Economic impact of coronavirus on Growth Areas

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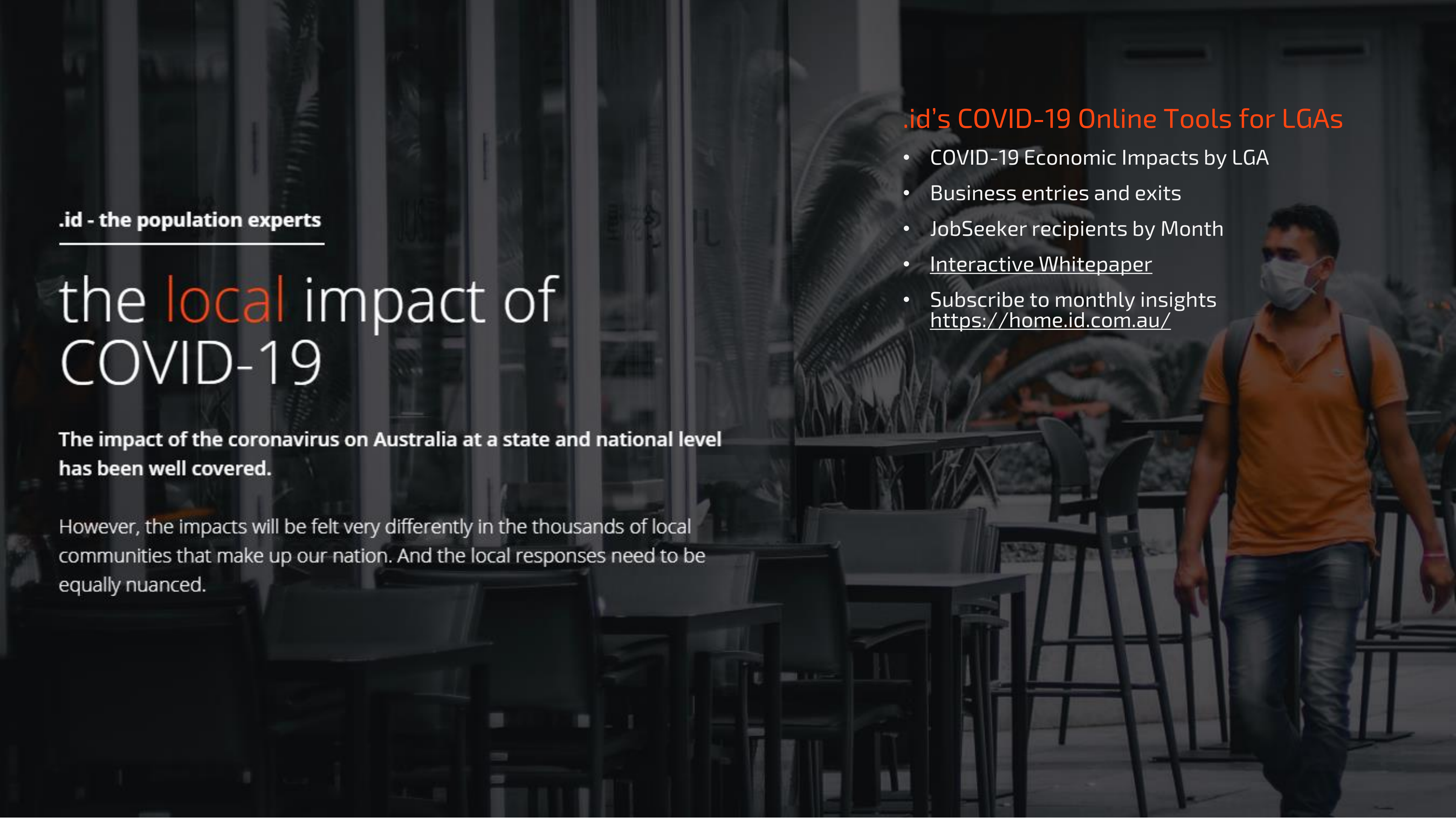
October 2020



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the local impact of COVID-19

The impact of the coronavirus on Australia at a state and national level has been well covered.

However, the impacts will be felt very differently in the thousands of local communities that make up our nation. And the local responses need to be equally nuanced.

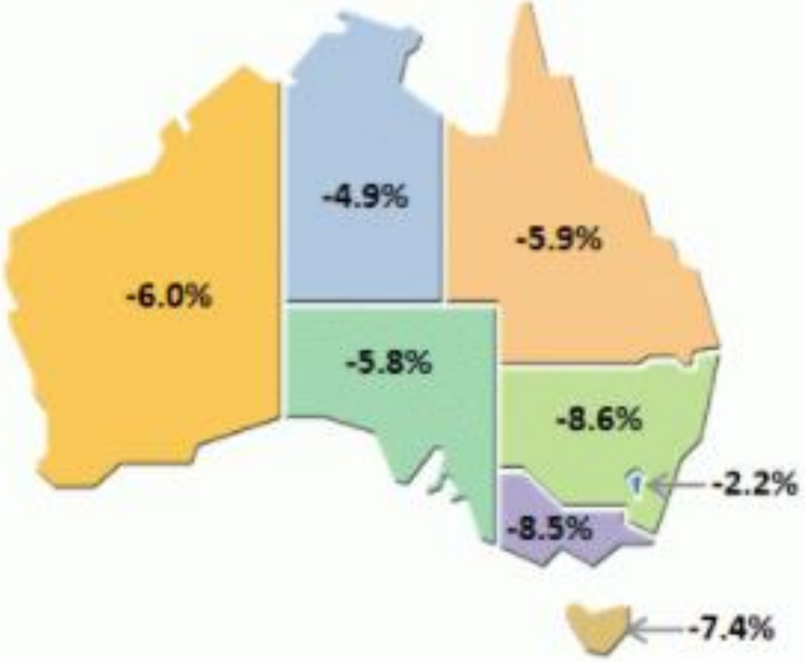
.id's COVID-19 Online Tools for LGAs

- COVID-19 Economic Impacts by LGA
- Business entries and exits
- JobSeeker recipients by Month
- Interactive Whitepaper
- Subscribe to monthly insights https://home.id.com.au/

Impacts vary from region to region

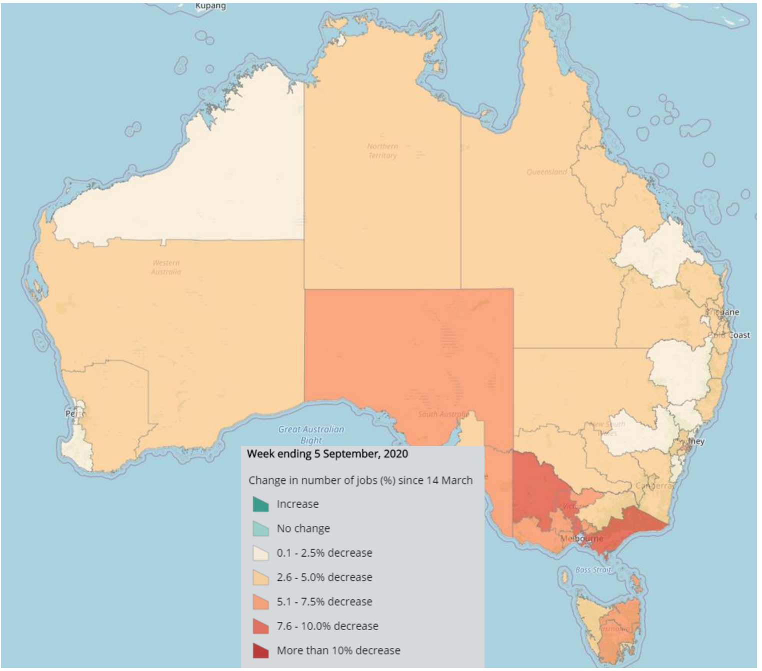
State final demand, quarterly volume measures - seasonally adjusted

% change from Mar 20 to Jun 20



Impacts of COVID-19: weekly payroll jobs in Australia

% change from Mar 20 to Jun 20



Regional Exposure

- Number of cases
- Service sector exposure
- Value of exports
- Tourism %
- Population drivers

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COVID19 will have a significant economies impact on Growth Areas

Growth Area Impacts in 2020

2019 vs 2020 Calendar Year

-$5.9B
GRP

-26K
Local jobs

-51K
Employed residents

Growth Area Economic Forecasts

% change, Calendar Year

	2020	2021	Return to Pre-Covid19
GRP $m	-2.9%	+5.4%	June Qtr 2021
Local Jobs	-1.6%	+1.9%	March Qtr 2022
Employed residents	-2.1%	+0.9%	June Qtr 2022+

Source: NIEIR, COVID Forecasts, October 2020

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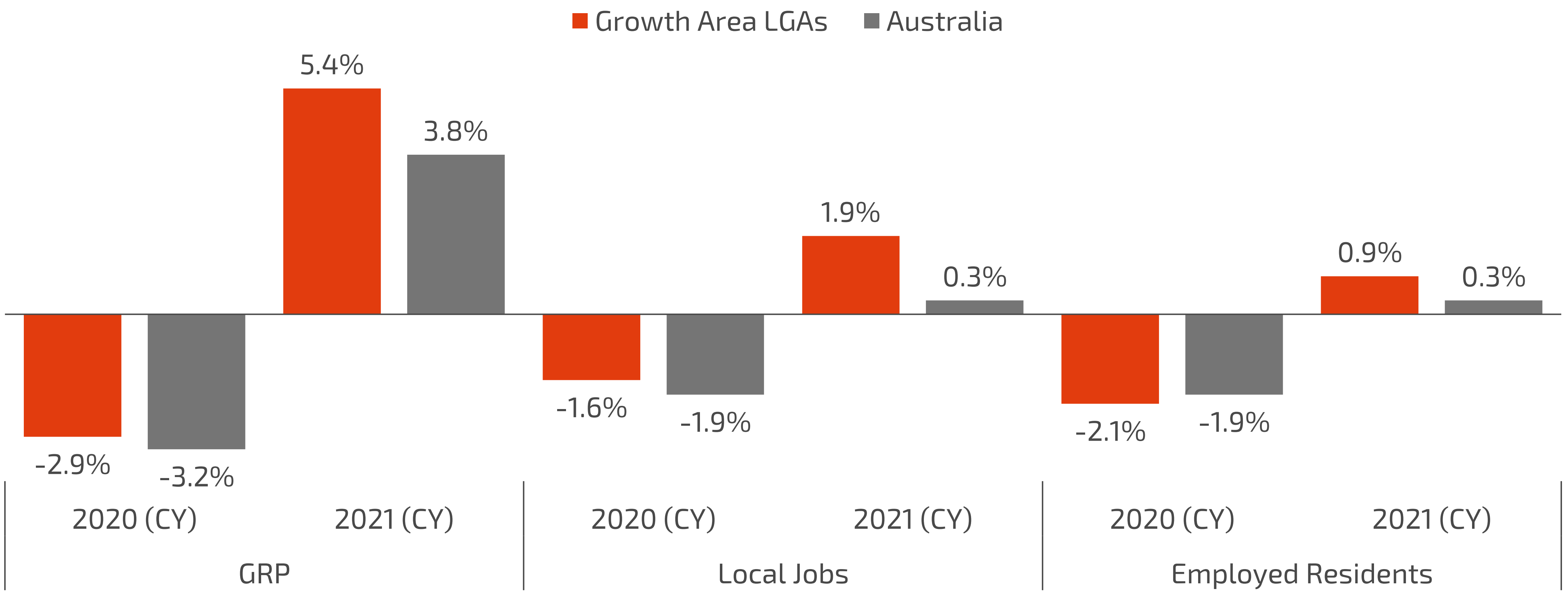
But Growth Areas are less vulnerable than many other areas of Australia

How impacts compare to Australia

Annual % change, Calendar Year

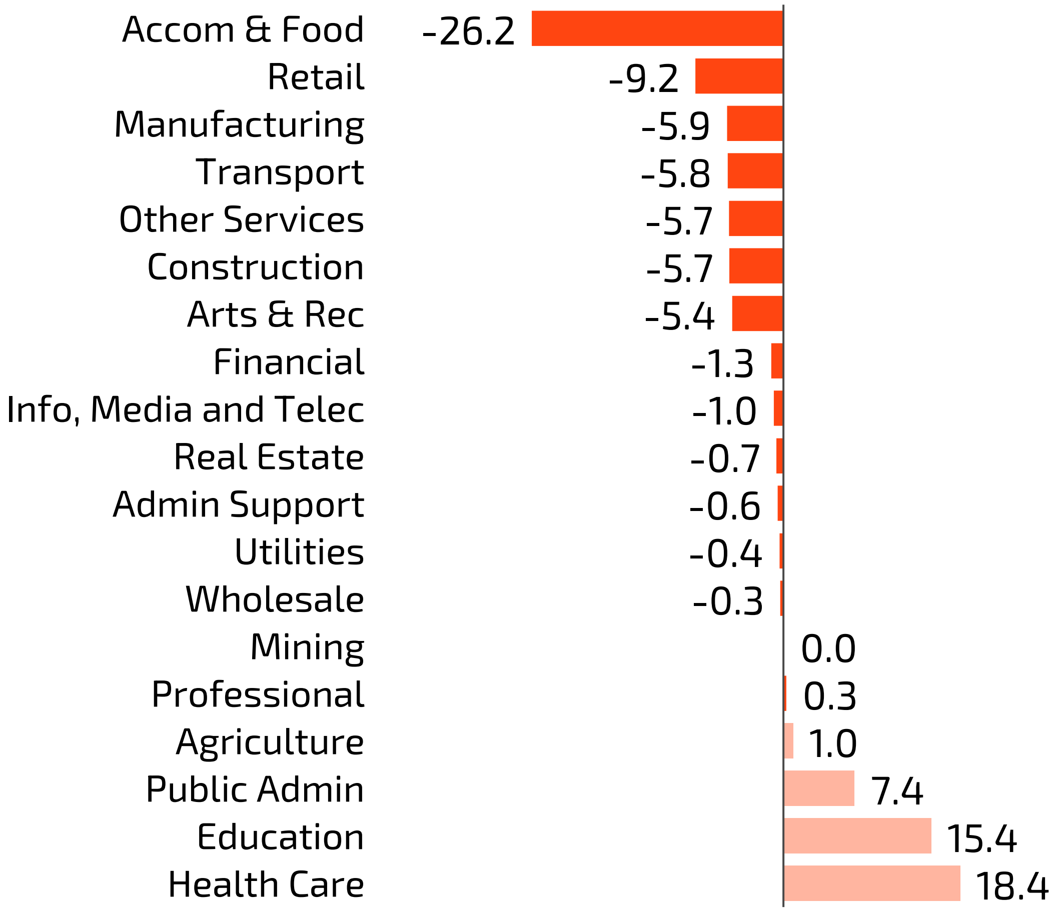


Source: NIEIR, COVID Forecasts, October 2020

Most impacted industries were estimated to be in hospitality and retail (non-grocery)

Industry impacts in 2020

Change in local jobs ('000), 2019 vs 2020 Calendar Year



Largest sectors in Growth Areas

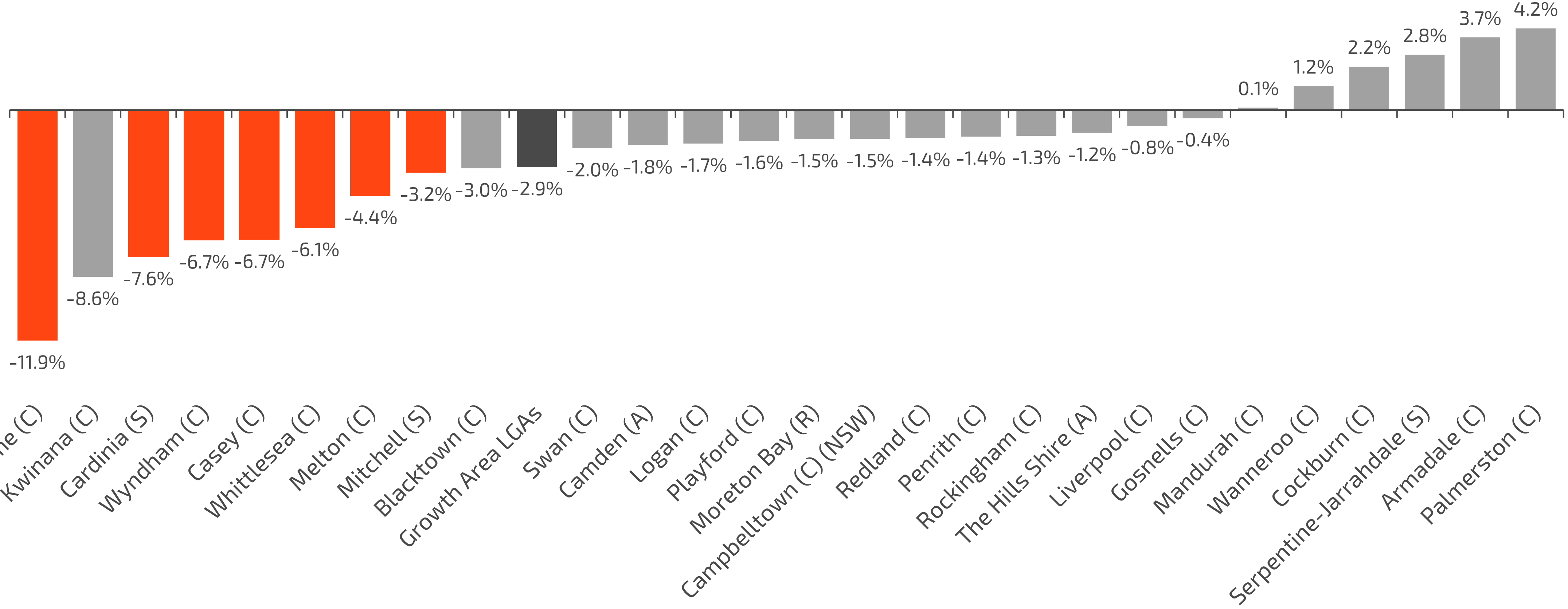
- Retail Trade (12.7%)
- Health Care and Social Assistance: (12.1%)
- Education and Training (9.9%)
- Construction (9.8%)
- Manufacturing (9.1%)

Source: NIEIR, COVID Forecasts, October 2020

Victorian Growth Area LGAs hardest hit

GRP Impacts in 2020

GRP Annual % Change, 2019 vs 2020, Calendar Year



Source: NIEIR, COVID Forecasts, October 2020

	HUME CITY COUNCIL	PENRITH CITY COUNCIL	CITY OF Playford	city of swan
Economic impacts Sept 19 vs Sept 20				
GRP	**-12%**	-2%	-1%	**-3%**
Jobs	**-6%**	-1%	-2%	**-5%**
Employed residents	-12%	-4%	-5%	-3%
Top 3 Industry impacts (local jobs)	Transport Hospitality Construction	Hospitality Arts and Rec Manufacturing	Hospitality Retail Manufacturing	Transport Hospitality Manufacturing
Unemployment impacts				
JobSeeker % 15-64 yo August (March)	**14.1% (7%)**	9.3% (4.9%)	**18.6% (13.8%)**	10.7% (6.5%)
Population impacts				
O/S Migration share of total population change	**75%**	**69%**	41%	45%

Headwinds

1. The fallout on the construction sector
2. Population tap turned off
3. Household savings remain high
4. Falling global demand for our goods and services

"when GDP falls by 10 per cent for any quarter, the expected fall in business investment in the current quarter and the two subsequent quarters is 30 per cent"
Dr Peter Brain, NIEIR

The loss of overseas migrants has a significant impact on Growth Area LGAs population future

Melbourne and Sydney growth areas will be hard hit	>5% less people in Melbourne's Growth Areas by 2041 (preliminary)
Large decrease in overseas migrants to growth areas	40% were born overseas and moved in first year of arriving in Australia
Fewer people in inner and established areas to move to growth areas	55% were born overseas and moved within five years of arriving in Australia

Source: .id forecasts, ABS Census of Population and Housing

Many residents and workers are vulnerable as support is removed

JobKeeper

72K

residents receiving JobKeeper but working 0 hours

JobSeeker

JobSeeker and Youth Allowance recipients

360K

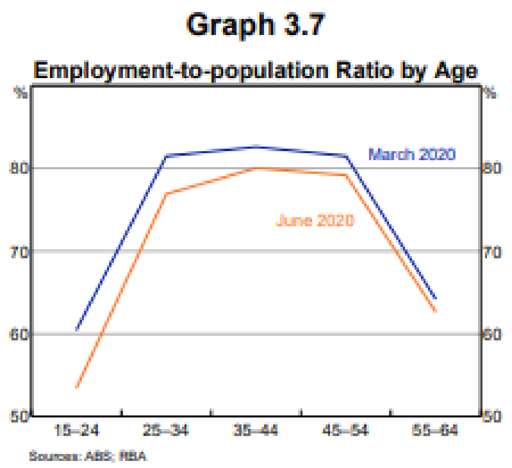
JobSeeker recipients in August 2020

1.8x

higher than March 2020

https://profile.id.com.au/ngaa/job-seeker

Impacts on younger workers



11.6%

15-24 years olds in NGAA were disengaged in 2016 (9.6% Aust)

Source: NIEIR, COVID Forecasts, October 2020 and Department of Social Services - JobSeeker and Youth Allowance recipients , ABS Census of Population and Housing

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Long Run Damage and Opportunities

Long run impacts

- Impact on overseas travel and migration (a major source of economic growth in Australia)
- Risk of financial market shock
- Export competitiveness
- Supply chains
- Wealth impacts
- Online retailing
- Impact on younger workers and female workers
- Long-term unemployed

Opportunities

- **Activity Centres strategies** to deal with potential for higher vacancies
- **Infrastructure projects** / Grant Applications (highly competitive)
- Opportunities for **remove working** / knowledge outposts / coworking space
- **Agriculture / Food** – safe, high quality
- Grow **local manufacturing** and improve supply chain links with local industry (e.g. agriculture)
- **Transport/logistics** – growth in online shopping
- **Skills development** - changing demand, over-supply and shortages; training and development
- **Mental health programs** to support disadvantaged groups
- **Tourism plans** to target return of domestic tourism
- Access new **JobTrainer** fund

COVID-19 forecasts available at https://economy.id.com.au/

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Framework to understand spatial impacts of COVID-19

Impact phase	Economic impacts	Industry impacts	Geographic & place impacts
01 Social distancing impacts	Business closure Industry constraints Less visitation/customers	Food and Accom Art and Recreation	Tourism destinations (mostly regional) CBDs / Activity Centres
02 Falling investment & spending	High Unemployment Falling Household spending Falling Business investment Lower export demand Lower population growth (lower o/s migration)	Construction Business services International education Discretionary retail/services Export sectors	Metropolitan areas Export focused economies Population reliant regions Agricultural regions (drought/bushfires)
03 Long Run	Structural change Youth & female disengagement Export competitiveness Tourism markets disrupted Supply chains	Retail, Education, Finance Office / commercial markets	Uncertain geographic impact at this stage. But local / place attributes very important (e.g. skills and training, R&D, collaboration, local amenity)

Source: .id, McKinsey, EY

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