Noosa Local Economic Plan Review

Economic Update Report

Report prepared for

Noosa Shire Council

June 2021

LUCID ECONOMICS

lucid

/'lu:sid/

adjective

1. expressed clearly; easy to understand

2. bright or luminous

Document Control

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Executive Summary

The Noosa Shire Council adopted the Local Economic Plan (LEP) in 2015. Since this time, the local economy (as well as State, national and global economy) has changed and evolved. As such, as part of the review of the LEP it is important to understand where the Noosa economy is today and the changes that it has undergone since the adoption of the LEP in 2015.

There are a number of on-going trends and other features that are important for the Noosa economy, including:

- Population and Demographics
  - Population growth continues to be much lower than South East Queensland and Queensland
  - Noosa has an older population that is aging at a faster rate than the rest of the State
  - Noosa has median income levels below the State average and pockets of high socio-economic disadvantage
- Economic structure is changing
  - While construction remains the largest contributor to Gross Regional Product (GRP), is has exhibited a very volatile nature
  - Healthcare is now solidly the second largest contributor to GRP (firmly eclipsing retail trade, which was the traditional second largest sector)
  - Retail trade and accommodation and food services (industries most connected with the tourism sector) remain important but have been stagnant over the last five years
  - Professional services has demonstrated strong growth in terms of industry value-added over the last five years, growing at an average annual rate of 3.1%
  - Some industries are coping with dramatic changes driven by technology, such as retail, which has seen a dramatic decrease in employment over the last five years. Similarly, accommodation and food services is also dealing with technological change that is impacting how people are employed
  - Tourism had been growing strongly until the COVID-19 pandemic, including achieving the highest level of visitation on record in 2019
  - A large proportion of Noosa residents work outside of the Shire. The lower median incomes in Noosa contribute to this trend, with the more highly skilled residents in the area forced to find work outside of Noosa.
- COVID-19 has impacted Noosa significantly, as it has all parts of Australia
  - The unemployment rate has spiked since March quarter 2021
  - Based on anecdotal evidence, domestic visitors have returned to Noosa in greater numbers than previously, partly making up for the closed international border
  - Based on the payroll jobs index, jobs in Noosa have returned to their pre-COVID levels
- There are a number of important trends that will have an impact on Noosa moving forward, including:
  - Online retail has surged ahead due to COVID-19 and associated lockdowns
  - The internet has become the trading place for tourism
  - People are leaving capital cities at a rate that has not been seen before
  - Workplace dynamics have changed, with virtual meetings (and other practices) having increased greatly as a result of the pandemic, making business travel less and allowing more people the flexibility to work from home or remotely

This analysis will assist in the review of the LEP, support the consultation phase of the report as well as the revised LEP.

Table of Contents

1.   Introduction

Lucid Economics Pty Ltd (Lucid Economics) has been engaged to assist the Noosa Shire Council with a review of the Local Economic Plan (LEP).

The Noosa Shire Council is a local government area (LGA) located in the far north of South East Queensland, with neighbouring LGAs including Sunshine Coast to the south and Gympie to the north and west. The Pacific Ocean provides a natural boundary to the east.

Figure 1.1. Noosa Shire Council Area
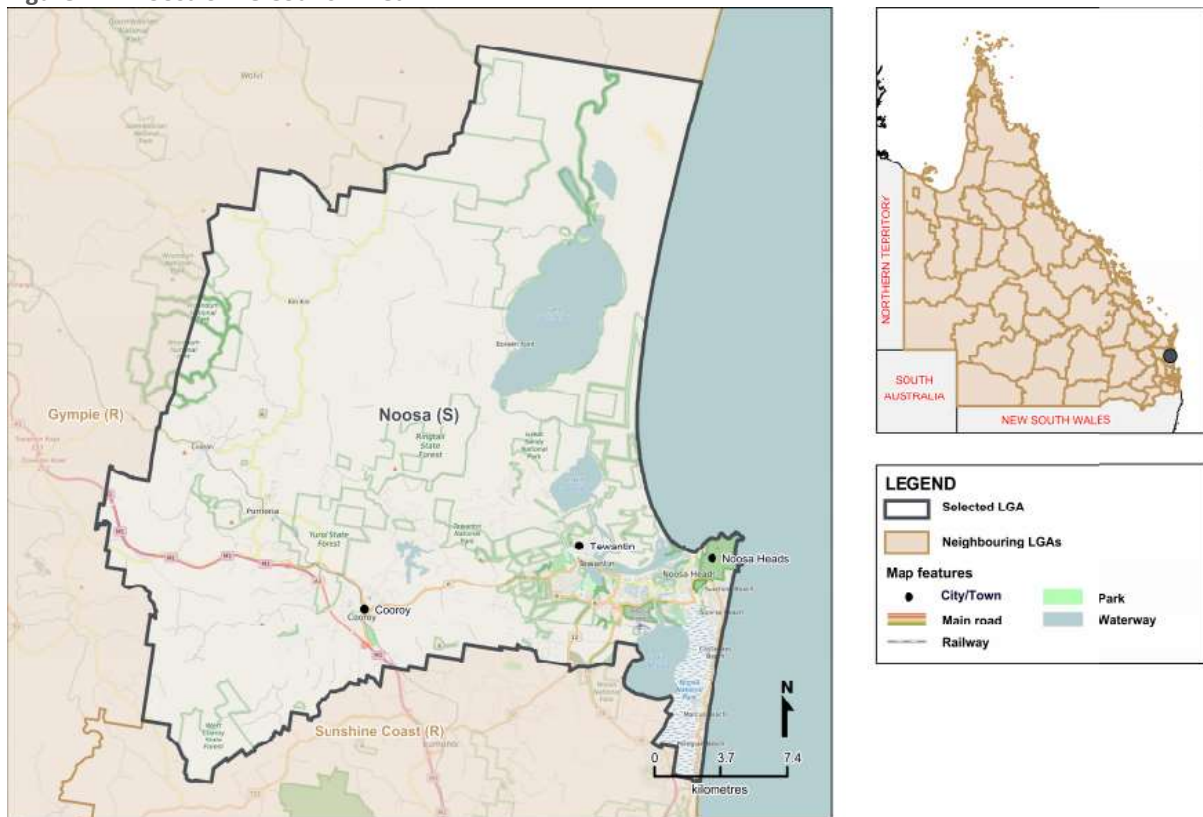
Source: QGSO (2019).

This report provides an in-depth analysis of the local economy including tracking various trends (both local, national and global) since the LEP was adopted. In the context of this report, all references to Noosa refer to the LGA boundaries of the Noosa Shire Council.

2.   Population and Demographics

2.1   Population

Noosa had an estimated resident population of 56,600 persons as of June 30, 2020 (Figure 2.1). Noosa's population growth has consistently been slower than the South East Queensland and Queensland averages over the past 15 years. Noosa's population growth has averaged 1.1% over the five years to 2020, below the South East Queensland (2.1%) and Queensland (1.6%) averages.

Interestingly, population growth accelerated in Noosa in 2020 during the COVID-19 pandemic, in contrast to the Queensland average. Lifestyle factors and the shift towards work-from-home arrangements were likely key drivers of this accelerated growth.

Figure 2.1. Historical Population
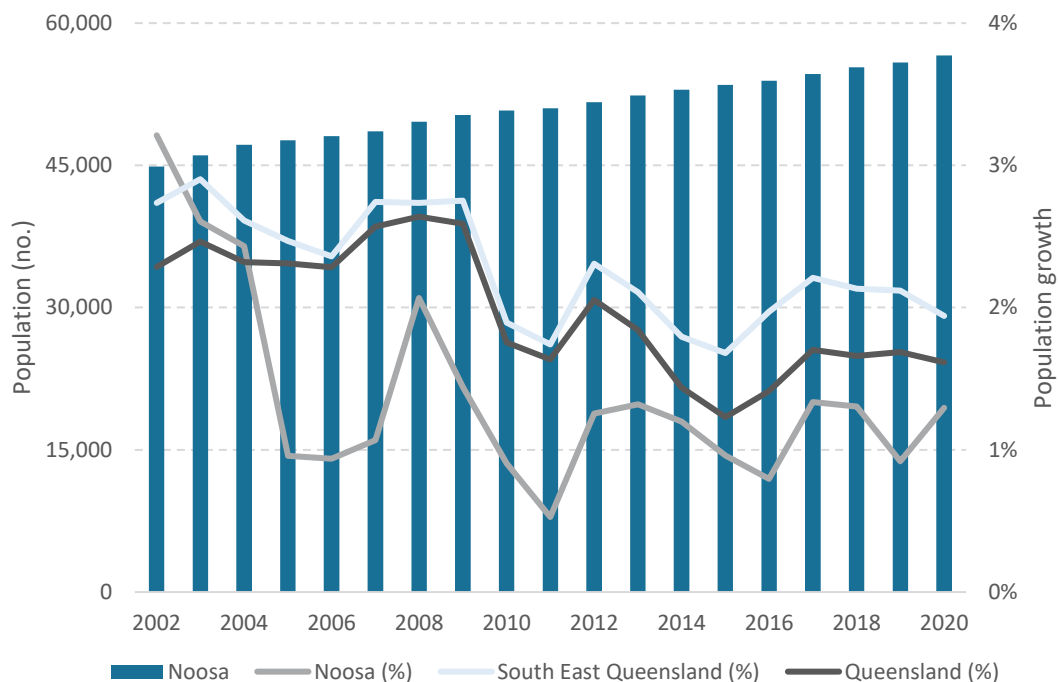
Note: ERP at 30 June of each year.
Source: ABS (2021).

Population Matters

Population growth is important to support economic growth in the local area. An increasing number of local residents will increase demand for a range of products and services offered from local businesses. Roughly one-third of the economy is directly related to local residents and includes local services such as retail trade, education, healthcare and others. However, given the slower population growth that Noosa has experienced when compared to the state average, economic growth will need to come from other sources such as increased investment in the high value industry sectors and / or the adoption of improved technology.

The Queensland Government's (QGSO, 2021) latest population growth forecasts show the region's annual population growth is likely to remain below the South East Queensland and Queensland averages through to the year 2041. Noosa's population is expected to increase by around 9,600 persons from 2020-2041, an average of just 0.7%. However, this forecast may be challenged by the impact of the COVID-19 pandemic (as seen in accelerated population growth in 2020), particularly in the near-term.

Figure 2.2. Projected Population
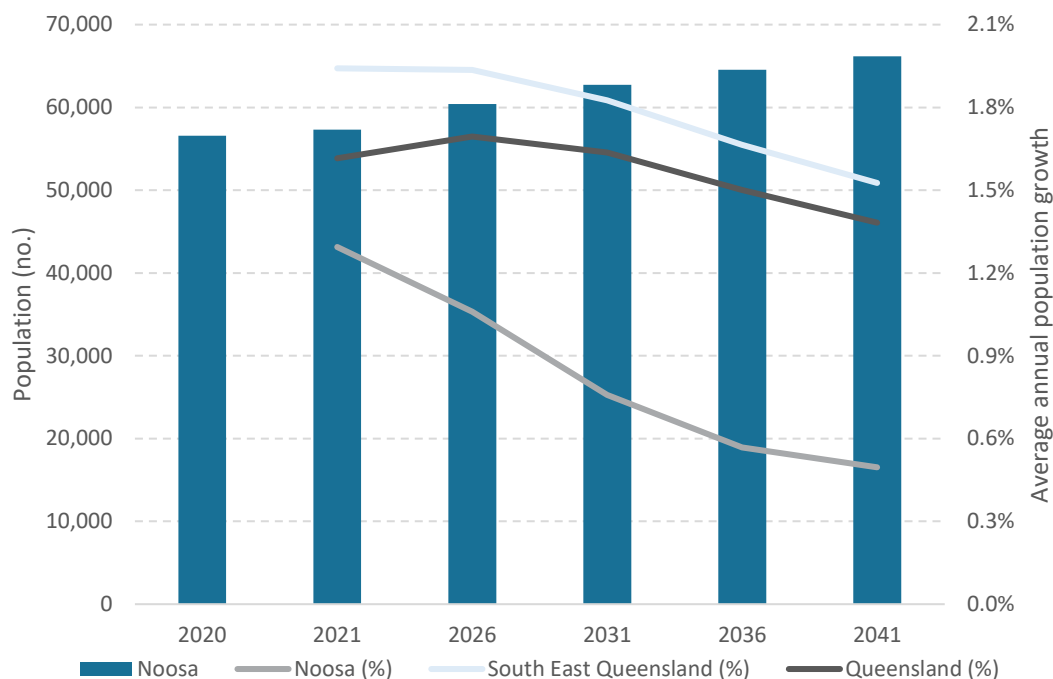
Sources: ABS (2021), QGSO (2021).

2.2   Age

Due to lifestyle factors and the region's popularity with retirees, Noosa has a much older population than the Greater Brisbane and Queensland medians (Table 2.1). Unfortunately, this data is based on the Census, so more up to date figures are not available. It may be with the recent estimated population growth that more, younger families may be moving to Noosa. The 2021 Census will identify any changes to the age structure in the population. Any change, however, will likely be minor.

Table 2.1. Median Age

	2006	2011	2016
Noosa	43	46	48
Greater Brisbane	35	35	35
Queensland	36	36	37

Note: Census data not available for the South East Queensland region.
Source: ABS (2017).

Additionally, Noosa is projected to see an increase in the proportion of residents aged 65 years and over through to the year 2041, increasing from 23% of the total population in 2016 to an estimated 33% by 2041 (Figure 2.3). This equates to residents aged 65 years and over being expected to increase between 2016 and 2041 by 8,850 residents, a 70% increase on 2016 levels. To put this change in perspective, the proportion of people aged 65 years and over is expected to increase from just over 1 in 5 people to 1 out of 3 people by 2041.

Figure 2.3. Projected Age Structure, Noosa
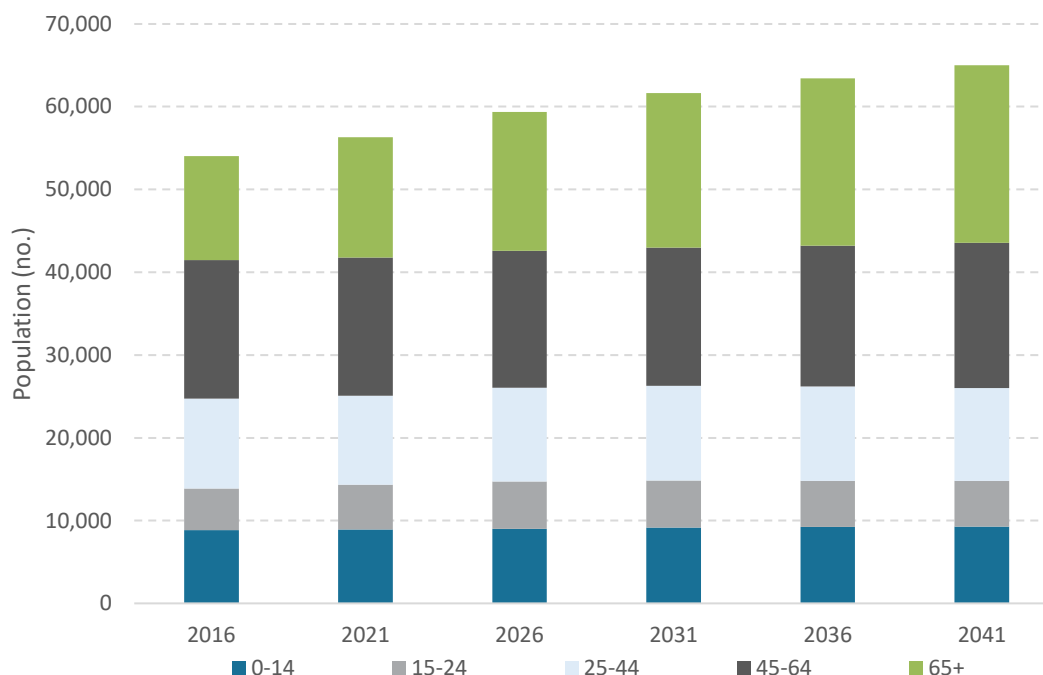
Source: QGSO (2021).

2.3   Income

The Noosa region's median weekly personal and household income levels were both significantly lower than the Queensland medians from 2006 to 2016. This is likely due to Noosa's reliance on the local tourism sector (retail trade and accommodation and food services), which is generally a lower paying sector for workers. However, on a positive note, average annual growth in household median weekly income from 2011-2016 in the Noosa region (4.6%) was stronger than the Queensland (2.6%) average (Table 2.2).

Median household income is an important measure for standard of living. Household income levels in the Noosa region have grown at a faster rate than inflation (1.8% from June quarter 2011 to June quarter 2016), providing real income gains for residents.

As with the age demographics, this data is Census based, so changes in 2021 will be interesting to observe. It is not expected that median incomes in Noosa will raise above the Queensland average.

Table 2.2. Median Income

	2006	2011	2016
Personal income ($/week)			
Noosa	$422	$506	$595
Greater Brisbane	$509	$633	$703
Queensland	$476	$587	$660
Household income ($/week)			
Noosa	$884	$953	$1,191
Greater Brisbane	$1,112	$1,385	$1,559
Queensland	$1,036	$1,227	$1,392

Note: Census data not available for the South East Queensland region.
Source: ABS (2017).

Figure 2.4. Median Household Income
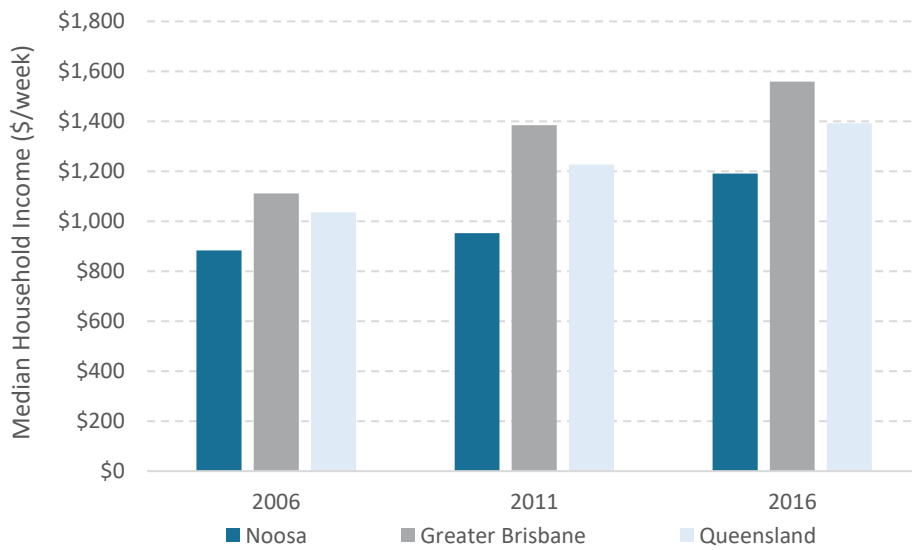
Note: Census data not available for the South East Queensland region.
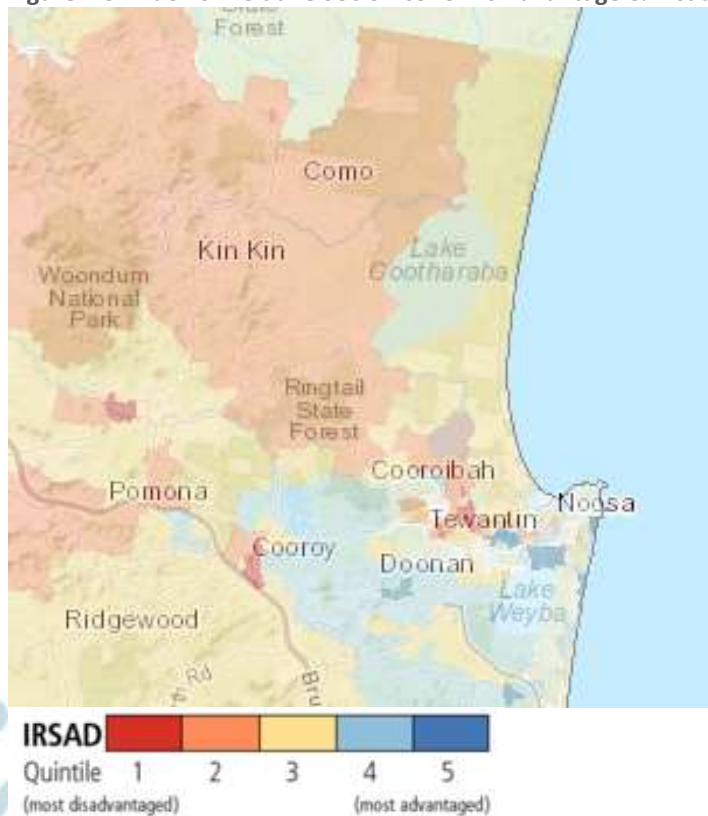Source: ABS (2017).

2.4 SEIFA

The image below (Figure 2.5) shows a diversity of socio-economic advantage and disadvantage in Noosa. Areas around Sunshine / Sunrise Beach, Noosa Heads and Tinbeerwah are in the top two quintiles of socio-economic advantage, however there are also a number of SA1 regions, particularly around Tewantin, parts of Noosaville and the Noosa Hinterland (Kin Kin, Como, Cooroy, Pomona etc) experiencing the lowest levels of socio-economic disadvantage.

**Figure 2.5. Index of Relative Socio-Economic Advantage & Disadvantage (by SA1), Noosa (2016)**

Source: ABS (2018).

3.   Economy

3.1   Size and Structure of the Economy

Noosa's Gross Regional Product (GRP) was $3.0 billion in 2019-20, down 0.2% from the previous year (Figure 3.1). The region's economic growth has underperformed the Queensland average over both the past five (1.3% per annum in Noosa, compared to 1.7% across Queensland) and ten (1.8% per annum in Noosa and 2.1% across QLD) year periods.

**Figure 3.1. Gross Regional Product, Noosa**
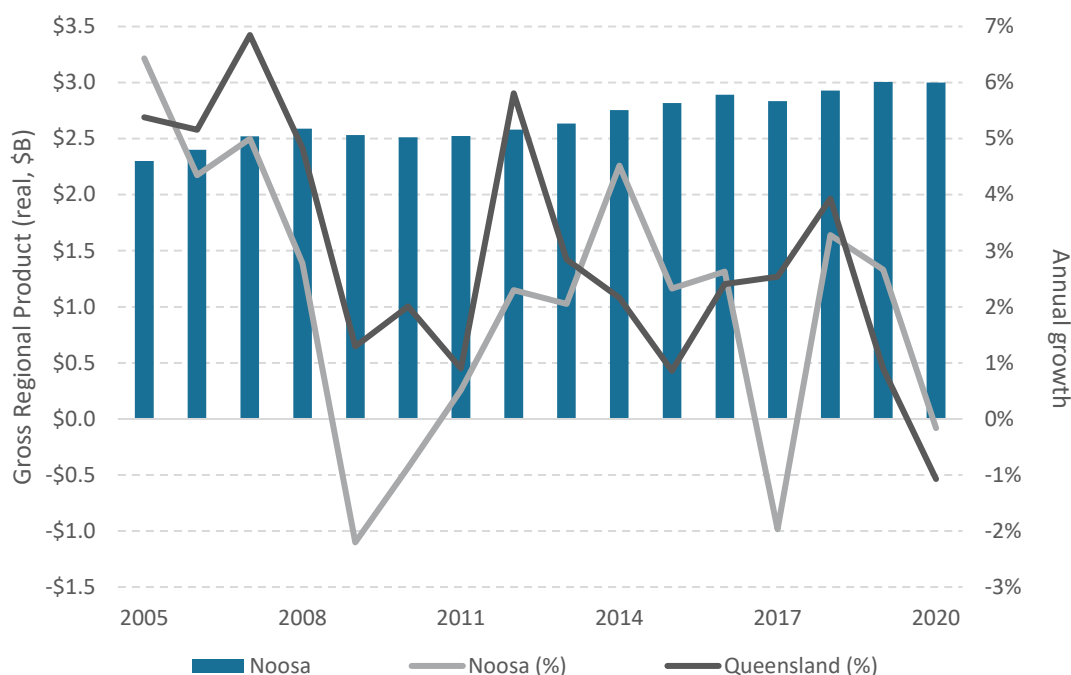
Note: Real terms.
Sources: economyID (2021), ABS (2020).

The largest industries by Industry Value-Add (IVA) in the Noosa region in 2019-20 were:

- Construction
- Health care and social assistance
- Rental, hiring and real estate services
- Retail trade
- Professional, scientific and professional services
- Accommodation and food services

Construction has long been the largest contributing sector to GRP but has had some volatility over time. Another interesting trend is the strong growth of the healthcare industry over the last three years, growing at an average annual rate of 7.4% during this time. Professional services has also demonstrated strong growth over the last five years, growing at an average annual rate of 3.1%. The growth of these sectors has been much higher than the traditional sectors of retail trade, accommodation and food services, which have grown at -0.7% and -2.3%, respectively, per year on average during this time.

Figure 3.2. Industry Value-Add, 2019-20
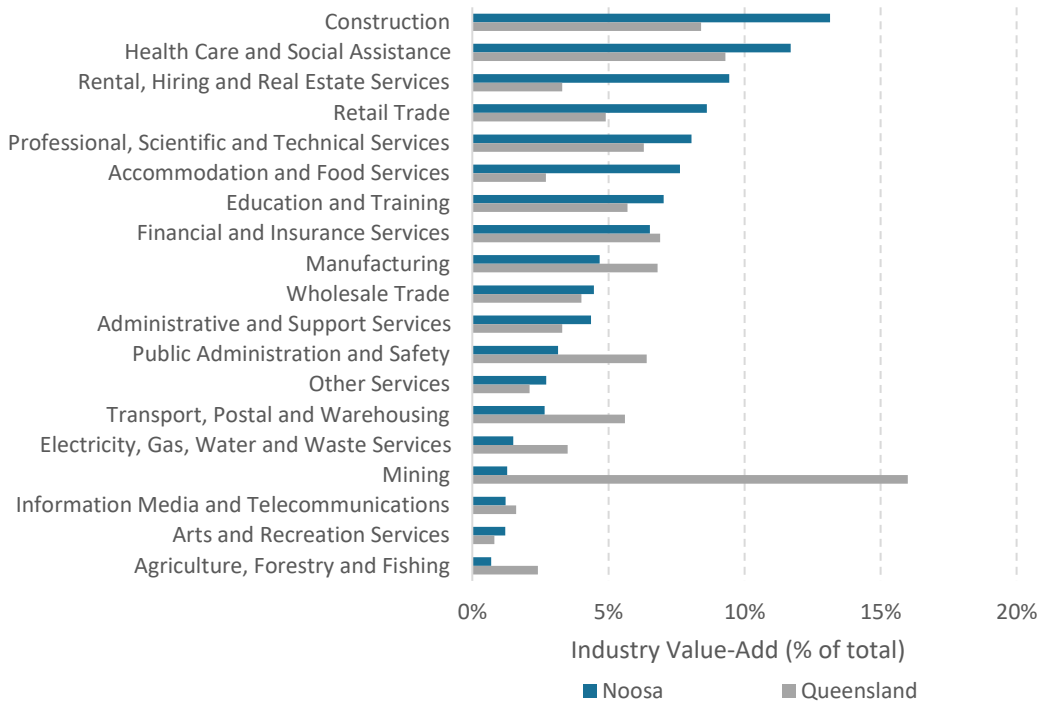
Note: Industry Value-Add refers to the industry contribution to GRP.
Source: economyID (2021).

Figure 3.3. Industry Value-Add by Top 6 Industries, Noosa
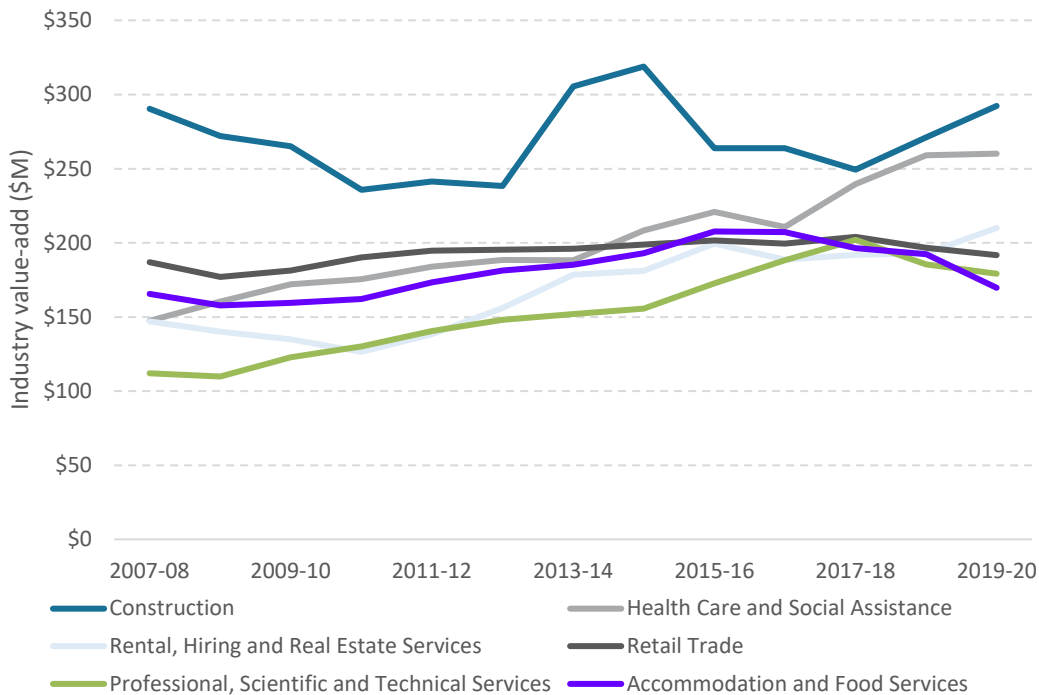
Note: Industry Value-Add refers to the industry contribution to GRP.
Source: economyID (2021).
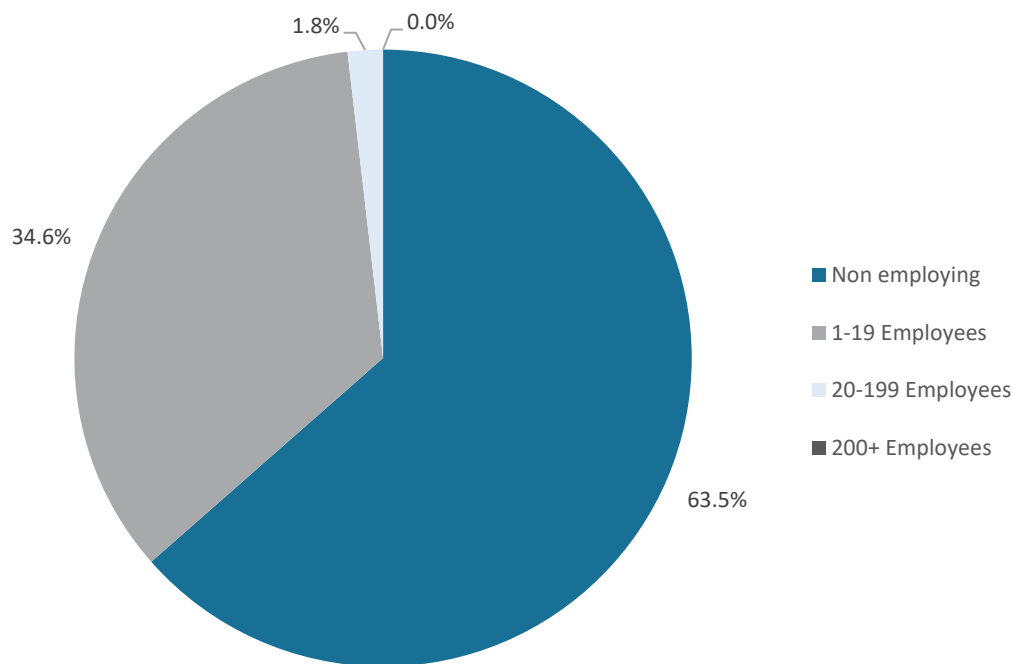
3.2   Business Counts

The Noosa economy is dominated by small businesses (98.2% of all businesses have 19 employees or fewer, Figure 3.4). This structure is similar to most local economies in Australia. Most of the top industries by number of businesses (construction, 'rental, hiring and real estate' and professional services) are typical industries where there is a great number of individual traders, owner/operators and small businesses. The industry sector with the largest number of large businesses is accommodation and food services, representing large hotel businesses in Noosa.

It is important to note that the Australian Bureau of Statistics (ABS) excludes the general government institutional sector from business counts data, which particularly impacts business counts in the public administration and safety, education and training, and health care and social assistance industries.

Business Counts from the ABS

It is important to keep in mind that this data reflects the registered business address of companies (only), so larger businesses such as Coles, Woolworths and other major retail businesses may not be captured in the data. The ABS also often exclude sole traders and focuses on businesses with active ABNs that are registered for GST.

Figure 3.4. Business Counts, Noosa, 2020

Note: Location based on registered address of businesses.
Source: economyID (2021).

Figure 3.5. Business Counts, by Industry, Noosa, 2020
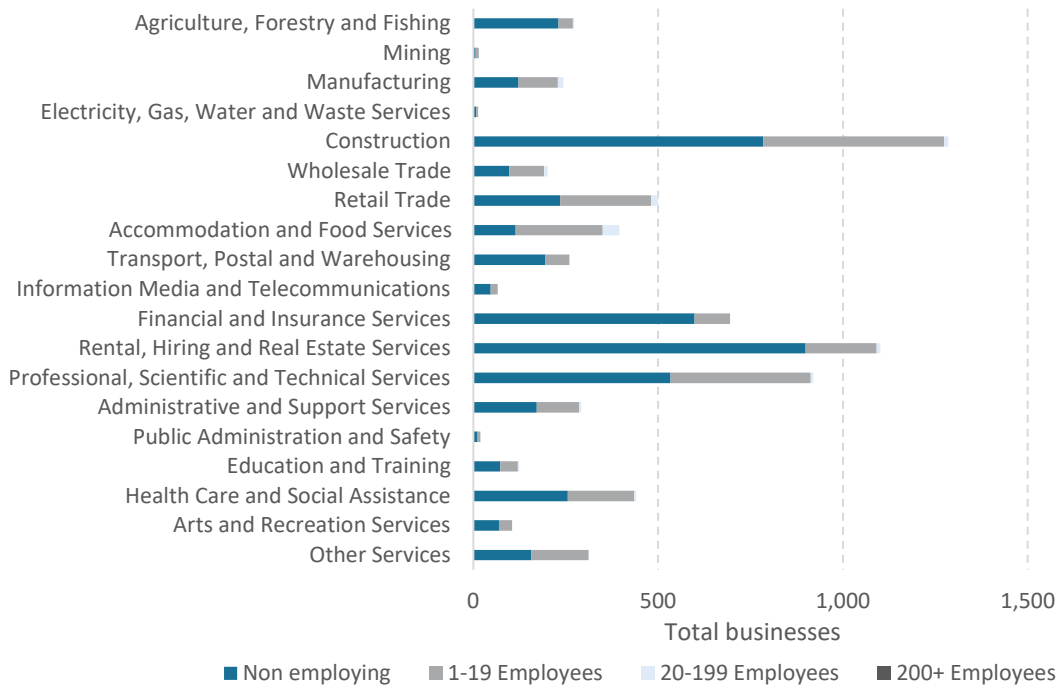
Source: economyID (2021).

Figure 3.6. Business Counts, by Industry, 2020

Source: economyID (2021).

3.3   Trade

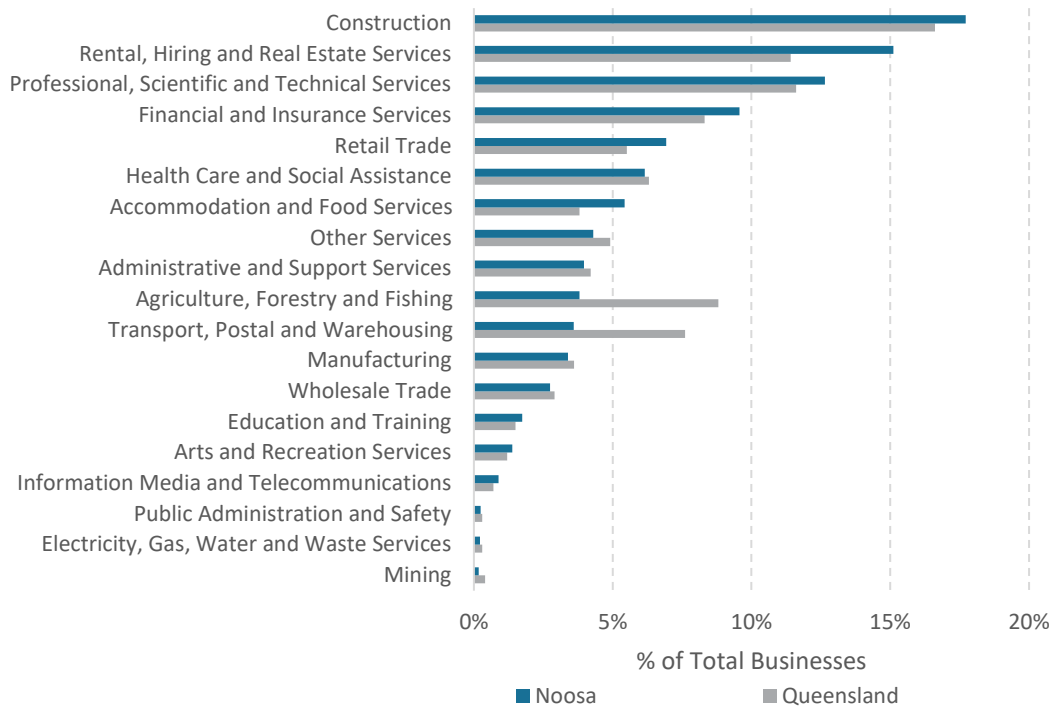In terms of inter-regional trade, the sectors providing the most exports are accommodation and food services as well as retail trade, which demonstrates the strength of the local tourism industry. Sectors requiring the most imports into the region are manufacturing, financial services, public administration and healthcare, which is representative of the relatively small nature of Noosa and its inherit lack of large, sophisticated supply chains across multiple industries.

Figure 3.7: Regional Trade by Industry, Noosa, 2019-20
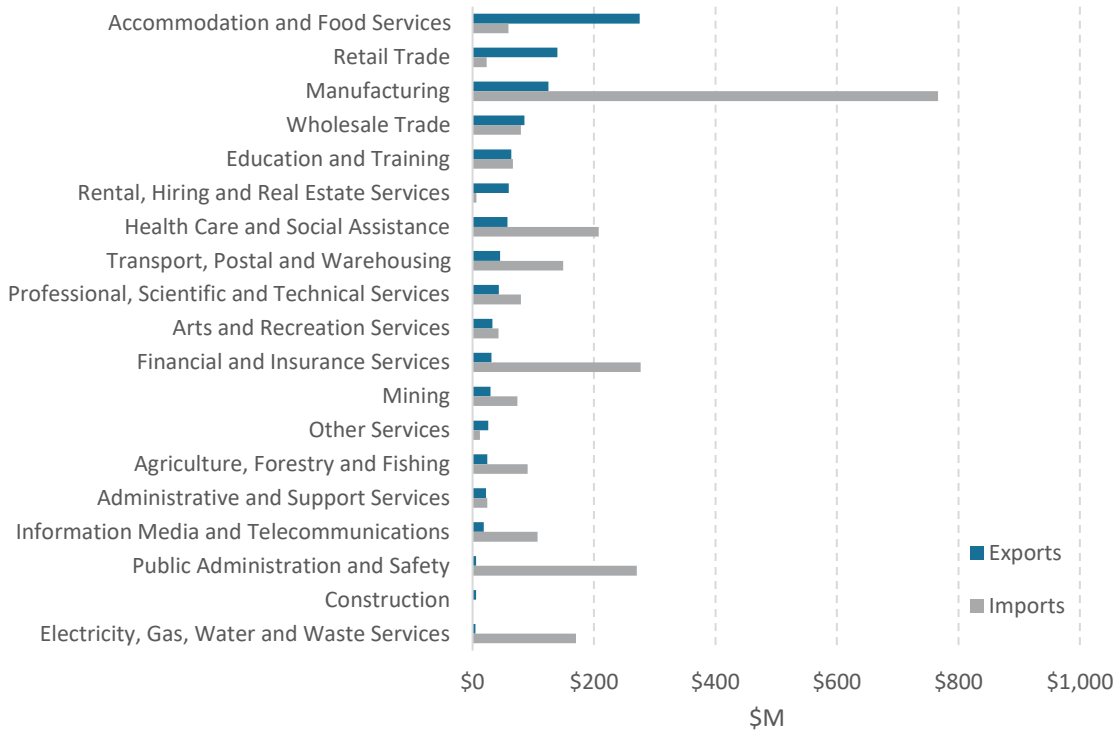
Source: economyID (2021).

Understanding Trade Flows

Analysis of trade flows (i.e. exports and imports) provides insights into important sectors locally that not only benefit from local revenue but generate revenue from outside of the area (i.e. exporters). Similarly, analysis of large import sectors can help to identify potential sources of future local growth, if the product or service can be delivered locally.

Figure 3.8: Regional Exports by Sub-Industry, Noosa, 2019-20
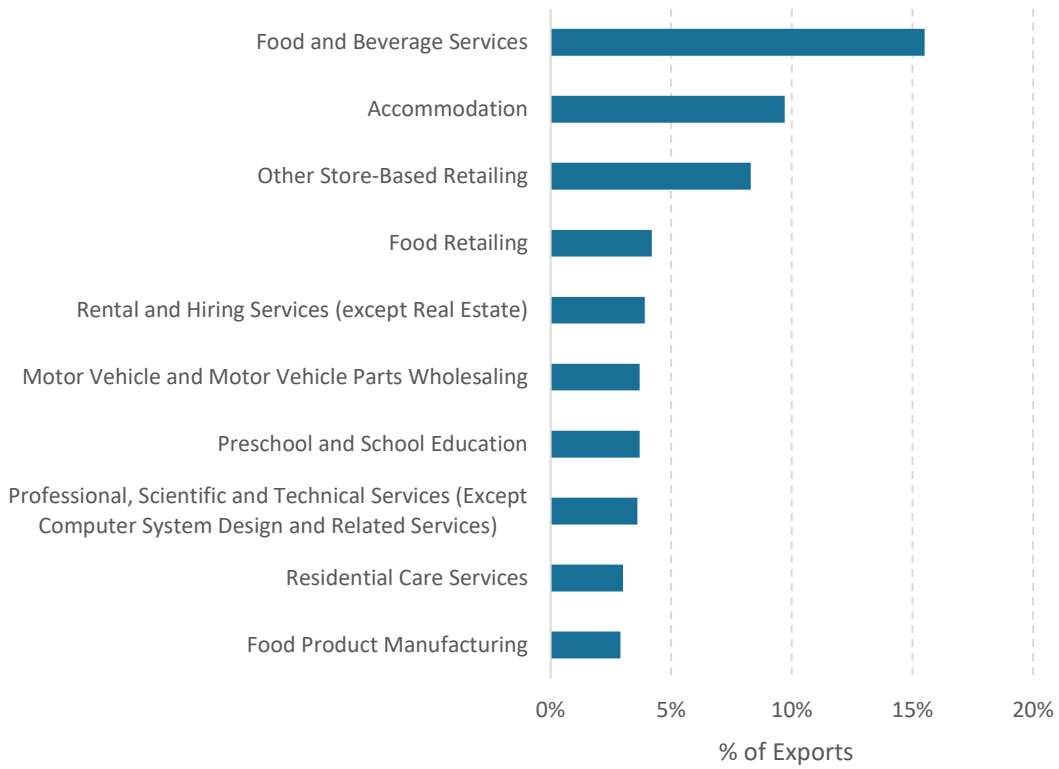
Source: economyID (2021).

Figure 3.9: Regional Imports by Sub-Industry, Noosa, 2019-20
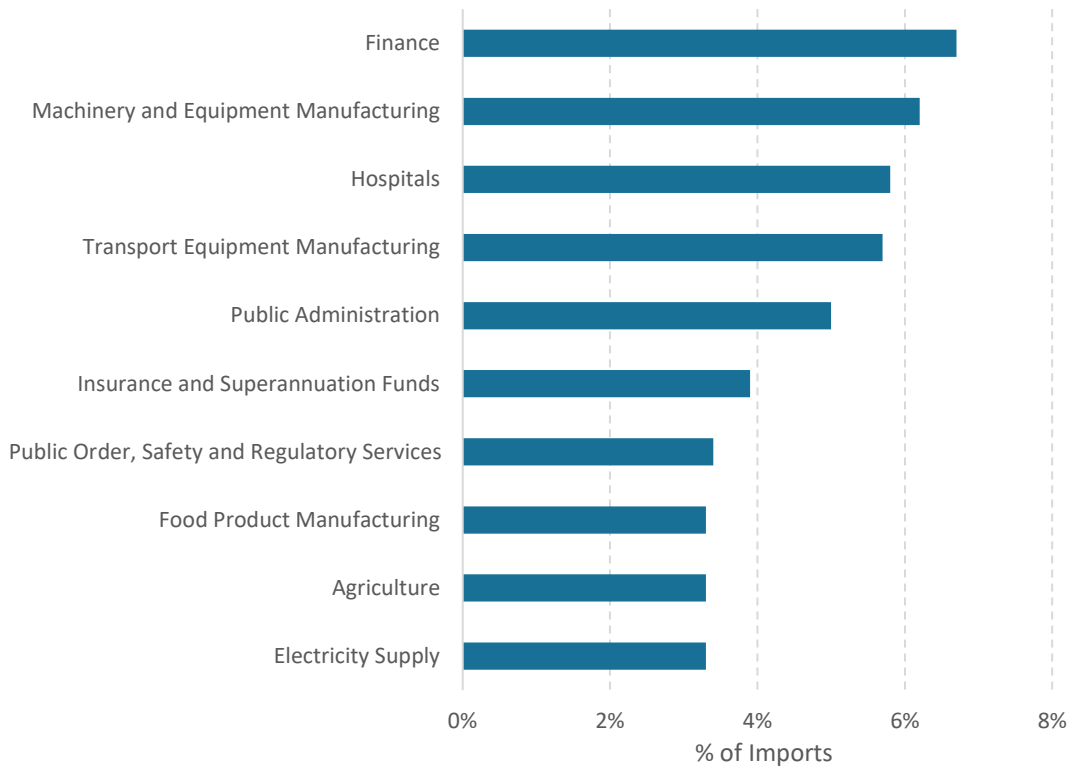
Source: economyID (2021).

4.   Employment and Skills

4.1   Labour Force and Unemployment

The COVID-19 pandemic resulted in Noosa's unemployment rate rising sharply throughout 2020 (Figure 4.1), even while labour force participation fell 5.6%, or around 1,600 persons over the year to December 2020. The unemployment rate for South East Queensland and Queensland followed a similar trajectory.

Given Noosa's reliance on many tourism-linked industries, these results are not surprising. While not as reliant on international tourism as some other parts of Queensland, Noosa still had strong international visitor numbers pre-pandemic. Extended international border closures will continue to impact the region in the near-term, preventing international visitors from visiting the area and encouraging Australian visitors to travel domestically. With Victorian visitors a key domestic source market for Noosa, extended lockdowns in Victoria also hit Noosa hard economically (especially since these visitors are typically very high yield, i.e. have a much higher expenditure per visitor night compared to the average).

Labour force data by age and sex are available through the ABS (2021b), however this data is in original terms and therefore the ABS recommend analysing this data in 12-month rolling average terms to remove any season factors that may impact the data. A shortcoming of the use of 12-month rolling average terms is that the data will be slow to pick-up the magnitude of any sudden shocks to the labour market, such as the global COVID-19 pandemic. Further, data was only available at the SA4 level, with the Noosa LGA located within the wider Sunshine Coast SA4 region.

Nevertheless, this data showed the youth unemployment rate in the Sunshine Coast SA4 has risen substantially since the COVID-19 pandemic, rising from a pre-pandemic level of 13.8% in March 2020 to 16.2% in April 2021. This is a sharper increase than the overall unemployment rate (up from 5.7% in March 2020 to 7.0% in April 2021), highlighting how youth workers were more significantly impacted by the pandemic given their stronger likelihood of being employed in industries directly affected (retail trade, accommodation and food services, etc.).

The participation rate in the Sunshine Coast SA4 also deteriorated due to the pandemic, falling from 63.1% in March 2020 to 59.4% in April 2021. The youth rate participation was even more significantly affected, falling from 80.3% to 75.7%.

Labour Force and Unemployment Data

These data sets are from the Department of Education, Skills and Employment (DESE) and track the number of people in the labour force (total), employed and unemployed. This data is based on place of residence, which differs from the analysis above regarding Gross Regional Product/Industry Value Add as well as the analysis below regarding employment, which focuses on data based on place of work. For the labour force survey, the definition of 'employed' includes all persons aged 15 years and over who worked for one hour or more during the reference week.

Figure 4.1. Labour Force, Employment and Unemployment Rates
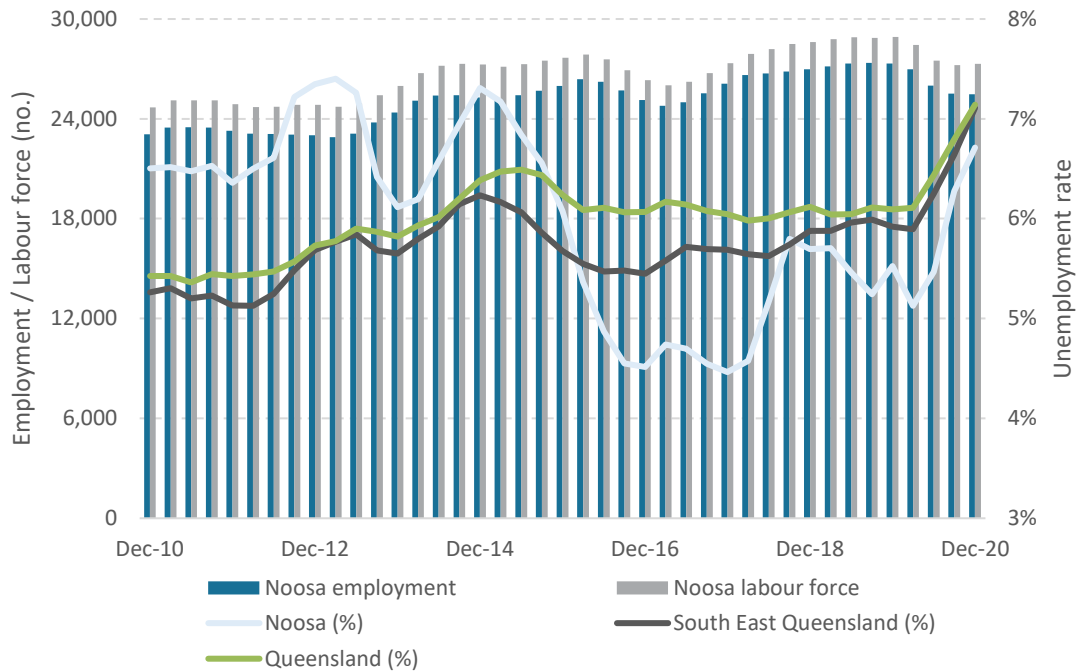
Source: economyID (2021).

Figure 4.2. Unemployment Rate, Sunshine Coast SA4
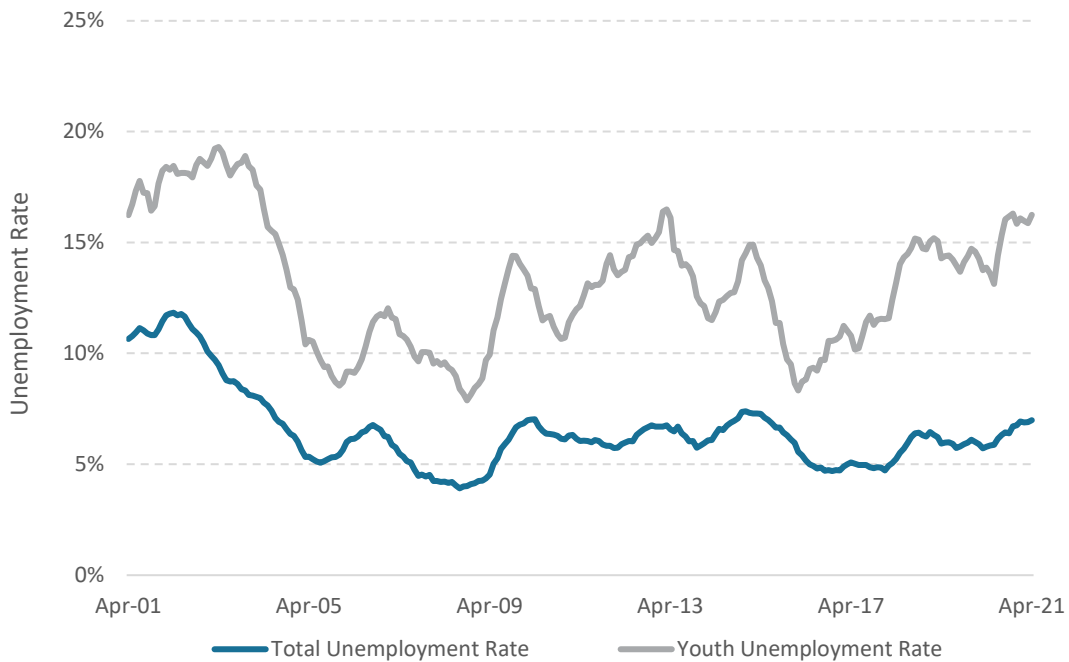
Note: 12-month rolling average due to data being in original terms and at the regional level. Youth defined as persons aged 15-24 years.
Source: ABS (2021b).

Figure 4.3. Unemployment Rate by Sex, Sunshine Coast SA4

Note: 12-month rolling average due to data being in original terms and at the regional level.
Source: ABS (2021b).

Figure 4.4. Participation Rate, Sunshine Coast SA4

Note: 12-month rolling average due to data being in original terms and at the regional level. Youth defined as persons aged 15-24 years.
Source: ABS (2021b).

4.2   Employment

The largest employing industry sectors in Noosa are similar to the largest sectors contributing to GRP, however, there are some notable differences. The largest employing industry sectors in 2019-20 include:
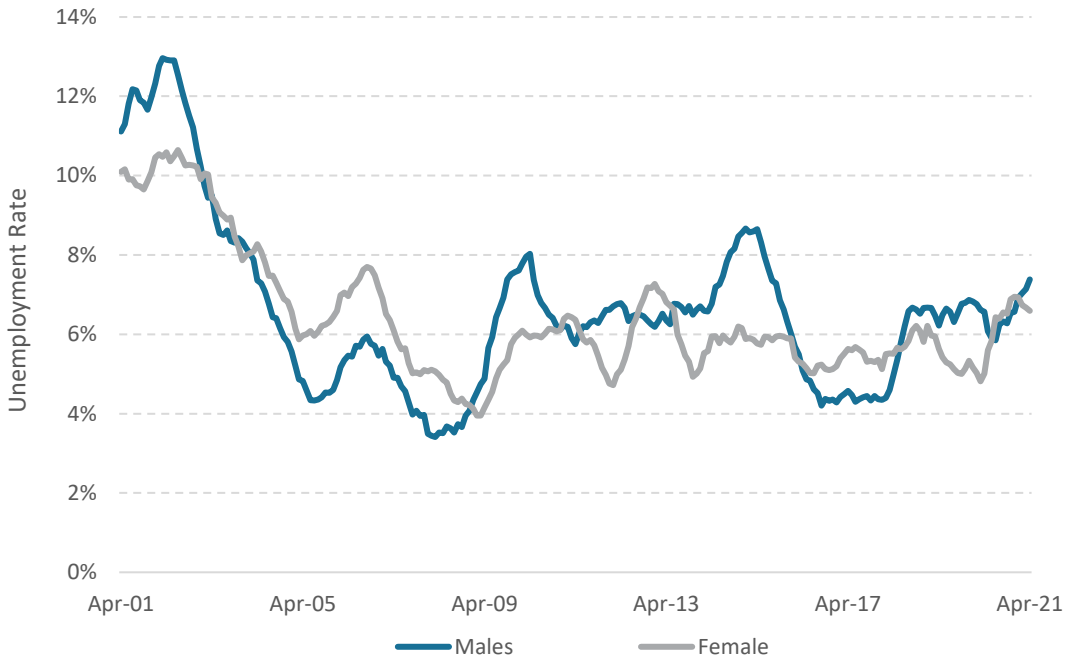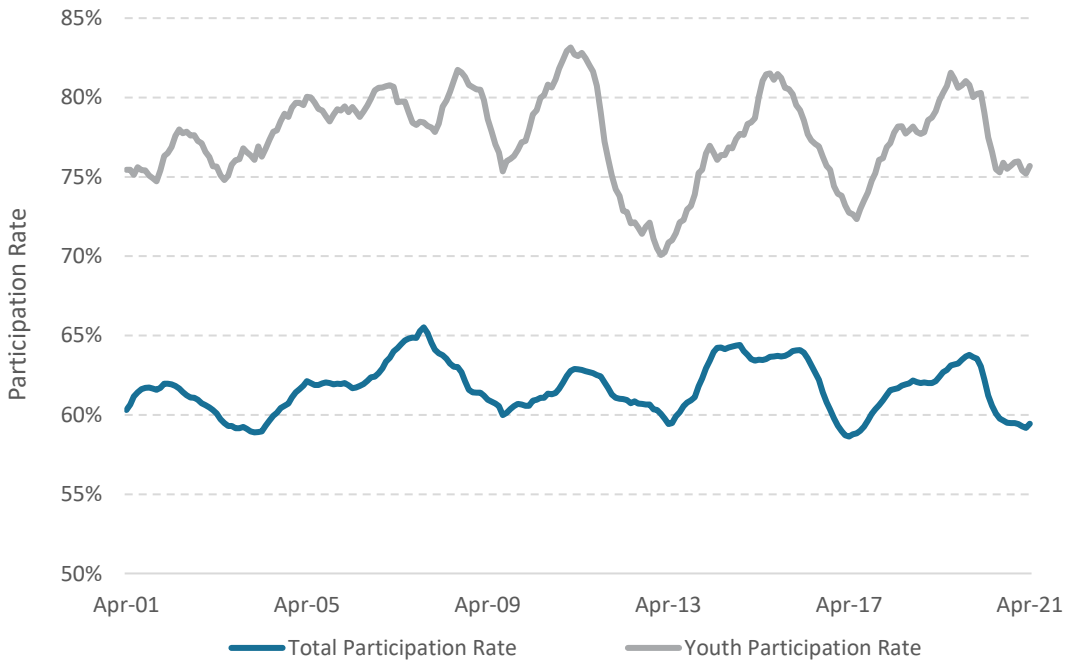
- Accommodation and Food Services
- Health Care and Social Assistance
- Retail Trade
- Construction
- Education and Training

The main difference regarding employment and GRP is related to the value contribution from each sector (i.e. GRP) versus the number of jobs associated with each industry (i.e. employment). Some sectors have a higher value contribution, relative to the number of jobs they provide. Both are important to understanding the industry and economic structure of the local area.

Compared to Queensland, Noosa has a much higher proportion of employment in accommodation and food services, retail trade (related to the strength of the local tourism industry) and construction.

It is interesting that despite growth in the tourism sector over the last five years, the retail trade industry has experienced a decrease of 327 jobs, the largest decrease of any industry. At the same time, the construction sector has seen the largest increase (350 jobs) and accommodation and food services (223 jobs) the second largest increase over the last five years. These changes show the considerable structural change that has taken place in the retail trade sector recently as technology has increase and more consumers are buying products online.

Figure 4.5. Employment by Industry, Noosa, 2019-20
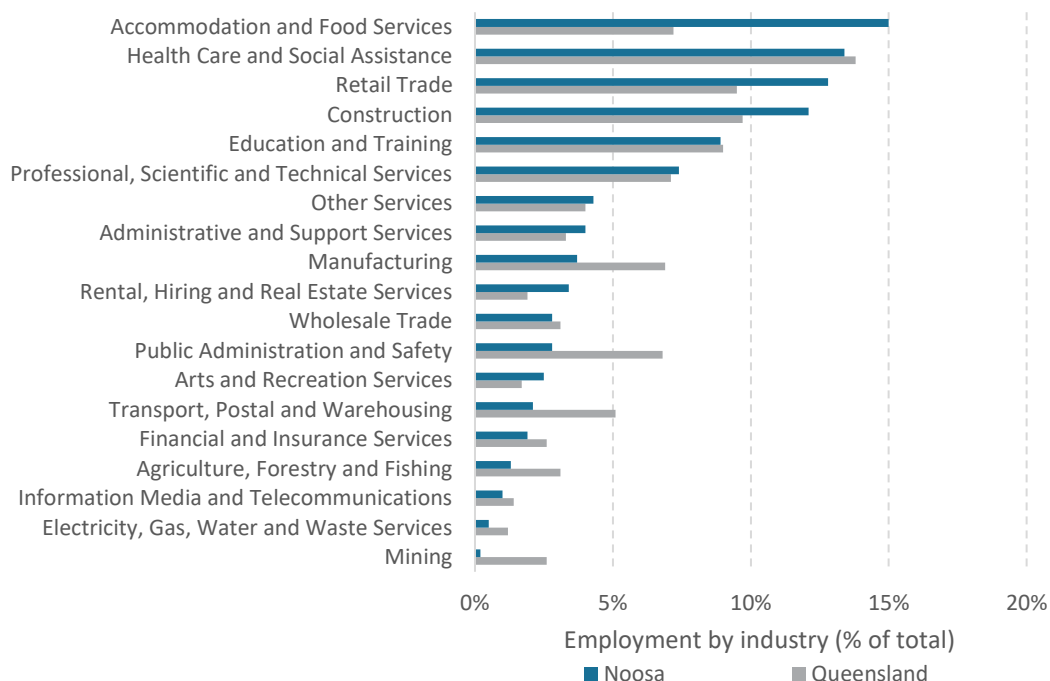
Source: economyID (2021).

Figure 4.6. Employment by Industry, Noosa

Employment by Industry (% of total)

■ 2009-10 ■ 2014-15 ■ 2019-20
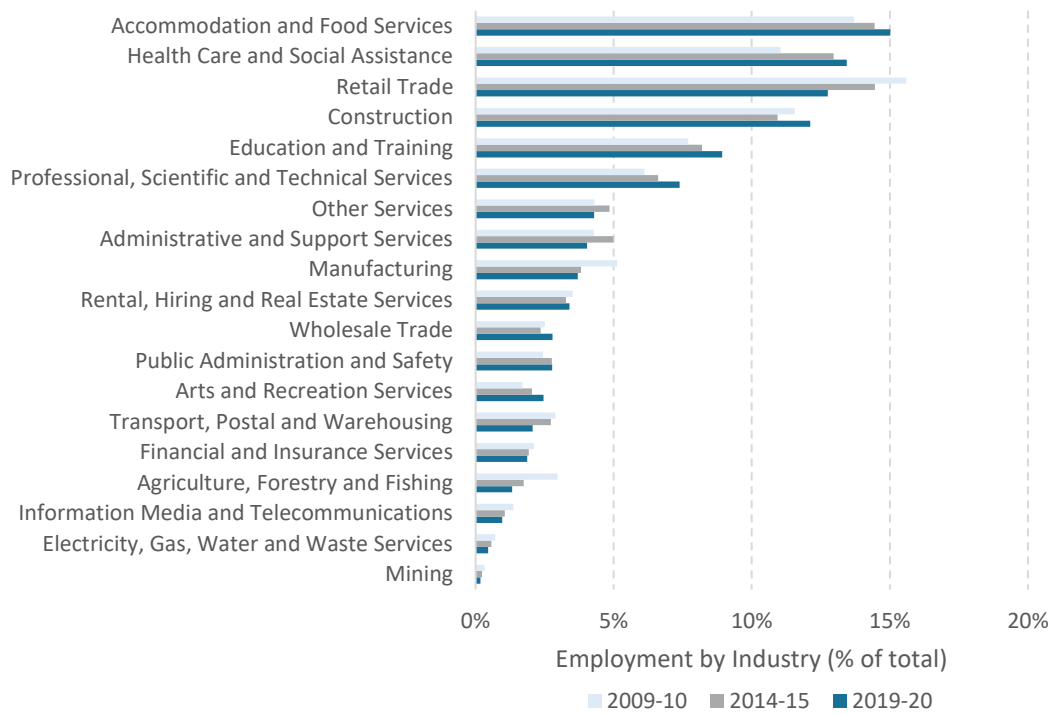
Source: economyID (2021).

Figure 4.7. Employment growth (no.), Noosa

5 Year Employment Growth (no.)

■ 2014-15 ■ 2019-20
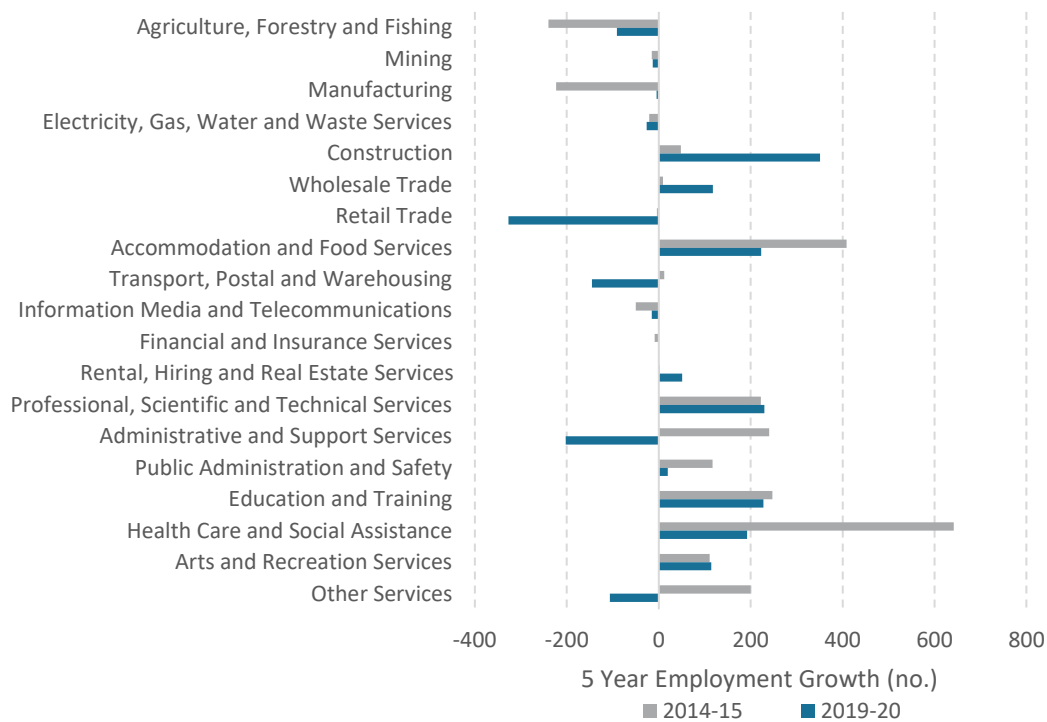
Source: economyID (2021).

Figure 4.8. Employment growth (%), Noosa

Source: economyID (2021).

4.3   Journey to Work

Table 4.1 shows that Noosa has a relatively high self-containment rate (i.e. the proportion of local residents that live and work in the area) at 65.3%. By contrast, other local g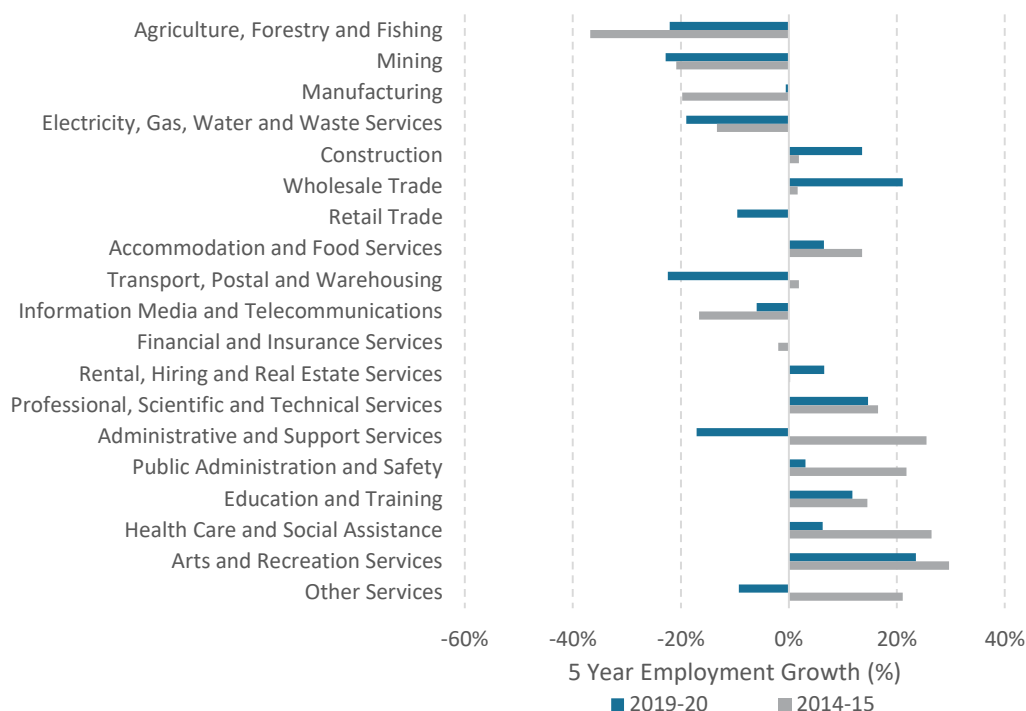overnments adjacent to the Brisbane City Council experience self-containment rates around 30%. Unsurprising, a large proportion of Noosa residents that work outside of the Shire, actually work in the neighbouring Sunshine Coast Council and to a lesser extent in the Gympie Regional Council area. Those residents that identify 'No fixed address' as their employment location are often either fly-in/fly-out (FIFO) mine workers, truck drivers and/or construction trades. The lower median incomes in Noosa contribute to this trend, with the more highly skilled residents in the area forced to find work outside of Noosa.

Overall, these travel patterns show that the Noosa economy is somewhat insular in terms of employment, which means that the local economy provides a large amount of job opportunities for local resident workers. At the same time, the analysis shows that Noosa does not have a sufficient number of jobs for all of its resident workers, forcing some to leave in order to find employment.

Table 4.1. Journey to Work, Noosa, 2016

Location	Number	%
Employed residents in the area		
Live and work in the area	14,309	65.3%
Live in the area, but work outside	6,092	27.8%
No fixed place of work	1,510	6.9%
Total employed residents in the area	*21,898*	*100.0%*
Workers in the area		
Live and work in the area	14,309	71.2%
Work in the area, but live outside	5,775	28.8%
Total workers in the area	*20,084*	*100.0%*

Source: economyID (2021).

Table 4.2. Journey to Work, by LGA, Noosa, 2016

Top 10 employment locations of resident workers by Council			Top 10 residential location of local workers by Council		
Council	No.	%	Council	No.	%
Noosa (S)	14,309	65.3	Noosa (S)	14,309	71.2
Sunshine Coast (R)	3,995	18.2	Sunshine Coast (R)	4,921	24.5
No Fixed Address (Qld)	1,470	6.7	Gympie (R)	480	2.4
Gympie (R)	567	2.6	Brisbane (C)	117	0.6
Brisbane (C)	520	2.4	Moreton Bay (R)	75	0.4
Moreton Bay (R)	146	0.7	Gold Coast (C)	31	0.2
Isaac (R)	80	0.4	No Fixed Address (Qld)	27	0.1
Ashburton (S)	47	0.2	Fraser Coast (R)	18	0.1
Gold Coast (C)	46	0.2	Bundaberg (R)	14	0.1
Rockhampton (R)	43	0.2	Ipswich (C)	12	0.1

Source: economyID (2021).

4.4   Value of Employment

Different industries contribute varying degrees of value to the local economy based on a variety of factors including supply chains, price of goods sold and overall position in the economy. As highlighted below, mining, financial services, utility services and real estate services are amongst the highest value-adding industries in the local economy.

Key employing industries in the region including accommodation and food services, retail trade and health care are amongst the lowest value-adding industries in the local economy. It should be noted that retail trade and accommodation and food services are most closely linked with the tourism sector.

High Value-Adding Jobs

In terms of economic development, growing high value-adding jobs will have greater benefits to the overall economy than increases in low value-adding jobs. The core difference is related to the relevant supply chains of these industries as well as the wages that are often paid across those industries. High value-adding jobs will provide a greater ability to spend more in the local economy, which will create a greater flow-on benefit locally. Additionally, businesses that have more local supply chains (or the opportunity to form them) will have the ability to support additional businesses, creating more value in the local economy.

Because one job may offer greater value than another, does not mean that lower value-adding jobs are not important. These jobs often provide employment for youth and offer an entry point into the workforce for many residents. Rather, understanding the value of employment should guide the balance of effort and resources in terms of various industry development and investment attraction activities.

Figure 4.9. Industry Value-Add per Employee, Noosa, 2019-20
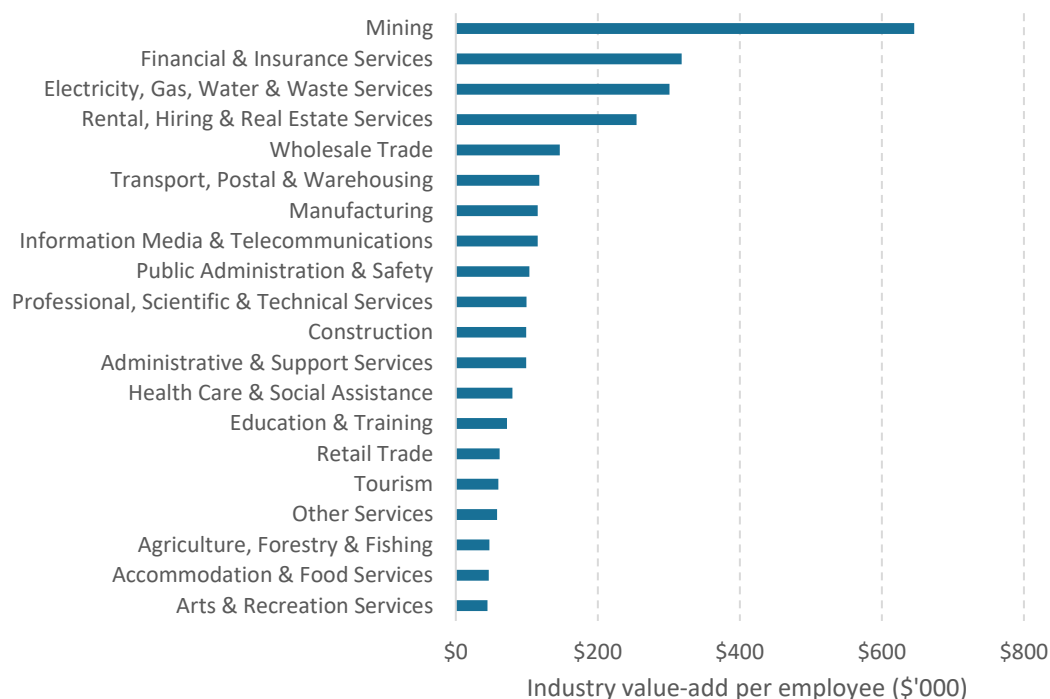
Note: The tourism sector is linked to expenditure in other industries, in particular the 'accommodation and food services' and 'retail trade' industries.
Source: economyID (2021).

4.5   Employment Targets

The Department of State Development, Infrastructure, Local Government and Planning (DSDMIP) developed employment targets for the Noosa LGA in the South East Queensland Regional Plan in 2017. The report showed Noosa was targeting employment of almost 33,500 persons by the year 2041, equating to average employment growth of 1.5% per annum and an absolute increase of almost 10,700 workers from 2016 levels.

Figure 4.10 shows actual employment for Noosa against the employment targets presented in the SEQ Regional Plan. At present, Noosa appears to be underperforming the Plan's 2021 target of 24,999 workers (or average growth of 1.9% per annum from 2016 to 2021). The latest data show Noosa had 24,286 employed persons in 2019-20, slightly below the SEQ Plan's target. However, employment growth in Noosa since 2016 in Noosa has averaged just 0.1% per annum, well below the Plan's target growth (Noosa's employment in 2016 was above the SEQ Plan's target).

Further, DSDMIP stated in the Regional Plan that '*major growth sectors identified for Noosa LGA (in percentage terms) include electricity, gas, water and waste services; rental, hiring and real estate services; professional, scientific and technical services; and administrative and support services.*' By 2019-20, these sectors had experienced the following average annual employment growth rate in the four years since 2015-16:

- Electricity, gas, water and waste services down 4.1%;
- Rental, hiring and real estate services up 0.5%;
- Professional, scientific and technical services up 2.2%; and
- Administrative and support services down 6.2%.

Figure 4.10. Noosa Employment Target vs Actual Employment
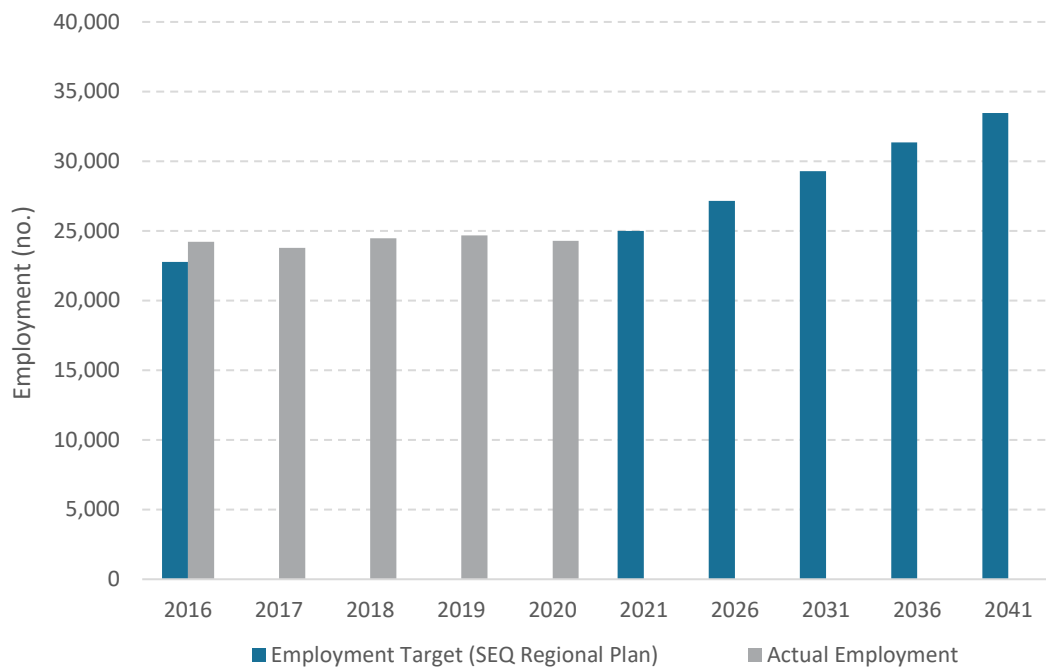

Source: DSDMIP (2017).

5.   Tourism

5.1   Visitation

2019 represented the single largest year of visitation to Noosa on record, with 2.6 million visitors. Furthermore, growth had averaged 13.6% per year in 2018 and 2019, showing a very strong trend. The COVID-19 pandemic stifled visitation growth significantly, representing a decrease of over 800,000 visitors (or 32%) to a level not seen since 2013.

Pre-COVID growth showed increases across day trip, domestic overnight and international visitors as well as domestic and international nights. Pre-COVID growth was broad based, including leisure, visiting friends and relative (VFR) and business visitors.

While Noosa remains dependent upon the Brisbane and broader Queensland markets, the years leading up to 2020 saw a return of visitors from Melbourne and Sydney, contributing greatly to the growth of tourism in Noosa.

Figure 5.1. Visitors by Type, Noosa
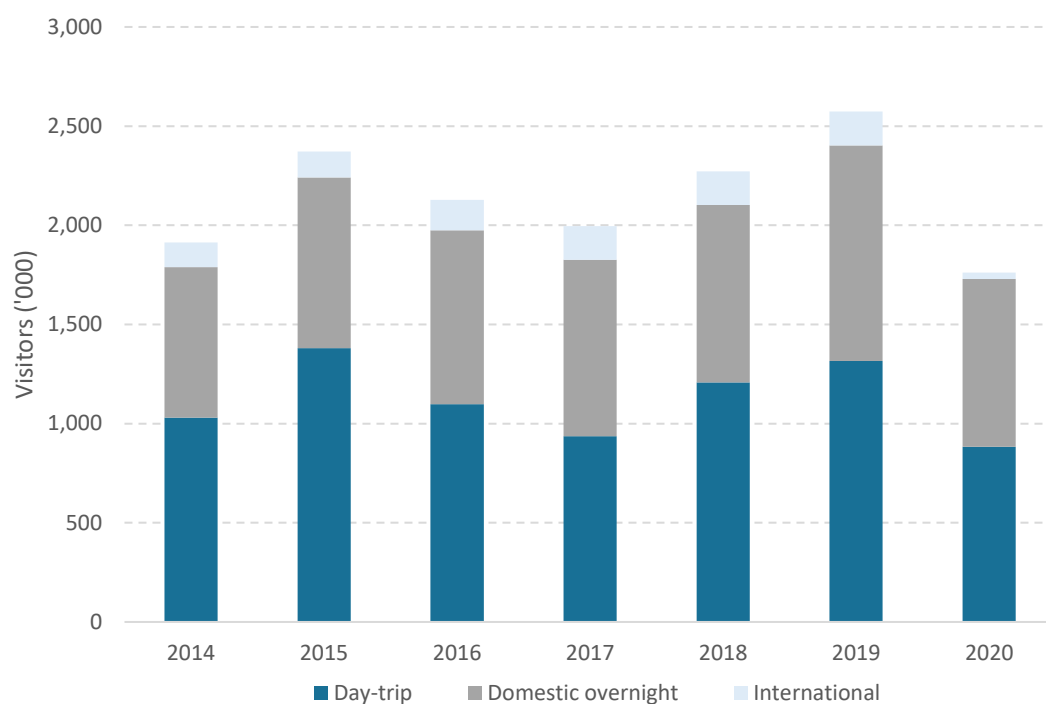
Source: TRA (2021).

Figure 5.2. Visitor Nights by Type, Noosa
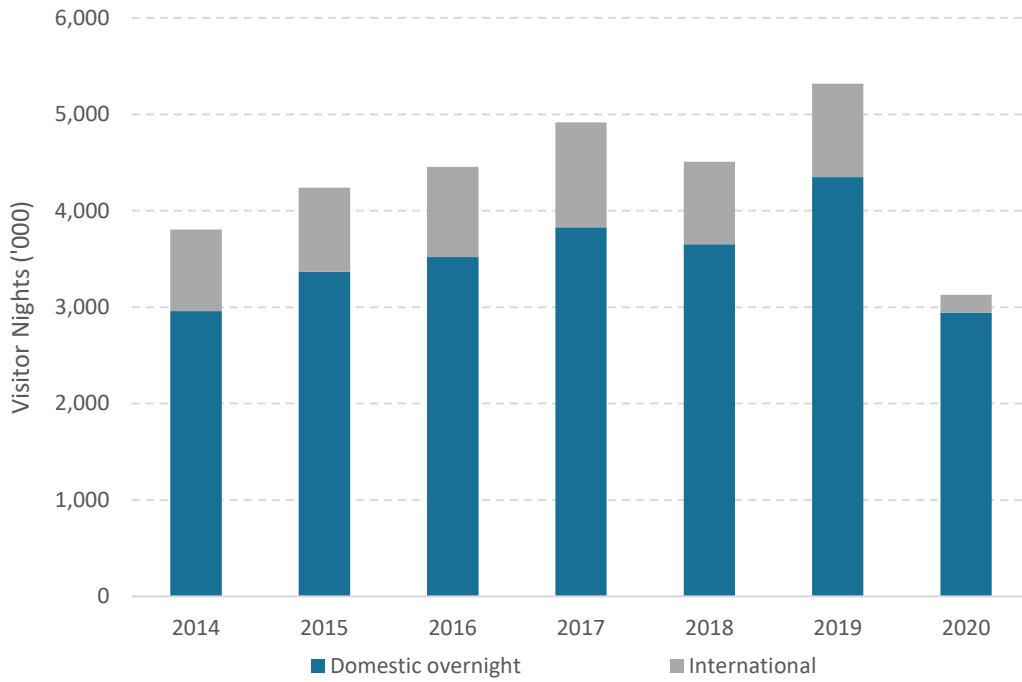
Source: TRA (2021).

Figure 5.3. Visitors Staying in Commercial Accommodation by Type, Noosa
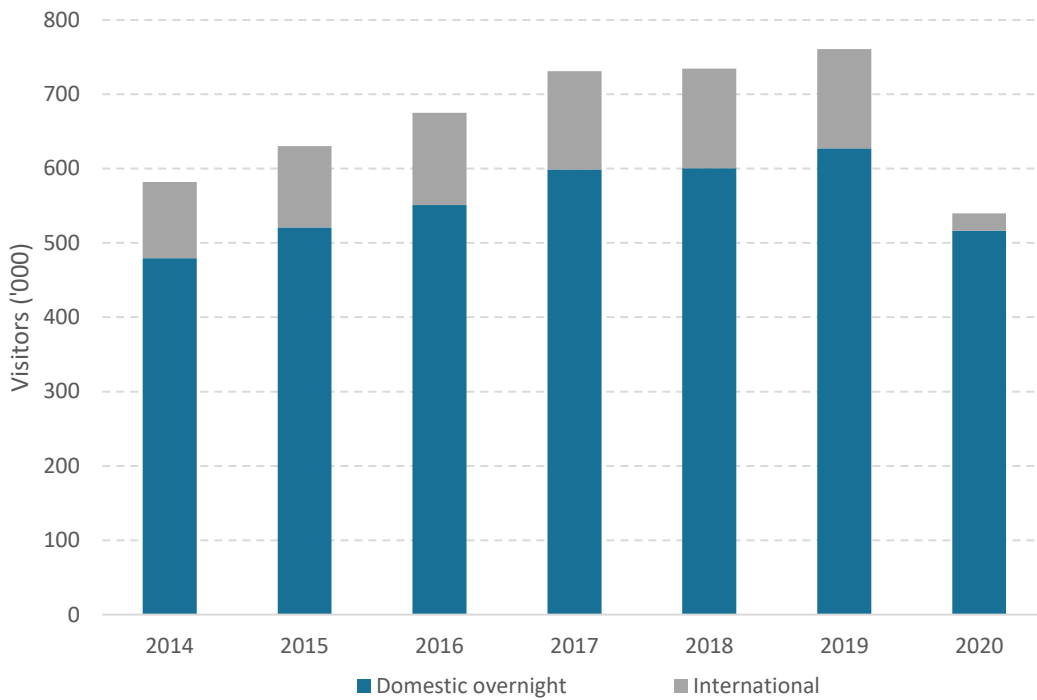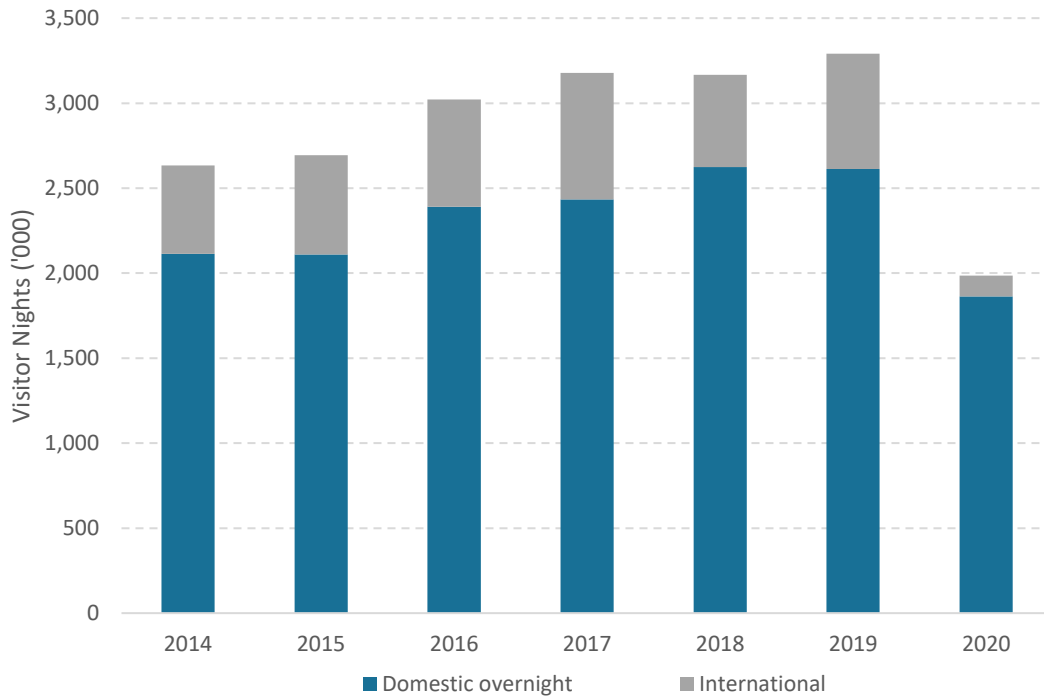

Source: TRA (2021).

Figure 5.4. Visitor Nights Staying in Commercial Accommodation by Type, Noosa

Source: TRA (2021).

Figure 5.5. Visitors by Purpose of Visit, Noosa
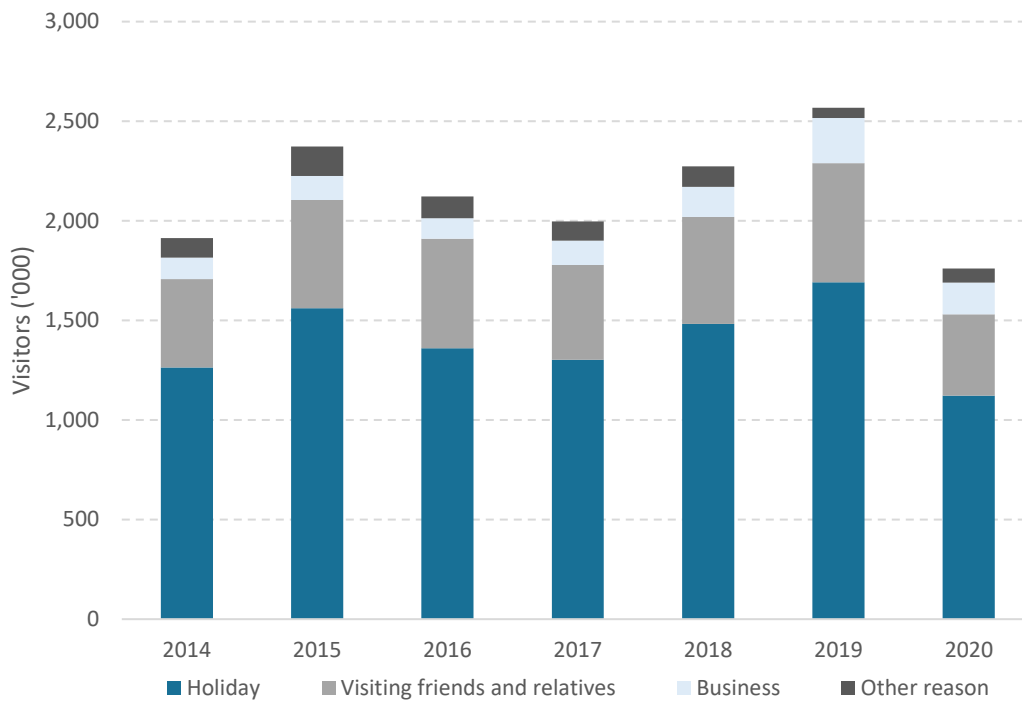
Source: TRA (2021).

Figure 5.6. Visitors by Source, Noosa
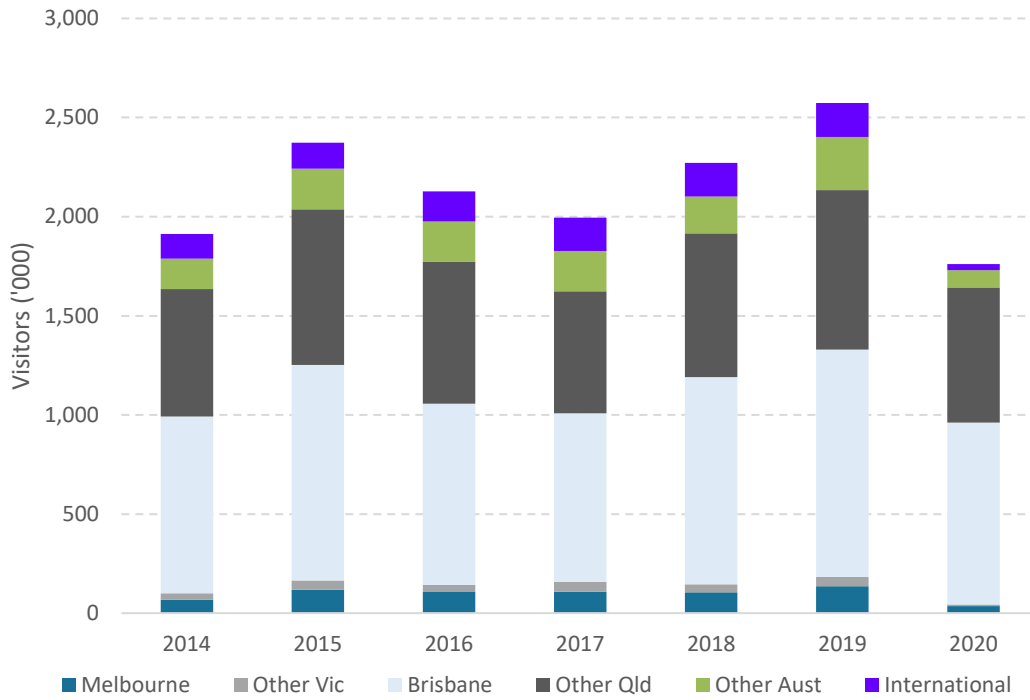
Source: TRA (2021).

Figure 5.7. Visitor Nights by Source, Noosa
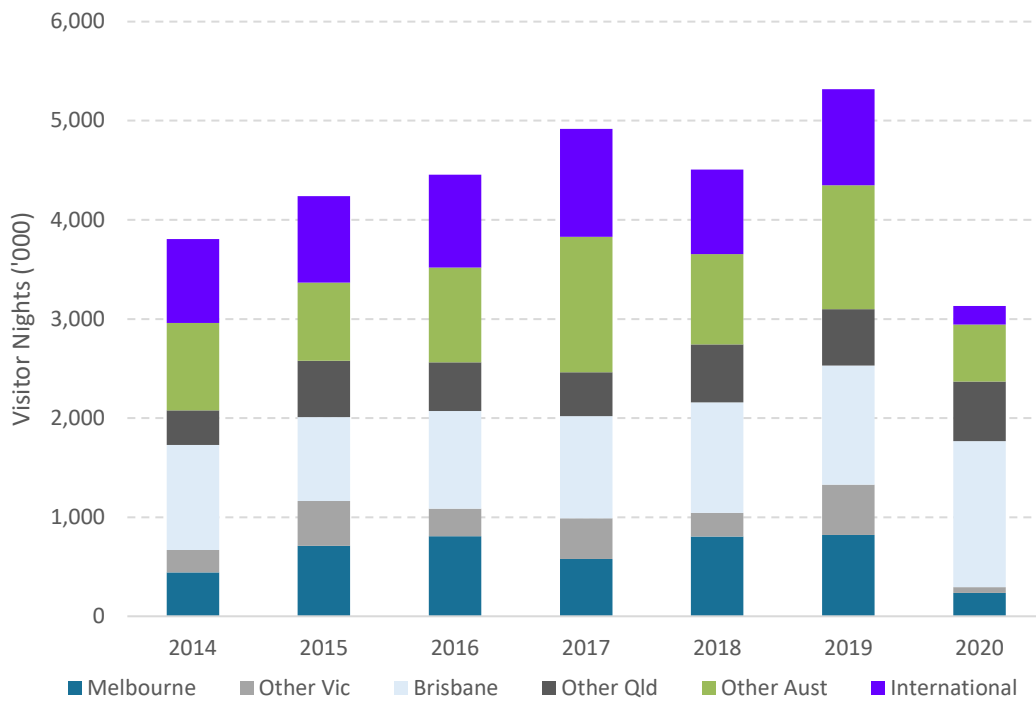
Source: TRA (2021).

Figure 5.8: Hotel Market Indicators, Noosa
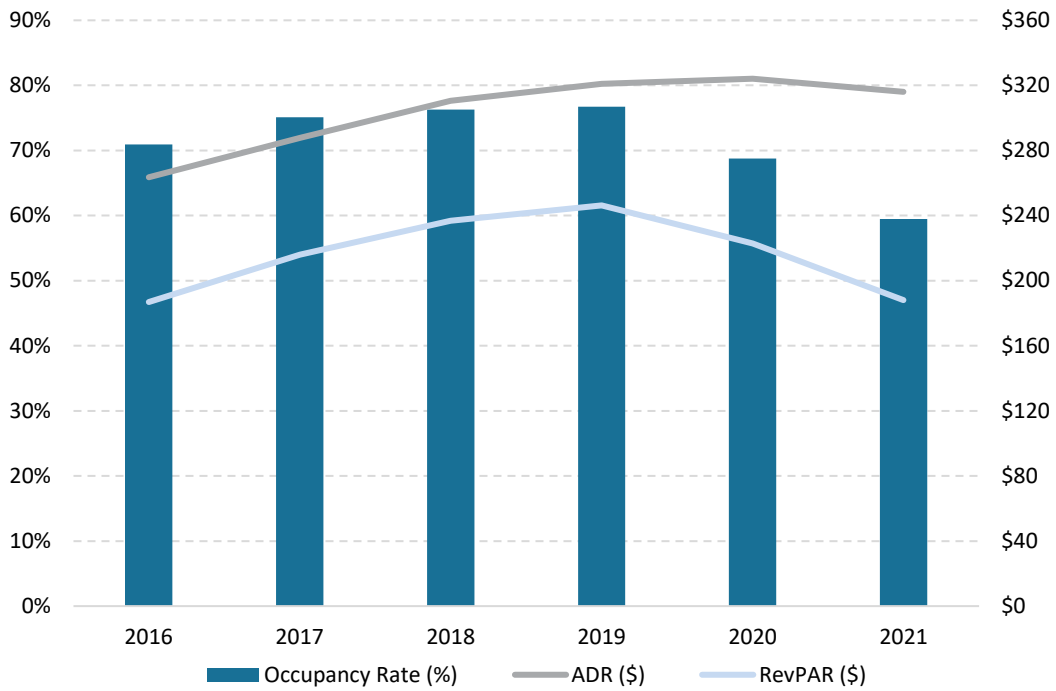
Note: Year ending April data. RNS – Room Nights Sold, ADR – Average Daily Rate, RevPAR – Revenue per Available Room.
Source: STR Global (2021)

Figure 5.9. Top 15 Visitor Activities, Noosa
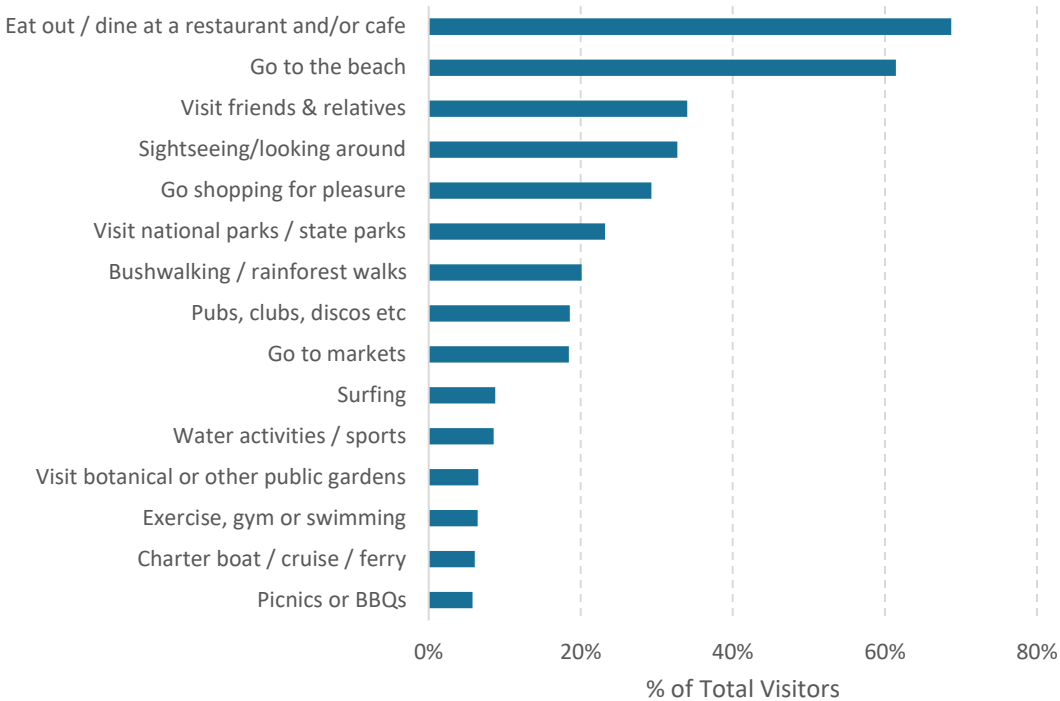
Note: 10-year average to 2020.
Source: TRA (2021).

5.2   Value of Tourism

Visitors to the Noosa region injected an estimated $849.5 million into the local economy in 2019-20. This level of expenditure within the local tourism industry is estimated to have directly contributed $228 million in value added activity to the Noosa economy, equivalent to approximately 10.2% of total IVA.

In terms of employment, the local tourism industry directly employs an estimated 3,790 workers, equating to approximately 15.6% of the workforce (Table 5.1).

Table 5.1: Noosa Tourism Economic Contribution (2019-20)

	Value Added ($M)	Employment (no.)
Direct	$227.7	3,790
Indirect	$218.2	2,172
Total	**$445.9**	**5,962**
Direct as % of total	*10.2%*	*15.6%*

Source: economyID (2021).

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6. Property

6.1 House Prices

The Noosa housing market has been growing at an extremely rapid pace, making it one of the fastest growing markets in Queensland. In 2020, house prices grew by a staggering 11.6% from 2019, representing the single largest annual increase over the last 15 years. The median house price in Noosa is well above Brisbane, the Sunshine Coast and the Gold Coast, demonstrating the strength of the market and the high level of appeal that the community has from buyers.

The high growth in median house prices is linked to a phenomenon of various households leaving 'the City' (which would include Melbourne and Sydney), where they can achieve a significant premium for their property and using these funds to pay significant prices for homes in certain regional destinations that provide a high level of amenity and lifestyle. This trend has accelerated following the increase in 'work-from-home arrangements' resulting from the COVID-19 pandemic.

Other regions, such as the Southern Highlands in New South Wales, are experiencing similar growth in house prices. Noosa has certainly experienced this phenomenon, which has contributed to making housing affordability in the area worse.

Table 6.1. Median House Price by Local Government Area

Local Government Area	Median Sale Price (YE Sept, $'000)					Average Annual Change (%)			
	2000	2010	2015	2019	2020	1yr	5yr	10yr	20yr
Noosa	$180	$540	$567	$735	$820	11.6	7.7	4.3	7.9
Brisbane	$163	$530	$600	$670	$705	5.2	3.3	2.9	7.6
Gold Coast	$193	$530	$560	$660	$690	4.5	4.3	2.7	6.6
Sunshine Coast	$160	$482	$510	$605	$640	5.8	4.6	2.9	7.2
Queensland	**$140**	**$425**	**$450**	**$486**	**$493**	**1.4**	**1.8**	**1.5**	**6.5**

Source: QGSO (2021).

6.2 Housing Affordability

Given Noosa's high housing prices but below average household incomes, housing affordability has intensified as an ongoing issue for the region. Analysis shows that the house price to income ratio (median house price divided by the median annual household income) for Noosa has increased from 9.6 in 2016 to 12.0 in 2020. This is almost twice the house price to income ratio for Queensland in 2020 (6.2). Further, housing affordability has remained relatively stable in Queensland since 2006, rising from 5.8 in 2006 to 6.2 in 2020, in contrast to trends in Noosa.

Figure 6.1. House Price to Income Ratio
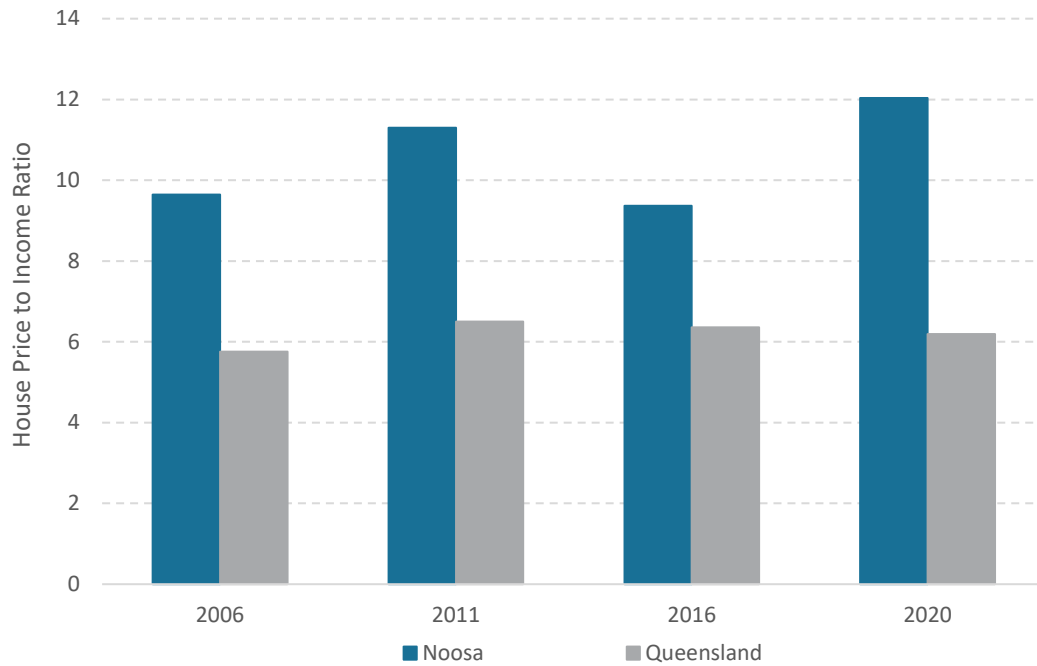
Sources: QGSO (2021), ABS (2021d), ABS (2017).

6.3   Building Approvals

Sluggish population growth (compared to other parts of South East Queensland) and a general lack of large-scale residential development land have seen residential building approvals trend downward in recent years. As demand surges, if new housing supply cannot be brought online, then housing costs will continue to escalate, further impacting affordability.

Figure 6.2. Value of Building Approvals, Noosa
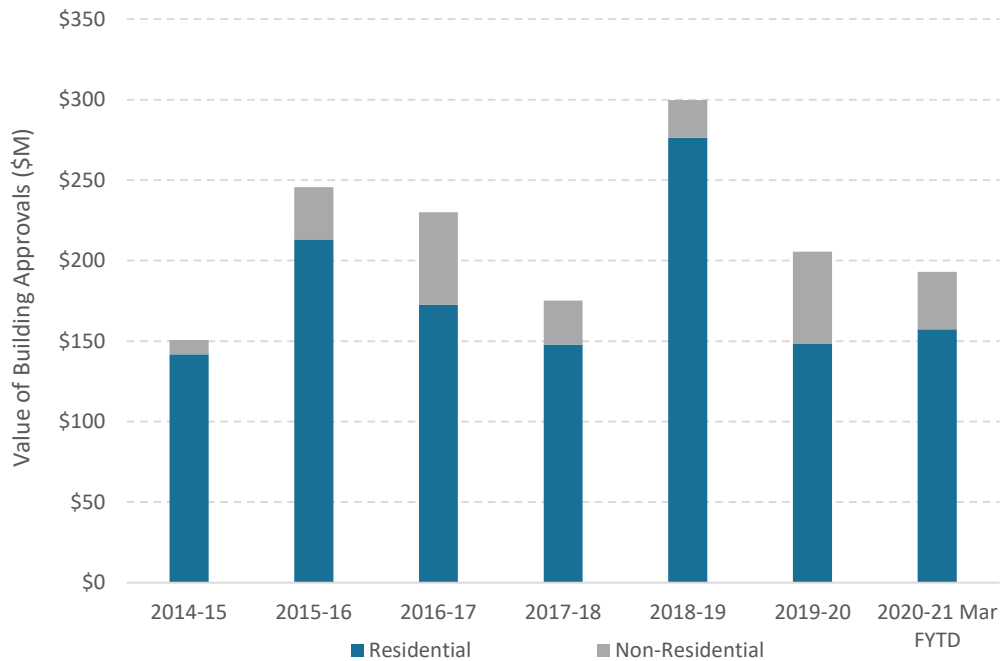
Source: economyID (2021).

7. Competitive Advantages and Opportunities

Identifying Competitive Advantages

Identifying and leveraging competitive advantages is important for successful economic development efforts at the local level. Competitive advantages can exist in many forms including location, natural resources, industry specialisation and/or infrastructure. This section seeks to identify the unique competitive advantages of the Noosa region using various analytical techniques, including:

- Location quotient analysis
- Cluster mapping

This analysis will identify various industry opportunities for the Noosa region to be tested and verified through consultation.

The following graphs show Noosa's competitive advantages by industry due to local employment specialisation. Essentially, the location quotients show the proportion of workers in individual industries with the '1' line representing parity with Queensland. Industries showing a specialisation above the '1' line indicate areas of natural competitive advantage.

The analysis shows the natural competitive advantages for Noosa are centred on tourism-linked industries including accommodation and food services, rental, hiring and real estate services, arts and recreation services and retail trade. Further Noosa also has a strong competitive advantage in the construction industry.

Figure 7.1. Employment Location Quotients, Noosa (benchmarked to Queensland), 2019-20
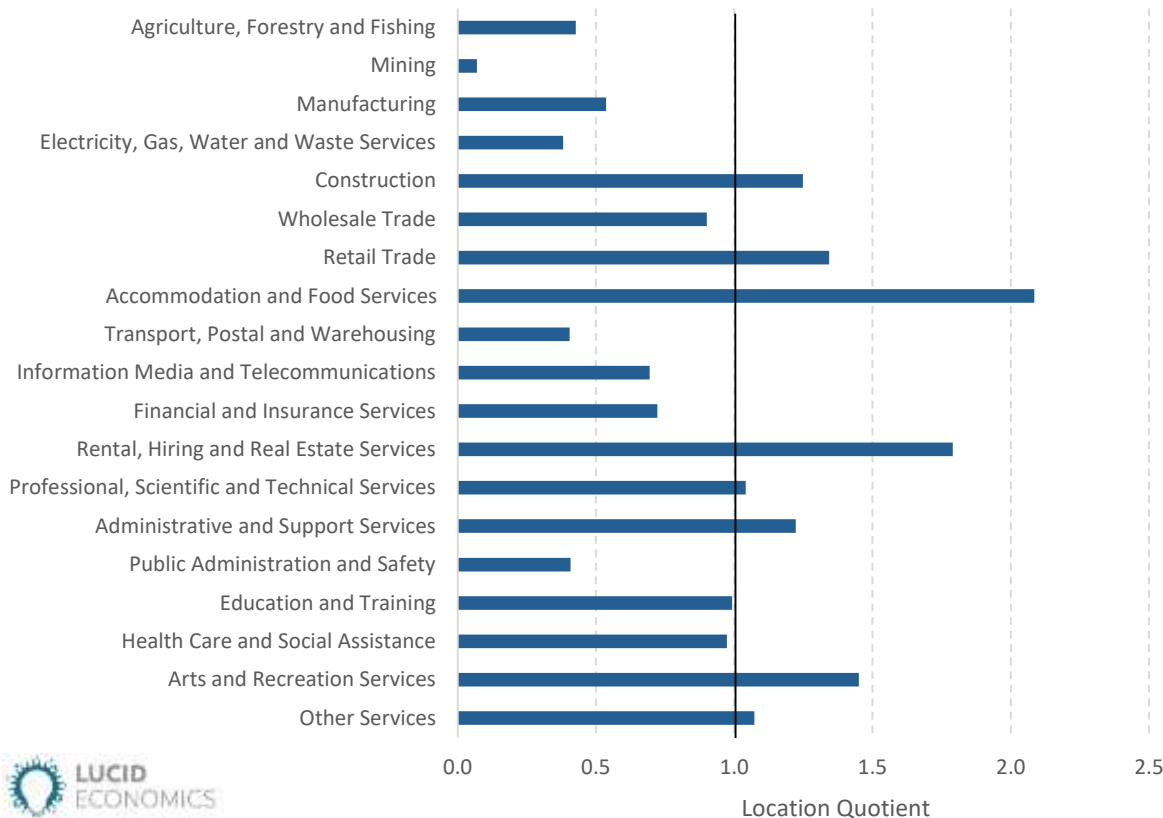
Source: economyID (2021).

The following cluster maps help us to understand the relative competitive advantage against a backdrop of future expected employment growth, as well as existing local employment strengths.

Cluster Mapping

Cluster mapping is an analytical tool to consider future economic growth opportunities and to show the importance and growth opportunities for various clusters or industries within the economy. The cluster maps for Noosa show the significance and importance of tourism-linked industries such as accommodation and food services, rental, hiring and real estate services and retail trade. The mapping also shows the growth potential of various other clusters such as the professional, scientific and technical services, health care and social assistance and education and training industries.

Interpreting the Cluster Map

Cluster mapping is an analytical tool that can simultaneously present the size and scale of a location's competitive advantages with future anticipated growth trends by industry. In cluster mapping, a location's competitive advantage is viewed through labour specialisation (i.e. the relative scale of employment in specific industries). There are three main components to the cluster map:

- **Location quotient**: the community's location quotients are presented along the vertical axis and these points represent the proportional employment in the community versus a comparison, in this instance Queensland (i.e. compared with Queensland, how many people are employed in the sector; 1 = the same, 1.2 = 20% more than the state, etc.).
- **Employment Growth**: future employment growth expectations per industry, from 2019 to 2024, form the horizontal axis and tell us the percentage growth expected for a sector. In this instance, projections from the Department of Education, Skills and Employment (2020) have been used.
- **The Cluster**: or the 'bubble' represents the size of local employment in that given sector, which shows the significance of the sector locally.

Overall, cluster mapping helps to identify industry areas of focus for further development in the future.

Figure 7.2. Cluster Map (1-digit), Noosa
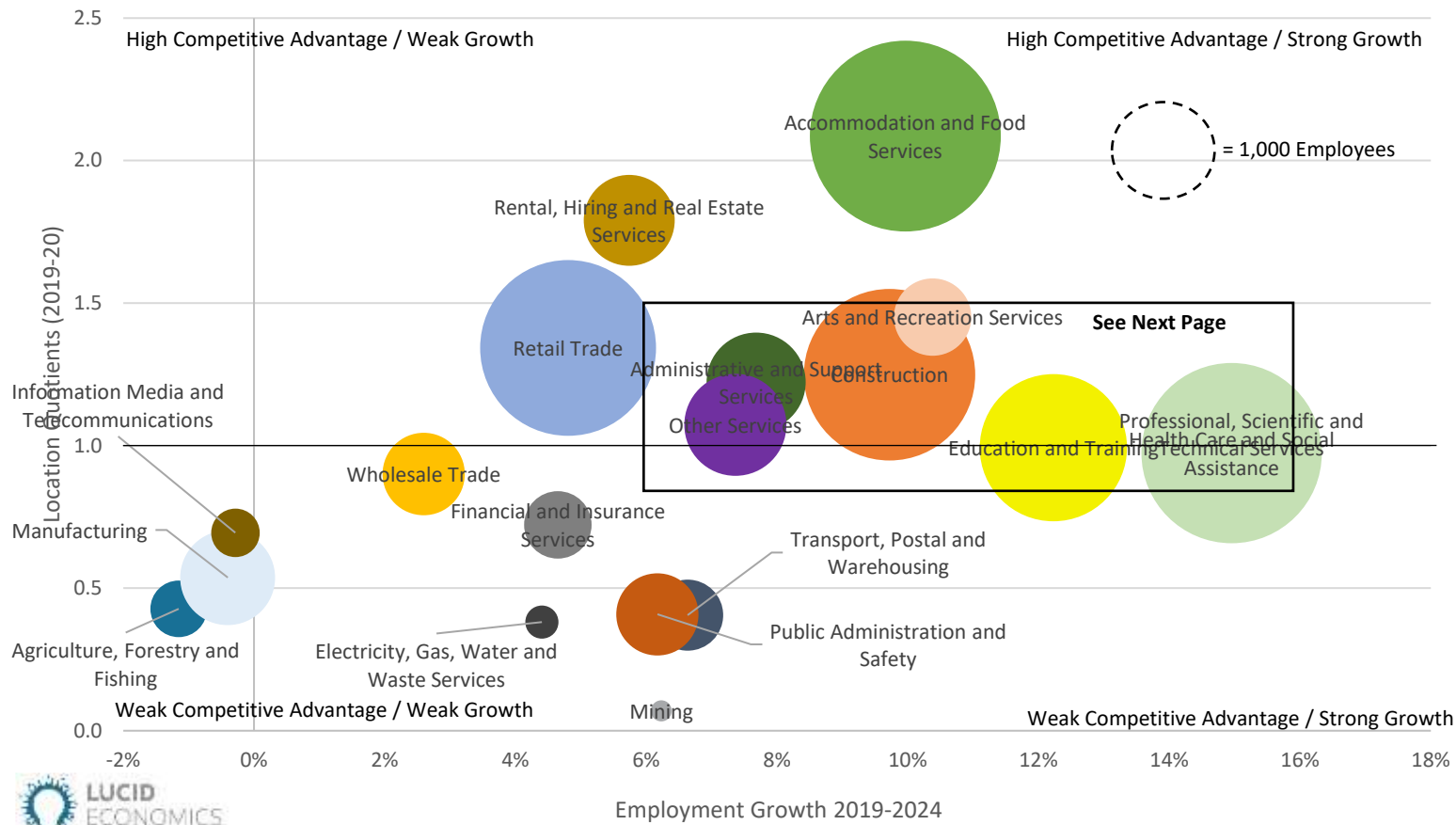
Note: Location quotient calculated by proportion of Noosa employment divided by proportion of Queensland employment. Location quotient of greater than 1 indicates industry makes up larger proportion of Noosa employment than it does across Queensland.
Sources: economyID (2021), DESE (2020).

Figure 7.3. Cluster Map (1-digit), Noosa (Zoomed-In Section)
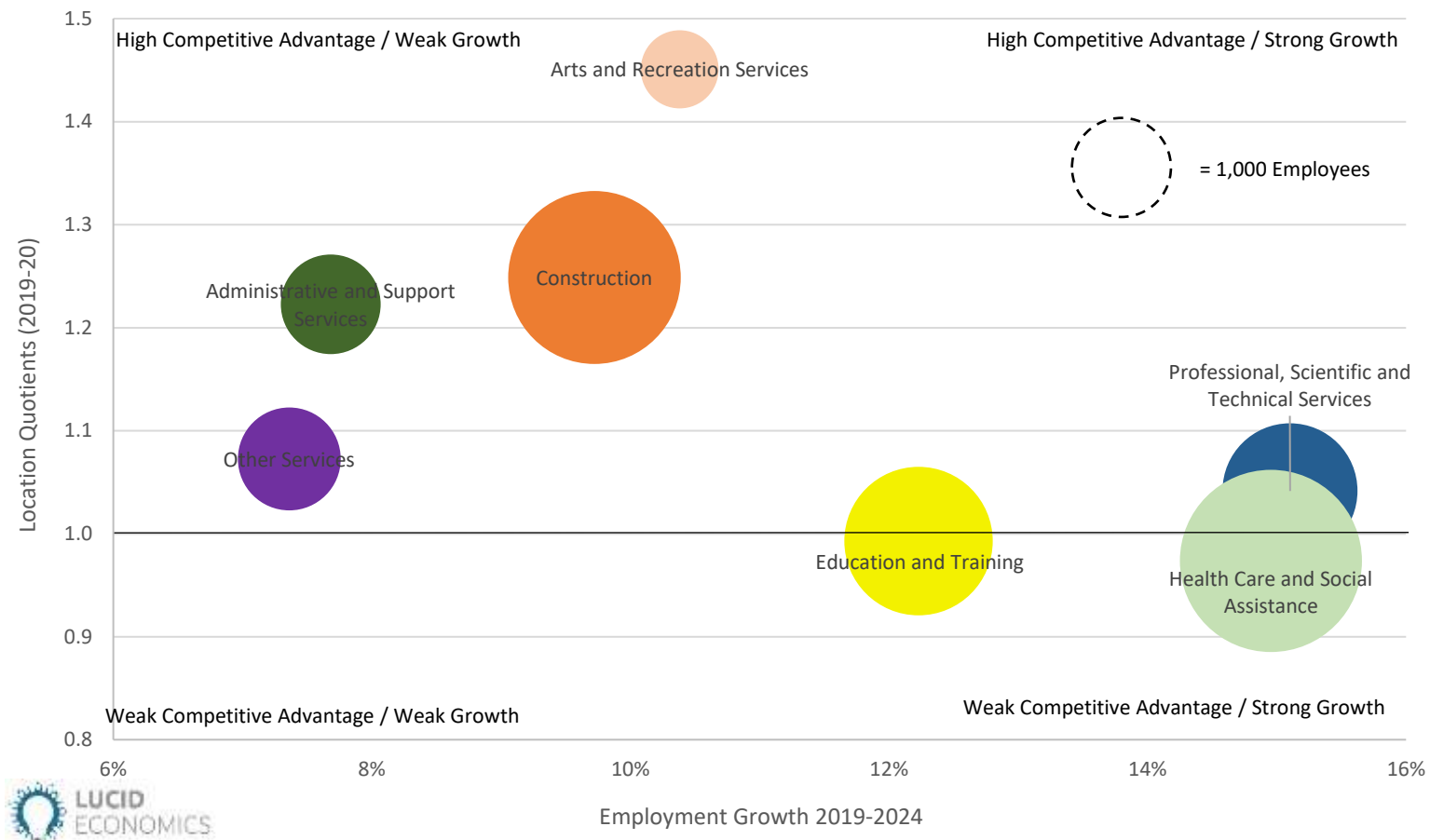
Note: Location quotient calculated by proportion of Noosa employment divided by proportion of Queensland employment. Location quotient of greater than 1 indicates industry makes up larger proportion of Noosa employment than it does across Queensland.

Sources: economyID (2021), DESE (2020).

The analysis above indicates that there are future economic development growth opportunities in a number of industries. It should be noted that while the analysis shows health care and education and are potential industries for development, these industries are driven by population growth and therefore Noosa has headwinds for future development of these industries given the slow population growth in the region in recent years and the slow population growth projected for the coming decade.

8.   Future Oriented Trends

8.1   Online Retail Sales

Online retail has gained in popularity across Australia since the onset of the global COVID-19 pandemic, with sales in the year to March 2021 up 64% from the same period a year earlier (Figure 8.1). The trend for online retail was already growing prior to COVID-19, however, the pandemic and forced lockdown has seen online sales surge forward to a point that otherwise would not have been reached until 2023 or 2024.
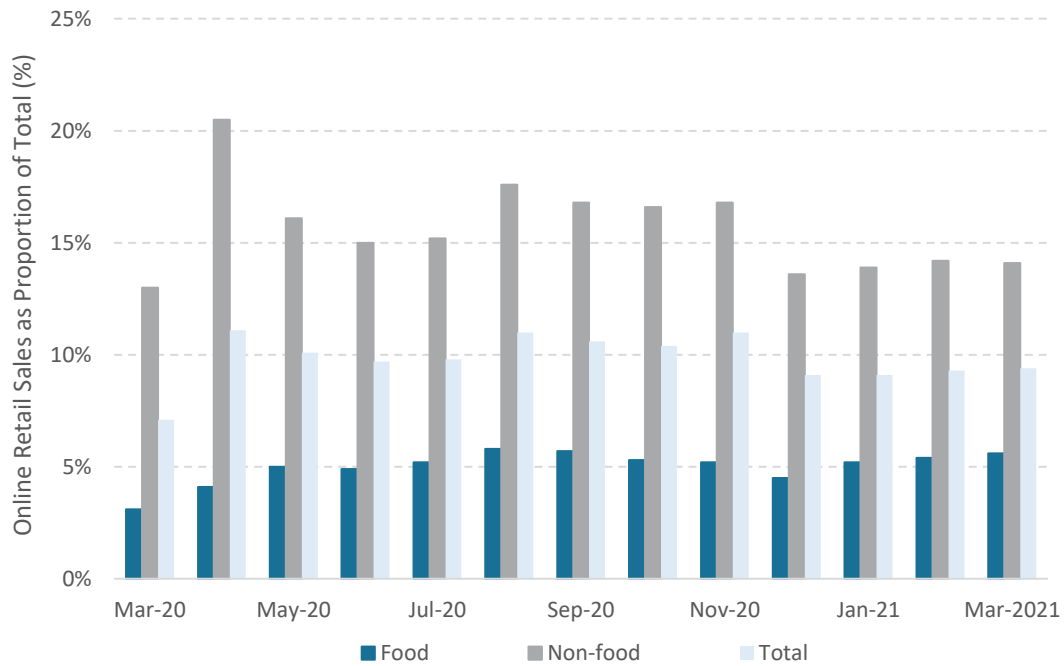
Further, online retail sales now account for roughly 9% of total retail sales per month in Australia, up from around 6-7% of total sales pre-pandemic (Figure 8.2).

Figure 8.1. Online Retail Sales, Australia
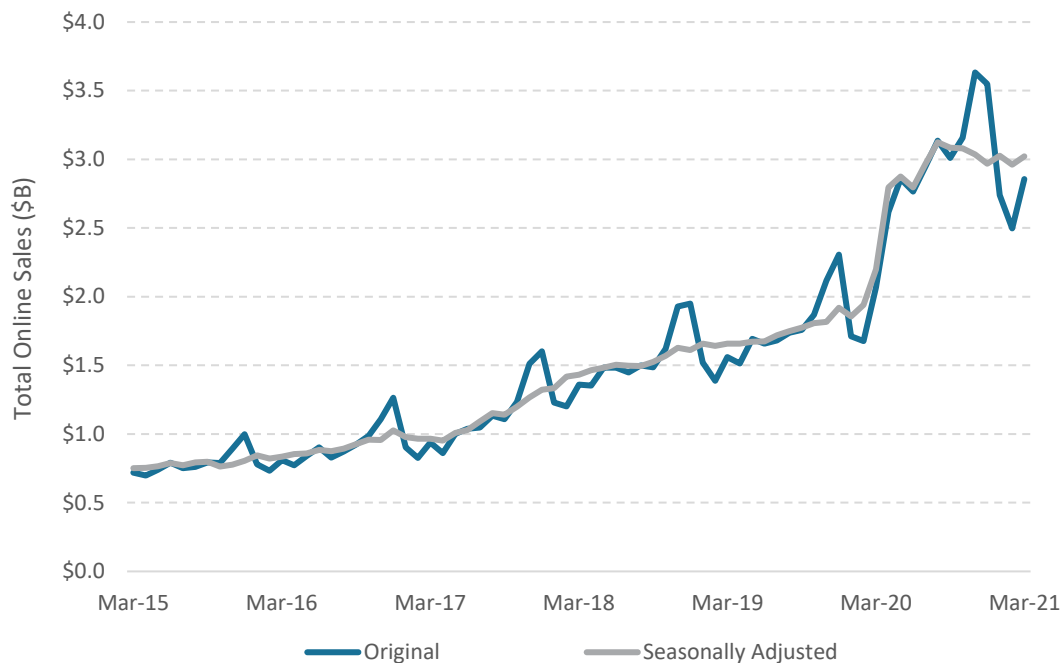
Source: ABS (2021c).

Figure 8.2. Online Retail Sales as a Proportion of Total Retail Sales, Australia

Source: ABS (2021c).

8.2   Online Travel Booking

Only three out of the top 15 travel agents in Australia have traditional storefront businesses. All of these businesses also have a significant online presence. Since 2011, traditional 'bricks and mortar' travel agents have faded away, unless they were able to create an online presence to compete against travel booking businesses that were solely online.

Online travel booking platforms and others are the predominant source of information for people when choosing a holiday. IBISWorld (2021) found that '*the Online Travel Bookings industry was growing rapidly for most of the past five years until the COVID-19 pandemic. Industry operators were benefiting from the strong consumer uptake of online shopping, with more people relying on the internet to plan their travel*.'

Figure 8.3. Top 15 Travel Agents Used by Australians
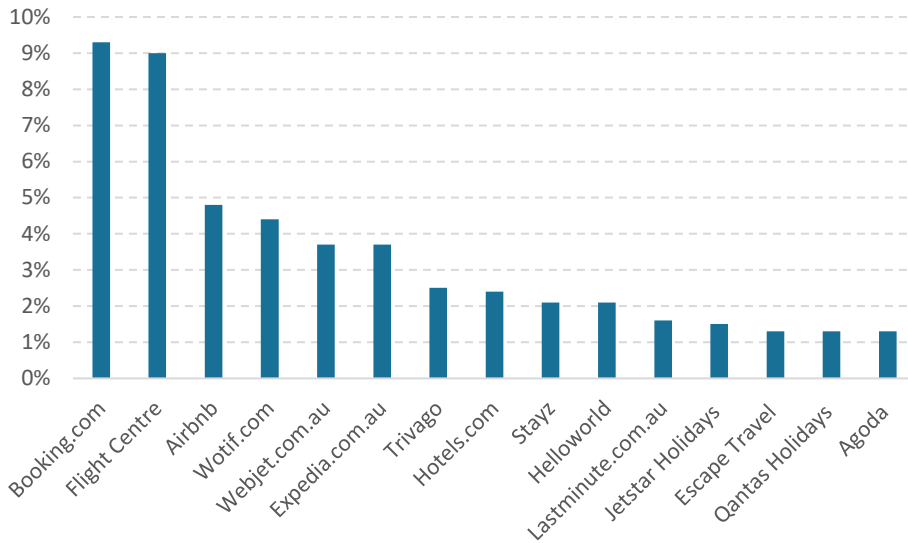
Source: Roy Morgan (2017).

8.3   Private Holiday Rentals

In terms of the impacts on the Noosa tourism market specifically, data from AirDNA (2021) shows that active holiday rental listings located in Noosa Heads have increased at an average annual rate of 13% since March quarter 2018, rising from 677 active listings in March quarter 2018 to 973 active listings in March quarter 2021. Noosaville also saw similar growth in listings, with active rental listings increasing an average of 11% per annum since March quarter 2018.

Noosa has one of the highest rates of penetration for Airbnb listings anywhere in Australia.

Figure 8.4. Top 15 Travel Agents Used by Australians
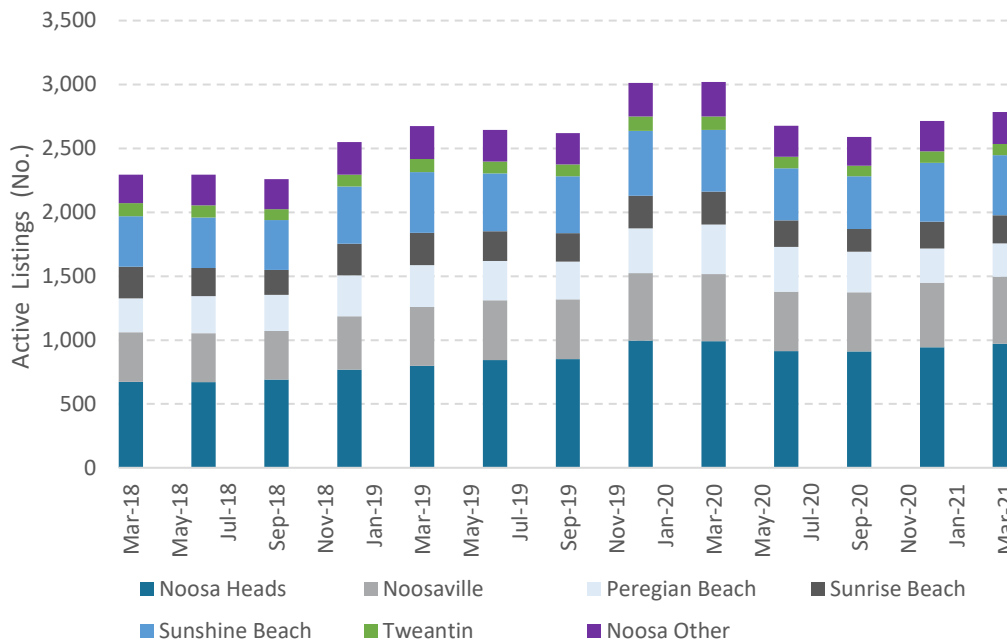
Source: AirDNA (2021).

9.   Post-COVID Trends

9.1   Global Trends

In January 2021, McKinsey published a report highlighting the key trends that will emerge following the COVID-19 pandemic. A summary of the key future trends, includes:

- **Part 1**: How the COVID-19 crisis and the recovery are shaping the global economy
    - The return of confidence unleashes a consumer rebound (given the constraints put on to the economy through the COVID-19 crisis, consumers will spend heavily)
    - Leisure travel bounces bank but business travel lags
    - The crisis sparks a wave of innovation and launches a generation of entrepreneurs
    - Digitally enabled productivity gains accelerate the Fourth Industrial Revolution
- **Part 2**: How businesses are adjusting to the changes prompted by the COVID-19 crisis
    - Pandemic-induced changes in shopping behaviour forever alter consumer businesses
    - Supply chains rebalance and shift (with many multi-national corporations seeking to shorten their supply chains and produce more products closer to their key markets)
    - The future of work arrives ahead of schedule (with an acceleration of working remotely and other technological solutions in the workplace)
    - The biopharma revolution takes a hold (with a generation of new drugs unfolding)
    - Portfolio restructuring accelerates (with capital flowing from some traditional industries into others, based on the risks and experiences from the COVID-19 crisis)
    - Green, with a touch of brown, is the colour of recovery (that expects sustainability to become as pervasive throughout the economy as technology has been over the last decade)
- **Part 3**: How the COVID-19 crisis could change society
    - Healthcare systems take stock – and make changes (with most governments seeking to prepare for future pandemics and ensure that the healthcare system is stronger)
    - The hangovers begin as governments tackle rising debt (so much stimulus has been provided that governments will need to consider how to effectively deal with the ensuing debt)
    - Stakeholder capitalism comes of age (the requirement for businesses to ensure they are acting in a morally responsible manner will become more important)

All of these trends will have impact on the Australian, Queensland and Noosa economy.

9.2   National Trends

Figure 9.1 below shows various population trends likely linked to the effects of COVID-19. As highlighted, net migration away from Sydney and Melbourne in favour of regional areas. While Brisbane has fared better than Sydney and Melbourne, it is also seen a drop in migration. Regional Queensland has experienced the most significant increase amongst regional Australia.

Many parts of regional Australia are adjacent to capital cities, offering people the option of still travelling into the capital city, when required, but enjoying the local lifestyle and working remotely. Many regional areas have seen strong increases in house prices, which may be linked to these recent migration trends.

Figure 9.1. Net Internal Migration, Australia
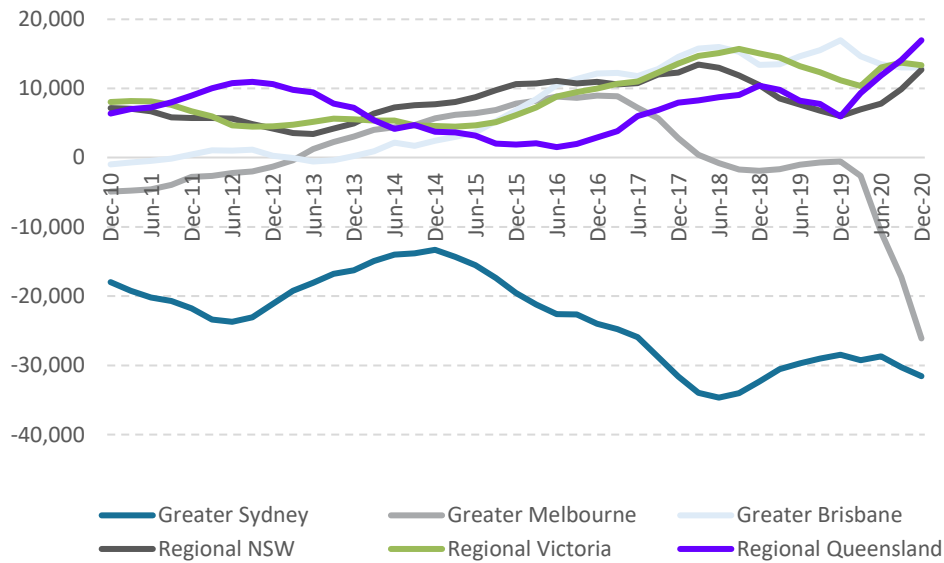
Source: ABS (2021e).

PWC has recently released an article discussing the future role of Australian CBDs (PWC, 2021). The article discusses a number of important trends, including:

- Historically, CBDs have been strong economic destinations, producing a considerable amount of Gross Domestic Product (GDP)
- The COVID-19 pandemic significantly impacted various industries that were based in CBDs, including:
  - Professional services, finance and insurance, which easily shifted to a remote working / work from home environment
  - Accommodation and food services, education and training, retail trade, administrative and support services, which are not easily transferred to a remote working environment
- As occupancy rates in major CBDs have remained well below their pre-COVID-19 levels, many of these other businesses continue to suffer from a lack of patronage
- Many traditional office workers may not return to the CBD for work (a Roy Morgan poll conducted for the City of Melbourne showed 75% of workers are reluctant to go back to their workplace full-time).
- The reduced demand for CBD office space will force a lowering of prices and attract new entrepreneurs and smaller, innovative companies who were previously prevented from entering the CBD based on price and availability.
- Workplace design will dramatically change to accommodate for COVID-19 and social distancing measures as well as to ensure they are attractive, functional places for workers and businesses.

10. Next Steps

This analysis has provided a detailed understanding of the economic and industry trends in Noosa over the last five years and beyond, as well as a number of current and future trends, including how COVID-19 will continue to influence the future economy.

This information will provide the foundation for the review of the Local Economic Plan and provide insights into areas of focus for the Plan.

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