



July 2007

## Mixed Outlook for Gold Coast Tourism

**The Gold Coast is maintaining its position as Australia's leading tourism destination outside of the capital cities. With exciting new infrastructure being added, the region is set to enter a new era of growth, although some challenges are on the horizon.**

### Overall numbers stable, but domestic visitation down

Over recent years, the Australian domestic tourism market has experienced a decline, partly as a result of an increased preference for overseas travel and higher petrol prices. Despite the advent of cheaper domestic airfares, accommodation costs in Australia result in higher travel costs here, compared with overseas destinations.

Table 1 shows the Gold Coast tourism market experienced a 7.1% fall in domestic visitor nights from 2003 to 2006. In contrast the Northern Rivers region of NSW saw domestic visitor nights increase by 11.1%, a direct result of the new resorts on the New Tweed Coast.

International visitors have experienced significant growth in both areas. Despite a fall in the important Japanese market (partly due to the exchange

rate), the Gold Coast has attracted increased visitor numbers from New Zealand, China, India, Europe and the Middle East.

While the number of daytrip visitors to the Gold Coast has been stable, there was a resurgence in the Northern Rivers market, again attributable to promotion of the New Tweed Coast and easier access due to new road systems.

### Future Outlook

The opening of the Tugun Bypass road in mid 2008 is expected to enable the Northern Rivers region to further increase its daytrip market. Planning is also underway for the upgrading of the Pacific Motorway between Nerang and Tugun, with Stage One to include upgrading to eight lanes of the section between Nerang and Varsity Lakes.

The Gold Coast Tourism Corporation's strategy envisages a 50% increase in visitor numbers by 2010 to 6.5 million and an increase in tourism spending to \$6 million.

**Table 1 – Gold Coast-Northern Rivers  
Visitor Nights and Daytrip Visitors (millions)**

	2003	2006	% Change
<b>Gold Coast</b>			
- Domestic Visitor Nights	16.8	15.6	- 7.1%
- International Visitor Nights	5.9	7.4	+ 25.4%
- Daytrip Visitors	5.8	5.9	+ 1.7%
<b>Northern Rivers</b>			
- Domestic Visitor Nights	7.2	8.0	+ 11.1%
- International Visitor Nights	1.3	1.6	+ 23.1%
- Daytrip Visitors	2.6	2.8	+ 7.7%
<b>Gold Coast-Northern Rivers Total Visitor Nights &amp; Daytrip Visitors</b>	<b>39.6</b>	<b>41.3</b>	<b>+ 4.3%</b>

Source: Tourism Research Australia

Note: visitor nights are the number of nights spent away from home: one visitor might account for 7 visitor nights if one person is away for a week

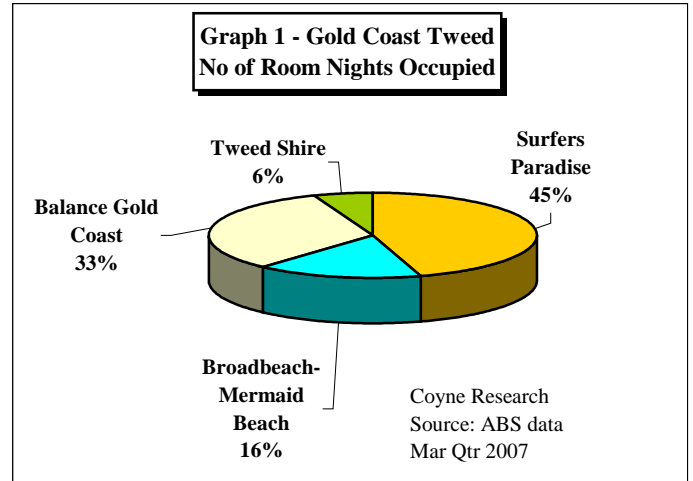
The recent extension of the Gold Coast Airport runway to 2,500 metres and the proposed terminal redevelopment scheduled to commence in 2008 for completion by 2010 will play an important role enabling the region to achieve its target growth rate. The runway extension will permit direct flights from Asia and the Middle East, and, once new technology becomes available, from the west coast of the USA.

Gold Coast Airport Pty Ltd has indicated that the expansion should permit growth in passenger numbers from 3.7 million in 2006/07 to 7 million over the next decade.

### Surfers Paradise Dominant

Graph 1 provides a snapshot of the Gold Coast-Tweed Shire tourist accommodation market for the March Quarter 2007, based on data from the Australian Bureau of Statistics (ABS). It shows room nights occupied in hotels, motels and serviced apartments with 15 rooms plus (although it should be noted that holiday flats, units and houses represent close to 50% again of the accommodation occupied in the wider region).

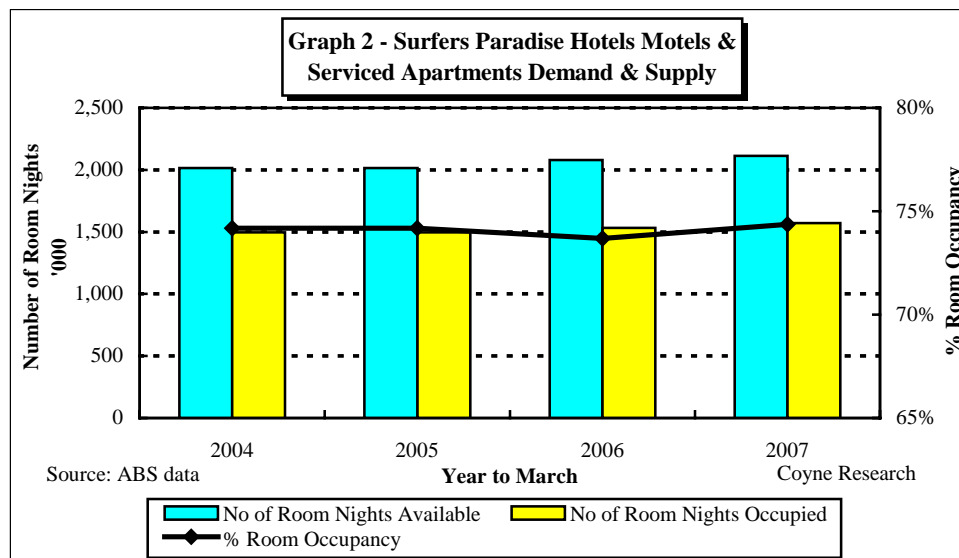
Graph 2 shows that despite a 4.8% increase in supply over the four years to March 2007, Surfers Paradise has maintained a stable annual average occupancy rate of 74%. Average tariffs have increased over this period by 17.6% to \$128 per night.



The March Quarter 2007 occupancy rate of 80.2% and average tariff of \$138 per night represents a strong recovery from the same quarter in 2006 (76.9% occupancy and \$124 per night). Such high occupancy levels suggest that peak season capacity constraints could eventuate over time.

### Surfers Paradise Heart Transplant

Surfers Paradise has effectively had a heart transplant over recent years. Among the new accommodation offerings are



Chevron Renaissance (711 apartments completed from 2003 to 2005), Q1 (358 holiday apartments and 167 residential apartments completed in 2005) and Circle on Cavill (637 apartments completed in 2007).

These developments have renewed the retail experience west of the old Gold Coast Highway, as well as introducing appealing new visitor attractions. These include the Observation Deck at Q1 (offering 360 degree views from the world's tallest residential tower) and the central piazza at Circle on Cavill where regular performances are now held. The old Gold Coast Highway has become the new Surfers Paradise Boulevard with through traffic re-routed along Ferny Avenue.

The role of apartments in renewing tourism accommodation in Surfers Paradise has been quite major. The last new hotel in Surfers Paradise opened in the late 1990s. A cycle of hotel refurbishment is currently in progress with several hotels including Raptis Group's Surfers Paradise Holiday Inn undergoing upgrades over the past year. Few apartment buildings have been refurbished, because gaining the co-operation of multiple owners is difficult.

### **GCCEC to Expand**

In Broadbeach, the catalyst driving tourism is the Gold Coast Convention and Exhibition Centre (GCCEC), completed in 2004, which has added to the existing attractions, Jupiters Casino and Pacific Fair shopping centre. In 2005/06 the GCCEC hosted 225 events, 288,300 guests and 7,366 international delegates, an increase of 15% on the previous year's level of visitation.

This year, growth has continued, boosted by the incentives market,

notably from India and China. The March 2007 Chinese Amway leadership conference attracted 5,800 delegates, the largest group from a single country at any one time.

As a result of the continued growth in demand and recognition that capacity constraints are resulting in lost business, the GCCEC is to see its exhibition space double by late 2008 to 6,000 square metres. The GCCEC is already Australia's largest convention centre outside of the capital cities, with seating for 6,000 delegates.

The combined Broadbeach-Mermaid Beach area had an average occupancy for the year to March 2007 of 70%. Its average tariff of \$143 per night was 11.1% above Surfers Paradise, which has a large supply of older properties that depress the average tariff.

Broadbeach-Mermaid Beach's occupancy in the March Quarter 2007 at 72.7% was 2.2 percentage points above the March Quarter 2006, and the average tariff rose to \$151 per night. This upwards trend is despite a gradual increase in room nights available and a more significant increase in holiday apartment accommodation available (up 16% from March 2005 to March 2007).

The capacity to accommodate increased visitors in Surfers Paradise and Broadbeach is mainly being addressed through new apartment construction. Approximately 1,700 new apartments are under construction across both suburbs, with other projects planned.

### **Tweed Shire Transformed**

The most significant increase in accommodation supply has occurred on the New Tweed Coast. Over the four years to March 2007, the number of room nights available in hotels,

motels and serviced apartments in Tweed Shire rose by 42.2%.

Over this period, the New Tweed Coast has witnessed the addition of 774 new apartments at Casuarina Beach and Salt, including Mantra on Salt Beach (formerly the Outrigger) and Peppers Salt Resort and Spa. In Tweed Heads, Twin Towns Clubs and Resorts (Twin Towns) opened its new 191-room resort, Harbour Towers in mid 2006.

Over the four year period, room nights occupied rose by 48.0% which has seen the average occupancy rate rise to 55.1%. The average tariff in Tweed Shire rose by 20.0% to \$102 per night. The low average occupancy reflects the fact that until the advent of Casuarina Beach and Salt, Tweed Shire was a virtual backwater, an affordable family destination also popular with retirees for its club amenities.

Twin Towns last year announced a redevelopment that includes a conference centre with capacity for 1,000 delegates. This is a much-needed facility for the Tweed, with a 600-delegate Australian Tourism Export Council Symposium held in April 2007 hosted in a marquee.

### **A Disturbing Trend**

The brief discussion of accommodation data for the Gold Coast-Tweed region's key markets suggests an area that has maintained occupancies while increasing tariffs and supply. This ignores a disturbing trend towards shorter stays by visitors.

Between 2004 and 2007, the average length of stay in Gold Coast hotels, motels and serviced apartments in the

March Quarter fell from 3.8 nights to 3.3 nights, while nights in holiday flats, apartments and houses in the March Quarter fell from 4.0 nights in 2005 to 3.4 nights in 2007.

The widespread trend to shorter stays by domestic visitors in Australia appears to be linked to work commitments as well as affordability and competition from overseas destinations. A report from the Tourism Task Force found that 40% of Australian employees who had accrued leave took no recreation leave and 43% took only part of their leave.



*Residents & visitors at Salt enjoy live entertainment such as the Matt Dillon concert held in May 2007  
(Photo: Ray Group)*

### **Need to Address Domestic Market**

Since domestic tourism was responsible for 68% of the \$4,102 million spent in the Gold Coast region in 2006, (once the value of package holidays by international tourists is excluded), it is critical to address the decline in domestic visitor numbers. Upgrading of Gold Coast infrastructure (including accommodation, transport and attractions) is an important part of the solution.

© Copyright Colleen Coyne Property Research Pty Ltd, 2007. Reproduction of information in this newsletter only permitted with written permission and acknowledgement of Colleen Coyne Property Research Pty Ltd as the source.

The information in this report is provided in good faith, but is not intended to be comprehensive or to render advice. Colleen Coyne Property Research Pty Ltd does not accept any form of liability for its content. Readers should undertake independent inquiries to satisfy themselves of the correctness of any statement.