Agnes Water
Manufactured Home Estate

Economic Need Assessment

Prepared for
Stockwell Development Group Pty Ltd

September 2018
18024

Disclaimer

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CONTENTS

LIST OF FIGURES

LIST OF TABLES

SUMMARY

The applicant (Stockwell Development Group Pty Ltd) proposes to develop a manufactured home estate (MHE) on an 18.26ha site at Round Hill Road, Agnes Water. The proposed development comprises 360 home sites, a club house, RV wash down and parking, bowling green, tennis courts and other amenities. The proposal will be targeted towards the active lifestyle over 50's market.

Foresight Partners was commissioned by the applicant to prepare this economic needs assessment as part of a Material Change of Use application.

Demographic Overview

The main catchment area for the proposal has been defined as the Gladstone Local Government Area (LGA) as it captures the geographic dispersal of existing and future potentially competitive developments.

Population growth in the Gladstone LGA has been modest over the past ten years. The population has grown from 52,050 in 2006 to 63,300 in 2016. The 2016 Census population was some 6,400 lower than the Queensland Government Statistician's Office Medium Series Population Projections. Even at lower rates of growth, Gladstone LGA is forecast to gain an additional 22,000 residents by 2036.

Examples of MHEs in Queensland that almost entirely comprise a Statistical Area 1 (SA1) population were identified to determine the likely socio-economic characteristics of residents of the proposed development. These characteristics suggest that MHE residents are couples and singles typically aged over 55 and retired but still highly mobile.

Market Supply Overview

Although there is an oversupply of general residential dwellings in the Gladstone region, it is concluded that retirement housing is not in oversupply. As at the 2016 Census, over 90% of retirement dwellings were occupied, compared to around 81% of general residential dwellings.

In the region, there is a current supply of 206 retirement dwellings, all of which are located in the Gladstone urban area. There are three proposed and two approved retirement housing projects in the region. It is assumed that three of these will proceed, which will result in the development of 383 traditional retirement dwellings in the Gladstone/Tannum Sands area and 190 manufactured homes in Agnes Water.

Demand

Future demand for retirement dwellings in the Gladstone region will consist of a proportion of local residents aged over 50 and demand from outside the region (external demand).

Based on forecast resident population aged over 50 and the Queensland average market penetration rate (3.5% of over 50s in retirement dwellings), forecast demand for retirement dwellings from Gladstone residents will be 520 dwellings in 2021, and 724 by 2036.

Assuming around 50% of total demand originates from outside the region, forecast demand for retirement dwellings in the Gladstone region is 1,035 dwellings in 2021, increasing to 1,448 by 2036.

Reconciliation of Supply and Demand

With the development of 573 retirement dwellings in the pipeline, there is a forecast shortfall of 525 retirement dwellings by 2031, increasing to 669 by 2036.

Assuming both the subject proposal and proposed supply is developed, there is still a forecast shortfall of 237 retirement dwellings by 2026.

Need and Community Benefits

Need for the proposed development is demonstrated by the following:

- At present, there is a significant under supply of retirement and over 50s lifestyle dwellings in the Gladstone region illustrated by an estimated 2016 shortfall of 726 dwellings;
- The penetration rate for retirement dwellings in the Gladstone region is 1.0% of persons aged 50+, compared to an average Queensland level of 3.5%.
- There are no retirement dwellings in the Agnes Water/Seventeen Seventy area;
- Even with the development of 573 retirement dwellings in the pipeline, there is a forecast shortfall of 525 retirement dwellings by 2031;
- If the subject proposal and the pipeline supply is developed, there is a forecast shortfall of 237 retirement dwellings by 2026 and 165 dwellings by 2031. Therefore, we expect no increase in the vacancy rates of existing retirement dwellings if the proposal is developed.

Community benefits of the proposal include the following:

- Greater variety and choice in retirement and over 50s lifestyle living products where there is increasing demand in Queensland;
- The development of the proposal and other projects in Agnes Water is likely to encourage investment in health and medical services in the local area; and
- The subject site is within walking distance (500m) to retail and medical facilities at Agnes Water Central compared to the proposed relocatable home park at Lot 101 Bryant Street (1.2km).

From our investigations we conclude that there is a strong need for the proposed development, which is an efficient and appropriate use of the site and well-placed to provide retirement living in Agnes Water that can be staged in response to market demand. Even when fully developed, the proposal and other proposed and approved projects are unlikely to fully accommodate future demand for retirement dwellings in the Gladstone region and therefore will not have a significant impact on existing retirement accommodation.

1. INTRODUCTION

The applicant (Stockwell Development Group Pty Ltd) proposes to develop a 360 home manufactured home estate (MHE) on an 18.26ha site at Round Hill Road, Agnes Water (3/SP221743). The subject site is zoned Emerging Community and is currently vacant.

The site is located around 500 metres (by road) south of the Round Hill Road retail centre and adjacent to the Shores Estate residential development. Vacant land adjoins the site to the west and east, Low density residential abuts to the north and Rural Residential land borders the south.

Figure 1.1 shows the subject site and its surroundings.

Figure 1.1: Subject Site and Surroundings

Source: Queensland Globe (November 2016 imagery).

1.1 Development Characteristics

A combination of an ageing Australian population and housing affordability issues have contributed to the rise in popularity and prevalence of MHEs. Manufactured homes are typically less expensive than traditional housing products and therefore are attractive to the over 50s market ready to downsize and move into a social and active community.

The Manufactured Homes (Residential Parks) Act 2003 defines a manufactured home as a *structure, other than a caravan or tent, that -*

a) *Has the character of a dwelling;*

b) *Is designed to be able to be moved from one position to another; and*

c) *Is not permanently attached to land.*

The applicant has advised that the home sites in the proposed development will meet this definition.

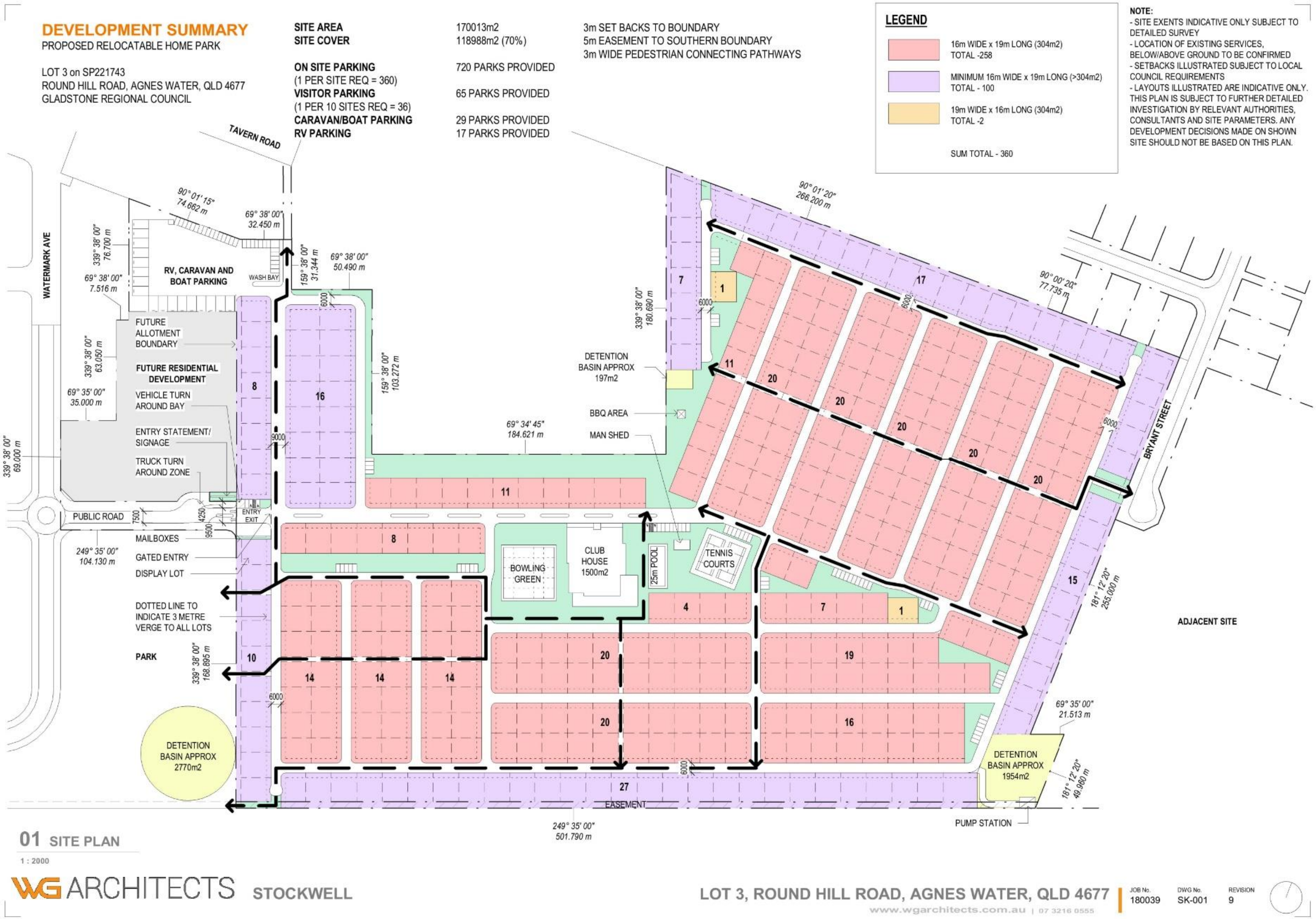
The subject site's coastal location within walking distance to shops and services is well suited to the active retiree lifestyle. Plans indicate the proposed development will comprise:

- 360 manufactured homes;
- a club house;
- RV wash down and parking;
- bowling green;
- tennis courts; and
- swimming pools.

The home sites will be developed over ten stages (in line with market demand), with the associated facilities being developed concurrently with stage two. Figure 1.2 shows the indicative site plan.

The applicant is currently developing a similar manufactured home estate of around 200 homes called Solana Lifestyle Resort at Bribie Island. The subject development is likely to be branded Solana Agnes Water.

Figure 1.2: Site Plan



Staging

The applicant advises the development will have 10 stages as follows:

Table 1.1: Proposed Development Stages

Stage	Number of Sites	
	Per Stage	Cumulative
1	45	45
2	45	90
3	35	125
4	34	159
5	33	192
6	31	223
7	30	253
8	34	287
9	40	327
10	33	360

Stages 1 and 2 are planned to be completed by 2021. Subsequent stages are proposed to be developed at an average rate of 48 sites per annum. At that rate, the whole development will be completed by 2029.

1.2 Purpose of Report and Methodology

Foresight Partners was commissioned by Stockwell Development Group Pty Ltd (the applicant) to prepare this economic needs assessment as part of a Material Change of Use application. The primary objectives of this assessment are to:

- assess the role and function of the proposed development;
- evaluate its potential economic impacts upon the existing residential supply, particularly housing products targeted to the over 50 market; and
- assess the economic and community need for the development.

In preparing this report, a number of investigations were undertaken, including:

- Inspections of the subject site and its surroundings and a reconnaissance of existing, proposed and approved residential development targeted to the over 50 market;
- preparation of population forecasts for the Gladstone LGA based on historic dwelling approval data, approved and proposed residential development and published population projections;
- definition and mapping of a regional catchment from which a large portion of the demand for the proposed development will originate;
- extraction and examination of the socio-economic characteristics of households in the defined catchment area (Gladstone LGA) and in areas with existing MHEs in Queensland from the 2016 Census compared to Queensland as a benchmark;
- assessment of demand based on the current and forecast catchment population by age group and market penetration rate for retirement MHEs. This includes analysis of the mismatch of the market penetration in Gladstone LGA and benchmark market penetrations rates, as well as discussion of likely demand from outside the region; and
- an assessment of need for the proposed development based on the supply-demand balance and a summary of potential impacts and community benefits.

2. MARKET FUNDAMENTALS

This section sets out the defined catchment, regional population growth and the socio-economic characteristics of Gladstone and MHE residents.

2.1 Defined Catchment

The main catchment area (Figure 2.1) has been defined as the Gladstone Local Government Area (LGA) as it captures the geographic dispersal of existing and future potentially competitive developments.

Figure 2.1: Defined Catchment Area (Gladstone LGA)

Source: Foresight Partners.

2.2 Population Growth

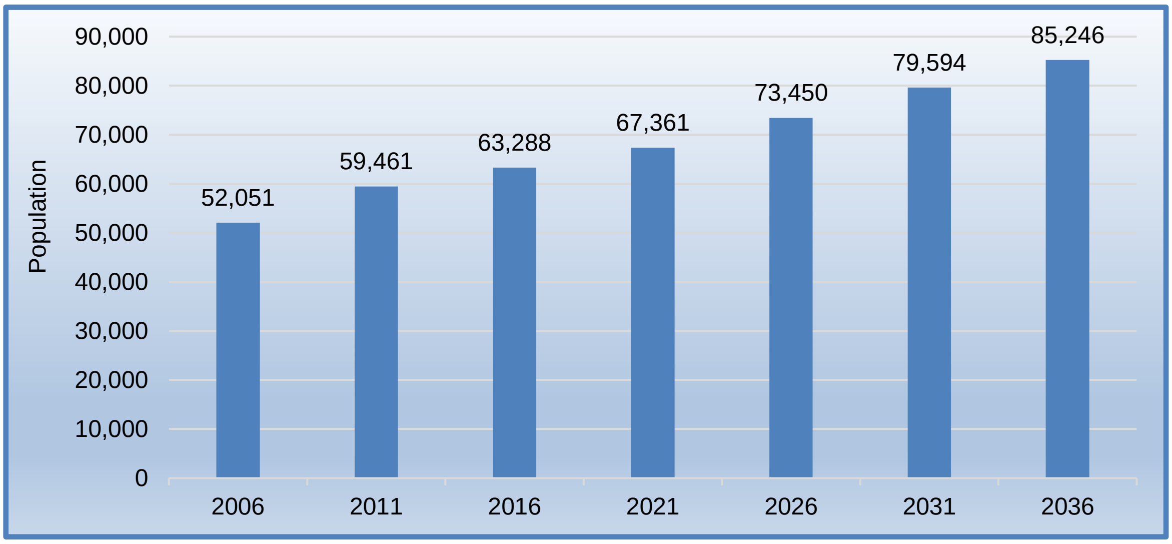
Population growth in the Gladstone LGA has been modest over the past ten years. The estimated resident population has grown from:

- 52,050 in 2006; to
- 59,460 in 2011; to
- 63,290 in 2016 at an underlying growth rate of about 2% per annum (Figure 2.2).

The Queensland Government Statistician's Office (QGSO) Medium Series Population Projections (2015) projected that the population of the Gladstone LGA would reach 69,784 by 2016. This projection is some 6,400 persons higher than the 2016 Census and is large enough to warrant an adjustment in population projections.

Foresight Partners has used the underlying growth rates between the 2011 and 2016 Census data (about 1.3% per annum) and from the QGSO Low Series (2015) Population Projections to 2036 for the Gladstone LGA in order to recalculate projections incorporating the new 2016 Census data.

Figure 2.2: Projected Population Growth, Gladstone LGA, June 2006 to June 2036



Source: Foresight Partners forecasts based on underlying average annual growth rates of Queensland Government Statisticians Office Population Projections, Low Series (2015).

The recent subdued population growth trend is also reflected in other measures, such as reduced dwelling approval activity. Annual population growth is unlikely to return to peak levels (2.7% between 2006 and 2011) in the near future, but population growth nevertheless will continue at more modest levels. Gladstone will no doubt achieve the future levels of population originally projected, but it is likely to take longer to do so.

Under more modest projected growth for Gladstone, its population is still forecast to grow by nearly 22,000 or by about 1.5% per annum averaged over the 20 year period to 2036.

2.3 Socio-economic Characteristics

2.3.1 Gladstone Region

A summary of socio-economic characteristics is presented for Gladstone LGA are shown in Table 2.1. The Gladstone region is compared to the benchmark of Queensland in order to highlight any significant socio-economic differences.

Key points of difference are:

- Gladstone has a lower proportion of residents aged 55+ (22.1%) compared to Queensland (26.9%);
- Gladstone has a slightly higher labour force participation rate (69.2%) than Queensland (65.8%);
- Average household income in the Gladstone region ($98,539) is slightly higher than that of Queensland households ($90,731);
- The majority of dwellings in the Gladstone region are detached (87.6%) compared to Queensland (77.2%); and
- Couples with children make up a slightly higher proportion of households in the Gladstone region (33.8%) compared to Queensland (30.3%).

2.3.2 MHE Residents

Examples of MHEs in Queensland that almost entirely comprise a Statistical Area 1 (SA1) population were identified to determine the likely socio-economic characteristics of residents of the proposed development. Seven SA1s were aggregated and selected socio-economic characteristics of the combined SA1s are presented in Table 2.1 and Figure 2.1. Aerial images showing the locations and surroundings of these SA1s are set out in Appendix 1.

Key socio-economic characteristics of MHE residents include:

- Around 89.8% of MHE residents are aged between 55 and 84;
- 96.1% of MHE households are made up of singles or couples without children;
- 94.3% of MHE residents are not in the labour force;
- 70.3% of MHE households have an average annual income of less than $41,600; and
- Around 90.0% of MHE households have at least one car.

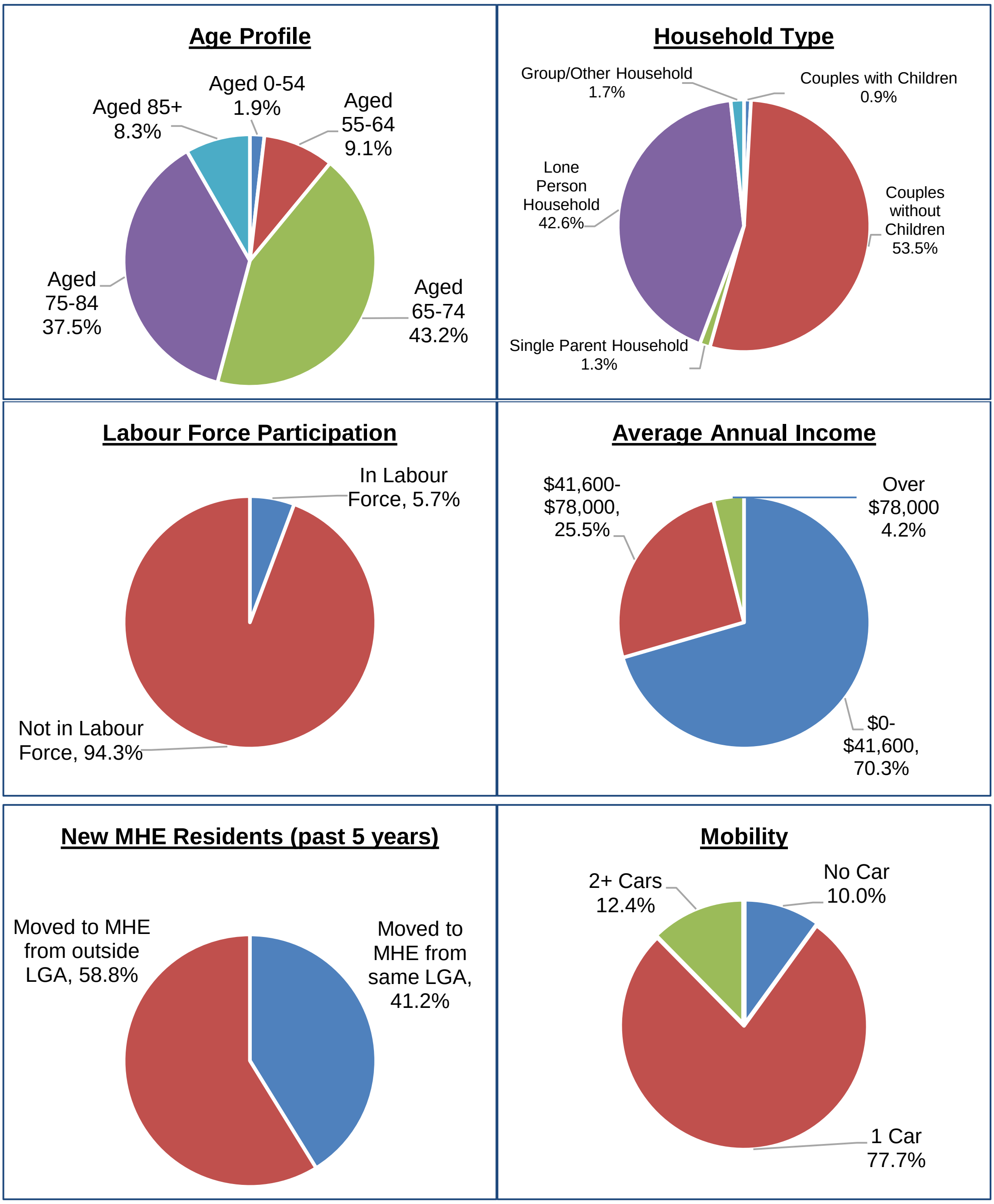
These characteristics suggest that MHE residents are couples and singles typically aged over 55 and retired but still highly mobile.

Table 2.1: Selected Socio-economic Characteristics, Selected MHE SA1s and Gladstone LGA, 2016

	Combined MHE SA1s	Gladstone LGA	QLD
Age (%)			
0-14	-	22.6	19.5
15-24	0.4	12.1	13.1
25-34	0.2	13.9	13.7
35-44	0.1	14.3	13.4
45-54	1.2	14.9	13.5
55-64	9.1	11.9	11.8
65-74	43.2	6.8	9.0
75-84	37.5	2.8	4.4
85+	8.3	0.7	1.7
Employment (%)			
In labour force	5.7	69.2	65.8
Unemployed	11.3	11.0	7.6
Employed per household	0.1	1.0	1.2
Household Income (%)			
$0-$41,600	70.3	26.5	27.3
$41,600-$78,000	25.5	20.8	25.7
$78,000-$130,000	3.9	25.8	25.3
Over $130,000	0.3	26.9	21.7
Average ($2017 values)	$39,330	$98,539	$90,731
Dwelling Structure (%)			
Detached	93.7	87.6	77.2
Semi-detached	6.3	4.6	10.6
Flats/units	-	6.2	11.3
Other structure	-	1.6	0.9
Dwelling Tenure (%)			
Owned	91.3	24.9	29.3
Purchasing	0.9	38.9	34.7
Renting	3.8	36.0	35.2
Mobility (%)			
No car	10.0	4.0	6.1
1 Car	77.7	31.3	35.4
2 or more cars	12.4	64.7	58.5
Family Type (%)			
Couples with Children	0.9	33.8	30.3
Couples without Children	53.5	29.8	28.8
Single Parent Household	1.3	9.5	11.1
Lone Person Household	42.6	23.1	23.9
Group/Other Household	1.7	3.8	5.8
Average Household Size	1.62	2.59	2.60

Source: ABS Census 2016. Note: Selected SA1 areas containing MHEs are detailed in Appendix 1.

Figure 2.3: Socio-economic Characteristics of MHE Residents in Queensland, Selected SA1s, 2016



Source: ABS Census 2016. Note: Selected SA1 areas containing MHEs are detailed in Appendix 1.

3. MARKET SUPPLY OVERVIEW

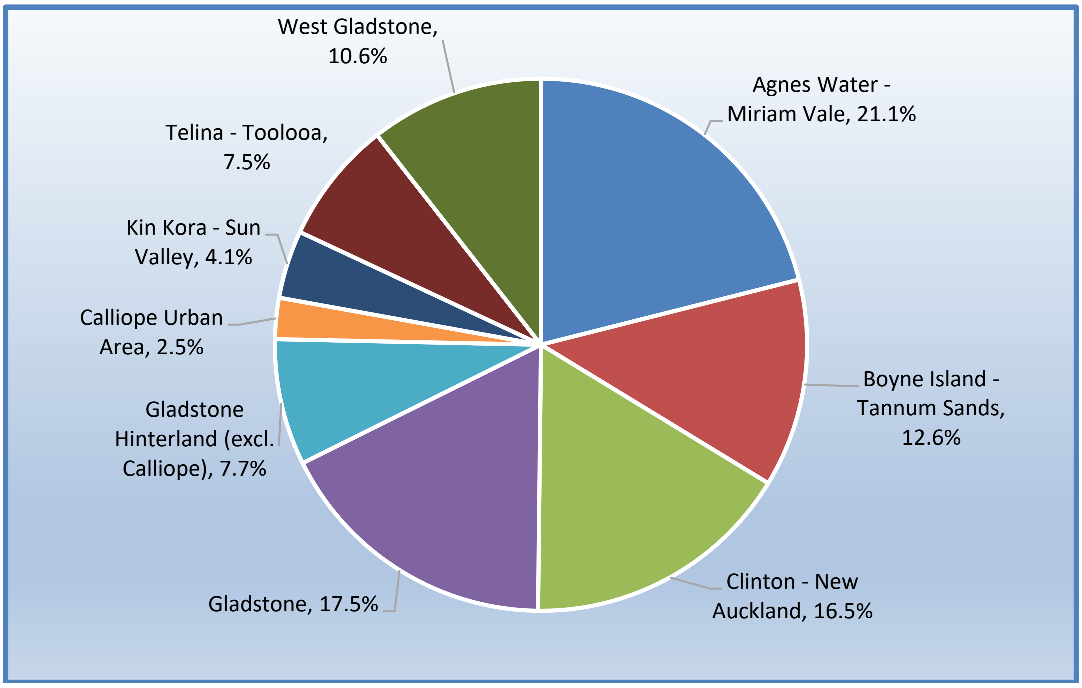
This section provides an overview of the current and future supply of retirement lifestyle and manufactured home estates in the Gladstone region.

3.1 Existing Supply

3.1.1 General Residential

Market response to the resources boom has resulted in a significant over-supply of dwellings in Gladstone. As at the 2016 census 5,084 unoccupied dwellings were recorded (about 17.5% of total dwellings). Figure 3.1 shows the distribution of these dwellings by Statistical Area 2 (SA2).

Figure 3.1: Distribution of 5,084 Unoccupied Dwellings by SA2 at 2016 Census, Gladstone LGA



Source: ABS 2016 Census.

3.1.2 Retirement Housing

Although there is a substantial supply of vacant general residential dwellings, it is concluded that retirement housing is not in oversupply. In the Gladstone region, as at the 2016 Census, around 147 of the 166 dwellings in retirement villages (88.6%) were occupied, leaving only 12 dwellings in retirement villages vacant.[1]

Table 3.1 sets out existing retirement villages in the Gladstone region and Figure 3.2 shows their locations. These three retirement villages represent a total current supply of 206 units in the Gladstone region. There are currently no MHEs in the Gladstone region.

Table 3.1: Existing Retirement Villages, Gladstone LGA

Map Ref	Name of Facility	Address	Type	Units
A	Settlers Gladstone	28 Marten St, South Gladstone	Retirement Village	56
B	Eureka Care Communities Gladstone	8 Wicks St, New Auckland	Retirement Village	52
C	Gladstone Heritage Retirement Village	Heritage Drive	Retirement Village	98
	Total			**206**

Source: Foresight Partners.

The existing Settlers Retirement Village secured approval for an extension of 53 units in 2013. However, this approval has since lapsed and is therefore not considered part of the future retirement housing supply.

3.2 Future Supply

Table 3.2 sets out proposed and approved retirement villages and manufactured home estates in the Gladstone region and Figure 3.1 shows their locations. Additional details for each proposed/approved project and whether it has been considered as part of the future supply are set out below.

Gladstone/Tannum Sands Area:

- **Phillip Street Communities** – The Gladstone Observer reported in February 2018 that Council expects work on the first stage of the project to begin in October 2018. While the timing of the retirement village component is unknown, it is considered likely to be developed and therefore is considered part of the future retirement housing supply.
- **Tannum Sands Health and Retirement Village** – A preliminary approval was secured in 2012 and an extension to currency was approved in October 2017. However, development timing is uncertain as no applications for site works have been submitted. This development is considered part of the future retirement housing supply.
- **Station Creek Lifestyle Resort** – Council has issued an information request for this development application in February 2018 noting that it is currently

[1] Note: retirement dwellings counted in the Census are self-identified, therefore there is some discrepancy between total retirement dwellings (206) and those identified in the Census (166).

unsupportive of this development. No response has been submitted to date and the timing and future of the development is uncertain. Consequently, this development is not considered part of the future retirement housing supply.

Agnes Water Area:

- **Agnes Water Retirement Facility and Hospital** – Council issued an information request for this development application in July 2017. A response was provided by the applicant in July 2018. Council issued a request for further information in August 2018 noting that given the gaps in information provided, Council may find it difficult to support the development in its current form. The applicant has secured an extension to respond to Council's further request for information until October 2018. The number of retirement dwellings are not indicated in provided plans and the timing and future of this development is uncertain, therefore it is not considered part of the future retirement housing supply.
- **Agnes Water Relocatable Home Park** – a development application for 190 retirement dwellings and associated facilities on a site adjacent to the subject proposal was submitted in July 2018. This application is currently at the information request stage and is considered likely to be developed and therefore part of the future retirement housing supply. We have reviewed and generally agree with the conclusions of the economic needs assessment (prepared by Macroplan Dimasi) submitted as part of this development application.

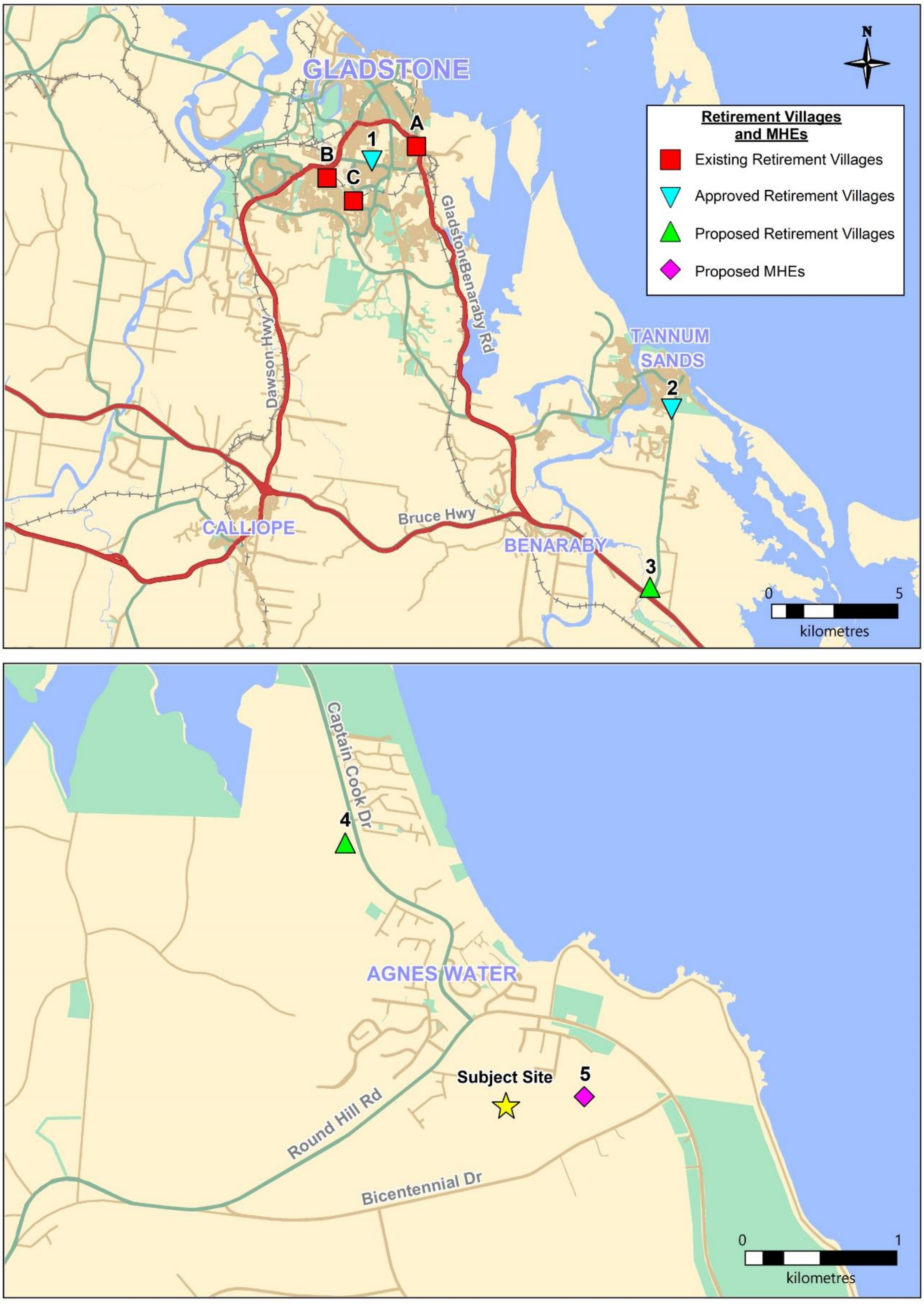
In summary, it is estimated that 383 retirement dwellings (ILUs) will be developed in the Gladstone/Tannum Sands area and 190 (MHE) retirement dwellings will be developed in the Agnes Water area.

Table 3.2: Proposed and Approved Retirement Villages and MHEs, Gladstone LGA

Map Ref	Name of Facility	Address	DA Reference	Status	Dwellings	Part of Future Supply?
Gladstone/Tannum Sands						
1	Phillip Street Communities	Phillip Street, Gladstone	658/2012	Approved	200 (ILUs)	Y
2	Tannum Sands Health and Retirement Village	75 & 105 Tannum Sands Road	288/2011	Preliminary Approval	183 (ILUs)	Y
3	Station Creek Lifestyle Resort	Cnr Bruce Hwy & Tannum Sands Rd	06-3/2018	Proposed RFI Stage	510 (mixed)	N
	Subtotal				**893**	**383**
Agnes Water						
4	Agnes Water Retirement Facility & Hospital	Captain Cook Drive, Agnes Water	53/2017	Proposed	N/A	N
5	Relocatable Home Park	Lot 101 Bryant St, Agnes Water	26/2018	Proposed	190 (MHE)	Y
	Subtotal				**190**	**190**
	Grand Total				**1,083**	**573**

Source: Foresight Partners. Note: ILU – Independent Living Unit.

Figure 3.2: Existing, Approved and Proposed Retirement Villages and MHEs, Gladstone LGA



Source: Tables 3.1, 3.2, Foresight Partners.

4. DEMAND

This section sets out forecast demand for retirement dwellings in the Gladstone region based on forecast population aged 50+, regional migration and external demand from outside the Gladstone region.

The proposal will be targeted towards the active lifestyle over 50 market. The associated RV, sporting and clubhouse facilities will encourage a social and active community lifestyle.

4.1 Forecast Population Aged 50+

Gladstone residents aged over 50 represent a key target market and one of the main drivers of demand for retirement dwellings in the region.

Table 4.1 presents forecast population aged over 50 in the defined catchment based on projected population in Figure 2.2 and forecast percentage of residents aged 50+ in QGSO's Medium Series Population Projections.

Based on QGSO's Medium Series Population Projections[2] (2015), the proportion of residents aged over 50 in the Gladstone region is forecast to increase from 29.5% in 2016 to 34.0% by 2036. In comparison, the proportion of Queensland residents aged 50+ is forecast to increase from 33.6% in 2016 to 40.2% by 2036.

Residents aged 50+ are forecast to increase from around 18,650 in 2016 to around 28,970 by 2036, an increase of 10,320. This increase represents around 47.0% of the projected increase in total population over the 20 years to 2036.

Table 4.1: Forecast Population Aged 50+, Gladstone LGA, 2011 to 2036

Gladstone LGA	2011	2016	2021	2026	2031	2036	Increase 2016-36
Population Aged <50 (No.)	42,961	44,641	46,653	49,973	53,522	56,279	11,638
Population Aged <50 (%)	72.3%	70.5%	69.3%	68.0%	67.2%	66.0%	53.0%*
Population Aged 50+ (No.)	16,500	18,647	20,708	23,477	26,072	28,967	10,320
Population Aged 50+ (%)	27.7%	29.5%	30.7%	32.0%	32.8%	34.0%	47.0%*
Total Population	**59,461**	**63,288**	**67,361**	**73,450**	**79,594**	**85,246**	**21,958**

Source: Figure 2.2, ABS Census 2016, Future percentages based on QGSO Medium Series Population Projections by Age Group (2015). *Percentage of increase in total population by age group.

4.2 Regional Migration

Not all future retirement aged residents will be from the Gladstone region, a proportion of these will be from other regions. To determine the size of this component of the market, regional migration patterns were examined.

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2 No low series population projections by age group are available.

4.1.1 In-migration

Gladstone attracts far fewer residents aged over 50 than neighbouring coastal LGAs in central Queensland. Table 4.2 sets out in-migration for persons aged 50+ by origin for selected LGAs in central Queensland between 2011 and 2016. Gladstone attracted around 2,005 people aged 50+ between 2011 and 2016 compared to 4,625 for Bundaberg and 8,290 for Fraser Coast.

Table 4.2: In-Migration by Origin Aged 50+, by LGA, 2011 to 2016

	Gladstone		Bundaberg		Fraser Coast		Mackay		Rockhampton	
	No.	(%)	No.	(%)	No.	(%)	No.	(%)	No.	(%)
From Interstate	649	32.3%	1,219	26.3%	2,698	32.5%	830	28.5%	386	17.1%
From other QLD	1,358	67.7%	3,408	73.7%	5,591	67.5%	2,080	71.5%	1,873	82.9%
Total	**2,007**	**100.0%**	**4,627**	**100.0%**	**8,289**	**100.0%**	**2,910**	**100.0%**	**2,259**	**100.0%**

Source: ABS Census 2016 via Tablebuilder Pro.

4.1.2 Out-migration

Table 4.3 shows the top five regions that captured the highest number of residents aged 50+ that left Gladstone LGA between 2011 and 2016.

Table 4.3: Destination of Out-migrants Aged 50+ from Gladstone LGA, 2011 to 2016.

LGA	No. of Out-migrants from Gladstone LGA	% of Outflow
Bundaberg	514	16.1%
Fraser Coast	313	9.8%
Sunshine Coast	280	8.8%
Brisbane	221	6.9%
Moreton Bay	217	6.8%
Other	1,648	51.6%
Total	**3,193**	**100.0%**

Source: ABS Census 2016 via Tablebuilder Pro.

The Bundaberg, Fraser Coast and Sunshine Coast LGAs combined captured around 34.7% of the total outflow of Gladstone residents aged 50+ over the five years to 2016. This is likely due, in part, to the significantly higher provision of retirement housing in these regions compared to Gladstone.

4.1.3 Net Migration

Table 4.4 sets out in-migration, out-migration and resulting net migration in the Gladstone region between 2011 and 2016.

Between the 2011 and 2016 Censuses, the Gladstone region has experienced a net migration outflow of around 1,190 residents aged 50+. Over this period, 2,007 people aged

50+ moved to the Gladstone region from elsewhere in Australia, while 3,193 left the region and now live elsewhere in Australia.

Table 4.4: Net Migration, Gladstone LGA, 2011 to 2016

Gladstone LGA	Aged 50+	All Ages
In-migration	2,007	10,823
Out-migration	3,193	12,318
Net	**-1,186**	**-1,495**

Source: ABS Census 2016 via Tablebuilder Pro.

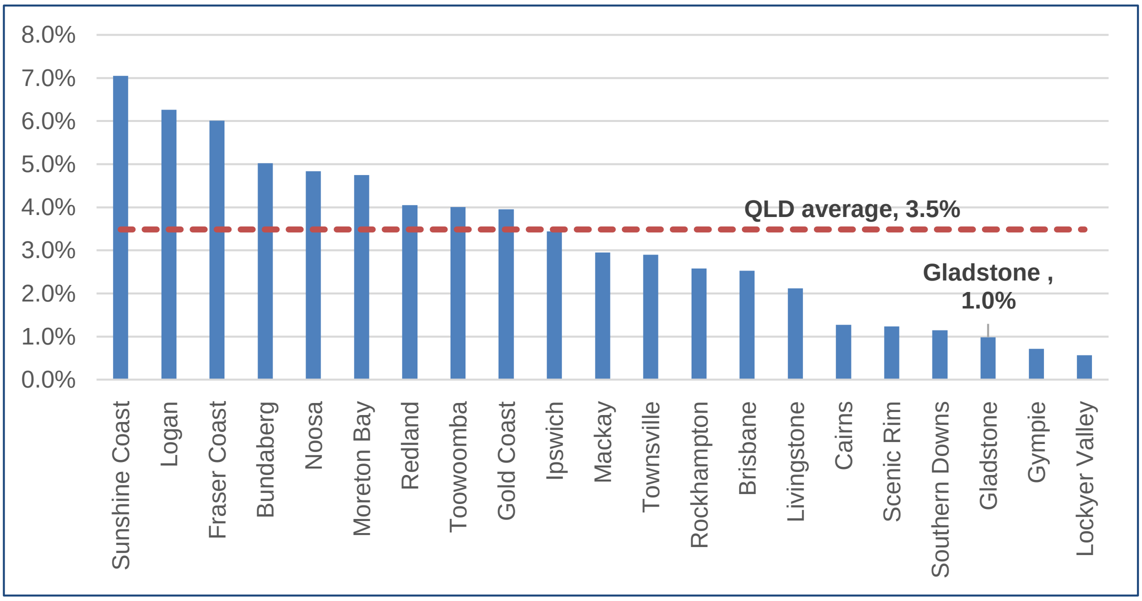
In summary, Gladstone experienced a significant net outflow of 1,186 residents aged 50+ between 2011 and 2016, which can be attributed substantially to the limited supply of retirement living products within the Gladstone region.

4.3 Retirement Housing Penetration Rates

In order to quantify future demand for retirement living products in the Gladstone region, retirement housing penetration rates were investigated for Gladstone and other large LGAs in Queensland. Retirement housing penetration rates are defined as the proportion of residents aged 50+ within an area that reside in retirement housing.

Figure 4.1 sets out the proportion of residents aged over 50 in retirement housing for selected Queensland LGAs and the Queensland level as a benchmark. Compared to other Queensland LGAs and the Queensland level (3.5%), Gladstone has a significantly lower market penetration rate (1.0%). The nearby Fraser Coast (6.0%) and Bundaberg (5.0%) regions have markedly higher penetration rates, while the Sunshine Coast has the highest market penetration rate among the selected LGAs (7.0%).

Figure 4.1: Retirement Housing Penetration Rates Aged 50+, by LGA, 2016



Source: ABS Census 2016. Note: Includes dwellings in retirement villages and MHEs.

The current Gladstone market penetration rate of 1.0% is unrealistically low and unlikely to remain at this level given the proposed/approved retirement developments identified in Table 3.2.

Therefore, three market penetration rates were used to provide indicative potential future demand scenarios (high, medium and low) for retirement housing in the Gladstone region. These are:

- Bundaberg penetration rate of 5.0% - high demand scenario;
- Queensland average penetration rate of 3.5% - medium demand scenario; and
- Livingstone penetration rate of 2.0% - low demand scenario.

Table 4.5 sets out the forecast number of retirement dwellings required in the Gladstone region between 2016 and 2036 based on these three potential demand scenarios and Foresight Partners' population projections in Table 4.1.

Table 4.5: Forecast Demand for Retirement Dwellings, Gladstone LGA, 2016 to 2036

Demand Scenario	Market Penetration Rate (%)	2016	2021	2026	2031	2036	Increase 2016-36
High Scenario	5.0%	666	740	838	931	1,035	369
Medium Scenario	3.5%	466	518	587	652	724	258
Low Scenario	2.0%	266	296	335	372	414	147

Source: Projected Population in Table 4.1, Foresight Partners estimates. Assumes the Queensland average of 1.40 persons per retirement dwelling.

4.4 External Demand

A substantial segment of demand for retirement housing products is generated by people from outside the region. In order to estimate the proportion of demand likely to originate from outside the Gladstone region, the previous address of MHE residents in the seven MHE SA1s examined in Section 2.3 was investigated.

Table 4.6 presents the previous address (in 2011) of MHE residents and the origin of new residents since 2011.

Around 31.6% of the MHE residents lived at a different address five years ago and of those, 58.8% moved to a MHE from outside the LGA. In comparison, only 48.0% of the 23,620 new Gladstone residents moved into Gladstone from outside the region.

Table 4.6: Previous Address (in 2011), Selected MHE SA1s and Gladstone LGA, 2016

Previous Address (in 2011)	Combined MHE SA1s	Gladstone LGA
Same as 2016 (No.)	2,105	26,411
Elsewhere in Australia (No.)	1,085	23,619
Of those:		
% moved from same LGA	*41.2%*	*52.0%*
% moved from outside LGA	*58.8%*	*48.0%*
Overseas in 2011	13	2,275
Not Stated	234	4,728
Not Applicable	-	4,604
Total Usual Residents	**3,437**	**61,637**

Source: ABS Census 2016. Note: Appendix 1 shows the locations of the selected MHE SA1s.

RV Homebase is a 274 lot retirement lifestyle village with specialty RV facilities in Tinana, in the Fraser Coast region. Foresight Partners' assessment for RV Homebase revealed that over 90% of RV Homebase residents relocated to the village from outside the Fraser Coast region[3].

Based on Census data for selected MHE SA1s (Table 4.6) and the experience of RV Homebase, it is estimated that demand from outside the Gladstone LGA will comprise around 50% of the total demand for retirement home sites in the region.

Table 4.7 sets out required retirement dwellings in the Gladstone region assuming an external rate of demand of 50%.

Table 4.7: Forecast Demand for Retirement Dwellings, Gladstone LGA, 2016 to 2036

	Market Penetration Rate (%)	2016	2021	2026	2031	2036	Increase 2016-36
High Scenario	5.0%	666	740	838	931	1,035	369
External Demand (50%)	N/A	666	740	838	931	1,035	369
Total Demand (High Scenario)	**N/A**	**1,332**	**1,479**	**1,677**	**1,862**	**2,069**	**737**
Medium Scenario	3.5%	466	518	587	652	724	258
External Demand (50%)	N/A	466	518	587	652	724	258
Total Demand (Medium Scenario)	**N/A**	**932**	**1,035**	**1,174**	**1,304**	**1,448**	**516**
Low Scenario	2.0%	266	296	335	372	414	147
External Demand (50%)	N/A	266	296	335	372	414	147
Total Demand (Low Scenario)	**N/A**	**533**	**592**	**671**	**745**	**828**	**295**

Source: Table 4.3 and Foresight Partners estimates. Note: Figures may not add due to rounding.

Under the medium demand scenario, it is estimated that there is a current (2016) demand for around 930 retirement dwellings in the region. This is forecast to increase to approximately 1,450 retirement dwellings by 2036, an increase of more than 500 over the 20 year period.

[3] Previous address data is collected by RV Homebase.

5. NEED

5.1 Reconciliation of Supply and Demand

Our assessments of current and future supply (in Section 3) and demand for retirement dwellings (in Section 4) were reconciled to determine the overall supply-demand balance in the region.

Table 5.1 sets out the existing and future supply of retirement dwellings in the Gladstone LGA together with forecast (medium scenario) demand for retirement dwellings to 2036 under the following assumptions:

- 30% of the pipeline supply is developed by 2021, 70% is developed by 2026 and 100% is developed by 2031; and
- Stages 1 and 2 of the subject proposal (with a total of 90 sites) are developed by 2021, Stages 3 to 9 (a further 240 sites) are developed by 2026, and Stages 9 to 10 (another 30 sites) are completed prior to 2031.

Table 5.1: Reconciliation of Supply and Demand, Gladstone LGA, 2016 to 2036

	2016	2021	2026	2031	2036	Increase 2016-36
Existing Supply	206	206	206	206	206	-
Pipeline Supply	-	172	401	573	573	573
Total Supply	**206**	**378**	**607**	**779**	**779**	**573**
Forecast Total Demand (Medium Scenario)	932	1,035	1,174	1,304	1,448	516
Supply-Demand Balance	**-726**	**-658**	**-567**	**-525**	**-669**	**N/A**
Subject Proposal	-	90	330	360	360	360
Total Supply with Subject Proposal	206	468	937	1,139	1,139	933
Supply-Demand Balance with Subject Proposal	**-726**	**-568**	**-237**	**-165**	**-309**	**N/A**

Source: Tables 1.1, 3.1, 3.2, 4.7.

At present, the Gladstone region is severely under provisioned in terms of retirement dwellings[4]. Based on estimated medium scenario demand, there is a current (2016) undersupply of 726 retirement dwellings in the region. Despite 573 dwellings in the pipeline, there will still be a forecast shortfall of 525 retirement dwellings by 2031.

The subject proposal will reduce the forecast shortfall to 237 retirement dwellings by 2026 and 165 dwellings by 2031.

[4] Although around 8.2% of retirement dwellings in Gladstone were vacant at the 2016 Census, this can be attributed to a mismatch between location and product type supply and demand and a natural vacancy rate (usually around 5%) caused by the entry and exit of retirement dwelling residents.

5.2 Need and Community Benefits

Need for the proposed development is demonstrated by the following:

- At present, there is a significant under supply of retirement and over 50s lifestyle dwellings in the Gladstone region illustrated by an estimated current (2016) shortfall of 726 dwellings;
- The penetration rate for retirement dwellings in the Gladstone region is 1.0% of persons aged 50+, compared to an average Queensland level of 3.5%.
- There are no retirement dwellings in the Agnes Water/Seventeen Seventy area;
- Even with the development of 573 retirement dwellings in the pipeline, there is a forecast shortfall of 525 retirement dwellings by 2031;
- If the subject proposal and the pipeline supply is developed, there is a forecast shortfall of 237 retirement dwellings by 2026 and 165 dwellings by 2031. Therefore, we expect no increase in the vacancy rates of existing retirement dwellings if the proposal is developed.

Community benefits of the proposal include the following:

- Greater variety and choice in retirement and over 50s lifestyle living products where there is increasing demand in Queensland;
- The development of the proposal and other projects in Agnes Water is likely to encourage investment in health and medical services in the local area; and
- The subject site is within walking distance (500m) to retail and medical facilities at Agnes Water Central compared to the proposed relocatable home park at Lot 101 Bryant Street (1.2km).

5.3 Conclusions

From our investigations we conclude that there is a strong need for the proposed development, which is an efficient and appropriate use of the site and well-placed to provide retirement living in Agnes Water that can be staged in response to market demand. Even when fully developed, the proposal and other proposed and approved projects are unlikely to fully accommodate future demand for retirement dwellings in the Gladstone region, and therefore will not have a significant impact on existing retirement accommodation.

Appendix

Appendix 1: Location and Surroundings of Selected MHEs in Queensland

Bribie Pines Island Resort – SA1 3136345, Moreton Bay LGA

Green Wattle Gardens Burpengary – SA1 3137328, Moreton Bay LGA

Palm Lake Resort Eagleby Height – SA1 3130730, Logan LGA

Golden Shores Hervey Bay – SA1 3151828, Fraser Coast LGA

Halcyon Parks and IRT Parklands Little Mountain – 3142004, Sunshine Coast LGA

Lewani Palms Resort Ormeau – SA1 3125534, Gold Coast LGA

Claremont Resort Park Ridge – SA1 3131131, Logan LGA