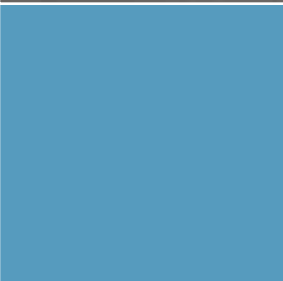


4. Local Situation Assessment



4.1. Local Situation Assessment

This chapter describes the current economic context for Lorne and the study area, and includes population and socio-economic analysis, estimation of tourist and other visitation levels, summary of the retail and commercial role of Lorne, and a review of employment data.

4.1.1. Lorne Population Trends and Forecasts

Historical Population Trends

Historical population trends in Lorne and across the Surf Coast Shire between 1996 and 2007 are shown in Table 4.1.1.1.

The permanent population in Lorne township declined from 1,100 residents in 2001 to approximately 1,020 residents in 2007 (the latest year for which official data is available), according to ABS Estimated Resident Population (ERP) data.

This decline in the population numbers has occurred despite the average of approximately 40 new dwelling approvals in the township over this time, as later noted in Table 4.1.1.2. This trend for a decline in the number of permanent resident shows that new residential development in Lorne is primarily being purchased by investors for short-term leasing, or as holiday homes, rather than owner-occupiers, and also reflects the trend for a decline in household size (meaning a declining population level can occur despite an increase in the number of dwellings).

Table 4.1.1.1 Lorne and Surf Coast Shire Population Trends, 1996 to 2007

	1996	2001	2006	2007
Population (no.)				
Lorne Township	870	1,100	1,020	1,020
Surf Coast West SLA	8,050	8,970	9,000	9,020
Surf Coast LGA	17,850	20,880	22,800	23,520
Average Annual Growth (%)				
Lorne Township		4.8%	-1.5%	0.0%
Surf Coast West SLA		2.2%	0.1%	0.2%
Surf Coast LGA		3.2%	1.8%	3.2%
Average Annual Growth (no.)				
Lorne Township		+50	-20	0
Surf Coast West SLA		+180	+10	+20
Surf Coast LGA		+610	+380	+720

Source: ABS, Essential Economics

Across the overall Surf Coast Shire, population growth has been relatively consistent since 1996, with most of the increase concentrated in the eastern part of the municipality. Although population growth was relatively strong in the period to 2001 for the Surf Coast-West Statistical Local Area (SLA), which includes the western parts of the Surf Coast Shire including Lorne, Anglesea, Fairhaven and Winchelsea, since that time only modest growth has occurred. This is largely due to the lack of new residential sites available in coastal towns such as Lorne and Anglesea, which is evident for Lorne in the dwelling approvals data presented in Table 4.1.1.2.

The Table shows new dwelling approvals in Lorne over the period 2001 to 2008 based on data from the ABS. New dwelling approval trends are also shown for the Surf Coast-West SLA, and for the Surf Coast Shire overall.

Table 4.1.1.2 Lorne and Surf Coast Shire - New Dwelling Approvals, 2001 to 2008

	2001	2002	2003	2004	2005	2006	2007	2008	Annual Average 2001-2008
Lorne Township	40	34	27	98	43	29	29	12	39
Surf Coast West SLA	187	154	156	213	147	116	150	86	151
Surf Coast LGA	414	378	352	540	492	511	436	418	443

Source: ABS, Census of population and Housing

The data shows that over the period 2001 to 2008, new dwelling approvals in Lorne peaked in 2004 with 98 dwellings approved for the year, and the number of approvals have been relatively modest since 2006. Just 12 dwellings were approved in 2008. These trends are likely to reflect the town's lack of available sites for new residential development.

This trend is also generally apparent for the Surf Coast-West SLA in which new dwelling approvals peaked in 2004 and have been in decline since.

On an overall basis however, strong and consistent levels of new dwelling approvals continue in the Surf Coast Shire, and this is primarily due to the development of new residential estates at Torquay and Jan Juc.

Forecast Population

Table 4.1.1.3 shows the historical, current and forecast population in Lorne, the Surf Coast-West SLA and the overall Surf Coast Shire between 2008 and 2030. The population projections have been prepared with reference to the following data sources:

- New dwelling approvals data 2001 to 2008 (See Table 4.1.1.3);
- Latest ABS official estimated resident population (ERP) estimates;
- Small area population projections prepared for the Surf Coast Shire by i.d Consulting in August 2008; and
- Population Forecasts prepared by the Department of Sustainability and Environment in the "Victoria in Future 2008" publication.

The permanent population of Lorne township is forecast to increase from 1,040 persons in 2008 to approximately 1,210 persons in 2030. This represents a relatively modest annual growth rate of 0.7% per annum and is forecast to be driven by a mix of infill development opportunities and the conversion of holiday homes to full-time owner/occupiers.

The forecast rate of population growth in Lorne is well below the increases expected in the Surf Coast-West SLA and the Surf Coast Shire overall. Over the next 25 years, population growth in the Surf Coast Shire is forecast to continue to be concentrated in the eastern parts of the municipality, particularly at Torquay.

Table 4.1.1.3 Lorne and Surf Coast Shire Population Forecasts, 2008 to 2030

	2008	2012	2021	2030
Population (no.)				
Lorne Township	1,040	1,120	1,200	1,210
Surf Coast West SLA	9,090	9,480	10,210	10,750
Surf Coast LGA	24,400	27,680	35,020	40,430
Average Annual Growth (%)				
Lorne Township		1.9%	0.8%	0.1%
Surf Coast West SLA		1.1%	0.8%	0.6%
Surf Coast LGA		3.2%	2.6%	1.6%
Average Annual Growth (no.)				
Lorne Township		20	10	0
Surf Coast West SLA		100	80	60
Surf Coast LGA		830	810	600

Source: ABS Estimated resident Populations, I.D, Essential Economics

4.1.2. Socio-Economic Profile

A summary of the socio-economic characteristics of permanent residents in Lorne is shown in Table 4.1.2.1 based on data from the ABS 2006 Census of Population and Housing. The socio-economic characteristics of Lorne residents have been compared against the Regional Victoria average. Note that this analysis relates to permanent residents of Lorne only, and does not include tourists, other visitors and non-permanent residents (such as holiday-home owners).

The data in Table 4.1.2.1 reveals the following about the demographic and socio-economic profile of Lorne residents:

- **Income** – average household income per capita levels in Lorne are 18% higher than the Regional Victorian benchmark, with a slightly higher than average proportion of households earning more than \$2,000 per week (11% for Lorne compared with 10% for regional Victoria).
- **Household Size** – Lorne has a lower average household size of 2.14 persons per household relative to the regional benchmark of 2.47 persons.
- **Age Structure** – the age profile of Lorne residents is significantly older than that for regional Victoria. Approximately 56% of the Lorne population is aged 45 years or older and this contrasts with regional Victoria with 43%. Just 21% of the permanent population in Lorne is aged 24 years or younger relative to the regional Victoria benchmark of 33%.
- **Origin** – Lorne has a slightly higher proportion of overseas born residents (15%) relative to the benchmark average (11%). English is overwhelmingly the dominant language spoken at home (spoken in 95% of households).
- **Dwelling Type** – a relatively low 71% of dwellings in Lorne are detached dwellings, which contrasts with 89% in regional Victoria. Semi-detached and apartment/unit dwellings make up 28% of all dwellings in Lorne relative to 10% in regional Victoria. Just 22% of dwellings in Lorne are occupied by permanent residents.

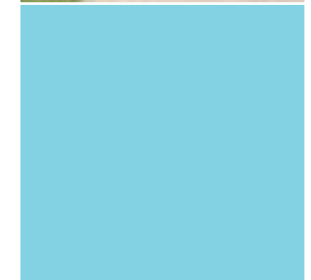




Table 4.1.2.1 Lorne Socio-Economic Characteristics, 2006

	Lorne Township	Regional Victoria
Income		
Mean household income per capita	\$25,387	\$21,492
Variation from Regional Victoria	+18.1%	
% of h'holds earning \$2,000pw or more	10.9%	10.3%
Average household size	2.14	2.47
Age Structure		
0-14 years	11.4%	20.4%
15-24 years	10.0%	12.4%
25-44 years	22.3%	24.5%
45-64 years	33.6%	26.7%
65 years and over	22.7%	16.0%
Median age (years)	48	39
Place of Birth		
Australia	85.4%	89.4%
Other Major English Speaking Countries	6.6%	5.3%
Other overseas born	8.1%	5.3%
% English only spoken at home	94.7%	95.2%
Occupied Private Dwellings		
Detached	70.7%	89.0%
Semi-detached	18.0%	3.5%
Flat/unit or apartment	10.1%	6.2%
Other	1.2%	1.3%
Dwelling Occupancy	22.4%	83.8%
Home Ownership		
Fully owned	51.9%	41.2%
Being purchased	21.7%	34.6%
Renting	26.4%	23.5%
Housing Costs		
Median housing loan repayment	\$1,285	\$1,011
Variation from Regional Victoria	+27.1%	-
% with repayments above \$2,000 per	30.8%	9.4%
Median rental payment (weekly)	\$211	\$146
Variation from Regional Victoria	+44.6%	-
Occupation		
Managers & professionals	40.1%	32.5%
Clerical & sales workers	31.0%	31.2%
Technicians & trades workers	19.0%	15.7%
Machinery operators & drivers	0.9%	7.2%
Labourers & related workers	8.9%	13.4%

Source: 2006 ABS Census of Population and Housing

Note: MESCC Major English Speaking Countries - Canada, Ireland, New Zealand, South Africa, UK, USA

- **Home Ownership** – home ownership levels in Lorne (52%) are above the average for regional Victoria (41%). A lower than average share of dwellings occupied by permanent residents are being purchased or are rented (this does not include dwellings which are for temporary lease or are holiday homes).
- **Housing Costs** – the lifestyle advantages of Lorne and the competition between investors and owner/occupiers in the Lorne real estate market means that housing costs are significantly higher than average. Mortgage repayments in Lorne are on average 27% above the regional Victoria benchmark, while the median rental payment is 45% above average.
- **Occupation** – the occupational status of Lorne residents is dominated by managers and professionals, clerical and sales workers and technicians and trades (90%) compared with regional Victoria (79%), and a small proportion of local workers (10%) are labourers or other “blue collar” occupations compared with the regional Victoria figure (21%).

In general, the socio-economic profile of the permanent residents in Lorne reflects the town's status as a relatively wealthy coastal locality which has an older age profile and a higher share of retirees. There is a higher than normal share of unit and apartment style development, while housing costs in the township are well-above comparable benchmarks for regional Victoria.

4.1.3. Non-Permanent Population Analysis

In addition to the permanent population living in Lorne, a large non-permanent population are present in the town at any one time, and particularly during peak holiday periods. This non-permanent population will also need to be carefully considered in the Point Grey and Slaughterhouse Masterplan.

Holiday Homes

The low level of dwelling occupancy in Lorne (22% compared with regional Victoria's 84%) highlights the popularity of the area as a location for holiday houses. These holiday houses are typically used by owners on weekends and holiday periods, or in some cases are rented out for short periods to tourist visitors.

An estimate of the number of holiday homes in Lorne has been prepared by applying the typical dwelling vacancy rate for regional Victoria and assuming that the balance of vacant dwellings are holiday homes. This approach accounts for dwellings which are vacant because they are being renovated, or are between tenants, and so on.

Based on this analysis, Lorne is estimated to have approximately 930 holiday homes, as shown in Table 4.1.3.1. That is, of a total of 1,510 dwellings in Lorne, 61% are holiday homes occupied only periodically throughout the year.

Table 4.1.3.1 Holiday Homes in Lorne, 2006

Factor	Lorne Township	Surf Coast West SLA	Surf Coast LGA
Dwelling Vacancy rate	77.6%	58.6%	45.4%
Estimate Share of Holiday House (ie. Difference from Regional Victoria average of 16.2%)	61.4%	42.4%	29.2%
Total Dwellings	1,510	7,430	13,920
Estimated Holiday Homes	930	3,150	4,070

Source: ABS, Basic Community Profile

Visitor Nights

An estimate of the total number of visitor nights in Lorne has been prepared with reference to the estimated number of holiday homes and the capacity of commercial accommodation in the township as shown in the RACV accommodation guide.

On the basis of the analysis shown in Table 4.1.3.2 approximately 923,000 visitor nights per annum are spent in Lorne. This is equivalent to a permanent population of approximately 2,500 persons if this visitation is distributed evenly across the year.

Table 4.1.3.2 Summary of Non-Permanent Residents in Lorne, 2009

	Holiday Homes	Hotels, Motel and B&Bs	Caravan Parks or Camping Sites ¹	Total
Rooms/Properties	930	610	390	1,930
Room nights capacity	339,450	222,650	371,760	933,860
Occupancy rate	15.4%	43.9%	56.9%	-
Occupied room nights	52,220	97,800	211,500	361,520
Avg. persons per occupied room nights	3.8	2.0	2.5	-
Total visitor nights	198,440	195,600	528,750	922,790
Avg. length of stay	3.6	1.4	4.0	-
Visitors	55,500	139,700	132,200	327,400

Source: RACV Accommodation Guide, RACV Tourist Park Guide, Tourism Australia,

ABS Small Area Accommodation Data, Essential Economics

1. Calculation reflects some sites are open temporarily during the year

During the peak holiday season, up to an additional 10,000 non-permanent visitors stay in holiday homes and in commercial accommodation in Lorne. This represents a peak population of approximately 11,000 persons in Lorne, or more than ten times the permanent population in the township.

This figure does not include day-trippers to Lorne who do not stay overnight in the town (although a share of these visitors may stay overnight in accommodation located elsewhere on the Surf Coast or Great Ocean Road).





4.1.4. Economic Profile

Understanding the economic profile of Lorne and the surrounding region will assist in identifying the commercial opportunities for the Point Grey and Slaughterhouse sites, as well as their potential to generate economic outcomes including employment and investment (in association with environmental, social and other considerations for the sites).

Employment by Job Classification

Employment in Lorne is dominated by the Retail Trade and Accommodation/Food Services categories which account for a total of 52% of employment generated in the township. These employment categories are closely associated with the tourism industry, and highlight the importance of tourism in Lorne in generating local employment and income.

This data is summarised in Table 4.1.4.1 and is compared with the Surf Coast-West SLA and the average for regional Victoria. The data is derived from the ABS 2006 Census of Population and Housing.

Table 4.1.4.1 Employment by Job Classification, 2006

Job Classification	Lorne		Surf Coast-West SLA		Regional Victoria	
	No.	%	No.	%	No.	%
Agriculture	0	0.0%	355	13.8%	8.7%	
Mining	0	0.0%	8	0.3%	0.5%	
Manufacturing	8	1.1%	111	4.3%	11.2%	
Electricity, Gas, Water & Waste	4	0.6%	103	4.0%	1.0%	
Construction	98	14.0%	264	10.3%	12.2%	
Wholesale Trade	0	0.0%	54	2.1%	3.7%	
Retail Trade	115	16.5%	395	15.4%	14.8%	
Accommodation & Food Services	248	35.5%	528	20.5%	4.5%	
Transport, Postal & Warehousing	0	0.0%	56	2.2%	3.7%	
Info. Media & Telecommunications	4	0.6%	18	0.7%	1.2%	
Financial & Insurance Services	11	1.6%	20	0.8%	1.8%	
Rental, Hiring & Real Estate	54	7.7%	158	6.1%	6.9%	
Administrative & Support Services	4	0.6%	22	0.9%	4.4%	
Public Safety & Administration	36	5.2%	146	5.7%	7.4%	
Education & Training	65	9.3%	163	6.3%	11.4%	
Health Care & Social Assistance	35	5.0%	118	4.6%	1.9%	
Arts & Recreation	14	2.0%	37	1.4%	3.6%	
Other	3	0.4%	15	0.6%	1.2%	
Total	699	100.0%	2,571	100.0%	100.0%	

Source: ABS Journey to Work 2006, ANZSIC, Essential Economics



Across the broader Surf Coast-West SLA, although tourism remains an important source of employment, a more diverse employment base is evident, including a higher share of jobs in Agriculture and Manufacturing. However, Retail Trade and Accommodation/Food Services employment generates approximately 36% of total employment in the SLA and this figure still exceeds the regional Victoria figure of 19%.

Unemployment Rate

The unemployment rate in the Surf Coast-West SLA, which includes Lorne, has been consistently lower than the average for regional Victoria over the past six years. The latest unemployment rate for Surf Coast-West (December 2008) is calculated at 2.5% relative to 4.9% for regional Victoria overall.

Table 4.1.4.2 Historical Unemployment Rate, 2002 to 2008 (Dec Quarter)

Unemployment Rate	2002	2003	2004	2005	2006	2007	2008
Surf Coast (S) - West	4.6%	4.5%	4.9%	4.7%	4.1%	3.4%	2.5%
Regional Victoria	6.4%	5.8%	6.2%	6.8%	6.2%	5.3%	4.9%

In view of the global financial crisis and the current economic downturn, it is expected that an increase in the unemployment rate for Surf Coast-West will become evident when updated small area labour force data is released.

4.1.5 Tourism

Lorne is located on the Great Ocean Road, which is one of Victoria's iconic tourist attractions. The Great Ocean Road Tourist Region, which extends along the western coastline of Victoria, and includes Lorne, generated a total of nearly 7.5 million visits in 2008, including 4.9 million domestic day-trip visitors, 2.4 million domestic overnight visits and 150,000 international overnight visitors (Tourism Victoria, Market Profile 2008). Based on estimated overnight visitation to Lorne of 327,000 persons (refer Table 2.6), approximately 13% of overnight visitors to the broader Great Ocean Road Tourist Region stay at least one night in Lorne during their visit.

According to information provided by Tourism Victoria, the following broad trends are apparent for the tourism industry in the Great Ocean Road Tourist Region and Lorne:

- The level of domestic visitation to the Great Ocean Road has declined by 5% over the period 1999 to 2008
- International overnight visitation to the Great Ocean Road has increased by 20% between 1999 and 2008
- The age profile of visitors to the Great Ocean Road tends to be slightly younger than for Regional Victoria overall
- The degree of seasonality in tourist visitation to the Great Ocean Road is high, with nearly two-thirds of all visitation generated during spring and summer seasons
- The main activities undertaken by visitors to the Great Ocean Road include eat out, go to the beach, sightseeing and visiting national and state parks.

Lorne itself is mainly seen as a destination for the domestic tourist visitation due to its popularity as a holiday home destination for Melbourne residents, and the fact that the major attractions of interest to international visitors along the Great Ocean Road (Twelve Apostles, Bells Beach, Cape Otway etc) are located some distance from the town.

Lorne contains a diverse range of accommodation options including caravan parks, B&Bs, backpackers, motels and hotels. The major tourist attractions and events include the Lorne Pier, the annual pier-to-pub swimming race, Erskine Falls, the Falls Festival, Teddys Lookout and the bi-annual Lorne Sculpture Exhibition.

The Regional Tourism Action Plan 2009-2012 has been developed by Tourism Victoria to refine and focus tourism actions and policies in regional Victoria. The plan supports other relevant tourism policy documents including the Victorian Nature Based Tourism Strategy 2008 and the Victorian Tourism and Events Industry Strategy. In relation to Lorne and the Great Ocean Road, the following actions are of particular relevance:

- Enhance the nature-based and touring experiences
- Support the Victorian Nature-Based Tourism Strategy 2008 which has particular synergies with the Great Ocean Road
- Developing iconic trails such as the Great Ocean Walk (Apollo Bay to Glenample)
- Create a Great Ocean Road Interpretive Centre
- Developing new high-end accommodation options
- Promoting the Great Ocean Road as a benchmark for sustainable tourism

This list of current actions and objectives of tourism policy for the Great Ocean Road are important considerations for the Point Grey and Slaughterhouse Masterplan. They also highlight the opportunity to appropriately take advantage of this year round visitation to the area, which could further enhance local job creation and economic benefits for the Lorne Township and other coastal villages along the Great Ocean Road.



Lorne Pier to Pub
(Flickr.com, Uploaded on April 15, 2007 by yolandev)





4.1.6. Lorne Town Centre

Retail and commercial functions in Lorne are primarily focussed along an extended strip of premises located on the western side of the Great Ocean Road between the small Foodworks supermarket located just north of the Erskine River and the Lorne Hotel approximately 900 metres to the south. Also, a restaurant and seafood co-op is located 1 km further east on Point Grey.

In total, approximately 9,020m² of shopfront floorspace in Lorne, including approximately 7,730m² of occupied retail floorspace. A summary of shopfront premises in Lorne is shown in Table 4.1.5.1 and is sourced from a floorspace survey undertaken by Essential Economics in June 2009.

Table 4.1.5.1 Lorne Shopfront Retail and Commercial Floorspace, June 2009

Category	No. of Businesses	Floorspace (m ²)	% of Retail Floorspace
Food, Liquor & Groceries	6	1,250	16.2%
Food Catering	26	3,270	42.3%
Total Food	32	4,520	58.5%
Apparel	22	1,800	23.3%
Homewares	2	80	1.0%
Bulky Merchandise	1	240	3.1%
General	13	980	12.7%
Total Non-Food	38	3,100	40.1%
Services	2	110	1.4%
Occupied Retail	72	7,730	100.0%
Vacant (vacancy rate)	3	530	6.9%
Non Retail	8	760	9.8%
Total Shopfront	83	9,020	-

Source: Essential Economics Floorspace Survey June 2009

The retail offer in Lorne is dominated by food-based retailing which accounts for 4,520 m² or almost 60% of total retail floorspace in the centre. Although this share of food retail is typical for a centre of this size, food catering (which includes cafes, restaurants and takeaway food outlets) accounts for most of the Food floorspace, with 26 businesses and 42% of total retail floorspace in the centre. This is an extremely high share which reflects the importance of the tourist sector for the Town Centre.



Lorne Town Centre has only a limited provision of fresh food and grocery retailers. The town has a small Foodworks supermarket and only one specialist fruit and vegetable store. It is likely that the permanent population of Lorne Township and surrounding areas would regularly travel to centres such as Torquay and Geelong in order to undertake a large share of their basic food and grocery shopping.

In terms of non-food, the business centre is characterised by a total of 22 apparel retailers. Most of these apparel retailers have a focus on serving the tourist trade. Only a limited number of non-food and retail services traders have a primary focus on serving the permanent population.

As of June 2009, the town had just three vacant tenancies, representing a retail vacancy rate of approximately 7% when expressed in floorspace terms. This is a relatively good outcome for the centre as most strong performing strip-based activity centres have a vacancy rate of between 4% and 8%.

During the non-peak tourist season in winter, a number of tourist-oriented traders in Lorne close temporarily due to the reduction in trade experienced over this time. This means that customer activity and the range of facilities available in the Lorne Town Centre is highly seasonal.

In addition to retail functions, the Lorne Town Centre also contains Westpac and Commonwealth bank branches, post office, real estate offices and a small number of professional offices.

4.1.7. Conclusion

The Township of Lorne currently has a permanent population of approximately 1,040 persons. The permanent population has declined since 2001, despite the some new dwelling construction in Lorne, due to declining household size and the increasing popularity of the township as a holiday home location. The permanent population of Lorne is characterised by relatively high incomes and an older age profile, while housing costs are well-above the regional Victoria benchmark.

Over 60% of dwellings in Lorne are estimated to be holiday homes as these dwellings are only temporarily occupied throughout the year. The town also contains over 610 rooms in hotels, motels and B&Bs, while approximately 390 sites for caravans and camping are also available. During peak periods, up to 10,000 non-permanent residents, or ten times the permanent population, may stay overnight in Lorne.

Employment in Lorne is dominated by tourism-related jobs, while the unemployment rate in the area is only some 50% of the average for regional Victoria. The Lorne Town Centre is dominated by tourist-oriented traders, including 26 café, restaurant and takeaway business and 22 apparel shops. Only a small share of floorspace in the town centre is focussed on meeting the needs of the town's permanent population.

