



Vivonne Bay

KANGAROO ISLAND: TOURISM INVESTMENT PROSPECTUS

Kangaroo Island is a regional hotspot in Australian tourism, presenting an exciting opportunity for savvy investors.

AIRPORT INFRASTRUCTURE

Visitor arrivals into Kangaroo Island airport have been steady over the past five years and are set to increase following investments in airport infrastructure to accommodate larger aircraft and the addition of QantasLink flights which commenced in December 2017. This resulted in passenger movements through the airport surging 12.3% year-on-year.

ACCOMMODATION TRENDS

Visitors to Kangaroo Island predominantly stay in holiday homes, in the absence of significant hotels and resorts. According to the Australian Accommodation Monitor, there were 12 accommodation establishments with 310 rooms at the end of June 2018 on Kangaroo Island and an average property size of 26 rooms. With regards to commercial accommodation, Kangaroo Island's accommodation market has strong RevPAR growth increasing on average by 8.9% per annum over the four years to 2016 (latest statistics available). Accommodation performance data is not available for Kangaroo Island for FY17 and FY18 due to an insufficient sample size.

Kangaroo Island: HMSA Historical Trading Performance FY12 to FY16			
Year	Occ %	ADR	RevPAR
FY12	52.0%	\$218	\$113
FY13	52.8% (1.6%)	\$214 (-1.8%)	\$113 (-0.3%)
FY14	55.8% (5.7%)	\$271 (26.4%)	\$151 (33.6%)
FY15	51.3% (-8.1%)	\$183 (-32.6%)	\$94 (-38.0%)
FY16	56.6% (10.4%)	\$282 (54.5%)	\$160 (70.5%)
CAGR	2.2%	6.6%	8.9%

Source: Australian Bureau of Statistics, Colliers International

INVESTMENT TRENDS

Increased investment into Kangaroo Island's hotel and tourism market is expected, with a number of infrastructure projects currently underway and some large-scale hotel projects planned or being marketed for sale. Three years ago, the South Australian Government committed to a phase out of stamp duty on commercial property transactions, with the aim of attracting domestic and international investment.



Kangaroo Island is one of the most notable destinations in South Australia. It is a place of pristine wilderness and world class food and wine experiences. It is also home to the globally renowned Southern Ocean Lodge and Flinders Chase National Park.

VISITATION TRENDS

Visitation to Kangaroo Island has been growing steadily with 216,000 visitors in 2019. More than half of those visitors were domestic overnight visitors. Reflecting this, Kangaroo Island had an average length of stay of 2.5 nights in 2019. Domestic and international overnight visitors have both recorded strong growth over the past five years, increasing by 9.0% and 5.7% per annum respectively. In 2018, international visitors accounted for just under one quarter of nights spent in the Kangaroo Island tourism region.

Kangaroo Island Tourism Growth 2015 to 2019

All visitation	6.0%
International visitation	5.7%
Domestic visitation	9.0%
Overnight stays	1.6%

KANGAROO ISLAND AIRPORT UPGRADE

Opened in January 2018

Development cost: \$18 million

The airport upgrade, jointly funded by state and federal governments, involved lengthening the runway to allow non-stop flights by larger planes from interstate capitals. Qantas has since announced direct flights to Kangaroo Island from Adelaide and Melbourne, complementing existing air services.

