



Department of
Primary Industries and
Regional Development

*We're working for
Western Australia.*

Western Australian avocados

Business opportunity outline



Avocados are central in the global shift to **plant-based foods** and growing domestic and **international consumption is increasing demand.**

With our mild Mediterranean climate, vast farmlands, modern production systems and efficient supply chains, Western Australia's (WA's) avocado industry is well-positioned for continued growth.

Clear opportunity for **growth**



WA is a domestic leader in avocado production, with the highest yields per tree of any Australian state. We also have the second largest growers, with 150 tonnes per grower in 2020. This superior efficiency comes from a combination of the perfect climate for avocados, experienced growers and an efficient supply chain. WA has a distinct production window peaking September through December when little east coast supply is in the market.

There are real opportunities for investment in the WA avocado industry, including on-orchard, in packing and in value-added processing.

#1

Highest yields in Australia (by State)

#2

Production in Australia (by State)

Solid drivers

The global avocado market has shown healthy growth with increased consumer awareness of avocados' health benefits driving demand – particularly as a substitute for butter.

Avocados are becoming known as one of the world's healthiest superfoods. As well as being delicious and easy to enjoy, avocados contain important nutrients, such as fibre, potassium, folate and vitamins K, B5, B6, C and E. Avocados are also high in healthy fats, low in saturated fats and contain no cholesterol or sodium. There is a growing body of scientific research suggesting that avocados could help enhance heart health, boost weight loss and keep the digestive system running smoothly.

Avocados offer consumers a rich, high fat flavour in a convenient, ready-to-use form. Avocados have widespread use as a meal in themselves, or added to salads, as a spread, in smoothies, and elsewhere at home or in restaurants and cafes. As a result, avocado consumption is expected to continue its growth.

Rapidly growing demand

Global demand for avocados is showing constant, solid growth. Avocados, a US\$4.6 billion market in 2009, grew to a US\$12.2 billion market in 2019, driven by a 10% compound annual growth rate (CAGR).

Strong domestic demand

Australia has large and growing domestic demand for avocados. Per capita consumption in 2020 was 3.7 kilograms per person across retail and food service.

Currently 89% of Australia's avocados go to the domestic fresh market, with 6% going to processing and 5% to export. Retail accounts for 80% of domestic fresh market avocado sales in Australia. Avocados have medium-high retail penetration, with 60% of Australian households purchasing fresh avocados in 2020.

The average consumer purchases 414 grams per shopping trip that includes avocados. Food service channels also take significant volumes of avocados, accounting for 20% of fresh volumes.

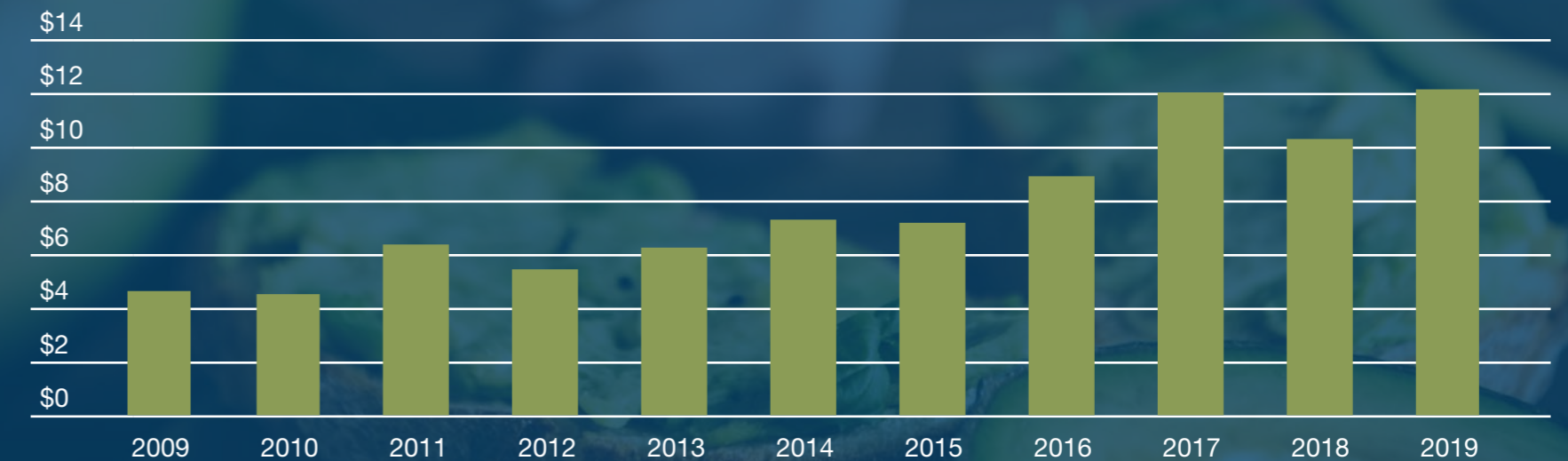
Large and growing domestic markets

Australia's domestic avocado market is large and highly attractive, with production volumes in excess of 87,000 tonnes worth more than \$490 million and WA accounting for 38% of Australia's avocado production. Market volumes grew by 7% per annum and the value by 8% per annum between 2013 and 2020. Australia has a robust avocado market, with more than 3,200 fruit and vegetable specialists and 6,400 supermarkets and grocers all selling avocados. Australia also has more than 45,000 restaurants and cafes and 23,000 fast food/ takeaway outlets.

Worldwide google trends search interest
(Relative index; Peak interest = 100; 1980-2020)



Estimated global avocado market value
(US\$; billion; 2009-2019)



10% per annum 

Global value growth in the last decade

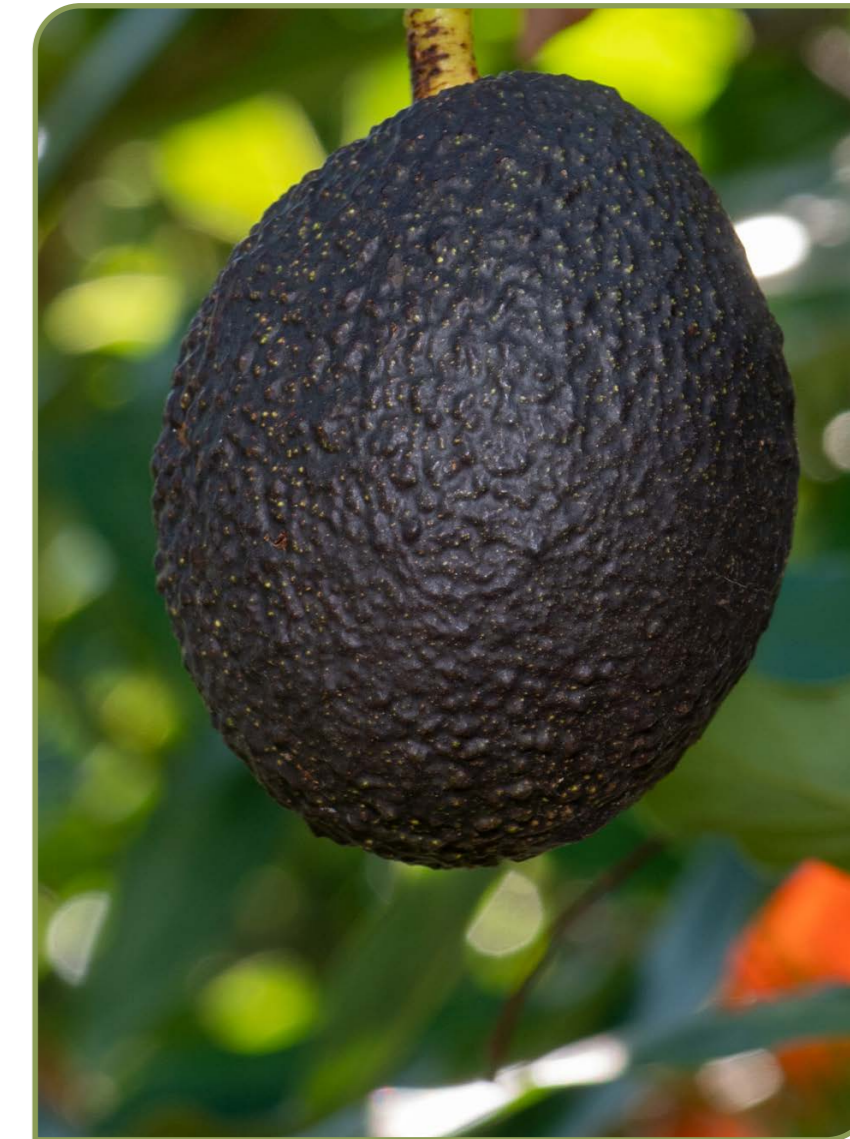
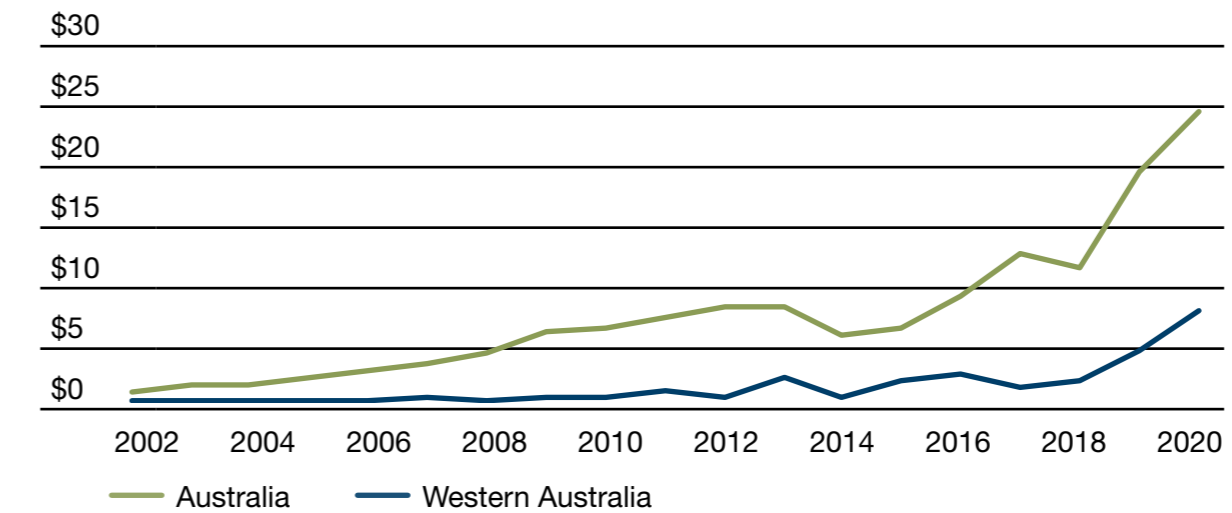
Exports



Growing exports

Beyond the attractive domestic market, WA exports fresh and dried avocados (HS08044000) to several international markets, representing more than 33% of Australia's avocado exports by value in the 2019 financial year. WA is experiencing larger than average CAGR for avocado exports, with 33% CAGR between the 2010 and 2020 financial years, compared with Australia's 15% CAGR for the same period.

Fresh and dried avocado export value
(AU\$; million; 2002 to 2020 financial years)

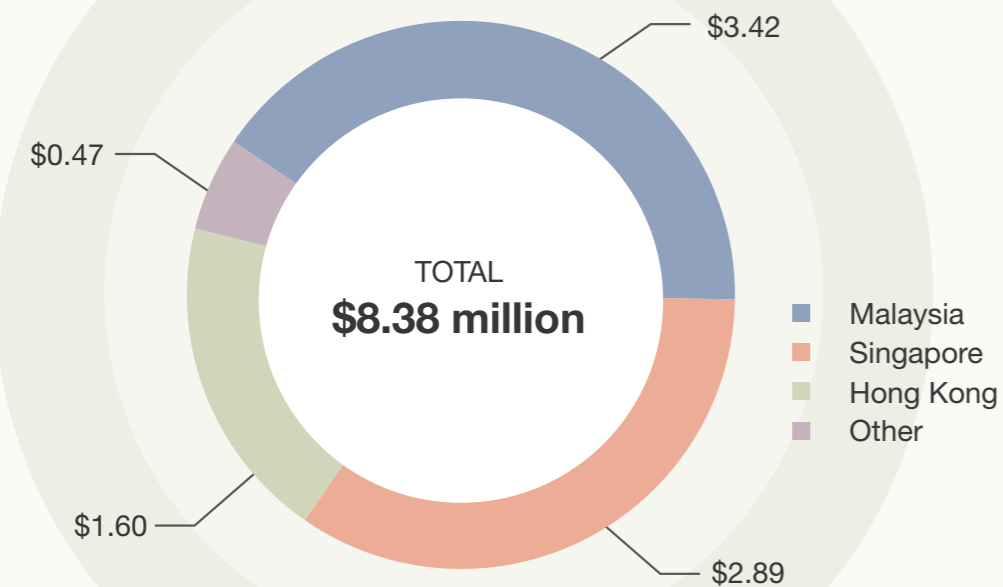


Key export markets

WA exported fresh avocados to 12 countries in the 2020 financial year with three key markets accounting for almost all exports: Malaysia (\$3.4 million), Singapore (\$2.9 million) and Hong Kong (\$1.6 million). All three are mid-sized markets with high incomes willing to pay a premium for quality and are experiencing growing demand for imported fruit and vegetables, including avocados.

There is also a wide range of other opportunity markets that will reward an investment of time and effort to develop (e.g. Japan, South Korea).

WA avocado export value
(AU\$, million; 2020 financial year)



Market growth

WA exports of fresh and dried avocados to all key markets are growing strongly: Malaysia (36%), Singapore (33%) and Hong Kong (29%).

WA avocado export value 18 year growth rate
(AU\$, CAGR; 2002 to 2020 financial years)





Available capacity

Being the size of western Europe with a population equalling Jamaica, WA has a very large land mass with a relatively small population with large areas of land well-suited to high-quality avocado production. Avocado production is currently concentrated in our southwest around Pemberton and Manjimup with other large plantings in Gingin and Busselton.

WA has a wide range of climatic regions and growing conditions, ranging from a tropical climate in the north to a temperate Mediterranean climate in the south, giving the potential for year-round supply.



Large, efficient, sustainable farms

WA has large, highly productive and efficient avocado orchards with a deep pool of experienced avocado orchard operators using modern, high-yield production systems. There are large and growing economies of scale in avocado production and as the industry continues to consolidate there are opportunities for investors to participate in and drive further consolidation.

WA currently produces avocados on 2,500 hectares, with recent investment in a new 300 hectare project “Carpenters Project” in Pemberton. In Gingin a 1,000-hectare orchard has been established with a further 500 hectares planned. This investment is expected to produce 2-3 million trays annually.

Over the last five years there has been a steady increase in avocado production, which will continue as young plantings come on line. In another five years, it is anticipated that production will be at 30 million trays, compared to 8 million this year.



High quality raw materials

WA produces high-quality agricultural products and our avocados are produced in one of the world’s cleanest environments. We are a leader in delivering clean and food-safe products and our avocados are grown using sustainable farming systems meeting Australian standards.

WA avocado pack-houses can provide a wide range of sizes and numerous modern varieties, with Hass variety being the predominant. All our major avocado pack-houses are Global Good Agricultural Practices (Global GAP) certified and supply high standards retailers across multiple markets.



Safe and secure

WA is part of an island continent with desert separating it from other states. Our isolated Mediterranean climate is relatively free of pests and disease and we have zero tolerance of live insects in our exports. Nationally, Australia has strong biosecurity protocols and systems, ensuring our agricultural production environment remains healthy and safe.

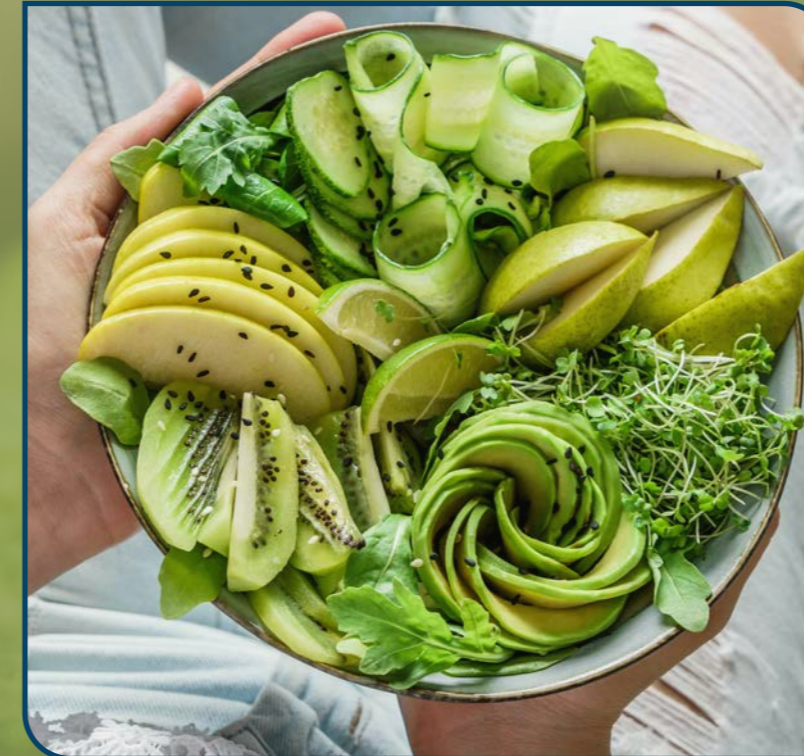
Being placed on Asia’s doorstep WA is ideally positioned to build on its trusted trade relationships with the fast-growing Association of Southeast Asian Nations (ASEAN) members. Our firms can meet the markets’ increasing focus on product quality and safety.



Efficient infrastructure

WA is one of the world's most advanced and productive regions with efficient supply chains and world-class quality control and quality assurance systems.

We have large and modern avocado pack-houses concentrated relatively close to growers. We funnel most of our avocados through a small number of relatively large pack-houses and cool stores, including Delroys, French's Group (Advanced Packing and Marketing Services) Applewood, Bendotti Avocado, Fonte and The Avocado Collective. WA's pack-house and post-harvest sector is regarded as well-organised and highly efficient and it is well-regulated and audited, with high supply chain integrity. Our competitiveness is endorsed by exports to high standard retailers across Asia.



Skilled orchardists



Modern high yield varieties



Efficient packhouse operators



World class distribution



Skilled workforce



Strong research and development capabilities



Supportive business environment

#9

Forbes
'Best Countries for
Business 2019'
(Australia)

#3

Heritage Foundation
'Index of Economic
Freedom 2021'
(Australia)

Close to key markets

WA is close to Asia, particularly East Asia and South East Asia, both of which are large and growing markets for avocados and other fresh fruit. We are the natural and logical supplier of temperate climate foods to the tropical climate countries of South East Asia and well-positioned to supply East Asia and the Middle East.

Our fruit industry has exported for more than 100 years and we have been the leading supplier to many Asian countries for that time. Asia's rapid economic and population growth has increased demand for year-round fresh fruit foods, including avocados.

Fast time to market with free trade agreements

WA is geographically and strategically well-placed to supply Asia's rapidly expanding markets. WA is in the same time zone as much of South Asia and within five days we can ship to Indonesia, six days to Singapore and eight days to Southern China. Australia has Free Trade Agreements in place or under negotiation with more than 25 countries and regions and our combination of location and access means we are uniquely positioned as the horticultural supply breadbasket of the Asia region.

Access to Japan

The WA avocado industry is currently the only Australian state to enjoy market access to Japan, backed by the State's enviable biosecurity status.

Ease of doing business

Australia is politically and economically stable and a safe country in which to do business. Our businesses have sound governance and represent low sovereign risk to investors and customers.



Clear investment opportunities

Investment opportunities exist on-orchard, in packing and in value-added processing.

On-orchard

There are investment opportunities on-orchard to further improve yields and lower cost of production for cost-competitive leverage of market growth, including investment in the:

- Adoption of existing and new research and development findings and proven management practices to improve product quality and increase production efficiency
- Implementation of globally-competitive sustainable growing systems
- Evaluation and implementation of high-performing commercial rootstock varieties to increase productivity, yield and product quality
- Implementation of socially acceptable and environmentally sound crop protection solutions

Advanced packing

There are investment opportunities in avocado packing, including investment in modern and efficient packing facilities using high capacity avocado graders, automated systems and cool rooms, with strategic domestic and international market distribution channels.

Value-added processing

Avocados are used in a large and growing range of products, including dips, desserts, smoothies and other foods. About 4% of WA's crop goes to processing and there are strong investment opportunities in value-adding WA's processing grade avocados through advanced manufacturing.

As competition grows, there are also opportunities for investors to participate in and drive further consolidation within the industry, through vertical integration from cultivation through advanced packing and value-added processing.

Attracting investment

Growing and packing avocados in WA is an attractive proposition. Multiple firms have already invested in significant orchards and post-harvest facilities and further expansion is underway.

Investment in WA avocados would suit a wide range of investors, including start-ups, private investor consortiums, large domestic companies and global avocado leaders.

As new products come online investing in export markets is a clear opportunity, as is investing in maintaining markets. Collaborating through in-market activities will help maintain higher prices and ensure a year-round supply.



Existing WA industry examples



Supporting investment

The WA government is committed to working closely with investors to develop WA's avocado industry. The Department of Primary Industries and Regional Development's Investment Services team offers a range of investment concierge services to de-risk and support investment.

The team is made up of experienced industry professionals, who operate with a commercial focus, bringing together businesses, government departments and agencies to support industry investment initiatives.



How we can help

Information to support investment decisions

As a central point of contact for information and advice on investing in WA's agriculture, fisheries, and food and beverage sectors, we provide:

- Information on conducting business in WA.
- Various data and market intelligence.
- Background on relevant regulatory requirements and approval processes.

Investment facilitation

Drawing on in-depth knowledge of the agribusiness, food and beverage industry, and extensive business networks in Australia and overseas, our team can provide guidance and introductions to help secure the investment or opportunity you are looking for. We can:

- Provide introductions to WA agribusiness, food and beverage businesses.
- Identify investment and research partnership opportunities.
- Help plan and conduct site visits to assess opportunities.
- Identify access to available natural resources and infrastructure.
- Identify suitable investor and investment opportunities.

Regulatory approval support

Understanding and securing the required regulatory approvals for your project can be a roadblock to investment. We can provide assistance to streamline processes and simplify your dealings with relevant government departments and agencies by:

- Providing information and guidance on WA's regulatory environment.
- Helping obtain regulatory approvals.
- Coordinating with other government departments and agencies.

Investment-ready project support

Our team is available to provide support to identify and develop your project or business' potential, including guidance on raising capital and getting your project investment-ready.

We can also work with you to provide information on the different types of investment available and investment partners.

By understanding your goals and requirements, we can assist you to identify and develop your project's potential.

Support available

The industry is a member of WA's Agricultural Produce Commission, which aims to support future growth of the sector. The industry is represented nationally by Avocados Australia Ltd, a member of Horticulture Innovation Australia, which is a levy-based organisation that undertakes research, development and marketing based on industry plans. The Department of Primary Industries and Regional Development assists the industry to develop assurance systems, export protocols and new markets, and provides agronomical research assistance.

A wide range of national and state-based agencies, industry bodies and research institutions are available to support research and development, commercialisation and investment.



Department of
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We understand your project and investment requirements are unique.

To get started or expand on your Western Australian investment journey, contact us today.

Speak to our Investment Services team for support and guidance:

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w agric.wa.gov.au/investment

Disclaimer

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Sources: DPIRD, Heritage Foundation, Forbes, UN FAO, UN Comtrade, Australian Bureau of Statistics, Horticulture Innovation Australia AHSH, Avocados Australia, Fruitnet, Alterra, DPIRD, industry interviews, Coriolis and DPIRD analysis and estimates.

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