



STATE OF OUR ECONOMY REPORT

2024

An up to date overview of the local economy,
historical trends, and future opportunities

id informed
decisions





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Data sources and definitions

- The economic and employment data for the Kiama region is sourced from NIEIR. For more information on NIEIR and their methodology please refer to [the economy.id website](#).
- The following data is used in this report:
 - Australian Business Register, GST Registration (2023)
 - Australian Bureau of Statistics, Building Approvals (2023)
 - Australian Bureau of Statistics, Regional Population Growth (2023)
 - Australian Bureau of Statistics, Census of Population and Housing 2006, 2011, 2016 and 2021 estimates
 - Australian Bureau of Statistics, Weekly Payroll Jobs and Wages in Australia (2023)
 - Department of Employment, Small Area Labour Market (2023)
 - Department of Social Services, JobSeeker and Youth Allowance (2023)
 - Forecast.id, Population projections (2022)
 - NIEIR (National Economics), Small area estimates of employment and economic value (2023)
 - Tourism Research Australia (2023)
- The following terms and acronyms are used in this report:
 - **ABS:** Australian Bureau of Statistics
 - **ANZSIC:** Australian and New Zealand Standard Industrial Classification (ABS classification used in the collection, publication and analysis of industry statistics). [Refer here for detailed information](#).
 - **DZN:** Destination Zone (ABS journey to work small area geography)

- **GRP:** Gross Regional Product
- **Local workers/jobs:** People working in the LGA that could be living in Kiama or commuting in from a neighbouring LGA. 'Local jobs' represents these workers' main employing job within the LGA.
- **LGA:** Local Government Area
- **LQ:** A location quotient quantifies how concentrated industries are within an area compared to a larger benchmark region. A number greater than 1 suggests the industry is over-represented locally and could be a specialisation.
- **Regional NSW/Rest of NSW:** A geography designed by the ABS to reflect the area of population outside the main functional zone of the state's capital city.
- **Resident workers/employed residents:** People living in Kiama and working locally or outside the LGA (e.g. in the broader Illawarra region)
- **SA2:** Statistical Areas Level 2 (ABS medium-sized area geography and most commonly available geography for sub-state level data)
- **WFH:** 'Work from home' – the ability to perform some or all of your ongoing work activities from your place of residence. In the 2021 Census WFH rates were elevated due to COVID restrictions. This did not affect place of work data substantially as people were still asked to place their employer's address as the main place of work.

Data sources and definitions

Broad industry definition mapped to ANZSIC industries

Broad Industry	ANZSIC Broad Industry Divisions
Business services	Information Media and Telecommunications
	Financial and Insurance Services
	Rental, Hiring and Real Estate Services
	Professional, Scientific and Technical Services
	Administrative and Support Services
Goods distribution	Wholesale Trade
	Transport, Postal and Warehousing
Goods transformation	Manufacturing
	Construction
	Electricity, Gas, Water and Waste Services
Household services – Health, Education, and Public Admin	Public Administration and Safety
	Education and Training
	Health Care and Social Assistance
	Retail Trade
Household services – Hospitality and Personal Services	Accommodation and Food Services
	Arts and Recreation Services
	Other Services
	Agriculture, Forestry and Fishing
Primary production	Mining

Tourism industry definition mapped to ANZSIC industries

The value of the 'tourism industry' is estimated from the NIEIR microsimulation model by looking at the level of exports from specific industries which have a significant direct tourism component. Of the 86 industries at the 2 digit ANZSIC code, 11 industries have a significant direct tourism output through the local economy. There are also many other industries that contribute to tourism indirectly such as transport and education. The value of these industries to the economy is taken into account through the calculation of their indirect impact tourism spend flows

Direct Tourism industries

1 Digit Industry	2 Digit Industry
Retail Trade	Motor Vehicle and Motor Vehicle Parts Retailing
Retail Trade	Fuel Retailing
Retail Trade	Food Retailing
Retail Trade	Other Store-Based Retailing
Retail Trade	Non-Store Retailing and Retail Commission Based Buying
Accommodation and Food Services	Accommodation
Accommodation and Food Services	Food and Beverage Services
Arts and Recreation Services	Heritage Activities
Arts and Recreation Services	Creative and Performing Arts Activities
Arts and Recreation Services	Sports and Recreation Activities
Arts and Recreation Services	Gambling Activities

Executive summary

Introduction

This report provides a targeted economic analysis of the Municipality of Kiama's economy. The report assesses recent economic performance, growth drivers, competitive advantages and barriers to growth.

Economic growth is rebounding after a weak few years

Kiama's economy was turbo charged from the middle of the 2010's with a substantial increase in residential building approvals and the construction of some larger non-residential facilities. The completion of some of these projects as well as impacts from COVID 19 restrictions to the local tourism industry saw economic decline in the last part of that decade.

The last couple of years have seen a return to growth. The construction pipeline has been building, there is increasing growth of white collar jobs (professional and financial services), and an ageing population is driving health services demand. Young families are also still moving in supporting demand for education, child care and recreation/retail.

Jobs growth driven by diverse areas

Health Care and Social Assistance continues to expand substantially

Like many locations in Australia employment in allied health, residential care, child care and disability services has experienced strong growth.

Construction supported by continued investment pipeline

The value of building approvals in Kiama and surrounding shires has been elevated for many years. This is overwhelmingly driven by residential construction and population servicing buildings.

Professional/Financial Services also increasing

Recent years have seen an expansion in white collar jobs that could grow faster if the region leverages the high working from home rates in this industry and better communication tech to attract regional outposts or facilities supporting remote working.

Tourism and hospitality still a strength

Accommodation and food services was growing rapidly prior to COVID. Sydney and Wollongong lockdowns in late 2021 impacted domestic visitation considerably. However, visitation is expected to return. The real challenge like many areas is attracting suitable staff to meet growing skills shortages.

Arts and recreation is a small sector but specialised

Employment in arts and recreation is greater in Kiama than the regional NSW average due to the presence of Jamberoo Action Park (which recently invested in a new facilities). Employment was growing before COVID impacts.

Population growth is constant but limited by less supply and expensive housing and can create worker challenges

In 2022, Kiama saw one of the largest increases in median house prices in Australia. Prices have eased a little but were still sitting at over \$1.3M in late 2023. Despite increased residential approvals over the last 8 years, supply is still not meeting demand. The ability to turn housing into short-term accommodation and generate revenue in the last decade has also driven up prices. Many in the local community have expressed a wish to maintain character and limit development. High prices boost local home owner's wealth but can create challenges for key workers who are priced out of the region and face longer commutes. Businesses may face issues accessing suitable staff.

Growth in tech related professional services areas can support increased value, but potential for a clean tech sector are limited

Kiama displays a lot of the necessary features of a region primed to take advantage of the tech based remote work or distributed office trend. Exceptionally high qualification attainment for a regional area, quality internet connections, lifestyle advantages, and a pool of local entrepreneurs create a solid base for growth. Lack of sufficient affordable modern commercial space may be a limiting factor in growing or maintaining high growth businesses.

Community surveys have expressed an interest in supporting a clean technology industry, however, lack of industrial land supply and local manufacturing skillsets may be a limiting factor. Small scale niche manufacturing or a focus on digital applications or design may be more appropriate.

Executive summary

Employment projections and floorspace demand

Two scenarios for future jobs growth have been identified:

- Scenario 1 is based on employment projections prepared by the NSW Government, local jobs growth in Kiama is expected to grow by 500 jobs between 2022 and 2032.
- Scenario 2 takes into account projected strong population growth and potential local economic development based interventions. This scenario suggests local job growth in Kiama could grow by around 920 jobs between 2022 and 2032.

Under scenario 1, local jobs growth over the next decade is forecast to be driven by household services, particularly Accommodation and Food Services. Scenario 2 assumes faster growth for other household services due to demand from population growth and ageing, and faster growth in business services.

Employment floorspace demand projections

The forecast jobs growth for Kiama to 2032 generates potential changes in floorspace demand for the LGA.

- Existing floorspace demand equates to:
 - Retail: 67,000m²
 - Office: 40,000m²
 - Industrial: 117,000m²*
- Under scenario 1 the extra floorspace demand equates to:
 - Retail: 7,400m²
 - Office: 1,800m²
 - Industrial: 8,300m²
- Under scenario 2 the extra floorspace demand equates to:
 - Retail: 9,570m²
 - Office: 8,900m²
 - Industrial: 11,400m²

These demand projections are indicative of potential net floorspace required to meet forecast job estimates. They *do not consider current latent demand* or future market conditions, nor the adequacy and supply of existing floorspace to meet demand. Economic development activities may also influence future employment land demand. Further analysis is required to understand these factors. The floorspace projections exclude other land uses such as institutions (e.g. hospitals), agriculture and utilities.

To support planning for future employment land, the following considerations are provided:

- From an economic development perspective, it is appropriate to plan for the upper floorspace demand estimates to attract private investment and provide expansion opportunities. A more detailed demand and supply analysis and interviews with businesses would help confirm future employment land needs.
- Identify locations for additional commercial (retail and office) and industrial land. Building on existing precincts and concentrations would provide potential agglomeration benefits.
- Following COVID-19 and ability to work from home (WFH), more flexible tenures and spaces, along with more co-working spaces may become preferred.
- Structural changes (e.g. working from home and online shopping) have the potential to reduce the future demand potential for office and retail space. Other strategies may be required to improve the attractiveness of these locations (e.g. public realm improvement, transport connections, co-location with other uses, etc).

*This is an estimate of floorspace demand only, not a representation of existing floorspace within the LGA. It reflects potential latent demand that if not being satisfied within the LGA, is likely being taken up in neighbouring LGAs.

Health check

This page summarises the main findings, broken down by strengths and weaknesses.

Strengths

Economic conditions

- Strong local jobs growth in recent years.
- Unemployment has fallen substantially since 2020 and in 2023 was sitting at only 1%.
- Building approval activity has picked up since 2020 leading to a strong pipeline of future developments.
- Substantial growth in new businesses led by professional services.
- High home ownership rates and increasing house prices have generated a wealth effect that has supported retail and hospitality.

Industry

- Established competitive position in Arts and Recreation (Jamberoo Action Park contributes to this), Tourism & Hospitality, Professional Services, and Construction.
- An ageing population has led to an expansion of health services and supported growth in complementary industries.
- High building approvals in recent years in Kiama and neighbouring LGAs is driving growth in Construction jobs.
- Flexible work practices, better communication technology and local entrepreneurship (e.g. Padua Financial Group) is supporting growth in local finance and professional services industries.

Demography

- Population growth has been driven by young families is supporting retail, childcare, education and recreation industries.
- High home ownership rates support retail/hospitality spending
- Qualification levels are higher than the regional NSW average aiding the skillset available to local industries.

Outlook

- A greater supply of residential land may help support more affordable housing for necessary lower income workers.
- Potential to support increased white collar employment due to remote working trends and success of some local tech-based businesses.

Weaknesses

Economic conditions

- GRP growth has been weaker in the most recent years due to the completion of some larger projects and COVID impacts in 2021/22.
- The region still has a 'job deficit' and more than half the residents access employment outside the shire.
- Building approvals dominated by residential or population driven facilities, lack of industrial/commercial investments in recent years.

Industry

- Tourism jobs fell in 2021/22 (due to lower domestic visitation from Sydney and surrounds) but will likely rebound.
- Some transport job and business losses in the region.
- Professional Services employment is under-represented compared to regional NSW average and growth has been weaker than that experienced elsewhere. Finance jobs and business numbers have declined recently.

Demography

- Older resident base leads to lower participation rates and less full time employees.
- The region experiences a strong out-migration of 18-24 years olds likely due to lack of major education facilities and young adults seeking a 'metro' experience.

Outlook

- Anecdotal evidence suggests lack of commercial space, or leasing costs, limiting potential growth of some office base businesses.
- Housing costs contribute to challenges for businesses accessing key workers.
- Ageing population will drive demand for aged care and disability services that may not be matched by sufficient skilled workers.
- Community's interest in growing clean technology industries may be limited due to inadequate supply of industrial land.

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01

Economic Overview

Kiama's economy has grown weaker than the regional NSW average in recent years due to slower construction levels especially after of completion of some major construction projects

Kiama generated almost \$1B in GRP and supported just over 7,300 jobs in 2021/22. This represented 0.6% of Regional NSW's economy and 4.2% of the Illawarra Region in terms of GRP.






The economy has slowed over the last 5 years with an annual average GRP growth rate of -1.2% (below the regional NSW average). However, the number of local jobs increased at an average of +2.5% per annum over the same period.

The population estimate for the Kiama Municipality region was 22,964 in 2021/22. This represented 0.8% of Regional NSW's population. The local population increased by +0.6% per year between 2017 and 2022. This growth rate was below the Regional NSW average (+0.9%).

In June 2022, the 12 month average unemployment rate was 1.8%, well below the regional NSW average (4.1%). By June 2023, the rate had fallen to 1.1%, the lowest on record.

Tourism visitation was down considerably in 2022 due to COVID restrictions impacting domestic daytrips. Visitation had rebounded by June 2023 with annual visitation reaching an estimated 1,274,000 visitors

Kiama economy in 2021/22

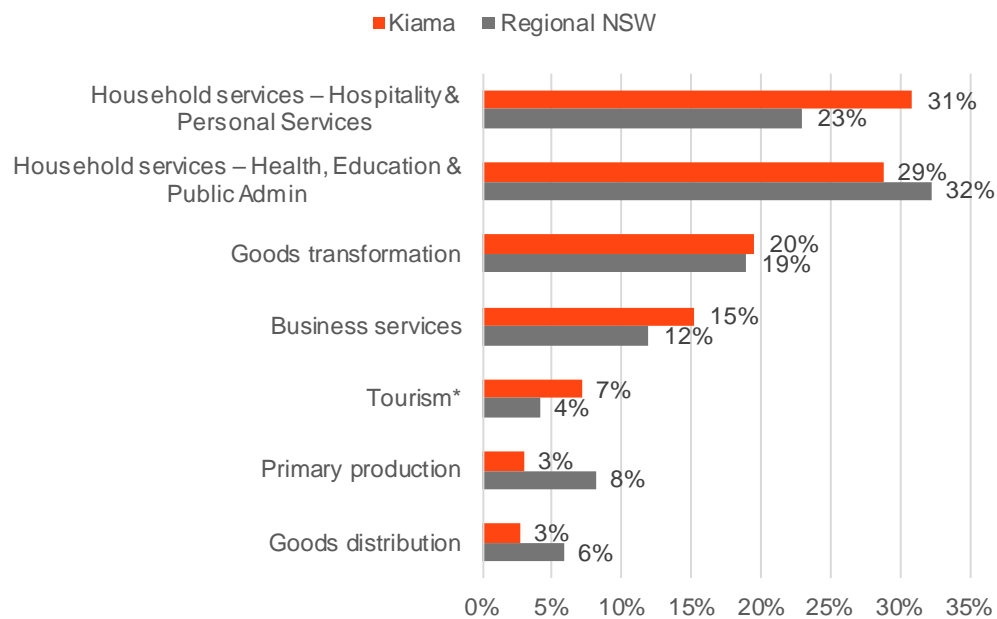
	As at 2021/22	5yr Avg Growth	Regional NSW
 GRP \$987m		-1.2%	(+1.8%)
 Local jobs 7,338		+2.5%	(+2.5%)
 Population 22,964		+0.6%	(+0.9%)
 Unemployment 1.8% <small>2022/23: 1.1%</small>		-0.9%	(-1.2%)
 Tourism visits 710,045 <small>2022/23: 1,274,000</small>		-6.5%	(-4.9%)

Kiama's largest industry was Construction in 2022; Accommodation and Food was still feeling the impacts of COVID restrictions; Tourism and Professional Services employment is above average compared to regional NSW as a whole

Household services industries play a significant role in driving the local economy of Kiama supporting over half local employment. The number of jobs in hospitality (retail, food services) and personal services in particular is higher than the Regional NSW average. The share of employment in Business services is also comparatively higher while the share of employment in the Primary production industries is comparatively lower.

Industry profile - Kiama

% of total local jobs, 2022

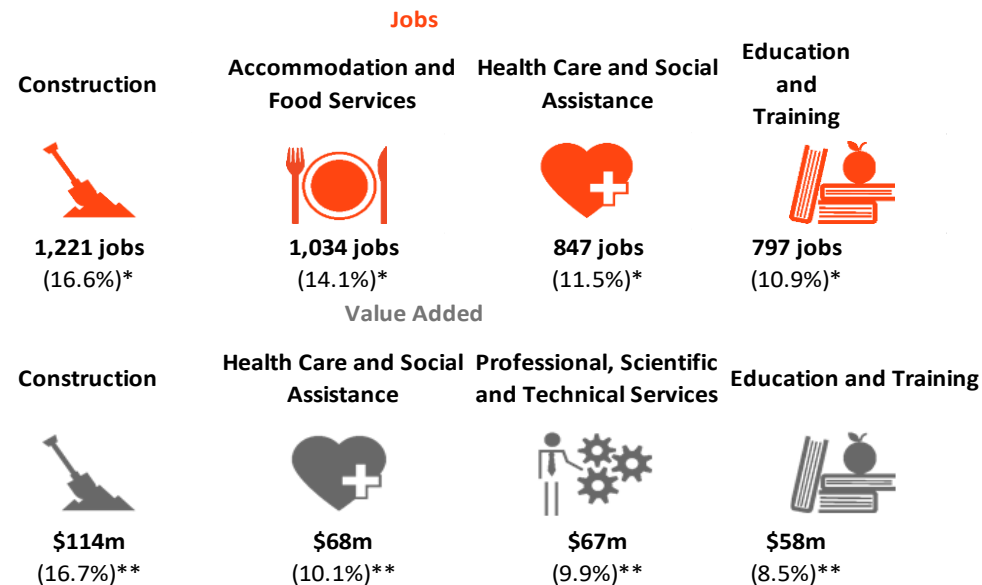


Source: NIEIR, 2023 | * Includes activities from other industries. Refer to page 4 for details

The most prominent industries in terms of employment and economic contribution in Kiama are Construction, Accommodation and Food, Health Care and Social Assistance, Education and Training, and Professional Services.

It is important to note that in 2021/22, Tourism and therefore Accommodation and Food had not completely recovered from COVID impacts. Prior to COVID, Accommodation and Food was the largest employing industry representing 17% of employment in 2018/19. Tourism* (the share of industries servicing non-local expenditure) supported an estimated 10.5% of employment directly and another 6% indirectly. Refer to page 35 for more analysis.

Top 4 Industries in 2022



Source: NIEIR, 2023 | * % of local jobs in Kiama; ** % of value added in Kiama



02

**How is the
economy
performing?**

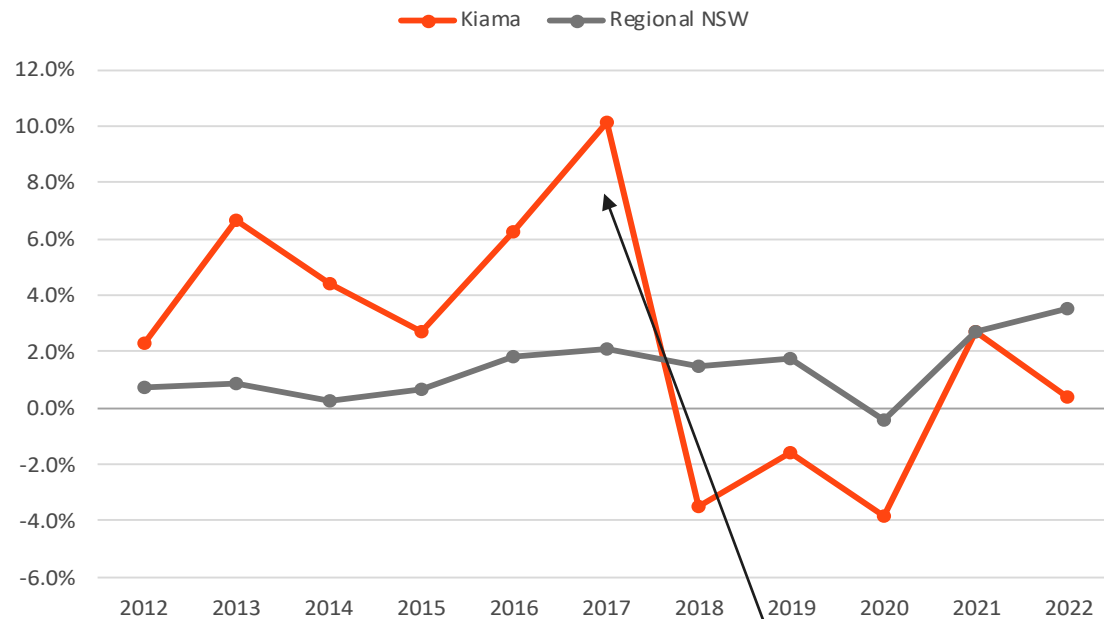
Kiama's economy spiked with construction development on major projects commencing in 2016/17

Kiama's economic growth (GRP terms) decreased by 1.2% per year between 2017 and 2022. GRP in 2022 was estimated at \$987M, down from a peak of \$1,048M in 2017. This growth rate was lower than the decade average of 2.3% per year. Kiama's economic growth was slower than the Regional NSW average over the last 5 years. The industry drivers behind this change will be explored in chapter 4.

Kiama's GRP growth between 2017 and 2022 was lower than surrounding LGAs. The average annual GRP growth rate of surrounding LGAs during the same period was 2.1% per year.

Growth in GRP - Kiama

% per annum

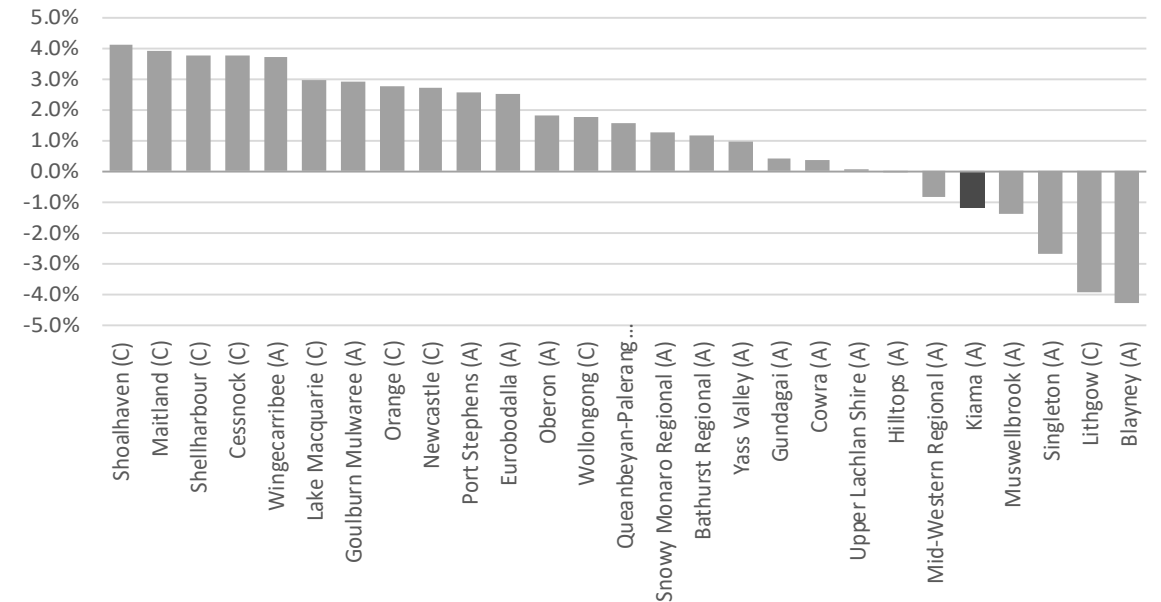


Source: NIEIR, 2023

Major construction projects impacted GRP (via construction value) and employment levels

Growth in GRP - Regional LGAs, 2017 to 2022

% average annual growth rate



Source: NIEIR, 2023

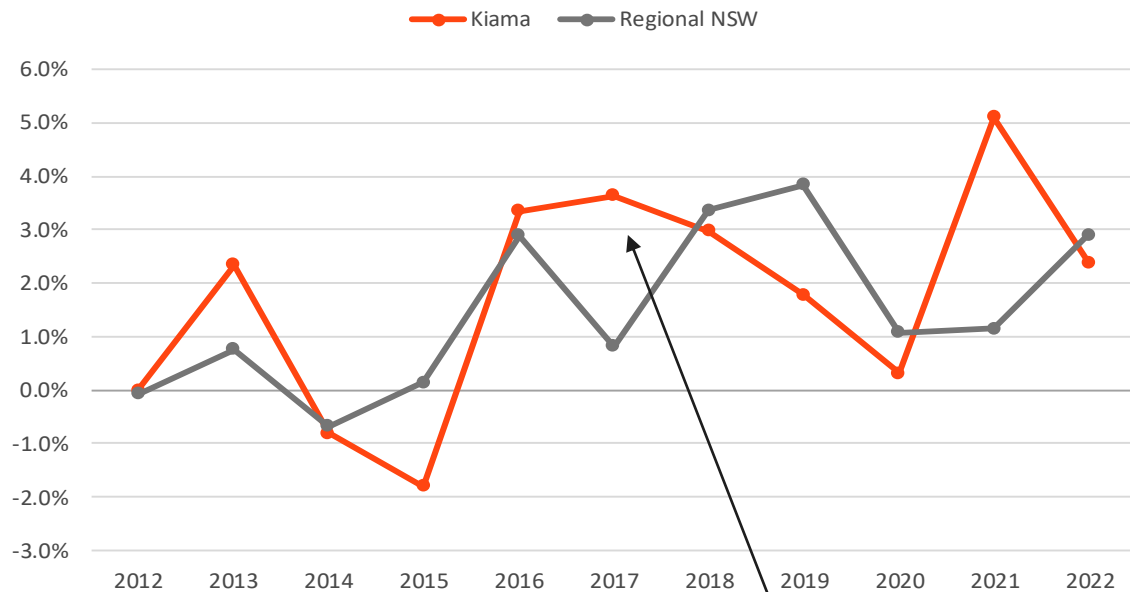
Jobs growth weakened after the completion of construction projects pre-COVID; However, growth has picked up recently due to a rebound in approvals and strong growth in health and education

Kiama's local jobs increased by 2.5% per year between 2017 and 2022. This growth rate was higher than the decade average of 1.9% per year. Kiama's local job growth was similar to the Regional NSW average between 2017 and 2022.

Kiama's local job growth between 2017 and 2022 was lower than surrounding LGAs. The average local jobs growth of surrounding LGAs during the same period was 2.7% per year.

Growth in Local Jobs - Kiama

% per annum

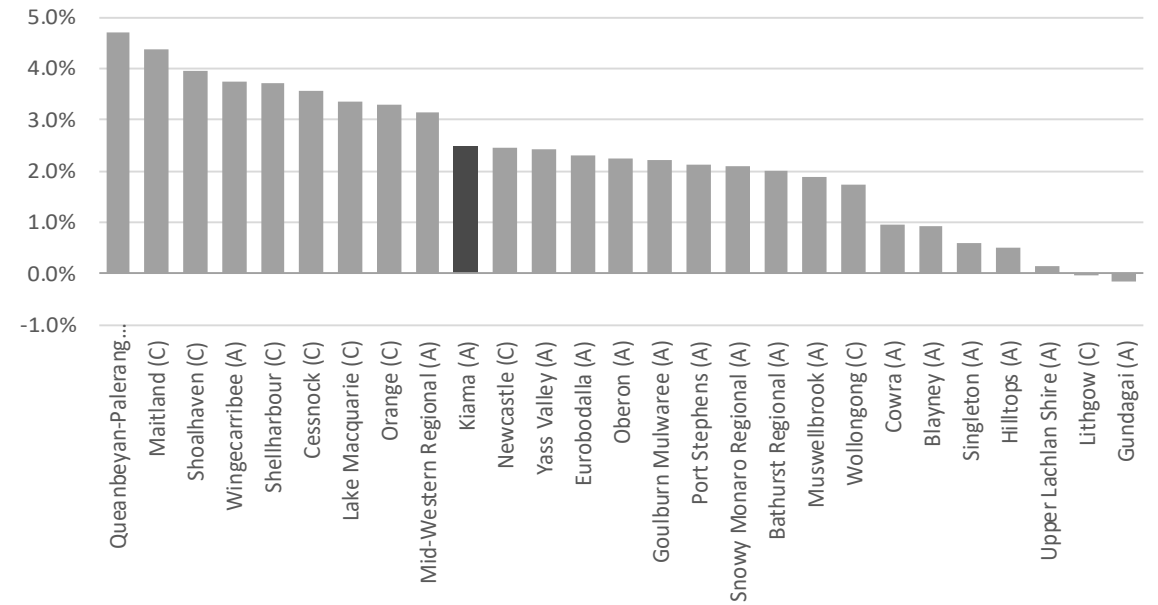


Source: NIEIR, 2023

Major construction projects impacted GRP (via construction value) and employment levels

Growth in local jobs - Regional LGAs, 2017 to 2022

% average annual growth rate



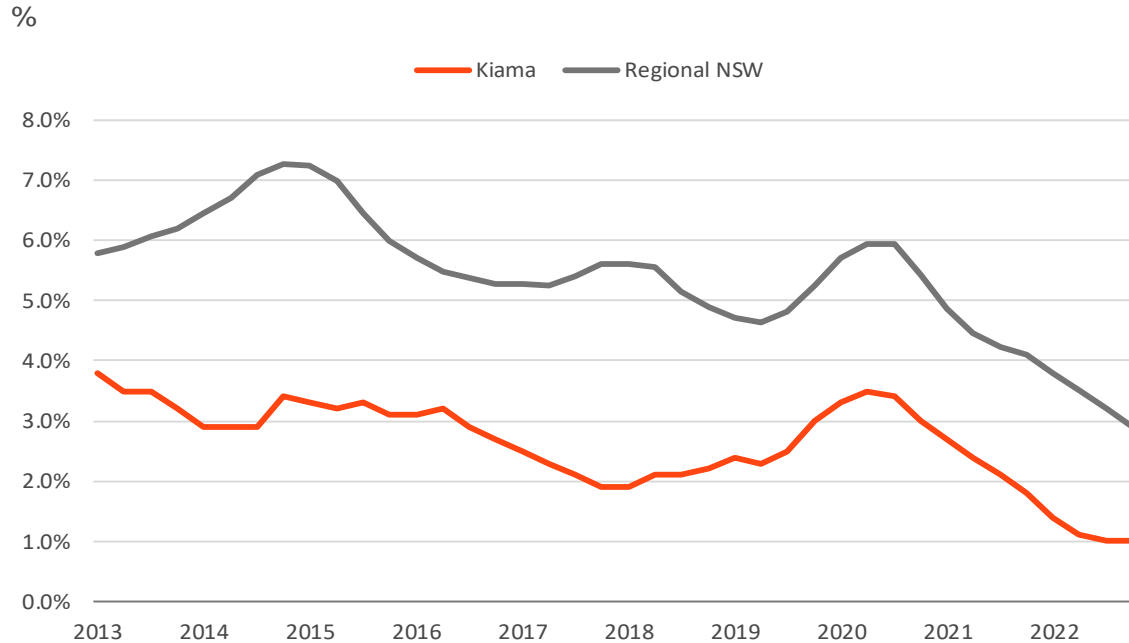
Source: NIEIR, 2023

Tight labour force conditions have led to considerably low levels of unemployment for residents in Kiama

Kiama's unemployment rate* continue to be one of the lowest in the state. Rates increased in 2019/20 upon a weakening in construction and the impacts of COVID restrictions. However, in 2022 they fell away again as the labour market tightened considerably and in June 2023 the 12 month average was sitting at just 1.0%.

Kiama's unemployment rate is lower than surrounding LGAs. The surrounding Regional LGA average unemployment rate in the June Quarter 2023 was 2.5%.

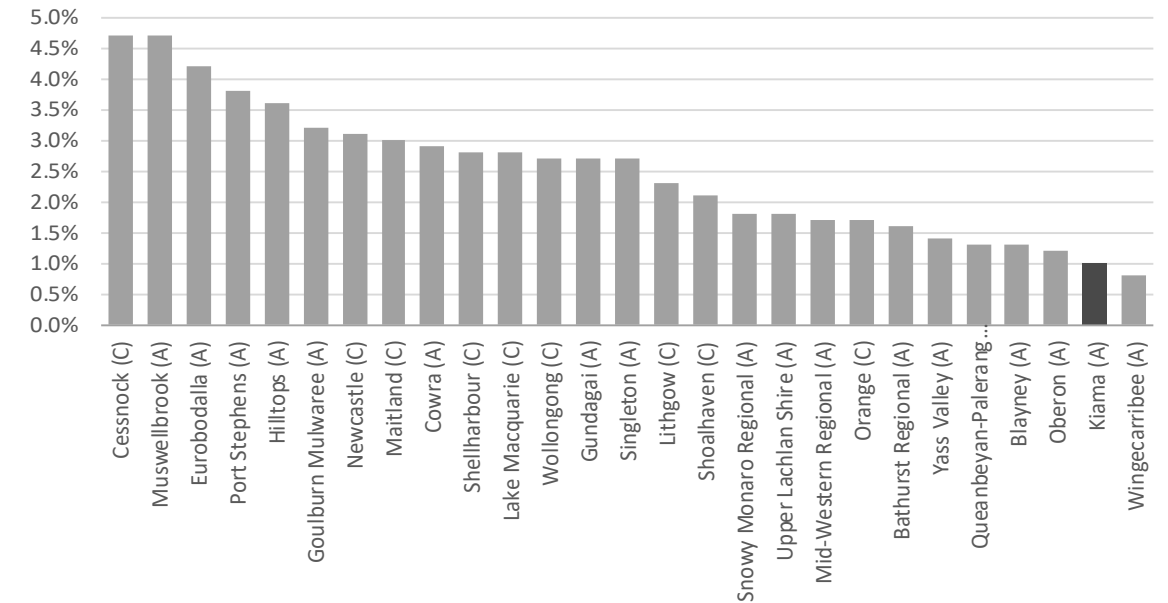
Unemployment rate - Kiama



Source: ABS Labour force survey (2022); Department of Employment SALM (2022)

Unemployment rate %, June-2023

Surrounding Regional NSW LGAs



Source: ABS Labour force survey (2022); Department of Employment SALM (2022)

*The Unemployment Rate refers to those people in the Labour Force (residents aged 15 or over who are employed or looking for employment) who are actively looking for employment. If residents are not looking for work (e.g. retired), they will not appear in the data. Refer to page 41 for information on Kiama's Participation Rate (share of residents aged 15 or over who are in the Labour Force).

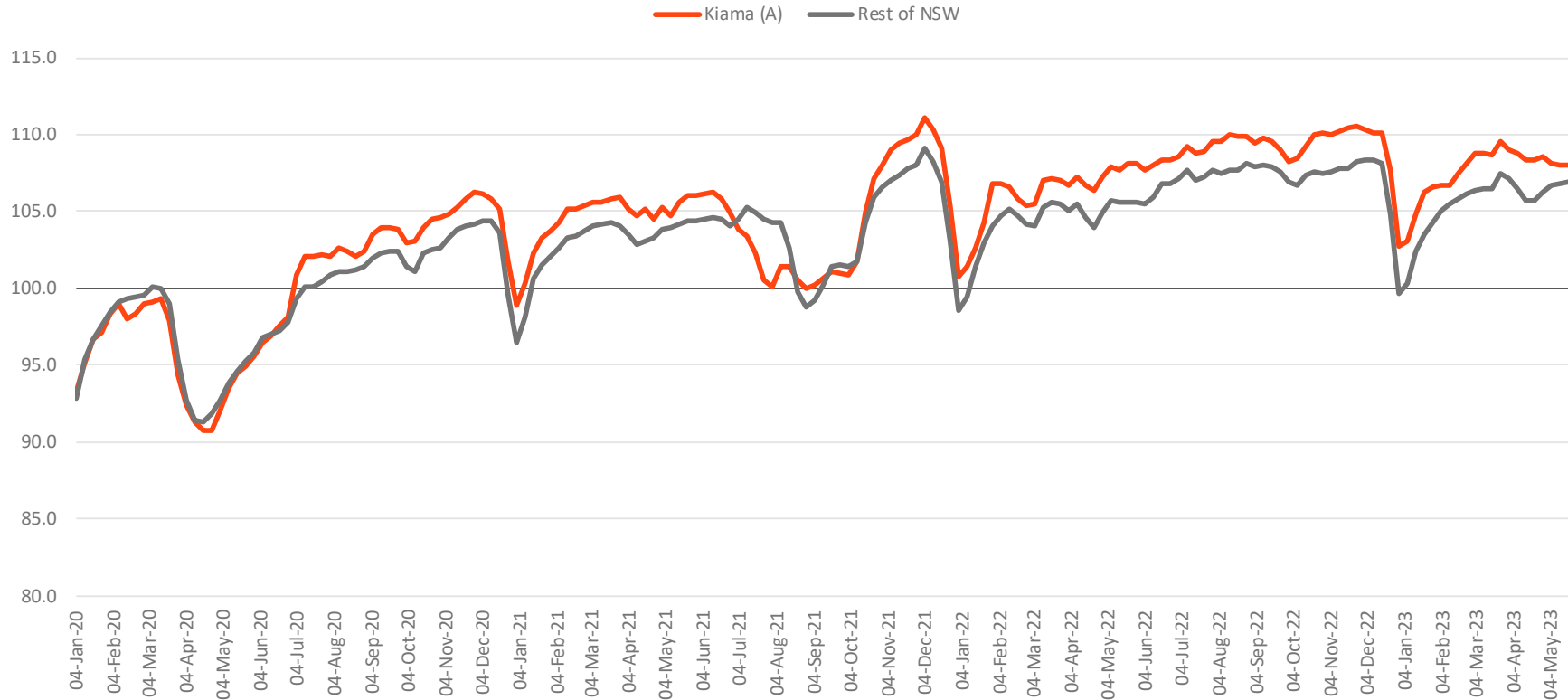
Payroll jobs in the Kiama area are similar to a year ago which contrasts with growing labour force employment – this suggests workers may be working less jobs but getting more hours

Payroll jobs decreased immediately following the outbreak of COVID-19. By April 2020 payroll jobs in Kiama had fallen by -9.3%. The initial impact on payroll jobs was more significant than the fall across Rest of NSW (-8.2%). However, the recovery was stronger. During the 2021 lockdowns in Sydney and Wollongong, job impacts were also strong with payroll jobs falling back to pre-COVID levels. But, once again the rebound was strong. Throughout most of 2022, payroll jobs experienced slow growth, similar to many areas in the state, before flatlining at the end of the year.

By June 2023, payroll jobs in Kiama were around 8.8% above pre Covid-19 level. This was similar to what they were the year before. It compares favourably to the average for the rest of NSW which was sitting at 7.2% above pre COVID-19 levels.

Payroll Jobs

Index 100 = March 14, 2020



Payroll jobs estimates provide near real-time information about the performance of local labour markets. This data helps us to understand the impact and recovery of local areas in recent years.

Payroll jobs represent jobs, not the number of people employed, hence jobholders working multiple jobs are counted more than once.

Payroll jobs data is based on where employees live, rather than where they work. Payroll job estimates are not seasonally adjusted and will show a high degree of seasonal change during holiday periods.

Source: ABS Weekly Payroll and Wages

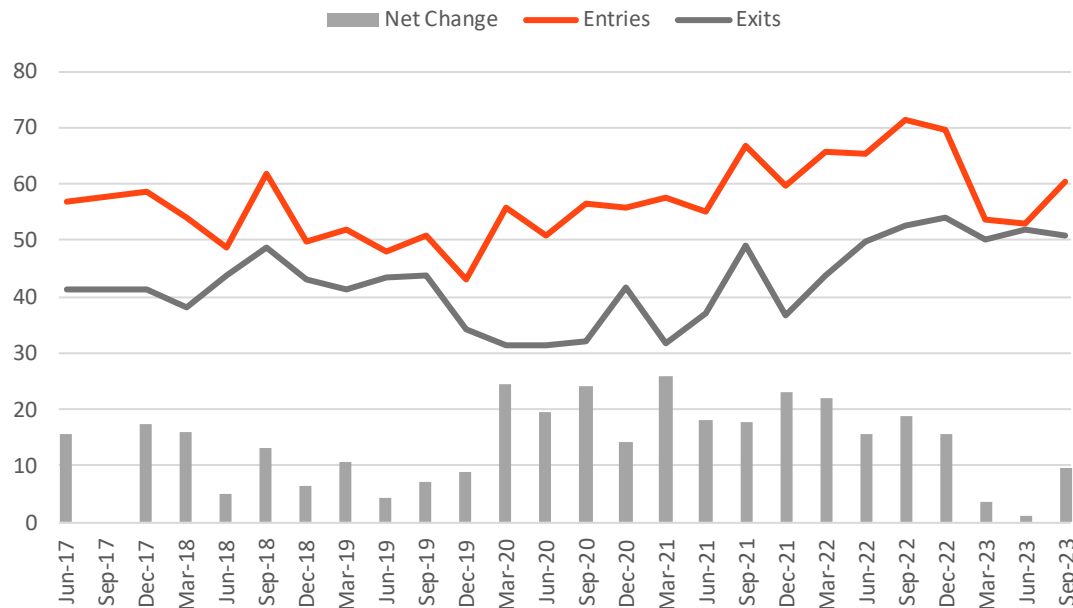
Net business growth has been led by strong growth in professional services

Net change in GST registrations for businesses doubled from longer term trends during the 2020 to 2022 period. Some of this was due to lower business exits during the COVID impacted years due to strong government support and debt/bankruptcy policy leniency. As policies reverted to normal, exits began to rise in 2021/22.

The increase in new businesses in Kiama has been led by Professional Services albeit most growth being in non-employing businesses. The Accommodation and Food Services industry saw the largest growth in larger businesses (more than 20 employees). The region has seen a net loss of Transport and Manufacturing businesses.

Business entries and exits - Kiama

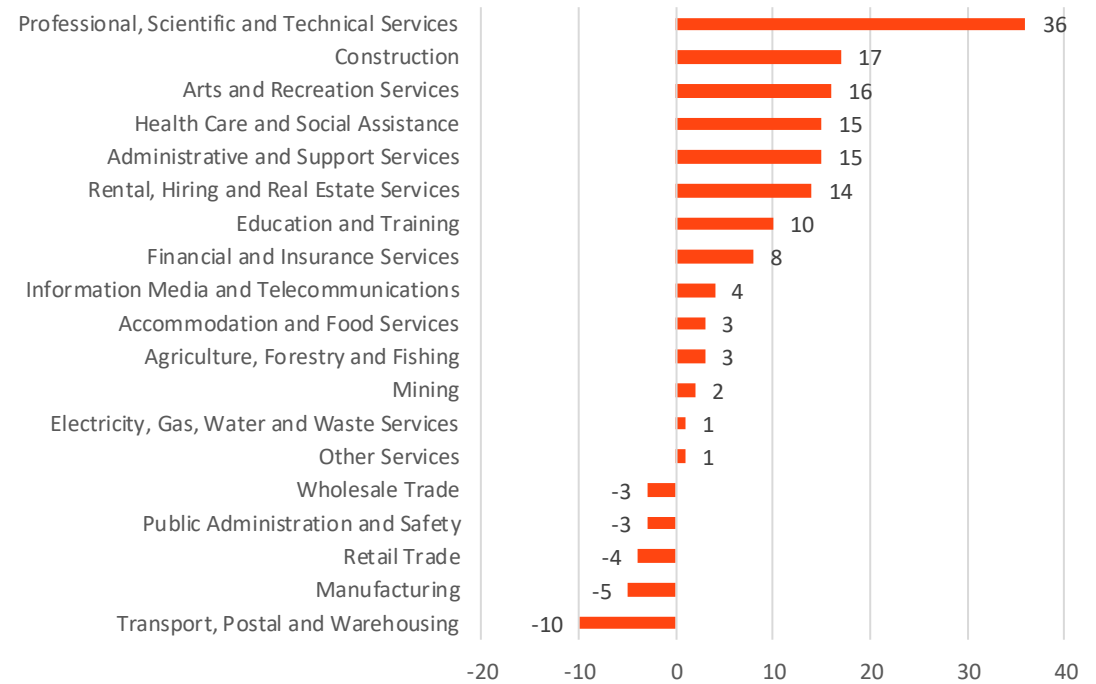
4 Quarter Rolling Average



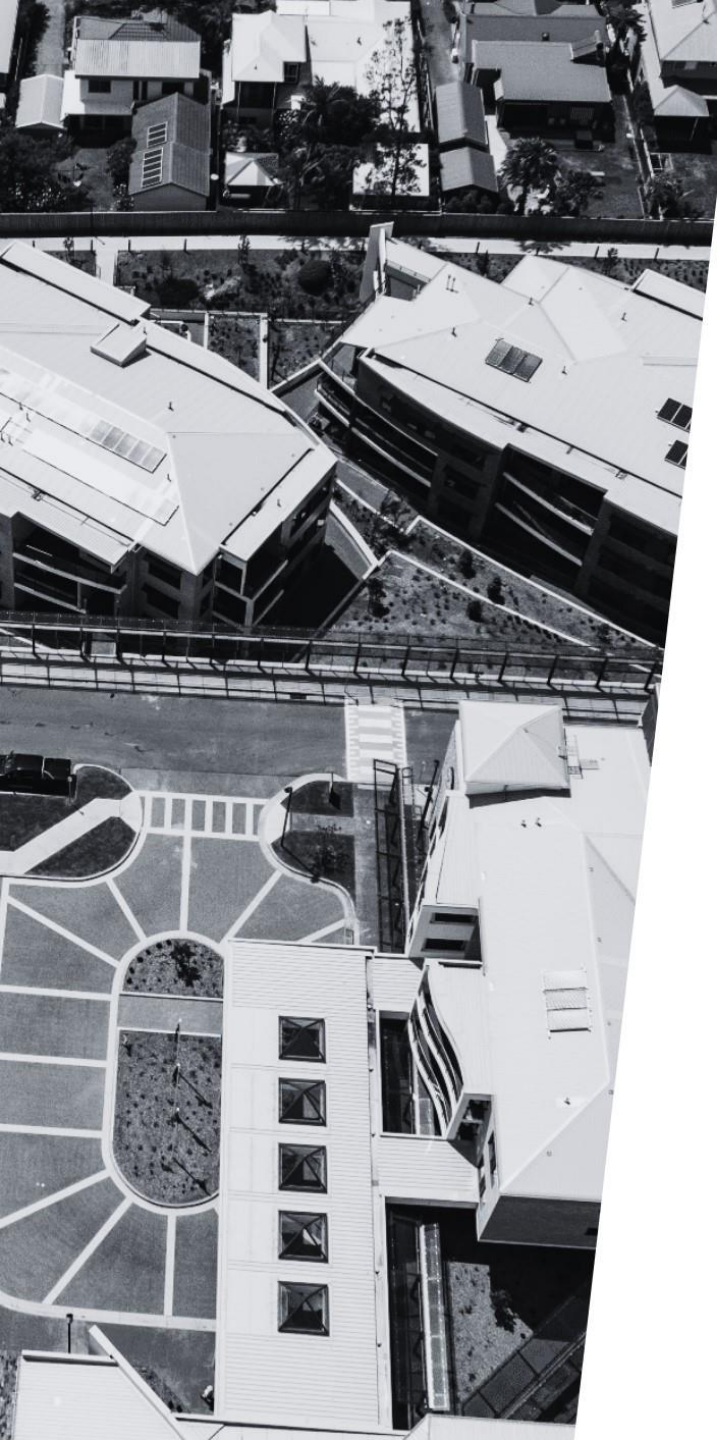
Source: Australian Business Register, 2022

Net change in GST registered businesses - Kiama

From Jun-2021 to Jun-2023



Source: ABS Business Entries and Exits, 2023



03

What is driving recent conditions

Growth in employment capacity was the main driver of economic growth over the past five years, productivity declined likely due to a change in employment mix

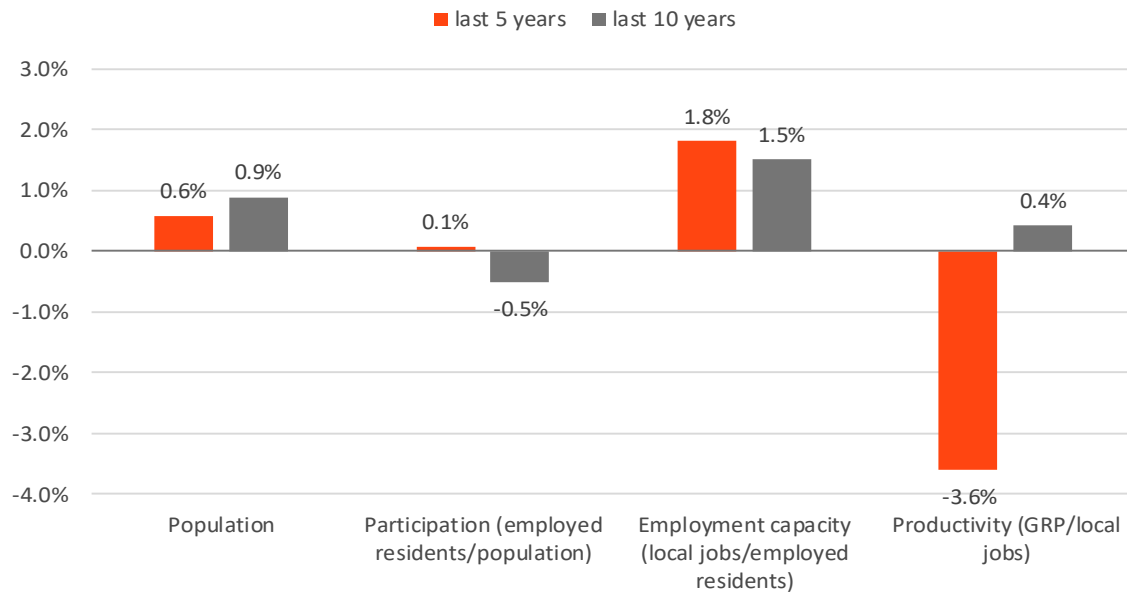
The main driver of economic growth between 2017 and 2022 was growth in employment capacity which means jobs were growing faster than growth in residential employment. Population growth was the second largest contributor. Productivity growth was the second largest contributor.

Productivity actually declined, likely due to jobs growth in less market productive areas (e.g. health and education).

Compared to the Regional NSW average, Kiama had a much lower growth contribution from participation. This is likely due to the age profile of the resident base.

Components of growth - Kiama

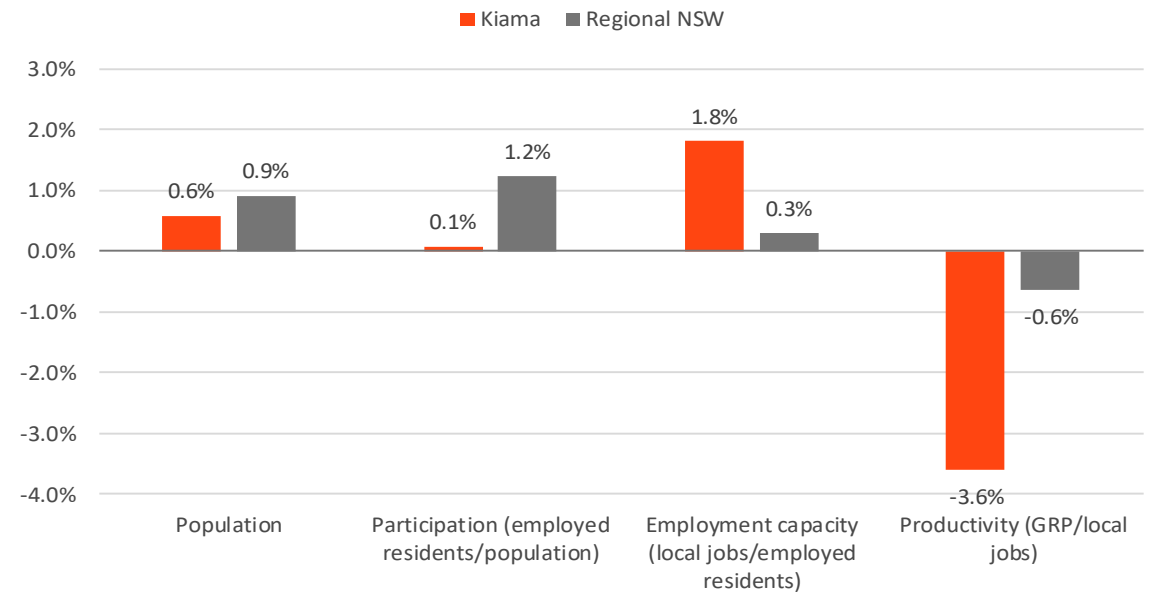
Annual average growth %



Source: NIEIR, 2023

Components of growth - Kiama, last 5 years

Annual average growth %



Source: NIEIR, 2023

Population growth has declined substantially in recent years driven by falls in domestic migration

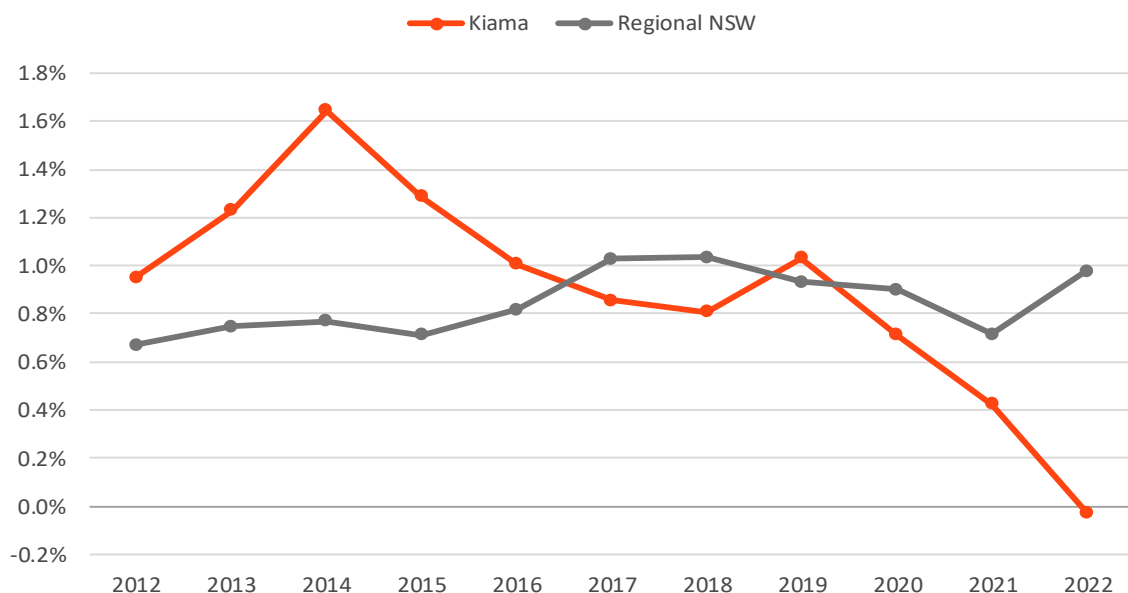
The population estimate for Kiama as of the 30th June 2022 was 22,964. Since 2017, the population has grown by an average of only 0.6% per year. Population growth in Regional NSW was faster over the same period at 0.9% per year. In fact, in 2021/22 the population of Kiama was estimated to have declined slightly.

Over the period from 2017 to 2022, net internal migration was likely the biggest contributor to population growth (the ABS has not revised previously released component estimates), but prior to COVID, international migration was also an important component.

Interestingly in 2022, the ABS estimated international migration to have returned, but internal migration to have been a net negative.

Recent population growth - Kiama

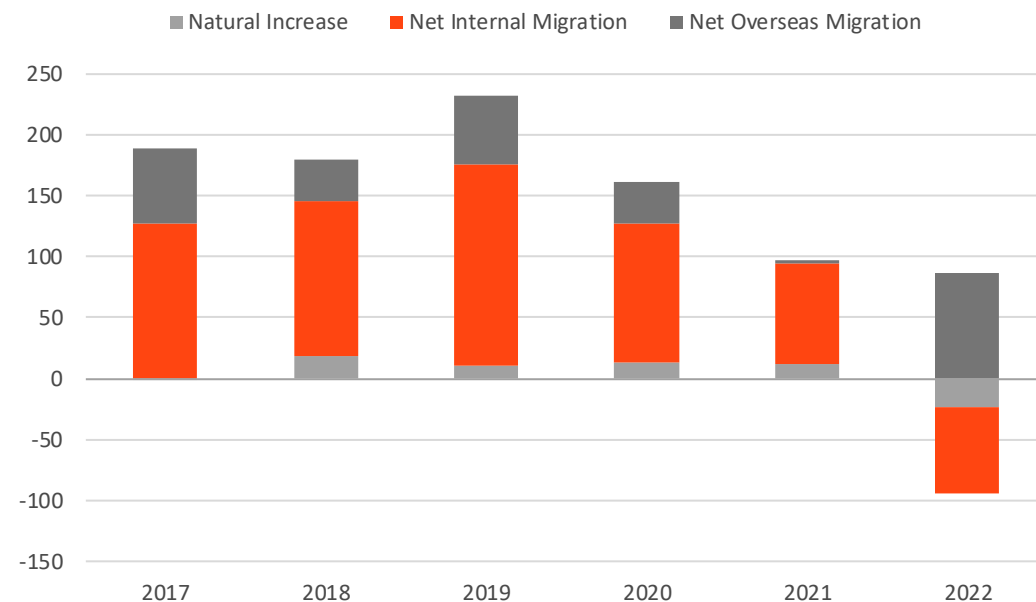
Annual Change in ERP %



Source: ABS, 2021, Cat: 3218.0 - Regional Population Growth, Australia, 2020-21

Population growth components 2022 - Kiama*

Change in component of population, persons



Source: ABS, 2022, Cat: 3218.0 - Regional Population Growth, Australia

*Pre 2021/22 population change components have not been revised by the ABS to match newly revised estimates of resident population so we have applied previous components assumptions to new ERP numbers

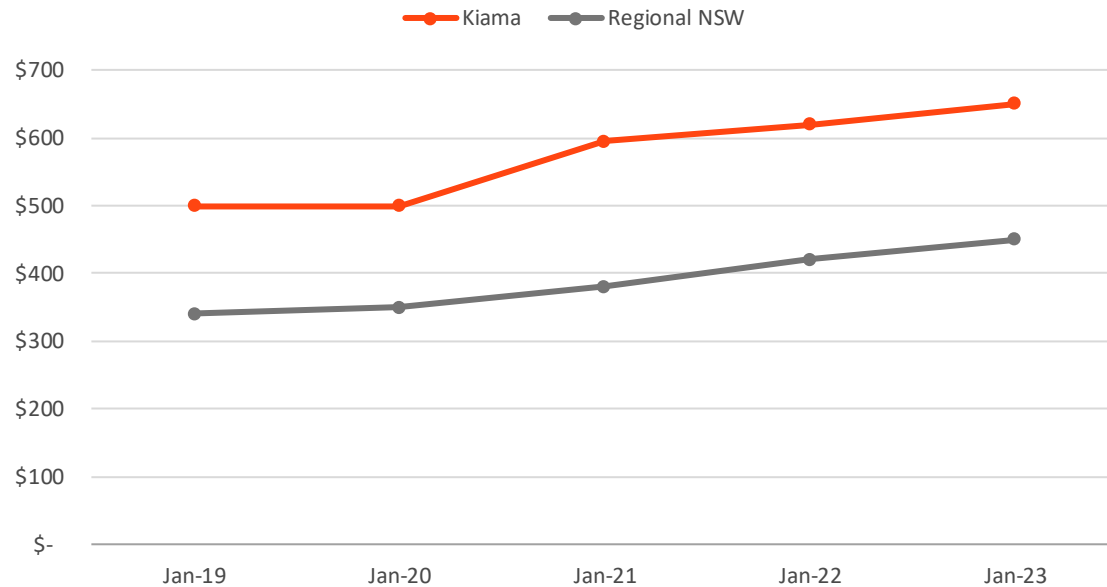
Population growth has been impacted by substantial increases in the cost of housing

The Municipality of Kiama has median rents and dwelling prices far above the regional NSW average. In 2023, the median weekly rent was \$650 compared to \$450 for all of regional NSW. The median dwelling price of \$1.295M was more than double the regional NSW average of \$610,000. The COVID impacted years of 2020/21 and 2021/22 saw large increases in dwelling costs in most regional locations, however Kiama saw extraordinary rises.

In June 2021, rents had risen by 19% on 2020 (9% for regional NSW) and dwelling prices had risen by 47% (regional NSW – 16%). Costs were driven by a combination of demand and also lack of supply as people were not leaving/moving in the same numbers as before. Residential development growth less than some other areas also elevated prices. The high costs impacted domestic migration levels.

Median Weekly Rents

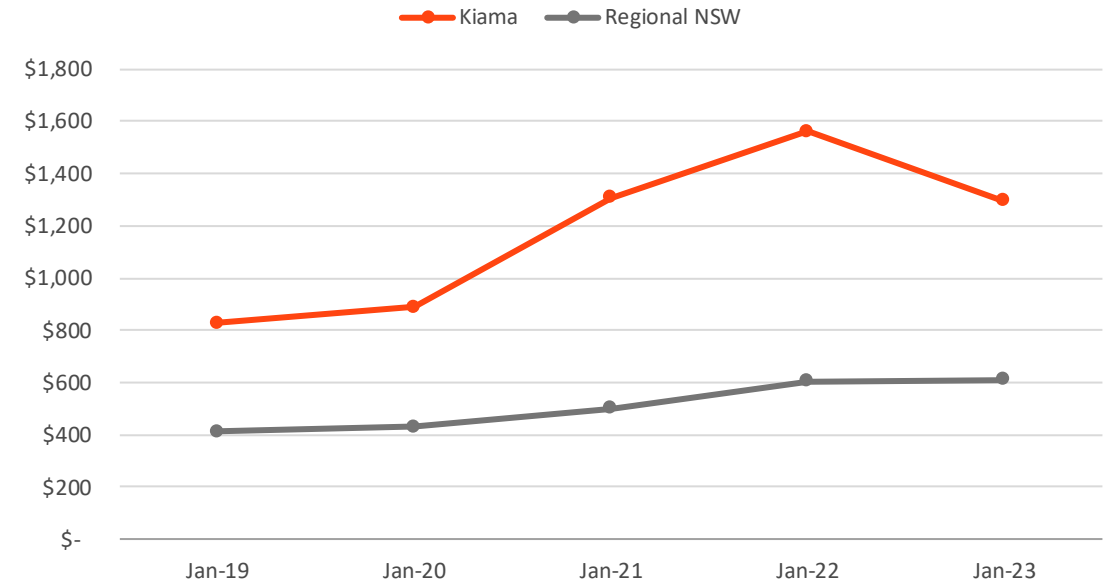
All dwellings



Source: NSW Government, 2023

Median Dwelling Price

All dwellings \$'000



Source: NSW Government, 2023

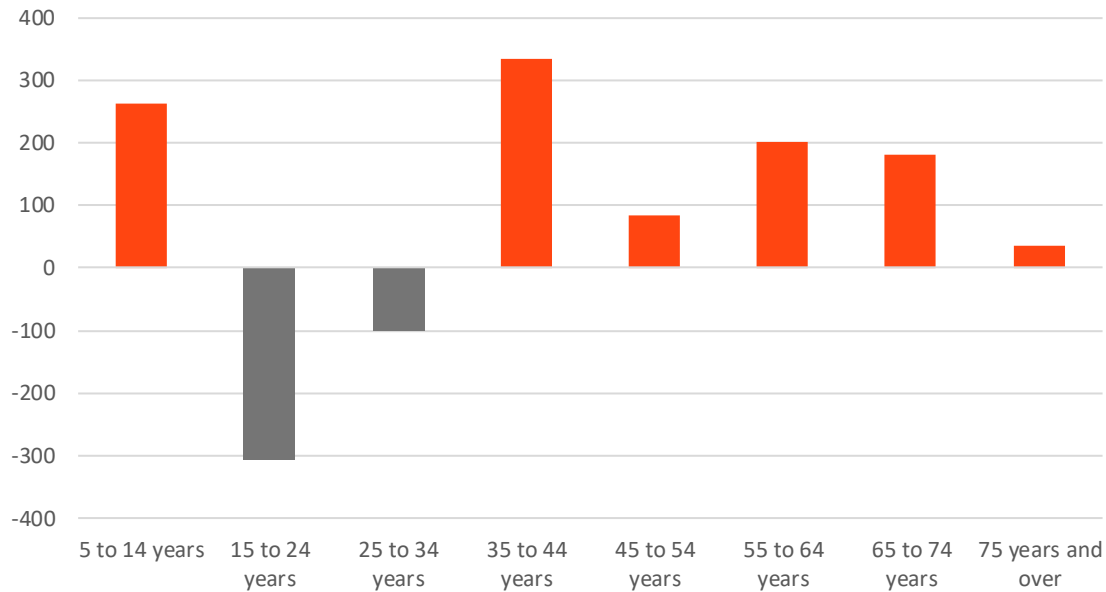
Kiama is attracting working families and pre-retirees from domestic locations; international migration in this age bracket too, but also younger age groups

The main driver of positive domestic net migration to Kiama between the census periods was in working family age groups (35 to 44 years) with their children 5 to 14 years). In contrast, during the period from 2016 to 2021, the cohort experiencing the most significant domestic out-migration was 15 to 24 year olds. In-migration of overseas residents was highest in the 25 to 34 years age group.

The largest growth in the resident base occurred in the 65+ cohort, but this was more linked to ageing in place as the baby boomer generation transitioned into an older age bracket.

Net Migration by Age, 2016 to 2021

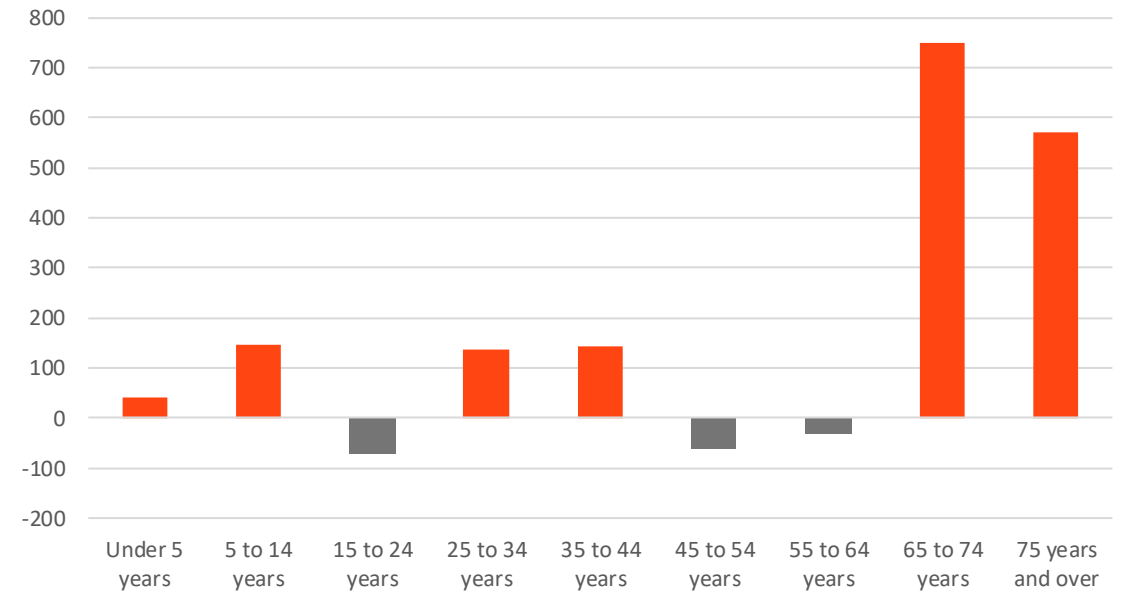
Net of inward minus outward migration in Kiama



Source: ABS Census of Population and Housing, 2021

Population Change by Age, 2016 to 2021

Stated residents in 2021 vs 2016



Source: ABS Census of Population and Housing, 2021

Kiama has more employed residents than local jobs/workers, however this has improved across the decade with more residents able to find jobs locally

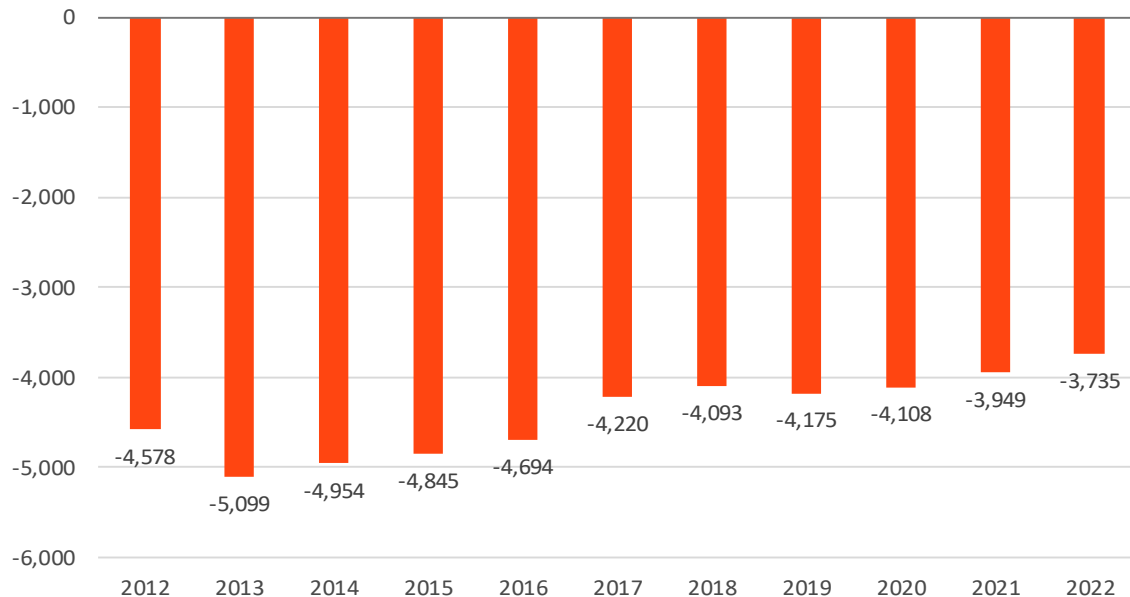
In 2022, there were 3,735 fewer jobs than employed residents. This may suggest the region is not generating enough jobs to support its residence base, or neighbouring regions provide better opportunities.

However, this difference between jobs and residents has shrunk by 843 over the last ten years.

The share of residents working locally increased marginally between 2016 and 2021 from 35.8% to 36.8%. However, almost two out of three still work outside the LGA.

Employment capacity - Kiama

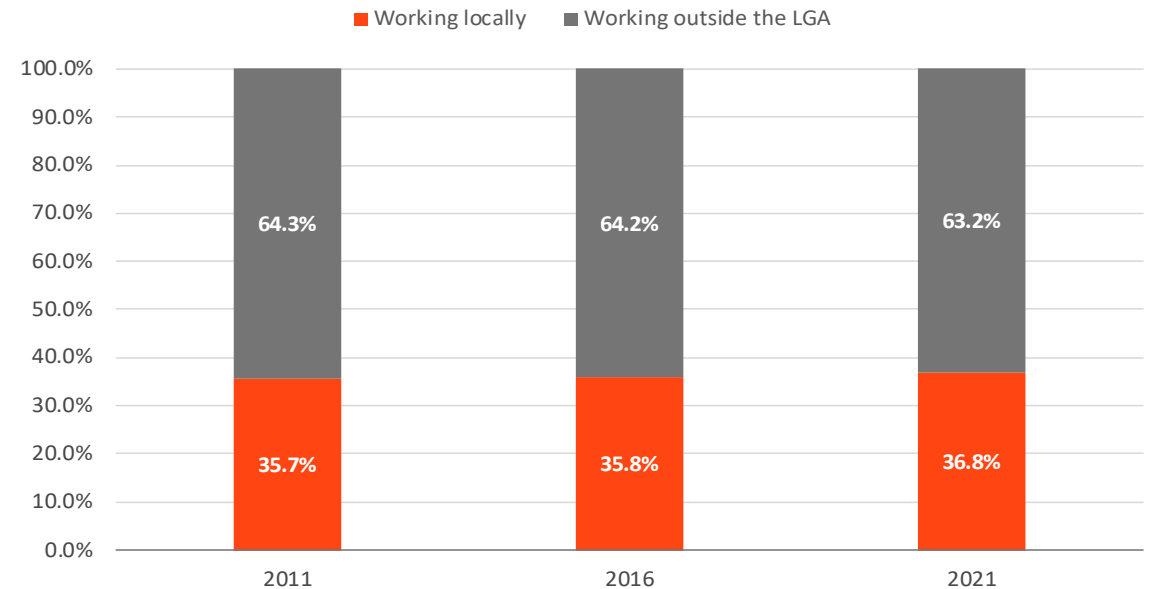
Difference between local jobs and employed residents



Source: NIEIR, 2023

Employment self containment - Kiama

Share of residents working locally



Source: ABS Census of Population and Housing, 2011, 2016 and 2021

Gap between employed resident numbers and local jobs is largely in public sector areas (health, public admin and education)

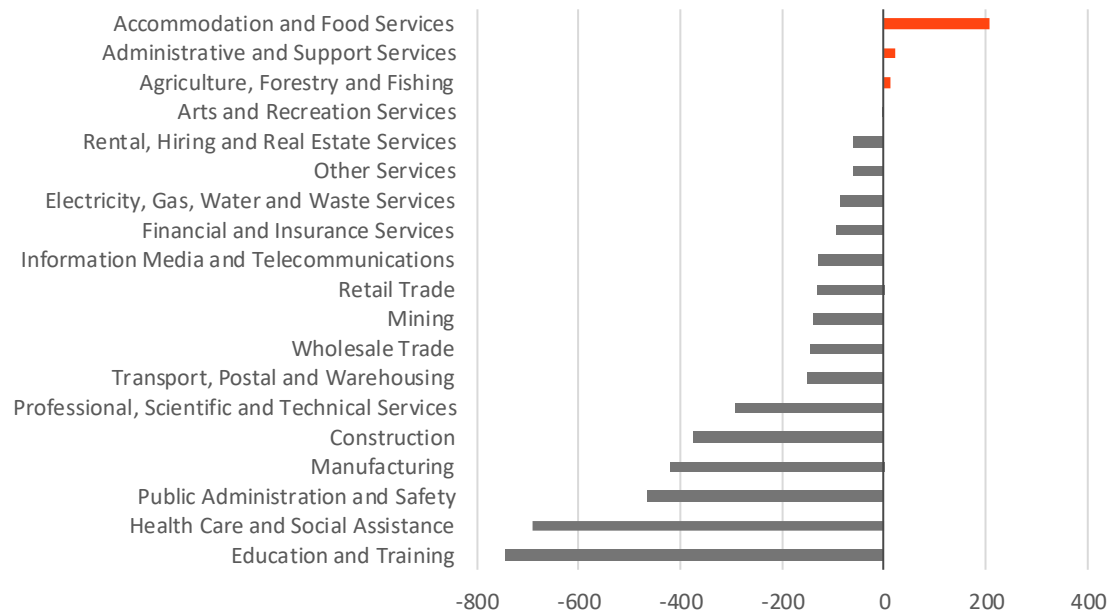
Kiama has a strong surplus of jobs in Accommodation and Food Services industry employment. In contrast, Kiama has far more employed residents than local jobs/workers in Education and Training, Health Care and Social Assistance and Public Administration and Safety industries.

The top destinations for residents working outside the LGA were naturally the nearby areas of Wollongong, Shoalhaven and Shellharbour. Just over 3% commute, or work remotely, to offices in inner city each day.

*Many people working in construction services do not state a fixed place of work.

Job deficit by industry - Kiama, 2021/22

persons



Source: NIEIR, 2023

Journey to work patterns - Kiama, 2021

% of total

Where residents work	Where workers live
Kiama (37.2%)	Kiama (59.0%)
Wollongong (19.3%)	Shellharbour (18.9%)
Shoalhaven (12.9%)	Wollongong (12.0%)
Shellharbour (12.6%)	Shoalhaven (6.4%)
No Fixed Address (NSW) (5.4%)	Wingecarribee (0.6%)
Sydney (3.2%)	Sutherland (0.5%)
Wingecarribee (1.2%)	Campbelltown (NSW) (0.3%)
Sutherland (0.8%)	Randwick (0.2%)
Wollondilly (0.6%)	Inner West (0.2%)
Parramatta (0.6%)	Liverpool (0.2%)

Source: ABS Census of Population and Housing, 2021

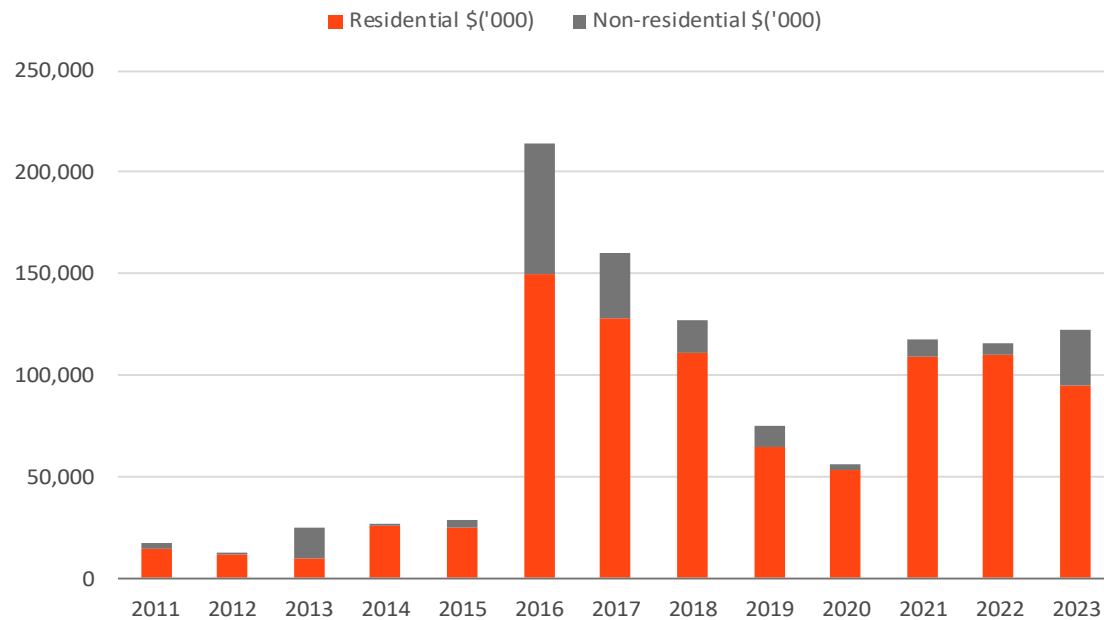
Building approvals were very high between 2016 and 2018 before tailing off; recent years have been stronger but mostly in residential development

The average annual value of non-residential building approvals between 2017 and 2022 (\$8.5M) was below the decade average (\$16M). Over the period 2017 to 2022, the total value of residential building approvals (\$449M) has far outweighed total non-residential building approvals (\$43M).

The leading driver of non-residential building approvals value in the last 5 financial years to 2022 has been Retail and wholesale trade buildings, followed by Entertainment and recreation buildings and Aged care facilities.

Building approvals - Kiama

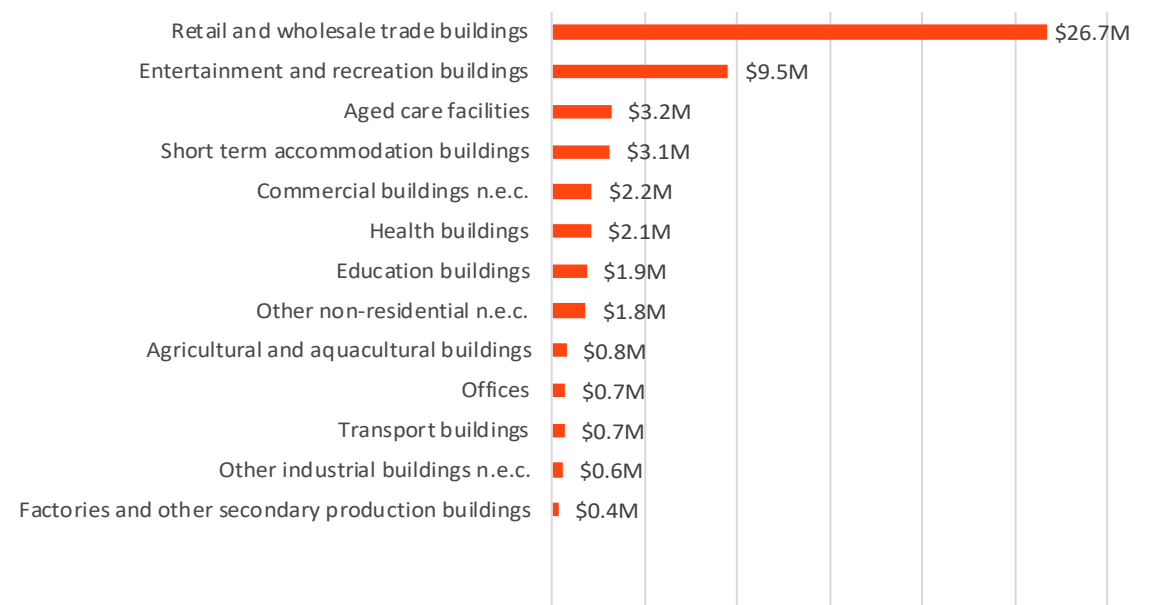
Annual value approved



Source: ABS, Cat: 8731.0 - Building Approvals, Australia

Non-residential approvals - Kiama, last 5 years

Annual value approved by type, 5 years to June 2023



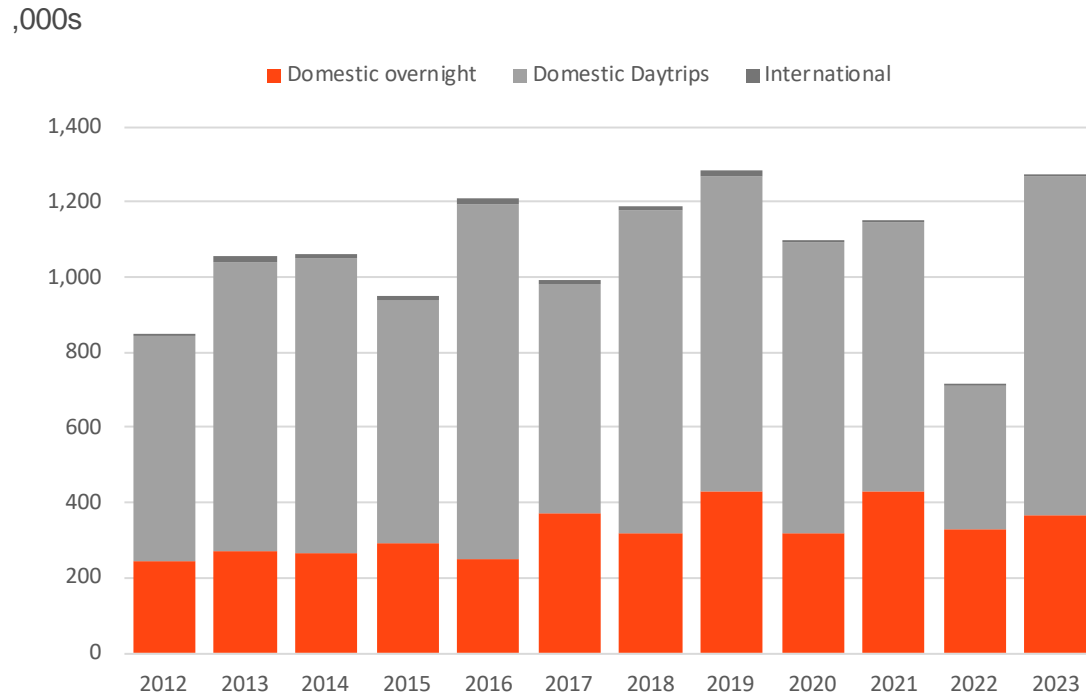
Source: ABS, Cat: 8731.0 - Building Approvals, Australia

Tourism visitation was disrupted by COVID-19 especially daytrips during Sydney/Wollongong lockdowns

Kiama's tourism visitation is largely driven by domestic day and overnight trips. The total visits fell 2021/22 largely due to an estimated fall in daytrips. This was likely due to COVID-19 induced lockdowns in the Greater Sydney and Wollongong area whose residents support a large share of daytrip visitation to the region. In 2023, daytrip visitation bounced back to historical levels.

Kiama's tourism visitation fared worse than Regional NSW following the outbreak of COVID-19. Between 2019 and 2022, visitor trips within Kiama decreased by 44.1%, while visitor trips in Regional NSW decreased by 34.5%.

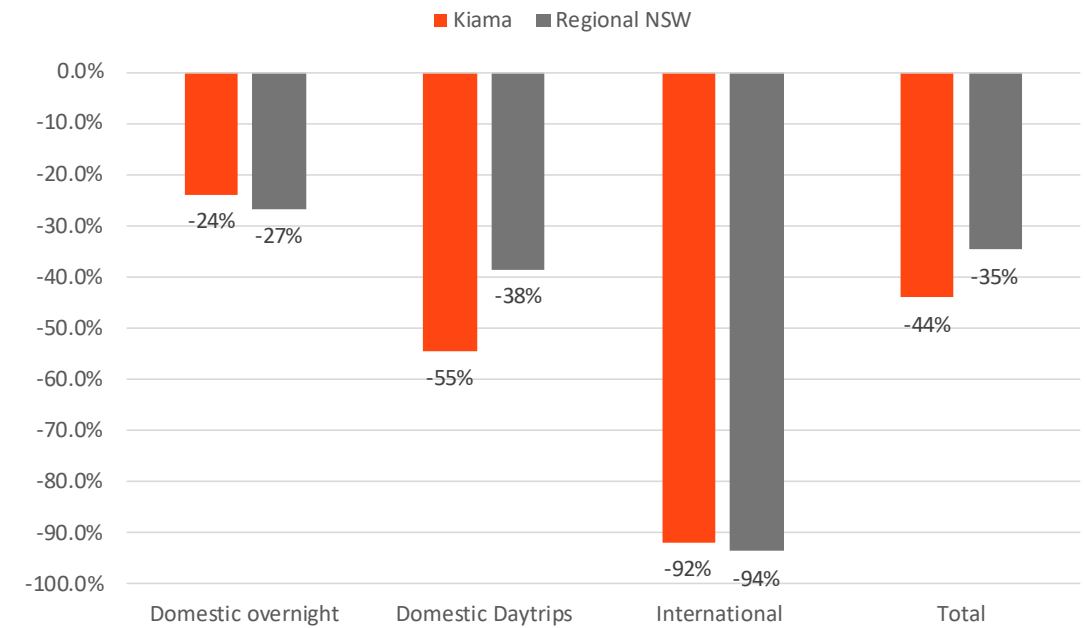
Tourism visitors - Kiama



Source: Tourism Research Australia, 2023

Change in Visitors by Type - Kiama

% change 2019 - 2022



Source: Tourism Research Australia, 2022



04

**Which industries
are competitive?**

Construction supports 17% jobs in Kiama; Accommodation and Food is also a large employer but is less productive; Professional services is important for its productive value

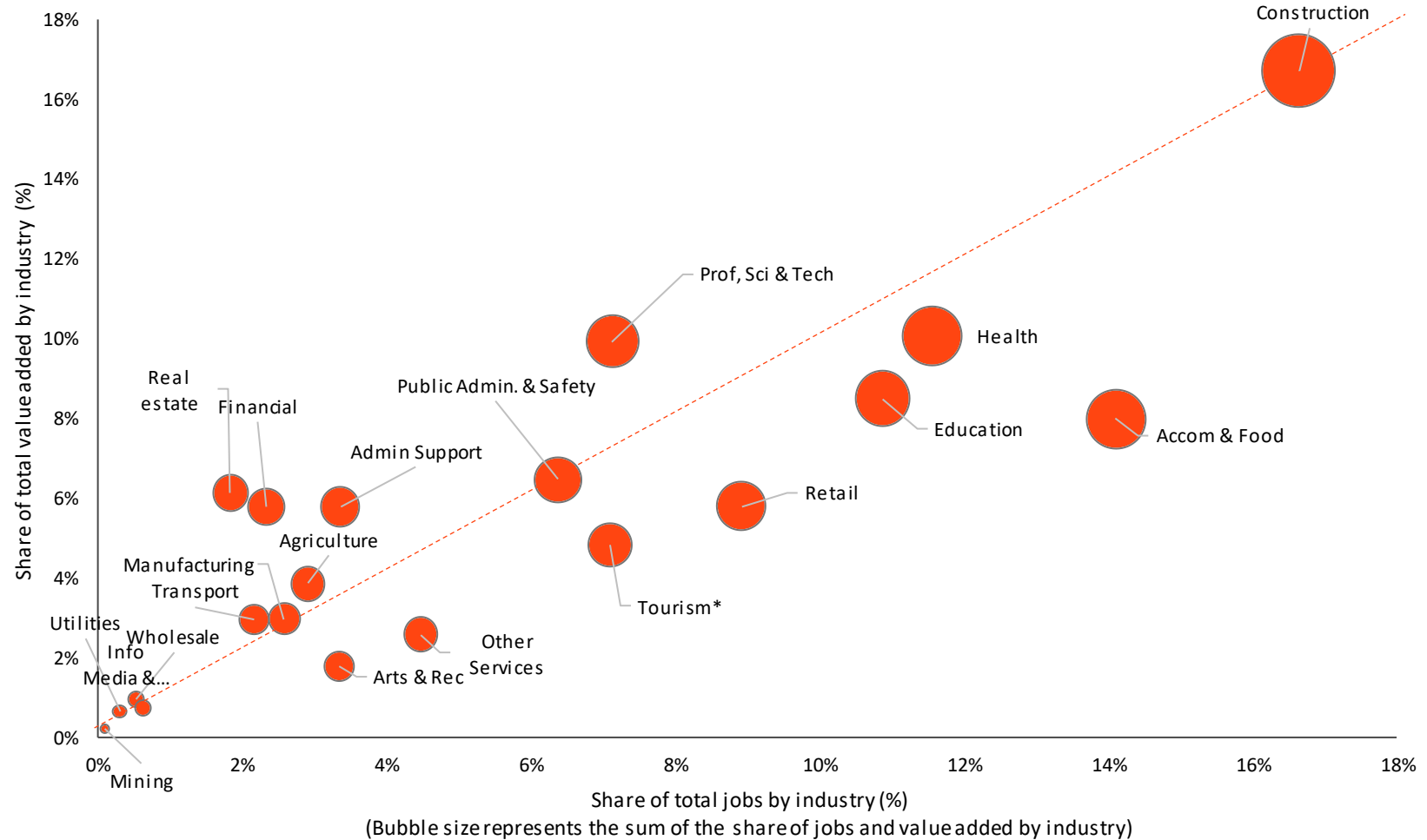
Kiama's economy has a large share of local jobs and value added generated by Construction, Accommodation and Food Services and Health Care and Social Assistance industries. Combined, these industries supported 42% of jobs and generated 37% of economic value in 2022.

Construction was the largest employer, supporting 1,221 jobs or 17% of total jobs in 2021/22. Accommodation and Food Services was the second largest employer (1,034 jobs or 14% of total jobs), followed by Health Care and Social Assistance (847 jobs, 12%).

In terms of value added, Construction generated the largest economic value of \$114 million or 17% of total value added in Kiama. Health Care and Social Assistance generated the second largest economic value of \$68 million or 10% of the total value added, followed by Professional, Scientific and Technical Services (\$67 million, 10%).

Industry share of local jobs and value added - Kiama

% of total, 2022



Source: NIEIR, 2023 | * Includes activities from other industries. Refer to page 4 for details

Kiama has developed specialisations over time in a diversified mix of areas including in hospitality, arts and recreation, construction, and professional services; Manufacturing is under-represented

Kiama has a major comparative advantage in Arts and Recreation Services, Accommodation and Food Services, Tourism*, Professional, Scientific and Technical Services, Construction. Compared to many regional locations, Manufacturing is substantially under-represented supporting less than half the normal employment (43%). This is most likely due to limited industrial land in the LGA.

Level of specialisation - Kiama

Compared to Regional NSW (in LQ** terms)

	Jobs	Value Added \$m
Arts and Recreation Services	2.45	3.24
Accommodation and Food Services	1.82	2.31
Tourism*	1.72	2.18
Professional, Scientific and Technical Services	1.51	1.88
Construction	1.47	1.63
Rental, Hiring and Real Estate Services	1.37	1.80
Financial and Insurance Services	1.28	1.54
Education and Training	1.20	1.13
Other Services	1.06	1.24
Administrative and Support Services	1.05	1.32
Public Administration and Safety	0.98	0.93
Retail Trade	0.93	1.03
Health Care and Social Assistance	0.69	0.82
Transport, Postal and Warehousing	0.56	0.61
Agriculture, Forestry and Fishing	0.53	0.47
Manufacturing	0.43	0.44

Source: NIEIR, 2023 | * Includes activities from other industries. Refer to page 4 for details

At a detailed industry level, industries with the highest specialisations include: Business service areas like Computer System Design and Related Services and Finance; Accommodation & Food Services; Building Construction; and Creative Arts and recreation (likely due to Jamberoo Action Park)

Specialisation by detailed industry - Kiama

Compared to Regional NSW (in LQ terms)

Industry	% of jobs	% of regional NSW	Specialisation
Computer System Design and Related Services	1.8%	0.6%	2.95
Auxiliary Finance and Insurance Services	1.5%	0.5%	2.90
Accommodation	3.8%	1.5%	2.46
Building Construction	4.2%	1.9%	2.17
Creative and Performing Arts Activities	0.5%	0.2%	2.10
Food and Beverage Services	13.2%	7.0%	1.87
Adult, Community and Other Education	1.2%	0.7%	1.72
Sports and Recreation Activities	1.3%	0.7%	1.72
Property Operators and Real Estate Services	1.8%	1.1%	1.65
Public Administration	6.6%	4.4%	1.50
Personal and Other Services	2.9%	2.0%	1.44
Professional, Scientific and Technical Services (except architecture)	5.8%	4.1%	1.43
Construction Services	7.0%	5.0%	1.40
Food Retailing	5.2%	3.9%	1.34
Medical and Other Health Care Services	5.8%	4.4%	1.30

Source: ABS Census 2021

** Specialisations in terms of Location Quotient (LQ). LQ is a simple way of seeing which are the main industries in an area, relative to the wider region. For example, an LQ of 1.2 means the share of industry jobs in the region is 1.2 times more than that industry job's share in the wider region.

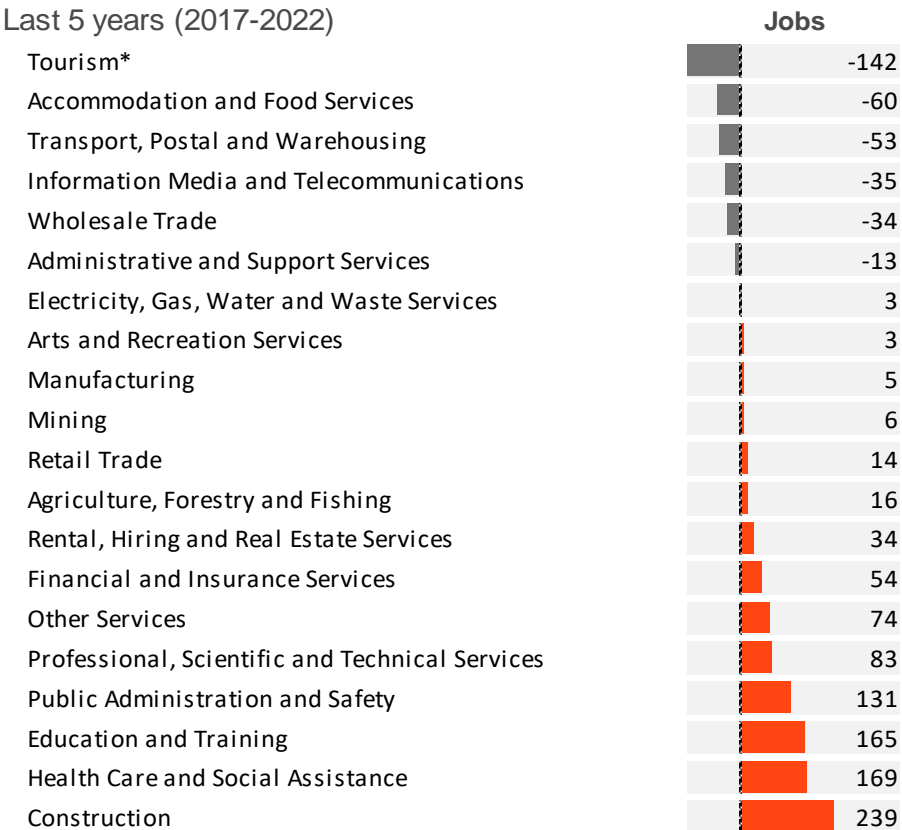
Kiama's recent growth has been led by a mix of blue collar (construction), public service (health care, education) and white collar jobs (professional services, finance)

The main drivers of job growth between 2017 and 2022 were Construction, Health Care and Social Assistance, Education and Training, Public Administration and Safety, Other Services, Financial and Insurance Services.

The main detractors of job growth between 2017 and 2022 were tourism and transport, however these were impacted by the lockdowns in late 2021 which would have influenced employment in the 2021/22 financial year.

Industry performance - Kiama

Last 5 years (2017-2022)



Source: NIEIR, 2023 | * Includes activities from other industries

The good news

- High building approvals in Kiama and neighbouring shires is driving growth in **Construction** jobs.
- An ageing population and new facilities has supported growth in **health and social assistance**.
- Growth in young families is supporting **new jobs at schools** and some local training facilities have also expanded.
- **Local government employment** has grown substantially in recent years.
- Flexible work policies and better communication technology is allowing expansion of jobs in **professional services and finance** (64% of Professional Services and 58% of Financial Services workers worked from home on Census day. This was likely elevated by COVID restrictions but was still above the regional NSW average).

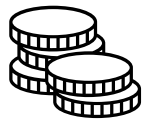
The challenge

- **Accommodation** demand was impacted by COVID-19 restrictions in 2021 and was still in the process of recovery in 2022.
- **Road transport** job and business losses have occurred in recent years especially in freight. The industry was also impacted by COVID restrictions affecting passenger movements.
- Construction demand has not helped support Manufacturing, other neighbouring areas may be filling this role.

Construction Industry in Kiama

Construction is one of the largest employing industries in Kiama and has experienced strong recent growth. It is also a competitive advantage supporting above regional NSW average value and employment in 2022. There is above regional NSW average employment in management and office roles; bricklayers and carpenters; and horticulture/garden workers.

Headline Indicators, 2021/22



\$113.6M

Value Added
16.7% of Total



1,221

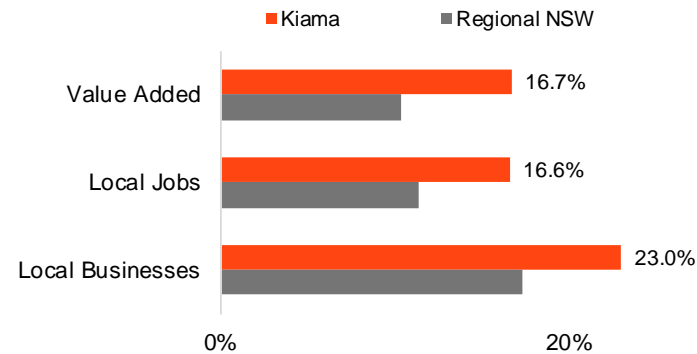
Local Workers
16.6% of Total



488

Registered Businesses
23.0% of Total

% Share of Economy



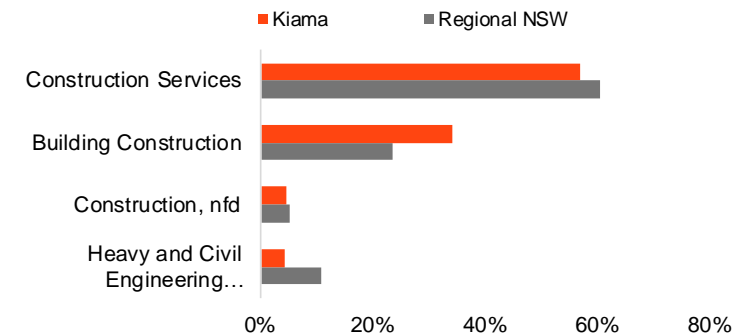
Source: NIEIR, 2023 & ABS, 2023

Specialised Occupations

Occupations with above regional NSW average share

- Construction, Distribution and Production Managers
- Bricklayers, and Carpenters and Joiners
- Office and Practice Managers
- Horticultural Trades Workers
- Farm, Forestry and Garden Workers

% Share of Industry Employment

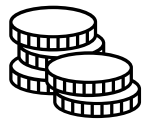


Source: ABS, 2021

Health Care and Social Assistance Industry in Kiama

Health Care and Social Assistance Services is one of the largest generators of employment in Kiama and has experienced strong recent growth. It is not a competitive advantage compared to the regional NSW averages in 2022, however, it is growing strongly. There is above regional NSW average employment in personal care, child care, and therapy areas.

Headline Indicators, 2021/22



\$68.4M

Value Added
10.1% of Total



847

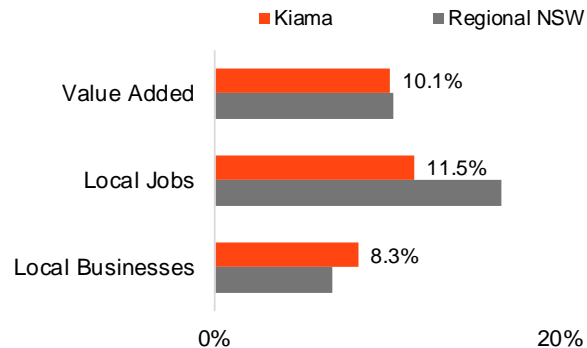
Local Workers
11.5% of Total



176

Registered Businesses
8.3% of Total

% Share of Economy



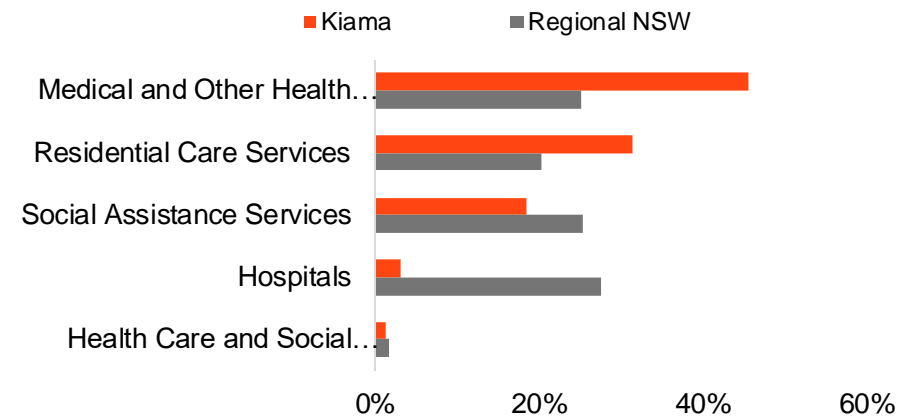
Source: NIEIR, 2023 & ABS, 2023

Specialised Occupations

Occupations with above regional NSW average share

- Health Therapy Professionals
- Personal Carers and Assistants
- Child Carers
- Receptionists
- Office and Practice Managers

% Share of Industry Employment



Source: NIEIR, 2023 & ABS, 2023

Professional, Scientific and Technical Services Industry in Kiama

Professional Services is one of the largest generators of value in Kiama and has experienced strong recent growth. It is also a competitive advantage supporting above regional NSW average value and employment in 2022. There is above regional NSW average employment in ICT and Programmer areas.

Headline Indicators, 2021/22



\$67.5M

Value Added
9.9% of Total



522

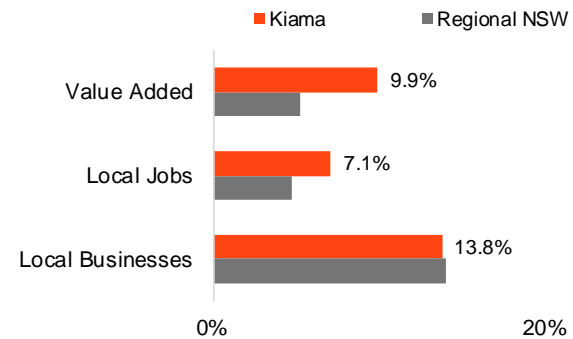
Local Workers
7.1% of Total



292

Registered Businesses
13.8% of Total

% Share of Economy



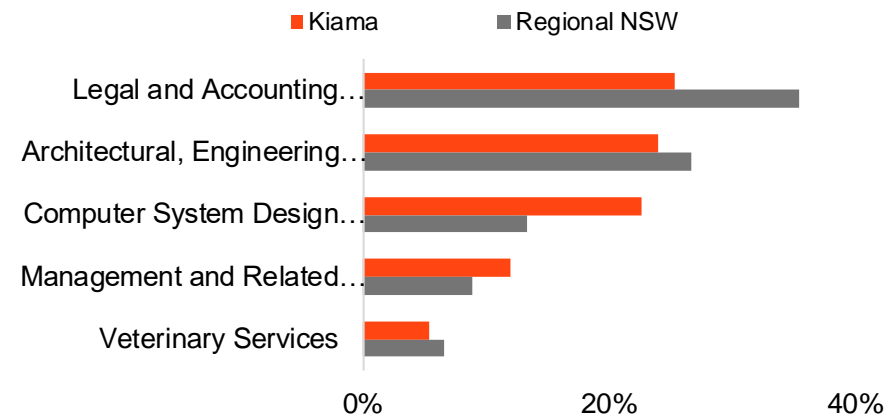
Source: NIEIR, 2023 & ABS, 2023

Specialised Occupations

Occupations with above regional NSW average share

- ICT Managers
- Business and Systems Analysts, and Programmers
- Information and Organisation Professionals
- Architects, Designers, Planners and Surveyors

% Share of Industry Employment

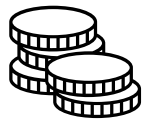


Source: NIEIR, 2023 & ABS, 2023

Financial and Insurance Services Industry in Kiama

Financial Services is a large generator of value in Kiama and has experienced strong growth in recent years with the expansion of some businesses like Padua Financial Group. It is also a competitive advantage supporting above regional NSW average value in 2022. There is above regional NSW average employment in ICT and Investment Advisor areas suggesting a Fintech specialisation.

Headline Indicators, 2021/22



\$39.4M

Value Added
5.8% of Total



171

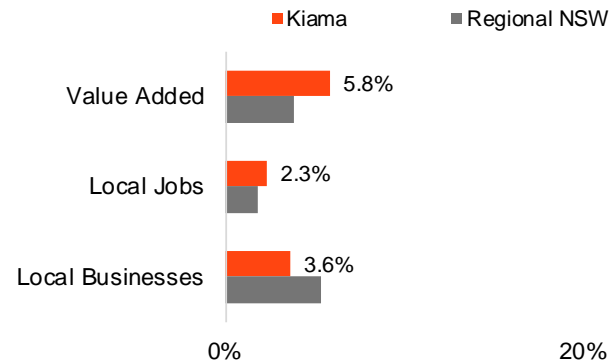
Local Workers
2.3% of Total



76

Registered Businesses
3.6% of Total

% Share of Economy



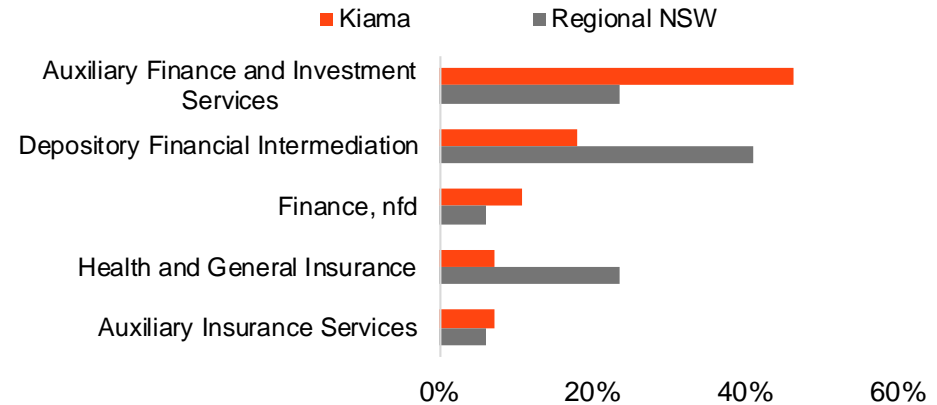
Source: NIEIR, 2023 & ABS, 2023

Specialised Occupations

Occupations with above regional NSW average share

- Miscellaneous Hospitality, Retail and Service Managers
- ICT Managers
- Financial Brokers and Dealers, and Investment Advisers
- Information and Organisation Professionals
- General Clerks

% Share of Industry Employment



Source: ABS, 2021

Accommodation and Food Industry in Kiama

Accommodation and Food Services is one of the largest employers in Kiama and prior to COVID was experienced strong growth. It is also a competitive advantage supporting above regional NSW average value and jobs in 2022. There is above regional NSW average employment in food and hospitality areas. In 2022, it was estimated that 87% of value added in the Accommodation industry in Kiama was directly related to tourism (non-local expenditure) and 19% of value added in the Food and Beverage Services industry (cafes, restaurants, clubs, pubs etc).

Headline Indicators, 2021/22



\$54.3M

Value Added
8.0% of Total



1,034

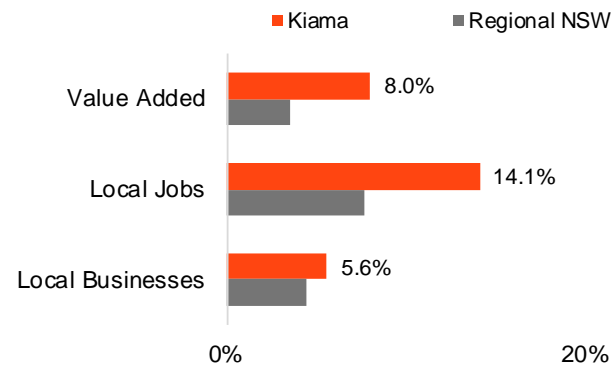
Local Workers
14.1% of Total



118

Registered Businesses
15.6% of Total

% Share of Economy



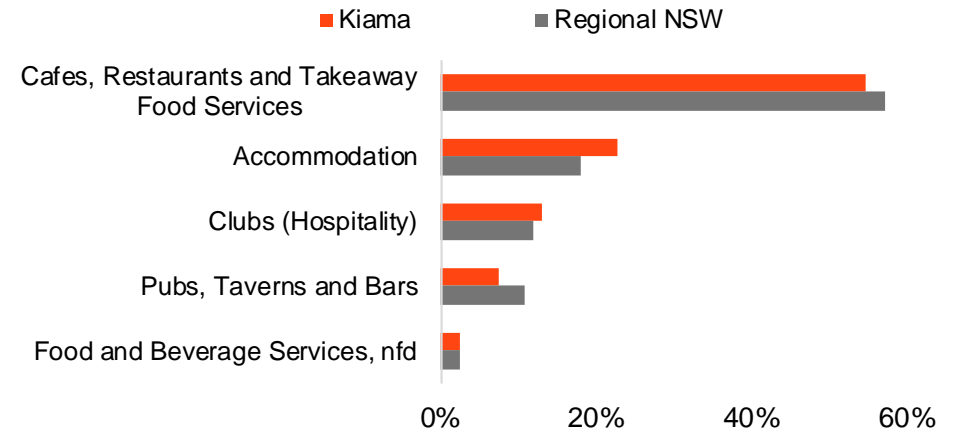
Source: NIEIR, 2023 & ABS, 2023

Specialised Occupations

Occupations with above regional NSW average share

- Chief Executives, General Managers and Legislators
- Food Trades Workers
- Hospitality Workers
- Receptionists

% Share of Industry Employment



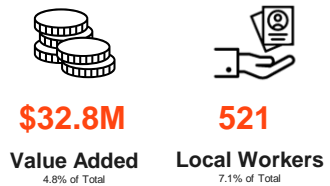
Source: ABS, 2021

Tourism Sector in Kiama

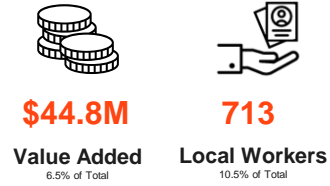
Prior to COVID, the Tourism Sector supported 10.5% of local employment directly and another 6% indirectly. Restrictions placed on domestic movements in 2020 and 2021 impacted the sector greatly. Direct employment in the sector in the two years to 2021/22 was 175 jobs or 26% less than the decade average. 2021 Census analysis reveals large job falls between 2016 and 2021 in Waiters and Travel Consultant occupations. 2022/23 saw a return to more normal visitation levels (see page 26) which suggests sector employment and value estimates will likely have returned to average too.

DIRECT TOURISM CONTRIBUTION

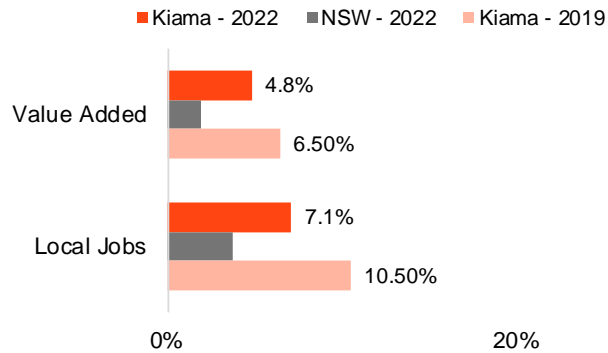
Headline Indicators, 2021/22



Headline Indicators, 2018/19



% Share of Economy



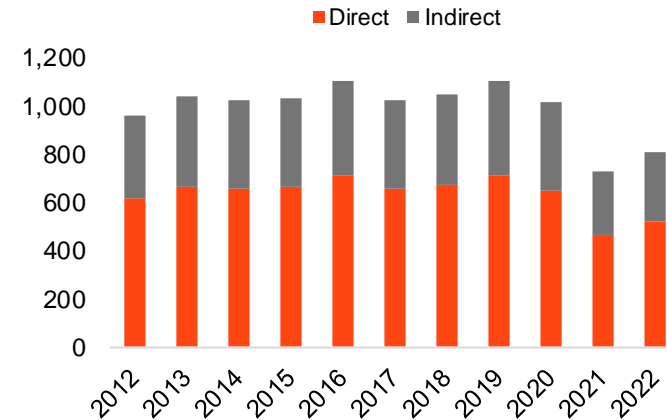
Source: NIEIR, 2023 & ABS, 2023

Specialised Hospitality Occupations

Occupations with above regional NSW average share

- Café Workers
- Waiters
- Baristas
- Conference and Event Organisers
- Hotel/Motel Receptionists

Supported Employment



Source: NIEIR, 2023

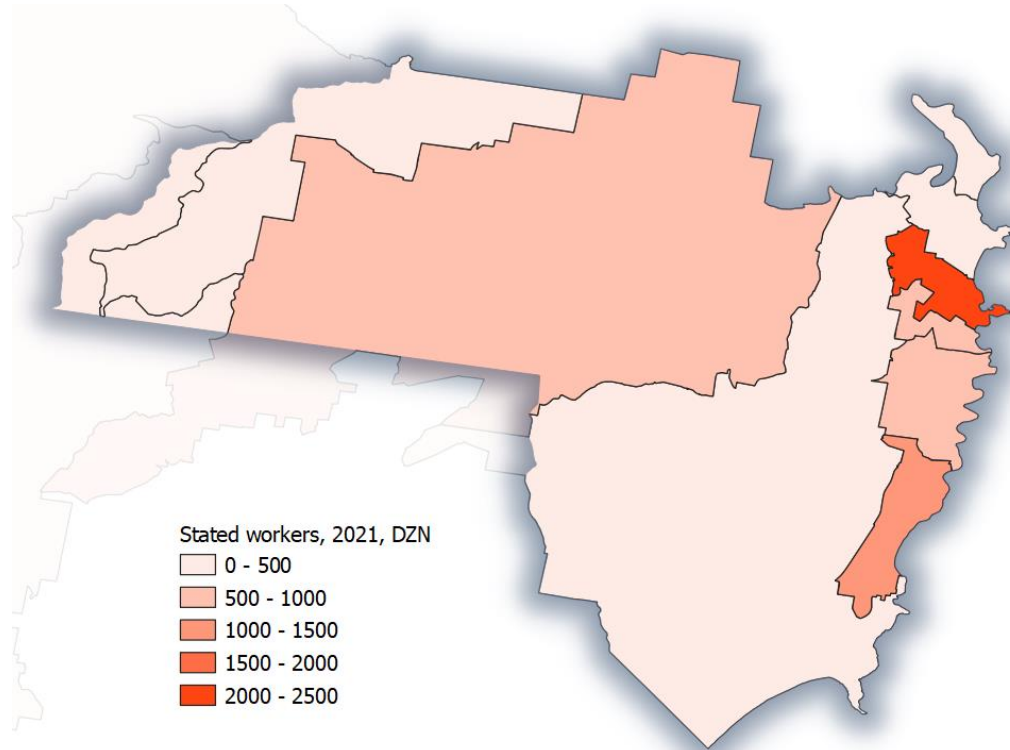


05

**How does the
spatial economy
operate?**

Just over 4,000 people stated they worked in greater Kiama in 2021

Local job numbers by ABS Destination Zones, 2021



Source: ABS, Census of Population and Housing, 2021

The destination zone with the largest number of people stating they work there in 2021 was located in Kiama central (2,250 stated jobs, DZN111387634). The five destination zones within greater Kiama (from Minnamurra to Kiama Heights) had just over 4,000 people state they work there in the 2021 Census, 64% of the total LGA. Due to the census undercounts this is likely closer to 4,500.

Number of local jobs by ABS Destination zones, 2021

Persons, ASGS2016, DZN2021

Approximate Area	Destination Zone	Local Jobs - 2021
Kiama Central	111387634	2,250
Gerringong - Werri beach	111407551	1,309
Kiama South & West	111387633	573
Kiama Heights	111387632	535
Jamberoo & Surrounds	111407552	525
Kiama Hinterland	111407550	410
Minnamurra	111397619	398
Kiama Downs & Bombo	111397618	335
Carrinton Falls & Knights Hill	112887726	72

Source: ABS Census of Population and Housing, 2021

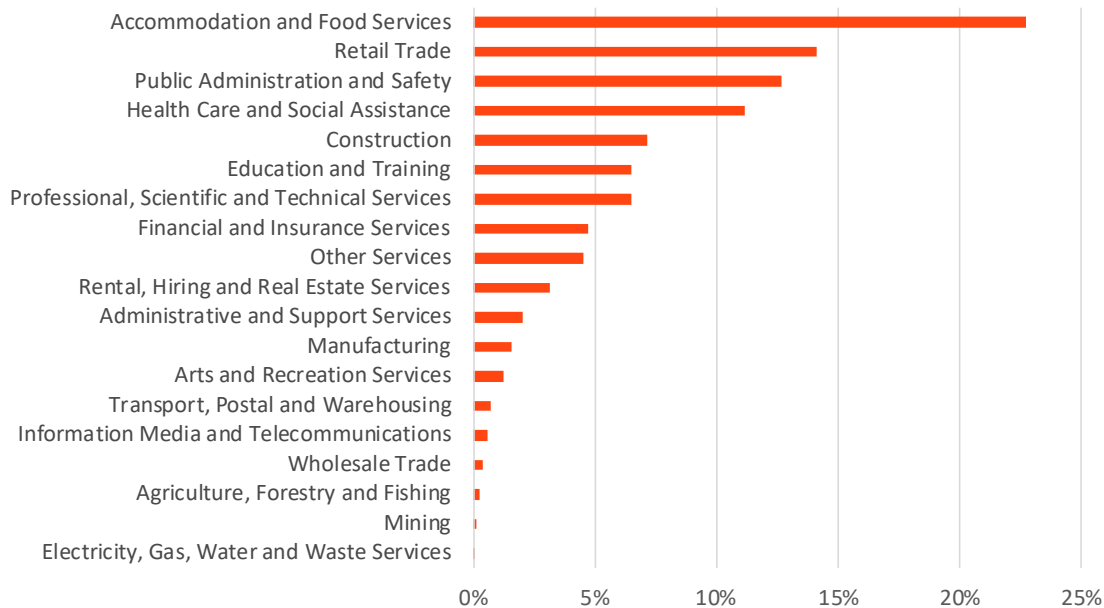
Hospitality and retail top industries in Kiama central, while hospitality and health dominate Gerringong – Werri beach

Kiama central is predominantly a commercial/retail centre. The top three industries in the location are Accommodation and Food Services (498 stated workers), Retail Trade (310 stated workers) and Public Administration and Safety (277 stated workers).

Gerringong - Werri beach is a smaller locality. The top three industries in the location are Accommodation and Food Services (249 stated workers), Health Care and Social Assistance (238 stated workers) and Construction (175 stated workers).

Share of local jobs - Kiama central

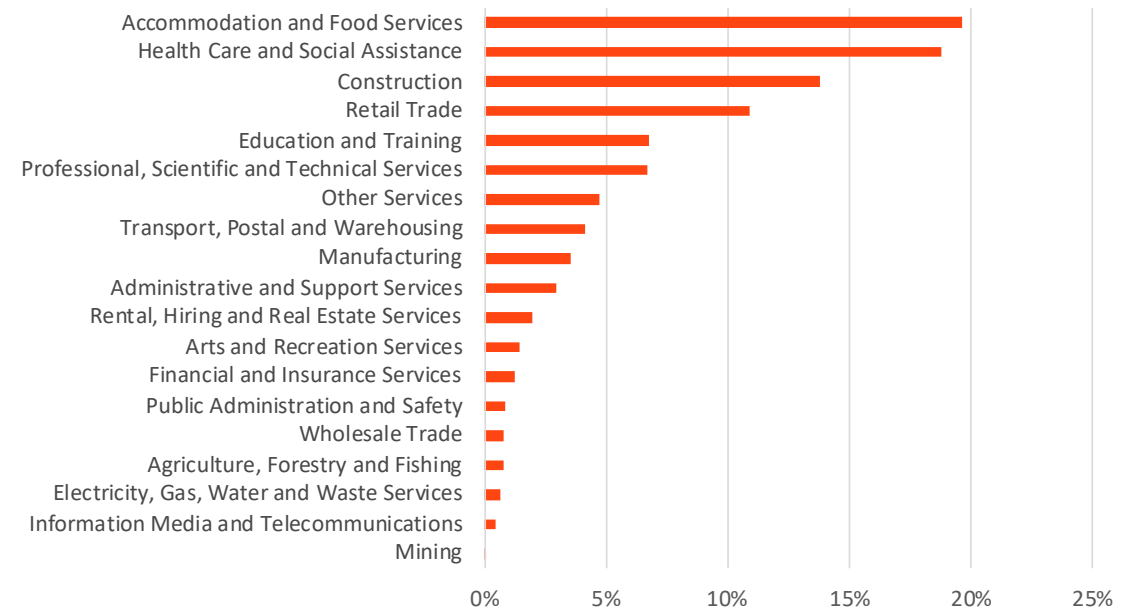
% of total jobs in the location



Source: ABS Census of Population and Housing, 2021

Share of local jobs - Gerringong - Werri beach

% of total jobs in the location



Source: ABS Census of Population and Housing, 2021

*Geography based on ASGS 2016 DZN

Specialisations vary from location to location across the region

Level of specialisation - by select DZNs in Kiama

Compared to Regional NSW (in LQ terms)

Kiama's specialisations in industries are supported by key employment areas (in terms of DZNs). Some areas in Kiama have specialisations in industries that are also specialised in the LGA as a whole. This supports the LGA-wide specialisation in the industries.

The strongest specialisations among the DZNs were Accommodation and Food Services in Kiama Central, Accommodation and Food Services in Gerringong - Werri beach, Education and Training in Kiama South & West, Information Media and Telecommunications in Kiama Heights, Arts and Recreation Services in Jamberoo & Surrounds.

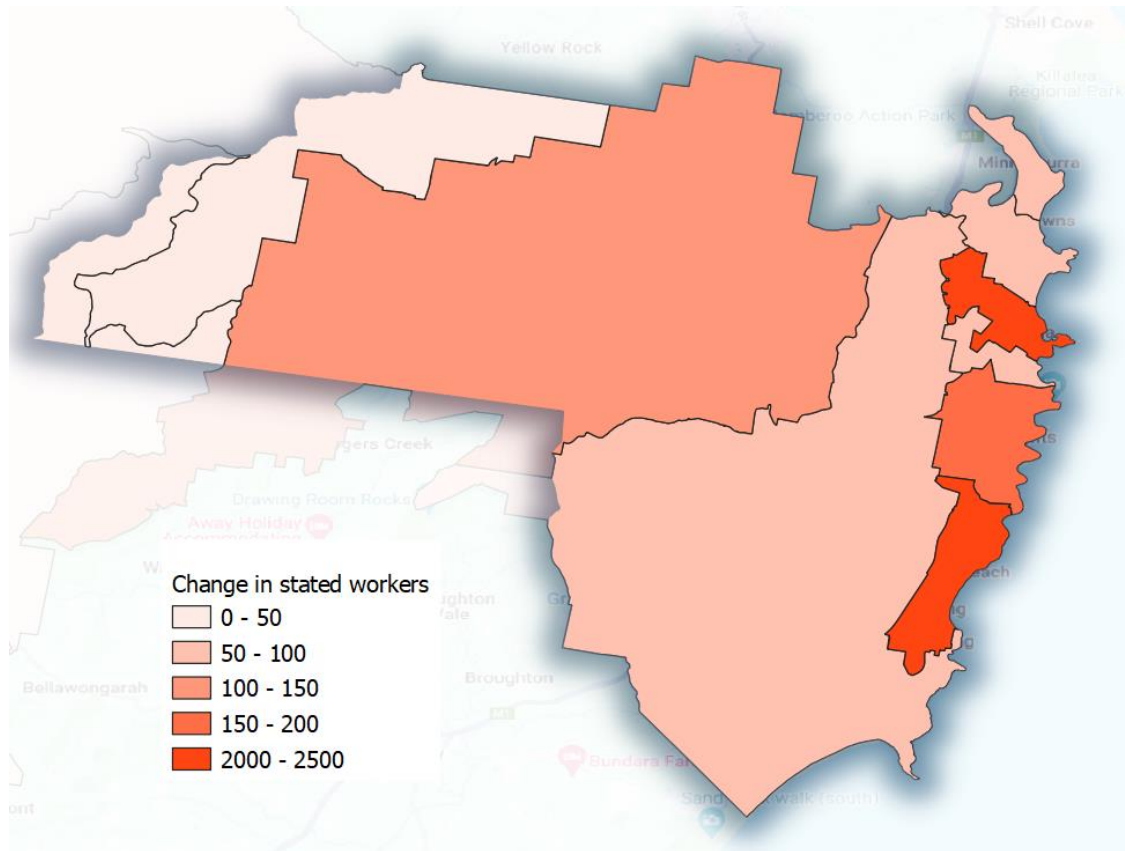
Top industries that were specialised against Regional NSW but are not identified as specialised in Kiama as a whole included: Education and Training (Kiama South & West), Agriculture, Forestry and Fishing (Jamberoo & Surrounds) and Information Media and Telecommunications (Kiama Heights).

Industry	Kiama	Kiama Central	Gerringong - Werri beach	Kiama South & West	Kiama Heights	Jamberoo & Surrounds
Arts and Recreation Services	2.45	0.91	1.04	0.92	0.97	8.41
Accommodation and Food Services	1.82	2.94	2.54	0.90	1.51	1.19
Professional, Scientific and Technical Services	1.51	1.38	1.42	1.44	1.80	3.90
Construction	1.47	0.63	1.22	1.32	1.51	1.06
Rental, Hiring and Real Estate Services	1.37	2.35	1.47	0.00	0.70	0.46
Financial and Insurance Services	1.28	2.58	0.69	0.39	0.72	1.01
Education and Training	1.20	0.72	0.75	3.72	0.52	0.86
Other Services	1.06	1.07	1.12	1.39	0.76	0.48
Administrative and Support Services	1.05	0.63	0.91	1.17	0.77	0.96
Public Administration and Safety	0.98	1.94	0.13	0.96	1.62	0.34
Retail Trade	0.93	1.47	1.13	0.48	0.27	0.55
Information Media and Telecommunications	0.75	0.72	0.58	0.65	2.30	1.25
Health Care and Social Assistance	0.69	0.67	1.13	0.26	1.63	0.27
Transport, Postal and Warehousing	0.56	0.19	1.06	1.25	0.29	0.21
Agriculture, Forestry and Fishing	0.53	0.04	0.14	0.23	0.27	2.67
Manufacturing	0.43	0.26	0.59	0.21	0.31	0.57
Wholesale Trade	0.25	0.18	0.39	0.87	0.65	0.40
Electricity, Gas, Water and Waste Services	0.20	0.00	0.41	0.82	0.49	0.53
Mining	0.04	0.05	0.00	0.00	0.00	0.00

Source: ABS Census of Population and Housing, 2021, NIEIR, 2022

Jobs growth was quite spread between 2016 and 2021 with Kiama central accounted for approx. 20% of jobs growth from 2016 to 2021, but other areas like Kiama Heights actually grew faster in % terms

Change in local job numbers by ABS DZN, 2016 to 2021



Source: ABS, Census of Population and Housing, 2016 and 2021

The destination zone that grew the largest between 2016 and 2021 was located in Kiama central with growth spread across many industries. Gerringong – Werri Beach saw strong growth in Accommodation and Food; Kiama Heights saw the highest growth in % terms (+52% between 2016 and 2021) driven by Health and Social Assistance (43% of stated change in jobs); and Jamberoo & Surrounds saw strong growth in Professional Services (41% of stated change in jobs).

Change in number of workers by ABS DZNs, 2016-2021

Persons, ASGS2016, DZN2016

Approximate Area	Destination Zone	Local Jobs - 2021
Kiama Central	111387634	215
Gerringong - Werri beach	111407551	205
Kiama Heights	111387632	184
Jamberoo & Surrounds	111407552	128
Kiama South & West	111387633	88
Minnamurra	111397619	80
Kiama Downs & Bombo	111397618	71
Kiama Hinterland	111407550	56
Carrinton Falls & Knights Hill	112887726	24

Source: ABS Census of Population and Housing, 2016 and 2021

*Geography based on ASGS 2016 DZNs, the ABS split the DZN 115390001 into two in 2021



06

**What do the
demographics and
socio-economics
look like?**

Kiama's resident labour force differs from the regional NSW average in terms of being higher educated, but having lower participation and full-time employment rates

The participation rate for Kiama residents actually decreased from 69.4% in 2016 to 57.8% in 2021. This contrasts with many areas in regional NSW and likely reflects the older age of residents. Unemployment rates fell between census periods, especially youth unemployment.

The full time employment rate was lower than the regional NSW average likely also impacted by the older resident base.

In 2021, around 73% of resident workers aged 15-69 had a formal qualification, up from 68% in 2016. Compared to the regional NSW average, Kiama resident workers are far more qualified. Resident workers aged 15-69 with a university degree increased from 29% in 2016 to 35% in 2021. This rate is substantially higher than the regional NSW average of 21.5% in 2021.

Barriers to employment like English language capabilities and child care responsibilities were on par with the regional NSW average.

Kiama labour force profile in 2021

	Rest of NSW	Kiama	Trend (a)
Labour force conditions (persons aged 15+)			
Participation rate	60.4	57.8	● -1.6
Unemployment rate	4.6	3.5	● -0.9
Youth unemployment rate	9.2	7.8	● -2.4
Full time	61.8	58.8	● -1.5
Skills and education (persons aged 15-69)			
% with a bachelor or higher degree	21.5	34.8	● 5.9
% no qualification	39.8	27.3	● -5.2
Other characteristics (persons aged 15+)			
% speaks English not well or not at all	0.9	0.4	● 0.0
Has child care responsibilities	27.6	28.4	● -3.0

(a) Trend refers to the percentage point change between 2016 and 2021

Source: ABS Census of Population and Housing, 2016 and 2021

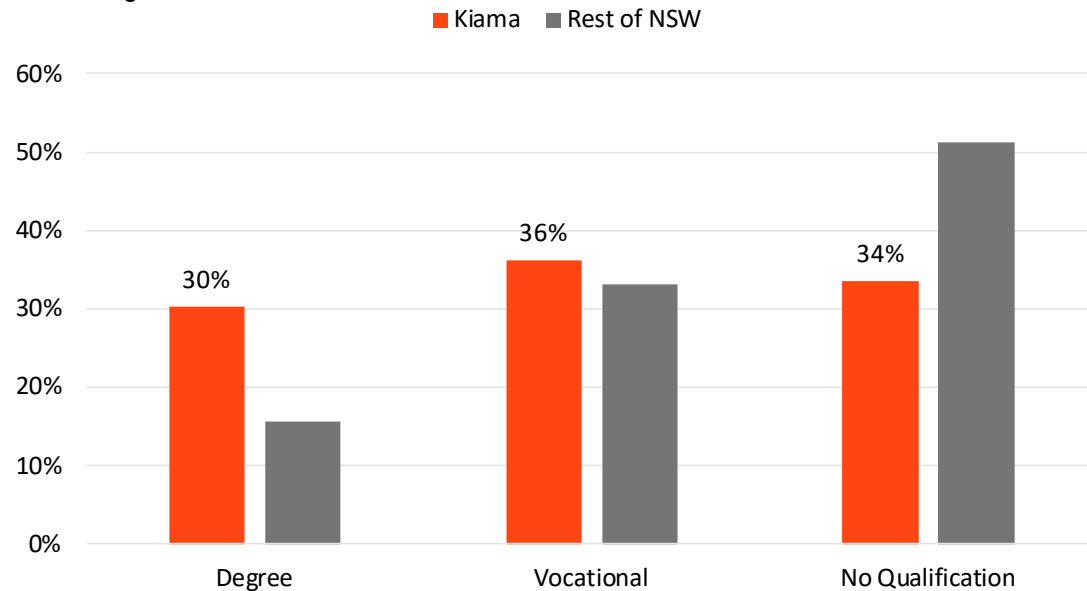
A lot of Kiama's labour force indicators are influenced by its older resident base. However, unlike many regional areas Kiama's older residents are highly educated

Kiama has a much older resident base than the rest of regional NSW. In 2021, 27.6% of the population were aged 65 and over. This compares to only 22% for regional NSW as a whole.

Typically, this would mean lower qualification levels of residents due to less post-school study amongst older Australians. However, Kiama has very high education rates even for older residents. In 2021, 30% of resident aged 60 or over had a degree, double the average for regional NSW as a whole.

Highest qualification achieved

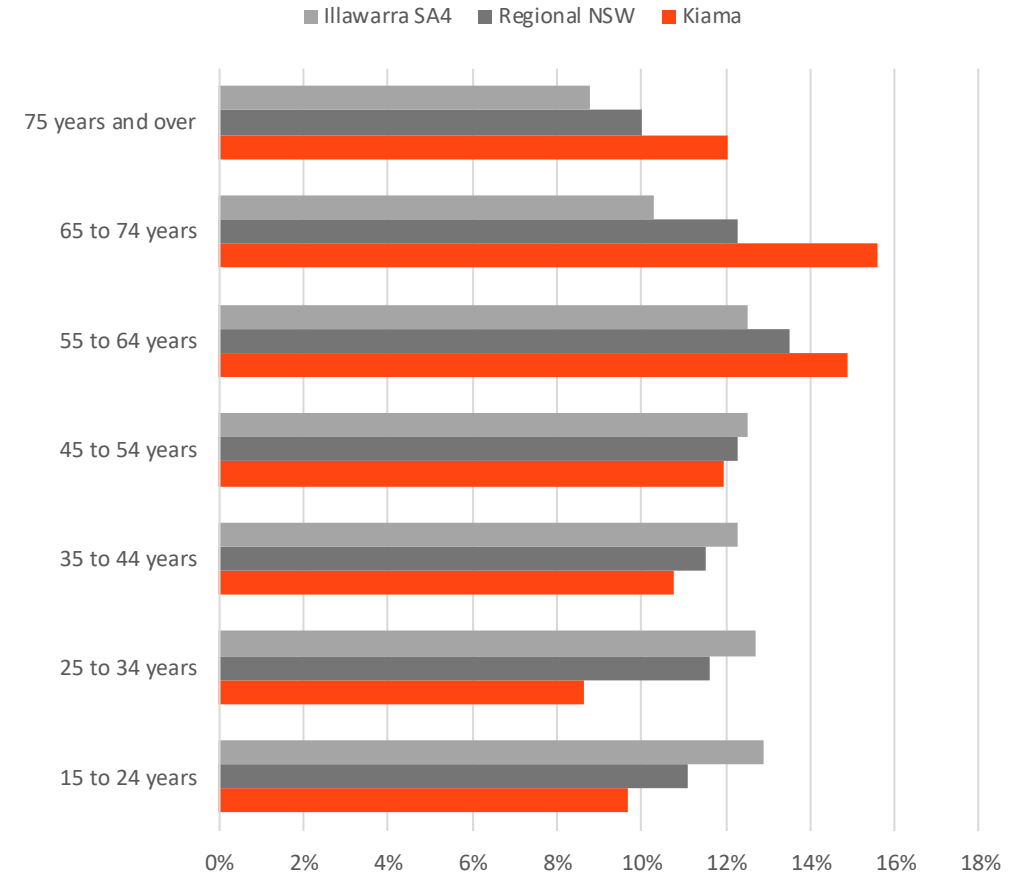
Persons aged 60 and over



Source: ABS Census of Population and Housing, 2021

Residents by Age Bracket, 2016 to 2021

Share of total resident base



Source: ABS Census of Population and Housing, 2021

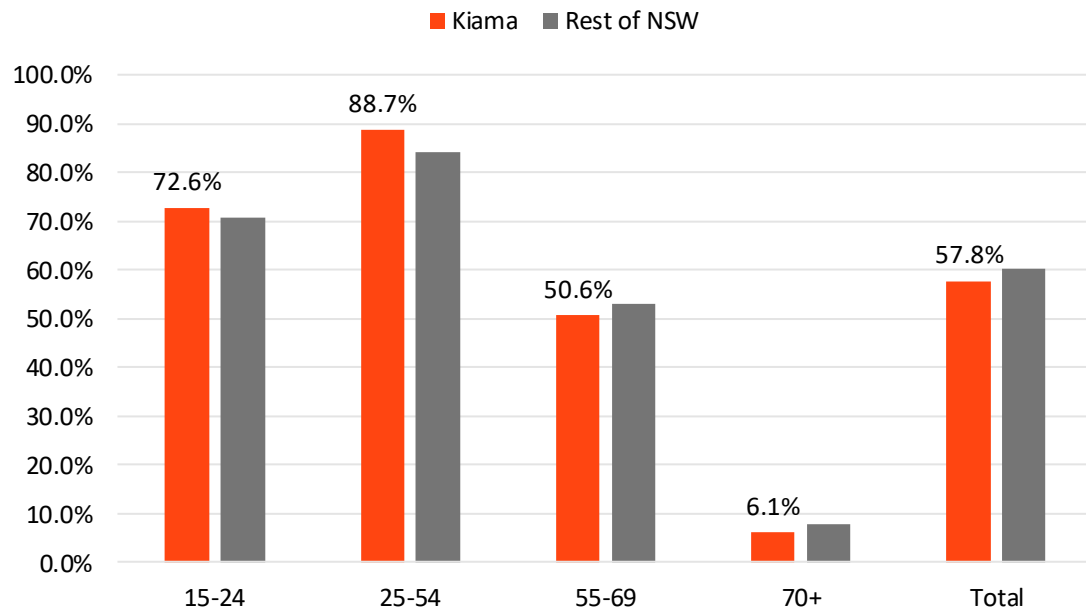
Kiama's overall participation rate is below the regional NSW average and fell between 2015 and 2021 influenced by an ageing population; However, participation of young residents is actually higher than average

Kiama's labour force participation rate was 58% in 2021, below the Regional NSW average. However, participation rates were higher than average for young workers (15 to 24) and key working age residents (25 to 54).

Most age brackets saw increases in labour force participation rates between census periods. However, because more residents moved into older age brackets (ageing population) with lower participation rates, the total participation rate actually fell.

Participation rate by age %, 2021

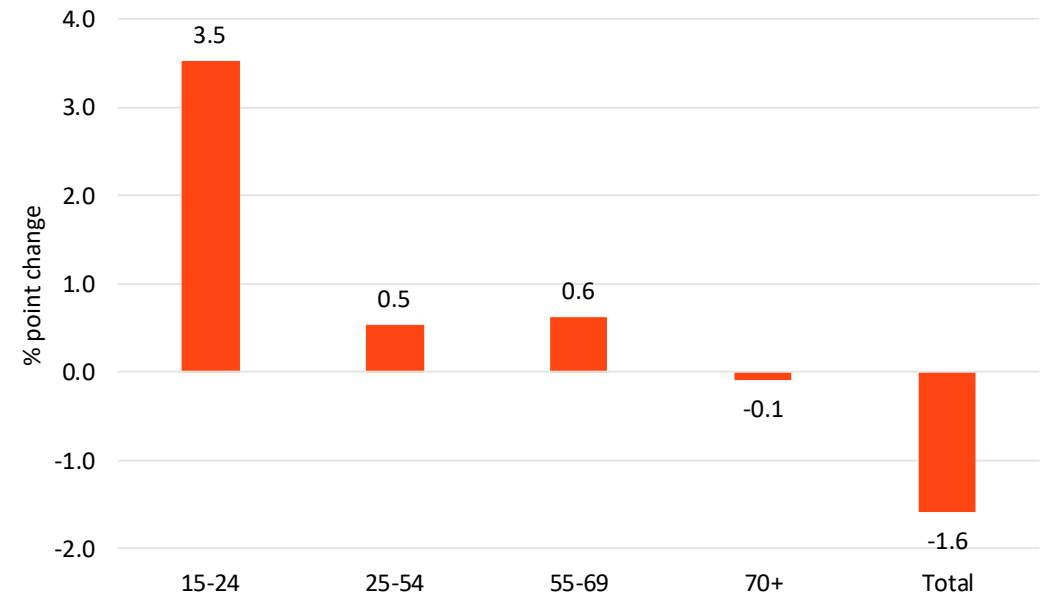
Persons aged 15+



Source: ABS Census of Population and Housing, 2021

Change in participation rate, Kiama, 2016 to 2021

Persons aged 15+



Source: ABS Census of Population and Housing, 2016 and 2021

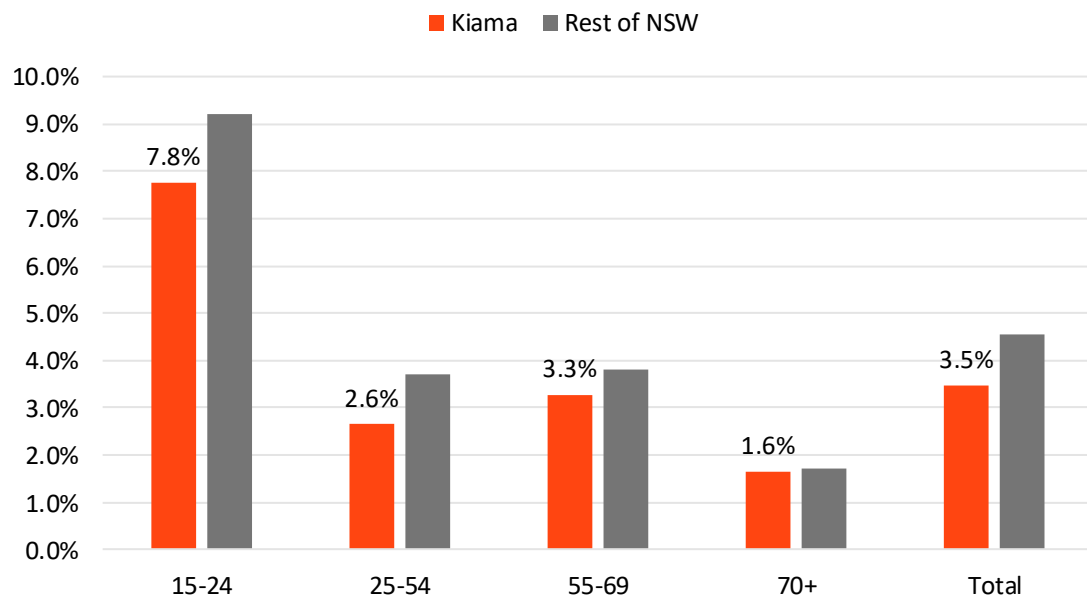
Strong labour demand has helped improve job prospects particularly for Kiama's younger workers

In the week prior to 14th August 2021*, Kiama's unemployment rate was 3.5%. This rate was lower than the Regional NSW average of 4.6%. Kiama's youth unemployment rate (15-24 year olds) was lower than the Regional NSW average.

Kiama's unemployment rate decreased from 4.4% in 2016 to 3.5% in 2021 (-0.9 percentage points). Notably, the unemployment rate for youth was 2.4 percentage points lower.

Unemployment rate by age %

Persons aged 15+

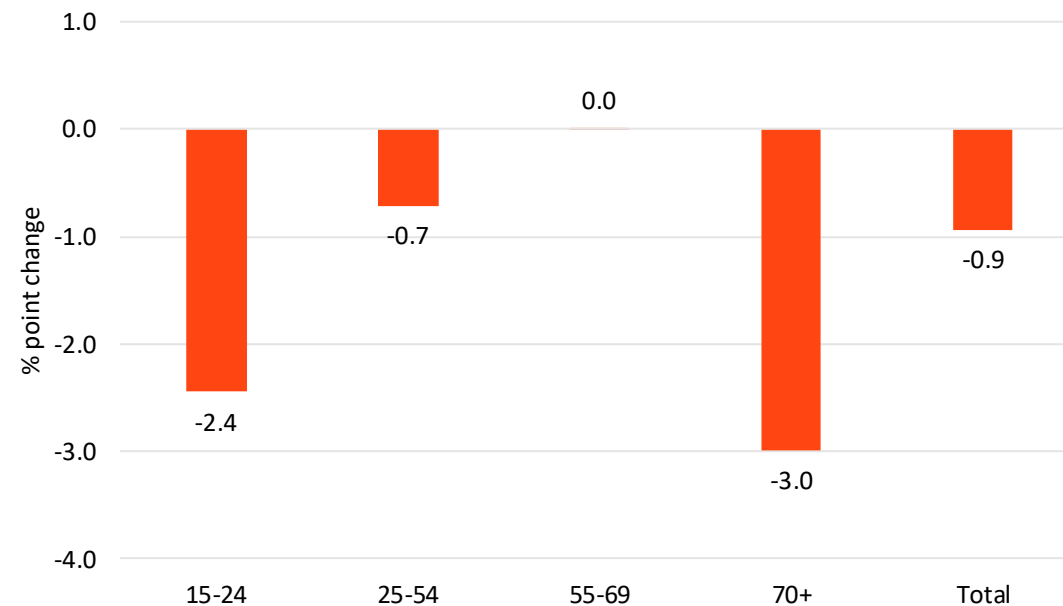


Source: ABS Census of Population and Housing, 2021

*The week before 10th August 2021, when the ABS Census 2021 was conducted

Change in unemployment rate, Kiama, 2016 to 2021

Persons aged 15+



Source: ABS Census of Population and Housing, 2016 and 2021

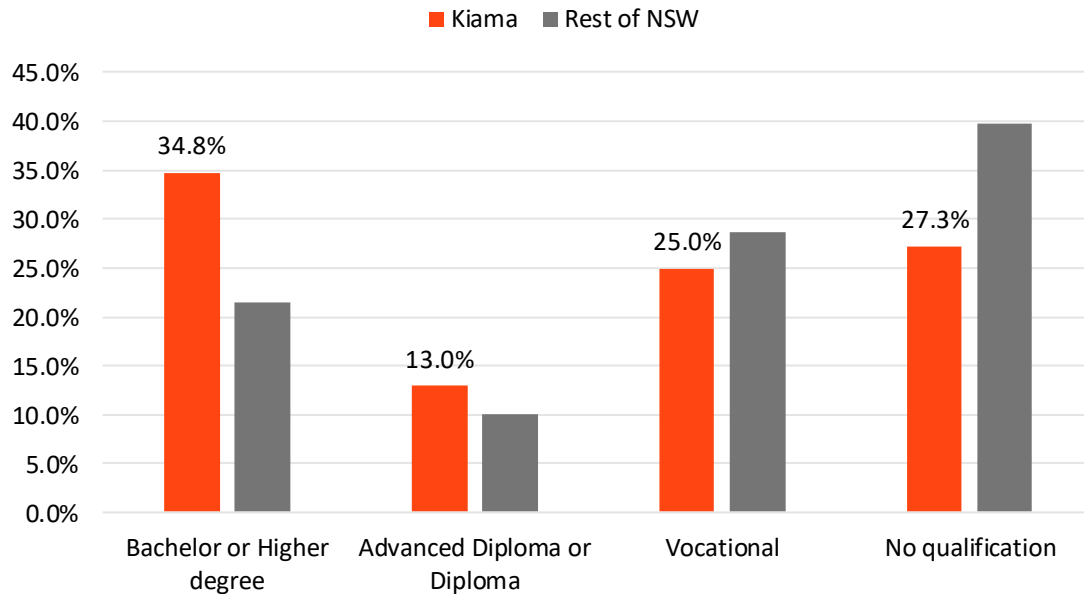
Far more qualified than the regional NSW average and more likely to be degree educated

The share of people aged 15 to 69 with no formal qualification (27.3%) in Kiama was much lower than the Regional NSW average in the same year. Over a third (34.8%) of people aged 15-69 in Kiama had a Bachelor or Higher degree qualification in 2021, much higher than the Regional NSW average of 21.5%.

The share of residents with a Bachelor or Higher degree qualification increased significantly by +5.9 percentage points from 2016 to 2021. Meanwhile, the share of residents with no qualification decreased significantly by -5.2 percentage points over the same period.

Highest qualification achieved

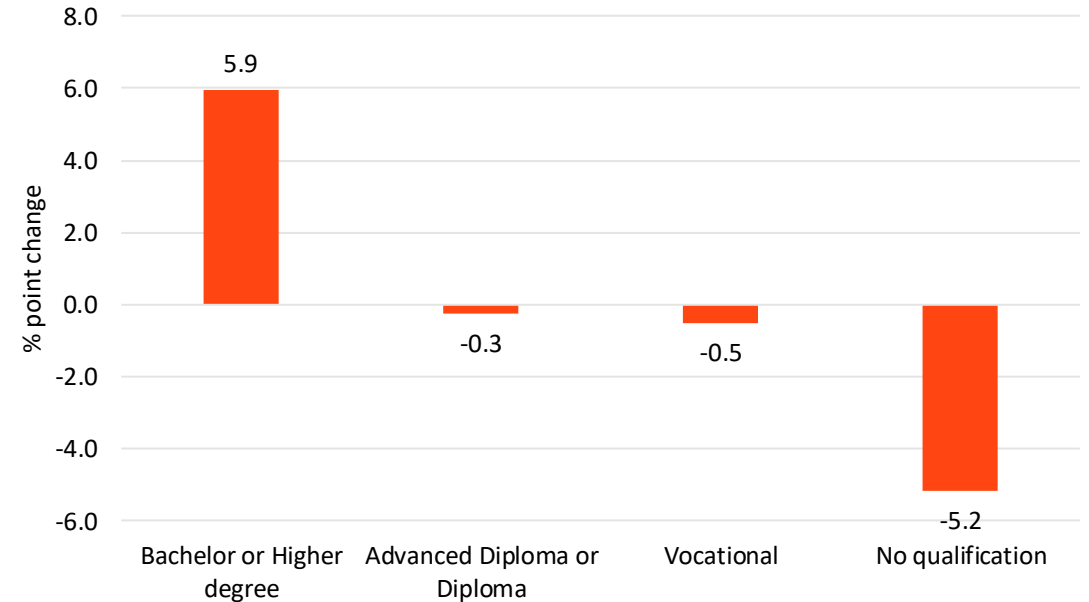
Persons aged 15-69



Source: ABS Census of Population and Housing, 2021

Change in highest qualification achieved, Kiama, 2016 to 2021

Persons aged 15-69



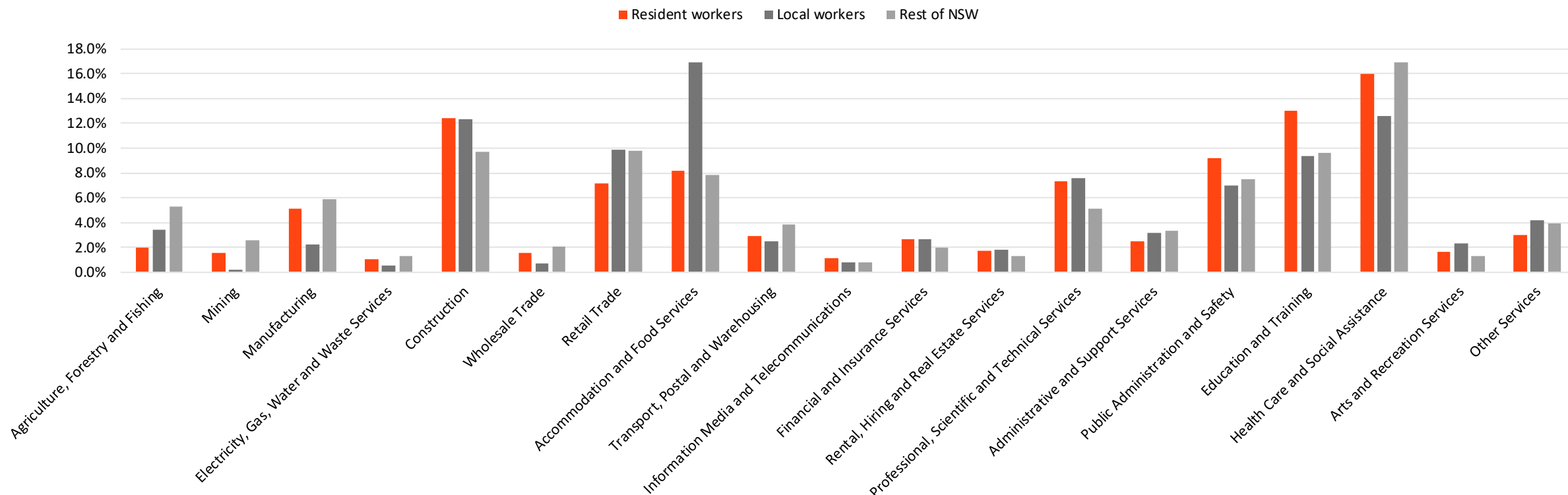
Source: ABS Census of Population and Housing, 2016 and 2021

Higher share of residents working in Public Sector areas (health, education public admin) than the local workforce; lower share of residents in hospitality

In Kiama, Accommodation and Food Services, Retail Trade, Agriculture, Forestry and Fishing industries had a high share of local workers compared to the resident workers. The Education and Training, Health Care and Social Assistance, Manufacturing industries had a high share of resident workers compared to the share of local workers.*

Industry mix, % of total workers, 2021

Kiama



Source: NIEIR, 2022

***Employed residents** refers to those people living in Kiama LGA and working locally or elsewhere (e.g. across the Illawarra region or Sydney); **Local workers** refers to those people working in the Kiama LGA who could be residing locally or in other places (e.g. elsewhere in the Illawarra region).

Local residents in Kiama are more likely to be in professional roles than local workers; local workers more likely to be community workers or labourers

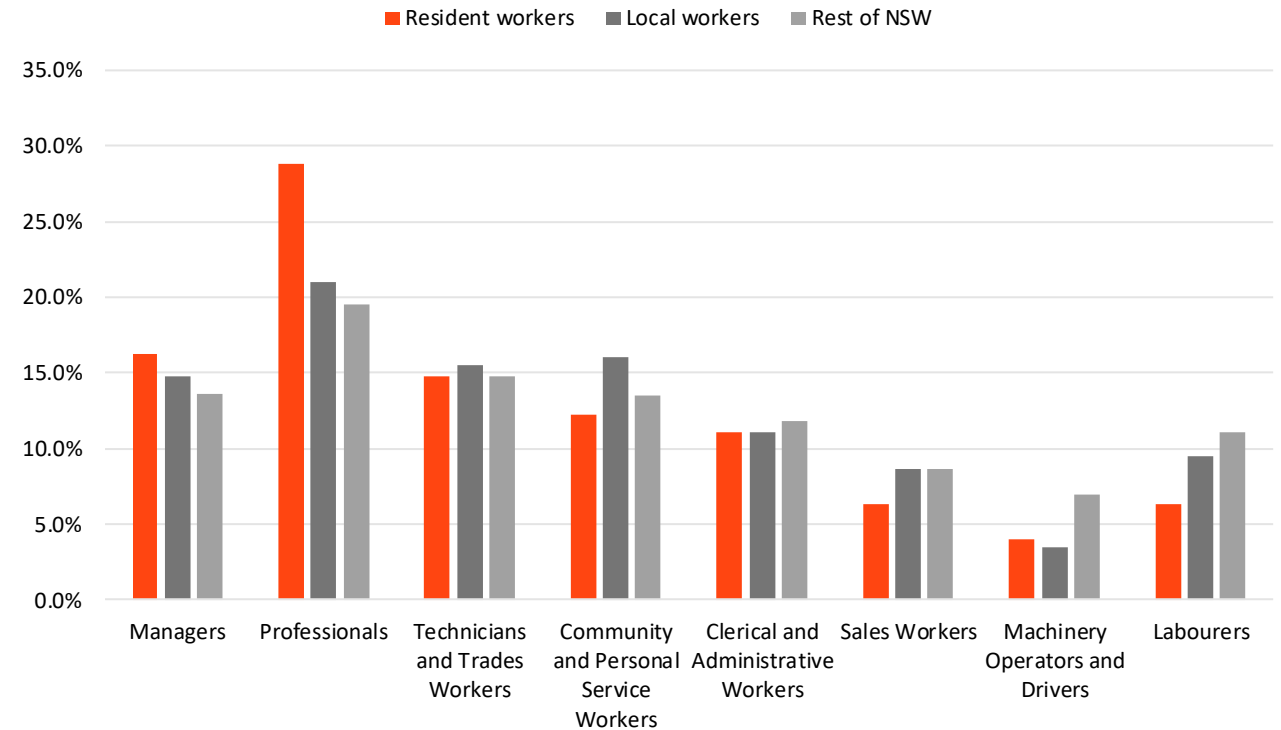
In 2021, the share of resident workers in the Professionals and Managers occupations was higher than the share of local workers in the same occupations. Conversely, the share of resident workers in Community and Personal Service Workers and Labourers occupations was lower than the share of local workers in the same occupations.

At a detailed occupation level, the top occupations where employed resident numbers exceeded local jobs/workers are School Teachers and Midwifery and Nursing Professionals, while the top occupations with more jobs are Hospitality Workers and Food Trades Workers.

Employed residents refers to those people living in Kiama LGA and working locally or elsewhere (e.g. across the Illawarra region or Sydney); **Local workers** refers to those people working in the Kiama LGA who could be residing locally or in other places (e.g. elsewhere in the Illawarra region).

Occupation mix, % of total workers, 2021

Kiama



Source: ABS Census of Population and Housing, 2021

Local workers vs Resident workers by 3 digit occupation

Top 5 Employed Residents > Local Workers

School Teachers

Midwifery and Nursing Professionals

Construction, Distribution and Production

Defence Force Members, Fire Fighters

Electricians

Top 5 Local Workers > Employed Residents

Hospitality Workers

Food Trades Workers

Food Preparation Assistants

Cleaners and Laundry Workers

Farm, Forestry and Garden Workers

Source: ABS Census of Population and Housing, 2021

Employed residents more qualified than workers due to greater prominence of health and education professionals

The share of resident workers with Bachelor and Postgrad level of qualifications was higher than the share of local workers with the same qualification levels. Also, the share of resident workers with No qualification and Certificate level of qualifications was lower than the share of local workers with the same level of qualifications.

At a detailed qualification level, the top qualifications with more employed residents than local jobs/workers are Teacher Education and Business and Management, while the top qualifications with more workers/jobs are Computer Science and Personal Services.

Qualification mix, % of total workers, 2021

Kiama



Source: ABS Census of Population and Housing, 2021

Local workers vs Resident workers by field of qualification

Top 5 Employed Residents > Local Workers	Top 5 Local Workers > Employed Residents
Teacher Education	Computer Science
Business and Management	Personal Services
Building	Food and Hospitality
Nursing	Employment Skills Programmes
Electrical and Electronic Engineering and	Other Creative Arts

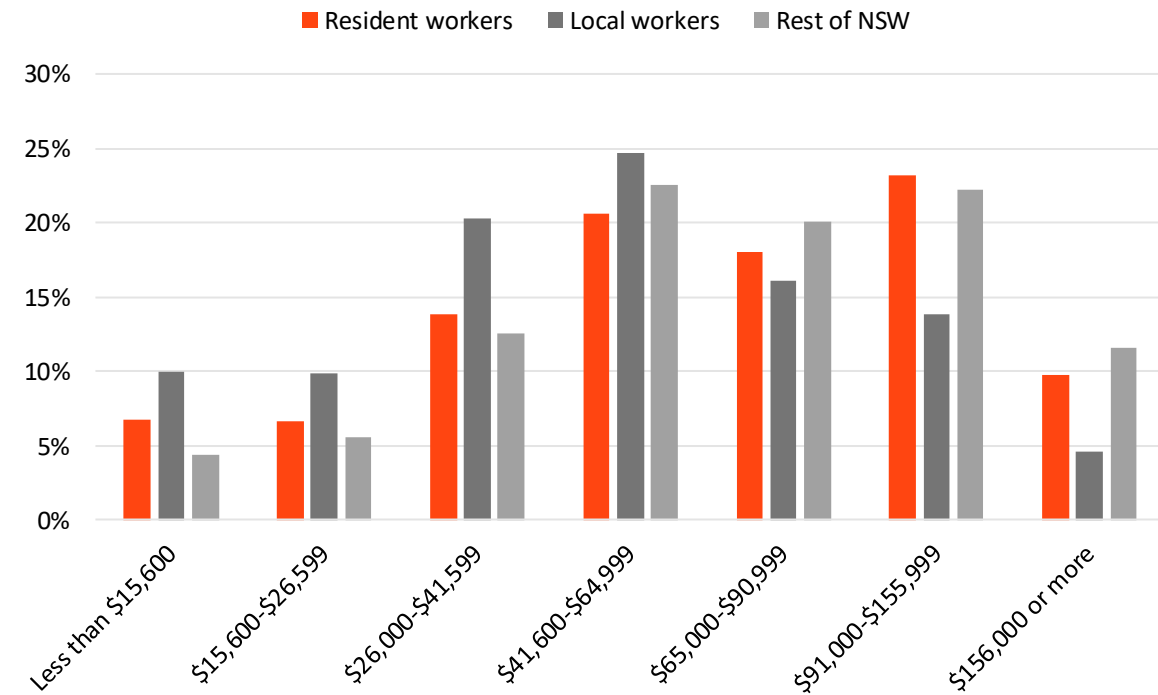
Source: ABS Census of Population and Housing, 2021

Due to higher qualifications and more professional roles, residents are earning a lot more than the local workforce

Employed residents in Kiama are earning slightly higher incomes than local workers. In 2021, 51% of Kiama resident workers were earning more than \$65,000 per year, compared to 35% for local workers. However, employed residents are earning lower incomes compared to resident workers in Rest of NSW in the same year (54%).

Income mix, % of total workers, 2021

Kiama



Source: ABS Census of Population and Housing, 2021

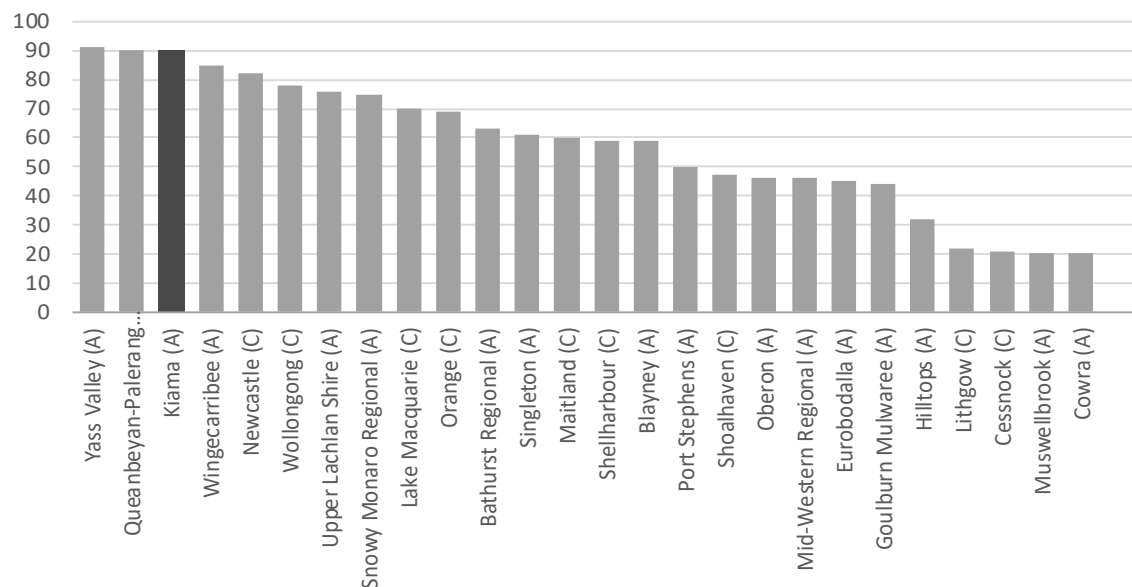
Kiama has a lower level of socio-economic disadvantage compared to many regional LGAs and neighbouring areas

Kiama has relatively low socio-economic disadvantage. In 2021, Kiama had a SEIFA advantage and disadvantage index percentile of 90, higher than the surrounding regional LGA average (58). That is, Kiama is relatively less disadvantaged than surrounding regional LGAs on average. In fact, Kiama ranked 3rd out of regional LGAs around Kiama in terms of the SEIFA index.

The above average socio-economic rating seems heavily influenced by qualification levels in the case Kiama as income levels are not greatly different from NSW as a whole. In 2021, Kiama had only a slightly higher share of households earning more than \$3,000 per week compared to the NSW average.

SEIFA socio-economic advantage and disadvantage

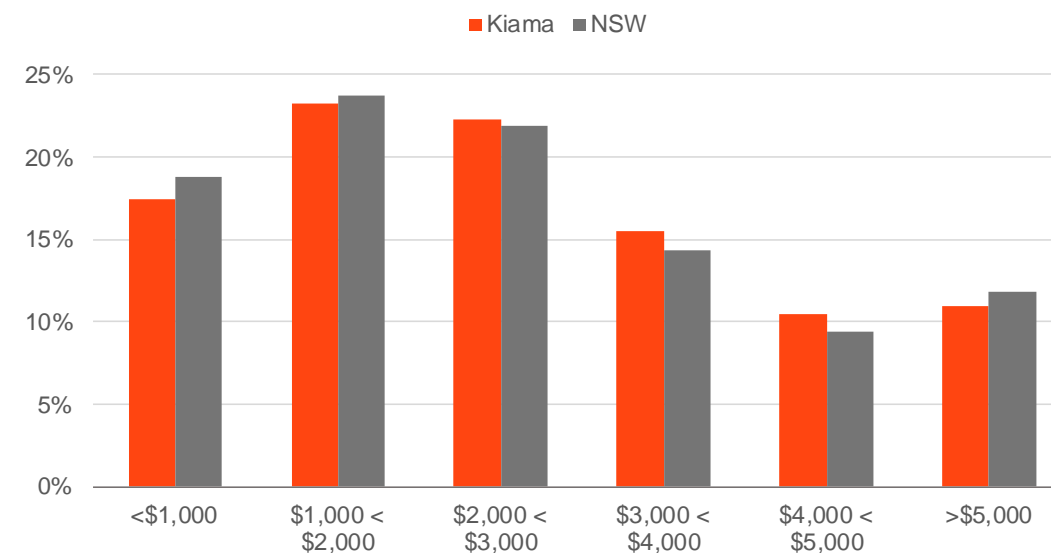
Percentile



Source: ABS Census of Population and Housing, 2021

Household Income - 2021

% Income per week



Source: ABS Census of Population and Housing, 2021

The SEIFA percentile column indicates the approximate position of the LGA in a ranked list of Australia's localities in 2021. It's meant to give a broad indication of where the area sits within the whole nation. A higher number indicates a higher socio-economic status. For instance, a percentile of 90 indicates that approximately 90% of Australia's suburbs have a SEIFA index lower than this area (more disadvantaged), while only 10% are higher.

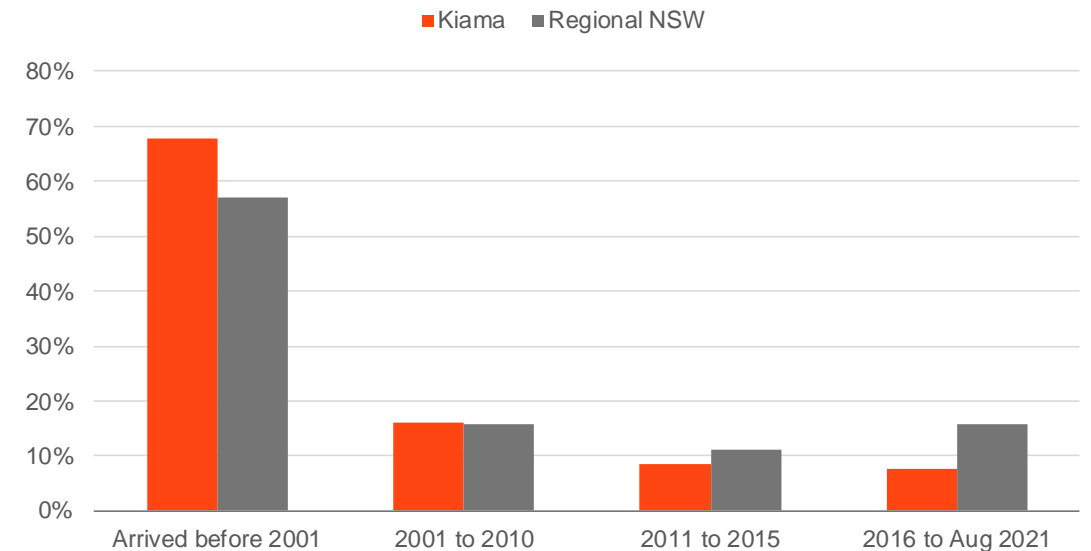
Kiama has a smaller cohort of recent migrants than the regional NSW average

In 2021, 14% of Kiama's residents were born overseas. This rate is marginally higher than the Regional NSW average of 13%.

However, Kiama has a lower share of new migrants than the regional NSW average. Approx. 68% of migrants arrived in Australia before 2001, compared to 57% for regional NSW.

Overseas born year of arrivals

%



Source: ABS Census, 2021



07

Future trends and employment land needs

Employment floorspace demand

.id has estimated future employment floorspace demand based on employment projections for selected industries. Employment floorspace demand has been estimated for Retail, Commercial and Industrial uses. The following methodology was applied:

1. Develop employment projection scenarios – Scenario 1 was based on NSW Government's employment projections by LGA by industry. Scenario 2 was also developed to consider the floorspace demand if Kiama was able to achieve faster growth.
2. Convert industry projections into broad land use groups – Commercial, Retail and Industrial. There will also be demand for other uses such as schools, government administration, agriculture, etc. These uses have not been considered as part of this analysis.
3. Forecast demand for employment floorspace based on job density (sqm per worker) assumptions.

1 Employment Projections

Based on employment projections prepared by the NSW Government, local jobs growth in Kiama is expected to grow by 500 jobs between 2022 and 2032. This growth rate equates to around 0.7% p.a., significantly slower than 1.9% p.a. experienced in the decade between 2012 to 2022.

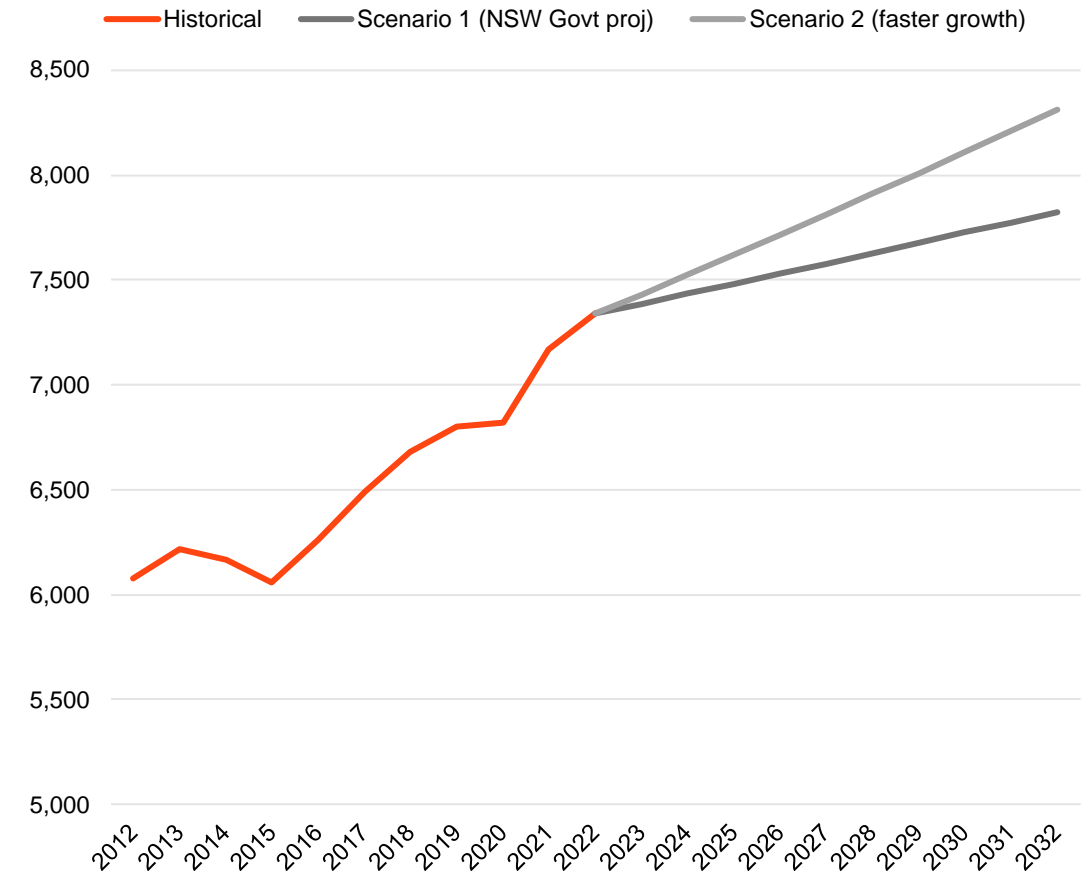
Our review suggests that this projection could be considered conservative given several factors:

- NSW Government forecast the population to grow at 1.4% p.a. between 2022 and 2032.
- The NSW Government projections don't consider local economic development based activities such as investment attraction that could influence the growth potential in Kiama.

For this reason, we have developed a higher job growth scenario that considers both the NSW Government projection by industry and historical growth rates.

Based on scenario 2, local job growth in Kiama could grow by around 970 jobs between 2022 and 2032.

Employment projection - Kiama LGA



Source: .id based on NSW Government, NIEIR

Employment floorspace demand

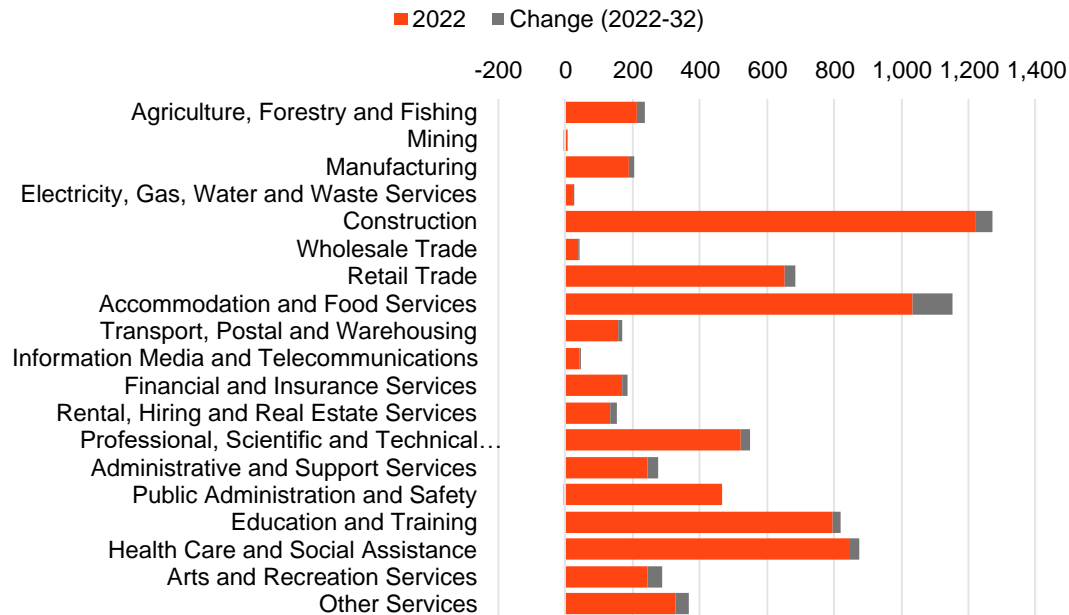
Employment projections industry

Under scenario 1, local jobs growth over the next decade is forecast to be driven by household services, particularly Accommodation and Food Services, Arts and Recreation Services and Other Services. Construction jobs are projected to increase as well over this period.

The projected growth rate for most industries is slower than the decade between 2012 and 2022. Scenario 2 assumes faster growth for other household services due to demand from population growth and ageing, and faster growth in business services given the potential for this growth explored previously in the Health Check.

Employment projection by industry - Kiama LGA

Scenario 1 (NSW Government projection)



Source: .id based on NSW Government

Employment projections by broad land use categories

The NSW Government employment projections were then converted into the following categories – Office, Retail and Industrial. The industries included in each land use category are presented below.

Employment projection by broad land use – Kiama LGA

Scenario 1 (NSW Government projection)

	Scenario 1			Scenario 2		
	2022	2032	Change	2022	2032	Change
Retail	1,951	2,148	197	1,951	2,238	287
Office	1,977	2,069	92	1,977	2,435	458
Industrial	1,764	1,870	106	1,764	1,923	159
Other	1,648	1,738	90	1,648	1,716	68
Total	7,340	7,825	485	7,340	8,313	973

Source: .id based on NSW Government

Office: Office floorspace demand was estimated based on job growth in business services (e.g. accountants, lawyers, consultants) and local health and social assistance. The industries included were:

- Information Media and Telecommunications
- Financial and Insurance Services
- Rental, Hiring and Real Estate Services
- Professional, Scientific and Technical Services
- Administrative Services (excludes cleaning, pest control)
- Medical and Other Health Care Services
- Social Assistance Services

Retail: Retail floorspace demand was estimated based on job growth in shops, cafes and personal services. The industries included were:

- Retail Trade
- Food and Beverage Services
- Arts and Recreation Services
- Personal and Other Services

Industrial: Industrial floorspace demand was estimated based on job growth in the following industries:

- Manufacturing
- Electricity, Gas, Water and Waste Services
- Wholesale Trade
- Transport, Postal and Warehousing
- Building Cleaning, Pest Control and Other Support Services
- Construction

Allowances have been made for employment not located within employment land (e.g. home based businesses, construction site activity, etc).

Employment floorspace demand

Employment floorspace demand projections

The forecast jobs growth for Kiama to 2032 generates potential changes in floorspace demand for the LGA. Land demand forecasts can be generated by using an approach which applies job density assumptions (i.e. sqm per job) to projected job growth by board land use. The job densities used are as follows:

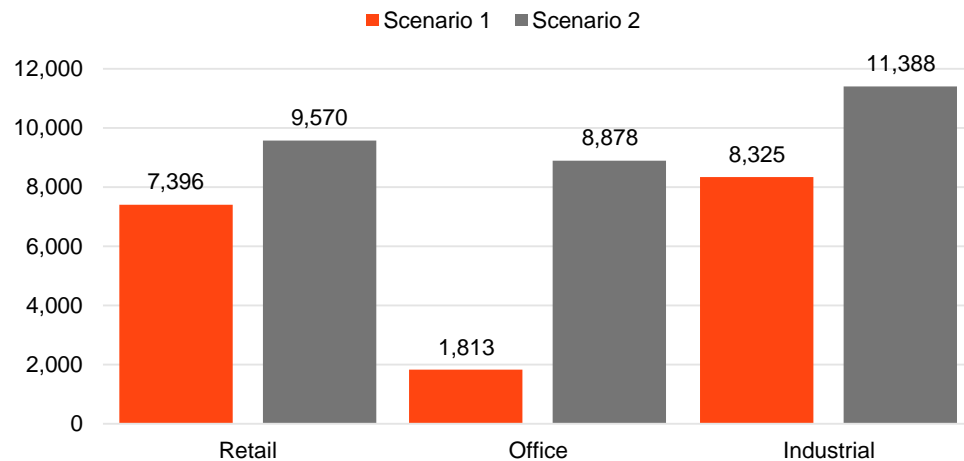
- Office – 20 sqm per job
- Retail – 38 sqm per job
- Industrial – 70 sqm per job

This method results in a potential estimated increase in land use generated by sectoral growth as follows:

- Retail: Demand for around 67,000sqm of floorspace (gross floor area) in 2022, growing by 7,400 to 9,600sqm between 2022 and 2032.
- Office: Demand for around 40,000sqm of floorspace (gross floor area) in 2022, growing by 1,800 to 9,000sqm between 2022 and 2032. The upper demand estimate assumes that economic development initiatives are successful in attracting commercial development to the region.
- Industrial: Demand for around 117,000sqm of floorspace (gross floor area) in 2022*, growing by 8,300 to 11,400sqm between 2022 and 2032.

Additional employment floorspace by type, 2022-2032

Kiama LGA



Source: .id

*This is an estimate of floorspace demand only, not a representation of existing floorspace within the LGA. It reflects potential latent demand that if not being satisfied within the LGA, is likely being taken up in neighbouring LGAs.

Floorspace demand considerations

- These demand projections are indicative of potential net floorspace required to meet forecast job estimates. They do not take into account current latent demand or future market conditions, nor the adequacy and supply of existing floorspace to meet demand. For example, Kiama may already have some vacant supply of commercial/industrial floorspace that can be taken up by new demand. Further demand and supply analysis is required to confirm the need.
- Existing commercial / retail floorspace may not be to the quality, or in the right location, necessary to meet market demand so additional floorspace is required.
- Jobs in sectors such as Transport, Postal and Warehousing are typically split across warehousing areas, logistics centres but also within small office parks. Additionally, industrial land requirements may change due to technology and automation. This may reduce the job densities achieved. The floorspace demand estimates should be viewed as indicative only.
- There is uncertainty around the future of employment floorspace needs due to structural changes (e.g. online shopping and working from home). These structural changes have the potential to reduce the future demand potential for office and retail space. Other strategies may be required to improve the attractiveness of these locations (e.g. public realm improvement, transport connections, co-location with other uses, etc).
- Following COVID-19 and ability to WFH, more flexible tenures and spaces, along with more co-working spaces may become preferred.
- The floorspace projections exclude other land uses such as institutions (e.g. hospitals), agriculture and utilities).
- Floorspace estimates refer to gross floor area. Building footprint to land area ratios are required to convert estimates into land demand.

Large population growth rates for Kiama are anticipated under the NSW government projection

Kiama's population estimate for 2022 is 22,964 and is forecast to grow to 30,847 by 2041 under Planning NSW's population projection. However, this projection was based on a much higher base in 2021 than the actual estimate (+960).

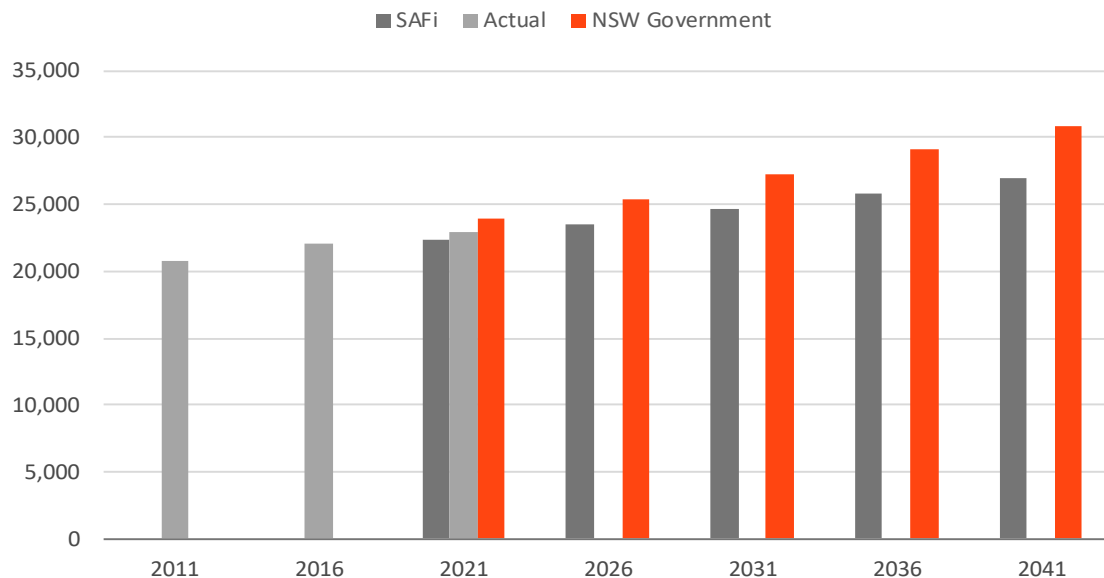
.id's SAFI forecasts has the LGA reaching 27,000 residents by 2041 under a medium growth scenario.

The planning NSW projection is based off an estimated annual growth rate under the original projection of 1.3% over the next 20 years. In order to get to the 30,847 level by 2041 off the actual current population (960 less than projected in 2021) would require 1.5% p.a. growth.

Historical growth over the 15 years to 2021 averaged 1.1% p.a.

Population forecast - Kiama

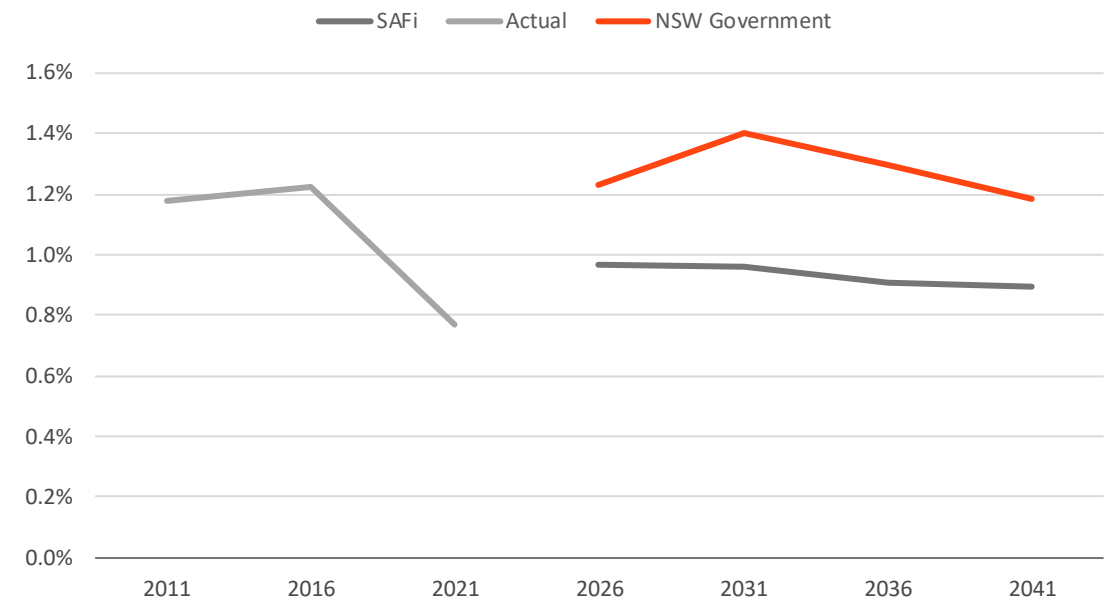
Persons



Source: ABS, 2023; Planning NSW, 2023; SAFi, 2023

Population forecast - % Growth rates

Average Annual Growth



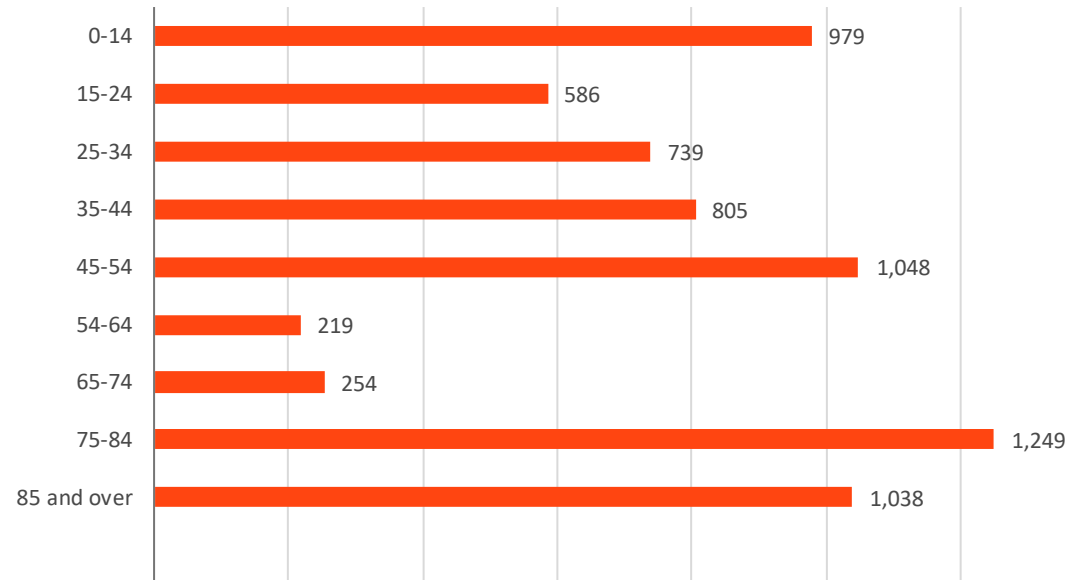
Source: ABS, 2023; Planning NSW, 2023; SAFi, 2023

While still attractive to young families, the share of older residents is expected to increase

Over the next 20 years, according to Planning NSW projections, the population over 75 years is forecast to have the largest increase with 2,300 extra people respectively. This is due to forecast continued ageing in place and the abundance of aged care facilities in the region. However, growth amongst young families is also projected to be strong.

Change in population by age groups - 2021 to 2041

Persons



Planning NSW, 2023



Kiama Leisure Centre

Macro economy

Before the COVID-19 crisis, there were indications that Australia and the Global economy was heading towards a more weakened economic environment than what was experienced over the last decade. Some of these included:

- Ongoing US-China trade tensions impacting world economic growth.
- The potential for higher interest rates in the US to address excess liquidity created by quantitative easing and likely changes in US fiscal policy at some point to address rising government deficits.
- A credit squeeze on local banks leading to constrained lending growth and in turn, lower residential development commencements going forward. However, this had been offset recently by changes to monetary policy.

However, just after COVID impacts saw the economy bottom out in the June quarter 2020, government spending and incentives boosted the national economy and reversed conditions.

- Housing approvals were at an all time high boosting construction employment, but causing supply constraints and skill shortages.
- Private investment in machinery and equipment increased strongly due to policies such as instant asset write-offs.
- Unemployment fell to levels far below pre-COVID as excess capacity was taken up by growth
- House values rose considerably and household saving ratios began to fall.
- The AUD exchange rate vs major currencies rose in 2020-21 due to strong international demand for commodities, the perception of a stronger domestic economy relative to other countries and higher interest rate levels between Australia and other economies.
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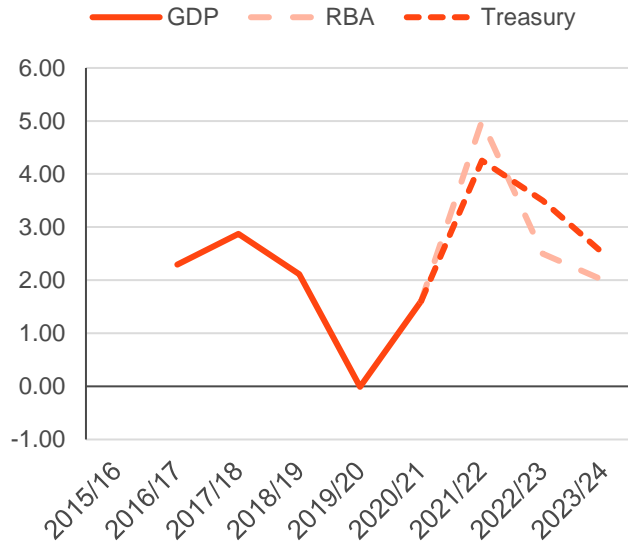
Towards the end of 2022 and into 2023, growth started to weaken due to:

- Inflation driven strongly by rising fuel prices, labour shortages and global uncertainty due to Russia's invasion of Ukraine.
- Rate rises dampening house values and impacting perceived household welfare.
- Exchange rate falling as local cash rate rises didn't keep up with overseas counterparts, and therefore import prices rose.
- Unemployment rates flattening due to the return of immigration and less excess capacity.

Moving into 2024, business and consumer confidence is lower due to continued uncertainty and delayed impacts of higher bank rates.

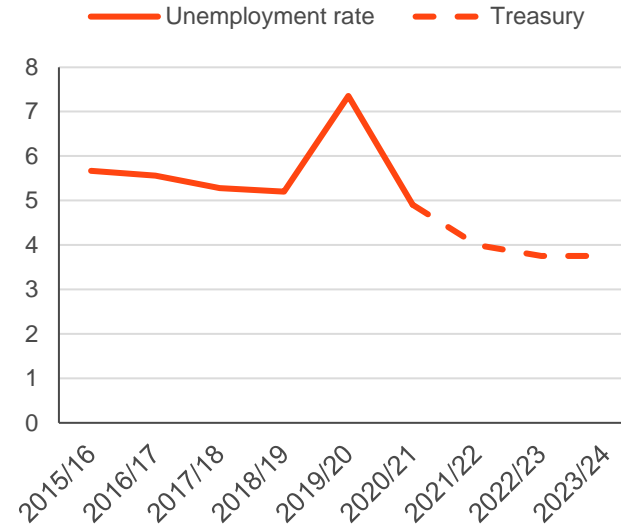
National economic outlook is strong but risks remain. Metropolitan areas expected to benefit from a return to stronger population growth.

Australian Real GDP



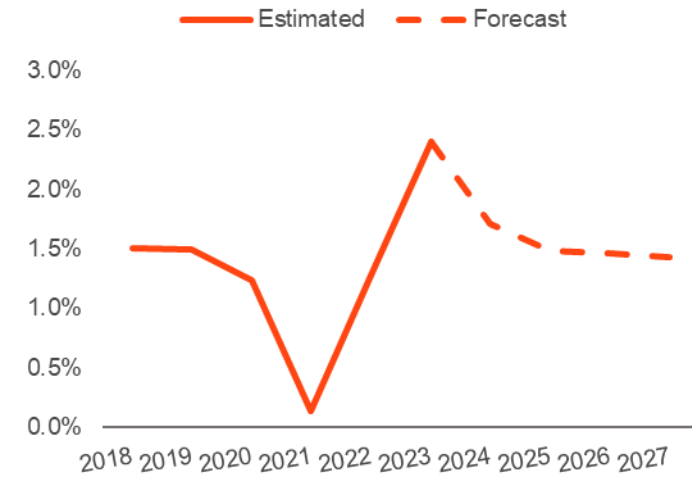
Source: ABS, Budget 2022-23, RBA

Australian Unemployment Rate



Source: ABS, Budget 2022-23

Australian Population Growth



Source: Centre for Population

- Major stimulus from COVID policies set up a strong growth outlook and a return to growth in export of services is balancing weakening consumption.
- Consumption is expected to be supported by strong income growth and household wealth.
- Inflation and higher interest rates will increase the cost of living costs and lower business profitability.
- Considerable uncertainty with international conditions – e.g. Inflation, Russia’s invasion of Ukraine, and the Israel-Hamas conflict.

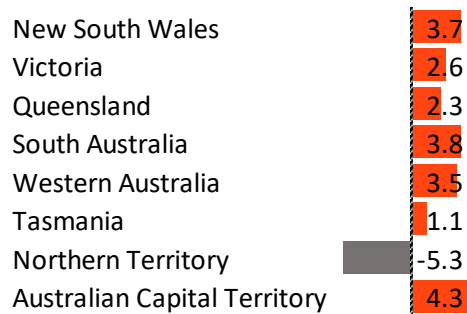
- Continued recovery is expected to see the unemployment rate fall to and remain at very low levels, although the outlook into 2024 is not certain and the impact of elevated interest rates could disrupt this pattern.
- Labour underutilisation is expected to fall to the lowest level in many years (i.e. labour demand fulfilled by increased hours worked).
- As a result, wage growth is expected to pick up and will support additional consumption spending.
- The RBA has assumed the inflation to be around 2.75% by the end of 2025.

- Population growth was 2.4% in 2022/23, much higher than previously forecast by the Federal Government (2.0%).
- Growth was driven by international migration with net overseas migration reaching a record 518,100 people for the year.
- Growth is projected to fall in coming years, partly due to changes in visa policies.

Economy is still strong, but business confidence remains low due to inflation, high interest rates and labour shortages; however late 2023 has seen signs of improving conditions

Economic activity remains strong in recent quarters

Gross State Product annual growth, 2022-23

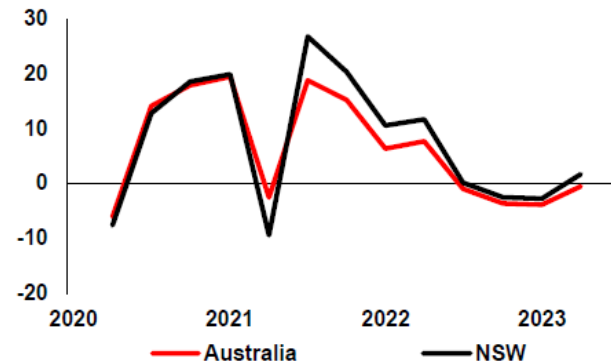


Source: ABS National Accounts, 2023

- New South Wales GSP increase reflects a strong recovery in services industries impacted by COVID-19 measures in 2021-22. This was led by Transport, postal and warehousing (12.9%) and Accommodation and food services (28.5%),
- Health care and social assistance (4.1%) was also a driver as the industry worked through a backlog of activity from the pandemic. Administrative and support services (7.2%) growth was driven by labour hire and recruitment firms
- Mining production (7.9%) recovered from flood related disruptions in the prior year with coal producers taking advantage of elevated export prices.

Businesses confidence trending up slightly as inflation/wage costs forecast to ease

NSW Business confidence – Quarterly

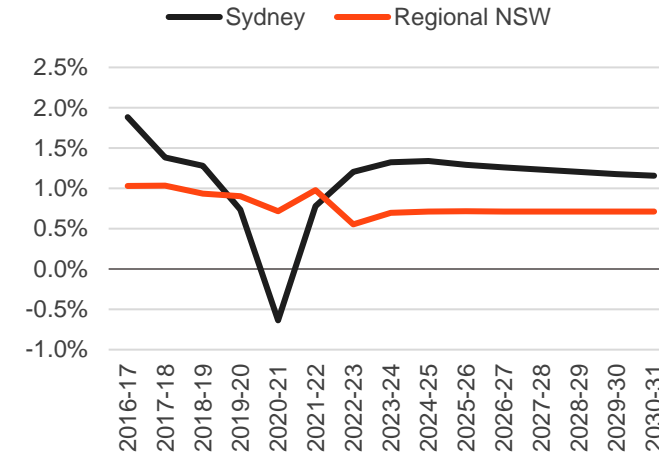


Source: NAB Quarterly Business Survey Q2, 2023

- Business confidence picked up in the Sept Quarter 2023, indicating businesses are optimistic.
- According to NAB Quarterly Survey, “Wage costs remain the top issue affecting business confidence, with labour cost growth rising to 1.8% q/q and labour availability still a significant constraint for around 40% of firms. However, fewer firms expect significant wage pressures in the next six months suggesting the peak in wage pressure may have occurred in Q3.”

Population growth has already returned

NSW population forecast



Source: ABS and Centre for Population

- NSW population forecast to continue to grow at approx. 1.0 to 1.1% with Sydney to grow faster than regional NSW due to overseas migration.
- Net Overseas Migration forecast to rebound to pre-COVID levels

Existing and unfolding trends

History shows that the recovery period following economic downturns can accelerate the transition of industries or magnify trends that were already occurring in the economy. Some trends that may impact the economy include:



Remote work

A McKinsey report showed that most professional business services work, up to 3/4 for financial services, could be done from anywhere without loss of productivity.



Rebalanced supply chains

Cost differences among developed and many developing countries are narrowing due to tech advances. The importance of local supply to offset disruptions, reduce freight costs and improve national security is becoming increasingly important.



Circular economy

A 'circular economy'* not only extends the life of products and reduces emissions, but it has also been identified as a major commercial opportunity. KPMG estimates a circular economy could give Australia a \$23 billion GDP boost.



5G, smart everything and IoT

Smart capabilities beyond home settings have been limited to date. With 5G, many companies in manufacturing, mining, construction, transport and agriculture will get a reliable alternative that enables the communication critical for mobile tools, machines, and robots.



Automation and AI

About half of the activities (not jobs) carried out by workers could be automated, but only about 5 percent of occupations could be fully automated by currently demonstrated technologies.



E-commerce

Australians are increasingly comfortable shopping online with COVID restrictions driving a large increase - 5.2 million households shopped online in January 2021. This was a 44% increase compared to the year before. Post-COVID has seen a return to physical shopping, but online shopping remains elevated.

*The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products to extend their productive life. In Australia, it often refers to the reuse of waste generated in agriculture, renewable energy, fisheries, forestry, and mining activities.

Sources: McKinsey Global Institute, 2020, *The Future of Remote Work & A Future that Works: Automation*; KPMG, 2020, *Potential economic pay-off of a circular economy*; Australia Post, 2021, *Online Shopping Report*



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