

Byron Shire Economic Health Check

A look at recent economic trends and outlook

Presentation for Byron Shire Council

30 June 2022

Presented by Rob Hall



About .id

Tools for informed decisions



Expert Insights

Economic Health Check Report

Our economic experts interrogate the wealth of data available about your local economy to identify the issues that will impact local industries and local workers.

Useful for assessing the current state of play in the economy and crucial first step in the development of a long term economic development strategy.

Agenda

- 1 Economic overview**
Byron Shire's economic role
- 2 Economic performance**
Economic performance prior to COVID-19
- 3 COVID-19 Impacts**
Economic impact on Byron Shire
- 4 Emerging Challenges**
Economic recovery and flood impacts
- 5 Emerging Industries**
Industry drivers of growth since 2016
- 6 Towards the future, building competitiveness**
Observations from our Economic Health Check Report

Economic Overview

Byron Shire's economic role

Coastal / Regional Economy

27th largest economy in Regional NSW

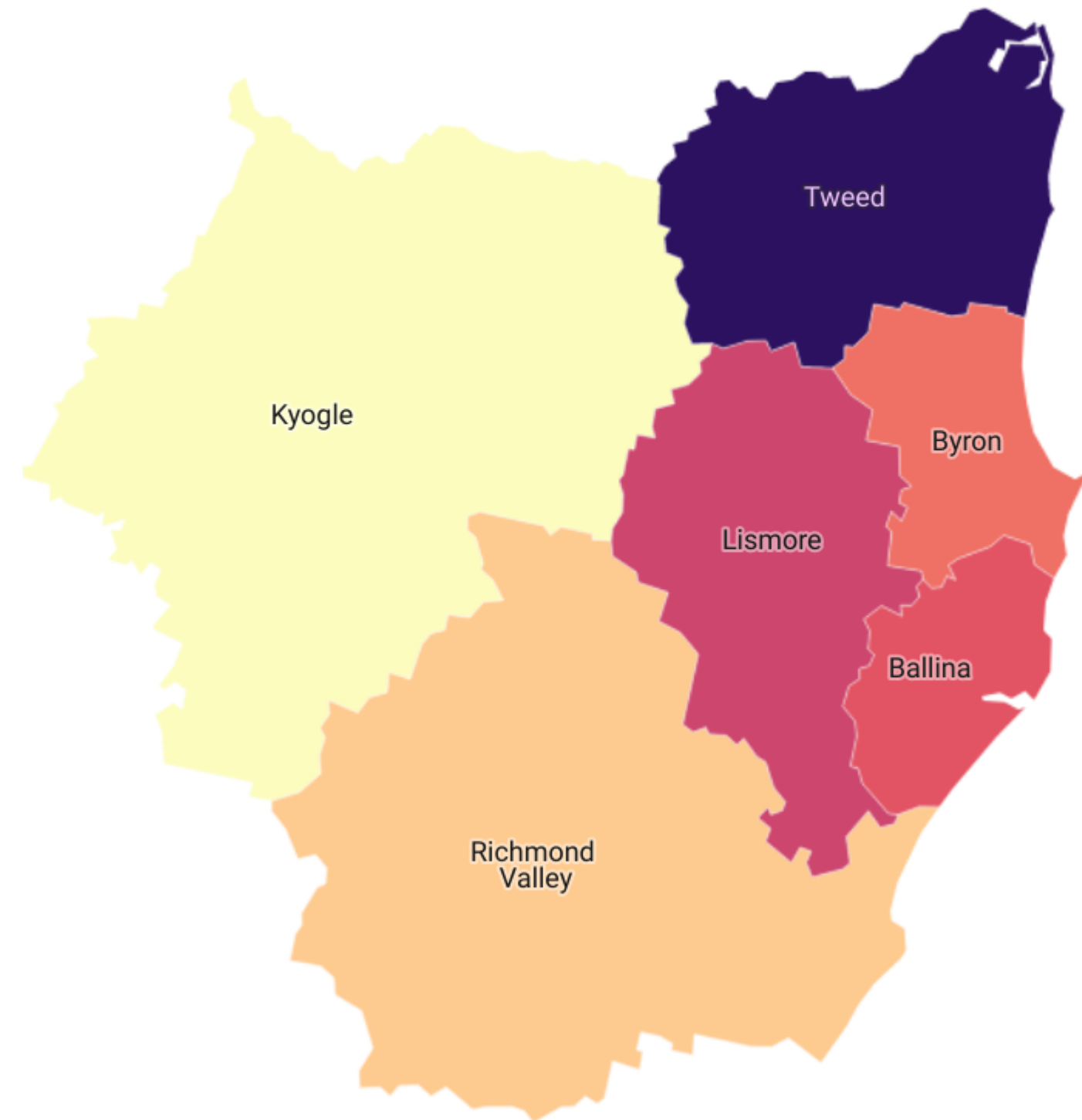
\$1.9B Gross Regional Product

15,704 Local Jobs

36,217 Population

Economic region

GRP by selected LGA, \$m 2021



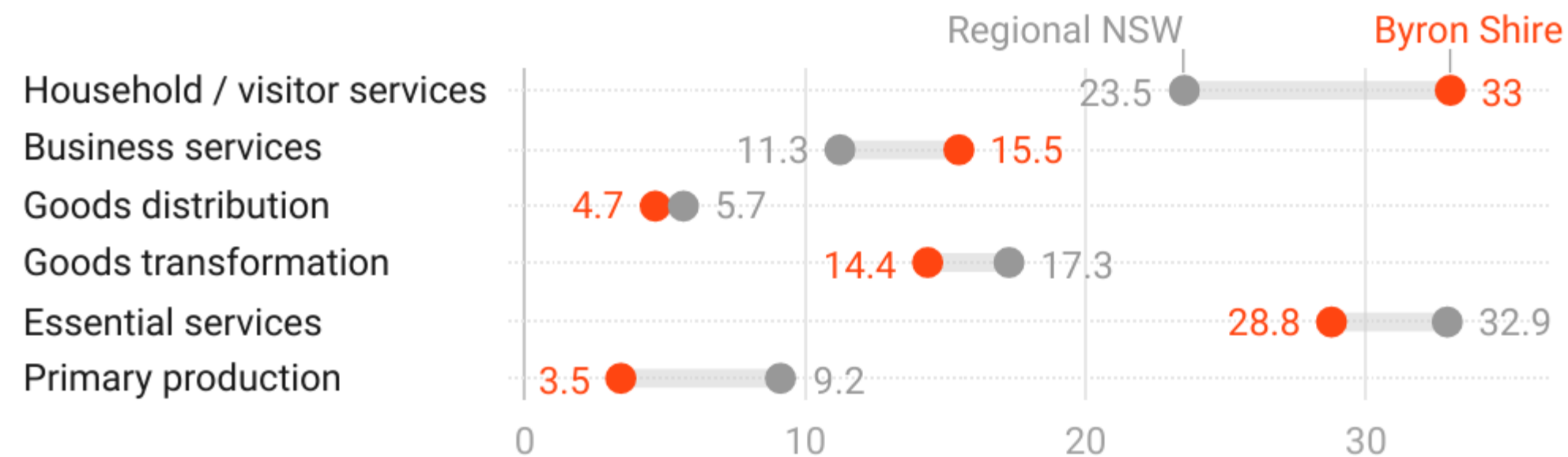
Map: Rob @ .id • Source: [NIEIR](#) • Map data: [ABS](#) • [Get the data](#) • Created with [Datawrapper](#)

Coastal, lifestyle location underpins the industry mix

Byron Shire performs a coastal tourism role but unlike many regional tourism locations, Byron also has a relatively large business services sector.

Industry Mix

% Share of Total Jobs, 2020/21



Top 5 Employing Industries

1. Health Care and Social Assistance
2. Accommodation and Food Services
3. Tourism and Hospitality*
4. Retail Trade
5. Education and Training

Chart: Rob @.id • Source: NIEIR, 2022 • [Get the data](#) • Created with [Datawrapper](#)

Economic performance

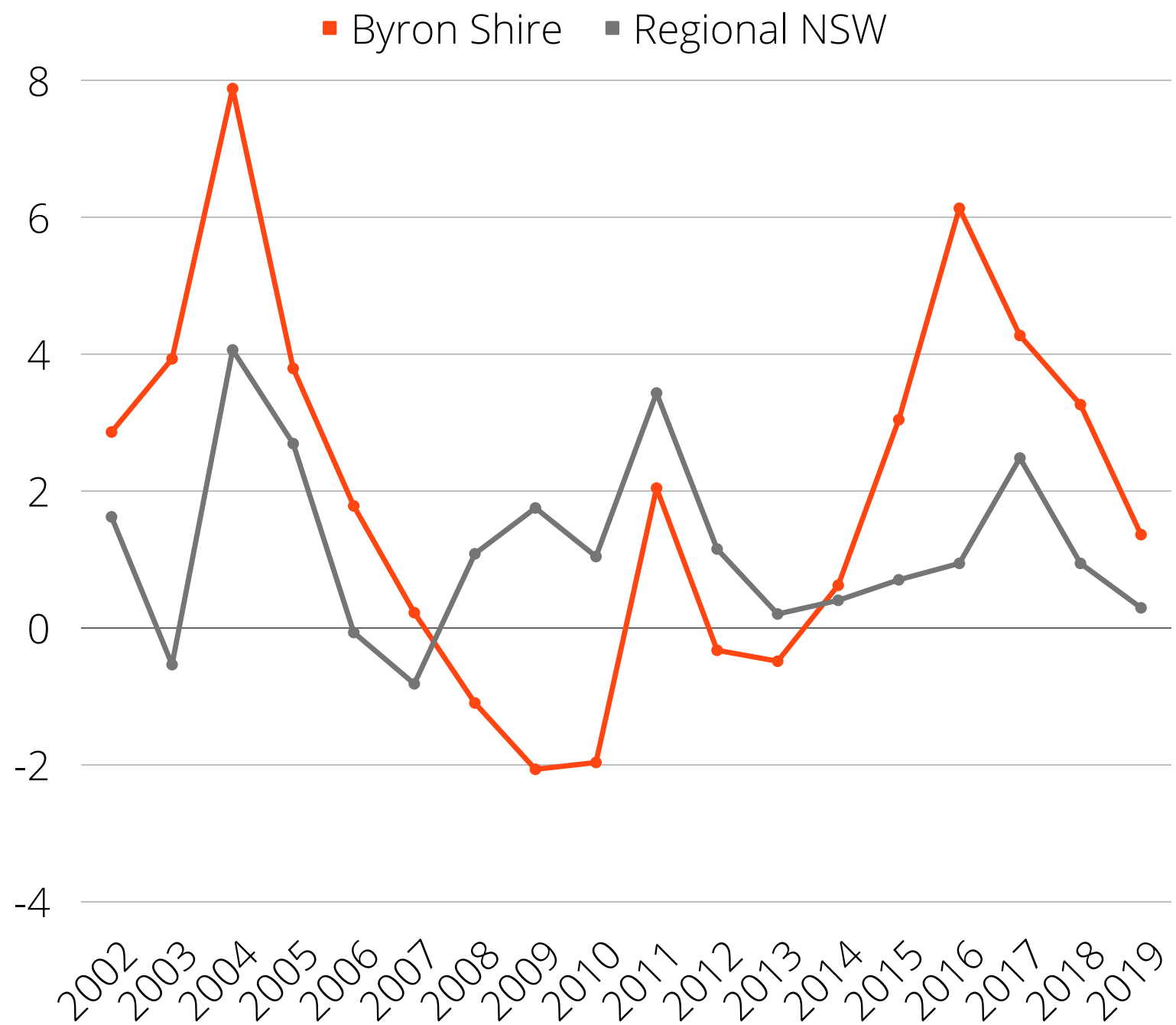
Economic performance prior to COVID-19

Strong economic growth phase

Byron Shire was in a strong economic position prior to COVID-19

Real Economic Growth

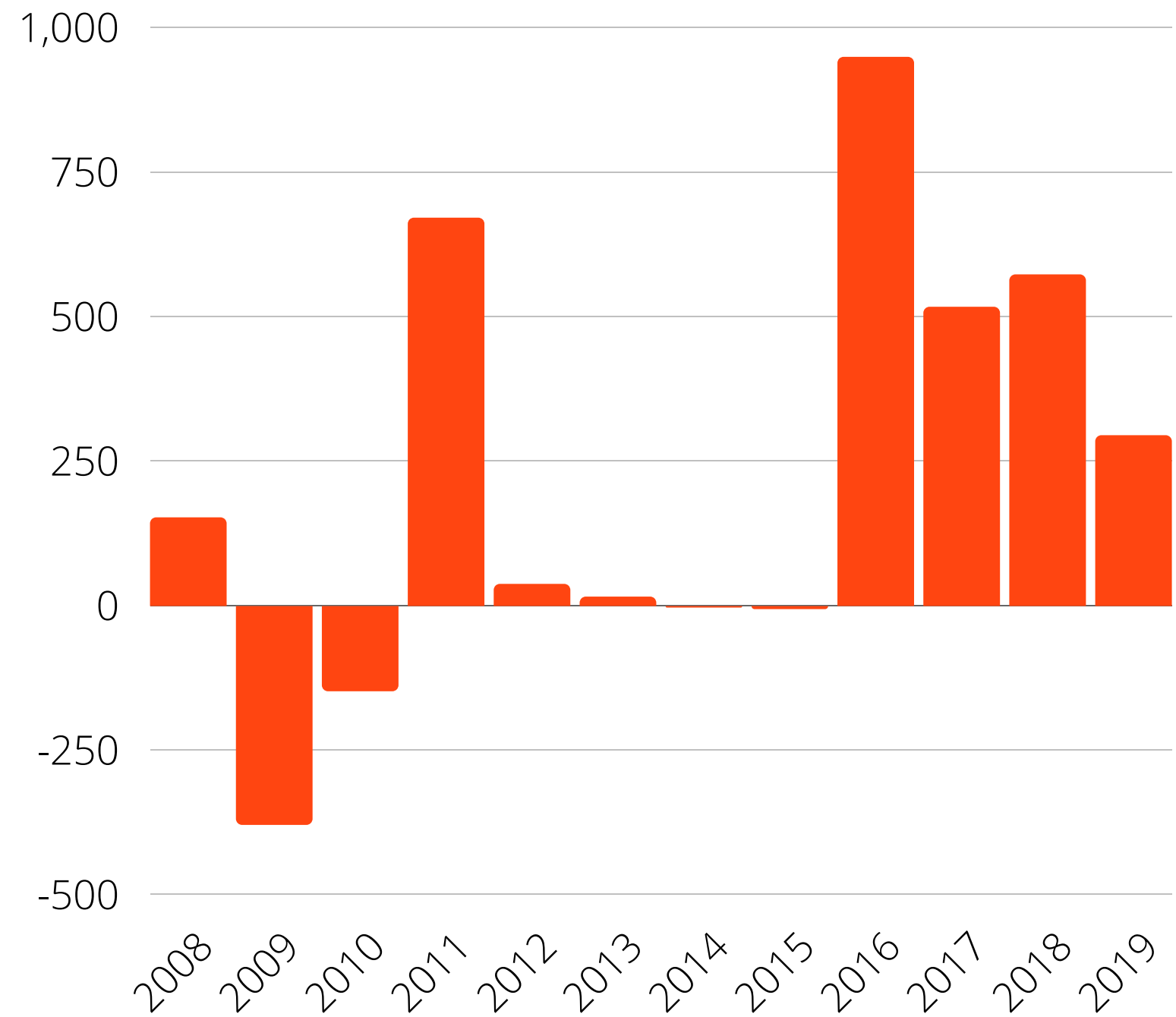
Annual GRP % Change



Source: NIEIR, 2022

Annual Job Change

Byron Shire



Source: NIEIR, 2022

Fast growth led to lower unemployment

This strong growth phase pushed the unemployment rate to a decade low and was below the regional NSW average

Unemployment Rate

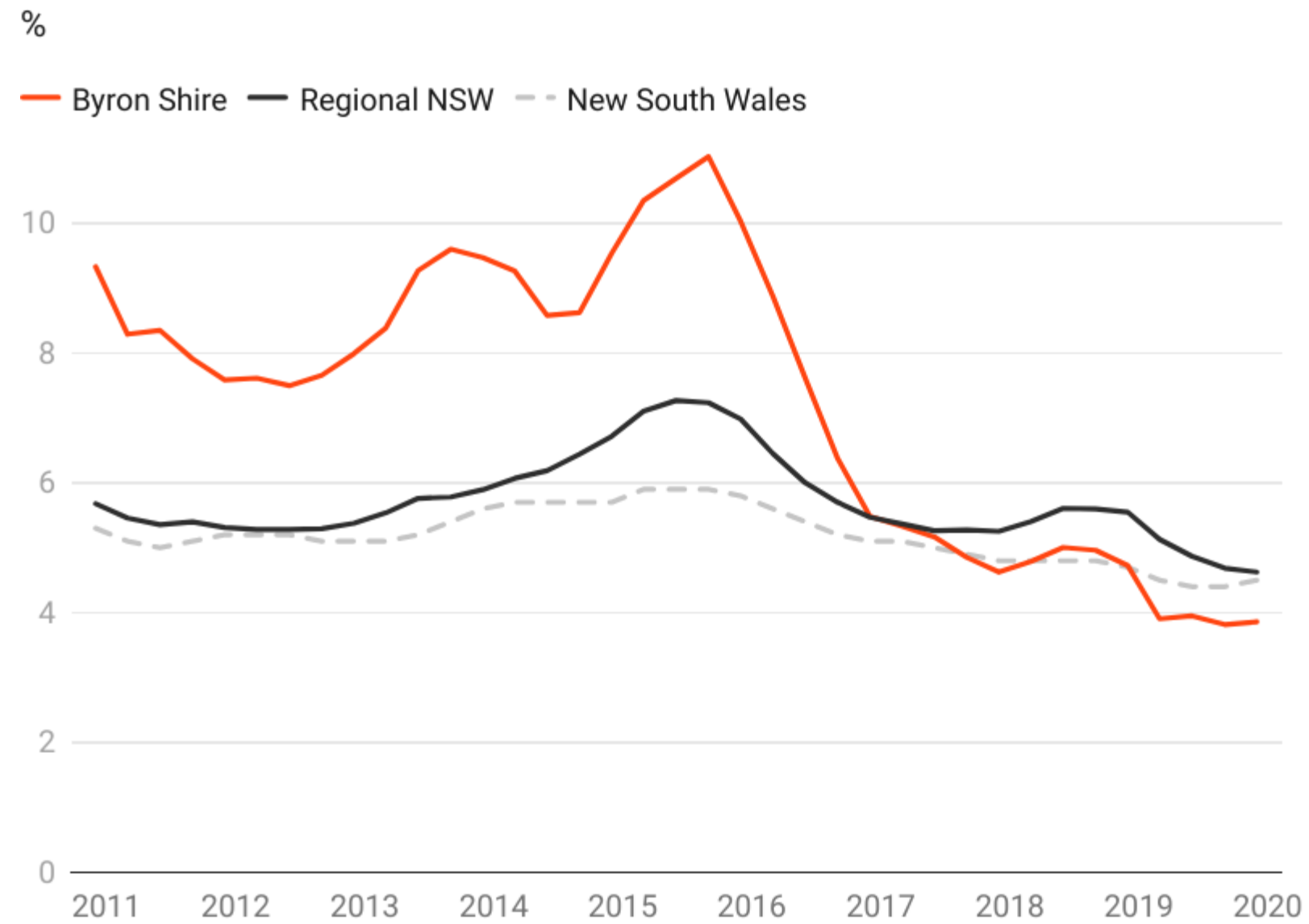


Chart: Rob @ .id • Source: [National Skills Commission](#) • [Get the data](#) • Created with [Datawrapper](#)

COVID-19 Impacts

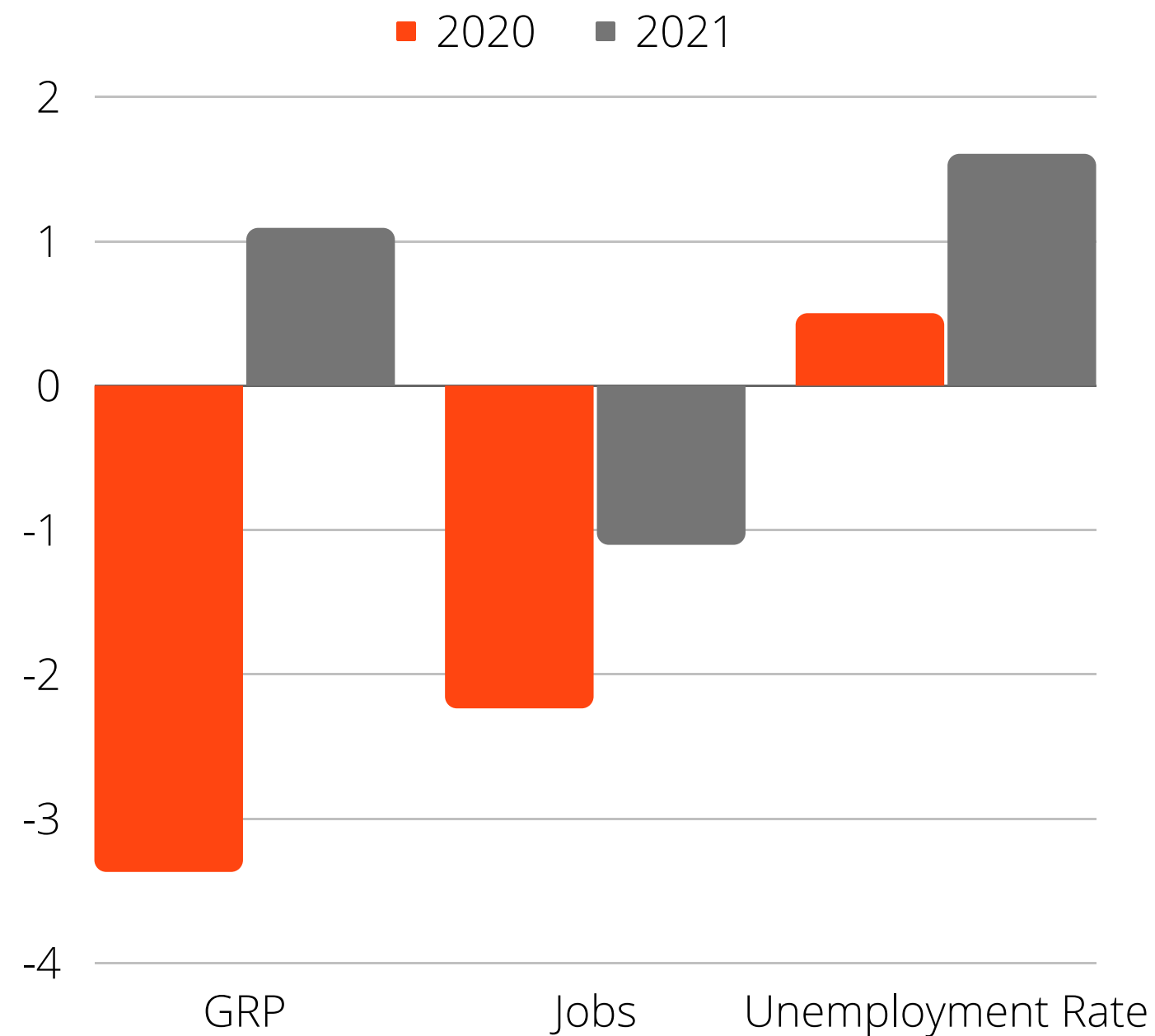
Economic impact on Byron Shire

COVID-19 had a significant impact on the local economy

COVID-19 brought an end to a strong economic expansion phase

Annual Change

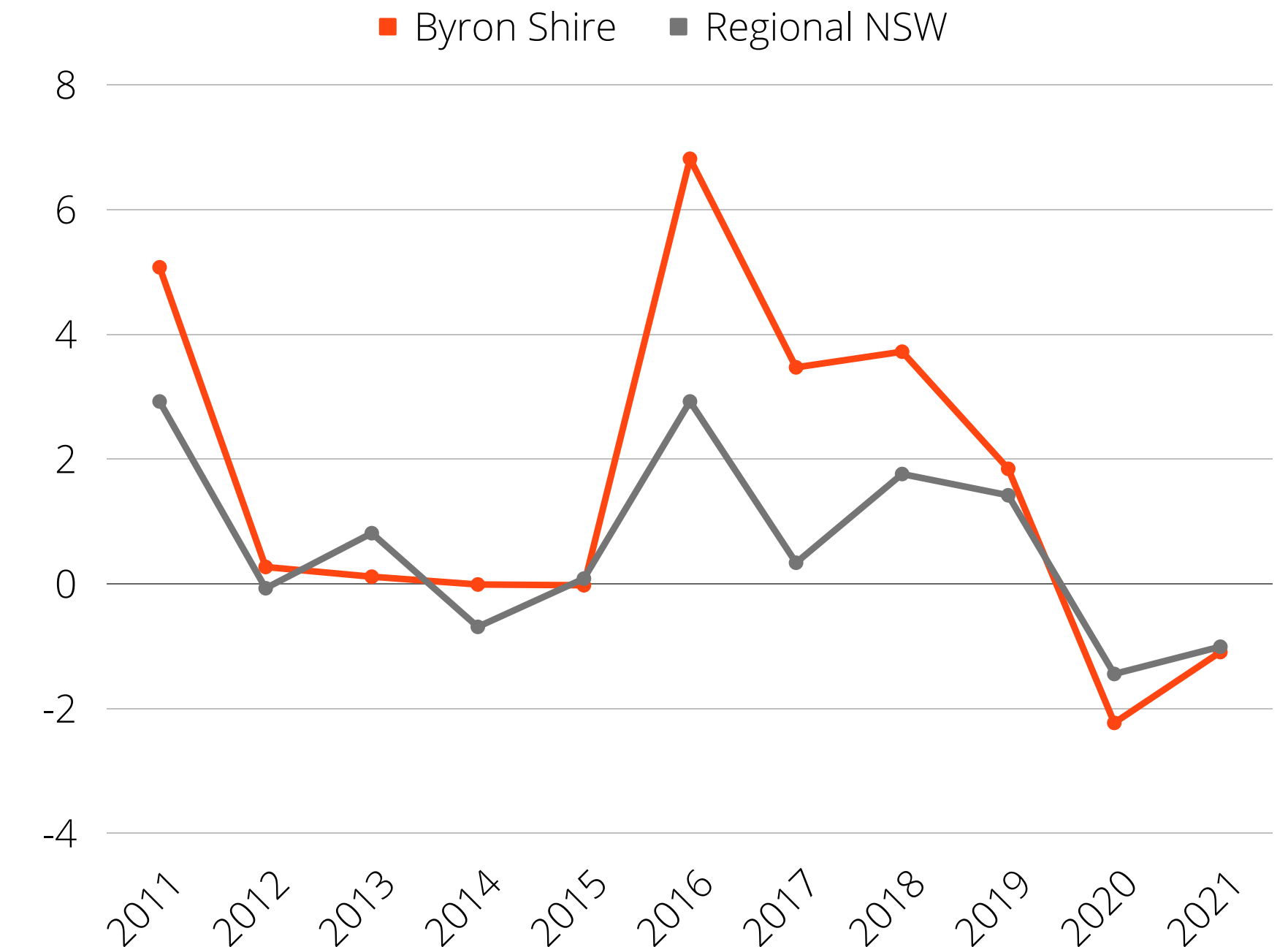
Byron Shire



Source: NIEIR, 2022

Local Job Growth

Annual GRP % Change



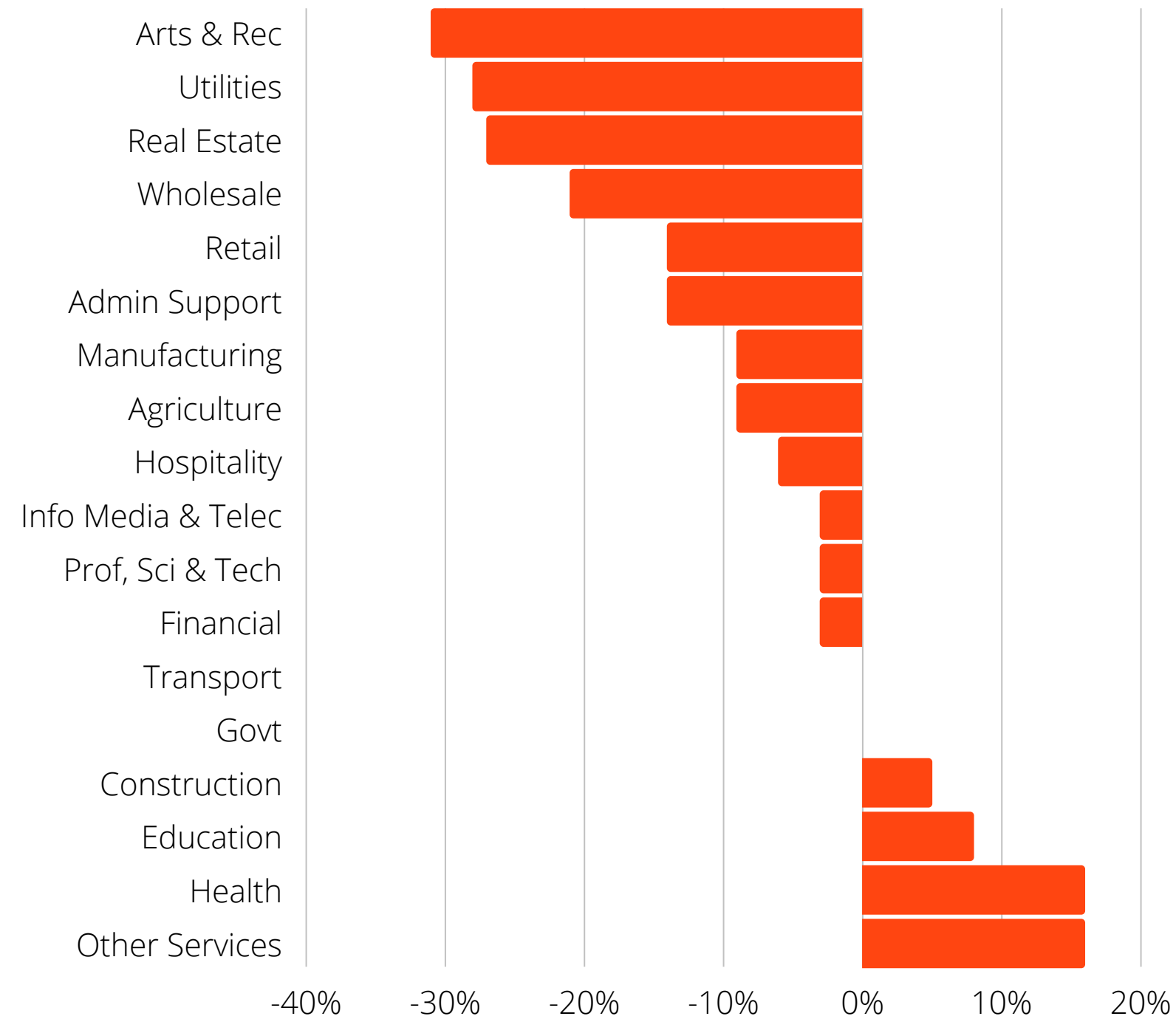
Source: NIEIR, 2022

Industry impacts were uneven

Subdued service demand with tourism businesses hard hit

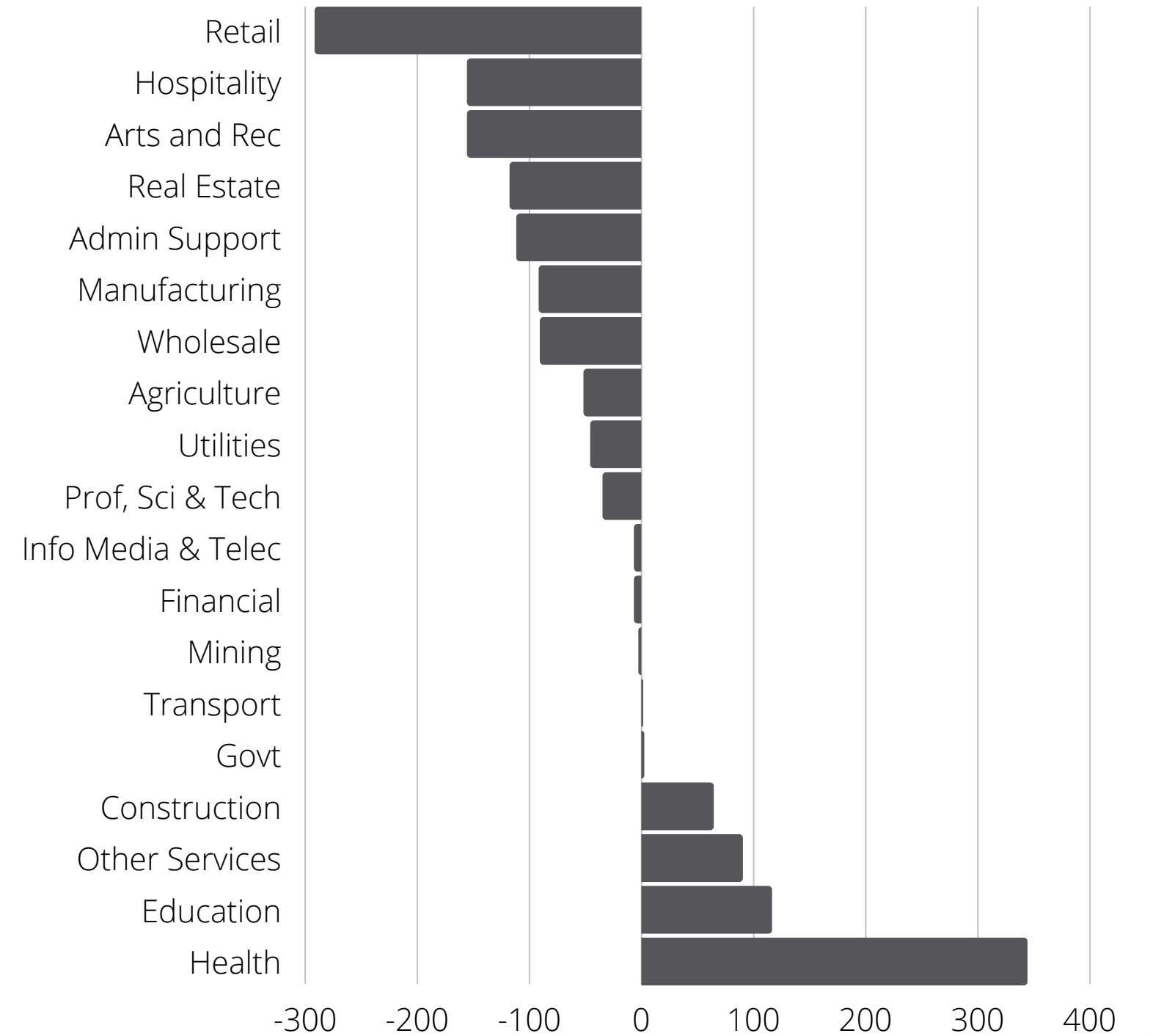
Byron Industry Impacts

Local Job % Change, 2019 to 2021 (FY)



Byron Industry Impacts

Local Job Change, 2019 to 2021 (FY)



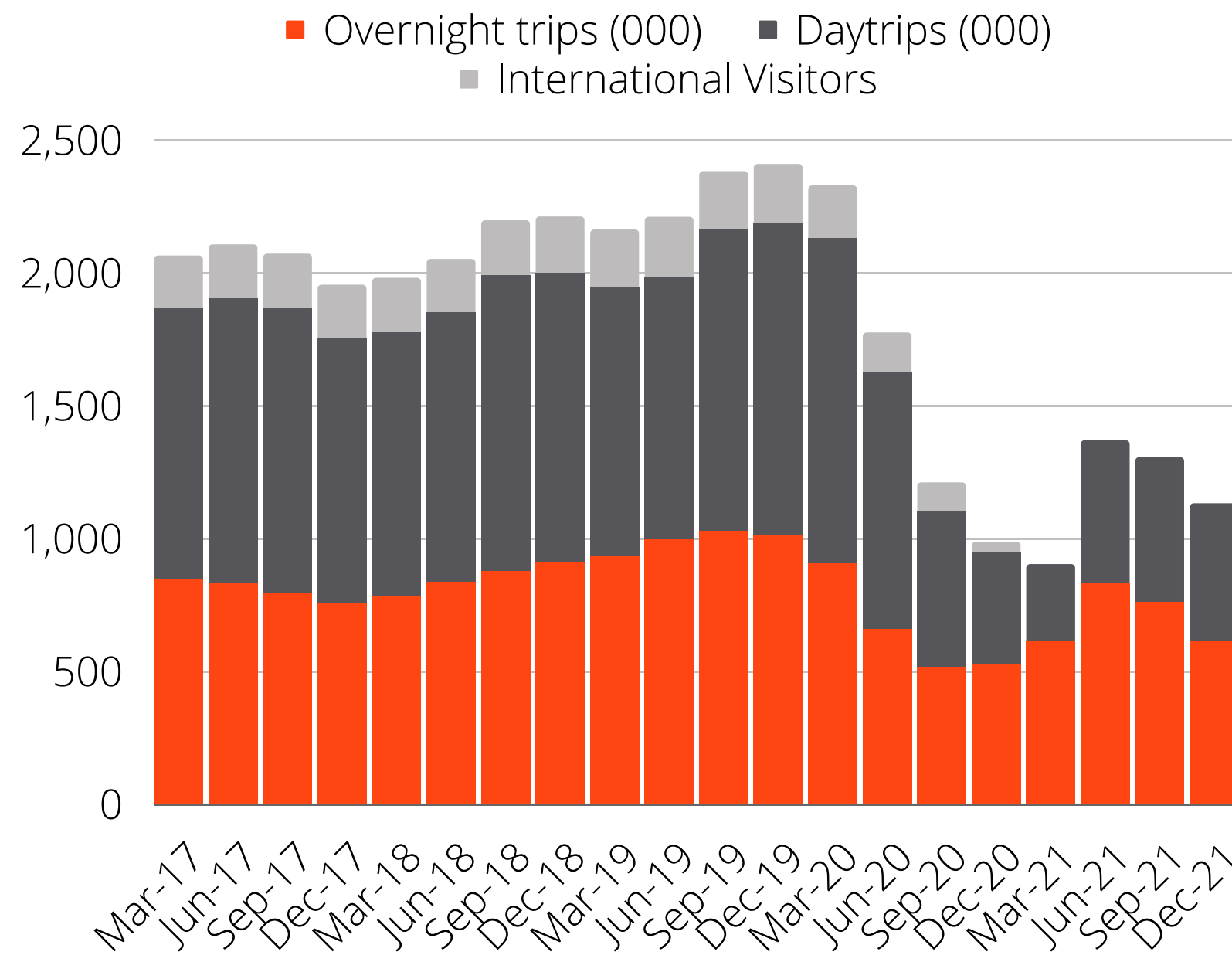
Source: NIEIR, 2022

Byron shire is more exposed to tourism impacts

Byron Shire's Tourism and Hospitality sector accounts for 10% of value added (3% in NSW)

Tourism Visitation

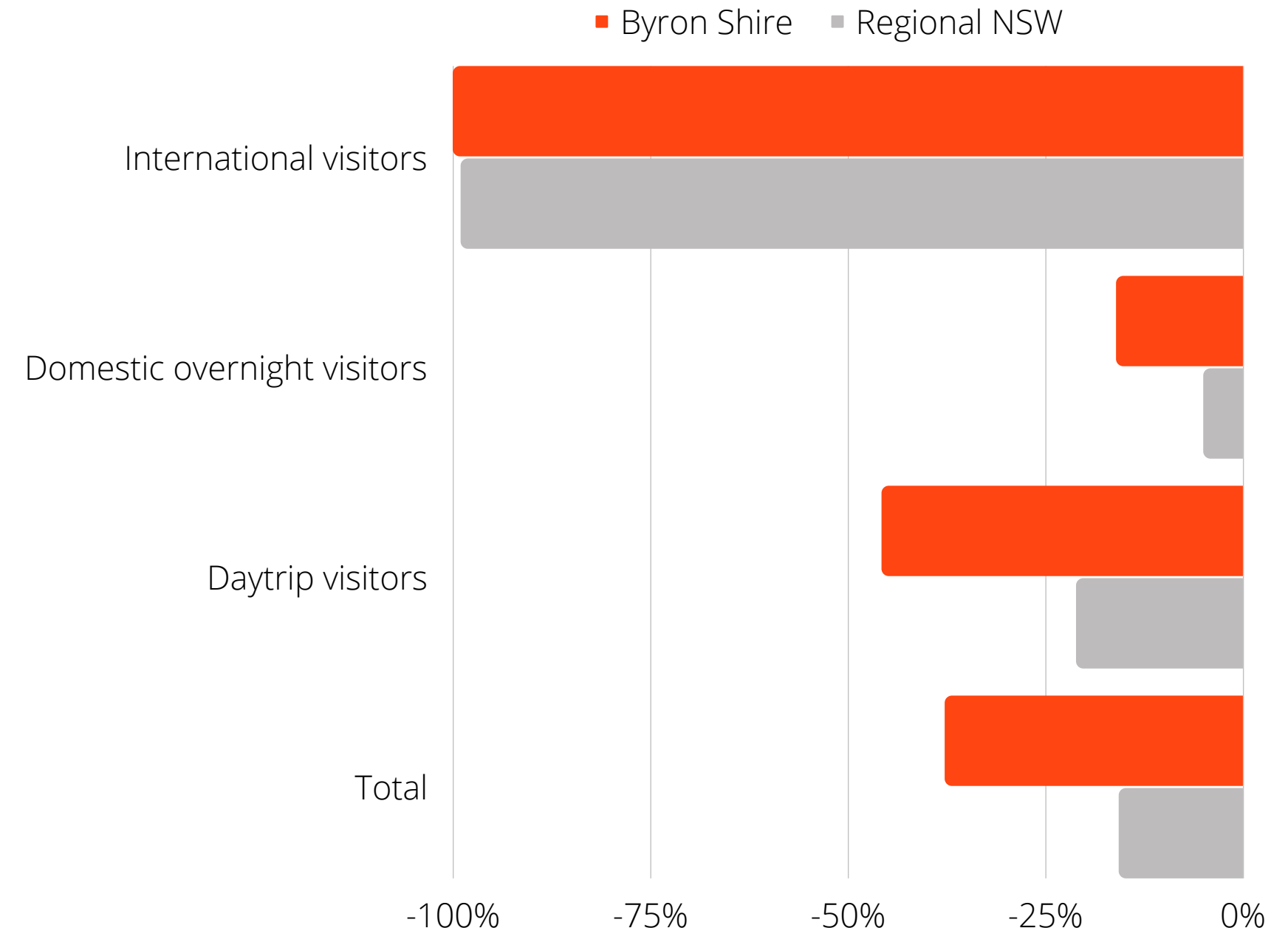
Byron Shire, Annual average of the preceding four quarters



Source: Tourism Research Australia, 2022

Tourism Visitation Impacts

% change, 2018/19 to 2020/21



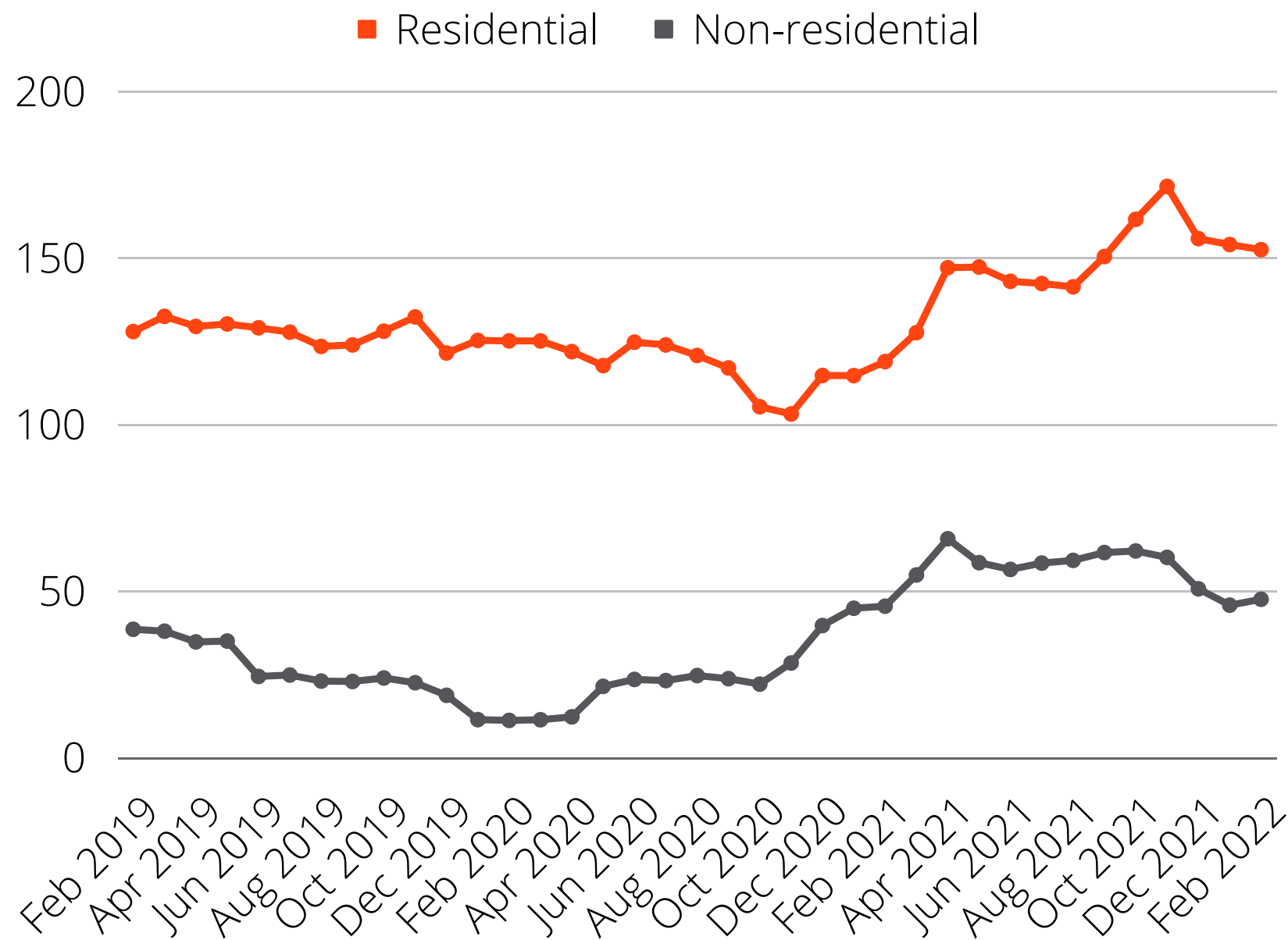
Source: Tourism Research Australia, 2022

Building approval pipeline grew

Accommodation and Retail buildings driving non-residential investment. Residential approvals supported by government stimulus & local housing demand

Building Approvals \$m

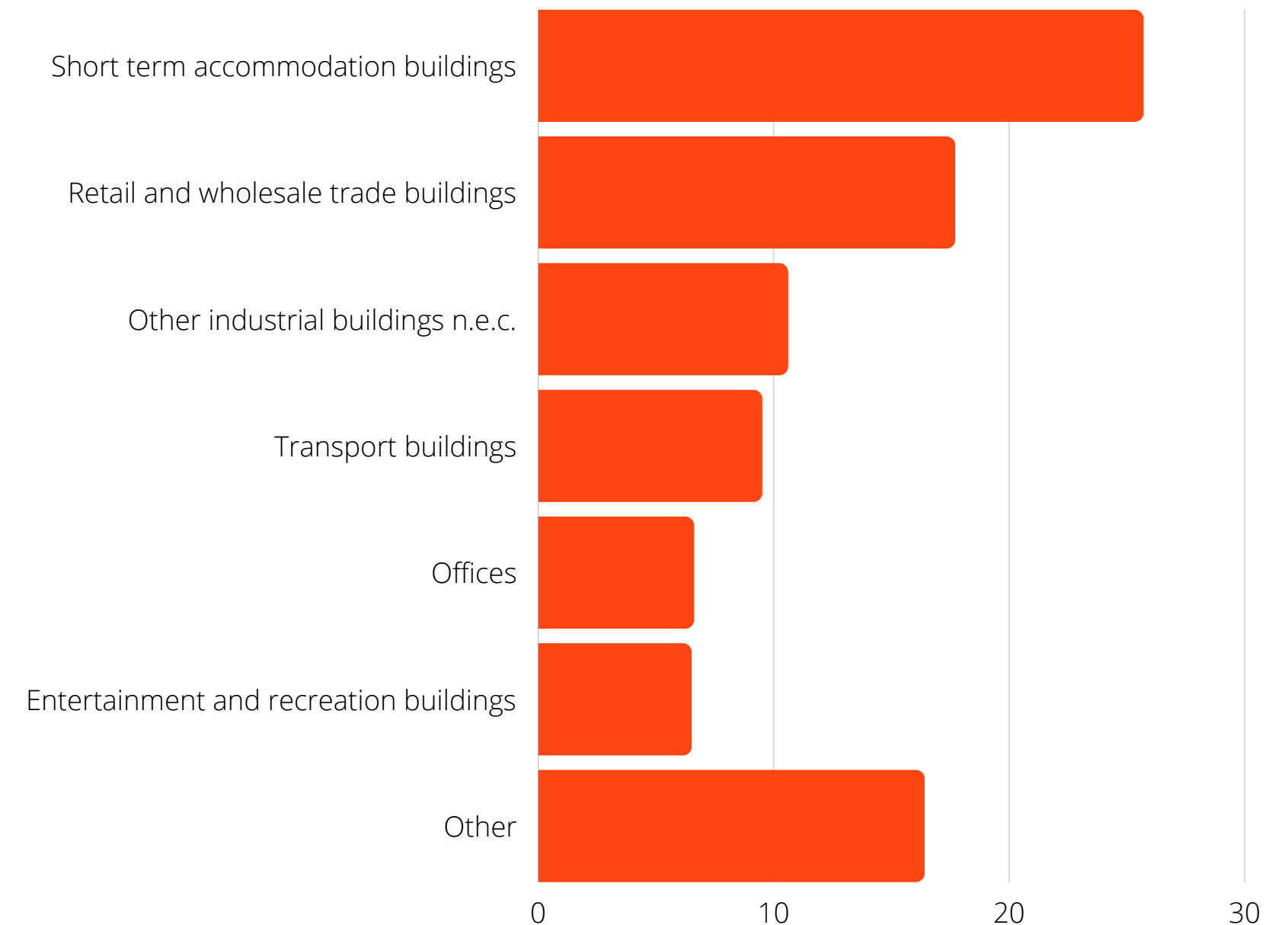
Byron Shire, Annual average of the preceding four quarters



Source: ABS Building Approvals

Building Approvals by Type \$m

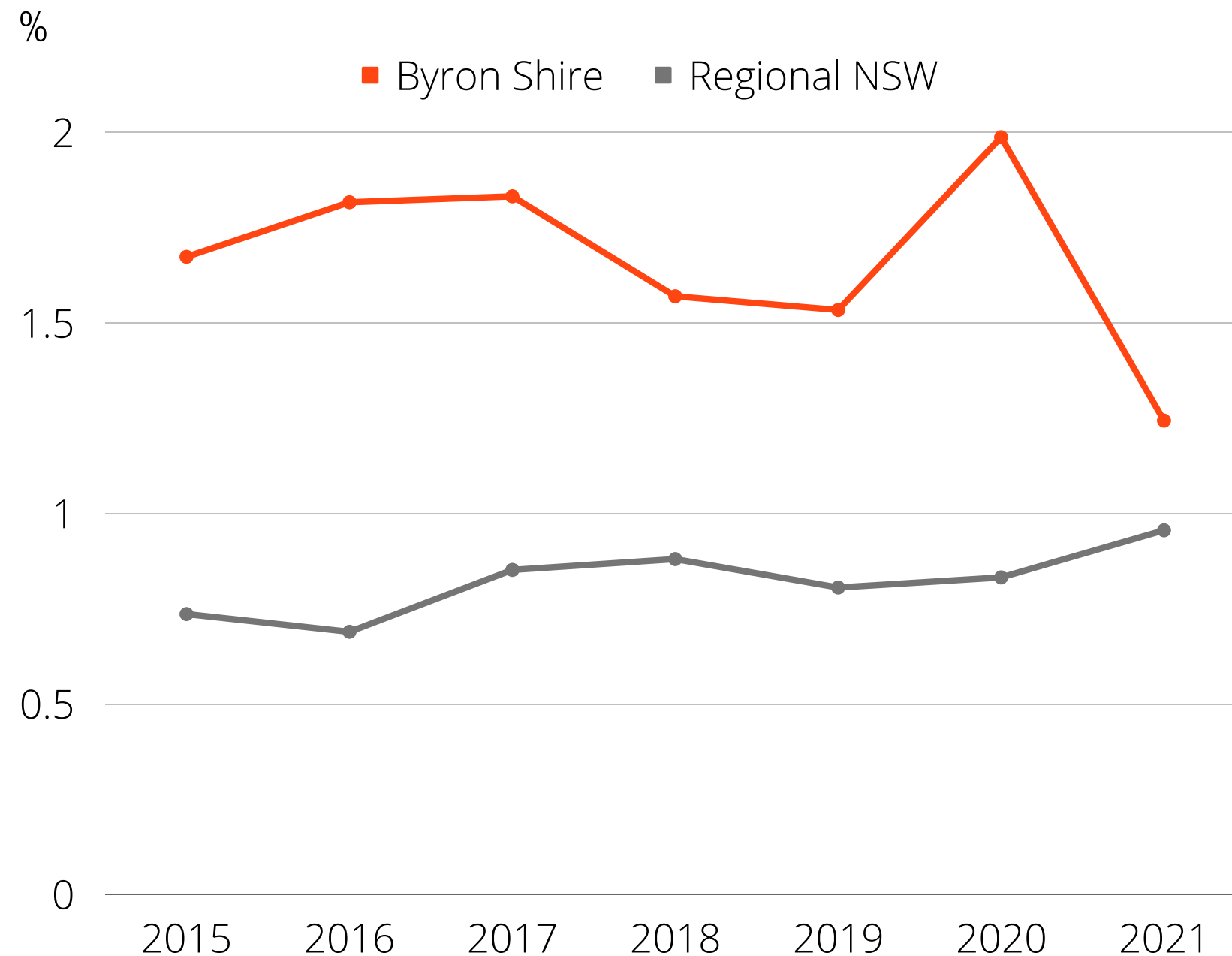
Byron Shire, Total between March 2020 to Feb 2022



Migration patterns changed

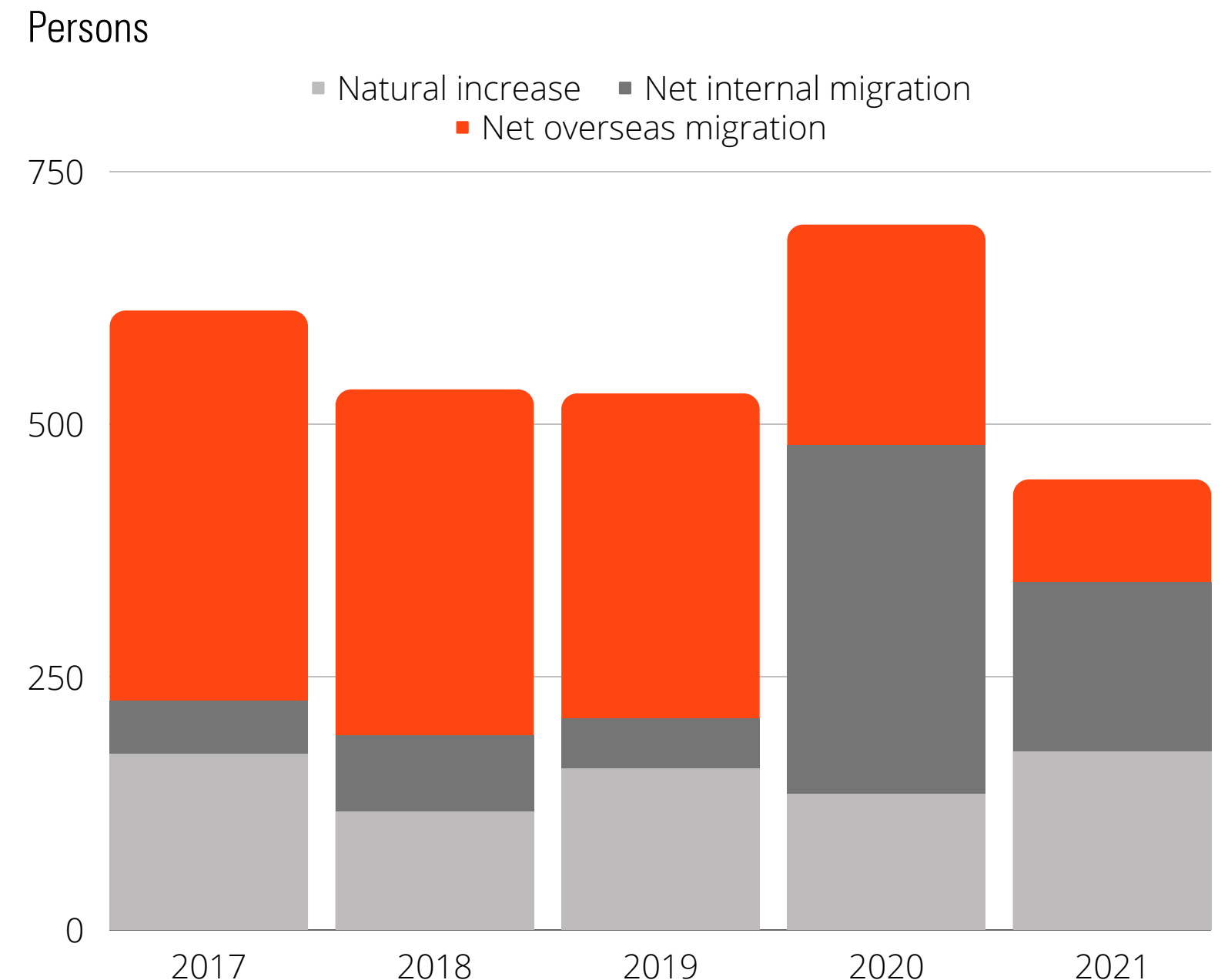
Net overseas migration fell sharply but was replaced by strong growth in residents from Sydney and Melbourne.

Annual Population Growth



Source: ABS Regional Population Growth

Annual Population Growth by Component



Source: ABS Regional Population Growth

Emerging challenges

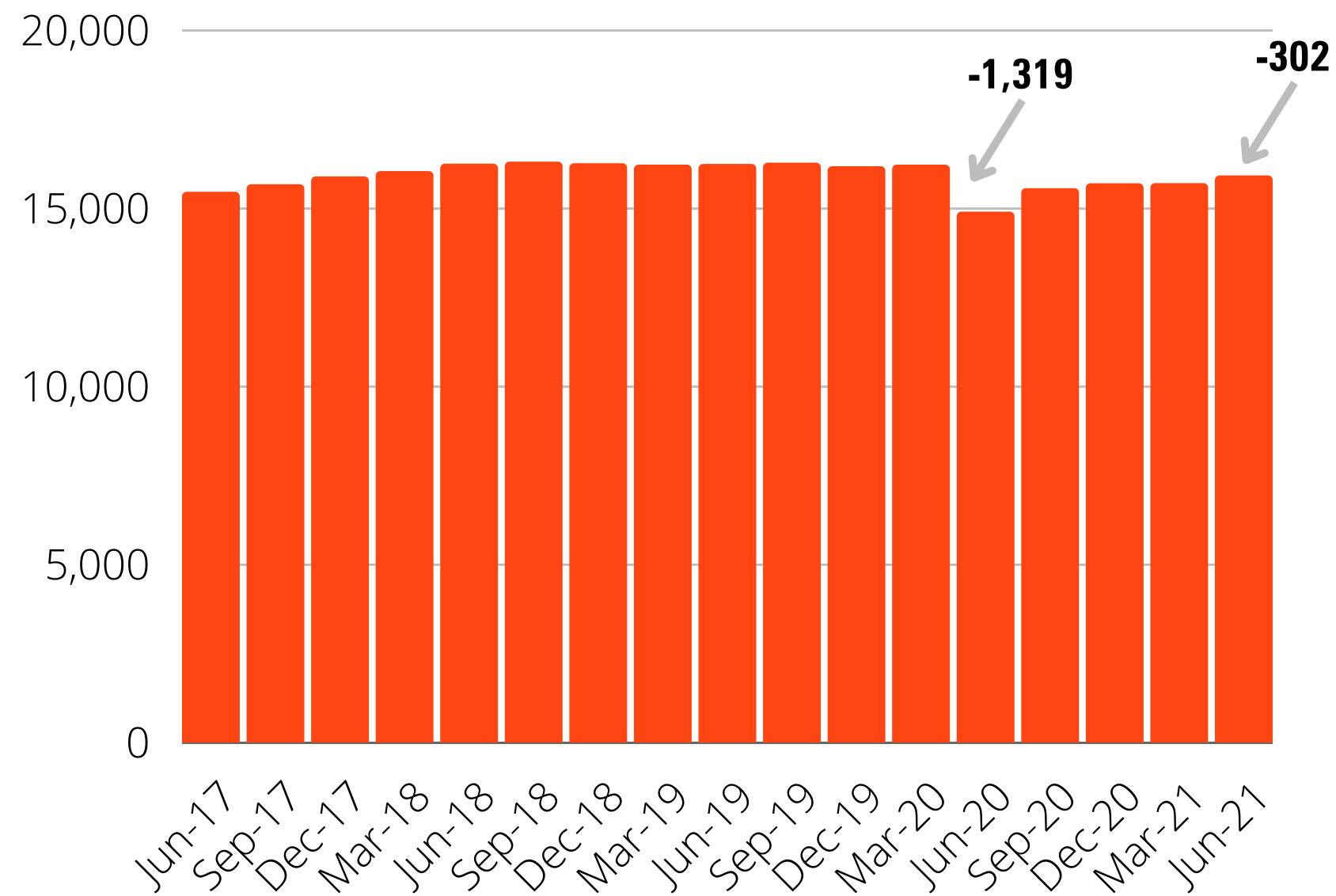
COVID-19 recovery and floods

Economic recovery is underway

But the recovery has been slower in Byron Shire compared to Regional NSW.

Local Jobs by Quarter

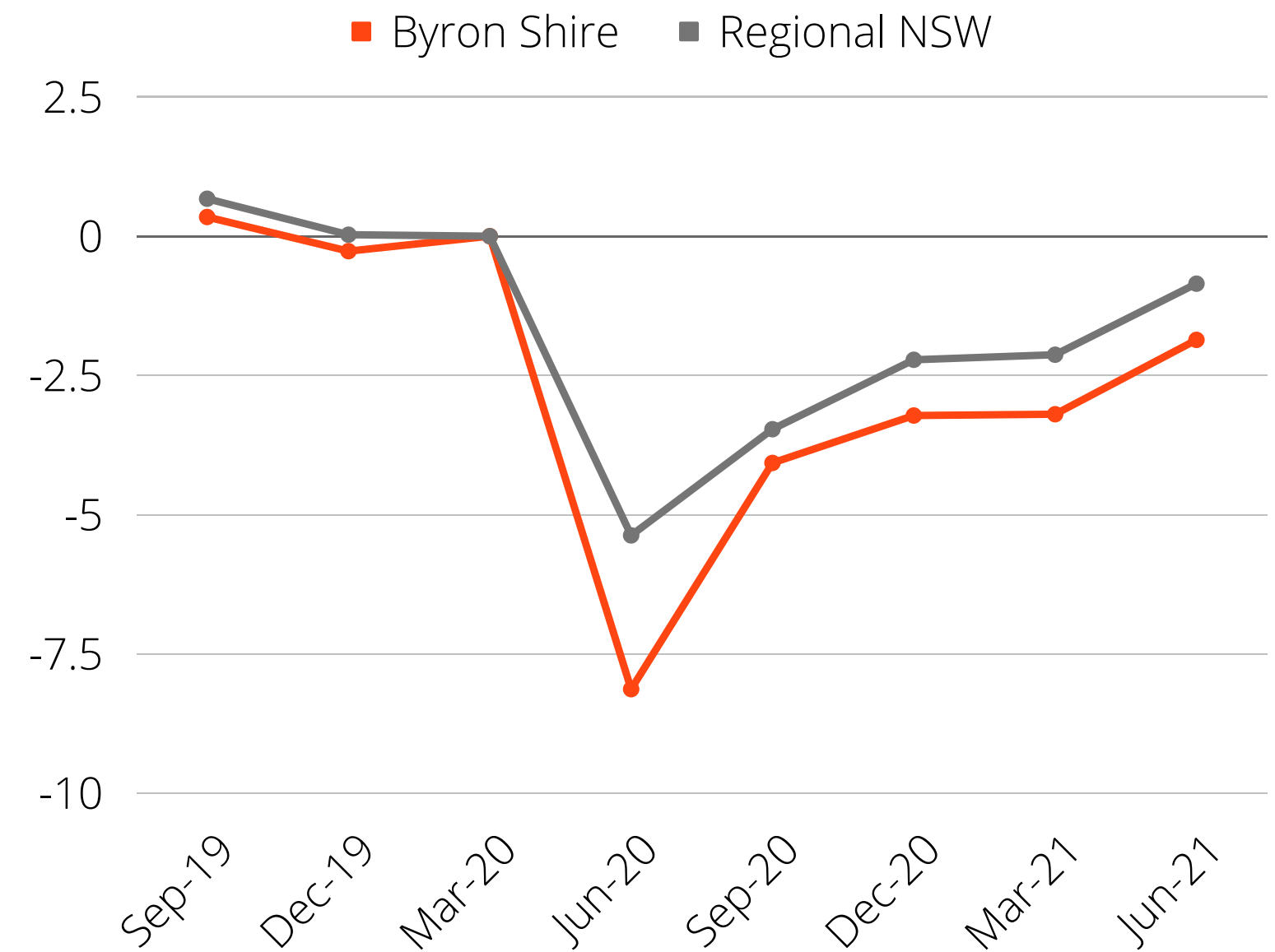
Byron Shire



Source: NIEIR, 2022

Local Jobs Impact

% difference compared to March Quarter 2020



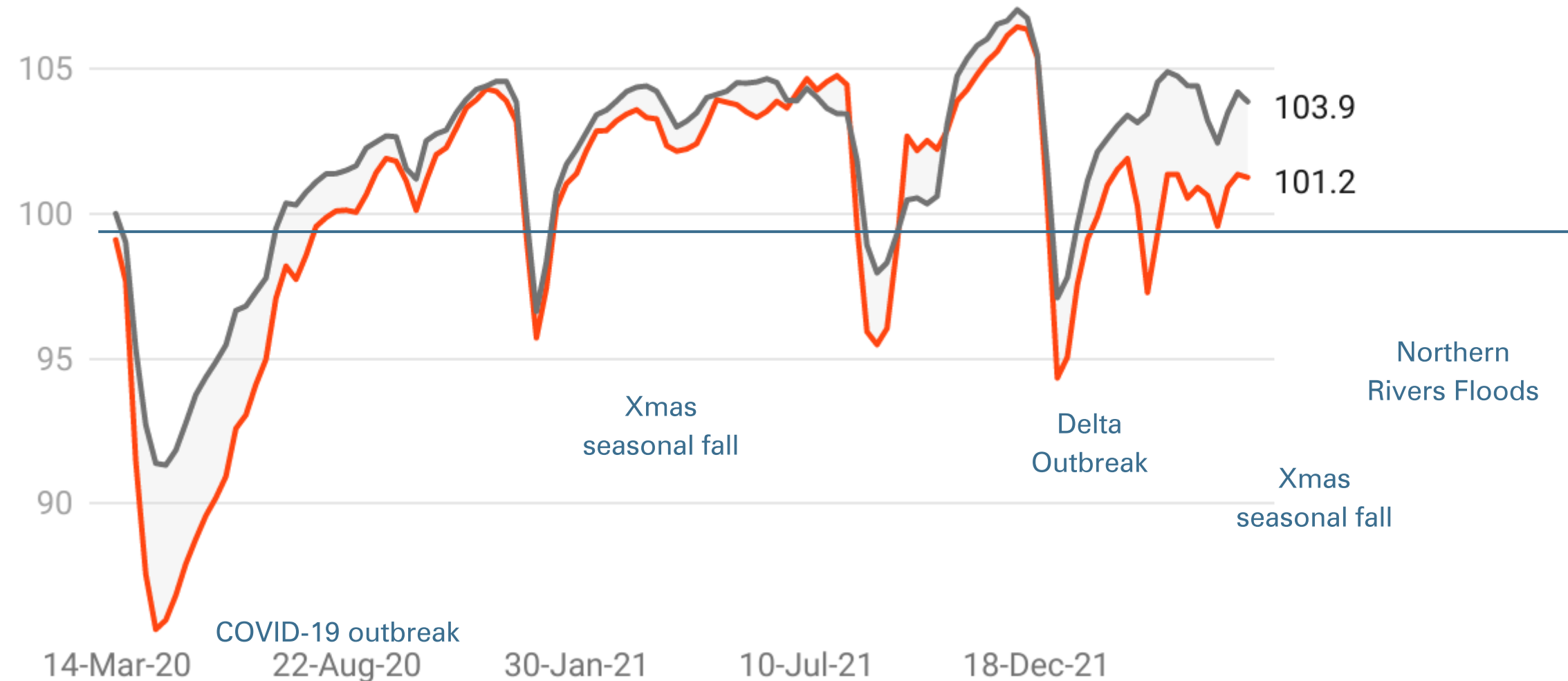
But the recovery is bumpy

Delta outbreak and floods have slowed the recovery in 2021/22

Payroll Jobs

Index 100 = March 14, 2020

— Byron (A) — Rest of NSW



ABS Payroll data is impacted by school holidays as it is not seasonally adjusted

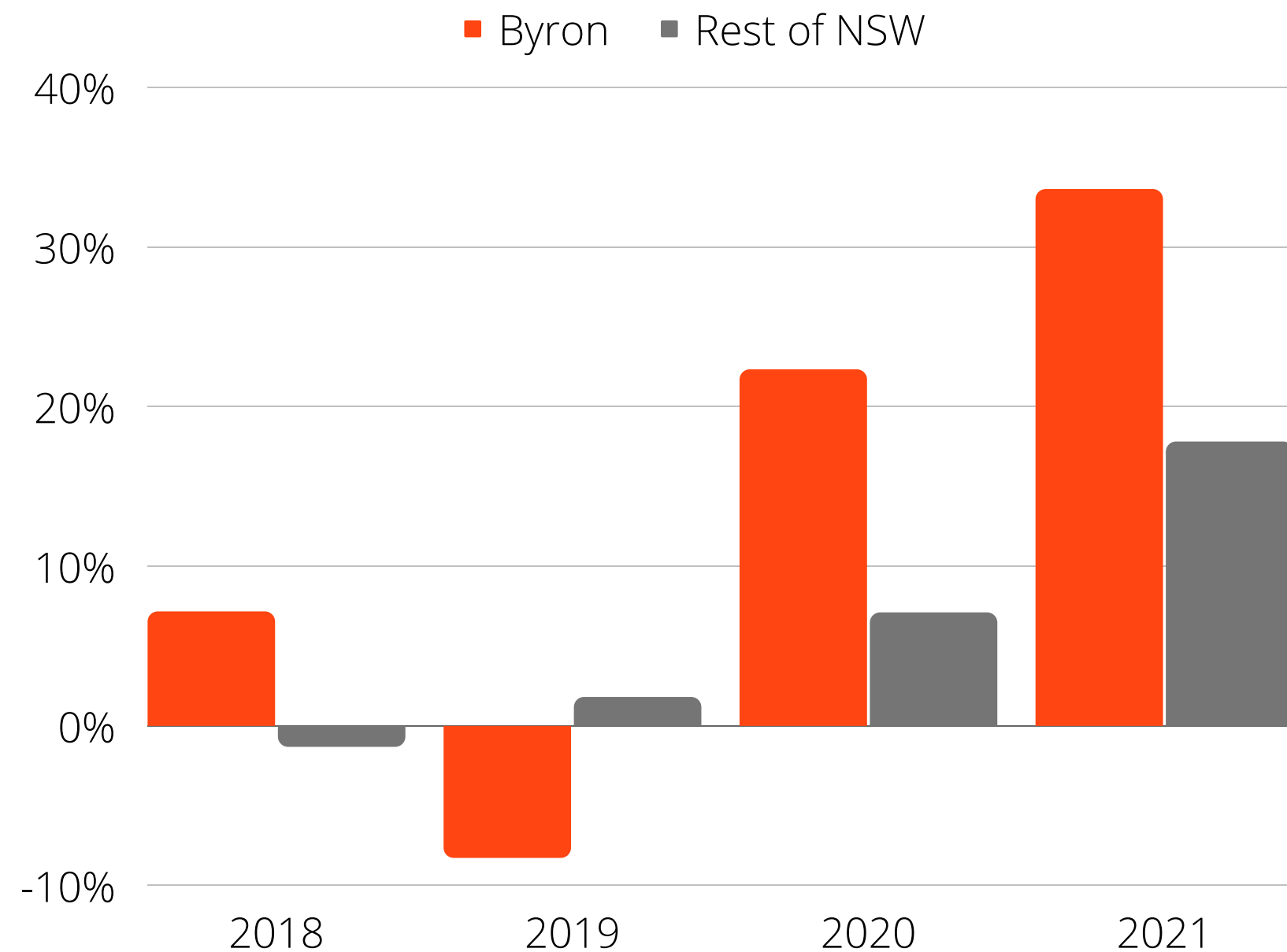
Chart: Rob @ .id • Source: [ABS Weekly Payroll Jobs and Wages in Australia](#) • [Get the data](#) • Created with [Datawrapper](#)

Regional areas are facing housing affordability challenges

Migration impacts, housing formation, government stimulus and low vacancies driving house price growth across Regional Australia

House Price Growth

Annual Change in Median



Source: NIEIR, 2022

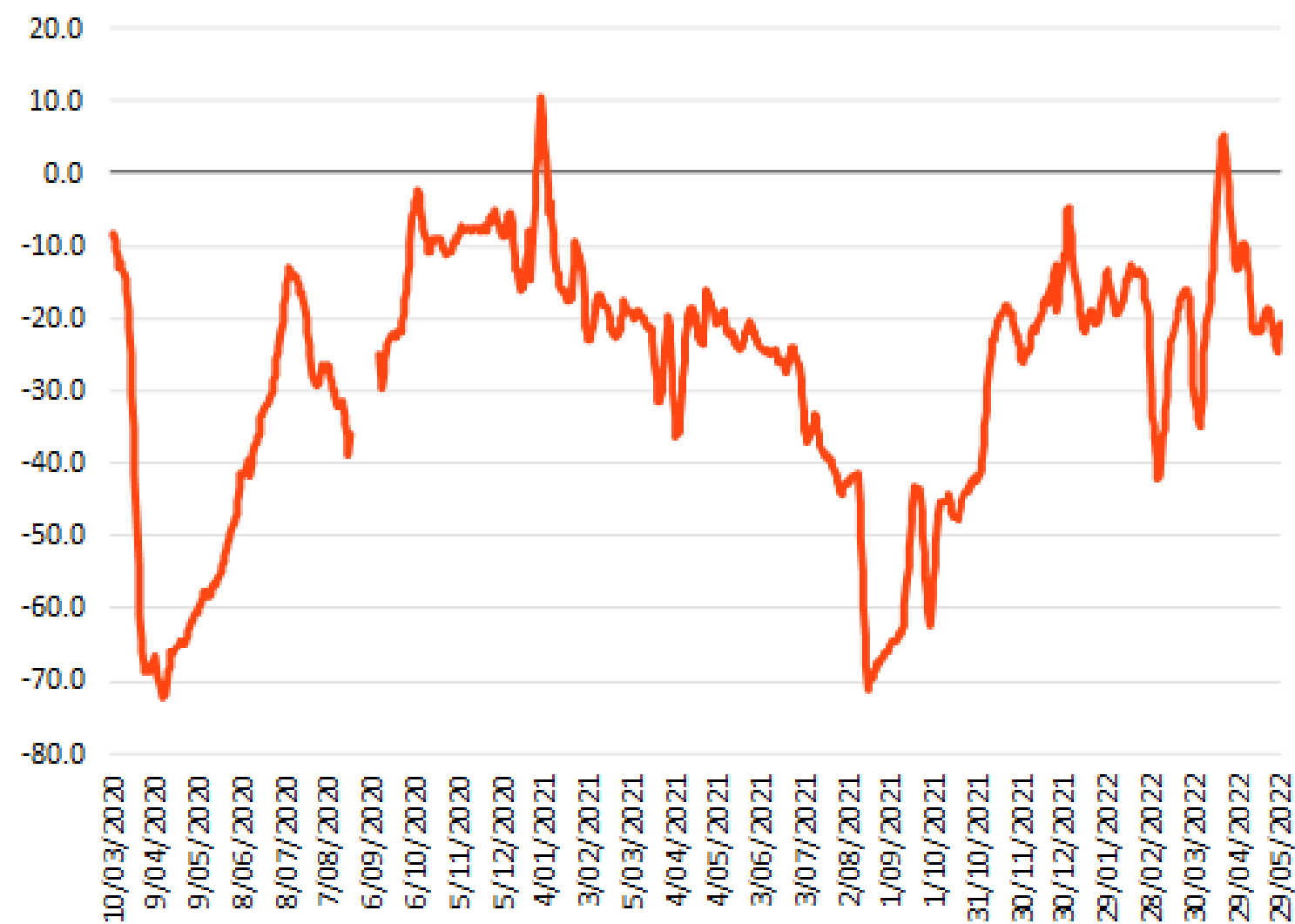
Median house price in Byron Shire was \$1.5m in 2021, 2.8 times higher than the Regional NSW average, up from \$869k (2.1 times higher) in 2019.

Shopping and work behaviours have changed

Large shift in people working from home. Retail trips have yet to recover

Retail and Recreation Trips - Byron

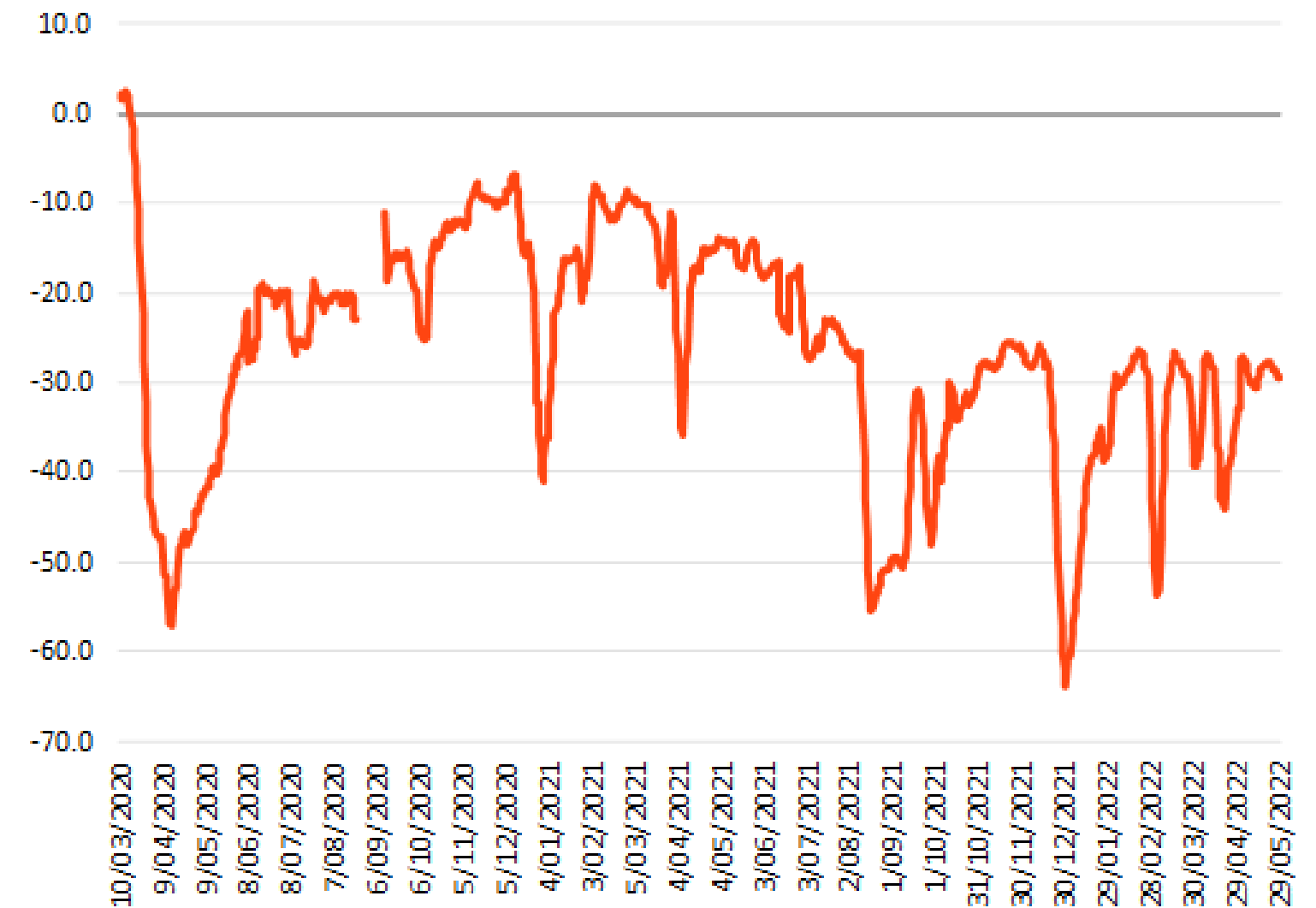
% compared to Jan-20 baseline



Source: Google Community Mobility Report

Workplace Trips - Byron

% compared to Jan-20 baseline



Source: Google Community Mobility Report

Businesses facing a range of challenges

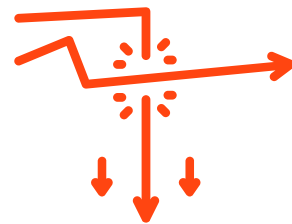
While the bounce back from COVID19 economic impacts is underway, Australian businesses are facing a range of challenges. These include:

Inability to find suitable staff



18% of businesses did not have sufficient staff in April 2022.

Supply chain disruption



41% of business were experiencing supply chain disruptions in April 2022.

Cost pressure



57% of all businesses experienced an increase in the cost of doing business. Costs in around 21% of businesses increased to a great extent.

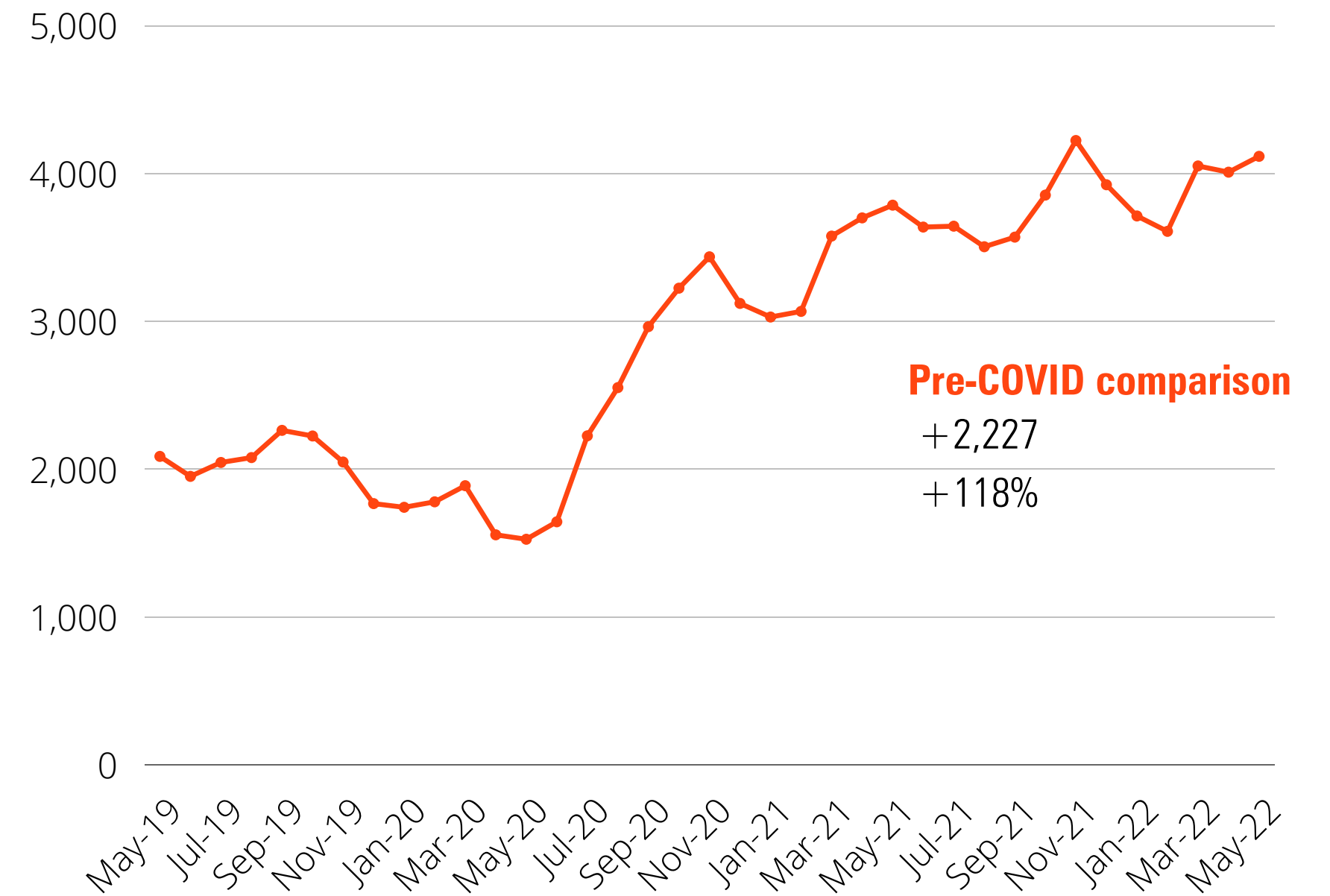
Activity levels down



The large shift in people working from home has led to a drop in activity and spending levels in many of Australia's commercial areas.

Job Ads - NSW North Coast

IVI total job advertisements (no.)

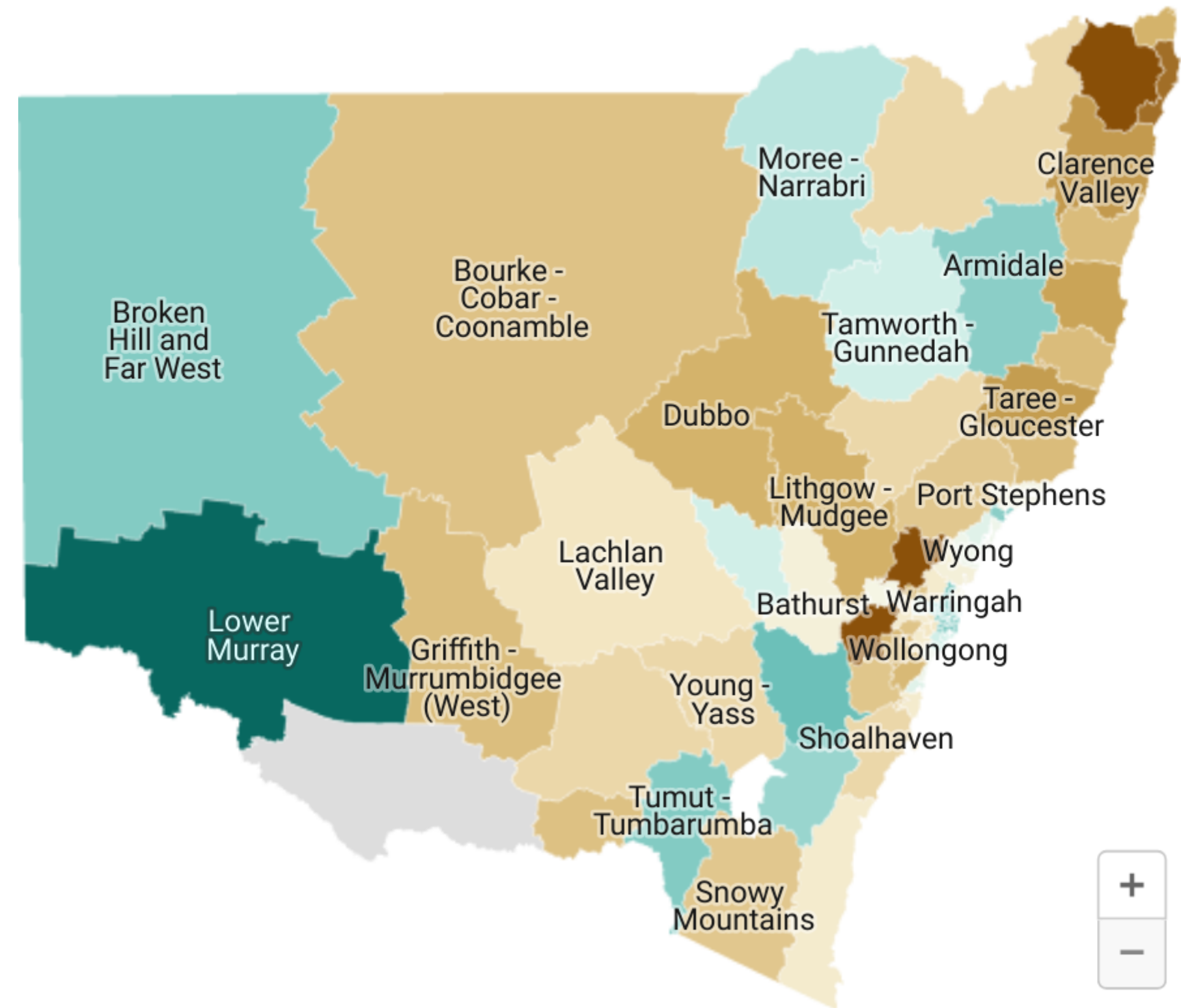


Source: NIEIR, 2022

Flood Impacts on Northern Rivers Region

Payroll jobs fell by 4.7% in the Bryon and surrounding region

Percentage change in payroll jobs, 12 Feb to 12 March 2022

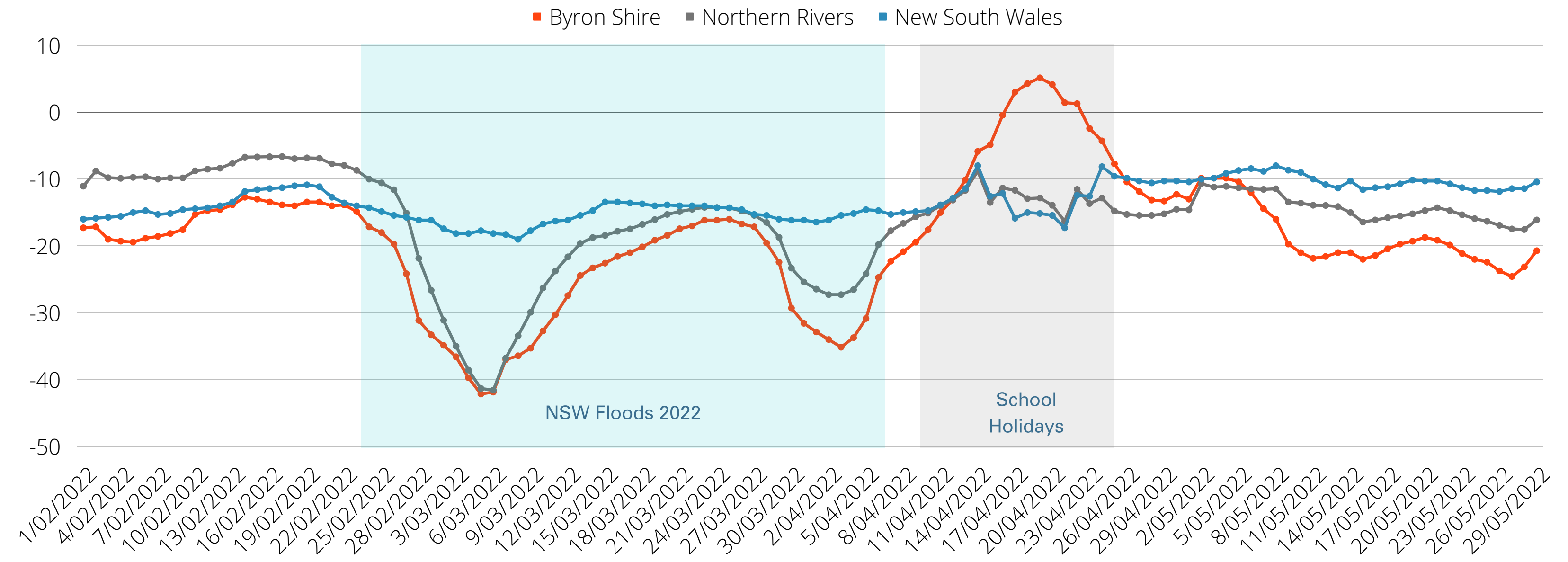


Non-essential trips impacted across the region

Byron retail trips fell sharply but fared better during the holidays

Retail and Recreation Trips

% compared to Jan 2020 baseline, 7 day avg



Note: Google Mobility Data is relative to the pre-pandemic baseline of the same day of the week from 3 Jan-6 Feb 2020. This period is a peak visitation period in Byron so a fall of around 10% is expected during non-peak periods. Larger falls suggest it is more than seasonality impacts.

Source: Google Community Mobility Report

Emerging Industries

Industry drivers of growth since 2016

Specialisations in tourism, creatives and business services

Byron has a rare mix of specialisations compared to many regional areas

Industry specialisation in Byron Shire

Location Quotient - Compared to Regional NSW, 2020/21



3 clusters identified:

Creatives

- Creative and Performing Arts (5.7)
- Motion Picture and Sound Recording (3.8)
- Publishing (2.78)
- Heritage Activities (1.6)
- Furniture manufacturing (2.99)
- Clothing manufacturing (2.91)

Households & Visitor Services

- Accommodation (3.2)
- Food and Beverage Services (1.8)
- Adult Education (2.6)
- Medical Services (1.95)

Business services

- Computer System Design (1.8)
- Professional, Scientific and Technical (1.4)
- Real Estate (1.7)

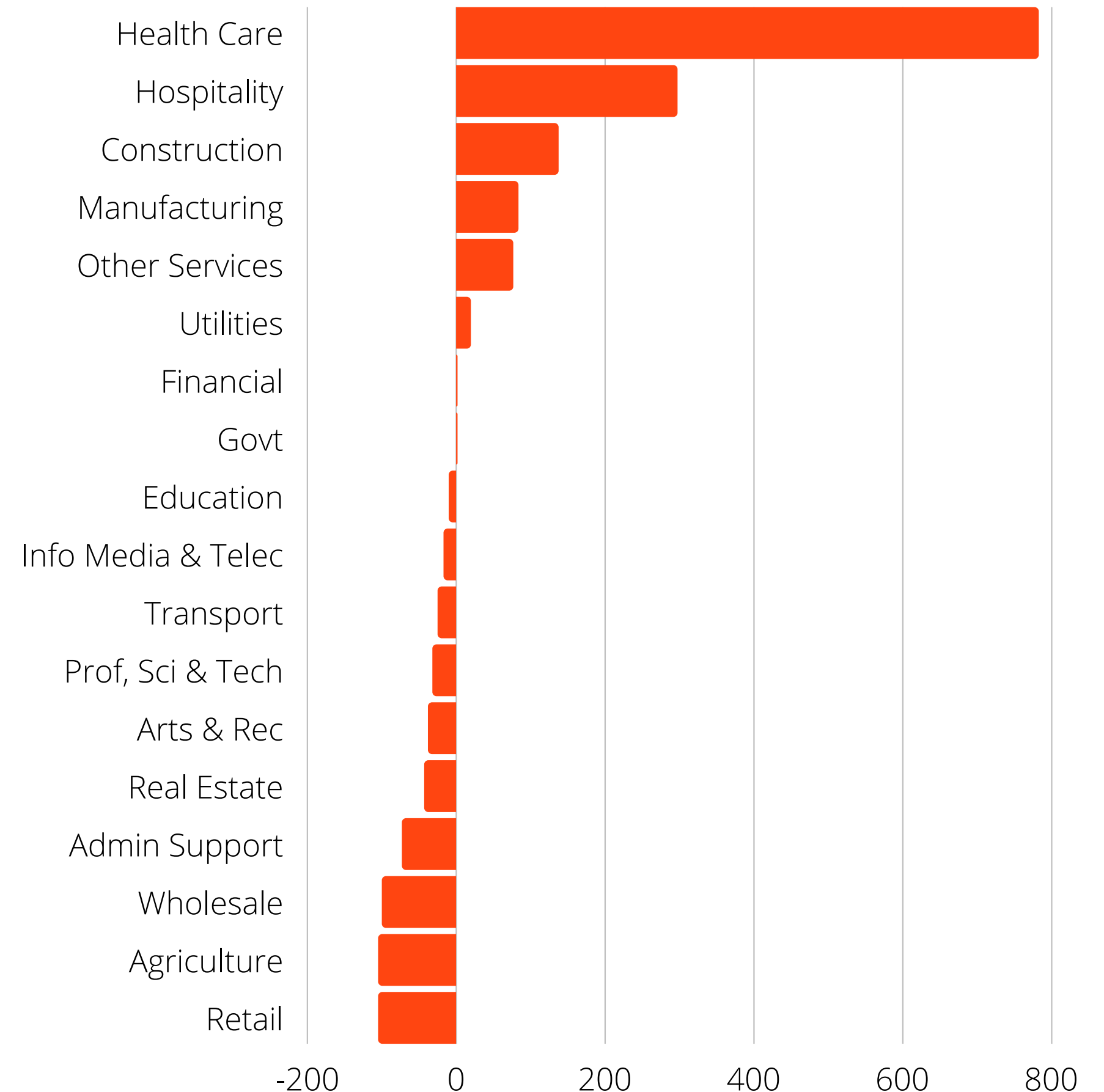
5 Year Industry Growth

Health, Tourism and Hospitality were the main drivers of growth. Manufacturing is back on the growth list.

But most of the growth was in lower income industries.

Employment Change by Industry, 2016-21

Byron Shire



Source: NIEIR, 2022

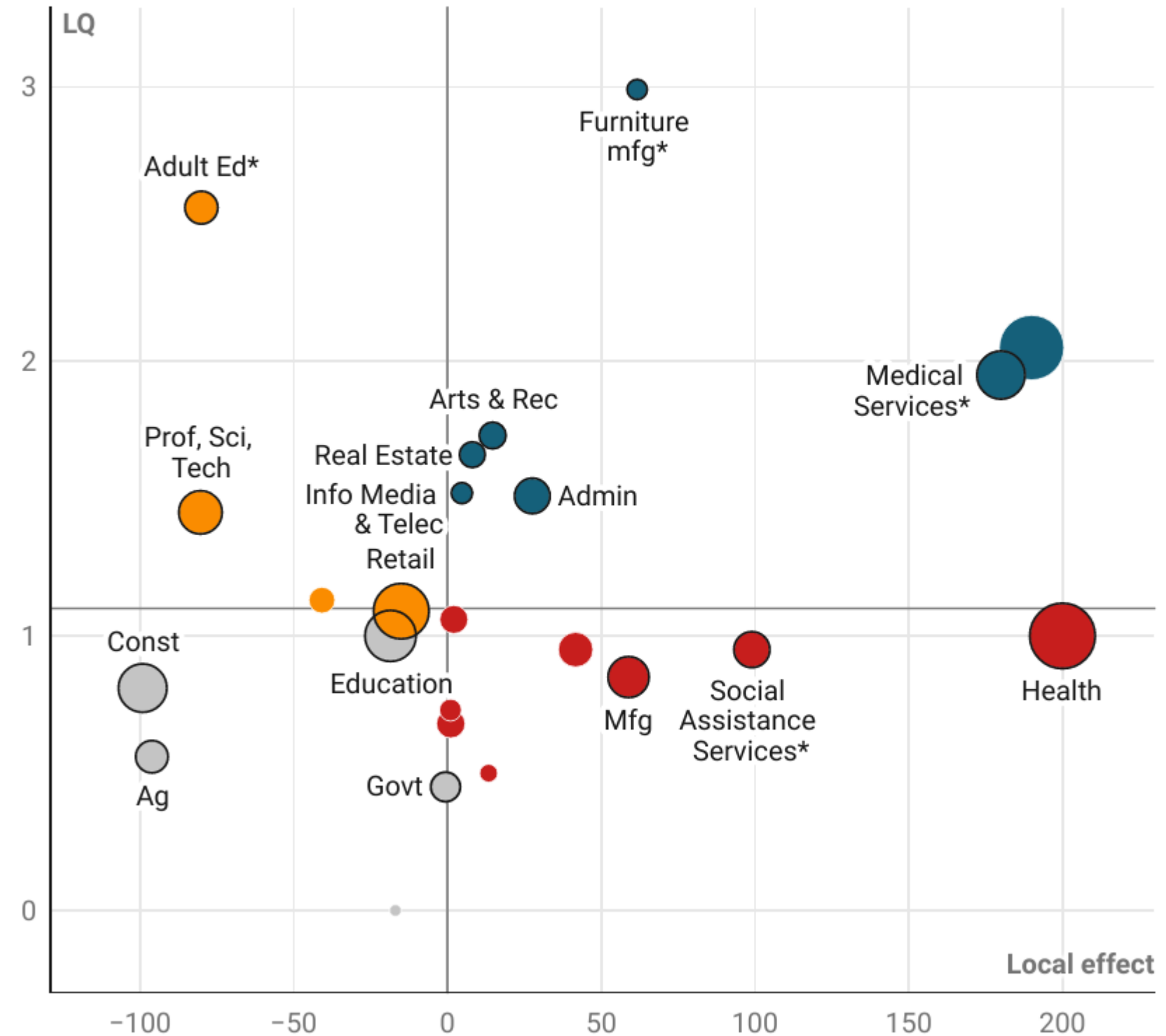
Emerging industries

Industries are at different stages of development

Strategic and Emerging Industries (2015-2021)

Byron Shire

● Growing ● Emerging ● Declining ● Transforming



Local effect is based on local industry growth vs Regional NSW between 2016-2021. LQ is based on the relative size of the local industry vs Regional NSW. * Denotes a sub-industry

Chart: Rob @ .id • Source: NIEIR 2022 • [Get the data](#) • Created with [Datawrapper](#)

Byron Shire Sector Opportunities

How they align with NSW State Government Industry Framework

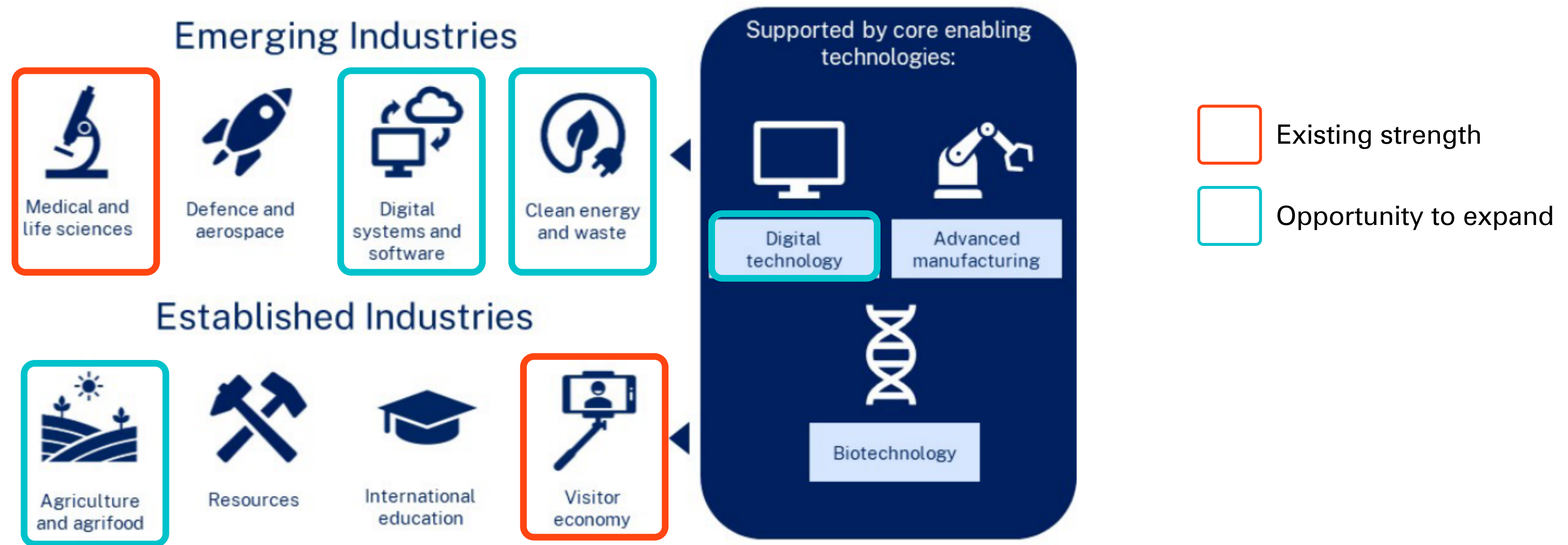


Figure 1: NSW Industry Framework 2022: Priority emerging and established industries alongside core enabling technologies.

[NSW Industry Framework Report](#)

**Towards the future, building
competitiveness**

Observations from the Economic Health Check

Our analysis has identified a range of opportunities and challenges

Opportunity 1

Support projects that are aligned to Byron Shire's strategic industries

- Industry specialisations in tourism, creatives and business services. These industries have strong growth potential and aligned to NSW State Government priorities.
- These industries have synergistic links (e.g. tourism/creatives can attract professional skills)
- e.g. targeted investment attraction plan, targeted business grants for businesses in priority sectors (relocating, expansion), strengthen relationships with stakeholders who deliver infrastructure / attract businesses.

Opportunity 2

Support tourism recovery

- Opening of state and international borders should benefit Byron Shire's tourism economy.
- But risks remain. e.g. COVID-19 has disrupted historical holiday destinations; Labour supply (especially hospitality) is constrained; Australians looking to travel overseas again.
- Need to invest in actions that support tourism recovery and grow the market.
- e.g. enhance natural assets, promote/support creative/cultural attractions, monitor challenges/issues faced by tourism businesses, training and education; construction workforce support .

Opportunity 3

Increase the number of professional workers in Byron Shire.

- Opportunity to build on comparative advantage in business services.
- Potential to attract businesses and skilled talent from Sydney and Melbourne. Impacts from long term disruptions to commercial activities in Melbourne and Sydney still playing out.
- An increase in remote working for office based employees - may support uptick in coworking facilities in regional / coastal areas.
- e.g. Byron Arts and Industry Estate Expansion, City Centre Masterplanning, Coworking opportunities, knowledge infrastructure (e.g. regional telecommunications improvements), Events targeted at professionals.

Opportunity 4

Develop an integrated housing strategy

- Housing affordability and low vacancies may limit business expansion and profitability.
- Likely to rely on workers from surrounding region (creating traffic issues).
- e.g. housing demand and dwelling types, housing supply, local government land opportunities, infrastructure / accessibility / public transport.

Opportunity 5

Investigate opportunities to play a leading role in responding to climate change

- Low share of heavy emissions based industries and aligned to natural environment / lifestyle role of Byron Shire.
- Flood mitigation/water management strategies also need to be fast tracked to prevent economic disruption and potential as detractor from to new residents/businesses.
- e.g. seed projects (maybe Byron Arts and Industry Estate Expansion?), sustainable tourism

Other opportunities and challenges

- Supply constraints and labour shortages will continue to cause delays to project completions and prohibit business profit growth
- Inflation and higher interest rates will increase the cost of living costs and lower business profitability. Can be a short-medium term prohibitor to resident/business growth.
- Global market uncertainty driven by rising inflation overseas (esp. US) and federal bank rate rises in many countries is likely to weaken global demand for goods and services.
- Potential spillovers from Brisbane Olympics (infrastructure investment, promotion, etc)
- Online shopping impacts on brick and mortar retailing - potential impact on city centres, main commercial areas.
- Working from home impacts on commercial office development