ESSENTIAL ECONOMICS

St Kilda Marina

Marina Market Research and Viability Assessment

Prepared for

City of Port Phillip

by

Essential Economics Pty Ltd

February 2017

Authorship

Report stage	Author	Date	Review	Date
Draft report	John Noronha Harriet Noall	28 November 2017	Sean Stephens	28 November 2017
Final draft	John Noronha	19 December 2017		
Final report	John Noronha	2 February 2018		

Disclaimer

Every effort has been made to ensure the accuracy of the material and the integrity of the analysis presented in this report. However, Essential Economics Pty Ltd accepts no liability for any actions taken on the basis of report contents.

Contact details

For further details please contact Essential Economics Pty Ltd at one of our offices:

96 Pelham Street
Carlton
Victoria 3053
Australia
PH +61 3 9347 5255
FAX +61 3 9347 5355

Level 26 / 44 Market Street
Sydney
New South Wales 2000
Australia
PH +61 2 9089 8654

EMAIL mail@essentialeconomics.com
WEB www.essentialeconomics.com

ABN 92 079 850 427

Our Reference: 17233

Contents

EXECUTIVE SUMMARY

The City of Port Phillip has engaged Essential Economics Pty Ltd to assess the future of St Kilda Marina through an opportunities and constraints assessment, with the existing marina lease due to expire in 2019.

The key findings of this study are:

1 St Kilda Marina is located at 42 A-E Marine Parade within an 80,000m^2 site which has been operated over the past 50-years by the tenant Australian Marinas. The facility includes fully integrated marina services (500 wet and dry berths, fuel sales, wash down facilities, trailer parking etc) as well as a number of sub-tenancies including marina support services, and non-marina activities. Approximately 100 persons are employed across the site.

2 St Kilda Marina is well utilised with low existing occupancy rates for wet and dry berths and a waiting list in place indicating a high level of demand for the facility.

3 The City of Port Phillip generates approximately $225,000 pa in income from the site through lease fees, revenue sharing (car parking and storage fees) and Council rates.

4 Strategic policy guidelines included in the Victorian Coastal Strategy 2014 and the Central Coastal Board Coastal Action Plan 2015/16 – specifically recommendations relating to the North Port Phillip Boating Area Planning Precinct (NPPBAPP) in which St Kilda Marina is located, provide legislative guidance in relation to expanding, decommissioning and downgrading marinas.

5 Trends in recreational boat registrations over the past decade confirm strong demand across the sector, with state registrations growing at 2.0% pa over this period and high marina berth occupancy rates and waiting lists apparent at many Victorian marinas.

6 Strong population growth is forecast at a State (+4.0 million persons) and Metropolitan level (+3.4 million persons) in the period 2016 to 2051, and this will support increased demand for marina berths and associated services. Strong growth is projected across the key recreational boating demographic segment eg male 40 to 60 year age cohort, further highlighting ongoing demand for marine facilities.

7 Recreational boat registrations are forecast to increase by 125,000 registrations between 2006 and 2051, with Metropolitan Melbourne responsible 106,000 additional registrations. This large uplift in recreational boaters will increase demand for grater infrastructure capacity including upgraded, expanded and new marina facilities in key boating areas, with 1,550 additional berths required in the NPPBAPP over the 35 year period (or 45 additional berths pa).

8 St Kilda Marina provides approximately 10% of wet berth supply and 30% of dry storage supply in the NPPBAPP. While St Kilda Marina's existing level of wet berth provision can be considered relatively modest; the marina has a very strong level of dry storage supply from a regional perspective, highlighting the popularity of this type of storage at the facility.

9 St Kilda Marina benchmarks well against other major marinas in terms of the range of facilities and services provided, indicating the marina is in a good competitive position in the regional market and should continue to provide at least the same level of service into the future.

10 Additionally, St Kilda Marina has a number of unique locational attributes including a safe harbour, direct bay access for boaters, efficient water-based access to other key marina precincts in Port Phillip Bay and access to significant visitor attractions and popular activity centres in St Kilda area.

11 Considering strong demand driver fundamentals (such as demographic forecasts, recreational boating trends) and the current occupancy levels at St Kilda Marina there is potential to provide a larger boating facility in the future, subject to technical feasibility, legislative approvals and environmental factors and requirements.

12 When considering he future development of St Kilda Marina, potential constraints include:

- State Government planning and policy guidelines, such as directions included in the Central Coastal Board Coastal Action Plan 2015/16 and specific guidelines relating to the NPPBAPP in which St Kilda Marina is located.
- Marina infrastructure renewal costs.
- Costs associated with providing increased marina capacity and maintenance, including expansion.
- Competition from other marinas in the region
- Legislation pertaining to the site.

13 Future development opportunities for St Kilda Marina include:

- Reconfiguration of harbour (existing footprint) to better reflect long-term demand eg increased boat sizes which represent a future growth market.
- Expansion of harbour (larger footprint) to include more wet berths, casual (visitor) berths, broader mix of boat sizes etc – subject to technical, financial, legislative, planning and environmental considerations.
- Expansion of dry storage capacity, especially covered storage – subject to land capacity analysis.
- Provision of new infrastructure and services (eg aids to navigation) currently unavailable at the marina to enhance the overall marine-based service offering.
- Development of a water-based events calendar
- Improved services for boat holders.

Conclusion

Based on the findings of this report, we recommend St Kilda Marina is retained at a scale at least as large as the existing facility (with a potential for an expanded facility subject to detailed feasibility analysis) and a long term lease to support the nature of the development be provided by Council through an appropriate tender process (noting that Council resolved to conduct a tender process for a new lease arrangement).

INTRODUCTION

Background

The City of Port Phillip has engaged Essential Economics to assess the future of St Kilda Marina.

St Kilda Marina is a strategic site within Council's property portfolio. The site presents a significant opportunity in terms of social, environmental, economic and cultural possibilities for the City of Port Phillip and potentially the State. Located at 42 A-E Marine Parade on the St Kilda Foreshore, the St Kilda Marina has been leased to one tenant since 1968, and began operating in 1969. The Marina occupies 80,000sqm of foreshore Crown Land for which Council is the Committee of Management.

The 50-year head lease between Council and Australian Marinas (A'Asia) Pty Ltd (Australia Marinas), through a supplemental agreement commenced on 1 May 1969 and expires on 30 April 2019. Australian Marinas also has a number of subleases with various tenants within the Marina site.

Expiry of the St Kilda Marina head lease presents an opportunity for Council to embark on an integrated planning process to review the long-term use of the site. This process will confirm the retention or otherwise of the marina facility, and if retained aim to produce a tender document for a new lease that maximises the social, economic and environmental benefits of St Kilda Marina to the municipality and the Victorian Government. It will consider community and key stakeholder needs and desires through progressive urban design and environmentally sustainable practice.

Objective

To provide City of Port Phillip with market research and strategic advice related to the ongoing retention of the marina, and if retained future opportunities and constraints associated with the retention of the site as a marina and its long-term development and operations.

This Report

This report contains the following chapters:

1 St Kilda Marina – Existing Situation

2 Lease Arrangements and Strategic Context

3 Demand Drivers and Trends

4 Supply and Competitive Analysis

5 Constraints Assessment

6 Opportunities Assessment

7 Recommendations

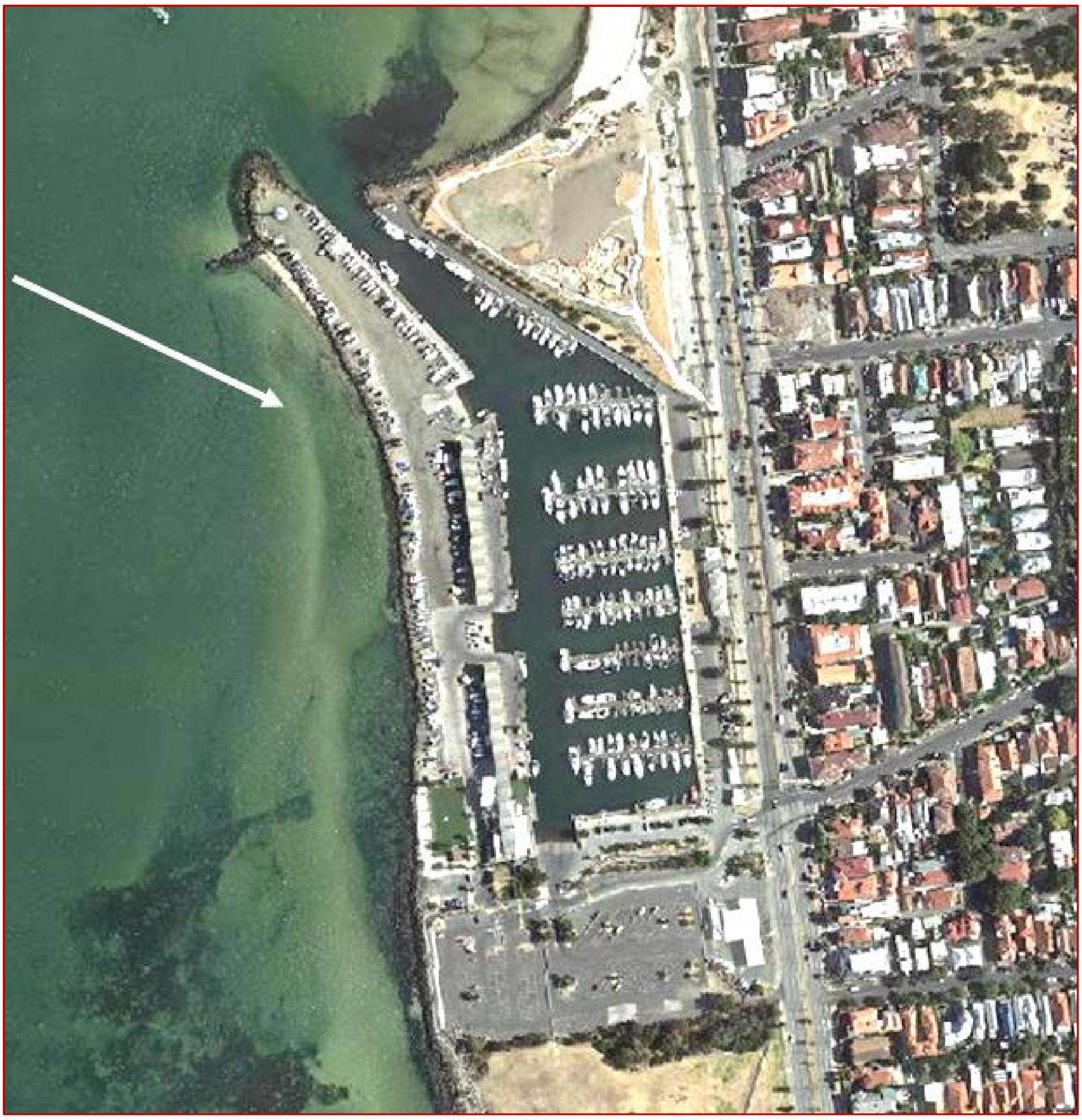
1 ST KILDA MARINA – EXISTING SITUATION

1.1 Development History

St Kilda Marina is located on Crown Land and operates under a 50-year lease which was established in 1968 and commenced through a supplemental agreement in 1969, and is due to expire in 2019.

The existing lease is held by Australian Marinas (A'Asia) who have been responsible for the development of the marina and landside facilities over the lease period. An aerial overview of the marina and environs is shown in Figure 1.1.

Figure 1.1: St Kilda Marina – Aerial Overview



Source: Central Coastal Board Coastal Action Plan, 2015/16

Some landside facilities have also been subleased to commercial operators and are identified in Figure 1.2.

The site of approximately 8ha is managed by the City of Port Phillip and a Committee of Management.

1.2 Existing Facilities and Services

St Kilda Marina is classified as a regional-level marina by the State Government. As such, the part of the site dedicated to the marina provides a comprehensive range of integrated and complementary private and public facilities and services, which include:

- 200 wet berths (with 24-hour access)
- 200+ dry berths (undercover) with forklift launch facilities – serviced between 9.00am and 5.00pm daily
- 100 Dry storage stands (uncovered), with forklift launch facilities – serviced between 9.00am and 5.00pm daily
- Boat and trailer storage (150 spaces) for boats up to 9.1 metres or 30 foot
- Jet ski storage
- Marina fuel sales (unleaded and diesel) – 24 hours / 7 days per week
- Public and private boat ramp facilities
- Power and wash down facilities
- Public toilets
- Marina office
- St Kilda Boat Sales – new and used boats
- St Kilda Boat Sales Service Centre – outboards, sterndrives & shaftdrives, service, repair, re-power & parts
- St Kilda Boat Washing – washing & cleaning, general boat maintenance etc
- Detailing (Scott Rowse Marine Services) – detailing & fibreglass repairs, anti-fouling and general boat repairs, slipping (trailer & crane)
- Marine Trimming (Aussie Boat Covers) – covers, canopies, clears, upholstery, carpets & curtains, plus custom work
- Shipwright & Marine Craftsman (PG Marine) – hand-laid teak decking, timber work etc
- St Kilda Charters, and
- Australian Volunteer Coast Guard.

The broader St Kilda Marina site provides the following land-based facilities:

- The Great Provider café
- Riva St Kilda Restaurant
- Rollo's Kiosk
- Skydive Melbourne
- BP Service Station.

1.3 Berth and Storage Capacity

Existing berth and storage capacity estimates at St Kilda Marina are outlined in Table 1.1, and these estimates highlight the wide range of wet, dry storage and boat & trailer parking available at the site. These estimates are based on information provided in the Central Coastal Board Coastal Action Plan, 2015/16.

Note information is not available regarding the number of berths by size; however, an asset mapping exercise for the St Kilda Marina will address this.

Table 1.1: St Kilda Marina – Berth and Storage Capacity (Indicative)

Size (m)	*Size (foot)*	*Number*[1]
Wet Berths		
6.7m	22 foot	n/a
7.3m	24 foot	n/a
9.1m	30 foot	n/a
10.6m	35 foot	n/a
12.2m	40 foot	n/a
13.7m	45 foot	n/a
15.2m	50 foot	n/a
16.7m	55 foot	n/a
18.2m	60 foot	n/a
19.8m	65 foot	n/a
21.3m	70 foot	n/a
22.8m	75 foot	n/a
Total Wet Berths		**190**
Dry Berths (Covered and Uncovered)		
5.2m	17 foot	n/a
6.4m	21 foot	n/a
7.0m	23 foot	n/a
7.6m	25 foot	n/a
8.2m	27 foot	n/a
Total Dry Berths		**300+**
Boat & Trailer Parking		
6.0m	20 foot	n/a
7.6m	25 foot	n/a
9.1m	30 foot	n/a
Total Boat & Trailer Parking		**150**

Source: www.stkildamarina.net.au
[1] Best estimate

Figure 1.2: St Kilda Marina – Leasable Area and Key Services and Facilities

Source: Port Phillip City Council

Figure 1.3: St Kilda Marina – Marina and Landside Images

Wet Storage

Dry Storage (Covered)

Dry Storage Stands (Uncovered)

Boat and Trailer Storage

Jet Ski Storage

The Great Provider

Rollo's Kiosk

Riva Restaurant

Sources: www.bing.com; www.stkildamarina.net.au

1.4 Marina Usage

Occupancy

Occupancy data has been derived through independent site visits to St Kilda Marina. These observations indicate the marina is well occupied and potentially close to full capacity. These observations apply to both wet berths and dry storage.

St Kilda Marina also has a waiting list for berths – particularly for larger sized berths, which confirms strong occupancy rates. The Marina also requires monthly storage requirement updates from applicants, which also indicates ongoing strong demand for berths.

Activities

The types of activities facilitated by St Kilda Marina include the following:

- Sailing
- Cruising
- Recreational fishing
- Water skiing
- Water sports
- Events

1.5 Price Points

Current annual price points at St Kilda Marina are based on prices advertised on the St Kilda Marina web-site, as follows:

- Wet berth fees range from $6,590 pa for a 6.7 metre berth to $24,700 pa for a 22.8 metre berth
- Dry storage (covered) range from $2,400 pa for a 5.2 metre berth to $4,820 pa for a 6.4 metre berth
- Dry storage (uncovered) range from $5,740 pa for a 7.0 metre stand to $7,910 pa for an 8.2 metre stand
- Boat and trailer parking range from $2,450 pa for a 6.0 metre park to $3,660 pa for a 9.1 metre park
- Jet ski storage has a flat rate of $2,400 pa.

1.6 Employment

Approximately 12 businesses are located in the marina precinct providing a wide range of marina, hospitality and tourism-related employment.

While no specific data has been sought by the businesses, in broad terms an estimated 100 jobs (including full-time, part-time, and casual jobs) are likely to be located at the marina, these include

- Marina office staff
- Forklift operators
- Boat repair and maintenance workers
- Hospitality staff at Riva Restaurant, The Provider Café and Rollo's Kiosk – including managers, chefs, cooks, waiters, cleaners etc
- Workers involved in tourism activities such as fishing charters, skydiving etc

This estimate of employment has been made with reference to ABS Place of Work data for the Statistical Area 1 (SA1) in which the St Kilda Marina site is located. This data shows the SA1 contained 400 jobs in 2016, with a 25% allocation made to the marina site based on a review of other employment uses in the SA1, which includes part of Barkley Street.

1.7 Summary

St Kilda Marina is located within an 80,000m^2 site which has operated over the past 50-years by the tenant Australian Marinas.

The facility includes fully integrated marina services (500 wet and dry berths, fuel sales, wash down facilities, trailer parking etc) as well as a number of sub-tenancies including marina support services, food and drink, service station and tourism-related activities.

St Kilda Marina is well utilised with low existing occupancy rates for wet and dry berths and a waiting list in place for those wishing to obtain a berth, indicating a high level of demand for the facility.

These businesses employ up to 100 persons across the site of a full-time, part-time and casual basis.

The existing lease will expire in 2019, and Port Phillip City Council who manage the site with a Committee of Management, is keen to explore future opportunities and constraints relating to the future development and use of the site to inform the proposed new lease.

The following Chapters of this report provide detailed analysis of these factors.

2 LEASE ARRANGEMENTS AND STRATEGIC CONTEXT

2.1 St Kilda Marina Existing Lease Arrangements

The following sections provide a summary of the existing lease arrangements for St Kilda Marina.

<u>Statutory basis</u>

The lease was granted by Council as committee of management under s 4 of the *St Kilda Land Act 1965*.

<u>Permitted Use</u>

According to the *St Kilda Land Act 1965*, the permitted use of the site is:

> *'an area where facilities are provided for the launching landing berthing storing repairing and provisioning of boats the parking of motor vehicles and trailers the fueling and servicing of boats and motor vehicles and the recreation comfort and convenience of persons who own or use boats or motor vehicles and members of the public.'*

The harbour area within the marina may only be used for pleasure boating purposes by members of the public.

<u>Term</u>

Terms of the lease are for 50 years, the maximum term permitted under the *St Kilda Land Act 1965, commencing* 1 May 1969 and *expiring* on 30 May 2019.

<u>Returns to Council</u>

Information provided by the City of Port Phillip indicates approximately $170,000 pa is currently generated from the marina and car parking comprising:

- $40,000 pa in direct lease payments
- $130,000 pa in revenue share from car parking and storage fees

In addition $54,400 pa in derived in Council rates from on-site tenants.

2.2 Victorian Coastal Strategy 2014

The Victorian Coastal Strategy outlines a long-term strategic vision for Victoria's coasts and operates concurrently with the Coastal Management Act (1995).

The Strategy is reviewed every five years and addresses the following main themes:

1 Managing population growth

2 Adapting to changing climates

3 Managing coastal land and infrastructure

4 Valuing the natural environment and

5 Integrating marine planning (eg streamlining and consolidating approval and consent process, integrating science and best operational practice to support planning and decision making).

It is the objective of the Strategy to assist Local and State Government departments undertake coastal planning on behalf of Victorian residents.

2.3 Central Coastal Board Coastal Action Plan 2015/16

Overview

The Central Coastal Board Coastal Action Plan (CCBCAP) is a three-part document that sets out a vision and guiding principles for the Central Coast's boating facilities. The Central Coast region includes Port Phillip Bay and extends from Breamlea in the west to Inverloch in the east.

A boating facilities hierarchy is identified which considers boating ramps and jetties, through to state significant marinas. The hierarchy identifies existing facilities and sets out future priorities including:

- Improving the level of service and efficiency of existing facilities
- Upgrading facilities to meet proposed future roles in the boating hierarchy
- Adding value to the boating network through the provision of new facilities
- Decommissioning redundant or poorly sited facilities.

The action plan outlines the processes for upgrading/downgrading or decommissioning boating facilities and outlines criteria for decision-making.

Boating Area Planning Precincts

Boating area planning precincts detail information on boating facilities at a more local level. The general objectives for boating area planning precincts are:

- Develop the network of boating facilities for each boating area planning precinct within the regional context and with strong regard to the physical, environmental, social and economic factors that influence the provision and maintenance of boating facilities

- Define a level of service that is appropriate to the role the boating area planning precinct plays within the network of boating facilities
- Provide for a mix of facility types in accordance with the specific goal for the boating area planning precinct
- Identify, where appropriate, regionally significant recreational nodes that are specifically related to boating activities and facilities.

The criteria used to define a boating area planning precinct are:

- Safe and easy access to the coast by the boating community
- Existing boating infrastructure
- Spatial or geographic coverage.

The Central Coastal Area comprises the following 10 Boating Area Planning Precincts, which are also identified in Figure 2.1:

- Queenscliff
- Bellarine Peninsula
- Geelong
- West Port Phillip
- **North Port Phillip**
- East Port Phillip
- Mornington Peninsula
- North West Western Port
- South East Western Port
- Andersons Inlet

St Kilda Marina is located in the North Port Phillip Boating Area Planning Precinct (NPPBAPP). A summary of the specific aspects in the action plan relevant to the NPPBAPP is described below.

North Port Phillip Boating Area Planning Precinct

<u>**Overview**</u>

- The foreshore is highly modified and supports a range of intensive boating, recreational and commercial activities. It includes the State Marine Precinct, which is centred around the Yarra River and the Port of Melbourne, Williamstown and St Kilda foreshore.

- The Port of Melbourne operations are an important component of boating activity in this area, although also acts as a constraint on recreational boating opportunities.
- Significant recreational boating centres exist at a number of locations, including Williamstown, Docklands, **St Kilda** and Sandringham. Marine Safety Victoria defines recreational vessels as powerboats, sailing boats (eg yachts), personal water craft (eg jet skis), paddle craft (eg Kayaks), kite boards and towed sports (eg water-skiing).

The CCBCAP recognises St Kilda Marina as a Regional Boating Facility which is defined as (p9):

> *"A regional boating facility will either provide a range of services and facilities at one location (eg a harbour or marina) or be one regional facility such as a regional boat ramp that, due to its size, provides for a large catchment".*

Key criteria are:

- A high level of significance that provides a boating destination
- A high level of investment as a boating activity centre
- An exceptional level of service provision that caters for a wide range of boating activity and skills levels
- Provision of a safe haven
- Provision of maintenance and service facilities
- Wide catchment area, with an even spatial distribution at major population centres
- All tide access
- Public access to the facility and coastal environment
- A key boating destination within the network.

A regional boating facility; therefore, is a facility of significant importance in terms of recreational boating (ie above that of a district or local facility), but does not contain commercial shipping activities and associated infrastructure (Port, commercial berthing – including ferries, commercial servicing facilities) associated with in a State Marine Precinct. Further, unlike a State Marine Precinct, a regional boating facility is not required to have capacity to accommodate major public boating events or provide significant land based anchors, such as retail and/or entertainment.

In this regard, any future development of St Kilda Marina will likely continue in line with the state criteria relating to regional boating facilities. The process for upgrading or downgrading a facility within the boating hierarchy is outlined in Chapter 5.

In a legislative sense, the CCBCAP notes the following may apply with regard to the development of boating facilities (including marinas) in the region (p14):

Applications for use and development in the coastal and marine environment and particularly coastal Crown land are considered under the legislative framework of the Coastal Management Act 1995 and Planning and Environment Act 1987 and the policy direction of the Victorian Coastal Strategy (VCS).

The issue of climate change and planning for sea level rise is considered by referring to the VCS and relevant planning tools provided by DTPLI and DEPI.

The Aboriginal Heritage Act 2006 and Regulations established to recognise, protect and conserve Aboriginal cultural heritage in Victoria, may trigger the need for a Cultural Heritage Management Plan for proposals on the coast.

The Environmental Effects Act 1978 provides for assessment of proposed projects that are capable of having a significant effect on the environment, which often includes major works such as a harbour development.

The Environment Protection and Biodiversity Conservation Act 1999 (Cwlth) will be triggered if the development impacts on areas of national environmental significance, for example a Ramsar site.

Figure 2.1: Central Coastal Region – Boating Area Planning Precincts

Source: Central Coastal Board Coastal Action Plan, 2015/16

Goal

- To increase opportunities and levels of service for recreational boating without impacting on commercial shipping.

Planning Principles

- Plan Melbourne identifies Williamstown as an activity centre and potential location for a ferry servicing the western side of Port Phillip.

- Investment will be focused on the upgrade of facilities at St Kilda, Williamstown and sites on the Yarra River within the State Marine Precinct, which the CCBCAP defines as follows (p9):

  "A State Marine Precinct incorporates facilities of international, national, state, regional and local significance".

  Key criteria are:

  - State level of significance that provides a key boating and tourism destination
  - Commercial shipping potentially a dominant activity
  - Exceptional level of service that caters or a wide range of boating activity and skill levels
  - Safe haven and controlled water space
  - Wide catchment area, with an even spatial distribution at major population centres
  - All tide access
  - Public access to the facility and coastal environment
  - Servicing facilities

Note that St Kilda Marina is located immediately <u>outside</u> the Melbourne CBD State Marine Precinct which only extends as far as St Kilda Harbour to the immediate north. In addition to significant recreational boating activity, the State Marine Precinct is underpinned by commercial shipping and associated infrastructure, large-scale landside retail/entertainment facilities and the capacity to host major public boating events.

When considering the future development of St Kilda Marina, therefore, the following planning principles are outlined in the CCBCAP:

- Any new facilities south of Yarra River to Ricketts Point will be provided in existing harbours or near Princes Pier, and will need to demonstrate a community benefit. Note, the CCBCAP does not define community benefit with regard to new facilities.

- Any new boating facilities must not interfere with the operation of the commercial shipping channels or Port of Melbourne.

Twenty Six (26) boating infrastructure facilities are identified in the NPPBAPP (refer to Figure 3.1), which range from major multipurpose regional facilities to basic local facilities.

Within this Precinct hierarchy, St Kilda Marina is classified as a regional facility along with St Kilda Harbour, Victoria Harbour, Williamstown Marina and Sandringham Boat Harbour.

Management Issues/Constraints

Management issues and constraints identified in the North Port Phillip Boating Area include:

- Parking at peak periods,
- Issues surrounding sand movement and erosion along much of the coastline have required sand to be dredged from offshore, and
- Contamination is an additional issue that has added to dredging and development costs.

The NPPBAPP facilities hierarchy is shown in Figure 2.2.

2.4 Summary

The existing St Kilda Marina lease documentation provides guidance on the statutory basis, permitted uses and lease term for the facility. Port Phillip Council currently derives revenue from the lease through payments and revenue sharing arrangements, as well as Council rates revenue from on-site tenants.

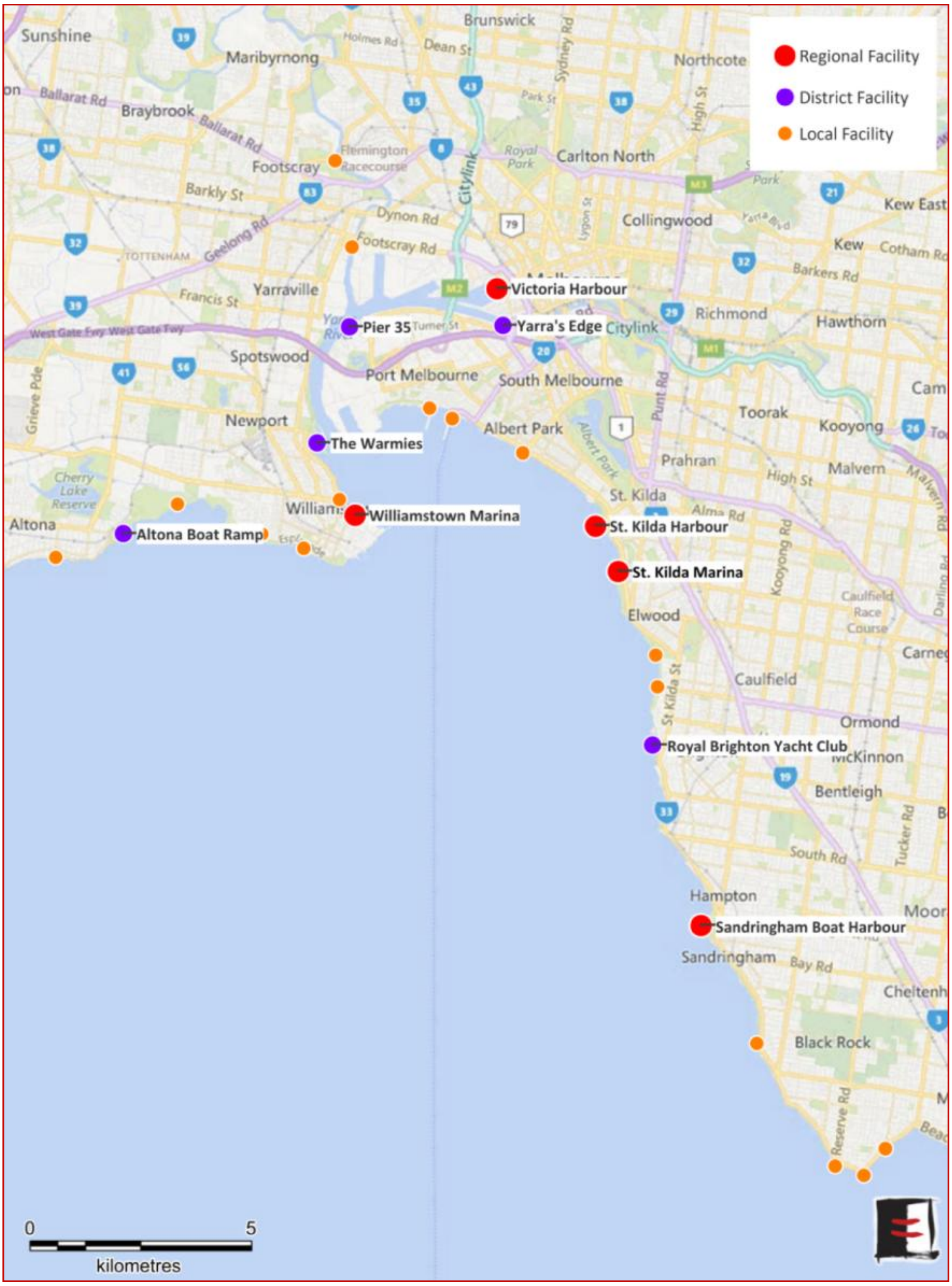
The Victorian Coastal Strategy is the overarching strategic plan for Victoria's coast and provides strategic guidance with regard to managing population growth, climate change, coastal land and infrastructure, natural environment and integration of marine planning.

St Kilda Marina is located in the Central Coastal Boating Area, and the Central Coastal Board's Coastal Action Plan 2015/16 is a key strategic document with regard to the future development of St Kilda Marina. The document identifies a vision and guiding principles for the central coast region's boating facilities.

Under the Coastal Action Plan, St Kilda Marina is located in the North Port Phillip Boating Area Planning Precinct (NPPBAPP), and is classified as a Regional-level facility along with other major facilities such as St Kilda Harbour, Victor Harbour, Sandringham Boat Harbour and Williamstown Marina. The NPPBAPP; therefore, represents a defined regional catchment with clear roles and functions identified for boating facilities, and provides the basis to assess the future development of St Kilda Marina.

Within the NPPBAPP a State Marine Precinct is defined and the Coastal Action Plan indicated priority development within this area. St Kilda Marina lies outside the State Marine Precinct and will need to show community benefit associated with regard to any future development.

Figure 2.2: North Port Phillip Boating Area Planning Precinct – Boating Facilities Hierarchy



Produced by: Essential Economics with MapInfo

3 DEMAND DRIVERS AND TRENDS

This Chapter examines key demand drivers and trends which will influence the future development and use of St Kilda Marina. These factors include population growth, demographic change, trends in recreational boating activity and boat sizes, and long-term demand for berths.

3.1 Population Growth

Population Projections

Latest State Government population projections (Victoria in Future 2016), indicate strong population growth for metropolitan Melbourne and Victoria over the next 35 years (2016-2051).

Victoria's population is forecast to increase from 6.05 million persons in 2016 to 10.09 million persons by 2051. This represents an increase of 4.04 million persons over 35 years or a total increase in the State's population of +67% over this period. On average, Victoria's population will expand by approximately +115,000 persons per year (rounded) between 2016 and 2015.

Metropolitan Melbourne's population is forecast to increase from 4.63 million persons in 2016 to 8.02 million persons by 2051. This represents an increase of +3.39 million persons over 35 years or an increase in the metropolitan population of +73% over the period. On average, metropolitan Melbourne's population will expand by approximately +100,000 persons per year (rounded) between 2016 and 2051.

Population growth is a key driver of demand for recreational boating and these strong and sustained population growth forecasts indicate ongoing demand for recreational boating and associated facilities at a metropolitan and State level.

Table 3.1: Population Projections – Metropolitan Melbourne and Victoria, 2016 to 2051

	2016	2026	2036	2051	Change 2016 to 2051	% Change 2016 to 2051	Annual Growth 2016 to 2051
Metropolitan Melbourne	4,628,200	5,585,860	6,532,970	8,024,080	**+3,395,880**	**+73%**	**+97,025**
Victoria	**6,048,790**	**7,170,980**	**8,298,930**	**10,086,520**	**+4,037,730**	**+67%**	**+115,360**

Source: Victoria in Future 2016

Demographic Projections

The Boating Industry Association of Victoria *(Boating Industry Snapshot – Drivers of Growth in Victoria*) estimate that approximately three-quarters of recreational boat users are aged between 40 and 60 years of age, of which 90% are male. Population growth in the "male 40 to 60 year of age" cohort is projected to be strong between 2016 and 2051, increasing by approximately +460,000 persons in Victoria and +400,000 persons in metropolitan Melbourne over the 35 year period (see Table 3.2).

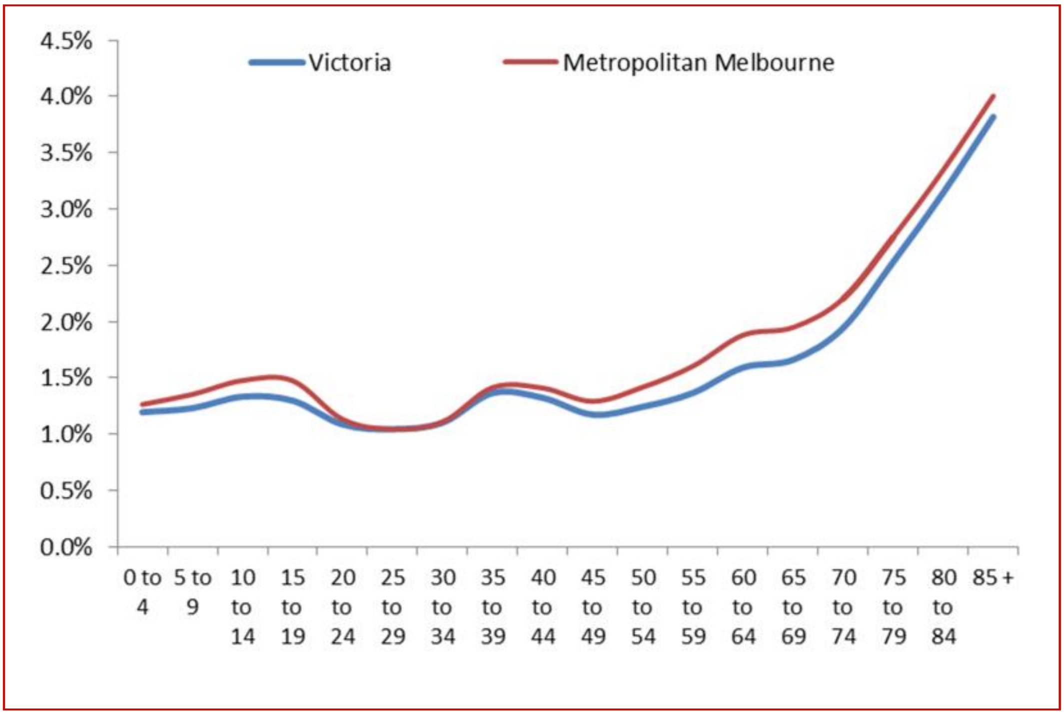
Overall, the strongest population growth over the coming 35 years is projected for the older age cohorts especially those 50 years of age and above (refer to Figure 3.1). These age cohorts (including baby boomer retirees) are generally key boat owner and recreational boating user groups. It is noted recreational boating activities encompasses a wide demographic including juniors, females and persons across all age groups.

Table 3.2: Population Projections – Males 40-59 Years, Metropolitan Melbourne and Victoria, 2016 to 2051

Sex	Age	2016	2026	2036	2046	2051	Change 2016 to 2051	AAGR 2016 to 2051
				Victoria				
Male	40 to 44	202,030	251,320	286,940	303,010	327,100	125,070	+1.4%
Male	45 to 49	200,450	219,360	277,440	293,460	308,700	108,250	+1.2%
Male	50 to 54	187,810	208,830	256,940	293,690	295,870	108,060	+1.3%
Male	55 to 59	177,460	202,180	220,460	278,820	293,880	116,420	+1.5%
Male	**40 to 59**	**767,750**	**881,690**	**1,041,780**	**1,168,980**	**1,225,550**	**457,800**	**+1.3%**
				Metropolitan Melbourne				
Male	40 to 44	159,160	205,450	233,350	245,770	265,730	106,570	+1.5%
Male	45 to 49	154,630	175,730	225,840	235,140	248,740	94,110	+1.4%
Male	50 to 54	140,210	163,310	207,350	235,840	235,740	95,530	+1.5%
Male	55 to 59	128,550	154,050	173,780	222,880	233,250	104,700	+1.7%
Male	**40 to 59**	**582,550**	**698,540**	**840,320**	**939,630**	**983,460**	**400,910**	**+1.5%**

Source: Victoria in Future 2016

Figure 3.1: Projected Population Growth Rates (%) by Age Cohort – Metropolitan Melbourne and Victoria, 2016 to 2051



Source: Victoria in Future 2016

3.2 Growth in Recreational Boating Activity

Data sourced from the Boating Industry of Victoria highlights the following key boating indicators (2016):

- 395,000 marine licence holders
- 190,430 registered boats
- 995,000 boating participants (which includes those partaking in recreational boating activities such as boat owners, family, friends etc).

Boat registrations are the key determinate of demand for marina berths, as they identify active boat users who are required to register their vessels with VicRoads on an annual basis.

Over the past decade (2005-2016), growth in boat registrations has broadly aligned with population growth. For example, boat registrations across the State have increased from 153,790 registrations in 2005 to 190,430 registrations in 2016 – an increase of 36,640 registrations at an annual average growth rate of 2.0%. Over the same period Victoria's population has increased from approximately 4.99 million persons to 6.05 million persons – an increase of 1.06 million persons at an average annual growth rate of 1.8%.

Victoria's population to boat registration ratio has remained at approximately 32 persons per registered boat over the 2005-2016 period.

This data, which is included in Table 3.3, highlights the strong linkage between population growth and boat registrations (and hence demand for marina berths).

Table 3.3: Trends in Boat Registrations, Victoria 2005 to 2016

	2005	2009	2016	Change 2005-2016 No.	Annual Average Growth Rate 2005-2016
Registered Boats	153,790	171,250	190,430	+36,640	+2.0%
Population	4,989,250	5,371,930	6,048,790	+1,059,540	+1.8%
Population per Registered Boat	*32.4*	*31.4*	*31.8*	*n/a*	*n/a*

Source: Victoria in Future 2016

3.3 Forecast Future Demand for Berths

Based on recent trends and forecast population growth over the coming decades, Figure 3.1 and Table 3.4 provide an estimate of the likely demand for increased marina berths over the 2016 to 2051 period for both metropolitan Melbourne and Victoria.

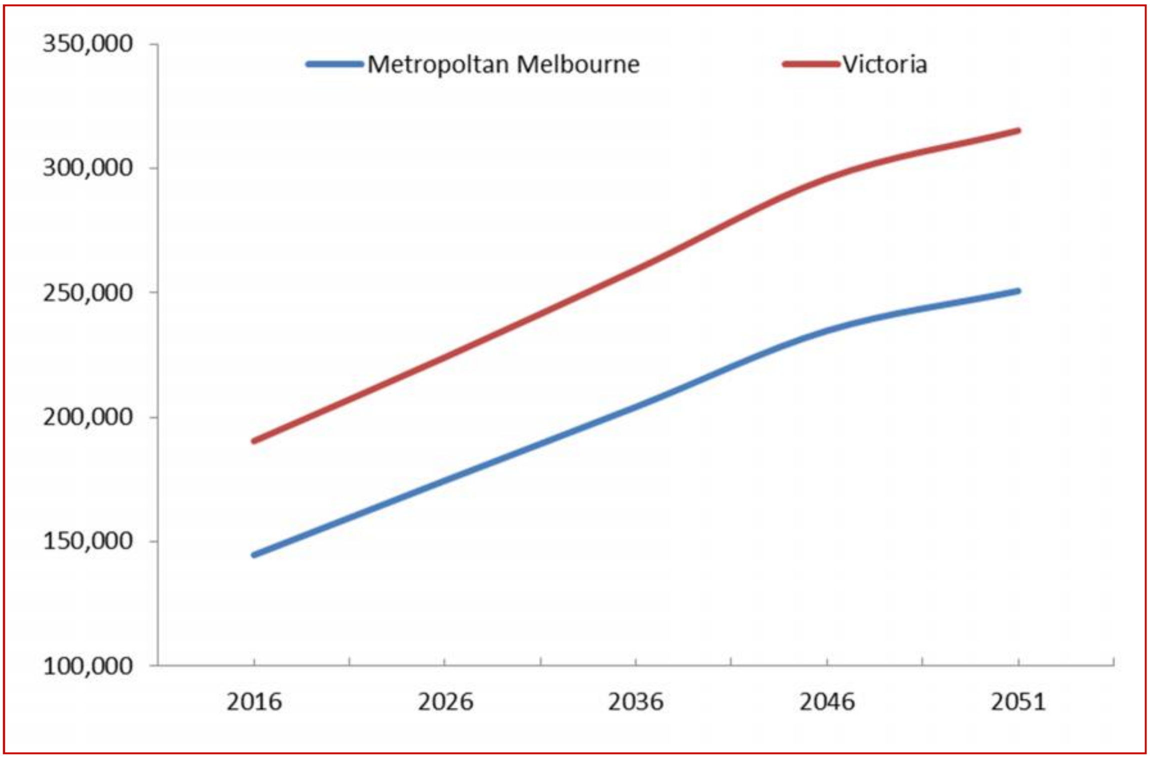
The estimates identify forecast boat registration growth based on allocating 1 new boat registration per 32 additional persons living in Victoria. This ratio reflects the observed trend over the past decade (see Table 3.4) and assumes the propensity for boating continues at this level into the future.

In summary, boat registrations in metropolitan Melbourne are projected to increase by +106,120 registrations from 144,630 registrations in 2016 to 250,750 registrations in 2051. This represents approximately 3,030 new metropolitan boat registrations pa (on average) over the 2016-2051 period.

Across Victoria, boat registrations are anticipated to increase from 190,430 registrations in 2016 to 315,200 registrations in 2051. This represents a net increase of +124,770 registrations or 3,565 new registrations pa (on average) over the 35 year period.

A share of these new boat registrations (generally associated with boats over 6m in length) will require a marina berth (wet or dry) for storage, indicating sustained demand for new berths into the future at a metropolitan and state level.

Figure 3.1: Forecast Boat Registrations – Metropolitan Melbourne and Victoria, 2016 to 2051



Sources: Victoria in Future 2016, Boating Association of Victoria; Essential Economics Pty Ltd
Note: Figures rounded

Table 3.4: Forecast Boat Registrations, 2016 to 2051

	Population 2016	Registered Boats	Population 2051	Registered Boats	Population Growth 2016 to 2051	Registered Boats Growth 2016 to 2051
Metropolitan Melbourne	4,628,200	144,630	8,024,080	250,750	+3,395,880	+106,120
Victoria	**6,048,790**	**190,430**	**10,086,520**	**315,200**	**+4,037,730**	**+124,770**

Sources: Victoria in Future 2016, Boating Association of Victoria; Essential Economics Pty Ltd
Note: Figures rounded

3.4 Occupancy Rate Trends

The *2015 Health of the Australian Marina Industry Survey* (Recreational Marine Research Centre, 2015), provides estimates of marina occupancy rates at state and national levels.

The report notes the following with regard to 2014/15 financial year:

- The average occupancy rate across all marinas in Australia was 85%, with Victoria's occupancy rate at 81%. Note, occupancy rates at sub-State level are not available.

- A quarter of all marinas nationally reported over 95% occupancy rates nationally
- 40% of marinas across Australia had waiting lists, with 31% of Victorian marinas having waiting lists, including St Kilda Marina.

Occupancy trend rate information shows national occupancy rates rose from 83% to 85% between the 2011 and 2015 surveys, despite supply of berths increasing by 6% over this period.

3.5 Future Mix of Berths

A new long-term year lease will provide long-term certainty for the tenant to reconfigure the marina (which might include marina expansion) to meet long-term boating trends.

The Victorian Government collects boating registration data through VicRoads; however, this data is not published at boat size level. However, trend boat registration data is available for NSW (NSW Transport Roads & Maritime Services) and this data can be used as a 'proxy 'for Victorian boat size trends.

The NSW data relating to new boat registrations over the 2009 to 2015 period, shows only a very small shift has occurred from small to larger boat sizes, with small boats (less than 6m in size) still accounting for 80% of the market. Typically, vessels under 6m in size are stored privately (eg at home) and trailered to boat launching facilities.

Strongest growth in NSW new boat registrations was in the 6m-12m size, increasing from a market share of 15.7% in 2009 to 16.5% in 2015. Importantly, this boat size range includes vessels which typically require marina storage (wet berths, dry berths).

In NSW, over the 2009 to 2015 period growth has been recorded in the 20m+ category, which includes super yachts which generally require berths up to 24m in size, with this market expected to continue to increase in the future.

Table 3.4: Trends in NSW New Boat Registrations, 2009 to 2015

Boat Size	2009	2015	Change 2009-2015
Less than 6m	81.3%	80.7%	-0.6%
6m - 12m	15.7%	16.5%	0.8%
12m - 20m	2.8%	2.5%	-0.3%
20m+	0.2%	0.3%	0.1%
Total	**100.0%**	**100.0%**	**0.0%**

Source: NSW Transport Roads & Marine Services

3.6 Conclusions

The key findings of this demand assessment are as follows:

1. Strong population growth is forecast for both Victoria and Metropolitan Melbourne over the coming decades and this will support increased demand for marina berths and services. Compared to existing population levels, by 2051 Victoria will be home to an additional 4.0 million persons of which an additional 3.4 million persons will be located in Metropolitan Melbourne.
2. Importantly, over the coming 35 years strong growth is projected across the key recreational boating demographic – especially the dominant male 40 to 60 year age cohort. An additional +460,000 persons across Victoria and +400,000 persons in Metropolitan Melbourne will be in this age cohort, further highlighting ongoing demand for marine facilities.
3. Trends in recent recreational boat registrations (2005-2016) confirm strong demand in the sector, with state registrations growing at 2.0% pa which is higher than population growth (1.8%) over this period. Strong ongoing demand is also highlighted with regard to high marina berth occupancy rates and waiting lists at many Victorian marinas.
4. An estimated +125,000 additional boat registrations are forecast across Victoria by 2051, with Metropolitan Melbourne responsible for +106,000 additional boat registrations. This large uplift in recreational boaters will increase demand for upgraded, expanded and new marina facilities in key boating areas, including the North Port Phillip Boating Area Precinct in which St Kilda Marina is located, even allowing for the estimated 20% spare capacity currently existing across the State (refer to section 4.2, following).
5. Considering strong demand driver fundamentals (such as demographic forecasts, recreational boating trends) and the current occupancy levels at St Kilda Marina there may be demand for a larger boating facility than existing in the future.

4 SUPPLY AND COMPETITIVE ANALYSIS

This Chapter examines supply and competitive factors that will influence the future development and use of St Kilda Marina. These factors include existing and future regional supply, long-term regional supply requirements and a comparative assessment of service provision and price points.

4.1 Existing Regional Marina Supply

The NPPBAPP contains an estimated 3,275 berths in regional and major district boating facilities, according to data sourced from the Central Coastal Board Coastal Action Plan 2015/16, which is included in Table 4.1.

Table 4.1: Estimated Marina Berths, Major Facilities – North Port Phillip Boating Area Planning Precinct

	Classification	Wet Berths	Dry Berths	Casual Berths	Total	Existing Lease Terms
St Kilda Marina	Regional	200	300	0	500	50 years
St Kilda Harbour includes: Royal Melbourne Yacht Squadron (RMYS)	Regional	600	0	0	600	21 years RMYS
Sandringham Boat Harbour includes: Sandringham Boat Harbour, Sandringham Yacht Club, Hampton Sailing Club, Hampton Pier	Regional	340	165	5	510	
Victor Harbour includes: Waterfront City Marina Docklands, New Quay Marina Docklands, Victoria Harbour (d'Albora Marinas), Docklands Yacht Club, Marina Yarra's Edge, Yarra's Edge (Wharf Drive)	Regional	160	25	50	235	
Williamstown Marina includes: Royal Yacht Club of Victoria a& Youth Sailing Academy, Royal Victorian Moto Yacht Club, Hobsons Bay Yacht Club, Williamstown Sailing Club)	Regional	365	125	45	535	
Pier 35	District	75	290	5	370	
Royal Brighton Yacht Club	District	250	60	0	310	
Yarra's Edge	District	195	0	20	215	
Total		**2,185**	**965**	**125**	**3,275**	

Source: Central Coastal Board Coastal Action Plan, 2015/16
Note: Figures rounded

In summary, the berths comprise:

- 2,185 wet berths, of which St Kilda Marina's share is approximately 9%
- 965 dry berths, of which St Kilda Marina's share is approximately 31%
- 125 casual berths, with St Kilda Marina not providing this berthing option.

4.2 Long-Term Regional Supply Requirements

Based on data derived from the 2015 Health of the Australian Marina Industry Survey, Victoria had approximately 11,730 marina storage spaces across 46 marinas in 2015 (up from approximately 10,000 storage spaces in 2011), with approximately 28% of these storage spaces provided in the major marinas located in NPPBAPP . Approximately 20% of these berths (2,350 berths) are assumed to be unoccupied and available to the market.

This provision equates to approximately 1 storage space per 16 registered boats across the State, based on 190,430 registered boats (refer to Table 3.4).

As Table 3.4 above shows, boat registrations are expected to increase by approximately 125,000 registrations over the 2016-2051 period, which would generate additional demand for 5,550 storage spaces across the state (which takes into account for the existing 2,350 unoccupied berths).

Based on an ongoing 28% market share, approximately 1,550 additional storage spaces will be required in the NPPBAPP (major marinas), which represents a requirement of approximately 45 new storage spaces per year (on average) over the coming 35 years.

This future supply requirement assessment indicates there is ample long-term ongoing regional demand for St Kilda Marina to expand the provision of storage spaces at the facility (subject to capacity, planning, feasibility and other considerations).

Introduction of casual berthing should be a future consideration for St Kilda Marina, recognising the importance of the visitor economy in this area and opportunities to expand food and beverage and other visitor services across the broader marina site.

4.3 Benchmarking of Facilities and Services

St Kilda Marina benchmarks well against other major marinas in the NPPBAPP in terms of the range of facilities and service provided to ensure a quality boating experience.

As Table 4.1 shows, St Kilda Marina provides all essential marina services (fuel, boat wash down, boatlift etc) and a range of additional services not found at many other competitor marinas (eg boat maintenance, chandlery, pump out facilities, webcam etc).

Gaps in provision of services provide opportunities for future investment under the new lease, and these opportunities are described further in Chapter 6.

Table 4.2: Benchmarking of Major Boating Facilities – North Port Phillip Boating Area Planning Precinct

Marina	Component Name	Hierarchy	Clubhouse	Toilets	Chandlery	Webcam	Lighting	Safety Signage	Aids to Navigation	Access Management	Boat Wash-down	Boatlift	Pump out facility	Fuel	Boat Maintenance	Fish Cleaning	Moorings	Break water
St Kilda Marina	**St Kilda Marina**	**Regional**	**N**	**Y**	**Y**	**Y**	**Y**	**N**	**N**	**N**	**Y**	**Y**	**Y**	**Y**	**Y**	**N**	**N**	**Y**
St Kilda Harbour	Royal Melbourne Yacht Squadron	Regional	Y	Y	N	N	N	N	N	N	Y	Y	N	N	N	N	Y	Y
	St. Kilda Pier	Regional	N	Y	N	N	Y	Y	Y	N	N	N	N	N	N	N	N	Y
	St. Kilda Harbour	Regional	N	N	N	N	N	N	Y	N	N	N	N	N	N	N	Y	Y
Sandringham Boat Harbour	Bayside Triathlon and Sandringham Anglers Club	Regional	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	Guides and Scouts Sailing Centre	Regional	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	Hampton Pier	Regional	N	N	N	N	Y	Y	N	N	N	N	N	N	N	N	N	N
	Hampton Sailing Club	Regional	Y	Y	N	N	Y	Y	N	N	N	N	N	N	N	N	N	N
	Sandringham Yacht Club	Regional	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N
	Sandringham Boat Harbour	Regional	N	N	N	Y	Y	N	N	Y	N	N	N	N	N	N	Y	Y
Victoria Harbour	Waterfront City Marina Docklands	Regional	N	Y	N	N	Y	Y	Y	Y	N	N	Y	N	N	N	N	N
	New Quay Marina Docklands	Regional	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	Vic Harbour D'Albora Marina	Regional	Y	Y	N	N	Y	Y	Y	Y	N	N	Y	N	N	N	N	N
	Docklands	Regional	N	Y	N	N	Y	Y	N	N	N	N	N	N	N	N	N	N

Marina	Component Name	Hierarchy	Clubhouse	Toilets	Chandlery	Webcam	Lighting	Safety Signage	Aids to Navigation	Access Management	Boat Wash-down	Boatlift	Pump out facility	Fuel	Boat Maintenance	Fish Cleaning	Moorings	Break water
	Yacht Club																	
Williamstown	Workshops Jetty	Regional	N	Y	N	N	N	Y	Y	N	N	N	N	N	Y	N	N	N
	Royal Yacht Club & Youth Sailing Academy	Regional	Y	Y	N	N	Y	Y	N	N	Y	Y	N	N	Y	N	N	N
	Gem Pier	Regional	N	N	N	N	Y	Y	Y	N	N	N	N	N	N	N	N	N
	Naval Cadets	Regional	Y	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	Royal Vic Motor Yacht Club	Regional	Y	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	Hobsons Bay Yacht Club	Regional	Y	N	N	N	N	N	N	N	Y	Y	N	N	N	N	N	N
	Ferguson St Pier	Regional	N	N	N	N	Y	Y	N	N	N	N	N	N	N	N	N	N
	Williamstown Sailing Club	Regional	Y	Y	N	N	Y	N	N	N	N	N	N	N	Y	N	N	N
	4th Sea Scouts	Regional	Y	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Pier 35	Pier 35 Dálbora Marinas	District	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N
Royal Brighton Yacht Club	Royal Brighton Yacht Club	District	Y	Y	N	Y	Y	Y	Y	N	N	N	Y	N	Y	N	N	Y
	Middle Brighton Pier and breakwater	District	N	N	N	N	Y	Y	Y	Y	N	N	N	N	Y	N	N	Y
Yarra's Edge	Marina Yarra's Edge	District	N	Y	N	N	Y	Y	Y	Y	N	N	Y	N	N	N	N	N
	Wharf Drive	District	N	Y	N	N	Y	Y	Y	Y	N	N	Y	N	N	N	N	N

Source: Central Coastal Board Coastal Action Plan, 2015/16 – Precinct 5, North Port Phillip

4.4 Benchmarking of Price Points

Only limited information is available relating to marina storage prices as publically available information is often not available, especially for private marinas. Available information for St Kilda Marina and other regional facilities for various berth sizes is shown in Table 4.3.

While the price point information indicates St Kilda Marina has relatively high storage fees, in practice pricing reflects a wide range of factors. These include demand, ease of access to boats, locational attributes, marina support services, safety, private/public nature of the facility, management, amenity, ancillary services/facilities etc.

In view of these considerations and the limited sample of information available, it is not possible to draw any detailed conclusions other than to suggest St Kilda Marina appears to have a relatively high price point in the Victorian context.

Table 4.3: Selected Marina Annual Wet Berth Lease Prices – North Port Phillip Boating Area Planning Precinct

	12m Berth Size	15m Berth Size	18m Berth Size	20m Berth Size	Annual Membership Fee
St Kilda Marina	$12,930 pa	$16,400 pa	$19,740 pa	$21,410 pa	No
Yarra's Edge Marina	$10,450 pa	$12,050 pa	$16,000 pa	-	No
Royal Melbourne Yacht Squadron	$8,550 pa	$10,475 pa	$12,400 pa	$13,680 pa	Yes
Royal Brighton Yacht Club	$7,800 pa	$9,800 pa	$11,600 pa	-	Yes

Source: Marina websites (various)
Note: Figures rounded

4.5 Conclusions

The key findings of this supply and competitive analysis are:

1 St Kilda Marina provides approximately 10% of wet berth supply and 30% of dry storage supply in the NPPBAPP Region.

2 Compared to other major regional facilities, St Kilda Marina's existing level of wet berth provision can be considered relatively modest; however, the marina has a very strong level of dry storage provision from a regional perspective highlighting the popularity of this type of storage at the facility.

3 Long term regional berth requirements indicate ample demand exists for St Kilda Marina and other marinas in the region to provide expanded levels of wet and dry berths with 45 new berths required every year over the 2016 to 2051 period (which factors in existing unoccupied supply).

St Kilda Marina benchmarks well against other major marinas in terms of the range of facilities and services provided, indicating the marina is in a good competitive position in the regional market and should continue to provide at least the same level of service into the future.

5 CONSTRAINTS ASSESSMENT

5.1 Planning and Policy Constraints

Development of marinas in Victoria is subject to State Government legislation, strategic planning goals and environmental controls.

As such, decommissioning, downgrading, developing new or expanding existing marinas (such as St Kilda Marina), while influenced by demand drivers, need to reflect, and adhere to, relevant government parameters.

In this regard it is noted that St Kilda Marina is classified as a Regional-level facility. In this respect, the marina fulfils an important strategic role within the Central Coastal Area, and more specifically the NPPBAPP. However, St Kilda Marina is located just outside the State Marine Precinct which has been prioritised for investment within the NPPBAPP (refer to Figure 2.2).

The following tables include criteria set out in the CCBCAP (Part 2, The Planning Framework, p13) with regard to upgrading and decommissioning or downgrading a facility.

Table 5.1: Criteria for upgrading a facility

2.2.1 Upgrading a facility

A detailed assessment of the location, environmental, social and economic criteria (Table 3) should be undertaken at an early stage in the planning process for any development that upgrades a facility to a higher order role in the boating hierarchy. Where boating facilities impact on Crown land, land managers should ensure these criteria are satisfactorily addressed prior to a proponent seeking formal planning approval.

Table 3 Criteria for upgrading existing facilities or assessing new facilities

(Revised from Boating CAP)

Criteria
Function and Location • The geographic spread and/or capacity of facilities within the network will be improved and boating opportunities will be diversified • The role is consistent with any structure planning for adjoining activity centres • There is sufficient and appropriate land and water space available for an expanded role (including, where relevant, for the creation of a safe haven and locating facilities away from the foreshore where they do not require a coastal location) • The development of the facility can balance boater and other users' needs both on land and in the water • The upgrade will improve safety
Environmental • The site and location selected will not have an adverse impact on significant environmental features and protect significant environmental values • The environmental impacts including impacts on water quality associated with the construction and maintenance of the facility will be minimal • Significant initial or ongoing dredging is not required, or is minimal compared with alternative sites and represents best practice • Sufficient car parking is provided in an appropriate location with minimal environmental, amenity or community impacts • The upgrade will not have a detrimental impact on indigenous or non-indigenous cultural values • The location is sustainable with respect to coastal processes
Social • Shared access can be provided or enhanced to the facility and the facility can be integrated with other community amenities • Public benefit is maximized in association with the provision of boating services and facilities • Queuing times will be reduced without over-catering for demand for the majority of the year
Economic • Maintenance costs are identified and funded so that the facility will form a viable and enduring part of the network • The facility location matches areas where future population growth is expected or boating demand is high

Source: Central Coastal Board Coastal Action Plan, 2015/16

Table 5.2: Criteria for decommissioning or downgrading a facility

2.2.2 Decommissioning or downgrading a facility

An existing boating facility should be considered for decommissioning and removal or downgrading from the network when a process of local consultation has been undertaken and where the criteria are met as listed in Table 4.

Table 4 Demand and location criteria

Demand and Location Criteria

The facility is inappropriately located, with alternative facilities in close proximity

In addition, one (or more) of the following criteria is applicable:

- Upgrade is not considered a strategic priority for the network of boating facilities
- Ongoing maintenance liabilities significantly outweigh benefits
- The removal or closure of the facility will not detrimentally impact on the network and/or the decommissioning is timed with local upgrades
- The removal or closure of the facility will result in improved coastal processes
- Public access to the coast and/or foreshore can be enhanced by the closure
- The facility, or peoples' impact from using the facility, is causing damage to, or negative impact on the foreshore and/or marine environment i.e. a carrying capacity for areas adjacent to boating facilities may also need to be recognised
- The facility is a potential risk to boater safety, either on land (for example, inappropriate parking) or in the water

Source: Central Coastal Board Coastal Action Plan, 2015/16

5.2 Infrastructure Replacement Costs

It is understood that some components of St Kilda Marina's core infrastructure are nearing the end of their lifecycle (which the asset condition assessment will confirm). Therefore, design and other studies are required to assess if additional investment is required to ensure the marina remains serviceable and meets growing community need over the coming decades.

At least some re-investment at the marina is expected to be required in the short-term. Potential lessees will need to consider any initial financial outlay against potential longer-term opportunities and revenue returns.

Depending upon requirements for new investment, infrastructure costs may act as a deterrent for some potential lease tenderers.

5.3 Expansion Capacity and Costs

It is unclear what additional capacity exists to increase the number of berths at St Kilda Marina within the existing configuration. Observations indicate the existing dry and wet berth provision is close to capacity with limited room to provide additional berths.

While detailed technical studies need to be undertaken to assess the viability of expanding the marina, significant costs are likely be incurred in planning and constructing the infrastructure required to expand capacity.

For example, the average cost for providing a new 15m wet berth is likely to be in the order of $100,000-plus. In indicative terms only, if the marina was expanded by 100 berths this would require a capital investment of approximately $10 million (plus costs associated with planning, approvals etc). These high level estimates are based on previous studies undertaken by Water Technology consultants on behalf of Essential Economics using the preferred design requirements specified within the Australian Standard Guidelines for design of marinas (AS 3962-2001).

However, the development costs associated with expanding the marina need to be balanced against the potential financial returns to the tenant from increased berthing capacity.

5.4 Competition

While demand fundamentals for recreational boating are strong, a competitive element needs to be considered for potential lessees or investors.

Factors expected to be considered in relation to competition from other marinas include:

- Any new supply introduced to the market over time (ie expansion of existing marinas and/or development of new marinas)
- Relative price points / value-for-money offered at other marinas
- Provision of modern, extensive and quality facilities at other marinas
- Locational preferences of boat owners seeking to store their vessel
- Management and operational practices at other marinas
- Policy and planning considerations (as noted above), which might direct investment to alternate boating precincts/destinations.

5.5 Conclusions

Key constraints associated with the future development of St Kilda Marina are:

1. State Government planning and policy guidelines, such as directions included in the Central Coastal Board Coastal Action Plan, 2015/16 and specific guidelines relating to the North Port Phillip Boating Area Planning Precinct in which St Kilda Marina is located
2. Marina infrastructure renewal costs
3. Costs associated with providing increased marina capacity and maintenance, including expansion
4. Competition from other marinas in the region, although recognising St Kilda Marina currently benchmarks well in terms of services provided.

6 OPPORTUNITIES ASSESSMENT

6.1 Strong Demand Drivers

The fundamentals of the recreational boating market are strong, underpinned by significant population growth over the coming decades – especially with regard to the key recreational boating demographic, as well as an uplift in recreational boat registrations.

Chapter 3 of this report outlines these demand drivers in detail.

6.2 Locational Attributes

Unlike most suburban and regional marinas, St Kilda Marina is integrated into a significant recreational and entertainment precinct which affords recreational boaters many opportunities to visit local attractions, including:

- Cafes, restaurants, bars, clubs, cinemas, shopping etc on Acland Street, Barkly Street and Fitzroy Street
- Luna Park
- Palias Theatre
- St Kilda foreshore
- St Kilda Pier
- St Kilda Penguins
- St Kilda Sea Baths
- Art galleries
- Markets
- Major events.

Parks Victoria research indicates there are more than eight million visitors to the St Kilda Foreshore Precinct annually, highlighting the attractiveness of the area. This level of visitation indicates an advantageous locational base for St Kilda Marina when compared to other regional-level boating facilities in the NPPBAPP, such as Sandringham Boat Harbour, Victoria Harbour etc.

In terms of recreational boating activities, the strategic location of St Kilda Marina within Port Phillip Bay enables easy navigation to other key marina precincts (and visitor activities) providing visitor mooring, such as:

- Sandringham Boat Harbour
- Victoria Harbour/Docklands

- Williamstown Marina
- Yarra's Edge

The above key locational attributes are likely to help sustain demand for berths at St Kilda Marina into the future.

6.3 Sunk Investment Benefits

While there will be inevitable infrastructure replacement costs associated with the continued operation of the marina (as noted above), significant capital investment has been made in developing the marina over many decades. This investment has enabled the facility to become a regional-level marina providing all the key services required from a major marina operation including wet and dry berths (including undercover), boat ramps, fuel supplies, wash down facilities and boat repair and maintenance services.

This level of sunk investment should be considered a key positive for the incoming lessee as marina offers a fully functioning facility, notwithstanding the need for future ongoing investment.

6.4 Potential for Marina Expansion

The long-term demand outlook for marina berths in the region is strong, with existing supply tight. This indicates potential exists for the provision of additional wet and dry berths at St Kilda Marina, although this would be subject to planning, environmental and financial considerations (return on investment for new infrastructure).

Provision of a long-term marina lease provides a level of certainty for the tenant to consider major investments of this type.

6.5 Potential for Improved Marina Service Offering

While St Kilda Marina can be considered a high service marina when benchmarked against comparable facilities (refer to Table 4.1), some gaps in provision exist (as identified in section 4.3) and additional considerations which would enhance the service offering and general amenity include new or enhanced:

- Visitor moorings
- Fish cleaning facilities
- Safety signage
- Aids to navigation
- Access management facilities (eg fees, keys, persons on site)
- Training courses/programs (sailing, navigation, powerboat handling, safety etc)
- Water-based events

- Educational facility (eg environmental, marine).

6.6 Potential to Increase Non-Marina Development and Revenue

While the focus of this report is on marina facilities and services, St Kilda Marina has stimulated the development of a cluster of visitor-related services on other parts of the site (refer to section 1.2).

Currently, the lessee generates revenues through sub-letting of buildings which contribute to the head lease fee. The new lease might include separate lease options for marina and non-marina facilities to better reflect commercial conditions related to retail and other non-marina facilities.

Council will be preparing a land side assessment to assess non-marina land use opportunities prior to the expiry of the current lease, some of these uses may also drive demand for casual berthing for visitors arriving by boat.

6.7 Conclusions

Key opportunities associated with the future development of St Kilda Marina are:

1 Strong demand fundamentals into the future including population growth, growth in the key boating demographic, and boat registrations.

2 Unique locational attributes including safe harbour, efficient water-based access to other key marina precincts in Port Phillip Bay and significant visitor attraction associated with the St Kilda area.

3 Leverage of sunk investment made in the development of the marina over many decades, notwithstanding the need for infrastructure upgrades in the short-term

4 Opportunity to explore the potential to expand the marina, which if viable, would generate increased revenue returns for the investor/ tenant.

5 Improved scope of marina services, including introduction of new operational, recreational and educational facilities.

6 Potential to leverage non-marina revenues from expansion of landside facilities, especially those associated with the visitor economy.

7 RECOMMENDATIONS

7.1 Retain St Kilda Marina with a Long-Term Lease

Based on the findings of this report, we recommend St Kilda Marina is retained at a scale at least as large as the existing facility (or potentially larger subject to detailed feasibility) and a new long-term lease provided by Council through an appropriate tender process. Key reasons for these recommendations are:

1. St Kilda Marina is recognised by the State Government as a regional boating facility which supports an extensive spatial network of recreational boating facilities in this part of Port Phillip Bay. It is unlikely that decommissioning or downgrading of St Kilda Marina would be supported at a policy level under criteria set out in the Central Coastal Board Coastal Action Plan, 2015/16

2. Existing demand for recreational boating is high with a strong growth outlook, highlighted by recent boat registration trends and positive future demand fundamentals such as population growth, especially in the key boating demographic

3. St Kilda Marina is a destination site within the City of Port Phillip attracting many visitors who bring visitation and spending to a wide range of local businesses located outside the marina precinct itself

4. The St Kilda Marina precinct supports a number of marine and non-marine businesses and associated jobs, and performs an important economic development role for the municipality. Should the marina not be retained, this will impact on the viability of marine-related businesses / employment, while reducing demand for restaurant, café and other non-marina uses recognising the marina outlook is a key attractor for patronage

5. Significant infrastructure investment has been made by the existing tenant in the development of the precinct and a new long-term lease can leverage from this previous investment

6. Council may incur costs associated with site clean-up, ongoing maintenance and security etc, if an alternative outcome is pursued. This recognises the terms of the existing lease require the tenant to surrender land, building, structures etc to the landlord (Council) at the end of the term, who would then be the responsible authority for the site's upkeep until another use/tenant is found.

7. The current marina use is both legislated (through the St Kilda Land Act 1965) and long-standing. In this regard alternative uses may prove more difficult to establish, gain approval and generate momentum. In the context of recreational boating being a significant growth industry, an alternative use to replace or reduce the function of the marina may be regarded as a lost opportunity.

7.2 Future Facilities and Service Mix

Assuming the marina lease is renewed, the findings of this study indicate the future outlook for St Kilda Marina may include the following:

1. Upgrade of existing facilities, recognising marine infrastructure is nearing the end of its lifecycle.
2. Reconfiguration of harbour (existing footprint) to better reflect long-term demand eg increased boat sizes which represent a future growth market
3. Expansion of harbour (larger footprint) to include more wet berths, casual (visitor) berths, broader mix of boat sizes etc. Expansion is subject to confirming technical and financial viability and obtaining required planning and environmental approvals.
4. Expansion of dry storage capacity, especially covered storage – subject to land capacity analysis
5. Provision of new infrastructure and services currently unavailable at the marina to enhance the overall marine-based service offering
6. Development of a water-based events calendar.