

Great Ocean Road
4 June 2020

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Acronyms

| Term | Full name |
|------|---------------------------------|
| ABS | Australian Bureau of Statistics |
| ALOS | Average length of stay |
| CAGR | Compound annual growth rate |
| FTE | Full time equivalent |
| IVS | International Visitor Survey |
| NVS | National Visitor Survey |
| TRA | Tourism Research Australia |

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Introduction

The Great Ocean Road, and the broader tourism region, is one of the world's most scenic and iconic coastal touring routes. Its sheer limestone cliffs, pockets of rainforest, shipwreck history and world class surfing breaks make the Great Ocean Road one of Australia's most popular destinations.

Deloitte Access Economics was engaged by the Department of Environment, Land, Water and Planning (the Department) to undertake a visitor forecast and accommodation needs analysis for the Great Ocean Road in 2018. This report provides an updated assessment of this demand and room supply outlook out to 2030.

The focus of this updated study extends to include a stocktake of current visitor accommodation inventory in the region and a strategic assessment of the region's capacity to meet the increased accommodation demand generated by growing overnight visitation. The findings from this study will inform the development of a sustainable visitation management strategy for the Great Ocean Road.

Note: At the time of finalising this report, Australia together with most parts of the world were faced with significant uncertainty as a result of the COVID-19 crisis. The tourism demand outlook for the Great Ocean Road featured in this report was undertaken from the baseline as at June 2019, when tourism performance was strong and underlying indicators were positive. The baseline scenario has since shifted with Australia first being impacted by softer demand from inbound markets due to the reputational impact of the summer bushfire crisis, followed by the unprecedented measures taken by governments to restrict travel to and within Australia .

With no certainty of when travel restrictions within Australia will be eased or when borders will be opened to allow international travel, a reforecast of the demand outlook is not feasible at this time. Past events have seen the tourism sector bounce back reasonably quickly due to pent up demand. This pandemic is an unprecedented crisis for the tourism sector and is expected to take a deeper toll on the economy. High levels of unemployment and reduced personal and household incomes will lead to a lower propensity to travel on the other side of the crisis. The impact on travel behaviour remains to be seen and there will be a period of adjustment for businesses when tourism restarts.

1. Great Ocean Road visitor profile

Historical visitation to the Great Ocean Road

Historic visitation

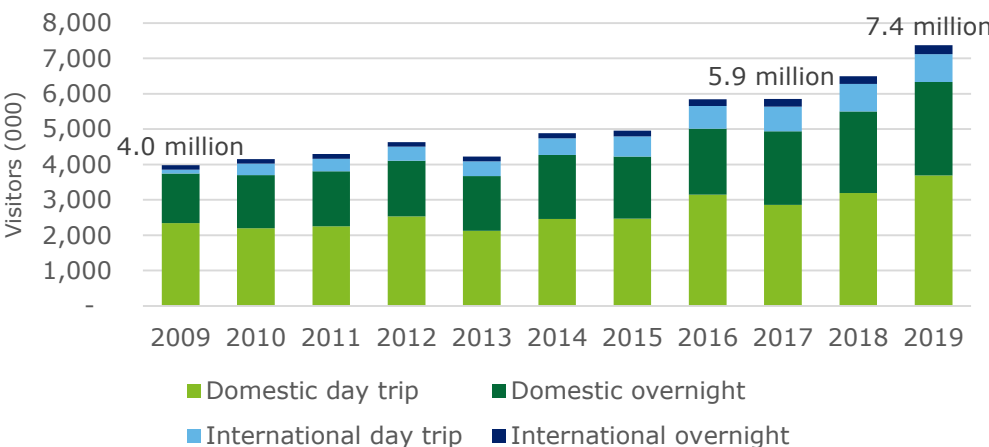
The Great Ocean Road welcomed **7.4 million visitors** in FY2019, spending a total of **8.0 million nights** in the region. Of these visitors, half were domestic day trippers, visiting from within Australia (Chart 1.1). The proximity of the Great Ocean Road to Melbourne makes it an ongoing challenge to attract a higher portion of overnight visitors, with many continuing to visit for the day and returning to Melbourne to spend the night.

Over a third (36 per cent) of visitors were domestic overnight visitors, comprising over 2.6 million visitors, of whom the vast majority were Victorians. Overall, just over 80 per cent of trips to Great Ocean Road (day and overnight) were from intrastate Victoria.

International visitors made up 14 per cent of visitors, with day trips outnumbering overnight stays by three fold. International overnight visitors stayed the longest on average, spending 3.9 nights in the region (Table 1.1).

On average, visitors to the Great Ocean Road has increased 6.4 per cent annually over the last decade. Visitation to the region in recent years has stepped up, outpacing the long term average with 13.5 per cent growth in FY2019 (Chart 1.2).

Chart 1.1: Visitors to the Great Ocean Road, FY2009-2019



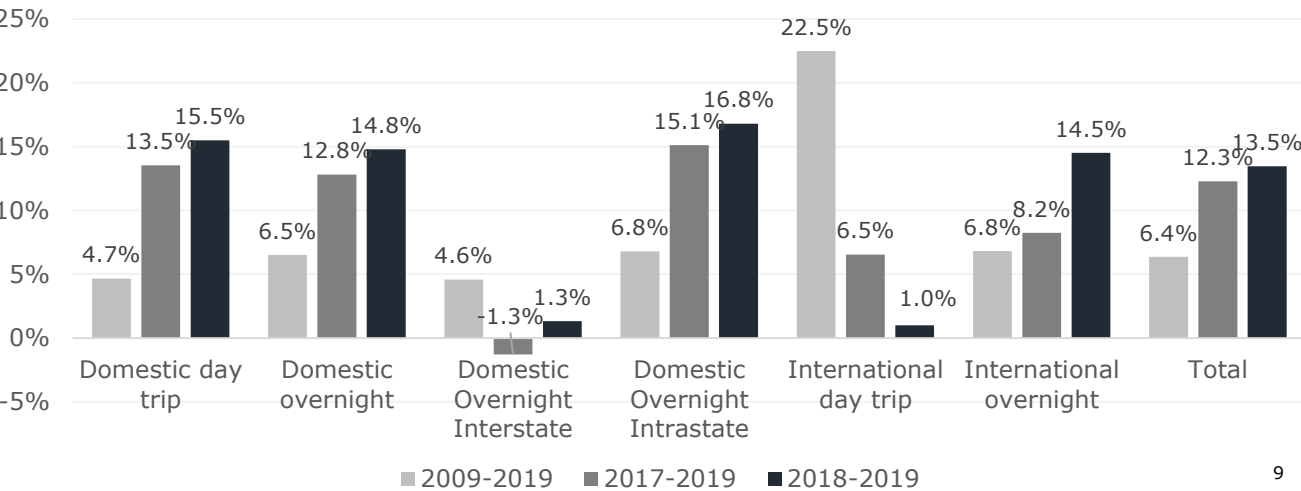
Source: IVS and NVS, Tourism Research Australia; Deloitte Access Economics
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Table 1.1: Visitors to the Great Ocean Road by source markets, FY2019

| Trip type | 2019 visitors (000) | Share of visitors | ALOS (nights) |
|------------------------------|---------------------|-------------------|---------------|
| Domestic day trip | 3,691 | 50% | - |
| Interstate | 106 | 1% | - |
| Intrastate | 3,585 | 49% | - |
| Domestic overnight trip | 2,647 | 36% | 2.6 |
| Interstate | 304 | 4% | 3.3 |
| Intrastate | 2,343 | 32% | 2.6 |
| International day trip | 786 | 11% | - |
| International overnight trip | 251 | 3% | 3.9 |
| Total | 7,376 | 100% | 2.8 |

Note: ALOS : Average length of stay

Chart 1.2: Growth trends of visitors to the Great Ocean Road, FY2009-2019

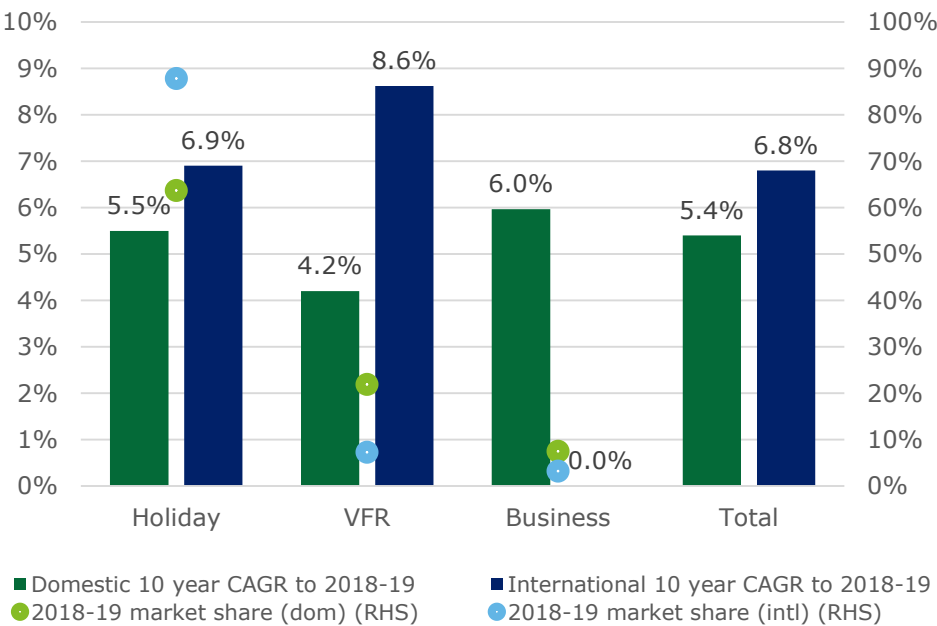


Historical visitation to the Great Ocean Road

Purpose of visit

Holiday visits to the Great Ocean Road contribute the largest share of visits for international and domestic markets, making up 88 per cent of international visits and 64 per cent of domestic trips (Chart 1.3). Visiting friends and relatives is the second most common purpose of visit for both source markets. Over the last decade, average international growth (6.8 per cent) outpaced domestic growth (5.4 per cent), led by the visiting friends and relatives segment (albeit still a small share), while domestic growth was led by increasing business trips (Chart 1.3)

Chart 1.3: Visitor growth by purpose of visit, 10 years to FY2019



Visits at sub-region level

Table 1.2: Visitors to the sub-regions, FY2019

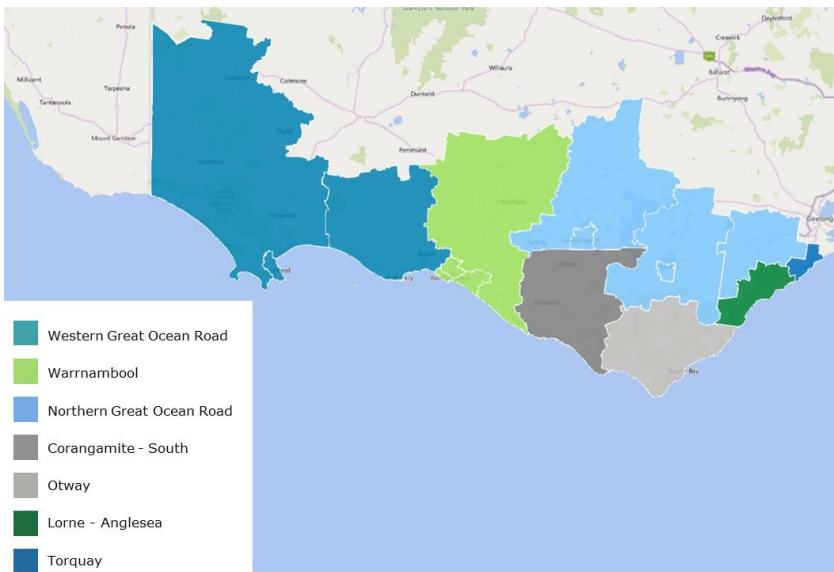
| Trip type | 2019 visitors (000s) | Share of visitors | CAGR FY2014-2019 |
|---------------------------|----------------------|-------------------|------------------|
| Lorne-Anglesea | 1,525 | 22% | 11% |
| Warrnambool | 1,275 | 19% | 6% |
| Torquay | 1,265 | 19% | 7% |
| Western Great Ocean Road | 864 | 13% | 5% |
| Otway | 856 | 13% | 8% |
| Northern Great Ocean Road | 661 | 10% | 8% |
| Corangamite - South | 367 | 5% | 17% |

Demand was further broken down to seven sub-regions within the Great Ocean Road (Figure 1.1). The breakdown of SA2s within each sub-region is provided in Appendix A.

Lorne-Anglesea had the highest share of trips in FY2019 (22 per cent), followed by Warrnambool (19 per cent) and Torquay (19 per cent). See Table 1.2.

Corangamite South had the strongest growth from FY2014-2019, with visitor trips up by 17 per cent each year on average during this five year period though had only received five per cent of visitors to the Great Ocean Road. (Table 1.2).

Figure 1.1: Map of sub-regions within the Great Ocean Road



Rooms demand in the Great Ocean Road

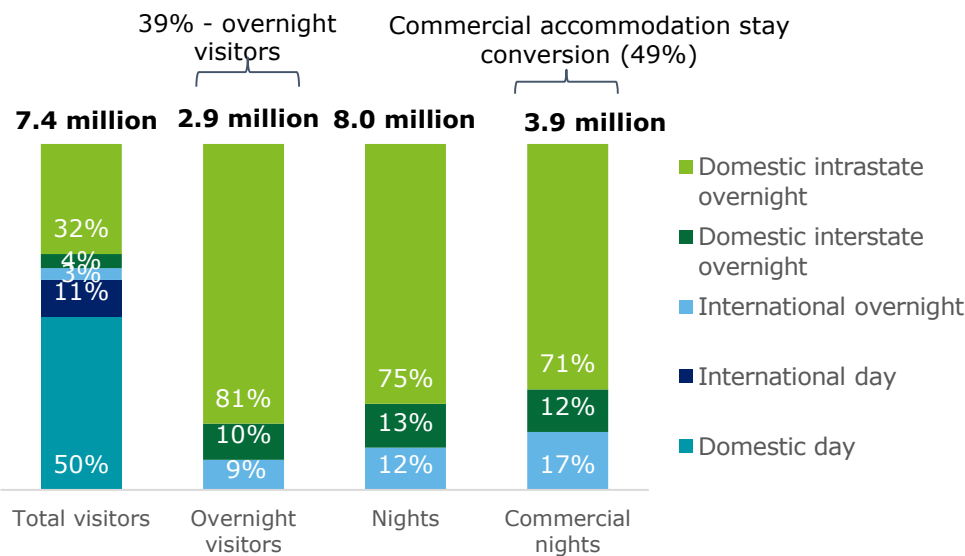
Visitor nights spent in commercial accommodation by market segment, FY2019

Of the 7.4 million visitors to the Great Ocean Road in FY2019, 39 per cent or 2.9 million visitors were overnight visitors (Chart 1.4). They spent a total 8.0 million visitor nights in the region. Nights spent by intrastate visitors represent three quarters of all nights in the region, interstate visitors account for 13 per cent and the remaining 12 per cent are from international visitors.

Almost half of the 8.0 million visitor nights were spent in commercial accommodation (Chart 1.4). The split of visitor nights in commercial accommodation across market segments largely reflects the split of visitor nights spent in the region.

Note: Commercial accommodation in this study refers to hotels, caravan parks, self-contained and hosted accommodation, and other commercial accommodation (backpackers and hostels, cottages, farm stays, bed and breakfast). Refer to the Appendix B for the definition of each accommodation type.

Chart 1.4: Visits to visitor nights conversion by market segment, FY2019



Note: Percentages refer to share of segment.

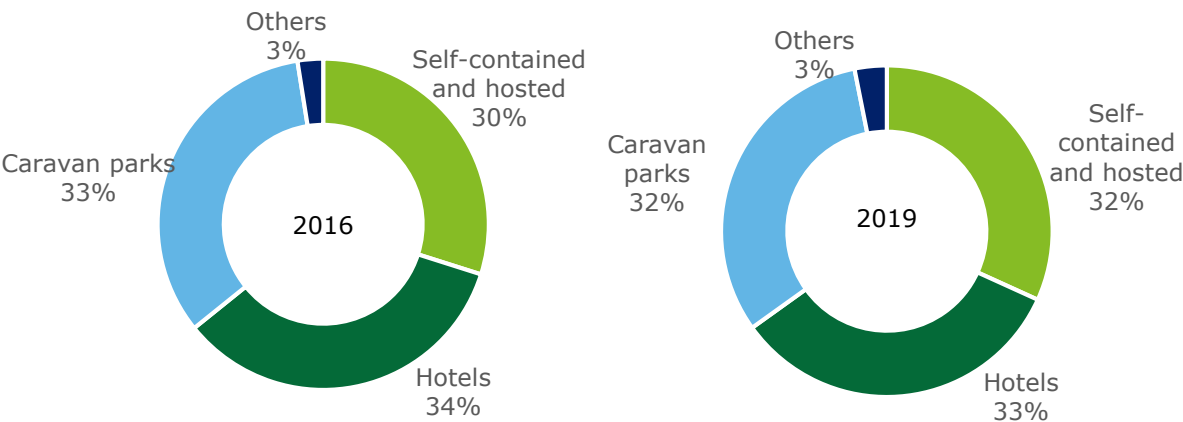
Visitor nights by type of commercial accommodation

There have been minor changes in the mix of commercial accommodation used in the Great Ocean Road in recent years.

Approximately a third of visitor nights in commercial accommodation in the Great Ocean Road were spent in hotels in both FY2016 and FY2019. This share has remained stable over the three years. The share of commercial self-contained and hosted accommodation – which includes guest houses, bed & breakfasts, rented houses and rented apartments – has increased in recent years, and in FY2019 accounted for 32 per cent of visitors nights in FY2019 compared to 30 per cent in FY2016.

In contrast, there is a slight reduction in the share of visitors staying in caravan parks, at 32 per cent of visitor nights in FY2019 versus 33 per cent in FY2016.

Chart 1.5: Split of visitor nights by accommodation type, FY2019 versus FY2016



2. Great Ocean Road visitor demand forecast

Great Ocean Road – domestic trip forecast

Domestic overnight and day trip forecast

By FY2030, domestic trips (day and overnight) to the Great Ocean Road are forecast to reach 9.1 million, off the back of 3.4 per cent average annual growth (Chart 2.1).

This includes:

- 5.3 million day trips - an additional 1.6 million trips from FY2019 (Chart 2.2), and
- 3.8 million overnight trips – an additional 1.2 million trips from FY2019 (Chart 2.3).

The estimation of domestic trips assumes that day trips will increase in line with overnight trips reflecting historical observation that day and overnight trips have increased at relatively similar rates since 2014 (i.e. growth of 8.5 per cent for day trips compared to 7.9 per cent for overnight trips).

Both domestic day and overnight trips are forecast to increase by 3.8 per cent over the next five years and taper off to grow at the long term average of 3.4 per cent over the rest of the forecast horizon (Chart 2.1).

Chart 2.1: Historical and forecast growth in domestic trips

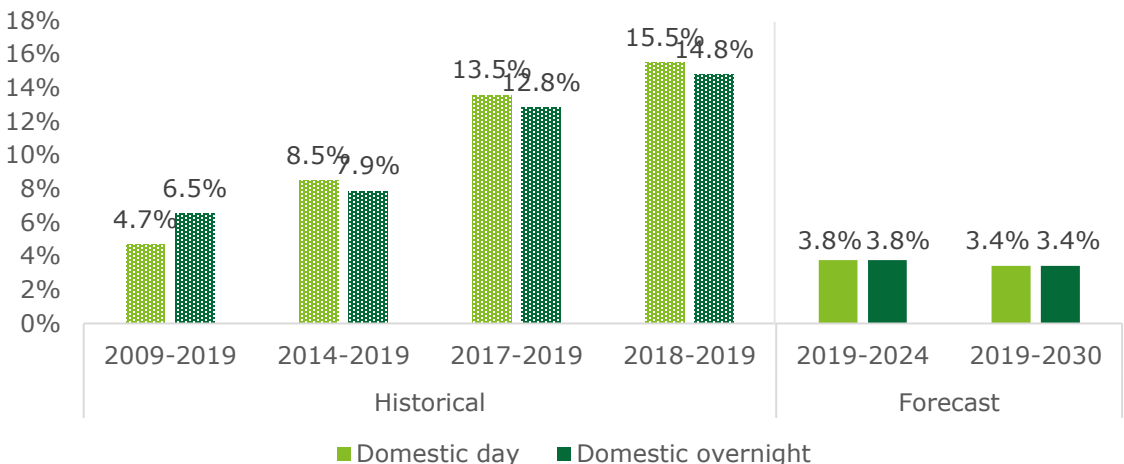


Chart 2.2: Domestic day trips to the Great Ocean Road, FY2019-2030

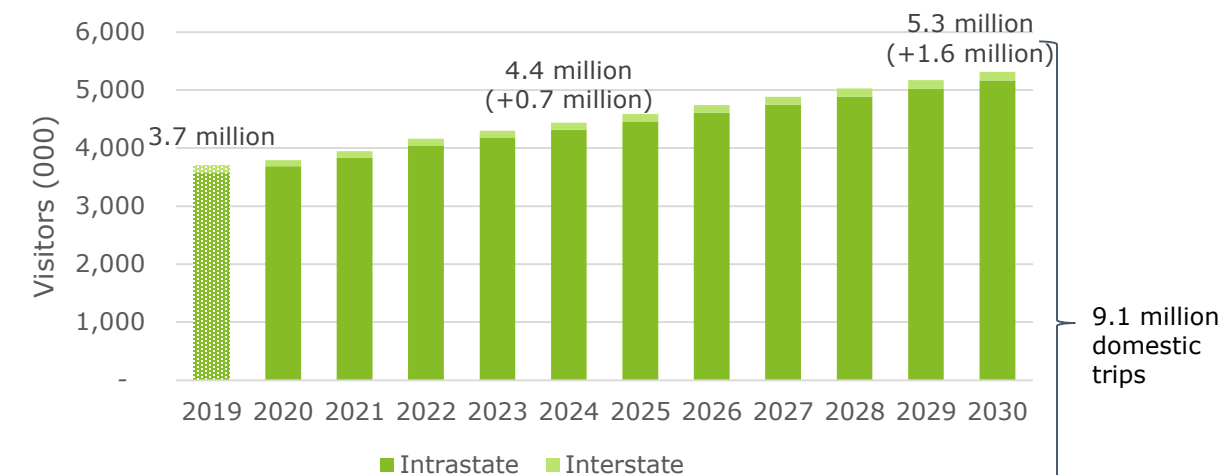
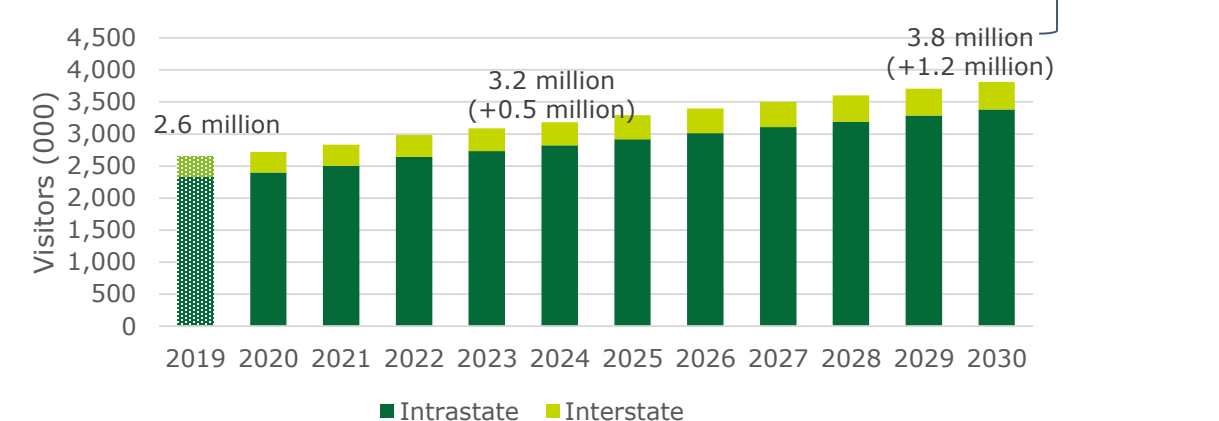


Chart 2.3: Domestic overnight trips to the Great Ocean Road, FY2019-2030



Great Ocean Road – international trip forecast

International overnight and day trip forecast

By FY2030, international trips to the Great Ocean Road are forecast to reach close to 2 million trips, an equivalent to 5.3 per cent average annual growth (Chart 2.4).

This includes:

- 1.4 million day trips - an additional 0.6 million trips from FY2019 (Chart 2.5), and
- 441,000 overnight trips – an additional 189,000 trips from FY2019 (Chart 2.6).

The estimation of international trips, similar to the estimation of domestic trips, assumes that day trips will increase in line with overnight trips, reflecting the observation that day and overnight trips have increased at relatively similar rates since 2014 (i.e. growth of 11.1 per cent for day trips compared to 10.8 per cent for overnight trips).

Both day and overnight trips are forecast to increase by 5.6 per cent over the next five years and taper off to grow at the long term average of 5.3 per cent over the rest of the forecast horizon (Chart 2.4).

Chart 2.4: Historical and forecast growth in international trips

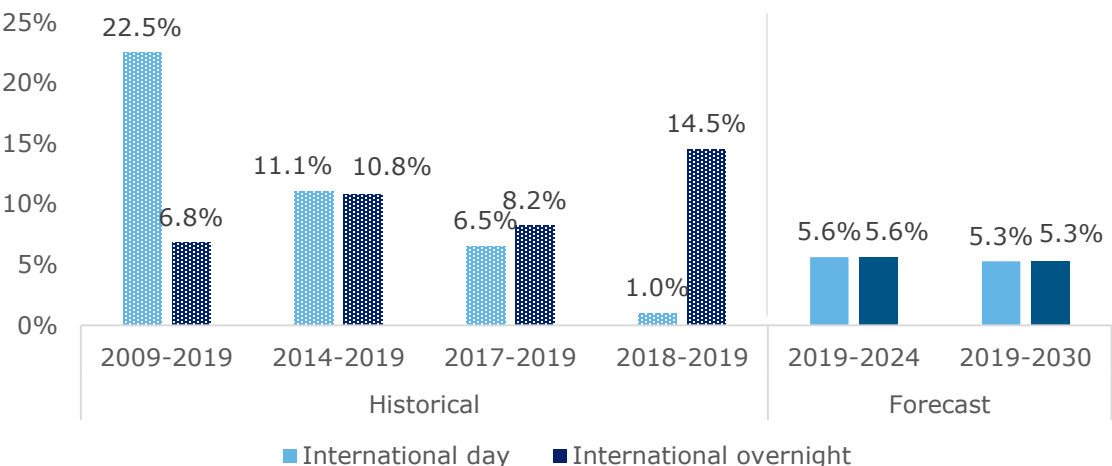


Chart 2.5: International day trips to the Great Ocean Road, FY2019-2030

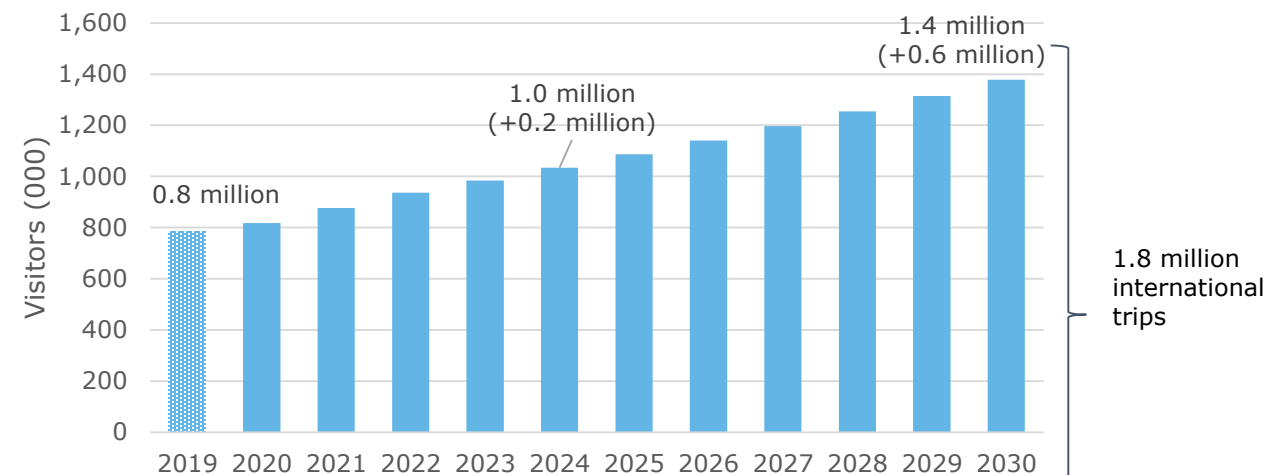
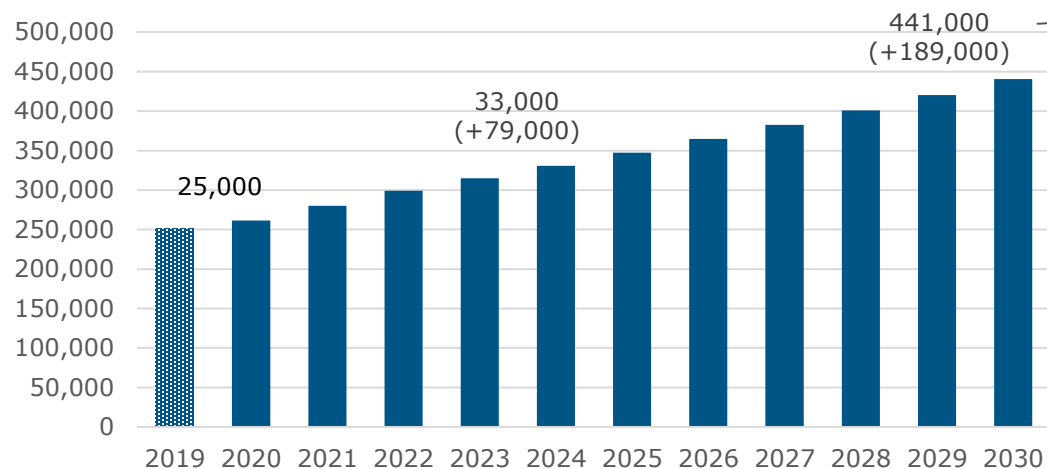


Chart 2.6: International overnight trips to the Great Ocean Road, FY2019-2030



Great Ocean Road – international trip forecast

International overnight trip forecast – by source markets

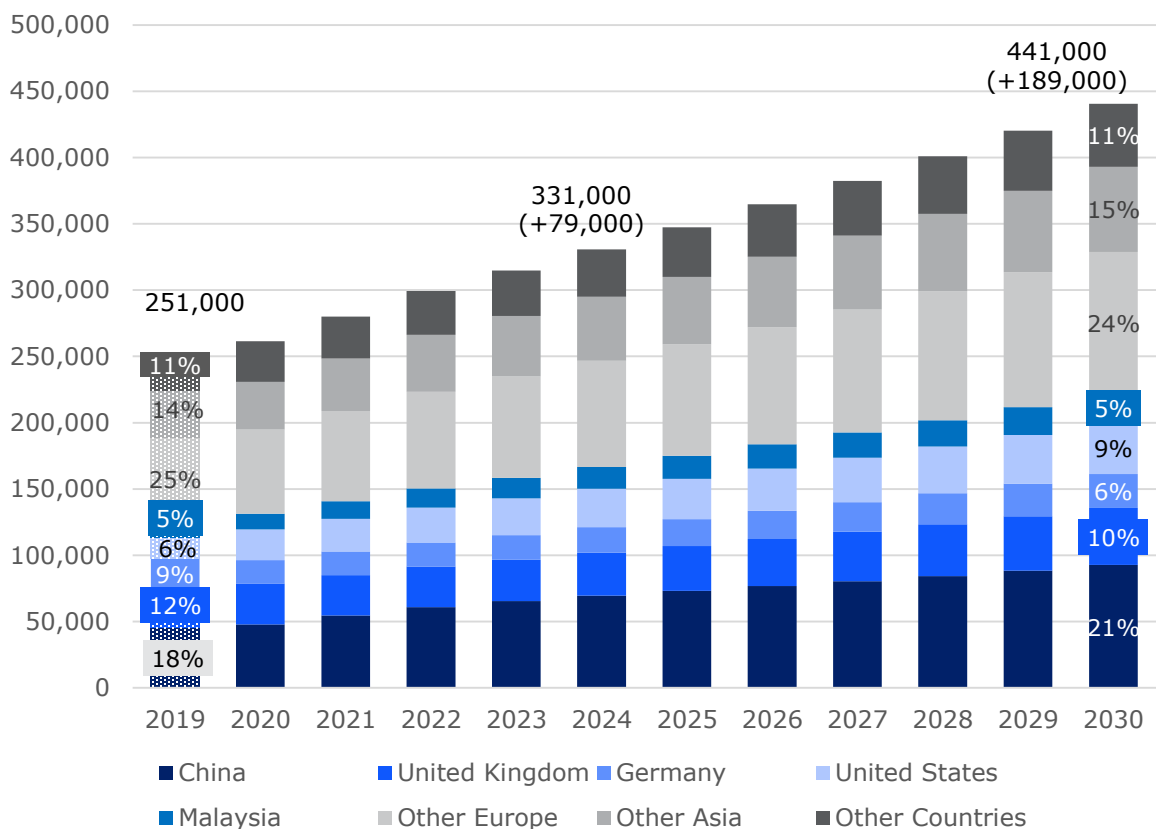
The key international overnight source markets to the Great Ocean Road are China, the United Kingdom, Germany, the United States and Malaysia. That said, the mix of international source markets is expected to change over the forecast period.

By FY2030, China is expected to have increased its share of the market, making up one out of five international overnight trips, more than the combined share (19 per cent) of the United Kingdom and United States. Share of overnight trips from the United States are also expected to increase, up 3 percentage points to 9 per cent.

Table 2.1: Historical and forecast growth in international trips by key source markets

| | Historical | | | | Forecast | |
|-----------------|-------------|--------------|-------------|--------------|-------------|-------------|
| | 2009-2019 | 2014-2019 | 2017-2019 | 2018-2019 | 2019-2024 | 2019-2030 |
| China | 30.9% | 31.1% | 12.9% | 12.6% | 8.8% | 6.6% |
| United Kingdom | -0.6% | 4.4% | 3.0% | 7.9% | 2.0% | 3.6% |
| Germany | 3.0% | -1.3% | 3.8% | 25.4% | -3.1% | 1.2% |
| United States | 4.4% | 4.1% | -12.6% | -6.8% | 12.7% | 8.4% |
| Malaysia | 18.3% | 26.2% | 51.9% | 53.1% | 4.5% | 4.7% |
| Other Europe | 5.8% | 9.4% | 12.1% | 12.9% | 5.3% | 5.1% |
| Other Asia | 14.0% | 19.0% | 14.3% | 51.4% | 6.2% | 5.5% |
| Other countries | 2.4% | 7.0% | 0.1% | -8.8% | 5.7% | 5.3% |
| Total | 6.8% | 10.8% | 8.2% | 14.5% | 5.6% | 5.2% |

Chart 2.7: International overnight trips to Great Ocean Road by source market, FY2019-2030



Great Ocean Road – total visitation forecast (international and domestic)

Total visitation forecast – international and domestic

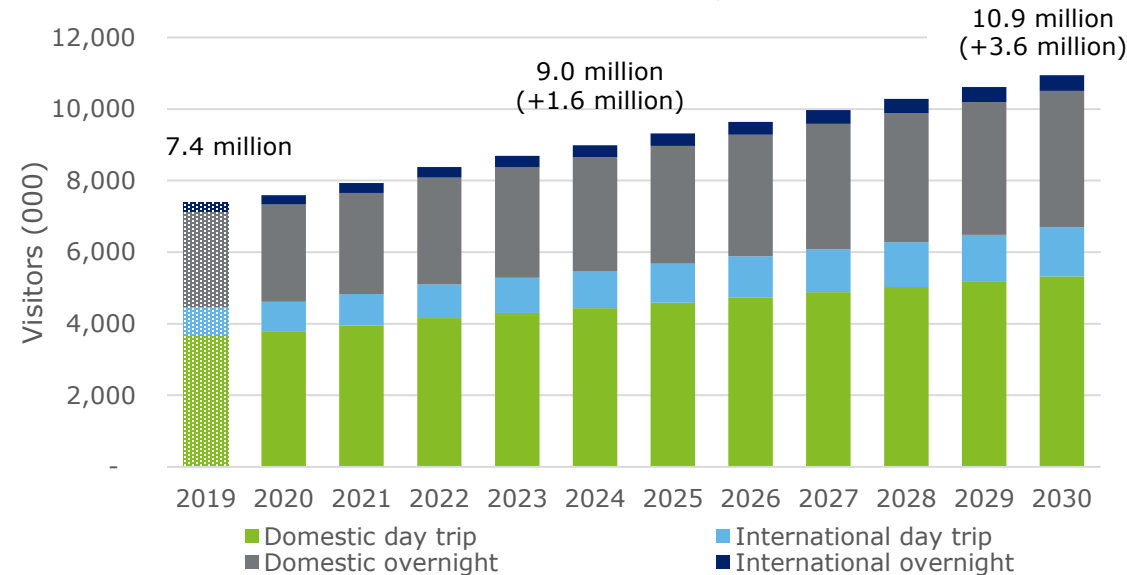
Total visitation to Great Ocean Road is forecast to grow an average 3.7 per cent over the forecast horizon to reach 10.9 million trips in FY2030.

The forecast growth is more moderate than the most recent growth of 13.5 per cent though still representing an additional 3.6 million annual trips by FY2030 compared to FY2019 (Chart 2.8).

The mix of visitors is forecast to largely remain unchanged with domestic day trips continuing to be the largest market (49 per cent) and domestic overnight trips continuing to be the second largest market (35 per cent).

Note: These forecast are based on a “business as usual” level of tourism investment and do not reflect stimulation of new demand likely to be generated with planned and proposed new public and private infrastructure.

Chart 2.8: Total forecast visits to the Great Ocean Road, FY2019-2030



Note: Percentages refer to share of market segment.

Table 2.2: Total visits by source market to the Great Ocean Road - Historical and forecast (000)

| Trip type | Historical | | | | Forecast | |
|------------------------------|------------|-------|-------|-------|----------|--------|
| | 2009 | 2014 | 2017 | 2019 | 2024 | 2030 |
| Domestic overnight trip | 1,408 | 1,814 | 2,080 | 2,647 | 3,183 | 3,813 |
| Domestic day trip | 2,339 | 2,458 | 2,863 | 3,691 | 4,438 | 5,317 |
| International overnight trip | 130 | 150 | 215 | 251 | 331 | 441 |
| International day trip | 103 | 465 | 693 | 786 | 1,034 | 1,378 |
| Total | 3,981 | 4,888 | 5,850 | 7,376 | 8,986 | 10,948 |

Table 2.3: Total visits by source market to the Great Ocean Road - Historical and forecast growth

| Trip type | Historical | | | | Forecast | |
|------------------------------|----------------|----------------|----------------|-----------|----------------|----------------|
| | 2009-2019 CAGR | 2014-2019 CAGR | 2017-2019 CAGR | 2018-2019 | 2019-2024 CAGR | 2019-2030 CAGR |
| Domestic overnight trip | 6.5% | 7.9% | 12.8% | 14.8% | 3.8% | 3.4% |
| Domestic day trip | 4.7% | 8.5% | 13.5% | 15.5% | 3.8% | 3.4% |
| International overnight trip | 6.8% | 10.8% | 8.2% | 14.5% | 5.6% | 5.3% |
| International day trip | 22.5% | 11.1% | 6.5% | 1.0% | 5.6% | 5.3% |
| Total | 6.4% | 8.6% | 12.3% | 13.5% | 4.0% | 3.7% |

Great Ocean Road - visitor nights forecast

Great Ocean Road– visitor nights

Total visitor nights in the Great Ocean Road are forecast to grow 3.8 million between FY2019 and FY2030, to reach 11.8 million visitor nights by the end of the forecast horizon.

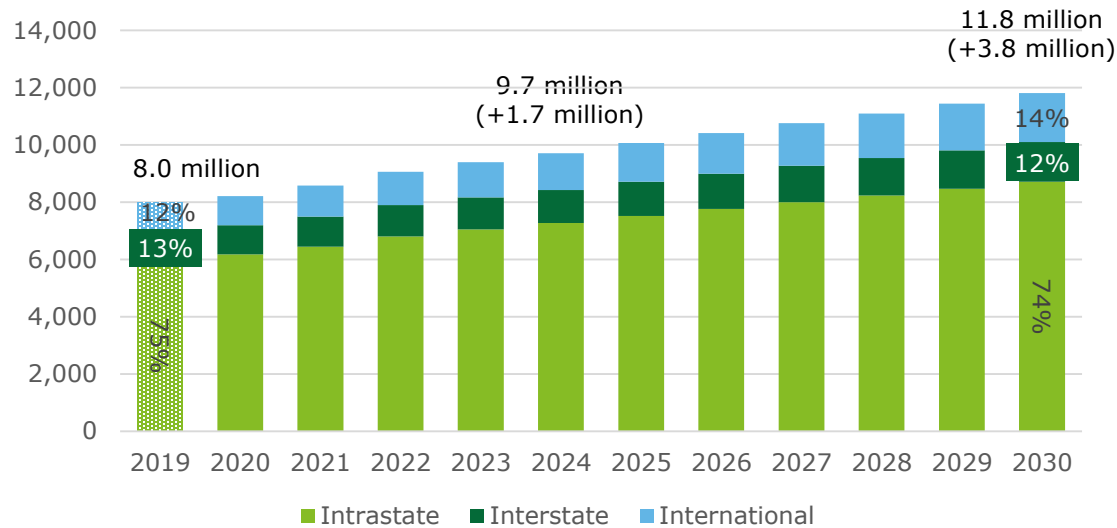
This represents an average annual growth of 4.0 per cent over the forecast horizon, with international nights forecast to grow faster at 5.8 per cent each year, compared to domestic nights.

In FY2019, intrastate visitor nights comprised 75 per cent of visitor nights in the region (Chart 2.9). By FY2030, this is anticipated to reduce just marginally to 74 per cent, while share of international visitor nights is expected to grow 2 percentage points from 12 per cent to 14 per cent share. This stems from the higher growth rate of almost 6 per cent annual average growth over the forecast horizon in international visitor nights, doubled that of interstate visitor nights at 3.3 per cent annual growth and 3.8 per cent for intrastate nights (Table 2.4).

Table 2.4: Total visitor nights by source market to Great Ocean Road - Historical and forecast growth

| Trip type | Historical | | | | Forecast | |
|---------------|--------------|-------------|-------------|-----------|-------------|--------------|
| | 10 year CAGR | 5 year CAGR | 2 year CAGR | 2018-2019 | 5 year CAGR | 10 year CAGR |
| Intrastate | 5.6% | 4.4% | 10.2% | 13.6% | 3.0% | 3.8% |
| Interstate | 2.6% | 0.3% | -3.1% | 7.0% | 3.0% | 3.3% |
| International | 5.3% | 8.2% | -2.3% | -2.7% | 4.9% | 5.8% |
| Total | 5.1% | 4.2% | 6.5% | 10.5% | 3.2% | 4.0% |

Chart 2.9: Forecast visitor nights in the Great Ocean Road, FY2019-2030



3. Sub-region visitor demand forecast

Great Ocean Road – domestic visitation forecast by sub-region

Great Ocean Road – domestic visitation by sub-region

Demand forecasts were undertaken for the seven sub-regions within the Great Ocean Road identified in the visitor profile section. Sub-regions are assumed to continue to outperform and underperform the Great Ocean Road region's performance based on their historical trend, gradually reverting to long term averages over the first five forecast years to maintain at long term average over the remaining five years of the forecast.

Table 3.1: Total domestic trips to the sub-regions, FY2019-2030

| Sub-region | 2019 (000s) | 2030 (000s) | 2019-2030 CAGR |
|---------------------------|----------------|----------------|----------------|
| Lorne-Anglesea | 1,491 | 2,154 | 3.4% |
| Warrnambool | 1,206 | 1,768 | 3.5% |
| Torquay | 1,246 | 1,754 | 3.2% |
| Otway | 770 | 1,068 | 3.0% |
| Western Great Ocean Road | 796 | 1,041 | 2.5% |
| Northern Great Ocean Road | 657 | 1,020 | 4.1% |
| Corangamite - South | 313 | 454 | 3.4% |
| Total stopovers | 6,479 | 9,260 | 3.3% |

Note: As one trip can contains multiple stopovers in different sub-regions, the total number of stopovers is larger than the number of unique trips.

Sub-region level – total domestic visitation forecast

Domestic trips to the Great Ocean Road are concentrated in eastern end of the region with Lorne-Anglesea and Torquay driving the trends of overall visitation to the region. These sub-regions are expected to maintain a high market share to 2030.

By 2030, an additional 2.8 million stopovers are forecast for the region, up to 9.3 million trips with Lorne-Anglesea, Warrnambool and Torquay forecast to receive the largest share of domestic trips. This represents an average annual growth of 3.3 per cent over the forecast horizon (Table 3.1).

Great Ocean Road – domestic visitation forecast by sub-region

Sub-region level – domestic overnight and day trips

There is a slightly different mix of domestic visitors across the sub-regions.

Lorne-Anglesea, Warrnambool and Torquay feature in the top three for FY2019 and FY2030, with Torquay more visited among day trip domestic visitors ahead of Warrnambool (Table 3.2).

Otway is the fourth most visited stopover for domestic overnight visitors, but less so (ranked sixth) for day trippers. Interestingly, from a visitor count perspective, while other sub-regions receive more domestic day trip visitors versus overnight visitors, Otway receives more domestic overnight visitors compared to day trip visitors

Table 3.2: Domestic overnight and day trips to the sub-regions, FY2019 and 2030

| Sub-region – overnight trips | 2019 (000s) | 2030 (000s) | 2019-2030 CAGR |
|------------------------------|--------------|--------------|----------------|
| Lorne-Anglesea | 632 | 962 | 3.9% |
| Warrnambool | 492 | 719 | 3.5% |
| Torquay | 484 | 677 | 3.1% |
| Otway | 434 | 579 | 2.7% |
| Western Great Ocean Road | 398 | 515 | 2.4% |
| Northern Great Ocean Road | 242 | 334 | 3.0% |
| Corangamite - South | 106 | 156 | 3.6% |
| Total stopovers | 2,787 | 3,944 | 3.2% |

| Sub-region – day trips | 2019 (000s) | 2030 (000s) | 2019-2030 CAGR |
|---------------------------|--------------|--------------|----------------|
| Lorne-Anglesea | 859 | 1,192 | 3.0% |
| Torquay | 762 | 1,077 | 3.2% |
| Warrnambool | 715 | 1,049 | 3.6% |
| Northern Great Ocean Road | 415 | 686 | 4.7% |
| Western Great Ocean Road | 399 | 526 | 2.6% |
| Otway | 336 | 489 | 3.5% |
| Corangamite - South | 207 | 298 | 3.4% |
| Total stopovers | 3,692 | 5,317 | 3.4% |

Note: As one trip can contains multiple stopovers in different sub-regions, the total number of stopover is larger than the number of unique count trip.

Figure 3.1: Domestic overnight visitor density in the Great Ocean Road by sub-region, FY2030



Figure 3.2: Domestic day trip visitor density in the Great Ocean Road by sub-region, FY2030



Great Ocean Road - international overnight visitation by sub-region

Sub-region level – international overnight trip forecast

The number of international overnight trips to the Great Ocean Road region is forecast to increase between FY2019 and FY2030, with an additional 218,000 stopovers expected by FY2030.

International visitors to the Great Ocean Road are more heavily concentrated in the western side of the region, compared to domestic overnight trips, which are more concentrated towards Torquay and Geelong. The Otway sub-region has the largest share of international visitors, followed by Warrnambool. The highest growth rate of international visitors is forecast for the Northern Great Ocean Road sub-region, though this would remain a small share of total international visits (Table 3.3).

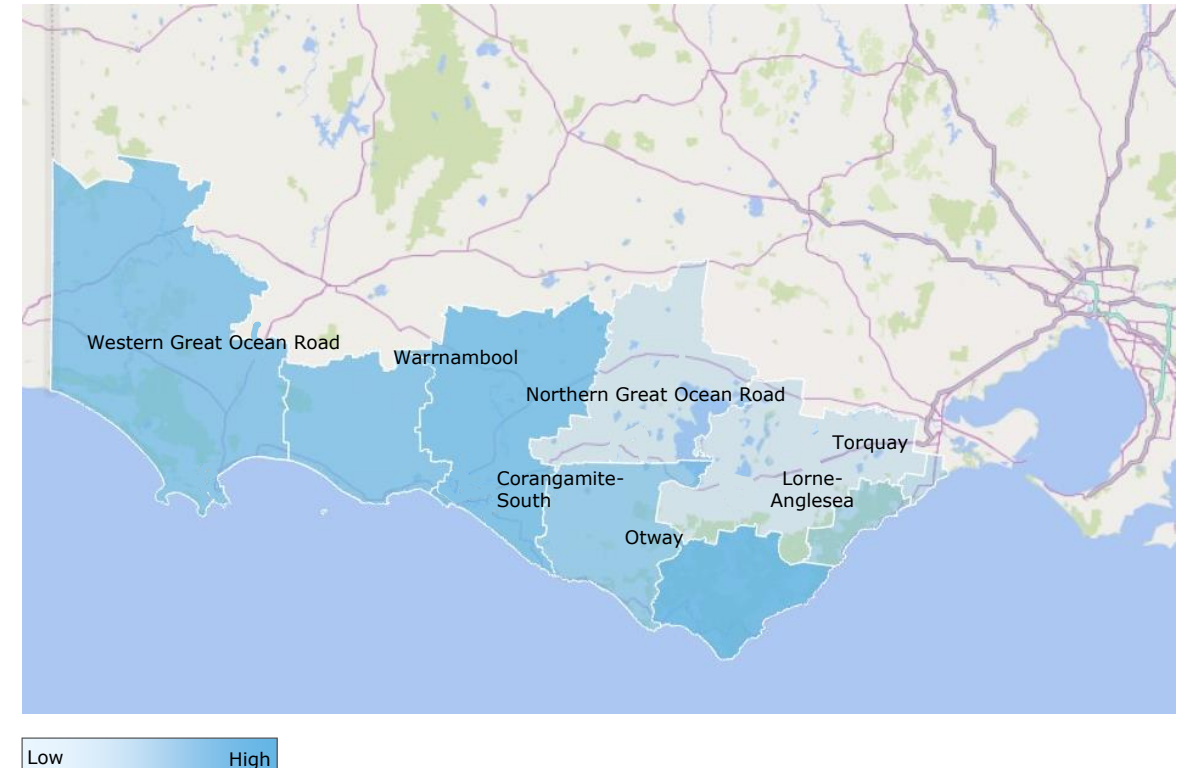
Table 3.3: International overnight trips to the sub-regions, FY2019 and FY2030

| Sub-region | 2019 (000s) | 2030 (000s) | 2019-2030 CAGR |
|---------------------------|-------------|-------------|----------------|
| Otway | 86 | 141 | 4.6% |
| Warrnambool | 69 | 120 | 5.2% |
| Western Great Ocean Road | 68 | 107 | 4.2% |
| Corangamite - South | 54 | 89 | 4.6% |
| Lorne-Anglesea | 34 | 57 | 4.8% |
| Torquay | 19 | 31 | 4.3% |
| Northern Great Ocean Road | 4 | 7 | 5.3% |
| Total stopovers | 335 | 553 | 4.7% |

Note: As one trip can contains multiple stopovers in different sub-regions, the total number of stopover is larger than the number of unique count trip.

Note: Due to data limitations, international day trip forecast was not undertaken at the sub-region level.

Figure 3.3: International visitor density in the Great Ocean Road by sub-region, FY2030



Great Ocean Road - total visitation forecast (international and domestic) by sub-region

Sub-region level forecast

All regions are expected to see an increase in visitors by the end of the forecast horizon, with an average annual increase ranging from 2.6 per cent to 4.1 per cent (Table 3.4). Lorne–Anglesea, Torquay, and Warrnambool are forecast to remain the most visited stopover sub-regions in the Great Ocean Road, receiving over 50 per cent of overnight trips in the region (Chart 3.1).

As seen from Chart 3.1, the market share of sub-regions is forecast to remain largely unchanged between FY2019 and FY2030. This forecast reflects the assumption that sub-regions would continue to outperform / underperform the region’s average based on their historical performance. This would gradually revert to long term averages over the first five forecast years and continue to grow in line with the region’s average till the end of the forecast horizon.

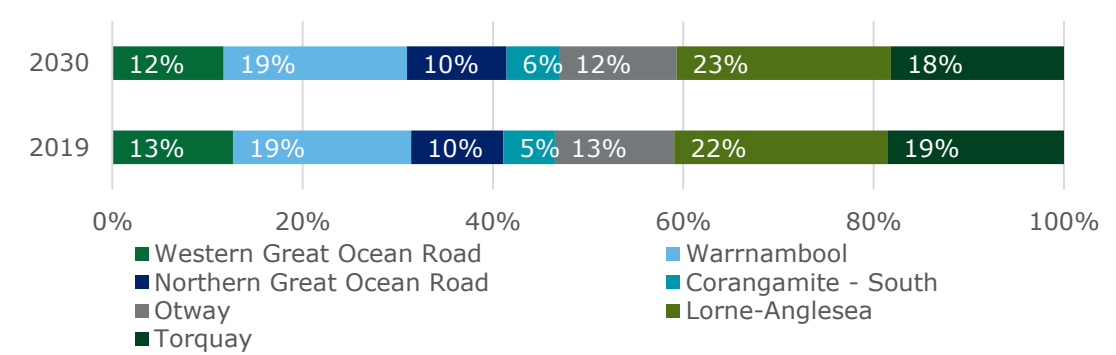
Figure 3.4: Total visitor density in the Great Ocean Road by sub-region, FY2030



Table 3.4: Total trips (domestic overnight, day and international) to the sub-regions, FY2019 and FY2030

| Sub-region | 2019 (000s) | 2030 (000s) | 2019-2030 CAGR |
|---------------------------|--------------|--------------|----------------|
| Lorne-Anglesea | 1,525 | 2,211 | 3.4% |
| Warrnambool | 1,275 | 1,889 | 3.6% |
| Torquay | 1,265 | 1,785 | 3.2% |
| Otway | 856 | 1,210 | 3.2% |
| Western Great Ocean Road | 864 | 1,148 | 2.6% |
| Northern Great Ocean Road | 661 | 1,028 | 4.1% |
| Corangamite - South | 367 | 543 | 3.6% |
| Total stopovers | 6,814 | 9,813 | 3.4% |

Chart 3.1: Share of domestic day, domestic overnight and international overnight trips by sub-region, FY2019 and FY2030



Note: Trip forecasts at the sub-region level do not include international day trips due to data limitations

Great Ocean Road – visitor nights forecast by sub-region

Sub-region level – visitor nights

Within the Great Ocean Road, Lorne-Anglesea has the highest share of visitor nights (24 per cent), and is expected to keep this position to 2030. However, Warrnambool’s share of visitor nights is expected to grow 2 percentage points to accommodate 1 in 5 visitor nights in the region.

Between FY2019 and FY2030, the Otway, Western Great Ocean Road and Northern Great Ocean Road sub-regions are all expected to reduce their shares of visitor nights.

The distribution of visitor nights quite strongly resembles the distribution of visitors at the sub-region level. However, the higher average length of stay of international visitors, typically going to Otway, has led to a higher concentration of nights compared to visitors, while Torquay has a lower concentration of nights.

Table 3.5: Forecast visitor nights in the Great Ocean Road by sub-region, FY2019 and FY2030

| Sub-region | 2019 (000s) | 2030 (000s) | 2019-2030 CAGR |
|---------------------------|--------------|---------------|----------------|
| Lorne-Anglesea | 1,781 | 2,783 | 4.1% |
| Warrnambool | 1,568 | 2,503 | 4.3% |
| Otway | 1,280 | 1,802 | 3.2% |
| Western Great Ocean Road | 1,278 | 1,751 | 2.9% |
| Torquay | 1,131 | 1,631 | 3.4% |
| Northern Great Ocean Road | 674 | 875 | 2.4% |
| Corangamite – South | 263 | 448 | 5.0% |
| Total nights | 7,976 | 11,793 | 3.6% |

Figure 3.5: Distribution of visitor nights by sub-region, FY2030



4. Forecast of rooms and sites required in the Great Ocean Road

Visitor accommodation use – historical trends by accommodation type

Visitor accommodation use in Great Ocean Road

Over the past decade, total visitor nights in the Great Ocean Road grew an average 5.2 per cent each year with a doubling of year-on-year growth to 10.5 per cent in FY2019 (Table 4.1) .

The number of visitor nights spent in commercial accommodation grew more slowly at 3.1 per cent per annum growth over the same period. In the last year, nights in commercial accommodation nights in the Great Ocean Road declined 3.1 per cent, the first time in the last five years that share of nights in commercial accommodation fell below 50 per cent (Chart 4.1).

Note: Commercial accommodation in this study refers to hotels, caravan parks, self-contained and hosted accommodation, and other commercial accommodation (backpackers and hostels, cottages, farm stays, bed and breakfast). Refer to the Appendix B for the definition of each accommodation type.

Over the last five years, the share of visitor nights by accommodation type in the Great Ocean Road region has remained relatively stable, with some decline in the share of visitor nights spent in caravan parks. of As at FY2019, almost a third of commercial visitor nights were spent in self-contained and hosted style accommodation and similar for nights spent in hotels and caravan parks (Chart 4.2).

Table 4.1: Historical growth trends in visitor nights, commercial versus non-commercial accommodation

| | FY2009-2019 | FY2014-2019 | FY2018-2019 |
|--|-------------|-------------|--------------|
| Visitor nights in commercial accommodation | 3.1% | 3.9% | -3.1% |
| Visitor nights in non-commercial accommodation types | 7.8% | 4.6% | 29.2% |
| Total | 5.1% | 4.2% | 10.5% |

Chart 4.1: Visitor nights at commercial versus non-commercial accommodation, FY2014 to 2019

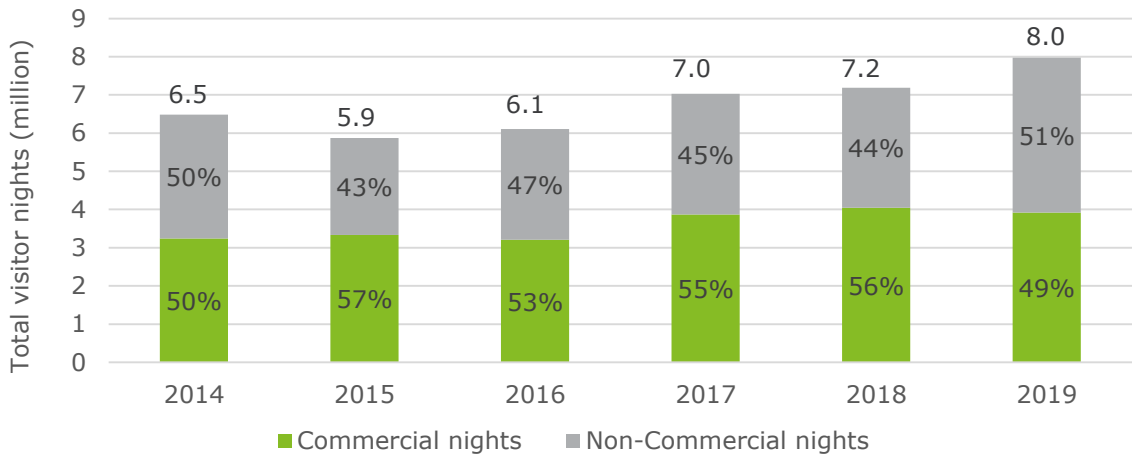
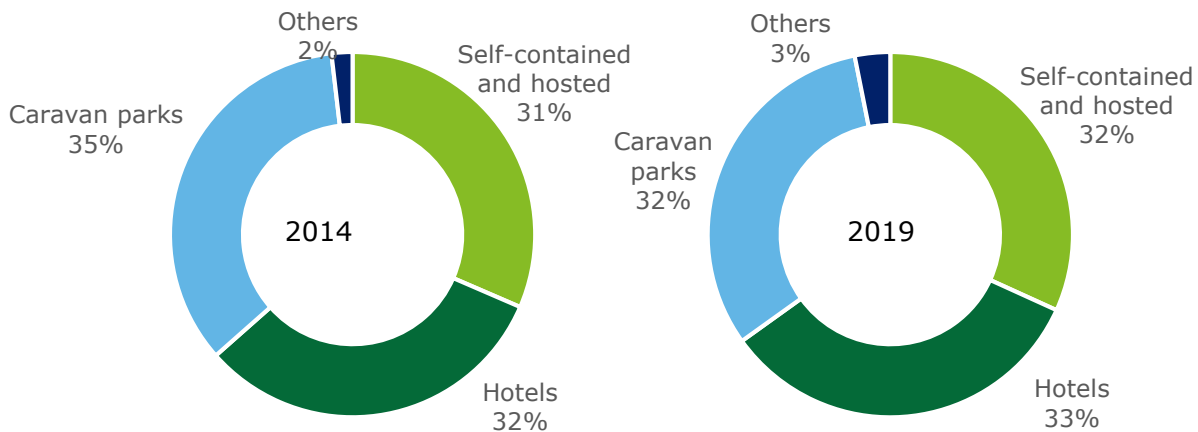


Chart 4.2: Split of visitor nights in commercial accommodation, FY2019 versus FY2014



Visitor accommodation use - historical trends by source market

Commercial accommodation trends

Of the 7.4 million visitors to the Great Ocean Road in FY2019, 39 per cent or 2.9 million visitors were overnight visitors (Chart 1.4). They spent a total 8.0 million visitor nights in the region. Nights spent by intrastate visitors represent three quarters of all nights in the region, interstate visitors account 13 per cent and the remaining 12 per cent are from international visitors.

Correspondingly, intrastate visitors make up the vast majority of commercial accommodation nights spent in the region (Chart 4.3), 72 per cent in FY2014 and maintaining through to FY2019 at 71 per cent.

International visitor nights in the Great Ocean Road region grew an average 8.2 per cent over the last five years, twice the average growth rate of visitor nights in the region (Table 2.2). Given the strong growth, the share of visitor nights in commercial accommodation by international visitors grew four percentage points to 17 per cent in FY2019, with decline in share from domestic interstate visitors (Chart 4.3).

The choice of accommodation type of intrastate visitors to the region is fairly evenly split across caravan parks (36 per cent of nights), hotels (34 per cent) and self-contained and hosted accommodation (30 per cent).

International visitors who stay in commercial accommodation are the least likely to spend their nights in caravan parks (only 16 per cent of international nights). Rather, the majority of international visitor nights (36 per cent) are concentrated in self-contained and hosted accommodation, with the next most utilised accommodation type being hotels (31 per cent of nights).

Interstate visitors most frequently stay in self-contained and hosted accommodation, with almost four in 10 nights spent in this accommodation type. More than a third of nights are spent in hotels (36 per cent) and quarter in caravan parks or camping (27 per cent).

Chart 4.3: Split of commercial visitor nights by source markets, FY2019 versus FY2014

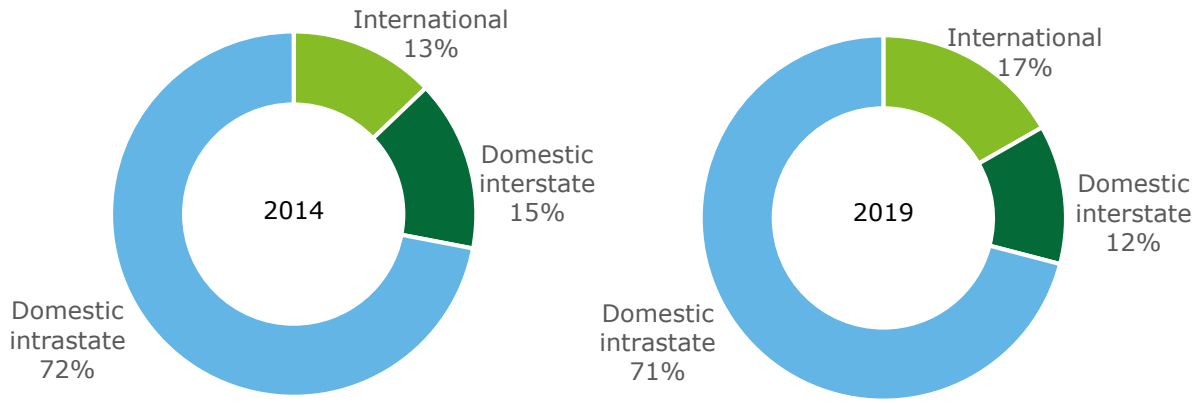
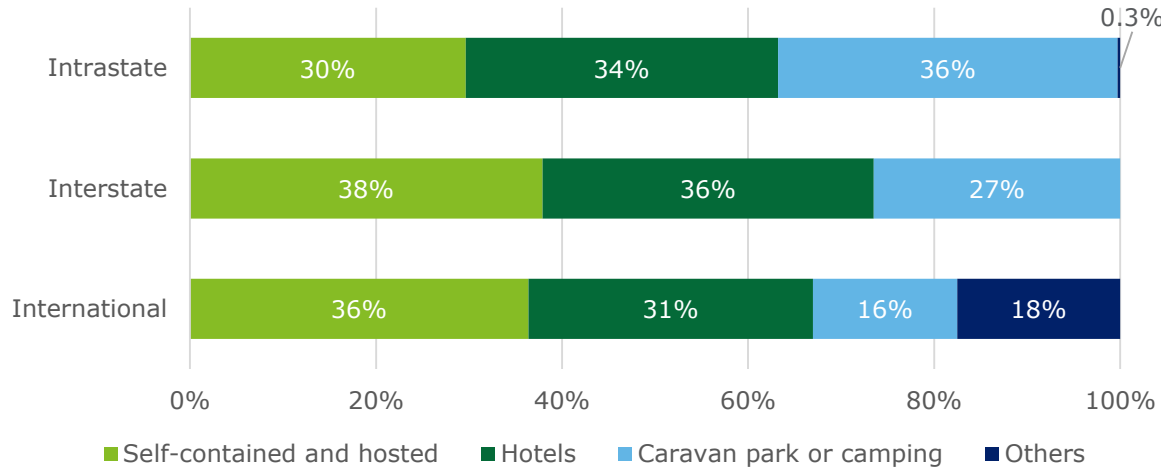


Chart 4.4: Breakdown of commercial visitor nights by accommodation type and source market, FY2019



Visitor accommodation provider survey

Accommodation provider survey

Having forecast the demand potential of visitors to the Great Ocean Road to 2030, it is important to ensure adequate visitor accommodation is in place to realise and maximise the potential economic gains from tourism for the region.

To forecast the accommodation requirements of the Great Ocean Road, an understanding of the performance and of the current level of accommodation stock is required. To do this, Deloitte Access Economics conducted a survey with accommodation providers across the Great Ocean Road to collect information on their inventory, recent performance, seasonality trends, visitor profile and business sentiments. The survey was first distributed at the end of January 2020 pre-COVID-19 lockdown.

The survey was sent to over 500 contacts of accommodation providers collated by the Department. Support was also sought from key industry stakeholders (associations, regional boards and major accommodation groups) to distribute the survey to their member networks.

Respondents were asked to provide information about the performance of their properties across a range of metrics for the FY2019 period. Survey data were analysed to derive estimations for key accommodation metrics such as occupancy rate, availability and guest capacity. Table 4.2 provides the analysed accommodation metrics by accommodation types.

The survey has not received a sufficient response to enable a breakdown of accommodation metrics at a sub-region level. As a result, all historical and forecast accommodation room capacity are presented at a whole of Great Ocean Road tourism region level.

Please refer to the Appendix C for further details of the survey and assessment of the suitability of other accommodation data sources.

Table 4.2: Rooms available and occupancy rates in Great Ocean Road by accommodation type as at FY2019

| Type | Rooms available | Occupancy rates | Average guest per room |
|--------------------------|-----------------|-----------------|------------------------|
| Hotels | 2,634 | 57.5% | 2.4 |
| Self contained or hosted | 2,488 | 40.0% | 5.3 |
| Caravan parks | 2,209 | 61.0% | 3.3 |
| Others | 494 | 41.7% | 3.4 |
| Total | 7,824 | 52.4% | 3.3 |

Source: Deloitte Access Economics accommodation survey and analysis

Great Ocean Road - visitor accommodation forecast

Forecast of rooms required in the Great Ocean Road

Two scenarios of accommodation outlook were modelled to reflect potential room requirements in the Great Ocean Road.

- In the 'constant occupancy scenario', it is assumed that occupancy rates for each type of accommodation remain constant at current levels over the forecast horizon.
- In the 'improved occupancy scenario', utilisation of accommodation stock is assumed to improve 0.5 percentage points each year over the forecast horizon, capped at a maximum annual average occupancy rate of 70%.

An audience survey of potential demand that could be generated by new and different types of accommodation offerings in the region was outside of scope for this study. Thus a conservative 70% annual average occupancy rate cap was used in the improved occupancy scenario, to acknowledge the challenges in enticing off-peak demand to the region.

The forecast modelling is conducted on an annual basis, with the effect of seasonality embedded in the annual figures. The study acknowledges that this does not reflect the seasonality challenges faced by accommodation operators in the Great Ocean Road. Seasonality affects most tourist destinations to some extent, though can be balanced by tweaking strategies to maximise opportunities to grow demand during the quieter months. Employing strategies such as seasonal pricing, loyalty programmes, developing anchor events or activities, social media marketing to create off-season hype are some examples to grow demand outside peak seasons.

Constant occupancy scenario

Under this scenario, the forecast assumes that average occupancy rates are maintained at FY2019 levels across all types of accommodation.

To accommodate forecast potential tourism demand, the number of rooms across the Great Ocean Road would need to grow almost **4 per cent each year**. This represents **an additional 3,800 rooms and sites (from almost 7,800 to 11,600 rooms)** between FY2019-2030 (Chart 4.5).

Across accommodation types, the volume growth required is the largest for hotels and self contained or hosted properties, with around 1,200 additional stock of each type (almost 4 per cent each year) needed by FY2030 to meet forecast demand.

An estimated 1,000 additional caravan park sites (or 3.5 per cent growth each year) would be required by the end of the forecast horizon (Table 4.3).

Chart 4.5: Forecast room requirements in Great Ocean Road, constant occupancy

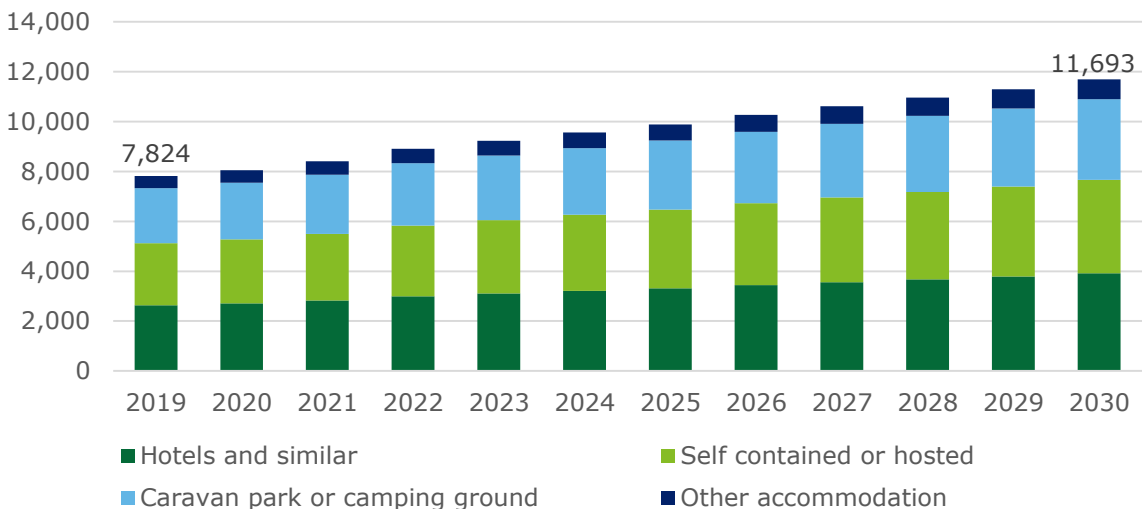


Table 4.3: Forecast room requirements and growth rate in Great Ocean Road, constant occupancy

| Type | FY2019 | FY2030 | Occupancy rate by FY2030 | Additional rooms | FY2019-2030 CAGR |
|--------------------------|--------|--------|--------------------------|------------------|------------------|
| Hotels | 2,634 | 3,920 | 57.5% | 1,286 | 3.7% |
| Self contained or hosted | 2,488 | 3,740 | 40.0% | 1,252 | 3.8% |
| Caravan parks | 2,209 | 3,238 | 61.0% | 1,029 | 3.5% |
| Others | 494 | 795 | 41.7% | 302 | 4.4% |
| Total | 7,824 | 11,693 | 52.4% | 3,869 | 3.7% |

Great Ocean Road - visitor accommodation forecast

Forecast of rooms required in the Great Ocean Road

Improved occupancy scenario

Under this scenario, it is assumed that average occupancy rates are increased 0.5 percentage points each year across the forecast horizon. With better accommodation utilisation, the requirement for additional rooms and sites is reduced. Table 4.4 outlines the assumed occupancy rates across each accommodation types by FY2030.

To meet the potential tourism demand at 2030 under an improved occupancy scenario, an **additional 2,700 accommodation rooms and sites (from 7,800 to 10,500 rooms)** between FY2019 and FY2030 would be required (Chart 4.4). This represents an **average annual growth of 2.7 per cent**, less one percentage point required under the 'constant occupancy scenario'.

Across accommodation types, the largest volume growth is required for hotels, with 940 additional rooms needed (or 2.8 per cent growth on average per year) by FY2030 to meet forecast demand.

An estimated 800 additional self contained or hosted properties (or 2.6 per cent growth on average per year) would be required by the end of the forecast horizon. Around 760 more caravan park sites (or 2.7 per cent growth each year) would be required by 2030 to meet potential demand for this accommodation type (Table 4.4).

Chart 4.6: Forecast room requirements in Great Ocean Road, improved occupancy

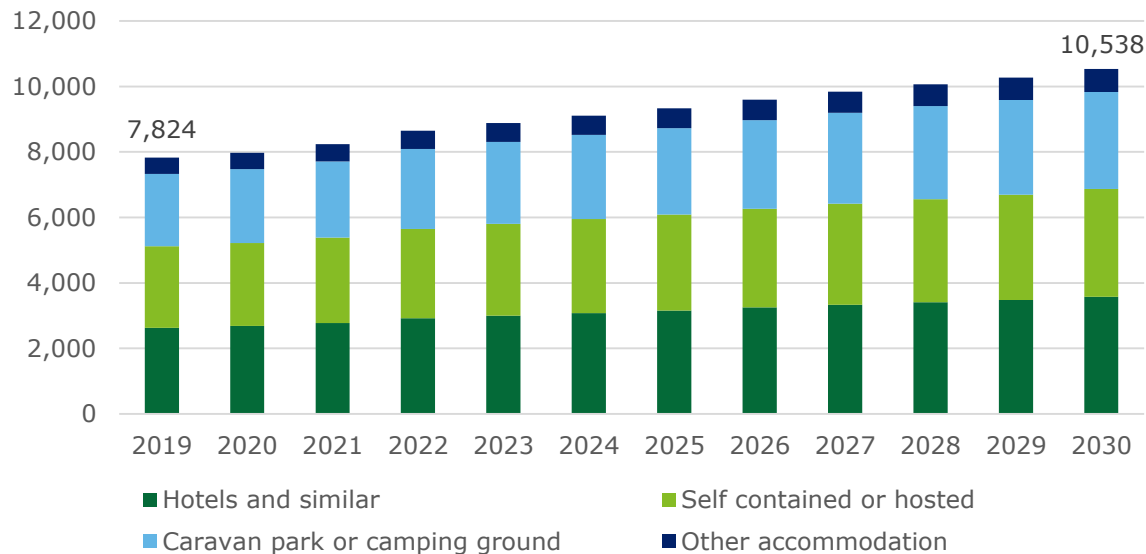


Table 4.4: Forecast room requirements and growth rate in Great Ocean Road, improved occupancy

| Type | FY2019 | FY2030 | Occupancy rate by FY2030 | Additional rooms | FY2019-2030 CAGR |
|--------------------------|--------|--------|--------------------------|------------------|------------------|
| Hotels | 2,634 | 3,578 | 63.0% | 944 | 2.8% |
| Self contained or hosted | 2,488 | 3,288 | 45.5% | 800 | 2.6% |
| Caravan parks | 2,209 | 2,970 | 66.5% | 762 | 2.7% |
| Others | 494 | 702 | 47.2% | 209 | 3.3% |
| Total | 7,824 | 10,538 | 55.5% | 2,715 | 2.7% |

Appendix A

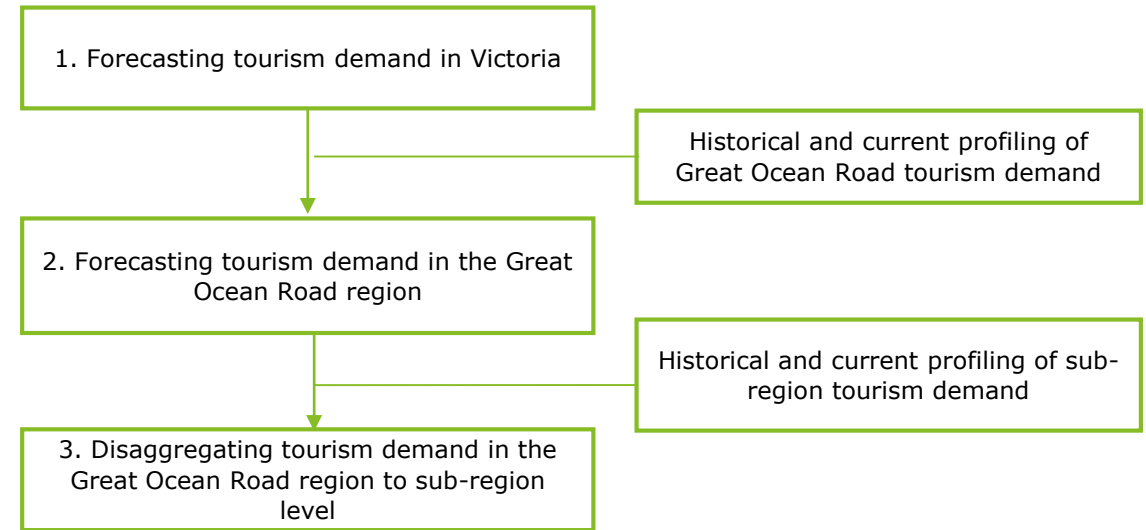
Tourism demand forecast methodology

Tourism demand forecast

This includes three phases:-

- **Phase 1 – Forecasting tourism demand at the state level:** This phase involves drawing on a combination of bespoke research and Deloitte Access Economics in-house tourism forecasting expertise to estimate unconstrained tourism demand to Victoria from 2019 to 2030. The forecasting approach takes into account historical demand in Victoria, and its linkages and performance against underlying macroeconomic factors.
- **Phase 2 – Forecasting tourism demand in the Great Ocean Road:** The objective of this phase is to forecast tourism demand at the total Great Ocean Road region level. It is assumed that historical growth trends for the Great Ocean Road region is maintained in the short term before converging to longer term trends after five years.
- **Phase 3 – Disaggregating tourism demand to sub-region level:** The objective of this phase is to forecast tourism demand at the sub-region level, considering not only historical growth trends of sub-regions but also historical volatility and small sample sizes that are often presented at the small region level.

Figure A.1: Tourism demand analytical framework



Source: Deloitte Access Economics

Tourism demand forecast

Phase 1: Forecasting visitor nights at state level

The visitor demand modelling was developed using Deloitte Access Economics **in-house Tourism Forecast Model** (DAE-TFM), an unconstrained econometric demand model based on changes to the underlying determinants of tourism demand.

The econometric analysis takes into account **macroeconomic factors** in Victoria and visitor source markets, including:

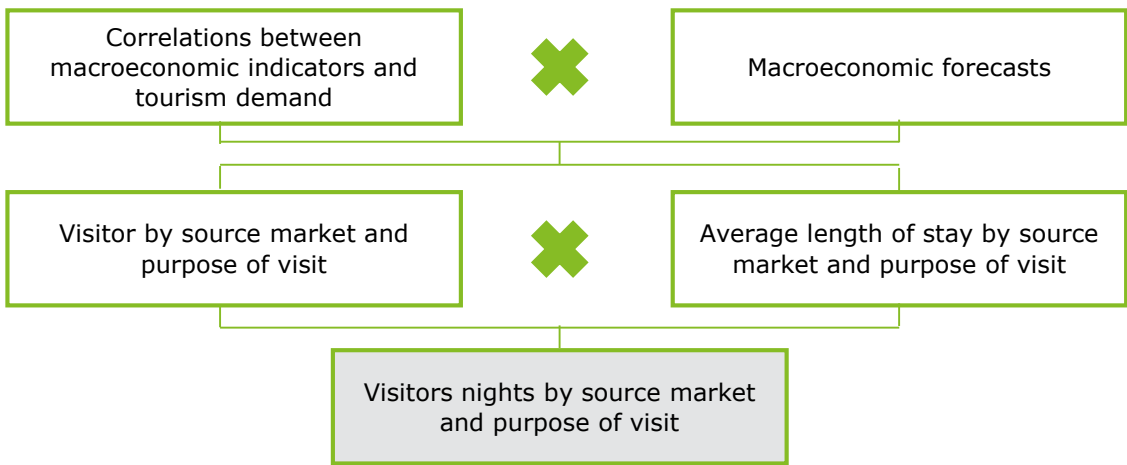


Broadly, the econometric model **parameterises the correlations between macroeconomic factors and tourism demand** (e.g. the extent to which demand from Chinese visitors would increase for a one percent increase in the Chinese GDP).

Results on the correlations between macroeconomic factors and tourism demand are then **combined with macroeconomic forecasts** to estimate the number of visitors by source market and purpose of visit and their average length of stay.

The visitor forecasts are then multiplied by average length of stay assumptions for each visitor segment to estimate visitor nights.

Figure A.2 Approach overview of tourism demand forecast at state level



Source: Deloitte Access Economics

Tourism demand forecast

Phase 2: Forecasting tourism demand in the Great Ocean Road

Assumptions

- Visitation to the Great Ocean Road will continue to outperform / underperform the state, as estimated based on relative three-year historical averages. The extent to which the visitation demand outlook in the Great Ocean Road region deviates from the State will gradually revert to long term averages over the first five forecast years.
- Average length of stay is assumed consistent across the forecast period, in line with the recent historical trend. As at June 2019, length of stay averaged as 2.6 nights and 3.9 nights for domestic and international visitors.
- The share of daytrips relative to overnight trips remain constant for both domestic and international source markets, in line with five year historical average.

Chart A.1 Overnight visitor growth rates, state versus Great Ocean Road

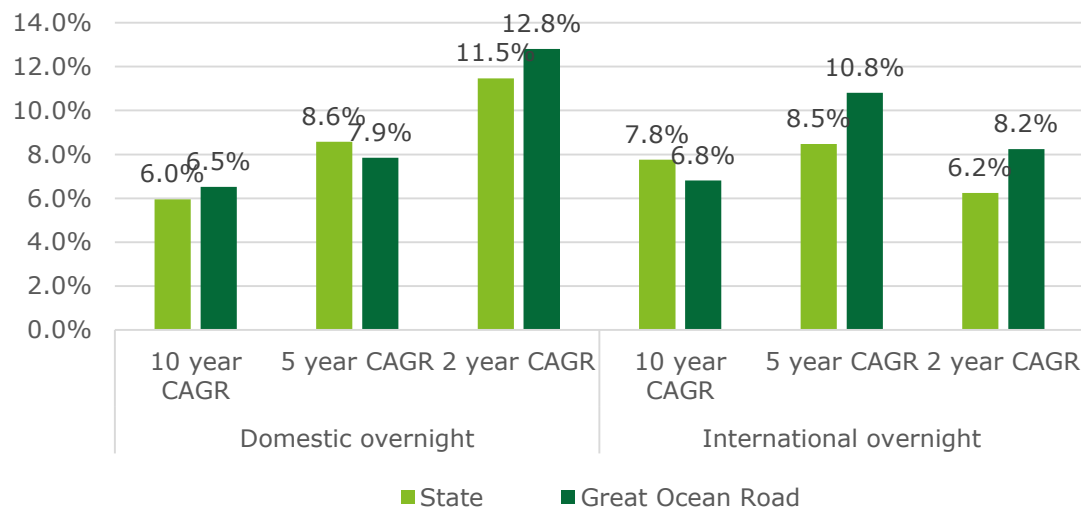
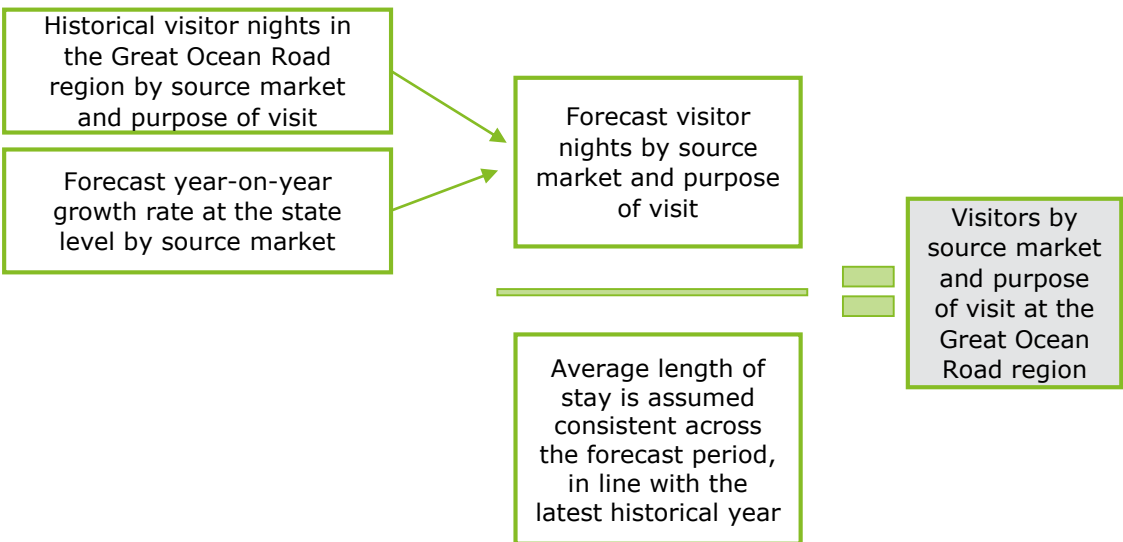


Figure A.3: Approach overview of tourism demand forecast at Great Ocean Road region level



Tourism demand forecast

Phase 3 - Disaggregating tourism demand to sub-region level

Tourism within the Great Ocean Road has been examined at the Statistical Area 2 (SA2) level to understand the geographic distribution and profile of demand. However, a sample size of 30 or more is required to meet the threshold for reliable modelling according to the Central Limit Theorem. This limits the number of SA2 regions able to be modelled. To overcome the sample size constraint while providing the most detailed regional breakdowns possible, SA2s with insufficient data are further grouped into Great Ocean Road tourism sub-regions. These are defined in Table A.1

Forecasting visitor demand at the sub-region level is largely similar to forecasting demand at the Great Ocean Road region level (i.e. Phase 2).

Key considerations for sub-region level forecast include:

- Consideration of sample sizes at the sub-region level, including groupings of SA2s where appropriate
- Instead of using FY2019 as the base year for forecasting, forecasts are based on the average level of demand between FY2017 and FY2019 to account for data volatility

Assumption

- Sub-regions will continue to outperform / underperform the Great Ocean Road region's performance, gradually reverting to long term averages over the first five forecast years to maintain at long term average over the last five years of the forecast.

Table A.1: List of SA2 within each sub-region

| Modelled region | SA2s contained within region |
|---------------------------|--|
| Lorne-Anglesea | Lorne-Anglesea |
| Warrnambool | Warrnambool – North, Warrnambool – South, Moyne - East |
| Otway | Otway |
| Torquay | Torquay |
| Western Great Ocean Road | Glenelg (Vic.), Portland, Moyne - West |
| Northern Great Ocean Road | Winchelsea, Camperdown, Colac, Colac Region, Corangamite – North |
| Corangamite - South | Corangamite – South |

Source: Deloitte Access Economics

Appendix B

Accommodation forecast methodology

Accommodation forecast

A survey of accommodation providers at the Great Ocean Road was conducted to collect data on accommodation performance, inventory, seasonality trends, visitor profile and business sentiments. Results of the survey were used as inputs to the Deloitte Access Economics in-house hotel market model to estimate tourism accommodation requirements. Further details on the survey are included on the next page.

The following steps were involved in estimating the number of rooms required to accommodate the forecast tourism demand:

- **Determine guest nights demanded by accommodation type by multiplying the visitor night forecasts with the share of nights spent in commercial accommodation:** The share of commercial accommodation is based on the share as at FY2019. Four types of commercial accommodation were considered in parameterising the model: hotels, caravan parks, self-contained and hosted accommodation and others.
- **Estimate room nights demanded by dividing guest nights demanded by guests per room for each accommodation type:** Information on guests per room was parameterised using data collected in the survey.
- **Estimate room nights required by dividing room nights demanded by occupancy rate assumptions:** Information on occupancy rates was collected in the survey. The number of room nights required is divided by 365 to provide the number of rooms required for each forecast year.

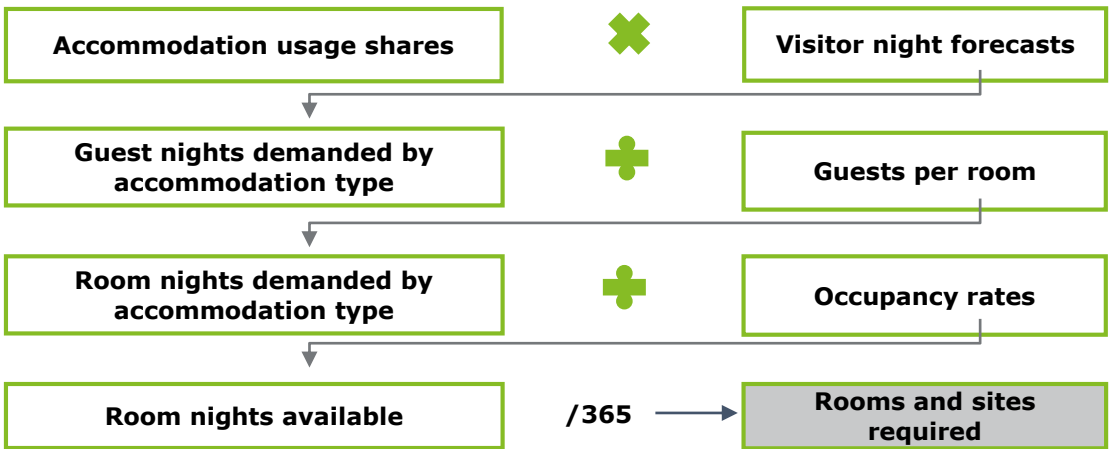
The conceptual framework for the accommodation requirement model is outlined in Figure B.1. Table B.1 provide the definition of each accommodation type referred to in this study

Assumptions

The following parameters are used in the forecasting of rooms and sites required and vary across accommodation types:

- The share of visitor nights spent in commercial accommodation
- Guests per room or site
- Occupancy rates

Figure B.1: Visitor accommodation modelling conceptual framework



Note: Crown land caravan park sites with annual permits issued are assumed to have utilisation of 180 days per annum, maximum permitted in Victoria.

Data sources

The following sources of data were used to inform the model:

- Historical visitors and visitor nights in commercial accommodation, as provided by Tourism Research Australia’s NVS and IVS
- Deloitte Access Economics’ survey of visitor accommodation providers

Table B.1: Definitions for accommodation type

| Type | Definition |
|---------------------------|---|
| Self contained and hosted | Rented house or apartment |
| Hotels | Hotel, motels, resorts |
| Caravan | Caravan, camping and holiday parks |
| Others | Backpacker or hostel; farm stays; bed and breakfast |

Appendix C

Accommodation survey and other data sources

Survey of accommodation providers

Deloitte Access Economics conducted a survey with accommodation providers across the Great Ocean Road to collect information on their inventory, recent performance, seasonality trends, visitor profile and business sentiments. The survey was first distributed at the end of January 2020 pre-COVID-19 lockdown. This survey closed on 21 February 2020.

The survey was sent to over 500 contacts of accommodation providers collated by the Department. Support was also sought from key industry stakeholders (associations, regional boards and major accommodation groups) to distribute the survey to their member networks.

Despite reminder efforts, the survey received limited take up. With the support of the Department, a simplified survey was re-distributed in March to encourage further responses from those who have not started the first survey or had partially completed. This second survey which ran from 1 to 27 March 2020 also did not achieve the required take up. The combined responses by accommodation types and sub-regions are provided in Chart C.1 and C.2)

To support the preparation of the accommodation requirement forecast, targeted requests were made to accommodation providers who manage a large collection of properties to help boost the sample size of the collection.

Other data

Data on caravan parks were provided by Great Ocean Road Committee and Parks Victoria. Aggregated data were gathered from larger providers, adding over 700 additional properties to the sample in the self contained and hosted category.

Chart C.1 Survey response property counts by property type

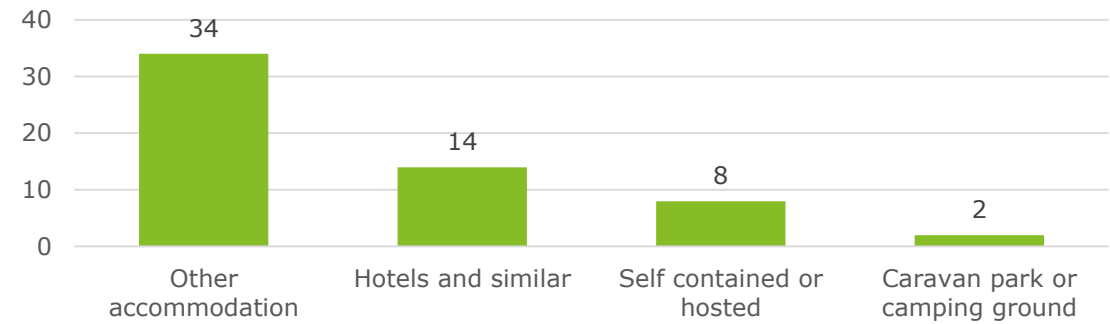
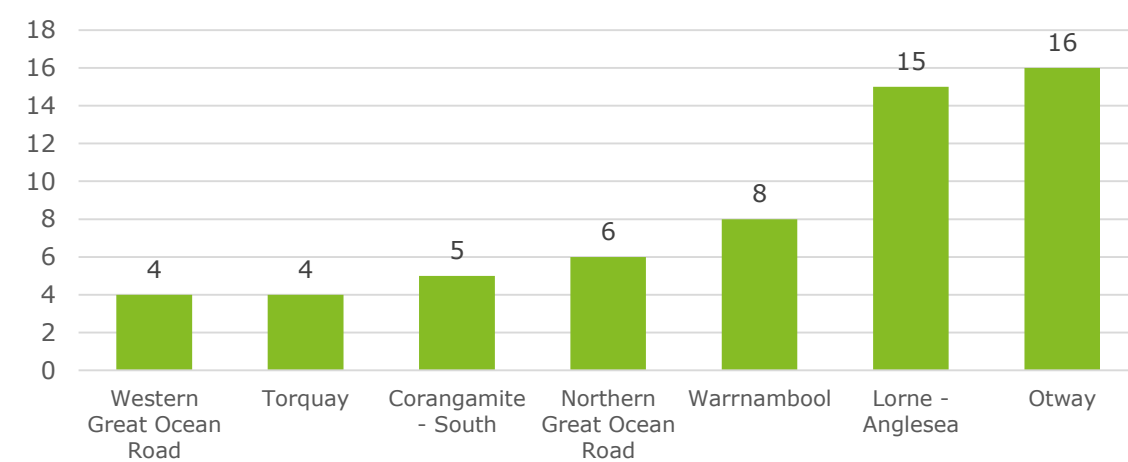


Chart C.2 Survey response property counts by sub-region



Note: Unique survey responses may contain data for more than one property.

Assessment of other accommodation data sources

Other accommodation data sources were assessed to examine their suitability to be used for this study. No single data sources could provide the spectrum (from coverage, granularity to historical performance) of data required to forecast requirements of the Great Ocean Road.

Table C.1 provides a summary of the respective accommodation data sources.

Table C.1: Summary of analysed accommodation data sources

| Data | Source | Collection | Features |
|--|---|--|--|
| Australian Accommodation Monitor (AAM) | Published by Tourism Research Australia with data from STR. | Data collected on daily, weekly and monthly basis from hotels via the chain headquarters, management companies, owners and directly for independent hotels | <ul style="list-style-type: none"> Hotel (or similar) properties with 10 or more rooms from selected categorized brand properties of hotels, serviced apartments, holiday parks and motels Great Ocean Road tourism region level |
| AirDNA and SeeTransparent | Online platforms (Airbnb, VRBO etc) | Mixed of online scraped data and source data from property management systems and rental hosts | <ul style="list-style-type: none"> Primarily short term holiday rental houses |
| Australian Tourism Data Warehouse (ATDW) | ATDW | Data posted by accommodation providers who opted to be listed on ATDW platform | <ul style="list-style-type: none"> Coverage across a variety of accommodation types (apartments, backpackers, bed and breakfast, caravan, cottages, farmstays, holiday houses, hotels, motels, resorts and retreats Static data based on published information on platform, no data on historical demand and accommodation performance |

Table C.2 provides a comparison of the key accommodation metrics derived from the Deloitte Access Economics’ administered visitor accommodation survey and the Australian Accommodation Monitor published by Tourism Research Australia, which is the only published national accommodation data sources publicly available.

Table C.2: Comparison of accommodation metrics between Deloitte survey and AAM

| | Hotels | Self contained and hosted | Caravan parks | Others | Total |
|-------------------------------------|--------|---------------------------|---------------|--------|------------|
| Occupancy rate | | | | | |
| Deloitte survey | 58% | 40% | 61% | 42% | 46% |
| AAM | 64% | N/A | N/A | N/A | N/A |
| Guests per room | | | | | |
| Deloitte survey | 2.36 | 5.27 | 3.29 | 3.35 | N/A |
| AAM | N/A | N/A | N/A | N/A | N/A |
| Sample size (property count) | | | | | |
| Deloitte survey + other data * | 15 | 708 | 18 | 34 | 775 |
| AAM | N/A | N/A | N/A | N/A | 25 |

* Other data include data provided by the Great Ocean Road Committee, Parks Victoria and two accommodation providers contacted separately to request for aggregated data of their portfolio of managed properties.

Limitation of our work

General use restriction

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