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Challenges Ahead – Gold Coast-Tweed Economic Subregions

The Gold Coast-Tweed region faces an ongoing challenge to meet its infrastructure and job creation needs, as a result of projected high levels of population growth over the next 25 years. Furthermore, retaining its pool of hospitality, sales and services industry workers in the coastal part of the region may prove to be difficult. Recent research on ten economic subregions highlights the loss of workers from the Surfers Paradise-Broadbeach and Burleigh Heads subregions over the five years to 2006.

Job Containment

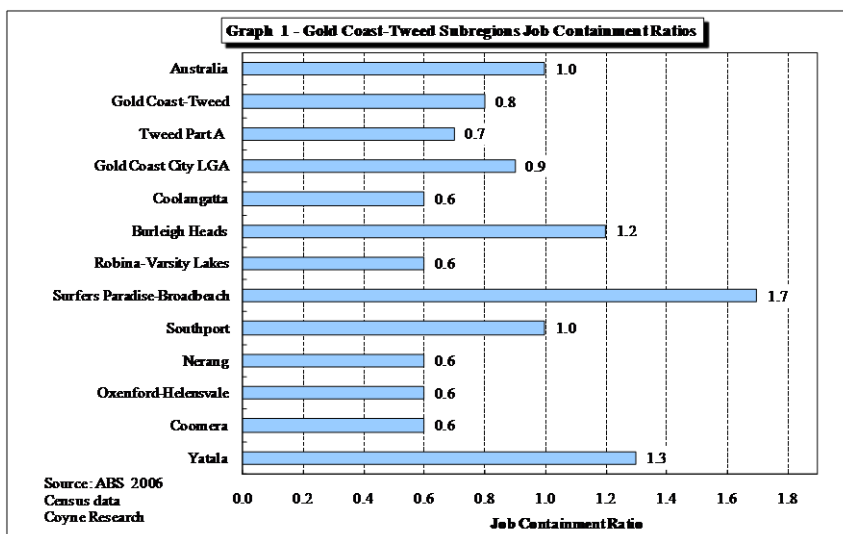
Graph 1 shows that the Surfers Paradise-Broadbeach subregion had a high level of job containment, with a ratio of 1.7 jobs to the employed population. It had high scores across several industry subsectors – arts and recreation services (3.6), public administration and safety (3.4), accommodation and food services (2.5), retail trade (2.4) and financial and insurance services (2.1). This subregion includes the Statistical Local Areas (SLAs) of Surfers Paradise, Bundall, Broadbeach-Mermaid Beach, Broadbeach Waters and Main Beach-South Stradbroke.

Surfers Paradise-Broadbeach is not only the leading international tourism and business centre for the overall region, it performs well as a sustainable precinct.



Gold Coast Exhibition & Convention Centre – business tourism is a key driver of job creation in Surfers Paradise-Broadbeach
(Photo: courtesy Tom Anthony)

Taking into account public transport, cycling and walking to work, as well as those who worked from home, Surfers Paradise-Broadbeach had 22.5% of workers using environmentally sustainable methods. This compares with a national average of 18.7% and an average of 12.1% for the overall region.



Other notable findings of the job containment analysis include:

- Ratios exceeding 1.0 for healthcare and social assistance (1.6) and for education and training (1.4) in Southport subregion, reflecting Gold Coast Hospital, various private hospitals, Griffith University and other educational institutions;
- In the Robina-Varsity Lakes subregion, only information, media and telecommunications (1.6) and education and training (1.1) exceeded 1.0;
- Low self containment ratios <1.0 across all industry subsectors in the southern subregions of Coolangatta and Tweed Part A (apart from healthcare and social assistance and retail trade, which each equalled 1.0 in Tweed Part A); and
- A ratio of 2.2 for other sales and service workers in Surfers Paradise-Broadbeach, highlighting the important role of the tourism, retail and real estate subsectors.

The relatively low job containment ratios of the Coolangatta and Tweed Part A subregions correlate with higher unemployment rates and below average median household income levels, as well as an older age profile (reflecting the appeal to retirees). The southern part of the Gold Coast-Tweed region also has more affordable commercial and industrial space.

Availability of large lot employment lands suited to manufacturing and distribution businesses is one of the advantages Tweed Shire has over its northern neighbour, where there is a shortage of employment land in the southern and central area (apart from an emerging education, employment and transport hub at Gold Coast Airport at Coolangatta).

Specialisation

The Location Quotient (LQ) measures the extent to which each subregion achieves a level of specialisation equal to or greater than the national average. A score of 1.0 indicates the local industry produces “just sufficient to satisfy local demand” (PIA). An LQ of 2.0 or more suggests a high level of specialisation in the subsector which creates positive economic activity, engaged in exporting to areas beyond the local community.



Wharf Central –Tweed’s more affordable offices within overall region

Table 1 shows only those subregions and subsectors that achieved an LQ of 2.0 or more. It confirms the Gold Coast-Tweed’s dependence upon the tourism and development industries. However it also shows that Gold Coast City Council’s (GCCC’s) pursuit of wealth-creating jobs “that contribute to the long term sustainability of the local economy and potentially develop internationally competitive export oriented business” is bearing fruit (GCCC’s *Gold Coast City Activity Centre Strategy*, 1998).

Notably, Robina-Varsity Lakes subregion achieved an LQ score of 3.545 in the information, media and telecommunications subsector, reflecting the presence of companies such as Austar, IBM, and AAPT, located close to Bond University.

**Table 1 – Gold Coast-Tweed Subregions by Industry Type:
Subsectors with LQ of 2.0 Plus**

Subregion/Region	Manufacturing	Electricity, Gas, Water & Waste Services	Wholesale Trade	Accommodation & Food Services	Information, Media & Telecommunications	Rental, Hiring & Real Estate Services	Arts & Recreation Services
Yatala	3.513	2.050	2.283	-	-	-	-
Coomera	2.635	-	-	-	-	-	7.339
Oxenford-Helensvale	-	-	-	-	-	2.232	6.036
Surfers Paradise-Broadbeach	-	-	-	3.786	-	3.424	5.338
Robina-Varsity Lakes	-	-	-	-	3.545	2.330	-
Burleigh Heads	-	-	2.014	-	-	-	-
Coolangatta	-	-	-	2.094	-	2.443	-
Gold Coast City	-	-	-	-	-	2.068	2.368
Gold Coast-Tweed	-	-	-	-	-	2.017	2.268

Source: ABS 2006 Census Working Population Profile Note: only subsectors and subregions with LQ of 2.0 plus shown here.

The Yatala, Coomera and Burleigh Heads subregions achieved high scores associated with the manufacturing, utilities and distribution subsectors. Coomera's presence in this list reflects the Gold Coast Marina precinct.

The health and education subsectors' level of specialisation in Southport were insufficient to result in a score of 2.0 or more across the extensive subregion (from Ashmore-Benowa to Paradise Point-Runaway Bay SLA) but Southport SLA scored an LQ of 2.241 for health and social services and similarly Bilinga-Tugun SLA scored 3.506, reflecting the presence of the John Flynn Hospital. SLAs with private schools achieved scores of 3.0 plus for education and training.

Shift-Share Analysis

Shift-share analysis is a technique used to disaggregate employment trends by industry subsector into three components:

- National Economic Growth's contribution to regional growth/decline;
- Industry-mix – the extent to which national growth/decline of individual subsectors influences regional growth/decline; and

- Regional Growth – the influence of region-specific comparative advantage or disadvantage (Econsearch).

Table 2 shows the decomposition of growth in the employed resident workforce in ten Gold Coast-Tweed subregions from 2001 to 2006, compared with population growth. It shows that national economic growth accounted for a 9.7% increase in the number employed. The industry-mix contribution to growth was quite small, with local factors accounting for a significant proportion of growth in employment in most subregions.

The highest increase in the regional component of resident employment growth was in the M1 Corridor. Older established areas experienced slower growth, reflecting lower population growth.

The Surfers Paradise-Broadbeach subregion (-3.9%) experienced negative growth in the regional component (refer to Graph 2). In other words, apart from the influence of national factors, the number of resident employees would have declined.

The graph shows a decline, not only in industries that experienced job losses nationally (ie manufacturing and information, media and telecommunications), but in service subsectors associated with tourism.

Factors which may have contributed to the decline in the regional component in Surfers Paradise-Broadbeach subregion include:

- stalling of job creation (retail jobs fell by 13.7%, accommodation and food services increased by 4.6% and total jobs by 2.1%);
- loss of lower cost residential accommodation through redevelopment with commercial and retail uses and holiday apartments;
- loss of casual and part-time employees in sales and hospitality occupations to areas with lower housing costs. In the Surfers Paradise locality - postcode 4217, the median rent for a two bedroom unit rose by 34.7% to \$330 per week over the five years to September Quarter 2006.

This compared with a 62.5% increase to \$260 per week in the Southport locality – postcode 4215. While the Southport rental increase was greater, the median rent remained \$70 per week or 21.2% below the beachside locality (REIQ and RTA); and

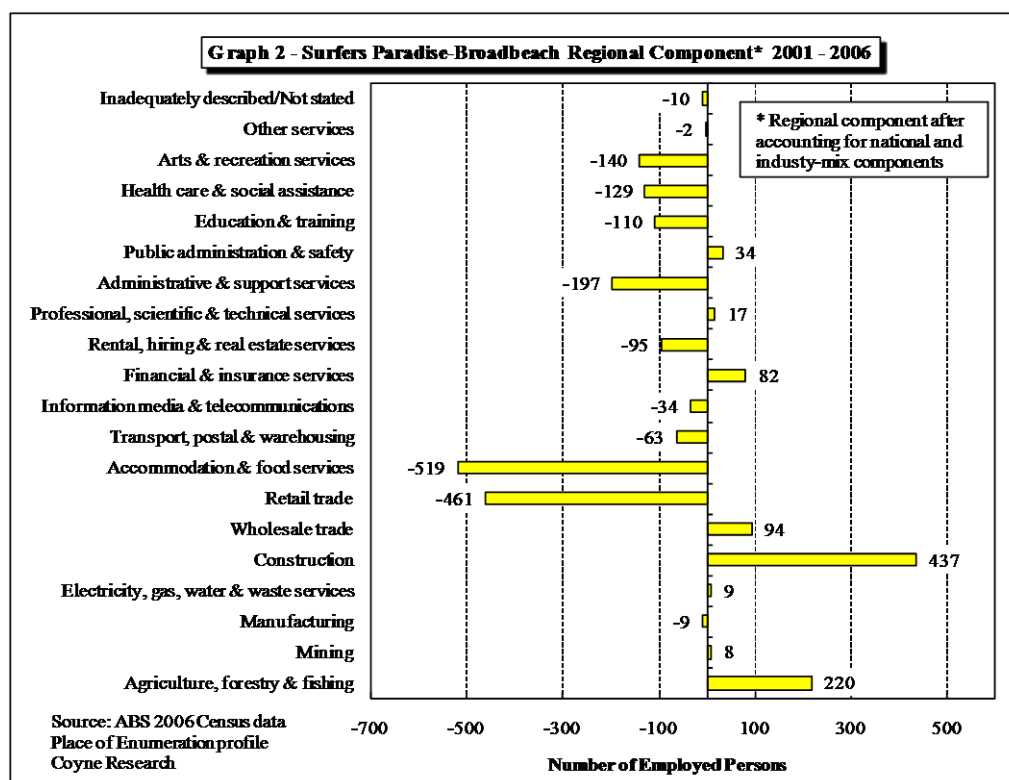
- disruption of many businesses over these years by the progressive completion of the Surfers Paradise Traffic Management Scheme, which has ultimately improved traffic flow through the tourist heart.

The industry-mix component for Surfers Paradise-Broadbeach for accommodation and food services indicates a fall of 9.2% (ie after allowance for the contribution from national economic growth). This has exacerbated the regional decline (-40.8%). This decline is partly the result of the malaise affecting domestic tourism nationally over recent years, reflecting an increased preference for overseas travel and higher petrol prices (refer to our July 2007 newsletter).

Table 2 – Gold Coast-Tweed Subregions – Decomposition of Resident Employment Growth by Subregion & Population Growth 2001 to 2006

Subregion/ Region	Employment Growth 2001-2006				Population Growth 2001-2006
	National Economic Growth	Industry-Mix Growth	Regional Growth	Total Net Growth	
Yatala	+ 9.7%	- 0.3%	+ 45.3%	+ 54.7%	+ 47.4%
Coomera	+ 9.7%	+ 0.6%	+ 96.5%	+ 106.8%	+ 81.4%
Oxenford-Helensvale	+ 9.7%	+ 0.8%	+ 45.9%	+ 56.4%	+ 43.2%
Nerang	+ 9.7%	+ 0.9%	+ 8.9%	+ 19.5%	+ 10.4%
Southport	+ 9.7%	+ 0.7%	+ 8.0%	+ 18.4%	+ 9.9%
Surfers Paradise-Broadbeach	+ 9.7%	0.0%	- 3.9%	+ 5.8%	+ 4.5%
Robina-Varsity Lakes	+ 9.7%	+ 0.8%	+ 22.6%	+ 33.1%	+ 25.4%
Burleigh Heads	+ 9.7%	+ 1.3%	- 0.5%	+ 10.5%	+ 2.6%
Coolangatta	+ 9.7%	+ 1.5%	+ 7.1%	+ 18.3%	+ 7.7%
Gold Coast City LGA	+ 9.7%	+ 0.8%	+ 14.5%	+ 25.0%	+ 15.7%
Tweed Part A	+ 9.7%	+ 1.4%	+ 12.3%	+ 23.4%	+ 10.3%
Gold Coast-Tweed	+ 9.7%	+ 0.8%	+ 14.3%	+ 24.8%	+ 15.1%

Source: ABS 2006 Census Time Series Profile, based on place of enumeration of the resident population (excluding overseas visitors). Note: employment growth represents % increase on number employed in 2001.



The decline in the regional component of employment growth (-0.5%) in the Burleigh Heads subregion (the SLAs of Burleigh Heads, Miami and Burleigh Waters) also appears to be primarily the result of tourism employees. The accommodation and food services subsector's regional growth component fell by 18.1% from 2001 to 2006. However, the national decline in manufacturing employees (-2.9%), resulted in this subsector contributing a loss of 10.2% of employees in the industry-mix component (and a loss of 2,190 employees across the Gold Coast-Tweed region).

In the Yatala subregion, national loss of employees in key subsectors (manufacturing, wholesale trade and agriculture, forestry and fishing) resulted in these subsectors showing negative growth for the industry-mix component. Table 2 shows that this was the only subregion to experience a negative contribution from the industry-mix component.

This reflects the Yatala subregion's relatively high dependence on these subsectors.

Challenges Ahead

The implication of the economic subregions research is that the Gold Coast-Tweed region faces three key challenges: funding infrastructure at a rate sufficient to cater for projected population growth; maintaining job creation, particularly in the creative and knowledge industry subsectors; and providing affordable housing choices in the coastal centres which are the focus of a significant proportion of the jobs associated with international tourism.

The Gold Coast-Tweed region's linear urban form has served the region well in the past, with the creation of a multi-nodal network of centres. However the continued growth in population and expansion of greenfield development to the northern and southern extremes is placing pressure on existing infrastructure.

Projected population growth of approximately 350,000 persons or 66% over the 25 years to 2031 indicates this will be an ongoing challenge. With the number of older people expected to more than double over this period, there will be considerable pressure upon services targeting this group, particularly health and aged care.

Two of the key infrastructure projects identified were the 750-bed Gold Coast University Hospital at Southport, due for completion in 2012; and the Rapid Transit System (RTS), with Stage One to run from Griffith University to Broadbeach, proposed for completion in 2013. Future connections to Helensvale (via Parkwood or Harbour Town) and to Burleigh Heads are proposed by 2015 (and ultimately to Coolangatta).

The RTS will facilitate greater use of public transport and higher densities around mixed-use transit oriented precincts. It is critical to GCCC's vision of increasing self-containment in activity centres.

Maintaining job creation at a rate equal to the past decade (4.0%-4.5% per annum to 2006) is expected to be difficult. This is not only because of the impact of the Global Financial Crisis, but due to an ageing workforce, slowing productivity growth and lower growth in the manufacturing and construction subsectors nationally.

This is based on analysis by the Australian Industry Group and the Centre for International Economics, as reported in *The Weekend Australian Financial Review*, 19-20 April, 2008. This analysis tends to support GCCC's emphasis upon innovation in seeking to drive prosperity for the region.

It is not certain how Governments can successfully address the rising cost of housing in localities with high amenity and multiple competing uses (ie the Surfers Paradise-Broadbeach subregion). The *Draft Local Growth Management Strategy (LGMS)* indicates that a significant proportion of infill and redevelopment dwellings will occur in regional activity centres, particularly along the RTS.

The coastal areas are among the most expensive parts of the region. The *LGMS* refers to strategies to increase housing diversity, including providing one and two bedroom dwellings and introduction of an Affordable Housing Code and/or policy.

The current market conditions may provide some opportunities for young people to purchase smaller apartments in the prime areas at lower prices, but over the medium to longer term, it seems more likely that families seeking affordable options will be pushed towards the MI Corridor, or into Tweed Shire, in order to find suitable housing options.

To purchase a copy of the complete research paper, *Challenges Ahead – Gold Coast-Tweed Economic Subregions*, including over 40 pages of tabular data, please refer to www.colleencyne.com.au to order online.

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