

# P R E S S   R E L E A S E

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Grey Nomads underpin boom times for Australia's Caravan and Holiday Park market  
Sydney, NSW (7 March 2008)

Boom times have been forecast for the Australian Caravan and Holiday Park market as the baby boomers enter retirement age.

A new Tourism Australia report issued this week forecasts that caravan and camping will be the major accommodation growth sector in Australia between now and 2020.

The report - Through the Looking Glass: The Future of Domestic Tourism in Australia - forecasts that the total number of nights spent in caravan and camping accommodation will increase from 39 million to 45 million by the end of the next decade.

CBRE Associate Director Paul Nyholt said the report's findings signaled significant opportunities in the Caravan and Holiday Park sector as the so-called 'Grey Nomads' increasingly sought out a different style of holiday experience.

"In the past few years there has been a spike in demand for acquisitions in this sector of the accommodation market, especially along the Eastern seaboard," Mr Nyholt said.

"Institutional investors have been seeking to buy large portfolios of this type of property and there has been no shortage of capital or willingness to pay premiums for quality assets. This has led to a significant shift away from the mum's and dad's owner operators who have historically characterised the sector. "

Mr Nyholt said the higher proportion of institutional owners in the sector had led to a dramatic improvement in the type of facilities on offer and a shift towards the use of professional management companies.

Many parks were now offering four or five star bungalow style accommodation, alongside the more traditional holiday park style facilities, to appeal to a broader cross section of the tourism market.

The Tourism Australia report forecasts that the baby boomers generation, those currently aged in their mid-40s to mid-60s, will drive the Caravan and Holiday Park sector over the next two decades.

As the Baby Boomers move into retirement age, they will increasingly seek out travel of a longer duration, with lower per-day expenditure, according to the TA report.

CBRE Hotels Analyst Nathan Wiltshire said this trend presented both opportunities and challenges for the Caravan and Holiday Park sector.

One of the biggest long term challenges was the declining supply of caravan parks, with the number of parks in NSW having dropped by 3.7 per cent in the two years to the end of September, 2007.

This had resulted in a 2.5 per cent drop in the number of caravan parking spaces, from 69,147 to 67,465, according to 2007 figure from the Australian Bureau of Statistics.

"This decline can be attributed to a number of market forces," Mr Wiltshire said.

"Perhaps most significant is that parks are being acquired by developers to be converted into other forms of development such as residential or up-market accommodation due to the often prime location of many park sites. "

A lack of suitable land for new park developments close to Sydney and popular North and South coast holiday destinations was also hindering the market.

"Economic forces often mean other forms of development are selected ahead of Holiday Parks," Mr Wiltshire said.

"The NSW Government Department of Lands has begun addressing this issue by investigating the possibility of releasing suitable Crown Land for tender for new Caravan and Holiday Park development, recognising the importance of securing all ranges of accommodation types, including budget family orientated Holiday Parks. "

In the interim, the shortage of Holiday Park accommodation would provide a boost for the owners existing parks, Mr Wiltshire said, given that a limited number of new developments were expected to occur in the short to medium term.

However, the challenge for existing owners would be to reinvest in and re-energise their businesses in order to maximise revenue from what was a growing and potentially lucrative market, Mr Wiltshire said.

One of the industry's biggest investors is Discovery Holiday Parks (formerly known as Beston Parks).

7 March 2008

The group, which is the largest owner and operator of Holiday Parks in Australia, has acquired 40 parks in the past three years.

Discovery Holiday Parks CEO Grant Wilckens has forecast that the Caravan and Holiday Park market will continue to perform strongly as consumer demand continues to increase, and as many parks are redeveloped to increase their appeal to the baby boomers market.

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