



# MeridienMarinas

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## SAFE HARBOURS IN A STORM

The marina market has remained strong, but it is still important to ensure all the fundamentals are in place.  
Report: Ainslie Chandler

● Investors are being warned to choose their assets wisely, with fears the faltering luxury-boat market may sink some parts of the Queensland marina market.

Growth remains strong in some areas of the Sunshine State, but the marina market is unlikely to be immune from the downturn forever. Indeed, some figures show that parts of the asset class in Queensland may be slowing already.

While rents have grown steadily – they have been increasing at 7-10 per cent each year, the Midwood Queensland Investment Report shows – a downturn in the luxury-boat market means only two Queensland marinas listed in the

February report posted modest capital growth in 2008-09.

South of Brisbane, Hope Island Marina achieved capital growth of 6 per cent and Ruby Bay Marina 3 per cent. Some posted big falls, with Gold Coast City Marina dropping by 43 per cent and Riverlinks by 33 per cent in the past financial year.

Marina berths are “boom-time” assets that tend to gain value when disposable income levels are strong, Colliers International director Jonathan Rivera says. They are unlikely to escape the downturn which is affecting other asset classes, including residential and commercial property.

While there may be opportunities in the market, they must be approached with caution, Rivera says. He recommends that investors look at boat-ownership levels in areas where they are considering buying as well as examining the current and future supply of berths.

Looking at the number of boat repossession is also important in determining demand for space, he says. “As with any transaction or commodity

Clear sailing:  
Meridien Marinas  
chief executive  
Warwick Bible

### THINGS TO CONSIDER WHEN INVESTING IN MARINAS:

- Is there a big supply of marina berths in the area?
- Are there many new berths planned nearby?
- How strong is demand?
- How is the luxury-boat market performing?

it should be approached with a bit of sensibility and caution.”

Those in the marine industry say the market for their products has remained strong despite the global financial crisis.

Meridien Marinas chief executive Warwick Bible says demand for the company's marina berths – it has 1100 berths and 500 dry-storage units – is solid and that it plans to construct 1400 more at its four Queensland marinas.

Occupancy rates at the company's marinas have remained high – about 80 per cent – despite the downturn in the economy, Bible says.

He points to fundamentals such as a low supply of marina berths, with government approvals difficult to obtain, while demand remains high thanks to continued strong migration to Queensland.

Market research group Market Resolution puts average annual capital growth at the company's Horizon Shores marina at 26 per cent. A 12-metre berth sold for \$34,000 in 2002 and is now selling for \$135,000.

Macquarie Leisure Trust, which owns d'Albora Marinas, also reported solid results from its marina business in the second half of 2008.

Earnings from d'Albora, which operates marinas in New South Wales and Victoria, rose by 5.4 per cent to \$5.8 million. Berthing revenue rose by 10.7 per cent over the previous year as occupancy increased at most sites and land revenue was up by 4 per cent.

Marina berths are appealing to many investors because they offer a relatively cheap, low-maintenance investment with good tax benefits.

“Taxation treatment of marina berths is similar to residential property except the depreciation is allowed over 10 years or the term of the lease, whichever is less,” the Midwood Report says.

“Hence longer-term leases of more than 10 years have a disproportionately positive depreciation benefit. For capital gains tax purposes, the lessee is able to gain the tax advantage of a 10 per cent lessee amortisation on a yearly basis.” *waz*

