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## A New Era of Golf Course Development

**Over recent years, fewer Australians have been playing golf and some courses have closed due to financial difficulties. However, it now seems likely we are entering a new era of golf course development.**

According to the Australian Bureau of Statistics, playing golf ranked the sixth most popular recreational activity of Australians, with 860,500 participants in 2011/12. This placed it behind walking for exercise (4.26 million participants), fitness/gym (3 million), swimming/diving (1.4 million), cycling/BMXing (1.37 million) and jogging/running (1.36 million). Tennis was ranked behind golf, with 750,300 participants.

The relatively high cost of memberships and equipment during a time of consumer caution partly explains the fall in the national participation in golf from 5.5% in 2005/06 to 4.8% in 2011/12. Male participation at 8.2% in 2011/12 was much higher than for women (1.4%).

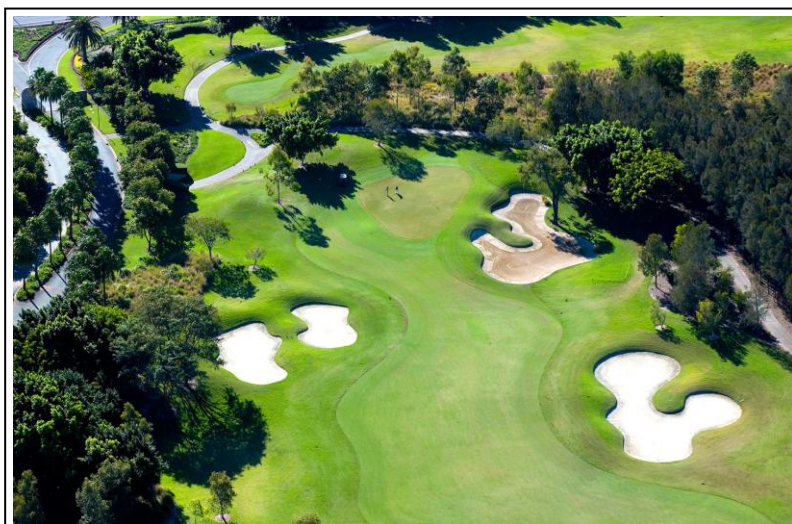
Other contributing factors to golf's falling popularity may include the difficulty of the game and the time needed to devote to it in a world where many people are time-poor.

### **Golf Tourism Big Business**

Internationally, golf tourism is big business. According to the International Association of Golf Tour Operators (IAGTO), around 56 million people play golf, with the leading markets being the United States (26.7 million), Japan (14 million), Europe (5.5 million), Canada (5 million) and the United Kingdom (3.8 million).

Around 5% to 10% of these golfers are reported to travel with the sole purpose of playing golf. This contributes an estimated \$20 billion annually to the world economy (source: Golf Tourism Embraced as Profitable Industry [www.tourism-review.com](http://www.tourism-review.com) 24 June 2013).

A group known as the Great Golf Courses of Australia, established in 2011, is seeking to promote Australia as one of the major golfing destinations. Some success is indicated by the 2013 award to Australia as China Golf Destination of the Year by *China Travel Weekly*.



*Attractive golf course greens and fairways represent visual amenity for adjoining residential development, as well as a tourism asset.*

*(Photograph courtesy of Tom Anthony Imaging)*

Analysis of golf tourism data indicates that both domestic and international visitors who played golf had a longer average length of stay than the typical visitor.

Many Asian countries are competing for the international golfing enthusiast tourism dollar. IAGTO awarded its 2014 Golf Destination of the Year for Asia and Australia to Hua Hin in western Thailand. Hua Hin has ten world class golf courses, each with a different design, as well as nearby beaches, seaside hotels and spa resorts and the opportunity to undertake additional cultural activities.

Australia needs to develop high calibre international tourism destinations. In 2012, we accounted for <1% of the growing Chinese outbound market.

The Queensland Government has commenced a process whereby three additional casino licences are proposed to be offered, one in Brisbane and two in Regional Queensland. In late 2013, registrations of interest were sought for major Integrated Resort Developments, the first stage of a process in which proposals will be assessed over a period of possibly one to two years.

While not all proposals for Integrated Resorts will include golf courses, it is expected that some of the Regional Queensland proposals will. Examples of potential contenders include:

- Tower Holdings' Great Keppel Island Revitalisation project, located off Yeppoon in Central Queensland. It includes an 18 hole Greg Norman designed golf course, as well as a 250 berth marina and ferry harbour, upgraded airstrip, 250 room hotel and ancillary facilities and residential resort villas and apartments;
- The Fung family's Aquis Great Barrier Reef Resort at Yorkeys Knob north of Cairns. It may include up to 3,750 hotel rooms, 1,335 serviced apartments/villas, an international casino, high end retail, aquarium, reef lagoon, 18 hole golf course and a 65 hectare lake surrounding the built form; and

- Satori Resorts' Ella Bay, south of Cairns. It is proposed to include 860 units and villas in three resort precincts, plus 540 residential dwellings, as well as a Graham Marsh designed golf course. It has 2.5 kilometres of frontage to the Coral Sea.

### **Upgrading Existing Courses**

In addition to such potential new golf courses developed as part of integrated resorts, there is activity in redevelopment of existing courses as a result of new owners and of the constant need to upgrade and reposition golf courses. Sanctuary Cove's The Palms private membership course was reconfigured by designer Ross Watson in 2011 as part of Mulpha Sanctuary Cove's extensive upgrading of this leading Gold Coast resort.

As result of the Professional Golfers Association Championship tournament being relocated from the Sunshine Coast, the RACV's Royal Pines golf course at the Gold Coast is now being upgraded in two stages over the next two years.

The Kooralbyn Resort golf course in the Gold Coast hinterland is being upgraded by new owner, JHC Holdings. The former five star resort on a 333 hectare site was purchased from the receiver in October 2013. It also has potential for future residential development.

One of the few new residential golf course developments of recent times has been identified in the Whitsundays. Latitude Development Group has commenced development and marketing of Regatta Waters, around six kilometres from Airlie Beach near the Centro shopping centre. It is envisaged that the 283 hectare site may eventually include 2,500 lots. The 18 hole golf course designed by Graham Papworth is a feature of the community title estate.

Land presales have commenced at prices from \$170,000. House and land packages are expected to fall in the \$475,000 to \$650,000 range. The Regatta Waters golf course is to be developed in stages in association with the residential estate.

## How Small is Too Small?

**New apartment projects conceived over recent years have typically included a high proportion of one and two bedroom units. This caters to the dominant investor market and addresses concerns about affordability. However studies undertaken in Melbourne highlight the loss of functionality and resident amenity that can result if apartment sizes become too small.**

The City of Melbourne's *Future Living* Discussion Paper from May 2013 highlighted the trend towards smaller apartments. Half of the apartments constructed in the City over the six years to 2012 had 0-1 bedrooms, compared with the overall stock of 0-1 bedroom apartments in 2012, which was 38%.

### **40% of recent units <50 m<sup>2</sup>**

Compared with the 2012 stock of 27% of apartments being <50 m<sup>2</sup>, 40% of those constructed over the six years to 2012 were <50 m<sup>2</sup>. A further 30% of newer apartments were in the 51-75 m<sup>2</sup> range, compared with 22% of the 2012 stock in this size category.

The *Future Living* discussion paper identified features of poor design including bedrooms without windows needing to borrow light from living areas, battleaxe or saddlebag bedrooms, narrow apartments with little or no private open space and long access corridors with no windows or ventilation.

### **Liveability declines <50 m<sup>2</sup>**

It cited a report from the Royal Institute of British Architects that highlighted the differences in liveability between a 50 m<sup>2</sup> and a 42 m<sup>2</sup> apartment (internal areas). These included the ability to fit an extra cupboard in the kitchen, increased circulation, storage and space for an extra desk in the living room (source: *RIBA Homewise – The Case for Space*).

Examples of good design included all bedrooms having windows, inclusion of sufficient storage space and spacious balconies, with most dwellings having dual aspect and a variety of bedroom types.

The higher proportion of smaller apartments with poor design standards in Melbourne was partly attributed to less rigorous policy guidance, with compliance with the national Building Code of Australia standards not being sufficient for higher density living.



*Brady Group's La Banque in the legal precinct includes 257 units, with one bedroom units <50 m<sup>2</sup> and two bedroom units <70 m<sup>2</sup>*

In the community engagement that followed release of the *Future Living* discussion paper, there was support for the Council's intention to improve housing outcomes in the City. Around one-third of participants thought there should be minimum apartment sizes.

The high proportion of international students living in private rental apartments in Central Melbourne is one factor that has contributed to a higher proportion of smaller apartments. The University of Melbourne and the Royal Melbourne Institute of Technology University in the Central City have large numbers of students (including around 12,000 international students each).

A study undertaken by the University of Melbourne in 2009 surveyed 31 student housing developments and found an average area of 18.6 m<sup>2</sup> per person. It was highly critical of some features such as a reduced kitchen size, often next to the entry door, that has so little space for storage, bench space, fridge size and hotplates that functionality was lost and there were health and safety issues. Small windows, sometimes obscured by tenants' possessions or covered over for privacy were also criticised. Our survey found typical student studios of 23 m<sup>2</sup>.

The current trend towards conversion of office buildings to apartments may tend to make avoiding poor design outcomes harder than if high density residential buildings are purpose designed.

Examples of recently developed projects in Central Melbourne with predominantly smaller units include Hengyi Australia's The William (an office conversion), Mammoth Empire Holdings' MY80, SP Sepia's Fulton Lane, CEL Australia's 3M and Mider Group's Infinity project near Queen Victoria Markets.

### **NSW Design Guidance**

In New South Wales (NSW), the *Residential Flat Design Code (RFD Code)* provides guidance in regard to minimum apartment sizes (one bedroom 50 m<sup>2</sup>, two bedrooms 70 m<sup>2</sup> and three bedrooms 95 m<sup>2</sup>).

It also provides detailed advice, such as ensuring natural light reaches critical internal areas like kitchens (the back should be no more than eight metres from a window).

In 2011/12 the NSW Department of Planning and Infrastructure undertook a review of the *RFD Code*. While the outcome of this consultation process has not been finalised, there are indications in the *Discussion Paper* of November 2011 that inner Sydney Councils are grappling with some of the issues raised by the Melbourne studies, such as borrowed light bedrooms.

There also seems to be a potential conflict between the need for greater affordability and the rule of thumb minimum sizes. There is some pressure to relax the rule of thumb that all apartments should have balconies.

In the City of Adelaide, a minimum area of 35 m<sup>2</sup> is specified for a studio apartment with no separate bedroom. This minimum size has also been flagged for NSW in the November 2011 *Discussion Paper*.

Greater affordability might be delivered by attention to other factors rather than reducing the NSW recommended minimum sizes. In Central Melbourne, many of the recently approved apartments do not have car parking provision for studio and one bedroom units, but they do have large numbers of bicycle spaces.

### **Central Melbourne Risks Oversupply**

At the time of our detailed Melbourne research in October 2013, there were something like 35,000 new apartments proposed in inner Melbourne. The increased supply has been driven by the participation of Malaysian, Singaporean and Chinese developers (funded offshore) and the success of marketing of individual units to offshore buyers. This reflects the endorsement of Melbourne as a liveable city, well suited to international students, who form a significant proportion of tenants. It also reflects demand for a safe haven from Asian investors.

This has created a situation where there may eventually be a major disconnect between market fundamentals and supply. Already there is evidence in inner Melbourne of vacancy rates well in excess of the 3% equilibrium level. According to RP Data Rismark, in February 2014, Melbourne had the lowest rental yield of 4.2% of all the Australian capital cities.

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