Access

Nowra is located approximately 160 kilometres south of Sydney, with the driving time between the two centres being just over 2 hours. The Princes Highway / F6 Freeway is the main link between Nowra and Sydney, with the Princes Highway continuing south through the City to Batemans Bay and ultimately Melbourne. The Shoalhaven in also connected to the Southern Highlands / Hume Freeway via the Kangaroo Valley – Fitzroy Falls Road.

Nowra is approximately 60 minutes drive (80km) from the Wollongong area with similar travelling times to the Southern Highlands (Bowral / Mittagong / Moss Vale). The South Coast is connected to Canberra and the Southern Tablelands to the west through Batemans Bay and also via Main Road (MR) 92. The travelling time from Canberra to Ulladulla via Braidwood is approximately 2.5 hours. MR 92 is currently being sealed and within 5 years should provide a sealed link between Nowra and Canberra. This will reduce the travelling time between Canberra and Nowra to less than 2 hours.

The Shoalhaven is connected to Sydney by rail with the South Coast line terminating at Bomaderry. Countrylink Coach services link the southern Shoalhaven with Bomaderry rail-head. There are 14 passenger services daily between Bomaderry and Sydney/Wollongong. Interstate coach services operate daily from Nowra to Sydney, Canberra and Melbourne.

Sydney Kingsford Smith Airport is the nearest international and major domestic airport to the Shoalhaven. It is approximately 2 hours drive from Nowra. An airport link service operates from the Shoalhaven. The airfield at HMAS Albatross is open to civil traffic, however no regular commuter services operate from this field. A sea-plane service operates on a charter basis between Sydney Harbour and Jervis Bay.

2.3 Perception of the Shoalhaven

The South Coast, rather than the Shoalhaven, has a very high profile in the domestic marketplace. The Shoalhaven as a region or brand appears to be less well known, with the name linked more strongly with the Shoalhaven River and the northern part of the City – Nowra – Berry – Shoalhaven Heads – Culburra – Greenwell Point. Individual towns and locations within the Shoalhaven do however, have very high recognition in the marketplace. These areas include:

- Nowra
- Berry
- Kangaroo Valley
- Jervis Bay
- St Georges Basin
- Sussex Inlet
- Ulladulla - Mollymook
- Seven Mile Beach
- Shoalhaven River

Market research undertaken in 1995 as part of the Shoalhaven Tourism Masterplan found that the Sydney marketplace and visitors to the area most strongly associated the Shoalhaven with beaches. Existing visitors had a very good understanding of the attraction base of the City, also nominating the National Parks, mountain scenery and relaxation as features that they associated with the City. In contrast the broader Sydney marketplace had a far low level of awareness of the other features of the City.

While research into the perceptions of today's marketplace is not available, it would appear that the extensive marketing and promotion undertaken by Tourism Shoalhaven since 1995 has significantly raised the profile and awareness of the City. While the towns and areas listed above continue to have very strong market awareness, other images associated with the Shoalhaven now appear to include:

- An unspoilt area with extensive natural areas and no overdevelopment or high rise.
- A myriad of beautiful, uncrowded beaches - white sand, clean water and abundant marine life.
- Area rich in terrestrial and marine wildlife – in particular kangaroos, dolphins and whales.
- Extensive coastal and inland National Parks and State Forests and marine parks that are scenically attractive and offer the opportunity for an extensive range of activities.
- Relaxing, friendly and lifestyle – an area to 'escape' to.
- Good living – boutique, upmarket accommodation coupled with quality food and wine experiences. The Shoalhaven is one of Australia's newest wine producing areas. The Shoalhaven / South Coast also has an excellent reputation for seafood, cheeses and gourmet food.

2.4 Visitation

As discussed in Chapter 4, the Shoalhaven attracts around 1.45 million overnight visitors per annum as well as a substantial number of day visitors.

The Shoalhaven is widely recognised by the domestic tourism market and is a popular destination for both overnight stays and day trips. The City attracts a range of domestic market segments including:

- Short breaks- mainly families, couples and groups of friends
- Seniors / Retirees – touring and destination based
- Holiday makers - families and couples
- Sporting and special interest travellers
- Event and festival goers.

Visitation patterns, market mix and place of origin of visitors vary markedly in different parts of the City. The coastal areas attract the holiday makers and retirees as well as an increasing number of short-breaks travellers, with Jervis Bay and the northern Shoalhaven drawing mainly from the Sydney and Illawarra regions, and the southern Shoalhaven from the ACT and Illawarra regions and from the southern half of regional New South Wales. The hinterland areas, in particular Berry-Cambewarra-Kangaroo Valley, attract both day trippers and the short breaks couples and family markets, while Nowra has strong corporate and transit markets.

For the Sydney and Illawarra markets, the Shoalhaven competes directly with other destinations in the Outer Sydney Region (area located 1-2 hours drive from Sydney), in particular with the Central Coast, Illawarra and Port Stephens. Outside of the warmer months, the City also competes with the Blue Mountains, Southern Highlands and Hunter Regions, particularly for the short-breaks market.

For the Canberra and Southern Tablelands markets, the Shoalhaven competes primarily with Eurobodalla Shire and to a lesser extent with Bega Valley Shire.

The Shoalhaven also has strong ‘second home’ and ‘holiday van’ markets, in which people from Sydney, Canberra and the surrounding region have holiday homes and permanent caravans in the City, which they visit intermittently.

In the international visitor market, the Shoalhaven has lagged behind other Outer Sydney areas, in particular the Blue Mountains and Hunter Valley in attracting international visitors. With the increase in Free Independent Travellers (FIT), targeted product development and marketing and the promotion of touring routes (eg Princes Highway to Melbourne, Sydney – Canberra – Melbourne, and day drives around Sydney), the Shoalhaven / South Coast is now being discovered by the international market.

Visitation to the Shoalhaven is highly seasonal with a strong summer peak.

2.5 Tourism Product and Infrastructure

The Shoalhaven is well endowed with tourism infrastructure and products.

The area’s accommodation base is extensive and diverse, incorporating motels, self contained holiday apartments, houses and cottages, pub hotels, guesthouses, bed & breakfast establishments, farm stays, youth hostels, group accommodation and caravan parks and camping areas. Most of the accommodation available is budget to mid-market in its positioning.

The Shoalhaven offers a range of attractions, with the main products being:

- Beaches and waterways with an extensive range of water-based activities.
- Towns and villages – sight seeing, heritage buildings and precincts, shopping, dining, markets, entertainment.
- National Parks and natural areas – waterfalls, lookouts, walking trails, scenic drives, camping and picnic areas. Parks include Jervis Bay National Park, Jervis Bay Marine Park, Booderee National Park and Botanic Gardens, Murramarang National Park, Pigeon House Mountain / Moreton National Park.
- Scenery / scenic drives.
- Art and craft galleries.
- Nature based tourism – wildlife viewing.
- Adventure based activities and tours.
- Wine and food trails.

A number of tour companies operate in the area, with tour products including sight-seeing tours, whale and dolphin watching, 4WD and adventure based tours, fishing tours, diving courses and tours, fine arts tours, food and wine tours, farm tours, and kayak and canoe tours. Scheduled coach tours of the region operate out of Sydney with the area also attracting charter coach groups.

Shoalhaven has a superb environment, and offers an extensive range of quality products, activities and experiences. These are well able to support high yielding markets and quality accommodation.

2.6 Tourism Directions for the Shoalhaven

The 1995 Tourism Masterplan for the Shoalhaven identified the need to:

- Diversify the market base of the City, with emphasis on developing off-season and higher yield markets including the short breaks, nature/eco tourism and international markets.

- Capitalise on the natural attractions of the area. In particular to ensure that the National Parks and State Forests become an integral part of the tourist product and experience.

- Increase awareness of the natural and cultural features of the City and develop a range of products and activities based on these attractions.

These needs have been progressively addressed over the past 6 years with the Shoalhaven now positioned as a destination for the more discerning visitors. Market diversification has occurred, the region is attracting higher yielding visitors year round, and the natural and cultural attractions are now important components of the product base and image of the area.

A Regional Tourism Plan is currently being prepared for the South Coast Region (Shoalhaven, Eurobodalla and Bega LGA’s). This Plan will build on the current product base of the region and set directions for future product development, marketing and promotion. It is expected that the Plan will consolidate the current directions being taken by Shoalhaven Council to protect, enhance and capitalise on the natural and cultural attraction base of the Shire and to develop a high yielding, low impact and sustainable tourism industry.

2.7 Implications for Up-market Accommodation

In relation to the provision of up-market accommodation in the City, the salient points to arise from this overview are:

- The Shoalhaven / South Coast is an established, high profile visitor destination. A new property will not have to develop the destination as well as the product, which is frequently the case with new properties.

- The Shoalhaven has the environment and products that are consistent with and will support up-market accommodation. This includes an emerging wine industry, with wine tourism being a strong high yield market segment.

- Up-market accommodation is consistent with the current and likely future branding and positioning of the Shoalhaven / South Coast.

- The Shoalhaven is accessible to the Sydney, Illawarra and ACT markets, each of which have middle-high income population groups.

- Visitor markets already exist that can be readily tapped and/or expanded. Up-market accommodation is ideally suited to the emerging markets in the City. (see Chapter 4).

- Shoalhaven is not over-developed, with this being a part of its attraction. Any accommodation development needs to be in keeping with the unique environment and character of the City.

- Shoalhaven City is one of the few areas in regional NSW that is showing strong and sustained growth. Nowra is a major regional centre which is attracting businesses with both national and international connections. The accommodation, conference and meeting facilities available in the City do not meet the needs and expectations of the local corporate community.

3. LOCAL MARKET - ASSESSMENT

Local residents, companies and organisations are potential sources of demand for up-market accommodation, with demand taking a number of forms:

- Accommodation:

  - Local companies and organisations booking visiting staff and clients into accommodation.
  - Wedding market – first night stays.
  - Short breaks with people living in the City having a short-break within the City.
  - Relocatees – people looking for short-term accommodation while they renovate or move house.
  - Special events – birthdays, anniversaries etc.
  - Personal reasons – for example, people staying in Nowra for medical treatment.

- Conference, Meeting and Function Facilities

  - Local companies and organisations holding off-site meetings and seminars as well as functions and events (eg dinners, balls, cocktail parties)
  - Local product launches.
  - Local residents using function rooms for parties, weddings etc.

- Restaurants and Bars

  - Used by local companies to entertain clients and staff.
  - Meeting place for local organisations.
  - Used by local residents.

The information given below provides an overview of the size and characteristics of the local marketplace.

3.1 Local Population

At the 1996 Census Shoalhaven City had a population of 76,726 people. From 1991 to 1996 the City's population grew by around 2.37% pa people, with the Shoalhaven having the largest increase in persons (8490) in NSW outside of the Sydney region. It also had the 8th highest compound growth rate in NSW during this period. Growth has continued over the past 5 years with an estimated 85,000 people now resident in the City.

The largest urban areas in Shoalhaven are:

	1996 Population
Nowra / Bomaderry	23,823
Milton / Ulladulla	10,698
St Georges Basin District	8,210
Culburra / Orient Point	3,533
Huskisson / Vincentia	3,350

Nowra services a primary catchment area of around 60,000 people, with Ulladulla's primary catchment area being around 25,000 people.

The age profile of the City indicates two main characteristics. Firstly, there is strong growth in the young family age groups (25-39 years) with an increasing school age population (0 –14 years). Secondly, there has been a steady growth in the over 55 years age group as retirees relocate to coastal centres. Retirees and seniors accounted for 28.3% of the total population in 1996 (State average is 21.1%). The coastal towns and villages have a higher concentration of retirees (up to 40% of residents) than Nowra and the hinterland areas.

Analysis of personal and household income statistics indicates that in 1996, Shoalhaven City had a concentration of low income earners. This is largely due to the high proportion of retirees and semi retirees in the City and people on other pensions. Pockets of middle to high income areas are found in and around Nowra, Berry, Kangaroo Valley and Jervis Bay.

The Shoalhaven has always had a high level of holiday home / apartment accommodation. The Census collects information on occupied and unoccupied dwellings, with unoccupied dwellings providing an indication of the number of holiday dwellings. In 1996 there were 11,961 unoccupied dwellings in the City, with this representing 28.7% of total dwellings. Nowra had the lowest proportion of unoccupied dwellings (8%). The unoccupied dwelling rate in the coastal areas was extremely high ranging from 25.2% in parts of the Georges Basin area up to around 60-70% in a number of the coastal villages.

According to local venue operators the level of accommodation demand from local residents is reasonably low. There is some movement between areas within the City, for example Nowra residents holidaying in the southern areas of the City, and also some demand for 'special occasions' eg wedding first nights and anniversaries. The holiday market is generally budget oriented, while the 'special occasion' market looks for a 'quality' experience.

There is a reasonably strong demand from local residents for function space for weddings and other celebrations. This is concentrated in the larger towns, in particular Nowra and Ulladulla – Mollymook. The main venues used are the Licensed Clubs, Worrigee House and the Mollymook Surf Club for larger events, with restaurants often being used for smaller (less than 30 people) functions.

The local functions market is considered to be budget oriented with clients looking to pay around $20-$25 per head for food and a similar amount for alcohol. There appears to be price resistance over $55 per head (food and beverage). The local market also spends very little on decorations and theming of venues and on entertainment.

3.2 Local Corporate Market

The local corporate market is focussed primarily in the Nowra-Bomaderry area with limited corporate activity in Ulladulla. Demand for accommodation occurs primarily from the people that these organisations bring into the area, with these organisations also requiring meeting and function facilities as well as venues for entertaining (wine and dine) clients and staff.

The main segments within this market are:

- Defence
- Local Companies
- Government Departments

The characteristics of each of these sectors and their demand for accommodation, meeting and function rooms and entertainment needs are discussed below. This information is qualitative and based on discussions with local companies and organisations and accommodation operators.

3.2.1 Defence Market

The two defence bases in the City, HMAS Albatross and HMAS Creswell, and associated units at these bases, eg Naval Aviation Systems Project Office, generate a high level of visitation to the City. Visitation is concentrated in the Nowra and Jervis Bay areas with demand coming primarily from:

- Staff transfers / relocations – Personnel requiring temporary accommodation while moving into and out of the bases. Relocation is concentrated from October through to January (peak) each year with a secondary peak in July. People transferring may need to be accommodated in motels and apartments for up to a few weeks. Most relocatees accommodated off-base are families, and as such the preference is for apartments, larger rooms or adjoining rooms with some self-catering facilities.

- Defence personnel attending training courses at the bases. In most instances these personnel are accommodated on the base.

- Other visitors, eg technicians and contractors. On average HMAS Albatross has around 10-15 visitors per week, of which about one third are service personnel who are accommodated on the base. The remaining two thirds are Civilian defence staff and other visitors who are accommodated in motels in the Nowra area. The average stay is 1-2 nights. Naval Aviation Systems Project Office averages around 20 visitors per month who are accommodated in Nowra. HMAS Creswell has very few non-local or non-Defence visitors who require off-base accommodation.

- Maintenance contractors – mix of domestic and international contractors, with the international contractors coming mainly from America, Norway and the UK. The length of stay generally ranges from 2 – 7 nights, with the occasional contractor staying up to 3 months. Domestic and short stay contractors are usually accommodated in Nowra. International contractors and longer stay (4 weeks plus) prefer to stay at Jervis Bay (Huskisson).

The Defence establishments currently generate an estimated 6-8 guest rooms per day in commercial accommodation. This estimate excludes the room nights generated by the annual relocation of staff.

Defence service and civilian personnel have a travel expense allowance which is based on area and rank. The allowance consists of 3 payments – accommodation, meals, and incidentals. Only senior officers (Commander and above and SES staff) have a sufficient allowance to stay in 4 - 4.5 star accommodation. Some contractors may use a 4-4.5 star property.

The Defence establishments conduct most of their meetings and functions on-site. Where meetings or functions are held off-site, Worrigee House is the most used venue.

3.2.2 Local Companies

The major manufacturers are located mainly in the northern part of the Shoalhaven, principally in Nowra and Bomaderry. Other towns in the City have small industrial areas with companies based in these areas being mainly small enterprises servicing the local and regional markets.

Major companies in the Shoalhaven include PaperLinx (paper manufacturing), Dairy Farmers (milk processing), Kaman Aerospace International (aviation – avionics), BAE Systems (aviation – avionics), Fosroc (mining chemicals), Manildra Group (grain products – starch, gluten etc), Gates Rubber (Automotive Hoses), Tyco (flow control valves), Nowra Chemicals and Rosebery Sprays.

These companies were contacted to discuss the number and type of visitors that they brought to the City and their accommodation requirements for these visitors.

The main types of visitors are:

- Clients/buyers.
- Company staff from head office and other branches or subsidiaries.
- Consultants and technicians.

The majority of visitors are domestic and stay 1-2 nights in the area, with some staying up to 1 week. Some of the companies had international visitors with these visitors drawn mainly from America, China and Japan. The average length of stay for international visitors was generally 2-3 nights.

The ten companies surveyed were asked to estimate the number of nights that they book in local accommodation. The total estimate was in the order of 3000 – 4000 room nights per annum. This equates to an average of 8-10 room nights booked each day. Bookings are generally mid week, from Monday through to Thursday nights, with most travel occurring from February through to November.

The choice of accommodation is determined mainly by where the company is based (Bomaderry or South Nowra), the seniority or importance of the visitor, frequency of visiting Nowra (familiarity with the area), the purpose for the visit (whether it included a ‘wine & dine’ component) and where the host from the company lived (important where the host is providing transport).

For domestic visitors such as technical and low-middle management staff, local motels are used with the preference being for the better standard (3.5 – 4 star) properties. These properties were considered acceptable for these markets however it was noted that their service provision was limited.

The 4 star motels were also used for more senior staff and VIP’s as better quality accommodation is not available. The standard of these properties were not considered suitable for this market. Companies based in South Nowra will sometimes accommodate their international visitors at Huskisson if they are looking to showcase the area. Bomaderry based companies will also use the new Berry Village Boutique Motel, some of the B&B’s in the area and the Coolangatta Resort. A number of companies indicated that the accommodation in the area was not suitable for senior executives and VIP clients and that these people were accommodated in Sydney or Wollongong (Novotel) and either visited the Nowra plant for a day trip, or the Nowra executives travelled to Sydney.

Local companies also expressed demand for quality meeting and function facilities. Most of the companies interviewed had limited meeting rooms on-site but tended to go off-site for larger meetings (15+ delegates). Off-site meetings are usually small, generally averaging 20 - 25 delegates. A few of the companies had meetings in excess of 30 delegates with these meetings ranging in size up to 50 delegates. Only one company had meetings involving 90-100 delegates. Most meetings are likely to be day meetings, although some training seminars will run for 2-3 days. Most companies did not require break-out rooms, however did require delegates to be fed on-site. The quality of food is an issue. Companies also expected the property to have up-to-date meeting equipment (overhead projector, data projector, electronic whiteboard, audio visual, high speed internet access etc) available as standard equipment on-site.

Most of the local companies had an annual staff function (usually a Christmas Party) which was generally held off-site. Guest numbers ranged from around 100 to 300 people, with Worrigee House being the most commonly used venue. Client functions were minimal, as were product launches. Each of the companies entertained guests, either onsite (catered lunches) or at local restaurants. All companies advised that there were difficulties in finding suitable restaurants in Nowra, particularly for lunches and dinners on Mondays and Tuesdays.

Local companies advised that they would definitely use a 4-4.5 star hotel ($150-$175 per night) if available. The preferred location is Nowra primarily due to convenience (proximity to the marketplace) and the range of facilities and services available in the town eg shopping, restaurants, bars etc). A corporate style hotel was preferred. There was some resistance to a ‘resort’ as companies perceived that visitors were in town to work not ‘play’.

The local corporate market is a growth market, with this growth expected to continue. Growth is expected to come mainly from the avionics and aerospace industries and associated sectors. The Southern Telephone project is currently underway to provide the City with high-speed telecommunications. The availability of this service is expected to facilitate the growth of hi-tech industries within the City, with these likely to be based in the Technology Park in West Nowra.

3.2.3 Government Offices

Government organisations based in the City are a minor market for accommodation, meeting and function facilities. The Government offices are located mainly in Nowra, with some small offices in Ulladulla. Most of the Government offices in the City are District Offices with the Regional Office based in Wollongong and Head Office in Sydney or Canberra.

Shoalhaven-based staff generally travel from the Shoalhaven to their regional or head office for meetings. Consequently the number of overnight visits generated from the locally based Government offices is reported to be very small. The majority of overnight visits are generated by low and middle management staff (non SES officers). These officers have a per diem travel allowance which covers 3-3.5 star accommodation rates. Most visits by SES officers are day visits.

Demand for 4-5 star accommodation from Government offices already located in The City is likely to be low.

The Department of Local Government is relocating to Nowra. The Department envisages that staff will be mainly travelling to Sydney for meetings. The Department will attract visits from staff from other Government Departments, the majority of whom are likely to be non SES staff. The benefits from these visitors will flow through to the mid-range motels.

The Department is visited on an adhoc basis by representatives from Local Councils – usually the General Manager, a Senior Staff member and possibly the Mayor. The majority of the Country delegations currently fly into Sydney, and the Department considers that it may need to meet these delegations in Sydney rather than expect them to hire a car and travel to the Shoalhaven. If these delegations do come to Nowra and require overnight accommodation, they would be a potential market for a conveniently located up-market hotel.

Three to four times per year the Department also runs training courses to bring Councils up-to date with regulation and policy changes. These are generally one day courses that attract between 10 and 20 delegates. The Nowra office will have conference and meeting rooms that can accommodate these numbers, however the logistics and costs of holding the meetings in Nowra compared to Sydney has yet to be determined. Bringing the participants to Nowra may involve 2-3 days away, whereas a delegate attending a course in Sydney generally loses only one day out of the office. Cost will be an issue and up-market accommodation may not be affordable.

Demand for off-site meeting rooms is low with the Government organisations either meeting in-house or using Council's meeting rooms were possible. The meeting rooms in the new Local Government Office are also expected to be available for use by other Government Departments. There is minimal demand for function space from this sector.

3.2.4 University of Wollongong, Shoalhaven Campus

The University of Wollongong and TAFE have established a joint campus at West Nowra. The Campus is currently building its programs and profile. At present it generates minimal demand for visitor accommodation as visitors are mainly hosted in Wollongong and pay day visits to the Shoalhaven Campus. As the Campus develops it is expected that the Campus will generate some demand for accommodation.

3.3 Local Organisations

Local organisations include the schools and social, sporting and business groups.

Demand for accommodation by these groups is very low, with some limited movement between different areas of the City, eg an Ulladulla based group may have a golf weekend in Kangaroo Valley. Budget to mid-range accommodation is generally used.

Local organisations are important markets for meeting and function room facilities. Again demand is concentrated in the larger towns. The business-based organisations (eg Chambers, Rotary etc) tend to use Club facilities for most meetings. Nowra based organisations also use Worrigee House. These groups generally have budgetary constraints and prefer low cost / value for money venues. Most meetings are small, generally less than 30 - 40 delegates, with the meetings lasting 1-2 hours. A few of the business organisations host larger, high profile seminars (1-2 per year) which may attract 200 - 250 attendees.

Most of the High Schools hold an end of year function which generally involves a dinner dance. These functions attract up to 250-300 guests, and are generally held at the Clubs and Worrigee House. Some of the sporting and social organisations and all the business organisations hold annual functions, with these events attracting up to 200-250 guests.

3.4 Implications for Up-market Accommodation

The local market has the following implications for up-market accommodation:

- The local resident community is likely to have minimal demand for up-market accommodation with limited demand coming from the 'special occasion' market (eg honeymoon first nights, anniversaries etc).

- There is a strong function market from the resident community, however this is generally a budget-mid priced market with the price point being well below that associated with the use of up-market facilities. There may be a small segment of the market that would be prepared to pay to use up-market facilities.

- The Defence establishments and organisations in the City and their visitors are potential users of up-market accommodation and quality function facilities. The type of accommodation being sought by this sector is an up-market, corporate style hotel in Nowra for short stay and domestic visitors, and quality serviced apartments / all suite hotel at Jervis Bay (Huskisson) for some VIP and international guests and longer stay contractors.

- The major companies in Nowra require quality accommodation for their domestic and international visitors. The preferred form of accommodation is an up-market, corporate hotel located in Nowra. The smaller companies in the City may also have visitors who would use this form of accommodation.

- Local companies require access to quality, well equipped meeting rooms that can accommodate up to 100 delegates.

- Local companies would use up-market function facilities for their annual Christmas party. These facilities would need to be able to accommodate up to 300 guests.

- Local companies experience difficulty in finding suitable restaurants and bars for entertaining – both lunch and dinners. This is particularly a problem early in the week (Mondays and Tuesdays). It is also difficult to find venues that will accept breakfast meetings.

- The local corporate market is a growth market and demand from this sector is likely to increase over time. The availability of a quality corporate hotel in Nowra would assist the City in attracting companies looking to establish in regional NSW.

- Demand for up-market accommodation and meeting and conference facilities from the Government sector is likely to be minimal. The relocation of the Department of Local Government may increase this demand.

- The combined Wollongong University and TAFE Campus at West Nowra is only likely to be a very minimal user of up-market accommodation in the short term, however this is expected to change as the Campus expands.

4. VISITOR MARKETS

This Chapter examines the size and characteristics of visitor markets in the Outer Sydney Region, South Coast Region and the Shoalhaven. The conference and meetings market is discussed in Chapter 5.

4.1 Data Sources

Information on visitor markets was derived from the Bureau of Tourism Research surveys, Tourism NSW, the Australian Bureau of Statistics and interviews with Tourist Officers and a range of local tourism operators.

The Bureau of Tourism Research (BTR) publishes domestic and international tourism statistics, (the National Visitor Survey and the International Visitor Survey), on a regional basis. Shoalhaven, Eurobodalla and Bega Valley LGA's form BTR's NSW South Coast region. The BTR statistics provide an indication of the number of domestic and international visitors that stayed one or more nights in the region, the demographic and trip characteristics of these visitors as well as data on day trips made to the region. The most recent statistics are for the domestic overnight and day trip markets for the year ending December 2000, while the international visitation statistics relate to 1999/2000 (year ending June 2000). 2000 may be an 'abnormal' year for travel due to the impact of the Sydney 2000 Olympic Games.

The Shoalhaven will be competing with other areas in the Outer Sydney region. BTR statistics are available for the key destinations within Outer Sydney - the Illawarra / Southern Highlands, Blue Mountains, Central Coast and the Hunter, and provide an indication of the level of visitation and visitation patterns within these region.

Until 1996/97, Tourism NSW also provided estimates of total visitation to Local Government Areas. These were very broad estimates and are indicative only of the order of size of the overnight visitor market in each LGA.

The ABS publishes, on an LGA basis, statistics on guest arrivals and guest nights spent in hotels, motels and guesthouses with 15 or more rooms and private facilities. These statistics relate only to the visitors staying in the surveyed accommodation, and do not include visitors staying in establishments with less than 15 rooms, friends and relatives and other forms of commercial accommodation.

Qualitative data on market segmentation and differences in visitation patterns in different localities throughout the Shoalhaven was obtained from discussions with Tourism NSW, the Shoalhaven and Eurobodalla Tourist Officers and local tourism operators.

4.2. Visitation to the Outer Sydney Region

Given the location of the Shoalhaven, any up-market accommodation established in the City will be competing for a share of the Outer Sydney Region leisure and conference markets. The size and characteristics of visitation to this region is summarised below.

In 2000 the Outer Sydney Region attracted an estimated 6.311million domestic visitors who stayed one or more nights in the region and 16.62 million domestic day trippers. International visitation to the region in 1999/2000 was in the order of 255,000 visits. Visits to and nights spent in the Outer Sydney Region for 1999 and 2000 are given in Table 4.1. Both the number of overnight domestic and international visitors to the Outer Sydney Region increased over the period, while the number of domestic day tippers fell marginally.

Domestic overnight visitors spend an average of 2.68 nights in the Outer Sydney Region, with international visitors spending an average of 11.27 nights.

For the domestic market the Hunter is the most visited area within the Outer Sydney Region (2.697 million overnight visits) followed by the Central Coast (1.37 million) and the Illawarra/Southern Highlands (1.355 million). The Hunter and the Blue Mountains are the most popular destinations for international visitors, while the Hunter and the Illawarra / Southern Highlands are the most popular destinations for day visitors.

The main characteristics of visitation to the Outer Sydney Region in 2000 are summarised below:

Domestic Market

- The majority of domestic overnight visits (62.8%) come from Sydney, with the Central Coast having the highest proportion of Sydney visitors (74%) and the Hunter the lowest (56%). 61% of visitors to the Illawarra and Southern Highlands area were from Sydney. Other NSW areas accounted for 25.4% of domestic overnight visits.

- Sydney is also the main source of day visitors for the Blue Mountains (90%), Central Coast (80%) and the Illawarra (71%). The majority (62%) of day trippers to the Hunter come from regional NSW areas, with Sydney accounting for only 37% of day trippers to the Hunter. The Hunter and Shoalhaven areas have similar travelling times from Sydney.

- 48.2% of domestic overnight visits in the Region were for holiday purposes. This equates to 3.043 million visits in 2000, with holiday makers staying an average of 2.8 nights in the region.

- Visiting friends and relatives (VFR) accounted for 38% of domestic overnight visits, equating to 2.399 million visits and an average length of stay of 2.59 nights.

- Business travel accounted for 10.2% of visits (643,000 visits). Business travel includes the conference and meetings market, however it is not possible to break the figures down into type of business.

- The majority of domestic and international visitors travelled to the region by private vehicle.

- Hotel/motels were the preferred form of commercial accommodation used.

- The age structure of domestic overnight visitors to the region was:

15-24 years	18.8%
25-44 years	38.0%
45-64 years	29.6%
64+ years	12.9%

- Families with school aged children were the main market segment accounting for 36% of overnight visits in the region. ‘Empty-nesters’ account for 26.2% of visits, young and middle aged single people for 25.3% and young couples without children, 12.3%. The Blue Mountains attracted the highest proportion of young singles and couples without children, while families were the main markets for the Central Coast and the Illawarra. ‘Empty Nesters’ were the main market for the Hunter. Retirees and pensioners accounted for around 17.8% of domestic visits to the region.

- 36% of overnight domestic visitors to the Outer Sydney Region participated in outdoor and eco-tourism type activities, with the main activity being visiting beaches / water sports (25.4% of all visitors). Visiting friends and relatives, followed by going to the beach, were the main activities undertaken by the day trip market.

International Visitors

- The majority of international visitors to the Outer Sydney region in 1999/00 were from the United Kingdom and Europe, followed by the USA/ Canada and then New Zealand. Asian visitation accounted for less than 10% of international visits to the region.

- Around 60% of international visits to the Outer Sydney Region were for holiday and pleasure purposes with 28% being to visit friends and relatives.

In 1996/97 Tourism NSW provided estimates of total overnight visitation by Local Government Areas. These estimated for the main tourist destination LGA’s within the Outer Sydney region are given in Table 4.2. Wollongong and Wyong were the most visited LGA’s within the region.

Table 4.1 Visitation to the Outer Sydney Region

Type	Area	Visits ('000)					Visitor Nights ('000)					Average Stay (Nts)	
		1999	2000	% change	Market Share 1999	Market Share 2000	1999	2000	% change	Market Share 1999	Market Share 2000	1999	2000
Domestic Overnight	Illawarra / Sthn Highlands	1216	1355	11.4%	19.8%	21.5%	2987	3579	19.8%	22.7%	26.8%	2.46	2.64
	Blue Mountains	1045	889	-14.9%	17.0%	14.1%	2318	1928	-16.8%	17.6%	14.5%	2.22	2.17
	Central Coast	1435	1370	-4.5%	23.4%	21.7%	3781	3797	0.4%	28.8%	28.5%	2.63	2.77
	Hunter	2440	2697	10.5%	39.8%	42.7%	7037	7606	8.1%	53.6%	57.1%	2.88	2.82
	Total	6136	6311	2.9%	100.0%	100.0%	13136	13331	1.5%	100.0%	100.0%	2.14	2.11
International Overnight	Illawarra / Sthn Highlands	53	44	-17.0%	22.7%	17.3%	942	1358	44.2%	42.0%	47.2%	17.77	30.86
(Yr ending June 2000)	Blue Mountains	80	85	6.3%	34.3%	33.3%	256	247	-3.5%	11.4%	8.6%	3.20	2.91
	Central Coast	25	26	4.0%	10.7%	10.2%	266	197	-25.9%	11.9%	6.9%	10.64	7.58
	Hunter	75	100	33.3%	32.2%	39.2%	780	1073	37.6%	34.8%	37.3%	10.40	10.73
	Total	233	255	9.4%	100.0%	100.0%	2244	2875	28.1%	100.0%	100.0%	9.63	11.27
Domestic Day Trippers	Illawarra / Sthn Highlands	4351	4510	3.7%	24.8%	27.1%							
	Blue Mountains	3059	2784	-9.0%	17.5%	16.7%							
	Central Coast	3738	3793	1.5%	21.3%	22.8%							
	Hunter	6375	5535	-13.2%	36.4%	33.3%							
	Total	17523	16622	-5.1%	100.0%	100.0%							
All Visitors	**Total**	**23892**	**23188**	-2.9%			**15380**	**16206**	5.4%				

Source: Bureau of Tourism Research Tourism Profiles - Year End June 2000

Table 4.2 Estimated Visits Per LGA 1996/97

LGA	Estimated Visits 1996/97
Blue Mountains	565,000
Hawkesbury	270,000
Gosford	966,000
Wyong	1,072,000
Cessnock	314,000
Great Lakes	673,000
Lake Macquarie	941,000
Maitland	267,000
Newcastle	723,000
Port Stephens	763,000
Kiama	360,000
Shellharbour	274,000
Wollongong	1,114,000
Wingecarribee	421,000

Source: Tourism NSW LGA Estimates 1996/97

4.3 Visitation to the South Coast Region

The Shoalhaven, along with Eurobodalla and Bega Valley Shires, form the NSW South Coast Region. This region ranks third after Sydney and the Hunter, in number of domestic overnight visits attracted and second in the State after Sydney, for visitor nights. In 2000 the South Coast attracted 8.97% of domestic overnight visits made in NSW and 11.28% of visitor nights, equating to 2.342 million visits and 10.438 million nights. It also attracted 2.5 million day visitors. From 1999 to 2000 the number of overnight domestic visitors to the region decreased by 8.55% while nights spent in the region increased by 2.2% indicating that the length of stay in the region was increasing. The decline in visitation may be due in part to the impacts of the Sydney 2000 Olympic Games on domestic travel patterns.

In 1999/00 the South Coast attracted 2% of the 2.517 million international visitors who came to NSW, with 61,000 international visitors spending 411,000 nights on the Coast. From 1998/99 to 1999/00 international visitors to the region fell by 15.3%. (Note: Due to small samples sizes the BTR advises that the regional statistics for international visitation may be inaccurate. As such, the decline in international visitation may be due to the sampling framework rather than to a decline in visitation from this sector).

The Tourism NSW 1996/97 estimates of overnight visitation to individual LGA's, indicates that the Shoalhaven was the most visited LGA on the South Coast, attracting around 45.3% of overnight visits and 41.9% of visitor nights. Eurobodalla Shire attracted marginally more visitors than Bega Valley (28% compared to 26.7% of visits), while Bega Valley had marginally more nights spent in the area (29.2% compared to 28.9%).

The key characteristics of visitors to the South Coast in 2000 were:

Domestic Overnight Visitors

- Sydney was the main source market for visitors with 47% of visitors in 2000 coming from Sydney. Regional NSW ranked second with 21% of visitors, a significant proportion of whom are likely to have come from the Illawarra / Southern Highlands region. 16% of visitors came from the ACT and 12% from Victoria. Anecdotal information indicates that ACT visitation is concentrated in Eurobodalla Shire while Bega Valley Shire (Merimbula area) has the highest concentration of Victorian visitors. The Shoalhaven draws mainly from the Sydney and Illawarra regions, with the ACT presence felt in the Ulladulla District in the south of the City.

- 70% of visitors were holiday makers and 22% were visiting friends and relatives. The holiday market on the Coast is in the order of 1.64 million visitors, with these visitors spending 8.25 million nights pa in the region. Business travel generated around 117,100 visits and 312,660 nights.

- The average length of stay in the region was 4.46 nights, with holiday makers staying on average 5.03 nights, and business travellers 2.67 nights.

- The most popular forms of accommodation used by visitors to the South Coast are staying in the home of friends and relatives (27% of visitor nights), caravan park and camping ground (25% of nights) and own holiday house (23%). 1.148 million nights (11%) were spent in motel, resort or hotel accommodation.

- The majority (93%) of visitors travelled to the region by private vehicle.

- The age breakdown of visitors to the region was:

15-24 years	16%
25-44 years	38%
45-64 years	34%
65+ years	12%

- The region is very popular with families and seniors. Families with pre-school and school aged children, accounted for 38% of visitors, with seniors comprising 29% of visitors. Young and mid-life couples with no children accounted for 12% of visitors with the remaining 14% being young and mid-life singles. 19% of visitors to the region were retirees or pensioners.

- Visitation in the region peaks in January, with a secondary peak around Easter. The lowest visitation occurs in August.

- The most popular activity undertaken by visitors to the region was going to the beach (52% of visitors) followed by visiting friends and relatives (29%), going fishing (21%) and visiting pubs, clubs and discos (21%) – with the emphasis in the region being on clubs. Outdoor ecotourism activities are very popular accounting for 58% of visitors, with 39% of visitors undertaking active outdoor and sports activities. Only 8% of visitors were involved in arts and heritage related activities and 7% visited local attractions.

Domestic Day Visitors

- In 2000 the South Coast attracted 2.531 million domestic day trippers, an increase of 2.8% on 1999. Around 59% of day trippers came from Country NSW areas, 29% from Sydney, 8% from the ACT and 2% from Victoria.

- The most popular activities undertaken by day trippers were visiting friends and relatives (21%), going to the beach (15%) and visiting National Parks, bush walking etc (6%).

International Visitors

- An estimated 61,000 international travellers visited the South Coast Region in 1999/00.

- 37% of visitors were from Europe, 24% from the United Kingdom, 14% from the USA and 8% from New Zealand. Japanese and Asian visitors combined accounted for only 8% of international visitors.

- International visitors spent an average of 6.7 nights in the region.

- Most international visitors (70%) were holiday makers, with 17% visiting friends and relatives and 4% being on business.

- Staying with friends and relatives accounts for 56% of visitor nights spent in the region. 18% of nights (75,000 nights) were spent in hotels and motels.

- 54% of international visitors travel to the region by private car, 36% by rental car and 16% by coach.

4.4 Visitation to the Shoalhaven

4.4.1 Visitation Patterns

Quantitative data on visitation to the Shoalhaven is very limited. In 1996/97 Tourism NSW estimated that the City attracted around 1.293 million overnight visitors who spent 3.807 million nights in the City. The Shoalhaven Tourist Officer estimates that since 1996/7 visitation has been growing at around 3-4% pa. At a rate of 3% pa, visitation to Shoalhaven City in 2000/01 is estimated to be in the order of 1.455 million visitors. Using the South Coast average length of stay of 4.46 nights, the estimated number of visitor nights spent in the City is in the order of 6.49 million.

Based on discussions with the Tourist Officer and local tourist operators, the main characteristics and patterns of visitation to the Shoalhaven are:

- The domestic market dominates, with the Shoalhaven attracting a high level of repeat visitation.

- Sydney is the main source of visitors to the City, followed by the Illawarra and the ACT. Within Sydney the Shoalhaven draws mainly from the southern, south western and western suburbs. Visitation from the eastern suburbs has been increasing slowly.

- The Sydney and Illawarra Regions are the main source markets for the northern Shoalhaven and the Jervis Bay area. Further south in the Ulladulla District, visitors from the ACT are a major market segment.

- The City also attracts Princes Highway and touring traffic. The two main groups of transit visitors are those who break their journey in the area (generally stay less than a half day) and those who use the area for an overnight stay on their way to or from other destinations.

- International visitors account for less than 2% of overnight visits with these visitors mainly being from the United Kingdom, Europe, United States and New Zealand. The majority of international visitors are free, independent travellers (FIT market). The recent strong promotion of self-drive touring routes between Sydney - Canberra and Sydney - Melbourne has resulted in an increase in the number of international overnight and day trippers visiting the Shoalhaven.

- The day trip market is drawn primarily from within the City itself and the adjoining Illawarra region, and to a lesser extent, Eurobodalla Shire. Some day trippers also originate from Sydney (mainly in the northern part of the City – Berry, Kangaroo Valley and Seven Mile Beach) and Canberra (Ulladulla District). The Dolphin Cruises at Jervis Bay are attracting international day visitors (both FIT and coach groups) from Sydney.

- Visitation is highly seasonal, peaking during January and at Easter. With the diversification that is occurring in the marketplace, seasonality appears to be declining with growth in visitation in the shoulder and off-peak seasons. This is particularly the case at the upper end of the market and in the hinterland areas (eg Berry and Kangaroo Valley).

- The main purpose of visit is for holiday and leisure purposes, with the annual ‘beach-side’ holiday still being the key driver. The short-breaks market out of Sydney, the ACT and Illawarra is increasing. Visiting friends and relatives is also a major market.

- The majority of visitors travel to the City by car.

4.4.2 Market Segments

Based on anecdotal information, the Shoalhaven visitor market incorporates the following segments:

Leisure Market

The Shoalhaven has traditionally been a favourite destination for the family school holiday market and for 'weekenders'. In recent years the leisure market has diversified with the main segments now being:

- **School Holiday Family Market**

  This market is drawn predominately from the southern and south western regions of Sydney, the Illawarra, Southern Highlands and the Canberra-Southern Tablelands area. The Sydney market is more concentrated in the northern areas of the City – Shoalhaven Heads / Jervis Bay / St Georges Basin, while Ulladulla and surrounds attract a higher proportion of the Canberra visitors. The family market has traditionally been a longer stay (1-3 weeks), budget oriented sector. In recent years the area has been attracting more families with middle to high incomes, with these families tending to stay about a week in the area. Visitation is concentrated during the summer and Easter school holidays.

  Families prefer self contained accommodation and are the main markets for the caravan parks (particularly the park cabins), and holiday units and houses.

- **Families with Pre Schoolers aged children**

  This is a growing market, with visitation concentrated in the warmer months outside of the peak school holiday periods. The average length of stay is 1 week, with this market generally being price conscious and preferring self contained accommodation.

- **Retirees / Semi Retirees**

  This segment can be divided into the touring market and the destination based market. The touring market has a short length of stay, 1-3 nights, in each location. This segment uses motels and cabins in caravan parks, with a significant proportion of travellers having campervans / caravans. This market is typically price conscious and only a very small segment would be potential users of up-market accommodation.

  Destination travellers have a longer length of stay 7+days, with some staying in the region for up to a few months. This market is budget conscious, prefers self-contained accommodation and often brings their own van or stays with friends or relatives.

- **Short Breaks Market**

  The short breaks market has been a major market in Berry and Kangaroo Valley for the last decade. This market is now 'moving south'. The Jervis Bay area, particularly the Huskisson – Vincentia areas are attracting an increasing number of short breaks visitors, with most of these visitors coming from the Sydney region, with the Illawarra forming a secondary market. Ulladulla / Mollymook & surrounds are attracting the short break market out of Canberra and, to a lesser extent Sydney.

  The market can be segmented into families and couples. Families appear to prefer cabin accommodation in the more up-market caravan parks along the coast and in quality holiday apartments. A segment of this market would be a potential market for a 4-5 star resort hotel, particularly if there were organised activities for children. It was also considered that the short breaks family market would stay in quality serviced, self contained accommodation such as serviced apartments and all suite hotels on the coast with the preference being a waterfront location.

  The couples market is frequently seeking to 'escape' and relax. Privacy and seclusion are key drivers. According to local accommodation operators and the Reservation Service operators this segment of the market is looking for quality accommodation, with emphasis on a very attractive, often 'romantic' setting, privacy and seclusion. Self catering accommodation, particularly country cottages, is very popular. This market is generally prepared to pay well for quality products and experiences. Seasonality in this segment is low.

  The view amongst operators is that the short breaks couples market would stay at a small, up-market boutique style resort, provided that it had a very attractive setting (either rural or waterfront), was a quality product and offered the seclusion and privacy that was being sought. Suggested locations were Jervis Bay, Kangaroo Valley, Berry and Ulladulla - Mollymook. It was considered that these areas already had a relatively high profile in the market as well as the infrastructure, attraction base and setting to meet the needs and expectations of this segment. Nowra was not considered to be a suitable location.

- **International Visitors**

  The promotion of self-drive packages and touring routes to international visitors is reported to have resulted in growth in the number of international visitors to the South Coast, with growth continuing to increase. The establishment of a number of quality B&B's and small guesthouses has also assisted the Shoalhaven in penetrating this market.

  The numbers however are still very small, but the yield per visitor is reported to be high. The majority of international visitors are from Europe, the UK and the USA, with these visitors drawn to the area for its natural attractions and beauty. This market is currently staying in motels, B&B's and cabins in the caravan parks. It is looking for quality accommodation that offers a good experience. Rooms with good views are preferred.

The Shoalhaven has been slow to package to this market. This has been due in part to the lack of commissionable product (tours and attractions) and the reluctance by local operators to provide the discounts required by the inbound operators and international wholesalers. Marketing and promotion to the inbound market has also been very limited and ad-hoc.

The Dolphin Watch operators at Jervis Bay are attracting international day-trippers out of Sydney with this market dominated by Asian (usually Japanese) coach groups. There have been limited, and relatively unsuccessful approaches to encourage these groups to stay overnight in Jervis Bay.

Nature based tourism – wildlife viewing, is a major attraction for the international market and the Shoalhaven offers plentiful opportunities for viewing wildlife in its natural environment. Food and wine are also important drivers for this market – another product that the Shoalhaven can offer. The aboriginal walking trail at Ulladulla is an excellent product for this market, as are the shopping experiences available in Berry and Kangaroo Valley. The sealing of MR 92 will also enable a touring route to be developed between Sydney and Canberra which should appeal to the FIT market, and possible some of the more specialised tour groups.

<u>Business Travel / Corporate Markets</u>

The following market segments are in addition to the corporate travel booked by Shoalhaven based companies and organisations (see Section 3.2).

- **Conference & Meetings Market**

  The conference and meeting market is discussed in more detail in Chapter 5. At present this market is small and not a strong generator of room night demand however there is potential to grow this segment. The conference and meetings market would use an up-market property that provided purpose built meeting facilities.

- **Professional Sector**

  The main groups of professionals that visit the Shoalhaven are medical officers and legal practitioners. Visiting Medical Officers associated with the Hospital are generally accommodated in properties rented by the Hospital. The Hospital also hosts the occasional meeting (1-2 times per year) which attracts outside visitors, who may stay 1-2 nights in the area. These visitors make their own accommodation bookings. Most of the visitors are Health Department Staff who are travelling on low per diem rates. Relieving locums often stay in motels, with the preference being for rooms with some self-catering facilities. The demand for 4-5 star accommodation by the medical sector appears relatively low.

  Locums relieving in private medical practices are a very small potential market for an up-market accommodation establishment. These visitors currently stay in the better quality motels in the area. Attracting locums is sometimes difficult because of lack of quality accommodation and/or because the better quality motels in town are booked out. Due to longer lengths of stay in the area, the locum market would prefer serviced apartments to a standard hotel.

Demand from the legal sector would come from visiting solicitors and barristers who are involved in cases at Nowra Court House and occasionally from relieving Magistrates. The Court House was not able to estimate the size of the visiting solicitor / barrister market, other than to suggest that it was probably quite small. The number of visiting Magistrates is also small – a few weeks per year, with some of the 'regulars' having holiday houses in the area or staying with friends or relatives.

The level of demand from the legal sector for upmarket accommodation is likely to be small. The property would need to be located in Nowra, preferably in close proximity to the Court House.

- **Sales Representatives**

  Sales Representatives have traditionally been an important market for the motels in the City, however with improvements in the road networks and changes to how business is conducted, the Sales Rep market has declined significantly. Sales reps are now a small market for Nowra with Nowra now serviced primarily as a day trip from Sydney.

  For representatives servicing the South Coast, the first day is often spent in Nowra with the traveller moving onto their next destination – usually Ulladulla or Bateman's Bay for their first night. The Sales Rep market generally uses 3-3.5 star motels, with many companies having negotiated rates with motel chains or individual properties. The Sales Rep market is unlikely to use a 4-4.5 star property.

Other Markets

Overnight markets attracted to the Shoalhaven area include:

- **Visiting Friends and Relatives –** This is a large market for the City, with people coming both to visit and holiday with friends and relatives. While this market tends to stay with the people they are visiting, there is a small segment that does stay in commercial accommodation.

- **Function market** – people visiting the region to attend a function will often stay overnight in the area. Some may chose to stay in up-market accommodation if it is available.

- **Events market** – This market generates demand for accommodation for performers, special guests and sometimes (depending on the scale of the event) attendees. While the Shoalhaven has only one 'high profile' event – the Blessing of the Fleet at Ulladulla, there are a number of events that may have the potential to be expanded. This will be addressed as part of the South Coast Regional Tourism Strategy that is in preparation.

- **Sporting events** – major carnivals and events will generate accommodation demand from officials, competitors and their families, and sometimes from spectators. Demand from the sporting carnival market is generally for budget to mid-priced accommodation. Council is currently undertaking a study to assess the potential of the City to generate sports related visitation.

- **Special interest markets -** The Shoalhaven has a plethora of attractions that have the potential to appeal to a range of special interest markets. Special interest tourism already exists and there is opportunity to build-on and diversify these markets. Specialists markets could include wild-life viewing, scuba diving, golfing, charter and game fishing, soft adventure etc. Targeting special interest groups has been very successfully implemented in other destinations such as the Blue Mountains, Southern Highlands and Hunter Valley.

4.4.3 Reasons for Visiting the Shoalhaven

The penetration of the Shoalhaven / South Coast region into the Sydney market appears to be increasing and market diversification has occurred. This is reported by local operators to be due to a number of factors including:

- More effective marketing of the Shoalhaven/South Coast, with emphasis on targeting the higher yielding segments.

- People are disillusioned with the North Coast and other traditional destinations such as the Gold and Sunshine Coasts, which are now perceived as over-developed and over-crowded.

- People are looking for something different and special – quality, back to basics / back to nature experiences. The Shoalhaven offers this in abundance.

- People, particularly at the upper end of the market, like to 'discover' new destinations. Segments of the market are 'tired' of visiting the main Outer Sydney destinations and are looking for something new, exciting and different. The Shoalhaven has a very different character and offers different products and experiences to the Outer Sydney region. It is an emerging destination, while the other Outer Sydney destinations are mature to declining.

- The pristine nature of the South Coast – the forests, waterways, coast, mountains, coupled with low intensity development, historic villages and cottage/boutique industries.

- The quality of the environment is perceived as the major attraction.

The importance of the City's environment and lifestyle to visitors came through very strongly in discussions with operators in the region. There was strong consensus amongst operators that to be successful, any upmarket accommodation establishment needed to be consistent with the low intensity scale of development in the City, with the design and fitout reflecting the unique environment and character of the area. It was considered that the larger properties such as the Holiday Crowne Plaza at Terrigal and the Novotel at Newcastle would be out of character with the Shoalhaven, as would be properties with 'country or olde worlde' charm, such as many of the Blue Mountains and Hunter properties.

4.4.4 Market Trends & Potential

The main trends in the marketplace appear to be:

- Continued growth in the short-breaks market.

- Trend towards shorter holidays and more frequent visits.

- Growing interest in hinterland / non beach activities which is resulting in visitation outside of the summer peak.

- Continued increase in the level of sophistication on the marketplace, with visitors increasingly demanding quality , value for money and professional service.

- Continued growth in the corporate market in terms of visitors generated by local companies. This growth will relate largely to the growth of the Aviation/Avionics sector at the Technology Park at Albatross.

With appropriate packaging and promotion there is potential to grow the following markets:

- Conference market in the medium term (see Chapter 5).
- International FIT and possible the group markets.
- 'Out of Area' weddings market.
- Special interest markets – in particular the eco-tourism nature based segments, adventure based travel and 'wine and food' tourism.

Events of September 11 and the Ansett collapse are impacting on tourism, with an increase in domestic tourism. The impacts are likely to be reasonably short-lived and to have little long-term effect on the Shoalhaven.

4.5 Implications for Up-market Accommodation

- Sydney-siders have a strong propensity to visit and holiday in the Outer Sydney Region. The size of the leisure/holiday market in this region in 2000 was in the order of 3.343 million visitors. Leisure travellers, particularly those at the ‘upper end’ of the market, are often looking for new destinations, products and experiences. The Shoalhaven is well placed to penetrate this market.

- The South Coast is the third most visited destination region in NSW with the Shoalhaven being the most visited LGA on the South Coast. Yet neither the region or the Shoalhaven have a quality high profile accommodation property – such as Lilianfels, Peppers, or Cypress Lakes. Murramarang in Eurobodalla Shire is probably the most recognised property however it is known as a caravan park (albeit very upmarket).

- While the Shoalhaven is accessible to the Sydney and ACT markets, it is not the ‘closest’ destination to these markets and therefore may have to ‘work harder’ at encouraging people to visit. Travelling time is very important for a number of market segments, particularly the conference and meetings market and short breaks. The Peppers property at Port Stephens has shown that these markets will travel the extra distance if the product and experience is ‘worth it’.

- The continued up-grading of the Princes Highway and the sealing of Main Road 92, will decrease the travelling times between the Shoalhaven and its key markets – Sydney, the Illawarra and the ACT. It will also enable the development of a new touring route between Sydney and Canberra, with this route suitable for packaging and promoting to both the domestic and international markets.

- Domestic and international visitors are attracted to the City by the natural environment with the preference being to stay on the coast (waterfront preferred) or in the scenically attractive hinterland. Nowra is not perceived as a destination for the holiday market. Any resort style hotel built in Nowra would experience difficulties in attracting the holiday and short breaks markets.

- In the business travel sector, visiting professionals would be likely to use an upmarket accommodation establishment provided that it was conveniently located to their workplace, which is generally Nowra.

- There is potential to build a range of markets, in particular the special interest markets.

- The location, design and fit-out of any up-market accommodation needs to reflect and re-inforce the unique environment, character and lifestyle of the City.

5. CONFERENCE, MEETINGS & FUNCTIONS MARKETS

This Chapter examines the existing and potential markets for conferences, meetings, and functions in Shoalhaven City. The City currently has a small local conference and meetings market and a strong local functions market. The external conference and meetings market is very small. There is also a very small out-of-area weddings market in which wedding parties from outside the City hold their wedding and reception in City venues.

There are no statistics on the size or characteristics of these markets. The following information is qualitative and based on discussions with local operators and businesses.

5.1 Local Meetings Market

The meetings business is generated by:

- Local companies
- Government Office and Shoalhaven City Council
- Local organisations

5.1.1 Corporate Market

The majority of meetings in the area are generated by local companies. Most of the larger companies have an in-house meeting room and do not go off site unless the delegate numbers exceed capacity or the staff need to be away from the distractions of the office. These meetings are generally day meetings or half day meetings although some training sessions are run over 2-3 days.

Off-site meetings are generally small, attracting in the order of 20-25 delegates. Companies occasionally hold larger meetings with these ranging up to 50 delegates, with one of the companies interviewed holding meetings of up to 90-100 delegates on an infrequent basis. Where meetings involve senior management or VIP's some local companies host them in Wollongong or Sydney due to lack of quality facilities in the Shoalhaven. A few Nowra-based companies also use Bannister Point Lodge at Mollymook for training seminars when they want to get away from the work-place. Venues used for off-site meetings include Worrigee House, motel meeting rooms and the Licensed Clubs.

Companies considered that there was a lack of quality meeting facilities in the area and indicated the need for quality, purpose-built, meeting facilities in Nowra, with these facilities capable of accommodating up to 70—100 delegates and also being able to feed delegates on-site in a separate room. Most companies did not need break-out rooms or exhibition space, however did want the meeting rooms to be properly equipped (including an overhead slide projector, electronic whiteboard, audio visual equipment, and facilities for data projection), and be air conditioned with 'black-out' ability. Level of service and quality of the food were also issues.

5.1.2 Government

Most Government meetings are held in-house, with the meetings generally being small - up to 25 delegates. There is occasional demand for an off-site venue with the venues most frequently used being other Government offices, Council's meeting rooms and the University of Wollongong West Nowra Campus. Commonwealth Government Departments have access to the meeting and training rooms at HMAS Creswell if they are not being used for Defence purposes. Larger Government meetings are generally co-ordinated by the regional or Head Office and are held in Wollongong, Sydney or Canberra, not in Nowra. Meeting rooms for use by other Government agencies will be available in the new Local Government Department building in Nowra.

Shoalhaven Council generates a significant number of meetings, the majority of which are held in Council meeting rooms. Council is considered to have the best meeting facilities in the City.

Government Departments and Council are only likely to be occasional users of meeting facilities in an upmarket accommodation establishment in Nowra. It is unlikely that this segment would use meeting rooms in a property outside of the Nowra area.

5.1.3 Local Organisations

Local organisations include the Chamber of Commerce, Rotary Clubs, Manufacturers Association etc. Most of these meetings are held at Licensed Clubs or at venues to which their members have access. Budgets are limited and the organisations favour venues which do not charge for the meeting rooms and provide good meals at reasonable prices. Most of the meetings attract between 25-50 delegates. A number of organisations hold the occasional larger meeting, with a high profile guest speaker. These meetings can attract up to 200-250 delegates and are generally held at Worrigee House. Organisations wishing to hold breakfast meetings indicated that it was difficult to find venues in the City (particularly Nowra) that would accept a morning booking and provide breakfast.

Local organisations are not likely to be a significant user of quality conference and meeting facilities due to their limited budgets.

5.2 Local Functions Market

5.2.1 Social functions

Social functions include weddings, parties, dinners and balls. These occur in all the towns and villages throughout the City, with activity concentrated in Nowra (due to population) and Ulladulla-Mollymook. Local licensed clubs attract most of the social functions.

There is a reasonably strong weddings market. Most weddings in the City are small to medium in size, attracting 70-120 guests. There are very few large weddings, other than the occasional Italian wedding in Ulladulla. Wedding receptions are mainly held at the licensed clubs throughout the City or at Worrigee House at Nowra. Budget is a key consideration, with the main price point being around $25-30 per head for a 3 course meal (excluding alcohol). The Clubs offer wedding and function menus of around $21 per person for 3 courses (excluding alcohol).

Larger functions held in the City include the Business Person of the Year awards, High School formals and Charity Balls. These functions tend to range in size from 150-250 guests, with 300 guests being considered a large event for the City. The main venues are Worrigee House and the Licensed Clubs. The market is price sensitive with the price point being a maximum of $55 per head (including house wine).

5.2.2 Corporate Functions

The majority of companies do not have functions, other than the annual Christmas party which is held in November / December. Most of the Christmas parties are held locally with the licensed clubs, Worrigee House, Museum of Flight and the Showground nominated as popular venues. Smaller functions are also held at local restaurants, Pelican Rocks, Coolangatta Village and the Jockey Club at Raceways. The dolphin cruise vessels at Jervis Bay are occasionally used for functions.

A few of the companies have annual golf days.

Having used most of the venues in the area, companies would like to see a new function venue so that it increases the choice available. This market is not as price sensitive as the social market and indicated that it would be prepared to pay more for a quality product provided that they received value-for-money. Due to transport costs and issues associated with drink driving, companies indicated that the preference would be for the venue to be located in Nowra.

5.3 Existing External Markets

Other destinations around Sydney as well as some Sydney's beachside suburbs (eg Brighton and Manly), have developed very strong conference and meetings markets as well as small, but lucrative functions markets. Some of the 'top end' properties have also successfully targeted the Incentive Travel market.

To date the Shoalhaven has not actively pursued these markets, largely due to lack of suitable venues and limited resources. In the past the travelling time from Sydney has been a deterrent, however the upgrading of the Princes Highway has reduced travelling times. Lack of a commercial airport is a constraint to attracting some segments of the conference and meetings market.

The Shoalhaven occasionally attracts externally organised conferences, meetings and functions with the main sources of business being:

- **Association conferences** – The Shoalhaven attracts an estimated 3-4 association meetings each year. These conferences are generally regional or State conferences, most of which have a themed connection with the region. Conferences have included the Country Women's Association (Wollondilly Chapter), Dairy Women's Industry Association, South Coast Real Estate association as well as organisations such as Rotary and Lions Club conferences. The regional conferences generally attract 100-120 delegates while the larger State conferences attract up to 220-250 delegates. The main venues used for these meetings are the Civic Centre at Ulladulla, Worrigee House in Nowra and some of the Nowra Service Clubs. Most of the events attracted are at the budget end of the market.

- **Local Government meetings and seminars -** The Shoalhaven attracts the occasional Local Government association meetings. It is not however actively bidding for these events.

- **Religious conventions** - The Civic Centre at Ulladulla hosts 4-5 large religious conventions each year, including the Jehovah's Witness, Gideons and World of God groups. These conventions attract between 600 and 900 delegates, and range from 1-7 days in duration. These events are budget oriented.

- **Training and Information Seminars –** Companies and Government organisations hold both training and information seminars in the Shoalhaven. The information seminars are generally conducted by the Government organisations, with the Department of Health, Legal Aid and Centrelink being the main organisers. These seminars are aimed at providing information to the local community and can attract up to 100-120 attendees. Venues used for these seminars include the licenced clubs, the Ulladulla Civic Centre and community halls.

  Training seminars generally involve organisations bringing someone into the area to train local or regional staff (major market) or external companies bringing their staff to the area for training purposes (minor market). Companies bringing their staff into the City for training tend to come mainly from the Illawarra region, with the occasional Sydney-based company. The Sydney-based business often originates from a staff member who has visited the Shoalhaven suggesting the area as an alternative to places the company has used in the past. Properties in Kangaroo Valley are attracting meetings from the south-western suburbs of Sydney. Training seminars are small, attracting 20-30 delegates. Venues used include Worrigee House, Kangaroo Valley Country Club, Pioneer Motel in Kangaroo Valley and Bannister Point Lodge.

- **Out-of-Area Weddings -** The Shoalhaven is beginning to penetrate the Sydney weddings market. Berry is very popular with this market and may host 3-5 weddings per weekend during spring and autumn. Venues in Kangaroo Valley and Worrigee House also cater for the occasional out-of-area wedding, with Huskisson also starting to attract this market, on a very small scale.

Lack of suitable venues offering purpose-built meeting facilities is considered a major constraint to attracting external conferences and meetings. The Shoalhaven does not have a dedicated Convention Bureau that is actively promoting the Shoalhaven and bidding for business. All the major destinations in the Outer Sydney Region have a Convention Bureau or dedicated Conventions Marketing Manager. Eurobodalla Shire and a number of the major regional cities also have a Bureau. The Bureaux have dedicated sales and marketing staff that actively promote the destination to potential users and bid for conferences and meetings. Most of the Bureaux also assist with organising / co-ordinating the conferences that they win.

There is a strong view amongst tourist operators in the City that if a large convention centre or convention hotel was established then the Shoalhaven would attract the larger association conferences and corporate conferences which are currently being attracted by the Outer Sydney region, in particular the Blue Mountains, Hunter Valley, Novotel at Wollongong, Crowne Plaza at Terrigal and the Southern Highlands. This was assessed as part of this study.

The characteristics of the external conference and meetings market and the potential for the Shoalhaven are discussed in Sections 5.5 and 5.6.

5.4 Regional Overview of the Conference & Meetings Market

5.4.1 Outer Sydney Region

In the period leading up to the Sydney 2000 Olympic Games, the Sydney Convention & Visitors Bureau and conference organisers reported a marked increase in demand for conference and meeting venues in the Outer Sydney Region. For the major properties throughout the Outer Sydney Region, the conference and meetings market became the main mid-week market and one of their highest yielding market segments. The increase in demand for Outer Sydney venues was largely attributable to:

- Displacement of domestic business by international business wanting to meet in the 'Olympic City'.

- The high cost of venues in the Sydney CBD, compared to the value for money offered by the Outer Sydney venues.

Other secondary reasons included:

- Desire to encourage or reward staff – the destination/experience is the incentive/reward.

- Desire to be away from the workplace – less distractions. This is important if the meeting's objectives include team building.

- Ability to participate in activities not available in the CBD.

- The increase in the number of venues that offer different or unique products and experiences, with the venue itself being the attraction.

In the current market the primary reasons no longer exist. Post the 2000 Games, Sydney has a marked over-supply of hotel rooms, conference and meeting facilities and event venues. The excess room stock is estimated by Tourism NSW to be in the order of 8,000 hotel rooms.

The Sydney hotels are looking to build occupancy through conventions and meetings and consequently this market place has become highly competitive with Sydney CBD properties substantially decreasing rates and offering very attractive packages to win back the business that had been displaced in recent years to the Outer Sydney Region.

The secondary reasons are still important for organizations that want to meet outside of the Sydney CBD, with destinations and venues competing on the basis of the products, services and experiences they offer.

Operators and Tourism Organizations in the Outer Sydney Region report that the level of conference and meetings business has declined significantly in the past 12-18 months. Enquiries are down by around 25-50%, with organisers seeking to negotiate on price.

'Boom and bust' cycles are typical of this industry and operators expect that business in the Outer Sydney Region will remain 'flat' for 2-3 years until the excess supply in the Sydney CBD is taken up. The price of conference packages in the Outer Sydney Region is reported to be starting to fall as operators are prepared to offer incentives and discounts to attract business.

The other factor that has contributed to a decline in conference and meeting business in the Outer Sydney region has been a change in the conferencing behaviour of the corporate and association markets. These changes are discussed in Sections 5.5.1 and 5.6.1.

5.4.2 Canberra Region

Canberra generates a considerable number of conferences and meetings, with business originating from Government departments and organisations, associations and interest groups involved in Federal issues. The ACT is in itself a major conference and meetings destination, although it has been losing market share as new conference facilities open up elsewhere in Australia.

In the early 1990's many Canberra-generated conferences were held in the Southern Highlands and in Eurobodalla Shire, with Bateman's Bay having two well-regarded conference venues. In more recent years this market has tended to stay within the ACT and its immediate hinterland, with specialist conference facilities being developed both within the ACT and surrounding region. In addition to the hotels, facilities such as Old Parliament House and the Canberra National Convention Centre offers a range of facilities for the larger meetings market.

Associations seeking to have contact with Government agencies generally hold their conferences in Canberra on a rotational basis. There are few State events held in Canberra, although Queanbeyan attracts some State business.

There is also a substantial training market in Canberra, for example associated with the introduction of new systems and procedures, for new staff or for general management development. Most of training seminars are held in the ACT or surrounding area, with some external training seminar run in regional areas. Delegates to the regional seminars are generally local people and as such accommodation demand is minimal.

5.4.3 Eurobodalla Shire

The Eurobodalla Convention Bureau was established four years ago to generate conference and meetings business for the Shire. The Bureau also provides an organising service (free of charge) for conferences that it ‘wins’ for the Shire.

The Convention Bureau advised that it has taken considerable time and resources to build the conference market, however the Shire is starting to see a return on its investment. The Bureau is targeting the regional and State association markets, focussing on associations that meet in rural and regional areas (eg Local Government, rural associations, regional medical conferences etc). The Shire now attracts around 3-4 large (300+ delegates) conferences and 8-10 smaller association conferences per year. The Airport at Moruya is important in providing access for conference delegates.

A number of the accommodation establishments in Eurobodalla Shire have quality meeting facilities. They also have dedicated sales conference sales and marketing staff in the marketplace. These establishments have been successful in attracting smaller associations, Department of Defence meetings (half-way between Canberra and the Nowra bases) and Government meetings out of Canberra. Corporate business is limited with the Shire considered to be too far from either Sydney or Canberra.

5.5 Corporate Market

5.5.1 Characteristics

Corporate business accounts for around 70-80% of the conference and meetings market in the Outer Sydney region. The majority of corporate meetings are less than 100 delegates with the average size of groups in 20-30 delegates. In recent years there has been a marked increase in smaller groups of 10-15 delegates.

In choosing to meet outside of the office (but not flying to an ‘exotic or remote’ destination), the corporate market prefers to travel for a maximum of 2 hours from Sydney. The market has shown that it will however travel up to 2.5 hours to access a superior product or experience – eg Peppers Anchorage at Port Stephens.

Factors influencing the choice of location and venue include:

- The meeting facilities and accommodation must all be within the same venue.

- Venues must be of a high standard. The preference is for properties located in an ‘attractive’ environment and offering a range of facilities – fine dining, pool, sauna, spa, gymnasium, sporting facilities, etc.

- An ‘incentive’ location, not a CBD hotel. Where the focus is on ‘spoiling’ delegates, making them feel special, image and prestige become important. The organizer is looking to provide delegates with a different or unique experience.

- Access – for some meetings it is important that the meeting is accessible so that key speakers can come and go as required. Hinterland locations, within 1.5 hours drive of the office are usually selected. For meetings where the emphasis is on removing the staff from the office environment, more remote destinations will be considered. The key access consideration is being able to transport all delegates to the venue in a short time span.

- Cost is a factor, with the emphasis on value for money as opposed to the lowest price. Companies are more concerned with the image, quality and experience offered to their staff.

- High quality service must be guaranteed.

- Availability in-house of state-of-the-art equipment for data projection, audio-visual and video production and sometimes, broadcasting.

The corporate market is extremely demanding. For senior management, the minimum standard accepted is generally 4.5 star, with 3.5- 4.5 star standard properties for lower and middle management. A 3.5 star property is only used if it offers a ‘special’ location, product and/or experience. The quality of the meeting facilities is important with corporate clients expecting state-of-the-art equipment and a high level of professional service. Considerable emphasis is placed on the quality of food and beverage services. While this segment is not highly price sensitive, it does demand value for money.

In recent years there has been a change in the meetings behaviour of this sector, with changes including:

- Decrease in the number of external meetings being held by companies. This is due to changes in company culture and an emphasis on reducing costs.

- Decrease in the number of people invited to attend meetings – meeting size is decreasing.

- Decrease in length of stay. Over the past few years the average length of stay has declined from 3-4 nights to 1-2 nights.

- Shift to weekend meetings, particularly for senior executives and small companies. This is causing major problems for operators as the weekend meetings compete with their weekend trade (primarily the short-breaks market).

5.5.2 Potential for the Shoalhaven

The current level of out-of-area corporate business attracted to the Shoalhaven is low, with business coming primarily from the Illawarra Region and Sydney.

Illawarra Corporate Market

Corporate business from the Illawarra originates primarily from the Wollongong-Port Kembla area. It generally involves small training seminar held over 1-3 days and management / strategy meetings of 1-2 days. At present this business appears to be going primarily to the Southern Highlands, which offers a different environment and experience to the coast as well as quality accommodation and meeting facilities. The Southern Highlands is perceived as an up-market destination and meeting in the Highlands is considered a 'reward'.

The Kangaroo Valley Country Club and the Pioneer Motel in Kangaroo Valley also attract some Illawarra business – again due to proximity to Wollongong and the quality of the experience. Golf can play a part in some meeting programs, a need that can be met by the Country Club.

An-upmarket accommodation establishment in the northern part of Shoalhaven City could potentially increase the City's penetration into the Illawarra market. The property would have to have 'status' appeal and be attractively located. Preferred locations would be Kangaroo Valley, Berry and Jervis Bay, with Jervis Bay being the likely travel limit for this market. Given the incentive component of the location choice, it is debatable whether Nowra would be considered an 'acceptable' location.

As discussed in Section 6.1.4 two up-market properties with meeting facilities are being developed in the Illawarra at Austinmer and Kiama. These properties will be competing for the Illawarra market and, in terms of travelling time, will have a locational advantage over the Shoalhaven.

Sydney Corporate Market

The potential of the corporate market out of Sydney is more difficult to determine. Travel time / access are key considerations for this market with the majority of the popular Outer Sydney conference venues being closer to the Sydney CBD than the Shoalhaven. The CBD corporate market will travel up to 2.5 hours to access a superior or unique product.

Kangaroo Valley and Berry are well known, popular destinations with attractive environments. Both are located within 2 hours drive of the Sydney CBD and could potentially draw from this market. They could also draw from the industrial suburbs around Port Botany. Due to its road connection with the Southern Highlands and the Hume freeway, Kangaroo Valley is also well positioned to target the corporate market from south western Sydney. This market is a 3.5-4.5 star market and is not as demanding (as yet) as the Sydney CBD market. As such the existing venues in Kangaroo Valley are ideally suited to this market. Due to the roads out of Kangaroo Valley, this market is unlikely to penetrate further south or east than the Valley.

Travel time for the Sydney markets becomes an issue south of the Shoalhaven River and a superior location and product would need to be offered to attract this market. Jervis Bay (Huskisson or Vincentia) would be the logical location as this location has a high level of market awareness, is considered a superior location and has some support infrastructure in place. Any property developed in this area would need to have a waterfront location and/or extensive waterviews to encourage the markets to travel the extra distance.

Canberra Market

Canberra's corporate market is small and tends to use venues in Canberra and the surrounding region. If this market is going to travel outside the ACT region it often flies to more 'exotic' destinations such as the Gold and Sunshine Coasts in Queensland. Venues in Eurobodalla Shire attract some meetings from this sector, however the additional travel time to the Shoalhaven is a deterrent to this market.

5.6 Association Market

5.6.1 Characteristics

The Association market is comprised of a number of broad segments. The market can be broken down in terms of origin – international, national, state or regional associations, by association types - eg professional, medical, trades, scientific, government etc and by budget available. The travel patterns, expectations and requirements of each of these segments differ.

Factors that influence the Association's market choice of location and venue include:

- Rotational policies – fixed location, fixed rotational patterns or variable rotational patterns. Some associations will only meet in capital cities while others have a policy of supporting regional locations.

- Cost/financial implications – for most Associations the conference is a major revenue earner with emphasis on profitability. Factors taken into consideration include:

  - Cost of holding the conference in different locations.
  - The likely appeal of the location to delegates – the more delegates attracted the greater the revenue.
  - Ability to raise additional revenue from exhibitions, sponsorship, etc.
  - Incentives offered by the host location.

- The meeting facilities available with the key considerations being ability to meet the Association's space and equipment requirements, cost involved and whether the image of the facilities match the conference image.

- The facilities, infrastructure and attraction base of the location. Considerations include:

    - Accommodation – star rating, number of beds and location in relation to the venue.
    - Distance from the airport to the venue and the ability of the local transport infrastructure to 'move' people efficiently.
    - Restaurants and entertainment available.
    - Size of the town and it's ability to cater for the influx of delegates. This becomes an issue for medium-large conferences.
    - Support facilities required by the convention organiser – equipment, staging, printing, etc.

- Access – with the requirement being easy, cost effective access for delegates and speakers. For conventions with high profile 'busy' speakers, there is often a need to be able to fly the speaker in and out within a half day period.

- For some associations access to Government ministers and key decision makers is an issue and the conference location may be selected to facilitate access or to raise awareness.

- Perception/awareness of the destination and what it has to offer, combined with how the destination fits with the theme or image of the association/conference.

- Industry links – for example Albury attracts rural and forestry based conferences, while Perth has been highly successful in attracting conferences associated with mining, engineering, oil and natural gas.

- The strength and enthusiasm expressed by the local association members. For scientific and sport based associations in particular, the profile of the local representative (person or organization) is extremely important.

Factors taken into consideration in selecting the venue for association meetings include:

- Ability to meet requirements – plenary room, banqueting, breakout rooms, exhibition space, technical requirements etc.

- Quality and image – including the level and quality of the service provided.

- Location in relation to accommodation, restaurants, etc.

- Cost involved.

A major survey of Association Conference Organisers undertaken by Dain Simpson Associates in 2000 found that Organisers wanted everything to be in place and working – they didn't have the time or budget to make things work. In particular they didn't want:

- To have to transport delegates from the accommodation to the venue as this presented both logistical problems and cost imposts.

- Delegates to have to leave the venue to access break-out rooms, banquet space, exhibition, etc.

- To have to hire in data projection equipment and then spend time testing it. They expected it to be in-house and working, with technical people on-site to respond immediately to any problems. The preference is for all data projection, lighting, etc to be controlled from the lectern.

- To bring in external caterers for the mainstream conference catering (i.e. morning and afternoon teas and lunch).

- Have to change around the rooms between sessions – they wanted the venue staff to set up and service the rooms.

- To have to go off site for services such as photocopying.

According to the Sydney Convention and Visitors Bureau and conference organisers, change is occurring in the structure and behaviour of the Association market, with changes including:

- The market is relatively static in terms of total number of meetings, however restructuring is taking place. In particular, growth is occurring in the number of specialised conferences with smaller numbers, 100-200 delegates. There is also amalgamation of medium size events to produce larger conferences of 800+ delegates.

- Average length of stay is declining, with most association meetings now being of 2-3 days duration.

- A marked decline in pre and post conference touring, particularly in the mainstream destinations. Pre and post touring is still reasonably strong in the more 'remote and exotic' destinations.

- Increasing sophistication in the market place with more professional organization and a growing demand for quality venues and accommodation.

- Increase in demand for the conference and accommodation to be provided in one venue. This is particularly the case for professionally based associations (eg medical conferences) and for smaller conferences. Use of an all-inclusive venue generally has significant cost advantages and keeps all delegates together.

- The expectations in relation to the quality of venues and service levels has increased significantly. Organisers expect a venue to 'work', they don't want to spend time and money 'making it work'. There is now an expectation that venues will provide state-of-the-art equipment, including internet connections and data projection facilities. There is also an expectation that a full trained, professional member of the venue's staff will be assigned to the meeting to ensure that everything runs smoothly. This level of service is the 'norm' in capital city properties and in the larger hotels and resorts in regional areas, giving these properties an advantage over other venues.

- A growing number of meetings now have an accompanying exhibition. The meeting location and/or rotational pattern of events is changing to accommodate exhibition requirements. Where the exhibition has become a significant feature and/or revenue earner for the conference, the conference rotation pattern has often been changed, either to a fixed destination (usually Sydney) or to holding the event plus a major exhibition in Sydney every second year alternating with other destinations (either with no exhibition or a small exhibition).

Shoalhaven City is attracting a few Association conferences each year, with these being mainly State and regional associations in the Local Government and rural sectors. The City also attracts the occasional large religious conference. Eurobodalla Shire has been actively bidding for Association business and attracts similar types of associations as the Shoalhaven.

The Association market accounts for an estimated 10-15% of the conference and meetings business in the Outer Sydney Region. The main business attracted is:

- State and regional associations of 100-300 delegates. These are generally the associations that rotate their meetings and actively support regional centres. Conferences in which most delegate fees and expenses are paid for by their employer tend to use hotel venues, with the larger hotels in the region – the Novotel at Wollongong, Holiday Crowne Plaza at Terrigal and Fairmont in the Blue Mountains, attracting most of this business.

  Where the conference attracts a high proportion of delegates who pay their own expenses (eg Country Women's Association, Rotary, Lions, Religious meetings etc), cost is a major consideration. These conferences will use lower cost venues such as licensed clubs and town halls. For these meetings accommodation range and capacity are a key consideration, with organisers seeking locations which offer a range of accommodation from 4 star through to budget.

- Small professional associations (up to 80 delegates). These are often regional chapters. Networking is generally an important component of these meetings and organisers prefer all delegates to be accommodated at the meeting venue. Preference is for up-market resort style accommodation, with properties providing recreational facilities (eg golf). Popular venues for these meetings include the Peppers properties, Cypress Lakes, Lilianfels, Berida Manor etc.

5.6.2 Potential for the Shoalhaven

There is potential for the Shoalhaven to increase its penetration into the Association market. As a major regional centre the City would attract meetings by virtue of their rotational policies. There are also a number of industries in the city – aviation/avionics, fishing, dairying, timber etc, which would provide the basis for targeting industry related associations. Lack of a commercial airport will be a constraint to attracting some associations particularly if their members are coming from all over NSW.

Nowra and Ulladulla-Mollymook currently have the accommodation range and capacity and the infrastructure to attract the budget association meetings. The larger licensed clubs, Worrigee House and Ulladulla Civic Centre have suitable sized meeting rooms for the Plenary sessions. Breakout rooms may be a problem if the association requires more than 2-3. The low penetration into this market appears to be due primarily to the Shoalhaven not bidding for these events. The City does not have a convention bureau actively identifying targets and then preparing, or assisting local organisations to prepare, bids. Due to budgetary constraints these types of associations rely very heavily on help from the host community to organise the event.

The Kangaroo Valley Country Club could potentially attract the smaller professional associations where golf is part of the program – this is a marketing challenge.

In relation to the other segments of the Association market, the Shoalhaven does not have the venues and infrastructure required to attract and support these events. Larger Conferences and Conferences requiring upmarket accommodation and or the accommodation and meeting facilities being under the same roof cannot be accommodated in the Shoalhaven.

Small professional associations could potentially be attracted to an upmarket resort property if it offered a superior location and products. These meetings would supplement the mainstream business of the property, ie they would be a small component of the business mix.

The larger association conferences form only a minor market for the larger resort hotels in the Outer Sydney Region. These hotels rely primarily on the corporate business market. The level of association business potentially available for the Shoalhaven (assuming market share) is low and would not be sufficient to warrant the establishment of a large conference facility unless there are other markets that would ensure its on-going viability.

5.7 Implications for Upmarket Accommodation

- There is demand for quality meeting rooms and function venues from the local corporate market. The preferred location is Nowra. These meetings would generate minimal demand for overnight accommodation.

- The local functions market is primarily budget oriented and price sensitive. There is likely to be only limited use of an upmarket venue if price exceeds around $55-$60 per head for food and beverage.

- The Sydney CBD Corporate market is a potential market for the northern part of the Shoalhaven. Given the travel times and the highly competitive environment, the venue would need to offer a superior location and product. Jervis Bay, Kangaroo Valley and the Berry areas are the only destinations that have the profile and acceptance in the marketplace to attract this market.
- The smaller professional associations could potentially be attracted to the same type of venue as the Sydney corporate market.

- There is potential for the Kangaroo Valley properties to increase their penetration into the South Western Sydney corporate market. This is a marketing challenge not an infrastructure challenge.

- Both Nowra and Ulladulla have the accommodation capacity and infrastructure to attract the budget segments of the Association market. What is lacking is the infrastructure and resources to bid for these events and provide organising services when they are won.

- There are not sufficient large association meetings in the Outer Sydney Region to justify the establishment of a large conference hotel in the Shoalhaven.

6. SUPPLY & PERFORMANCE OF VISITOR ACCOMMODATION

This chapter examines the supply of and demand for accommodation in Shoalhaven City, the performance of existing properties and the implications for up-market accommodation.

6.1 Supply of Accommodation

6.1.1 Existing Supply

Shoalhaven City provides an extensive range of accommodation incorporating:

- Motels / Resorts
- Hotel / Motels
- Pub Hotels
- Guesthouses
- Bed & Breakfast establishments
- Farm Stays
- Serviced Apartments
- Self-contained holiday apartments, homes and cottages
- Group Accommodation
- Youth / Backpacker Hostels
- Health Retreat
- Caravan Parks and Camping Grounds

The City has more than 360 accommodation establishments with the main types of accommodation being caravan parks and camping grounds, self contained holiday apartments and houses, motels and, more recently, bed & breakfast (B&B) establishments.

Accommodation is spread throughout the City, with most of the coastal towns and villages having at least one caravan park and a range of self contained holiday accommodation. Motel style accommodation is concentrated in Nowra and the Mollymook-Ulladulla area, with Nowra having 13 establishments providing 318 rooms (29% of the room stock), and Mollymook-Ulladulla having 27 establishments providing 364 rooms/apartments (33.2% of the room stock). Each of the towns and larger villages also have one or more small motels.

Berry and Kangaroo Valley both offer a range of smaller properties – motels, guest houses, B&B's and self contained cottages, many of which are high quality establishments. These properties are very popular with visitors who are looking to 'escape' – seeking privacy and a place to relax and unwind.

The quality of the accommodation available in the City is highly variable. The Bed and Breakfast establishments appear to provide the highest quality accommodation, with a number of these properties rated as 4.5 – 5 star B&B's. These are also a number of very high quality self-contained cottages and holiday units. A number of the Caravan Parks (particularly the Holiday Haven Parks) also have high star ratings.

Excluding the B&B's and caravan parks, most of the accommodation establishments provide budget to mid-range accommodation. There are no five star hotels, motels or resorts in the City.

Motels, Hotels, Serviced Apartments and Guesthouses

There are 66 motel, pub hotel, resort, serviced apartment and larger guesthouse complexes in Shoalhaven City. The distribution of these properties is summarised in Table 6.1. These properties provide a total of 943 guest rooms and 110 serviced apartments/villas/cottages. The majority of these properties are small, ranging in size from 5 to 62 units. The average size of establishments is 14 rooms with only 5 establishments in the City exceeding 30 rooms, and only one exceeding 40 rooms – the Archer Resort and Conference Centre with 62 rooms.

Table 6.1 Distribution of Motel, Hotel & Serviced Apartment Accommodation

Locality	Property	Type	Star Rating	Rooms	Conf Facilities
Northern Shoalhaven					
Nowra	George Bass Motor Inn	Motel	4	10	
	Parkhaven Motor Lodge	Motel	4	30	yes
	Avaleen Motel	Motel	3.5	6	
	Apartments	SA	3.5	4	
	Balan Village	Motel	3.5	25	yes
	Bomaderry Motor Inn	Motel	3.5	23	
	Bounty Motor Inn	Motel	3.5	20	yes
	Nowra Motor Inn	Motel	3.5	30	
	Pleasant Way Motor Inn	Motel	3.5	22	yes
	Cross Country Motor Inn	Motel	3	18	
	Marriot Park	Motel	3	16	
	Riverhaven Motel	Motel	3	22	yes
	Archer Resort	LHM	2.5	62	yes
	Total Nowra			*288*	
Berry	Berry Village Boutique Motel	Motel	3.5	24	
	Bunyip Inn	GH	3.5	13	
	Bangalee Motel	Motel	3	10	
	Berry Hotel	LHM	1.5	14	yes
	Great Southern Hotel	LHM	1.5	7	
Shoalhaven Heads	Coolangatta Estate Resort	Motel	3.5	35	yes
	Shoalhaven Heads Beach Motel	LHM	2	8	
Kangaroo Valley	Pioneer Motel	Motel	4	23	yes
	Kangaroo Valley Country Club	Resort	3	36	yes
Culburra	Culburra Beach Motel	Motel	2.5	11	

Greenwell Point	Anchorage Bay Motel	Motel	3	12	
	Greenwell Point Hotel Motel	LHM	2	5	
Jervis Bay / St Georges Basin					
Huskisson	Anglesea Lodges	SA	3.5	7	
	Huskisson Beach Motel	Motel	3	32	yes
	Jervis Bay Motel	Motel	3	15	
	Bayside Motor Inn	Motel	2.5	32	
Vincentia	Dolphin Shores Motor Inn	Motel	4	16	
Sanctuary Point	Sanctuary Restaurant Motor Inn	Motel	3	7	
	Golf View Motel	Motel	2	10	
Sussex Inlet	Ranch Motel	Motel	3	13	
	Sussex Inlet Motel	Motel	2	15	
	Bentley Waterfront Motel	Motel	1.5	9	
Southern Region					
Milton	Milton Village Motel	Motel	3	8	
Mollymook	Breakers Apartments	SA	4.5	7	
	Bannisters Point Lodge	Motel	3.5	24	yes
	Mollymook Seascape Motel	Motel	3.5	15	
	Mollymook Seaspray Motel	Motel	3.5	9	
	Shores by the Sea	Motel	3.5	27	yes
	Surfbeach Motel & Apts	Motel	3.5	10	
	Colonial Palms Motel	Motel	3	14	
	Dolphins	Motel	3	12	
	Mollymook Motel	Motel	3	11	
	Paradise Haven Apartments	Motel	3	18	
	Beachpoint Motor Inn	Motel	3	10	
	Ocean View Motel	Motel	2.5	12	
Ulladulla	Ulladulla Guest House	GH	4.5	9	
	Ocean Point Resort	Resort	4	28	
	Albacore Motel & Apartments	Motel	3.5	19	
	Harbour Royal Motel	Motel	3.5	21	
	Sandpiper Motel	Motel	3.5	12	
	Pigeon House Mtn Motor Inn	Motel	3	16	
	Top View	Motel	3	16	
	Beach Haven Holiday Resort	Motel	2.5	6	
	Quiet garden Motel	Motel	2.5	9	
	Windmill Harbour Foreshore	Motel	2.5	9	
	Total Mollymook-Ulladulla			*351*	
Burrill Lake	Snuggle Inn Motel	Motel	3.5	11	
	Edgewater Motel	Motel	2.5	10	
	Burrill Pines Motel	Motel	2	10	
Termeil	Termeil Country Guesthouse	GH	4.5	9	
Tabourie	Tabourie Lake Motor Inn Resort	Motel	3.5	20	yes

GH = Guesthouse SA = Serviced Apartments LMH = Licensed Hotel / Motel

Source: NRMA Accommodation Directory / Shoalhaven City Council Web Site

While a number of properties are listed as 'resorts', they are not resorts in the true sense of the word. The Kangaroo Valley Country Club is the 'closest' to a resort offering villa and cabin accommodation around a golf course with a range of recreation facilities and a club house with restaurant and bar. The Coolangatta Estate Resort offers a themed 'boutique' motel, The Archer Resort is a licensed pub hotel / motel, while the Ocean Point Resort at Ulladulla is a self contained cottage complex. Some of the caravan parks also offer a 'resort style' environment with pool/s, recreation facilities and 'kids clubs'.

There are only 3 properties that are rated as 4.5 star – Termeil Country Guesthouse, Breakers Apartments at Mollymook and the Ulladulla Guest House. These establishments are small, providing a total of 25 rooms/units. These properties are not widely known outside of the local area.

There are five, 4 star rated properties (107 rooms), of which 4 are motels with the other being a cottage 'resort' complex. The majority of rooms in Shoalhaven City are rated 3 to 3.5 star, with 263 three star rooms and 421 rooms of 3.5 star standard. There are also 151 rooms of 2.5 star standard. Many of these properties are older style properties that are looking tired and out-dated, reaching the end of their physical life.

The majority of motels are located on main roads and in town centres and were originally established to take advantage of the highway traffic. These properties have very limited facilities.

Table 6.2 Room Stock – Motels, Hotels, Resorts and Larger Guesthouses*

Type	No of Est	Room Stock by Star Rating							Total Rms	% of Rms
		4.5*	**4***	**3.5***	**3***	**2.5***	**2***	**1.5***		
Motel	51		79	353	246	89	43	9	819	77.8
Hotel / Motel	5					62	13	21	96	9.1
Guesthouse	4	18		13	17				48	4.6
Resort	2		28	36					64	6.1
Serviced Apts	4	7		19					26	2.5
Total	**66**	**25**	**107**	**421**	**263**	**151**	**56**	**30**	**1053**	100%
% of Total		2.4	10.2	40.0	25.0	14.3	5.3	2.8	100%	

** Larger Guesthouses with private facilities only*

Caravan Parks & Camping Grounds

Caravan Parks and Camping Grounds are the most popular form of accommodation in Shoalhaven City, generating the most guest nights for the City. These parks are spread throughout the City, with most towns and villages having at least one caravan park.

There are 76 Parks/Grounds providing in the order of 9,145 sites. Many of the privately owned caravan parks have a high proportion of their sites occupied by permanent residents and permanent holiday vans.

Over the past decade the majority of the larger caravan parks in the City have been progressively upgraded to provide resort environments. These parks now offer a range of accommodation options including quality self-contained cabins as well as extensive recreation facilities – pools, games rooms, tennis courts watercraft hire etc. The self-contained park cabins are one of the most popular forms of accommodation in the City and tend to book out before other forms of accommodation. The Parks operated by Council are recognised as amongst the best in Australia both in terms of location and management.

While the caravan parks have traditionally been popular with the budget oriented markets – low income families and retirees, the upgrading of the parks has diversified the market base. The higher standard parks are now attracting higher income market segments to the City, such as families with high incomes, couples and groups of friends who are both holidaying in the area and taking short breaks. There is a very high level of repeat visitation to the Parks, with guests re-booking each year.

Self Contained Holiday Accommodation Units and Houses

Self contained holiday units, houses and cottages are also a very popular form of accommodation. Traditionally, self contained units and holiday houses have been concentrated in the coastal towns and villages, and have attracted the family market. In recent years there has been a proliferation of self contained cottages developed in the Shoalhaven hinterland, in particular in the Berry and Kangaroo Valley areas. There has also been some quality holiday apartment development in the Mollymook area.

This form of accommodation is managed either by the owners or local real estate agents. There are also Booking Services in both Berry and Kangaroo Valley that manage bookings for self contained properties.

According to the Booking Service Operators, the properties most in demand are those that offer quality accommodation, either with superb views or very close to the beach. In the hinterland areas, in particular in Berry and Kangaroo Valley, privacy and open fires are also key drivers in selecting establishments.

Bed & Breakfast Establishments

A strong Bed & Breakfast accommodation sector has developed in Shoalhaven City over the past decade. Council's accommodation guide lists 75 bed & breakfast establishments within the City. There is a concentration of B&B's in the northern region of the City – Berry, Kangaroo Valley and Cambewarra, and in the Jervis Bay area.

These properties are of varying standard and range from 5 star through to 2 star properties. According to the Accommodation Booking Service Operators who manage the bookings for many of the B&B's, the quality properties with superb views are always booked first.

6.1.2 Gaps in Supply

The research has indicated that the main gaps in supply in the Shoalhaven accommodation sector are:

- Upmarket (4.5 star) corporate hotel in Nowra.

- Serviced apartment (3.5 - 4 star) in Nowra to meet the demand for Defence personal relocation and people visiting the Shoalhaven on extended stays eg Locums.

- Up-market self contained accommodation around Jervis Bay, including quality serviced apartments in the Huskisson-Vincentia area.

- Higher standard accommodation in the Ulladulla-Mollymook area – with self-contained accommodation being most in demand.

6.1.3 Possible Additions to Supply

According to Shoalhaven City Council the following accommodation projects are being mooted for the City:

- **Seven Mile Beach Golf Resort** (being referred to locally as the Pepper's Resort). This proposal is located at Seven Mile Beach, just south of Gerroa, in the north eastern corner of the City. The proposal involves sandmining the site to produce a lake system around which a golf course and integrated resort would be developed. At this stage the developers are suggesting a 300 room, luxury hotel plus as residential apartments. Peppers have been identified as potential managers of the Hotel. The project is at the design concept stage with the proponents currently undertaking the planning and environmental studies required to progress the project to rezoning and development approval. The Department of Urban Affairs and Planning has advised that there are significant concerns about the environmental implications of the project and that there is no certainty that the proposal will proceed.

  This project would potentially attract the short break and holiday markets out of Sydney and possibly some corporate and association business, particularly if it has a quality golf course. Due to its location it is unlikely to meet the local needs for up-market accommodation.

- **Huskisson Pub –** Shoalhaven City Council has granted Development Approval for the redevelopment of the Huskisson Pub for a 117 room hotel with conference facilities. The Development Approval will expire in 2003. The Developer has applied to Council to change the development concept to 28 two and three bedroom apartments. The owner advised that the apartments would be sold off as investment units and then leased back into a management pool. The existing hotel would provide 8 additional hotel rooms plus bars and eateries. The complex would also provide 130 sqm of meeting space, with this space providing 2-3 meeting rooms. The meeting area will open onto a 72sqm outdoor terrace. The owner also advised that the hotel would be targeting the small meetings market. Council has refused the amended DA and the matter is now pending appeal in the Land and Environment Court.

A 117 room hotel would meet some of the demand for up-market accommodation in the Jervis Bay area, however the market may not support this number of rooms. The hotel is too far from Nowra to attract the bulk of the local corporate market as there is considerable resistance to a non-Nowra location.

Serviced apartments would potentially meet the demand for quality, up-market, serviced apartment accommodation in the Jervis Bay area. Potential markets include the short breaks and holiday markets as well as the longer stay corporate markets and VIP corporate guests. A serviced apartment complex would need to be designed, fitted out and operated to meet the needs of the visitor markets (see Section 8.5.1).

- **Huskisson Caravan Parks –** The Huskisson Beach Resort and the Huskisson White Sands Tourist Park at Huskisson are operated by Shoalhaven City Council. Council is currently exploring options for redeveloping these Parks, with the redevelopment likely to include increasing the number of self contained cabins available and possibly providing meeting room facilities. The redevelopment of the parks will help meet the need for quality self contained accommodation for the short-break and holiday markets at the Bay.

There are also a number of proposals for the establishment of cottages and bed and breakfast properties throughout the City, with each of these proposals being small in scale (1-3 rooms/cottages).

A number of existing properties are also progressively upgrading their facilities and in some cases, marginally increasing their room stock. At the upper end of the market, the Coolangatta Estate Resort and the Kangaroo Valley Country Club are progressively upgrading their room stock. The George Bass Motor Inn in Nowra is proposing to increase its room stock by 11 rooms (4-4.5 star) to help offset the capacity constraints that it currently faces and to meet the demand for quality rooms in Nowra.

6.1.4 Redevelopment of Existing Properties

There are a number of older-style motels, holiday apartments and cabins and privately owned caravan parks within the City that are out of date and in poor condition. These properties are ripe for redevelopment. A number of these properties occupy prime sites that offer water frontage or water views. As such it is important that, where feasible, these properties be redeveloped for tourism purposes.

Concern has been expressed that the NSW Coastal Policy is potentially a constraint within the coastal areas to the development of new tourist accommodation and the redevelopment of existing properties for accommodation purposes. While the Coastal Policy sets clear directions in relation to development within the Coastal Zone, it does not preclude development of tourist accommodation. In fact, the Policy requires the provisions of the NSW Tourism Masterplan to be taken into consideration in assessing development in the coastal zone. The NSW Tourism Masterplan is currently being revised with the new plan to be released later this year. The Plan is expected to address the need to replace aging and out-dated accommodation with facilities that meet the needs and expectations of today's marketplace.

Given the need to increase the stock of quality accommodation in the Shoalhaven, it is suggested that for tourism projects in prime locations, Council seek assistance from Tourism NSW to negotiate on a project-by-project basis with the Coastal Council.

6.2 Performance of the Shoalhaven Accommodation Sector

The Australian Bureau of Statistics publishes a limited number of performance statistics on an LGA basis for hotels/motels/resorts/ guesthouses with private facilities and 15 or more guest rooms. Comparable time series data is available from January 1998.

The ABS performance data for Shoalhaven City is summarised in Tables 6.3 and 6.4. Only 27 of the 63 properties that provide motel/hotel/guesthouse rooms in Shoalhaven City meet the ABS survey criteria and are included in the survey. These 27 properties provide 653 room which account for 62.7% of available rooms in the City. As such the ABS statistics indicate the performance of the larger motel and licensed hotel/motel properties at the LGA level.

Statistical information on performance by star rating and/or location is not available. In an area with the size and diversity of the Shoalhaven, location will have a major influence on performance. The majority of the larger properties that are included in the ABS survey are located in Nowra, Mollymook and Ulladulla. Motels in the smaller towns and villages are poorly represented in these statistics.

Qualitative information on performance was also obtained from discussions held with the Tourist Officer, Accommodation Booking Service operators and a number of accommodation operators.

- The accommodation properties in the Region are experiencing low annual occupancy rates, 40-45%, with these rates improving over the past 3 years, in part because the number of rooms has actually decreased. Anecdotal information from operators in the Region indicate that the better quality motels in Nowra are performing quite well, achieving occupancy rates of 60-70%. Mid-week (Monday to Thursday), the three higher quality properties in Nowra – the George Bass Motor Inn, the Park Haven and the Pleasant Way Motor Inn, are reported to be achieving very high occupancy rates, with these properties often at capacity during these periods.

Table 6.3 Performance Statistics – Hotels, Motels & Guesthouses – Shoalhaven City

Qtr	Est	Rms	Room Nights	Room Occ.	Guest Nights	Guest Arrivals	Av. Stay	Persons /Rm	Takings $'000	Av Room Rate
1998										
Mar	27	683	30274	49.3%	64189	37437	1.7	2.1	$ 2,416	$79.80
June	27	682	22653	36.5%	42700	26700	1.6	1.9	$ 1,628	$71.87
Sept	26	652	18987	32.3%	34720	23898	1.5	1.8	$ 1,321	$69.57
Dec	26	631	26967	46.5%	50882	32593	1.6	1.9	$ 2,021	$74.94
Total	26	631	98881	40.9%	192491	120628	1.6	1.9	$ 7,386	$74.70
1999										
Mar	26	629	28421	50.2%	59699	34356	1.7	2.1	$ 2,368	$83.32
June	27	667	23278	39.5%	42471	26290	1.6	1.8	$ 1,708	$73.37
Sept	27	667	21485	35.7%	38798	24024	1.6	1.8	$ 1,501	$69.86
Dec	27	665	30195	49.4%	57150	32614	1.8	1.9	$ 2,292	$75.91
Total	27	665	103379	43.1%	198118	117284	1.7	1.9	$ 7,869	$76.12
2000										
Mar	27	663	31610	52.4%	63361	35216	1.8	2.0	$ 2,607	$82.47
June	26	632	25922	45.1%	45883	25618	1.8	1.8	$ 1,919	$74.03
Sept	27	654	22422	37.3%	41345	26741	1.5	1.8	$ 1,812	$80.81
Dec	27	654	29123	48.4%	58612	35042	1.7	2.0	$ 2,532	$86.94
Total	27	654	109077	45.8%	209201	122617	1.7	1.9	$ 8,870	$81.32
2001										
Mar	27	653	31475	53.6%	65385	38068	1.7	2.1	$ 3,058	$97.16
% Change 1998-00			10.3%	11.9%	8.7%	1.6%	6.9%	-1.5%	20.1%	8.9%
% Change 1999-00			5.5%	6.3%	5.6%	4.5%	1.0%	0.1%	12.7%	6.8%

Source: Australian Bureau of Statistics - Accommodation Statistiscs

Table 6.4 Monthly Room Occupancy Rates – Hotels, Motels and Guesthouses

	Monthly Room Occupancy (%)			
Month	**1998**	**1999**	**2000**	**2001**
January	58.4	58.8	60.6	60.7
February	45.4	47.5	49.2	50.3
March	43.5	44.0	47.1	49.4
April	43.6	46.8	51.2	
May	33.9	36.0	41.5	
June	31.9	36.1	42.7	
July	33.9	34.6	36.5	
August	27.5	34.0	34.7	
September	35.7	38.7	40.6	
October	48.9	49.0	47.1	
November	43.5	51.1	49.9	
December	46.8	48.0	48.3	
Annual	**40.9**	**43.1**	**45.8**	

Source: Australian Bureau of Statistics Tourist Accommodation Small Area Data

- Visitation is strongly seasonal with a marked summer peak and winter low. January is the peak month for visitation, followed by April (Easter). Occupancy is lowest in July and August. Over the past 3 years, occupancy rates in the shoulder and off season months have improved, primarily as a result of market diversification. Seasonality varies depending on location and markets attracted. Nowra, where business travellers are the primary market, occupancy is higher outside of school holiday periods with mid-week occupancy rates being significantly higher than weekend rates. In the coastal towns and villages, occupancy peaks during school holiday periods, in particular during the summer and Easter holidays.

- The number of guest arrivals and room nights and guest nights spent in motels, hotels and resorts in the City has increased over the past 3 years.

- The average length of stay has increased marginally since 1998, with visitors staying an average of 1.7 nights in 2000.

- Average room rates ($ per occupied room) increased by 8.9% from 1998 to 2000, with the main growth being from 1999 to 2000 (6.8%). Average room rates appear to be increasing with a 17.8% increase in the March quarter average room rates from 2000 to 2001.

Rack rates for motels and hotel/motels throughout the City range in price from $45 to $250 per double per night depending on the location and view from the room, the standard of the room and time of year. Many properties have differential rating structures, with rates varying significantly between peak and off-peak seasons and between midweek and weekends. Outside of peak times, most motels achieve rates of less than $100 per night, generally in the order of $50-$80 per occupied room per night. The highway motels are also competing on price.

The highest room rates in the City are reported to be commanded by the up-market B&B’s and self contained cottages. These properties offer high quality accommodation combined with superb settings. Quality cabins in caravan parks, quality holiday houses and units and properties with water frontage or superb views can also command premium prices. In peak times (Christmas-New Year and Easter), the quality properties around Jervis Bay and Mollymook-Ulladulla are able to achieve rates in excess of $170 per night. The quality properties in Berry and Kangaroo Valley can also command these rates for weekends and public holidays year round.

6.3 Competitive Environment

6.3.1 Surrounding Areas

Illawarra Region

The Illawarra region is not well-endowed with accommodation. The only major property is the Novotel Northbeach Hotel at Wollongong. This is a 4 star hotel that provides 204 guestrooms and 13 meeting rooms. The largest meeting room can accommodate around 600 delegates theatre style and 400 banquet style. The Novotel has an excellent reputation for functions, and attracts some function and wedding business from the Southern Highlands area.

Other properties in the Illawarra are mainly older style motels and caravan parks, with Kiama LGA also having a number of B&B’s and guesthouses, mainly in the Jamberoo Valley.

There are a number of larger hotel / resort projects proposed for the Illawarra that will compete for both the leisure and business markets with any up-market development proposed for the Shoalhaven. These projects include:

- **Redevelopment of the Headlands Hotel at Austinmer -** A development application (DA) is currently being prepared for the redevelopment of the Headlands Hotel at Austinmer north of Wollongong. The proposed development is expected to incorporate a small 4 star hotel (less than 100 rooms), serviced and residential apartments, supporting conference facilities and food and beverage outlets. Wollongong Council has been working closely with the proponents to encourage a proposal that is suitable for the location. Council expects the DA to be lodged within the next 2 months.

- **Travelodge Hotel – Wollongong –** A DA has been approved for a 120 room hotel and conference centre in the Wollongong CBD. Wollongong Council advised that the hotel project is unlikely to proceed and that other development concepts are being considered for the site.

- **Shell Cove Marina and Resort -** The Shell Cove development is an integrated residential, marina and resort complex that is currently being developed at Shellharbour. The residential component of the project is well underway, with the excavations and works for the marina expected to commence within the next 3-4 years, with the construction likely to take a further 3 years. Development of the resort is programmed to commence after the marina is constructed which is likely to be in 6-7 years time.

- **Kiama Hotel –** A rezoning application and DA has recently been approved by Kiama Council for a small resort hotel on the old Infants School site near Kiama Harbour. The hotel is expected to have 72 hotel rooms, 8 self contained executive apartments, conference and function facilities, cocktail bar and restaurant, gymnasium/health club and swimming pool.

Both the Austinmer and Kiama hotels are likely to come on-line within the next 3 years and will be strongly targeting the Illawarra and Sydney markets. Both these properties are also likely to take existing business from the higher standard motels within their local area.

Southern Highlands

The Southern Highlands is a well established tourist destination area. It has an extensive range of accommodation incorporating:

- Resort / Boutique Hotels
- Motels
- Hotel / Motels
- Pub Hotels
- Guesthouses (12 properties)
- Health Spa (1 property)
- Bed & Breakfast establishments (30+ properties)
- Farm Stays (4 properties)
- Serviced Apartments (1 complex)
- Self-contained apartments, homes and cottages (33 properties)
- Group Accommodation (1 property)
- Caravan Parks and Camping Grounds (6 properties)

There are 30 main resort hotels, motels, serviced apartments and larger guesthouses in the region plus one serviced apartment complex. These properties provide a total of 818 guest rooms and 9 serviced apartments. The resort/boutique hotels and guesthouses provide the quality, up-market accommodation in the Highlands. There are no 5 star establishments and only two establishments with a 4.5 star rating, Peppers Manor House and Milton Park. These two properties provide a total of 88 rooms. The Grand Mercure Heritage Park Hotel, Briars Country Lodge and Berida Manor, plus a number of Guesthouses provide 4 star accommodation (245 rooms). Peppers and the Grand Mercure are adjacent to Championship golf courses. The main competitive properties to an upmarket accommodation establishment in the Shoalhaven are summarised in Table 6.5.

Accommodation is concentrated in the three main towns, with Bowral being the main accommodation centre. Bowral has 12 establishments and 54% of the room stock (445 rooms). Five of the seven high profile properties in the Highlands - Milton Park, Grand Mercure Heritage House, Briars, Berida Manor and Craigieburn, are located in the Bowral area.

Table 6.5 Major Hotels, Motels and Guesthouses – Southern Highlands

Location	Property	Type	Rating	Rooms	Rack Rate $ dbl/ngt
Bowral	Milton Park	Hotel	4.5*	48	$290+
	Briars Country Lodge	Hotel	4*	30	$145-220
	Grand Mercure Heritage	Hotel	4*	82	$190-290
	Berida Manor	Hotel	4*	53	$132-182
	Links House	GH	4*	15	$150-300
Mittagong	Fitzroy Inn	GH	4*	6	
Moss Vale	Dormie House	GH	4*	29	$135-165
Bundanoon	Tree Tops Guest House	GH	4*	24	$170+
	Solar Springs	H'Spa	4*	nk	$330+
Berrima	Berrima Guesthouse	GH	4*	6	$150+
Sutton Forest	Peppers Manor House	Hotel	4.5*	40	$223-429

Source: NRMA Accommodation and Tourism Southern Highlands Directories

GH = Guesthouse, H'Spa = Health Spa

There are a number of accommodation projects proposed for the Southern Highlands area, however the only one likely to be competitive with up-market accommodation in the Shoalhaven is The Maltings project at Mittagong. A development application is currently being prepared to redevelop the historic Maltings property at Mittagong as an integrated tourist - industrial – entertainment complex. The key components of the proposed development include a 50 room hotel and conference centre, up to 90 self contained residential and serviced apartments, commercial winery and wine interpretation centre, boutique brewery, tavern, entertainment areas and function rooms. The Development Application is expected to be lodged early in 2002, with the accommodation coming on-line in 2004-5.

Eurobodalla Shire

The accommodation mix in Eurobodalla Shire is similar to that of the Shoalhaven with a concentration of caravan parks, holiday units and houses and older-style motels. Most of the caravan parks are privately owned. Following the example of Murramarang Caravan Park, which is the only 5 star park on the South Coast, many of the parks have up-graded to provide a resort style environment, with self-contained cabins now being a major form of accommodation.

Quality accommodation is concentrated in the Batemans Bay-Batehaven area, which is the main destination in the Shire. There are two quality resort style motels, the Country Comfort and Lincoln Downs in Batemans Bay. There are also a range of quality holiday apartments and houses available for lettings.

Further south, and in the smaller towns and villages the accommodation provided is of a lower standard, targeting the budget and mid-range markets.

The only major proposed tourism development in the Shire is the redevelopment of the Beach Road Caravan Park at Batemans Bay. The owners of the Beach Road Caravan Park in Batemans Bay are currently preparing a development application to redevelop the park as a tourist resort. The resort is expected to include a hotel, time share apartments, large conference centre to accommodate conferences of up to 500 delegates, a indoor sports complex / sports hall and a range of recreational activities including a pool and tennis courts. The redevelopment is estimated to be in the order of $24 million.

6.3.2 Remainder of the Outer Sydney Region

Shoalhaven City will also compete with other destinations in the Outer Sydney Region for the Sydney market.

Over the past decade there has been strong growth in the supply of upmarket hotel, resort and guesthouse style accommodation in this Region. Emphasis has been on developing 4 to 5 star properties targeted primarily towards the short breaks leisure market and the conference and meetings markets. The most well known resort / guesthouse properties in the Outer Sydney Region that are likely to compete with an up-market accommodation establishment in the Shoalhaven are listed in Table 6.6.

Table 6.6 Most Likely Competitive Properties in the Outer Sydney Region

Area	Property	Star Rating	Rooms	Conf Fac
Blue Mountains	Caves House	3 ½	78	ν
	Lilianfels	5	81	ν
	Fairmont	4 ½	210	ν
	Hydro Majestic	4	63	ν
	Mercure Resort	3 ½	78	ν
	Palais Royale GH	4	40	ν
	Carrington Hotel	4	43	ν
	Various Guesthouses and historic properties			
Central Coast	Holiday Inn Crowne Plaza	5	196	ν
Lake Macquarie	Raffertys Resort	4 ½	96 S Apts	ν
Newcastle	Radisson Hotel	4	122	ν
	Esplanade Hotel	4	72	ν
Hunter Wine Country	Pokolbin Village Resort	4 ½	50 suites	ν
	Hunter Resort	4 ½	35	ν
	Cypress Lakes	5	158 suites	ν
	Casuarina	5	9 suites	ν
	Peppers Guest House	4 ½	47	ν
	Kirkton Park	4 ½	70	ν
	Convent Peppertree	5	17	ν
	Tuscany Estate	4	26	ν
	Extensive range of boutique properties and guesthouses			

Port Stephens	Peppers Anchorage Horizons Resort	4 ½ 4	80 58 S Apts	ν ν

Source: Regional Conference Directories, Regional Conference Organisers, NRMA Accommodation Directory

The Australian Hotels Association Performance Statistics for 1999 indicate that the main 4½ – 5 star properties in the Outer Sydney Region were achieving occupancy rates in the order of 65-70%. Lilianfels was reported to be achieving the highest room rate, ($220 - $230 per night) and was the only property that achieved room rates in excess of $200 per night in 1999.

The major conference properties – Crowne Plaza Terrigal, Fairmont Resort and the Novotel Northbeach at Wollongong were achieving around 70% occupancy, with achieved room rates ranging from $150 - $190. These performance figures indicate that the market in 1999 was buoyant.

The market for Outer Sydney contracted during 2000, primarily as a result of the Sydney 2000 Olympic Games. The slowing of the economy in 2001 coupled with a significant oversupply of hotel rooms in Sydney has resulted in a depressed market. Decline in international travel as a result of the events of September 11, and the demise of Ansett Airlines has resulted in a sharp decline in visitation to Sydney in the last quarter of 2001, further exacerbating the over-supply situation.

Properties in the Outer Sydney Region are now reporting lower occupancy rates than experienced in the past 3 years and zero to negative growth in achieved room rates.

There are a number of hotel and resort projects being mooted for the Outer Sydney Region. Projects identified during this research are listed in Table 6.7. There are 19 projects listed of which 12 have received development approval. A number of these projects have been approved for more than 18 months and it appears that the proponents have not been able to raise the capital or to on-sell the property. These projects were proposed when the market was strong. The market has weakened and it will be difficult to secure backing, particularly for the larger projects.

Only 2 projects so far have proceeded to construction – the Ettalong Memorial Club (228 apartments) and the redevelopment of the Shoal Bay Country Club at Port Stephens (163 apartments). The Ettalong project has been stalled for 2 years due funding difficulties.

Table 6.7 Proposed Larger Resort Properties – Outer Sydney Region

Area / Region	**Property**	**Star Rating**	**No. Rooms**	**Capacity of Conference Facilities**	**Status**
Pokolbin	Hunter Valley Resort	4.5	72 existing	200 delegates	Commenced construction on 250 seat conference facility. Health Resort proposed – 2-3 years away.
	Mulbring Resort	5	160	200-250 delegates	Development approved – project on the market
	Port-o-Fina Golf Resort	5	150 villas	300 delegated	Development approved – trying to raise finance
	Vintage Country Club	4.5	Large hotel & residential est.	Extensive	Residential and golf course under construction. Hotel as 3rd stage.
	Rothbury Resort	4.5	600 Hotel &Condominiums	Extensive	DA with Council.
Newcastle	Honeysuckle Hotel	4.5	173	300+ delegates	DA approved – likely to proceed soon/
	Winds Hotel	4.5	200	200 delegates	Development Approved – no action.
	Workers Club	3.5 –4	192	Use Club rooms	DA Approved –no action.
	Ibis Hotel	3.5	102	200 delegates	DA Approved – minimal action
Central Coast	Megatrend – Entrance	4.5	196 Apts	200-300 delegates	DA Approved – project abandoned
	North Entrance Peninsula	4-4.5	120-150 Apts	Not decided	Expressions of Interest called
	Mingara Club	4	Not decided	Not decided	Motel approved as part of Masterplan – on hold
	Dooralong Valley Resort	4-4.5	Not decided	Not decided	Condominiums and Golf Course – negotiations
	Lakeside Resort	4	300 villas	Not decided	Initial planning – DA not lodged
	Waldorf by the Sea	4.5	103 rooms	Small	Initial planning – DA not lodged
	Harris Hotel	4	119 apartments	Small	Initial planning – DA not lodged
	Avoca Health Resort	5	80	-	DA Approved – no progress
	Ettalong Memorial Club	4.5	228 apartments	200+	Construction commenced – project has stalled.
Port Stephens	Shoal Bay Country Club	4.5	163 apartments	250 delegates	Project under construction

Source: Council Planners & Tourist Officers

6.4 Demand for Upmarket Accommodation

The following information on demand for accommodation is based on discussions with the local Tourist Officer, Booking Service operators, Tourism NSW and the Illawarra Regional Tourism Organisation, and local accommodation operators. The main observations from these discussions were:

Leisure Market

- Demand for up-market accommodation comes primarily from the domestic market, with less than 3% of inquiries coming from international visitors.

- In the past the Shoalhaven was perceived as a budget – low income holiday destination, with caravan parks and holiday homes being the main form of accommodation. This perception has shifted quite substantially as a result of the up-grading and re-positioning of the major caravan parks, the development of quality self-contained accommodation and B&B's and the repositioning and marketing the Shoalhaven as an upmarket destination. The Shoalhaven is now attracting middle and high income earners as well as its traditional budget oriented markets.

- The new leisure markets are seeking out quality properties. They are looking for quality, boutique style properties. The ambience of the property and the setting are extremely important. In the hinterland areas, views and privacy are key drivers with visitors looking for accommodation that 'brings the out-doors inside' – polished wood finishes, large glass windows, simple but tasteful fit-out, outdoor living space and open fires.

  On the coast, the key driver is coastal views and proximity to the beach, with the accommodation reflecting the marine environment. Visitors are not looking for the 'olde worlde' and 'country charm' style properties that are prolific throughout the Blue Mountains, Southern Highlands and Hunter Valley.

- While the desire is for quality properties, price/value for money are still key considerations. The market is looking to pay around $150 - $175 per double per night for a quality property. Except during peak times, there is price resistance above $180 per night.

- On the coast, the waterfront / waterview cabins in the foreshore caravan parks are generally the first to fill, particularly on weekends and during school holidays. This is mainly due to their location – the views and proximity to the foreshore. Cabins are also very popular as they are self contained, allowing guests to self cater. The range of recreation facilities at the caravan parks is popular, particularly for families.

Corporate / Business Travellers

There is a strong demand from local companies based in the Nowra-Bomaderry area for higher standard accommodation in Nowra. Local companies consider that the main problems with the existing motels are:

- Tired and out-of date.
- Rooms are not up to the standard required.
- Meeting rooms are generally low standard with limited equipment and facilities.
- Most motels do not have a restaurant or dining room. Guests have to eat off-site.
- No on-site bars.
- Most motels only provide breakfast to the rooms. Breakfast menus do not meet the requirements of international guests.
- Service levels in some motels are not professional, particularly when dealing with international and senior management guests.
- Limited services – laundry, secretarial etc.
- No telephone lines for internet access.
- Work areas / desks in the room are inadequate for corporate clients.
- Motels are over-priced for what they offer.

Nowra was considered the optimal location for a quality property as it was easily accessible to the work place. More remote locations such as Jervis Bay, Berry, Kangaroo Valley and Seven Mile Beach were considered to be too far out of Nowra, to be effective work-wise (early starts / late finishes) and problems were envisaged with entertaining / drink driving and the cost of taxi fares.

The corporate market is generally reluctant to use Bed and Breakfast establishments, often due to the idiosyncratic nature of the property or the proprietor and the limitations for evening meals, late return, telephone and internet access and location (suburban or rural not CBD).

6.5 Implications for Upmarket Accommodation

- As discussed in Section 6.4 there is demand for up-market accommodation in the Shoalhaven.

- There are gaps in the current supply of accommodation in the Shoalhaven with these gaps including
  - Upmarket (4.5 star) corporate hotel in Nowra.
  - Serviced apartment (3.5 - 4 star) in Nowra.
  - Up-market self contained accommodation around Jervis Bay, including quality serviced apartments in the Huskisson-Vincentia area.
  - Higher standard accommodation in the Ulladulla, preferably self contained.

- The proposed Huskisson Pub development and the proposed re-development of the Huskisson Caravan Parks will help meet the demand for quality self contained accommodation in the Jervis Bay area.

- There is a very strong competitive environment in the areas surrounding the Shoalhaven – the Illawarra, Southern Highlands and Eurobodalla Shire, and in the Outer Sydney Region.

- There are a range of accommodation projects proposed for the Outer Sydney Region and the areas surrounding the Shoalhaven which will increase the competitive profile.

- Developers are experiencing considerable difficulties in raising finance for tourism projects with 11 of the 12 DA projects in the Outer Sydney Region not able to proceed due to financing problems.

7. CONFERENCE, MEETING & FUNCTION FACILITIES

This Chapter examines the supply of meetings and functions space in the Shoalhaven and provides an overview of the likely competitive environment.

7.1 Conference, Meetings and Function Facilities in the Shoalhaven

The Shoalhaven offers a range of conference, meeting and function facilities, with 30 venue that attract both local and out-of-area business. The main venues are summarised in Tables 7.1 and 7.2.

There are also a further 21 Licensed Clubs throughout the City that have an auditorium and /or function and/or meeting facilities available for hire. These Clubs mainly service the local market. Some restaurants and pub hotels also cater for small functions. A number of the motels and pub hotels (eg Berry Village Resort Motel) will also hire-out their restaurant for meetings and functions.

The West Nowra Campus of Wollongong University has lecture rooms that can be hired when not required for lectures. Shoalhaven City Council has a range of meeting rooms. These can only be booked by Council staff, however staff who are members of external committees and organisations (eg inter-government committees) will often book Council's facilities to host these meetings.

7.1.1 Venues with Accommodation

There are 16 accommodation properties that provide meeting room facilities. The majority of these properties are located in the north of the City. The facilities provided are limited, with 10 of the establishments having only one meeting room, five having two rooms and one establishment having 3 rooms. None of the properties have a main room (plenary room) supported by banqueting space and break-out rooms.

In most cases the capacity of the meeting room/s exceed the room capacity of the accommodation establishment. This limits the size of the overnight meetings that can be attracted, particularly with the preference for single occupancy rooms. The meeting rooms are generally small, with only 3 properties able to accommodate 100 or more delegates theatre-style. Most establishments have the ability to cater for meetings and functions, with the catering undertaken in their restaurant, not in separate banquet facilities.

The equipment provided is limited. Only 9 of the 16 venues have computer facilities. Five venues have minimal equipment – usually a fax machine at reception and a whiteboard, while four have basic equipment (fax, photocopier, overhead projector and white board). Six of the properties provide 'adequate' equipment – equipment that most organisers would expect to be available at a venue. This equipment includes the equipment listed above plus most of the following - audio-visual, lectern, public address system and/or slide projector. None of the venues have video conferencing facilities.

Table 7.1 Conference, Meeting and Function Facilities with Accommodation

Location	Property	Star Rating	Guest Rooms	Meet'g Rooms	Room Capacity	Cater*	Equip.
Nowra / Bomaderry	Archer Resort	2.5	62	1	100	Yes	Adequate
	Parkhaven M Inn	4	30	1	80	Yes	Basic
	Pleasant Way M	3.5	22	1	20	No	Basic
	Riverhaven Motel	3	22	2	80 – 35	No	Adequate
	Balan Village M	3.5	25	2	52 – 12	Yes	Basic
	Bounty Motor Inn	3.5	20	1	50	Yes	Minimal
Kangaroo Valley	Country Club	3	36	1	70	Yes	Basic
	Pioneer Motel	4	23	1	40	Yes	Adequate
Coolangatta	Coolangatta Estate	3.5	35	3	200-80-30	Yes	Adequate
Jaspers Brush	Woodbyne GH	nr	7	1	50	Yes	Minimal
Huskisson	Bayside Motor Inn	2.5	32	1	20	Yes	Minimal
	Beach Motel	3	32	2	50 – 14	Yes	Minimal
Mollymook	Bannisters Point	3.5	24	1	80	Yes	Adequate
	Shores by the Sea	3.5	27	1	80	Yes	Adequate
Milton	H Ranch	nr	12	2	200 - 60	Yes	Minimal
L Tabourie	L Tabourie M Inn	3.5	20	2	90 – 26	Yes	Adequate

Source: Shoalhaven Tourist Officer and discussions with operators.

* Cater = on site catering. Nr = not yet rated. M = motel or Motor Inn. GH+ Guest House

7.1.2 Venues without Accommodation

The Licensed Clubs are the main provider of meeting and function rooms, with the emphasis being on catering for functions. Most of the Clubs provide basic equipment and all of the Clubs have on-site catering. The Clubs offer 'budget-mid priced' packages with free room hire provided that food and beverage are purchased. Very few of the Clubs have dedicated function staff.

The main conference and function centre in the City is Worrigee House Reception Centre, which is located about 5 kilometres south east of Nowra. Worrigee House was built as a purpose-built function centre. It is surrounded by 2.5 hectares of landscaped gardens. Worrigee has two main function rooms, a Board Room and a number of other areas that can be used for small meetings. The main function room can accommodate 400 banquet style, with the smaller function room accommodating 120 guests. Space is also available to erect a hokker for larger events. The kitchen is designed to cater for up to a 1000 guest function. Worrigee operates a courtesy bus to Nowra and surrounding areas for guests.

Worrigee House attracts a range of functions, including weddings, balls, dinner dances and training seminars. It is considered the 'most up-market' venue in the City. It is also used for conferences and meetings, with around 30% of its meeting business coming from local companies and 70% from external companies. Most of this business is training seminars, with organisations providing training for local / regional employees and 'free' seminars in which organisations are presenting products to the local community / local businesses. Worrigee attracts a high level of repeat visitation.

The Museum of Flight is the only 'themed' or 'unique' venue in the City.

The Ulladulla Civic Centre is a very good venue, particularly for larger meetings and functions. To date, the Centre has been used for a number of large conferences, however it is managed as a community venue and is not promoted as a conference and meetings venue. The Centre is poorly equipped for conferences and requires an external caterer.

Table 7.2 Conference, Meeting and Function Facilities without Accommodation

Location	Property	Meeting Rooms	Room Capacity	Cater	Equip.
Nowra / Bomaderry	Bomaderry Bowling Club	3	200 – 40 – 30	Yes	Minimal
	Bomaderry RSL Club	2	400 - 70	Yes	Adequate
	Nowra Golf Club	2	180 - 50	Yes	Adequate
	Worrigee House RC	3	400 – 100 -100	Yes	Good
	Nowra Showground	2	150 - 60	No	Minimal
	Museum of Flight*	2 mr 1 fr	30 – 6	Yes	Minimal
	S'haven City Turf Club	1 fr	100	Yes	Minimal
	Nowra School of Arts	4	250 –100-35-35	No	Minimal
Kangaroo Valley	KV Bowling Club	1	80	Yes	Basic
Berry	Sports & Social Club	2	100 - 50	Yes	Basic
Sussex Inlet	RSL Club	3	300 – 100 – 100	Yes	Basic
St Georges Basin	Country Club	2	536 - 80	Yes	Basic
Ulladulla	Civic Centre	4	920*-150-100-20	No	Minimal
Mollymook	Golf Club	3+	250 – 150 - 40	Yes	Basic

Source: Shoalhaven Tourist Officer and discussions with operators.

* Room divisible into two rooms – 700 and 220 capacity, with the 220 room further divisible into 2.

mr = meeting room fr = Fuction Room

The main limitations with the existing convention, meeting and function facilities in the City are:

- The accommodation venues had capacity constraints with the accommodation limiting the size of in-house meetings that could be hosted to 20-30 delegates on a single occupancy basis. Conference organisers advised that in most instances delegates requested individual rooms, and most corporate clients would not accept twin share.

- The majority of venues lacked sufficient meeting rooms to accommodate the break-out requirements. Training seminars in particular require a number of smaller rooms and most venues cannot provide this.

- Venues often did not have sufficient space available to feed conference delegates, and in many cases the plenary meeting room had to double as the banquet space. Delegates either had buffet style lunches or barbeques in the garden, or had to be taken off-site to other venues.

- Many of the meeting rooms are not air-conditioned (Clubs excepted) nor do they have adequate equipment – equipment that organisers expect to be available as standard equipment. None of the venues had state-of–the art equipment – video conferencing, internet links, data projection facilities etc, although Worrigee House can hire these in.

- The facilities in the licensed clubs are mainly designed and set up for functions not meetings. Staff are also function trained and often do not have an understanding of the different needs of the meetings market.

- There is a level of resistance in the marketplace to using the Club facilities due to gambling, public bars and smell (cigarettes). Clubs are often perceived as down market and not in-keeping with an organisation's image.

- Very few of the venues had dedicated meetings/function staff.

7.2 Meeting and Function Facilities in the Surrounding Regions

7.2.1 Illawarra

Conference and meeting facilities in the Illawarra region are relatively limited and the lack of quality facilities, particularly facilities with accommodation, is considered a major constraint to attracting the conference and meetings market.

The main venue in the region is the Novotel Northbeach Hotel at Wollongong. This is a 4 star hotel that provides 204 guestrooms and 13 meeting rooms. The largest meeting room can accommodate around 600 delegates theatre style and 400 banquet style. The Novotel has an excellent reputation for functions, and attracts some function and wedding business from the Southern Highlands area.

The other major venues are the Wollongong Entertainment Centre, Wollongong Town Hall and the licensed clubs. These venues do not provide accommodation and attract mainly local meetings and large domestic (budget oriented) association conferences.

The development of the Austinmer and Kiama Hotels (see Section 6.1.4) will provide two additional quality venues in the region.

7.2.2 Southern Highlands

The Southern Highlands is a recognised conference destination. The area offers a range of conference, meeting and function facilities, with the main providers being the accommodation establishments and the licensed clubs. A number of the pub hotels, historic houses, private school auditoriums and restaurants are also available for functions.

Seventeen accommodation properties provide meeting rooms. These properties are summarized in Table 7.3. Of these properties, 12 are included in the Southern Highlands Convention Planner and are considered to offer reasonable through to high standard facilities. The unlisted properties are the older motels that offer a small meeting room.

The main conference and meetings venues are:

- Grand Mercure Heritage Park
- Peppers Manor House
- Berida Manor

Craigieburn and Ranelagh House are popular with the budget segments of the market and attract a high proportion of training seminars. The Grand Mercure Heritage Park has the most comprehensive conference facilities in the Highlands. It has 8 meeting rooms, with its main room able to accommodate 250 delegates theatre style.

Table 7.3 Southern Highlands Conference and Meeting Facilities with Accommodation

Location	Property	Star Rating	Guest Rooms	Meeting Rooms	Largest Room Capacity*	Included in SHC Planner
Bowral	Milton Park	4.5*	48	3	250	Yes
	Briars Country Lodge	4*	30	2	120	Yes
	Grand Mercure	4*	82	8	250	Yes
	Heritage	4*	53	4	100	Yes
	Berida Manor	3*	71	2	130	Yes
	Craigieburn Resort	4*	15	1	15	No
	Links House	3*	28	1	40	No
	Golfview Lodge Motel	3*	32	1	30	No
	Ivy Tudor Motor Inn					
Berrima	Berrima Guesthouse	4*	6	1	45	Yes
Mittagong	Fitzroy Inn	4*	6	2	20	Yes
Moss Vale	Dormie House	4*	6	3	60	Yes
	Heronswood House	4*	5	1	10 BR	Yes
Sutton Forest	Peppers Manor House	4.5*	40	3	120	Yes
Bundanoon	Holiday Resort	3*	21			No
	Country Hotel	2*	50	2	60	Yes
	Tree Tops Guest House	4*	24	3	60	Yes
Robertson	Ranelagh House	2*	42	2	110	Yes

* *Delegates accommodated theatre style. BR = Boardroom*

There are also thirteen licensed clubs in the Highlands, the majority of which have limited with function and/or meeting rooms. Of the clubs, the Mittagong RSL Club is the main conference and function venue. Mittagong RSL club has 5 meeting rooms, the largest of which is an auditorium that can accommodate 450 guests both theatre and banquet style.

7.2.3 Eurobodalla Shire

Eurobodalla Shire has better quality conference and meeting facilities than Shoalhaven City. Since the Shire established its Convention Bureau four years ago, a number of properties have upgraded and expanded their meeting facilities to capitalise on this market.

There are 4 accommodation properties that offer quality meeting facilities:

	Conference Capacity
▪ Murramarang Resort	300 delegates
▪ Country Comfort	120 delegates
▪ Lincoln Downs	80 delegates
▪ Coachhouse Marina Resort	160 delegates

Murramarang and the Coachhouse Marina Resorts are up-market caravan parks with quality self contained bungalows and resport facilities. Murramarang, which provides 112 villas, is the only 5 star rated park on the South Coast. The Country Comfort and Lincoln Downs are 4 star properties that have rural / bush settings, with the Country Comfort having frontage to the Clyde River. Each of these properties have dedicated conference sales and marketing staff.

The Clubs in the area also provide reasonable standard meeting rooms that can accommodate around 300 delegates. The Narooma Golf Club can accommodate 500 delegates, however there are accommodation constraints in Narooma (350 total capacity), as well as the accommodation being below the standard required by most conference organisers.

The Eurobodalla Convention Bureau is working with local venue operators, particularly the licensed clubs, to improve the level of service provided and the quality of the conference menus.

7.2.4 Outer Sydney Region

Up-market properties in the Blue Mountains, Central Coast, Lake Macquarie area, Hunter Valley and Port Stephens are popular venues for conferences and meetings. Likely competitive properties are listed in Table 6.6 with proposed facilities included in Table 6.7.

The Central Coast, Lake Macquarie, Port Stephens and Newcastle areas all provide ‘beach and coastal’ experiences and are very popular destinations during the warmer months. The Blue Mountains provides the mountain/cold climate experience and ‘bush’ experience. The Hunter is strongly associated with a ‘wine’ experience.

The larger properties in the region – the Holiday Crowne Plaza at Terrigal, Cypress Lakes in the Hunter Valley and the Fairmont Resort in the Blue Mountains, attract a range of corporate and professional conferences as well as some of the larger (200-300 delegates) association conferences. The new conference facilities currently under construction at the Hunter Resort and the Shoal Bay Country Club at Port Stephens will also cater for these markets.

The smaller boutique hotels and guesthouses are providing facilities for groups of up to 60 delegates, predominantly the corporate market.

As a result of the hotel development that occurred for the Sydney 2000 Olympic Games, the tourism industry considers that there is currently an over-supply of conference facilities in both Sydney and the Outer Sydney Region.

7.3 Implications for Up-market Accommodation

- There is an absence of quality conference, meeting and function facilities in Shoalhaven City.

- The facilities available are not purpose-built for the conference and meetings market, lacking break-out rooms and banqueting space. They are also poorly equipped with none of the venues providing state-of-the-art conferencing equipment.

- In the current market there is an over-supply of conference and meeting rooms in the Outer Sydney Region. There are also a range of proposed accommodation projects that include purpose-built conference facilities with two projects currently under construction. Of these, the Shoal Bay Country Club at Port Stephens will offer a coastal / beachside product that is similar to the Shoalhaven coastal areas.

- The development of the Kiama and Austinmer Hotels will provide facilities that are in direct competition with any Shoalhaven property. The Maltings development in the Southern Highlands will compete with existing Kangaroo Valley properties for the South Western Sydney market, while the existing and proposed venues in Eurobodalla Shire will compete with the Shoalhaven for Canberra business.

8. UP-MARKET ACCOMMODATION

Based on the assessment in the preceding chapters, there is an established need for and existing demand for better standard accommodation within the Shoalhaven. This Chapter identifies the type of accommodation required and explores possible locations.

8.1 Demand for Up-market Accommodation – Summary

8.1.1 Conference Hotel

One of the factors initiating this study was the perceived need for an upmarket conference hotel in the Shoalhaven. The research has indicated that the market would not support this type of property, particularly in the short-medium term. To be viable, a conference hotel would need to service three key markets, corporate travel and conference markets mid week (Sunday to Thursday) and the short-breaks leisure market on weekends. There is not a location in the Shoalhaven where these markets all come together. Nowra has a strong corporate market, but no leisure market. Jervis Bay has the leisure market but not the corporate market while Ulladulla-Mollymook have strong holiday markets. Both Nowra and Jervis Bay are just marginal in terms of travel time from Sydney for the conference and meetings market, while Ulladulla is located too far from both Sydney and Canberra to attract regular conference business from these markets.

The outlook for the conference market in the short-medium term is also very weak reflecting:

- Over-capacity in the Sydney hotel sector.
- A fall-off in conference demand reflecting more stringent economic conditions during 2001.
- Changes in corporate and association conferencing behaviour.

The weak market also reflects the two major interruptions to the tourism market, the Ansett collapse which has made it difficult to bring interstate people to New South Wales for meetings and the September 11 tragedy, which has curtailed international travel. The effect of these factors has been to reduce demand for Sydney hotels which has forced these hotels to compete with the Outer Sydney properties. Demand for Outer Sydney venues has been significantly reduced and returns have fallen markedly as a result of price discounting.

8.1.2 Other Types of Properties

The research has indicated that there is demand for smaller, more specialist upmarket accommodation properties in the City. Table 8.1 summaries the likely possible markets for up-market accommodation and the preferred type and location of this accommodation.

Table 8.1 Market Demand – Summary

Market Segment	Accommodation Required	Preferred Location
Likely Major Markets		
<u>Dept of Defence</u>		
-Senior Defence Staff	4 – 4.5 star corporate hotel	Nowra
-Short stay Contractors	4 – 4.5 star corporate hotel	Nowra
-Longstay Contractors	4 – 4.5 star serviced apartments	Nowra / Huskisson
-International VIP's	4.5 star hotel or serviced apartments	Jervis Bay
-Relocatees	3 – 4 star serviced apartments	Nowra / Jervis Bay
<u>Local Companies</u>		
-Senior Management	4.5 star corporate hotel	Nowra
-VIPs	4.5 star corporate hotel	Nowra / Jervis Bay
-Low / Middle Management	4 star hotel or motel	Nowra
-Longer stay contractors	4 –4.5 star serviced apartments	Nowra / Jervis Bay
<u>Short Breaks .</u>		
-Couples	4.5 - 5 star resort hotel, GH, SA, SC	Coastal / Hinterland
-Families	4 - 4.5 star resort hotel, SA, SC, CP	Coastal / Hinterland
<u>Holiday Makers</u>		
-Couples	4.5 - 5 star resort hotel, GH, SA, SC	Coastal / Hinterland
-Families	4 - 4.5 star resort hotel, SA, SC, CP	Coastal / Hinterland
<u>Conferences / Meetings</u>		Northern Shoalhaven:
-Sydney CBD Corporate	4.5 star resort hotel, all suite hotel	Coastal / Hinterland
-SW Sydney Corporate	4 – 4.5 star resort, GH	Kangaroo Valley
-Professional Associations	4.5 star resort hotel, all suite hotel	Coastal / Hinterland
Likely Minor Markets		
<u>Business Travellers</u>		
-Professionals – legal etc	4.5 star corporate hotel	Nowra
-Relieving Locums	4 – 4.5 star serviced apartments	Nowra
<u>Government Travel</u>		
-Senior staff	4 – 4.5 star corporate hotel	Nowra
-Visitors to Govt Offices	4 – 4.5 star corporate hotel	Nowra
<u>Wollongong University</u>		
-Visiting Academics	4 – 4.5 star corporate hotel / S Apts	Nowra
-Meeting delegates	4 – 4.5 star corporate hotel	Nowra
<u>International Visitors</u>		
-FIT	4 - 5 star resort hotel, GH, SA, SC	Coastal / Hinterland
-Groups	4 - 5 star resort hotel, GH	Coastal
<u>Functions Market</u>		
-Out of Area Weddings	4 - 5 star resort hotel or guest house	Coastal / Hinterland
-Out of area guests	4 – 4.5 star resort hotel, GH, SA, SC	Close to function
<u>Local Market</u>		
-Special Occasions	4 – 4.5 star resort hotel, GH, SA, SC	Coastal / Hinterland
-Wedding First Nights	4 – 4.5 star resort hotel, GH, SA, SC	Coastal / Hinterland
<u>Conferences & Meetings</u>		
-Larger Associations	4 – 4.5 star hotel or resort	Nowra/Ulladulla/JBay

The research indicated a very clear preference for a quality corporate hotel in Nowra to service the corporate and business travel markets. As Nowra is not perceived as a tourist destination, it is unlikely that a Nowra based hotel would attract the leisure market. It may attract some overnight business from travellers through the region and from people visiting friends and relatives in the Nowra area or attending functions in the area.

There is also a minor segment of the corporate market that would use serviced apartment / all suite hotel rooms with the preferred locations being Jervis Bay (Huskisson-Vincentia) and Nowra. The preference is for a 4-4.5 star standard property in Jervis Bay and a 4 star property in Nowra.

The leisure and conference & meetings markets show a strong preference for up-market accommodation in attractive coastal and hinterland locations. Beach frontage / extensive coastal views would be the most sought after destination. For the conferences and meetings market access/travel time is a critical consideration, and for the Sydney and Illawarra markets the property would need to be located at Jervis Bay or further north. The conference and meetings market prefers hotel rooms, but will use apartment style accommodation provided that a restaurant, bars and meeting rooms are available as in a full-service hotel.

In the leisure market, self-contained accommodation such as serviced apartments, villas and cottages are preferred by the family market. Couples will use both hotel / guest house style properties and self contained accommodation. For the couples market key considerations are often the 'setting and ambience' and privacy.

8.2 Demand for Upmarket Meeting and Function Facilities

There is demand in Nowra from the local corporate market for quality, purpose built meeting facilities that would cater for small meetings, generally less than 30 delegates, as well as meetings up to 100 delegates. This market is also looking for a quality function venue as an alternative to Worrigee House, with the venue able to accommodate up to 300 guests banquet style for a dinner dance as well as a quality bar and restaurant that is open 7 days per week where they can entertain clients and have informal meetings.

The Nowra community would also use a quality function room, however this market is price sensitive and the level of use would be dependent on the pricing structure.

For the Shoalhaven to attract the out-of-area conference and meetings market, it will need to provide a quality accommodation venue that has purpose built meeting facilities. The facilities will need to cater for conferences of up to 100 people and provide sufficient space to meet the breakout room and banqueting requirements of these groups. To attract the Sydney and Illawarra markets, the venue would need to be located at Jervis Bay or further north. The quality of the location and product offered will be critical to attracting this market.

8.3 Scale of Development

There were very strong views amongst local operators that in providing a ‘flagship’ property, the Shoalhaven had to offer something different from its competitors – that the City had to lead and not follow. Views that were consistently expressed included:

- The Shoalhaven did not need a large resort or hotel. There was considerable negative reaction to bulky or site intensive developments and medium and high rise development. The type of development that people didn’t want to see included the concentration of units as occurs in Port Stephens and Port Macquarie and the high-rise resorts of Coffs Harbour and the Gold Coast. There was also a lot of negative feedback about Byron Bay and the style of development there and about the scale of development at the Crowne Plaza at Terrigal.

- Boutique hotels and resorts were considered appropriate for the area were – small properties that were designed in keeping with the environment and the scale of current development in the area. The Berry Boutique Motel and Sandals at Vincentia (on a larger scale) were suggested as the type of properties that were needed.

- The smaller Peppers style properties and Lilianfels were put-forward as the scale of development required, however it was strongly suggested that the architecture needed to be distinctive and reflect the South Coast – not try and duplicate other regions – trend setting rather than replicating.

- Words that people continually used to describe the style of accommodation included – contemporary, modern, minimalist, coastal living, cool – clean lines, architecturally designed using modern materials – polished timber, glass, stainless steel. It was considered that the development should enhance and reflect the local environment.

- The research re-inforced the need for the Shoalhaven to provide something different to the experience offered in the high profile destination areas in Outer Sydney – Pokolbin, Blue Mountains, Southern Highlands.

8.4 Corporate Hotel – Nowra

The strongest need in the City is for a corporate hotel in Nowra that can meet the needs of the local business market and provide facilities for meetings, dining and local events.

8.4.1 Description

The property envisaged for Nowra is a business style hotel of 4-4.5 star standard. The hotel should be contemporary in design. In terms of pricing, the rack rate (per double) would be in the order of $150 - $170 per night, with $170 being the maximum rate the market would be likely to bear.

The hotel would need to provide purpose-built meeting rooms as well as a bar and restaurant. It would need to offer room service as well as provide a range of business and personal services. The hotel would need to be professionally operated and provide quality service.

The property would need to provide a minimum of around 60 rooms initially (up to 90 rooms) and should be designed to enable extensions to cater for market growth.

8.4.2 Locational Considerations

Ideally the hotel should be located in, or within close proximity to, the Nowra CBD so that guests can easily walk to restaurants and pubs in town. It should be located to the West of the Princes Highway, with visibility from the Highway considered a bonus, but is not essential. The site should not have a noise problem.

Riverside sites in Nowra have been suggested. The key strength of these sites is the views available. These views would assist in building the function, entertainment and meeting business for the property (assuming that the function rooms, restaurants and bars had excellent views). Possible disadvantages of the riverside sites include the distance from the town centre, possible flooding and possible noise intrusion from the Highway (depending on the location).

8.4.3 Management Considerations

The property should be managed either by a recognised National operator or as a member of the Flag Chain.

Possible brands include:

- Sheraton Four Points
- Accor Movotel or Mercure
- Rydges
- Saville
- Country Comfort Chifley brand
- Holiday Inn (Six Continents)
- Radisson
- Courtyard by Marriot

8.4.4 Design and Fitout Considerations

The hotel will be catering for both domestic and international visitors, with its main market being the corporate sector. As such the needs of this sector need to be met in the design and fitout of the property. Factors to be taken into consideration include:

Guest Rooms

- Provision of two executive and two junior suites as part of the room mix.

- Rooms to be designed for corporate use with a well appointed work space including facilities for internet connection and direct dial telephones with international and STD access.

- Spa or soak baths in some of the rooms. These baths are favoured by the Japanese business travellers, as well as the 'special occasion' markets.

- Good quality television and video/DVD play with connection to cable TV and/or a movie and international news channel.

- Mini bar, bar fridge, tea and coffee facilities.

- Adequate hanging and storage space with an iron and ironing board in each room.

- Quiet air conditioning and heating with individual room control.

Food & Beverage outlets

- Brasserie style restaurant – providing breakfast, lunch and dinner (all day dining). This would be the main eatery. Whether the property would support an *a la carte* restaurant needs further investigation.

- Consideration needs to be given as to how to 'feed' meeting delegates – most hotels provide the options of feeding delegates in a separate room, outside around a barbeque, and in the restaurant – generally in a separate, semi-private / private area.

- Licensed cocktail bar.

- Room service – possibly up to 10pm-midnight each day.

Conference and Function Facilities

The function and meeting space needs to be flexible in design so that it can cater for both larger functions and small meetings. This could be achieved in a number of ways using movable, sound proof walls. The space requirement are:

Function Space

- Large function space to accommodate up to 200-250 guests banquet style (including dance floor). This would be a minor market with the hotel possibly attracting up to 12 large events per year.

- Function room to accommodate weddings, cocktail parties and smaller dinner dances. Design capacity of around 120 guests banquet style with dance floor. This would be a mainstream market for the hotel. Ideally the function room should open onto a terrace or enclosed landscaped area.

- Rooms that can be used for private dining, small function, business lunches, banqueting space for meeting delegates – up to 30 guests.

Meeting Rooms

- Minimum of one room that can accommodate 100 – 120 guests theatre style. This room could be divisible.

- 2-3 rooms that could accommodate smaller groups, of say 20-30 delegates.
- Board room – accommodate 16 delegates boardroom style.
- 2 smaller interview size rooms – accommodate 10-12 people round table.

Fitout

The fit-out considerations include:

- Flexibility with the furniture to enable the rooms to be set-up in a variety of ways including boardroom / round-table, theatre, banquet and lounge style. Some activities may require complete removal of furniture from the rooms. Space for furniture storage is an important consideration.
- Air conditioning and heating that is quiet, efficient and easily adjustable.
- Lighting arrangements suitable for both meetings and functions.
- Ability to black-out the rooms.
- Facilities for hanging displays and to enable the rooms to be themed.
- State-of-the art conference equipment – electronic whiteboard, data projector, overhead projector, slide projector, screens, audio visual, sound system – microphone plus music.
- Adequate power points in each room.
- Telephone / fax / internet lines to each meeting room.

<u>Service Provision</u>

- Laundry / drycleaning. Need to provide an in-house service as well as a small guest laundry for the transfer market.
- Business services – access to photocopying, fax facilities in house and external secretarial services.
- Safe and secure on-site parking.

<u>Recreation Facilities</u>

- Swimming pool.
- Small gym area with basic fitness equipment.
- Landscaped terrace area / courtyard – to be used in conjunction with the conference and meeting rooms for outdoor dining, cocktail parties and pre-function activities.

8.5 Up-market Accommodation – Jervis Bay

The Jervis Bay area could potentially support a few small, up-market accommodation properties. Potential properties include:

8.5.1 Serviced Apartments / All suite Hotel / Self Contained Cottages-Villas

The strongest demand in the Jervis Bay area is for quality self contained accommodation-cottages, serviced apartments and /or all-suite hotel. A waterfront site or a site with extensive water views is required if the property is to attract the higher yielding markets. Kims on the Central Coast is a model for site development.

An apartment or villa complex would probably be the most viable property to develop, with the apartments being strata titled, sold to private investors and then put back into a management pool. The complex should be of 4-4.5 star standard and provide a mix of studio, one and two bedroom apartments. The units should not be permitted to be occupied on a permanent basis but should only be used for short-term holiday letting under the DA.

The complex would be primarily targeting the couples and short-breaks family markets and as such the apartments would need to be large and ‘roomy’ rather than boxy – a studio of 50+ sqm would be the minimum size preferred. Where possible, lounge rooms should open onto a veranda or terrace. The property would require a reception area plus an all day dining style food outlet and bar. The rooms should be fitted out for both the corporate and holiday markets with a desk or work space available for corporates. The kitchen/kitchenette should be well appointed and laundry facilities provided. Ideally the property should have a swimming pool, barbeque area and small fitness gym.

A requirement should be that it is equipped for meetings, preferably with a stand-alone meeting room with breakout rooms and facilities (see Section 8.4.4 on meeting room fitout). This should be able to be serviced from the main kitchen.

Ideally the property should be located in Huskisson close to the shopping centre so that guests can access local restaurants and cafes.

The proposed Huskisson Hotel redevelopment and the redevelopment of the Holiday Haven caravan parks at Huskisson may fill this gap in the marketplace in the short-medium term.

8.5.2 Boutique Resort Hotel / Guesthouse

This would be a small (up to 60 rooms), exclusive property (4.5-5 star), catering primarily for the couples market. It could also attract the senior executive / executive retreat meetings market.

The property would need to have a very high quality location – waterfrontage with spectacular views would be preferred. The architecture would need to be contemporary, minimalist and reflect coastal living. The site will need to be well landscaped as this will form part of the attraction. The resort would need to provide a guest lounge area with bar, as well a café-brasserie and a formal dining room.

A swimming pool, spa and sauna would be essential, with a small gymnasium and tennis court/s considered highly desirable. Mountain bikes and watercraft (eg kayaks, surf skis) should be available for guest use.

To accommodate the meeting market the property would need to provide a quality meeting room capable of accommodating up to 120 delegated theatre style, 4 smaller breakout rooms. a boardroom accommodating up to 20 delegates and 1-2 smaller interview rooms that are linked to the board room and main plenary room. The interview rooms could be used by a Chief Executive or by secretarial staff.

8.6 Ulladulla – Mollymook

While the market research has not identified strong existing and potential demand for up-market accommodation in Ulladulla, the success of the existing high quality properties in the area indicate that there is some demand for quality accommodation and there is potential to grow this market.

The type of properties required are basically similar to that in Jervis Bay – quality self contained accommodation and possibly a small boutique guesthouse or resort hotel with the demand for self contained serviced apartments or holiday units showing by far the stronger demand.

The main issue in the Ulladulla-Mollymook area will be attracting visitation in the off-peak season. While it would be possible to build the short-breaks weekend market, particularly once the Princes Highway is upgraded, it will be difficult to build mid-week occupancy. The travelling time to Ulladulla-Mollymook is a serious deterrent to conference and meetings market.

A quality site – waterfront or with extensive water views – would be fundamental for the success of an up-market property in the area. Mollymook would be the preferred location, with the beach being the major attraction in the area. It would be more feasible to extend an existing property, for example the Mollymook Golf Club, than to develop a new greenfields site.

Development by an existing Registered Club has the advantages of the Club having a different tax status, collateral assets and access to cash flow from other activities. If the accommodation draws on the Club's eateries, bars and meeting facilities, the development and operational costs will also be lower than for a standalone property. There may also be other economies of scale such as laundry and insurance costs.

8.7 Other Areas

Small boutique properties, such as guest houses or lodges could potentially work in a quality location. The success of the property would depend largely on the quality of the location, quality of the property and the ability of the operator to effectively market the property.

9. REALISING THE OPPORTUNITY

Tourism accommodation properties are considered high risk ventures which do not attract mainstream funding. Regional projects have a far higher risk profile than capital city projects.

9.1 Who Develops New Properties

New hotels can be developed in a number of ways. The most common are:

- The owner of a site seeks funding or a joint venture partner (for example a construction firm) to construct the property.

- A developer (who may be a builder) takes an option over a site, develops a scheme, prepares a DA. Once the DA is approved the developer generally seeks to on-sell the project or, if a builder, seeks funding and an operator and proceeds with construction.

Registered Clubs have also been involved, to a limited extent, in hotel and resort development with this development taking two forms:

- The Club develops accommodation (usually a motel or hotel) as part of the Club premises with the Club providing the bars, restaurants and some conference and meeting facilities. Examples include Panthers Motel at Penrith (4 star 216 room motel), the Executive Inn (4.5 star 134 units) developed by Wests Rugby Club in Newcastle and the Country Comfort Rooty Hill Resort (4 star 165 rooms) at the Rooty Hill RSL Club. A number of the Registered Clubs along the Murray River provide resort accommodation as part of their Club complex. The accommodation properties may be operated by major chains (eg Country Comfort) independently of the Club, or by the Club with a contract manager.

- The Club (or one of its social clubs) develops (or purchases) a ‘holiday’ property that club members and the social clubs can hire. This practice was very common in the 1950’s and 1960’s, but is far less common today with Clubs operating properties in coastal areas and the Snowy Mountains. There are a number of accommodation establishments in Shoalhaven City that are owned by Registered Clubs as holiday properties.

In most areas of regional Australia, local interests who have local knowledge and access to property generally develop new hotels and motels. Hotels in these areas are rarely developed by outside interests.

New hotels are rarely developed by hotel chains. Accor is the main exception with this group investing in its Formula 1 budget highway properties. Accor also has an associate company which has developed and owned hotels (Tourism Asset Holdings). The well-known hotel chains are only operators, and rarely have a financial interest in a property, unless it is a key location in their strategy. This has occurred in major cities where hotel chains acquire properties to protect their network, but it rarely happens in regional Australia.

Hotels such as the Novotel Wollongong are operated under a management agreement. The hotel was owned by Thakral, which purchased it from the mortgagor and appointed Accor as manager. Hotel chains bring a recognised brand name, established marketing networks, established operating systems and provide professional managers, fully trained and experienced in operating hotels.

9.2 Funding Projects

Funding tourism accommodation projects is extremely difficult. Equity funding is limited and financial institutions are cautious in providing debt funding.

Since the collapse of the property market in the late 1980's there have been very few projects funded on a debt funding basis. Most of the properties that have proceeded have been by one of two methods:

- Designing the property to provide self contained accommodation units – villas, cottages, apartments etc. The individual units are strata titled, sold to private investors and then leased back and placed in a management pool.

- Development of an integrated resort which includes the hotel as part of a larger residential, sporting and commercial development. The hotel component is funded from sales of other components of the development.

The use of strata title property as a way of developing hotels has been widely used method over the past decade to fund hotel and serviced apartment developments in both capital cities and regional centres. Projects funded this way include the recently opened Landmark Hotel at Nelson Bay, Capital Towers and the James Court Apartment Hotel in Canberra and the Quest hotels throughout Victoria. Existing apartment hotels, such as the Hyde Park Plaza in Sydney have been sold as investment units after some years of operation. The Saville Group, owned by Stockland, has successfully employed this approach in developing all-suite hotels in capital cities. The Shoal Bay Country Club development in Port Stephens and the Ettalong Memorial Club Hotel development on the Central Coast are being funded this way.

Strata title properties are most effective where the individual units conform to standards of design and fitout, are maintained to the same standard and where a professional manager, (preferably a known brand name with marketing capability and operating systems) has been appointed.

The second approach involves developing and selling off the more profitable components of a development to fund the tourist accommodation component. This is the method used to fund the large Queensland resorts. It was also used in developing Cypress Lakes resort in the Hunter and is being used to develop the Macquarie Links hotel in South Western Sydney and the major resort projects proposed for the Hunter.

Property Trusts were a popular vehicle last decade but are now generally out of favour. The majority of Peppers hotels are owned by the Peppers Hotel Trust, but this is an under-performing stock. Some institutions have acquired hotels, but more often as a going concern to reflect their requirement to acquire earnings. Generally hotels are seen as a risky investment outside the major cities and are not attractive to funds which are dependent on reporting a stable or growing earnings stream.

Another options are for projects to be syndicated with investor borrowings supplemented by equity investment or for private property investors form linkages with hotels and work together in acquiring properties. This is more effective at a local level than in an open market transaction. Where a prospectus is required costs can be prohibitive.

For a new development in the Shoalhaven it will be very much the role of the developer to source funding and this can take time. Realising the opportunity should be seen as a longer term solution, not a short term outcome.

There may also be opportunity within the Shoalhaven for Registered Clubs to invest in accommodation properties.