

# ACT ECONOMIC UPDATE

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*First quarter, 2015*



**ACT**  
Government

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Chief Minister, Treasury and  
Economic Development

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*This brief provides a statistical overview of ACT economy as at the first quarter of 2015. The Chief Minister, Treasury and Economic Development Directorate makes no warranty regarding the accuracy or completeness of information in this publication.*

## SUMMARY

### ▲ **ACT economy**

The Territory's economy grew by 0.7 per cent per cent between June 2013 and June 2014 to reach \$36b. This was below the national GDP growth rate of 2.5 per cent per cent over the same period. ACT Treasury forecasts are for annual GSP growth of 1.5 per cent per cent through to 2015-16, increasing to 2.5 per cent per cent thereafter.

### ▲ **Population growth subdued...**

The ACT's population increased by 4,403 persons in the 12 months up to September 2014, this was just below to the 10 year average of 5,705. The largest contributor to growth was natural increase (births minus deaths) at 3,706. Interstate migration recorded a net loss of 1,101 people, while in terms of net overseas migration, 1,798 persons came to the ACT over the year.

### ▲ **Labour market remains soft...**

At 4.4 per cent, the ACT's unemployment rate remains the second lowest of all the States and Territories. Trend employment fell by approximately 1.1 per cent, to 209,100 in the year to March 2015.

In February 2015 there were 2,900 job vacancies. This is still below long term trend levels, largely due to ongoing recruitment policies in the Australian Public Service.

### ▲ **Wages growth**

Over the year to December 2014, the Wage Price Index increased by 1.7 per cent per cent in the ACT, compared to 2.6 per cent per cent nationally.

In November 2014, ACT average total weekly earnings were \$1,334 compared to a national average of \$1,129. This was an increase of 1.0 per cent annually in the ACT, which was slightly lower than the national growth rate of 1.3 per cent.

### ▲ **Service exports decrease over 2013-14...**

Total service exports decreased by 6.7 per cent per cent to \$1.23 billion. The single largest contributor remains education related travel which grew by 8.7 per cent and is now worth \$373 million.

### ▲ **Business formations maintain growth...**

The ACT had a net increase of 293 active businesses during 2013-14, taking the total number at June 2014 to 25,487. At 1.2 per cent, the ACT's business formation rate was equal third highest of the states and territories and above the national average of 1.0 per cent.

### ▲ **Residential markets show mixed results...**

At the end of January 2015, the median price for houses in the ACT was \$575,500, which was an increase of 4.9 per cent compared to one year earlier. By contrast, the median price for units was \$410,000, down 3.5 per cent over the same period.

New dwelling approvals and commencements are currently slightly below trend levels, following a large volume of new dwelling completions in 2013-14.

### ▲ **Office vacancy rates creeping up...**

In December 2014 the total office vacancy rate in Canberra was 15.4 per cent, up from 12.9 per cent a year earlier. Approximately 1,029,000m<sup>2</sup> of A-grade office space was available.

### ▲ **Engineering construction steady...**

The level of engineering construction activity remains steady, with approximately \$200m worth of work being done each quarter (refer page 20).

✦ **Tourism accommodation low...**

As at the June 2014 quarter the number of rooms available in the ACT was 4,992. The room occupancy rate, at 63 per cent, was below the five year average of 71 per cent. Nonetheless, there are significant new investments being made in new accommodation, with \$85m worth of work commencing in the 12 months to the September 2014 quarter (refer page 21).

✦ **Retail turnover up...**

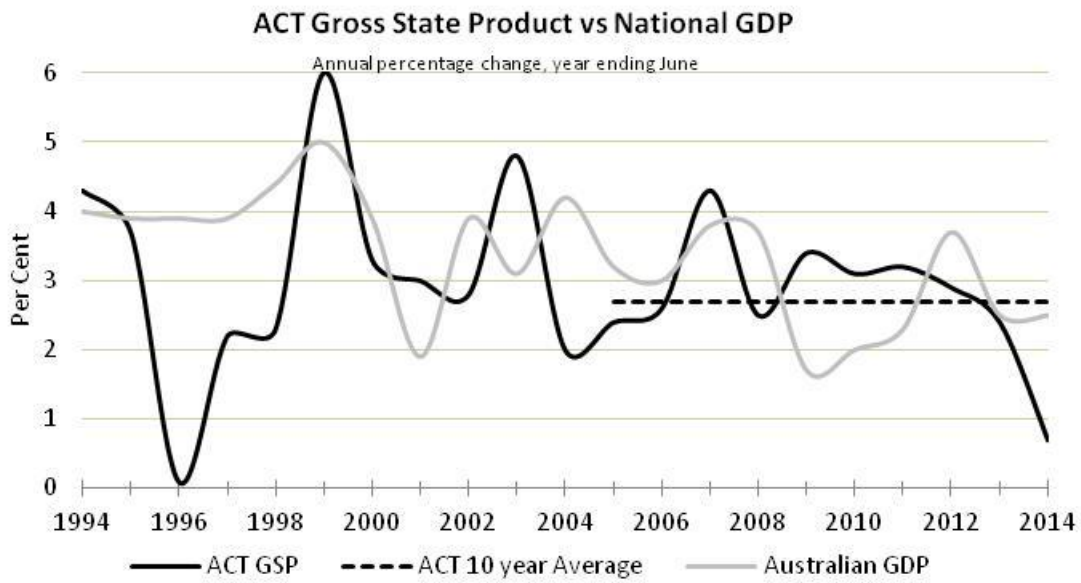
Trend monthly retail turnover in the ACT in February 2015 reached \$427.9m, up 4.1 per cent compared to 12 months earlier.

# ECONOMIC GROWTH

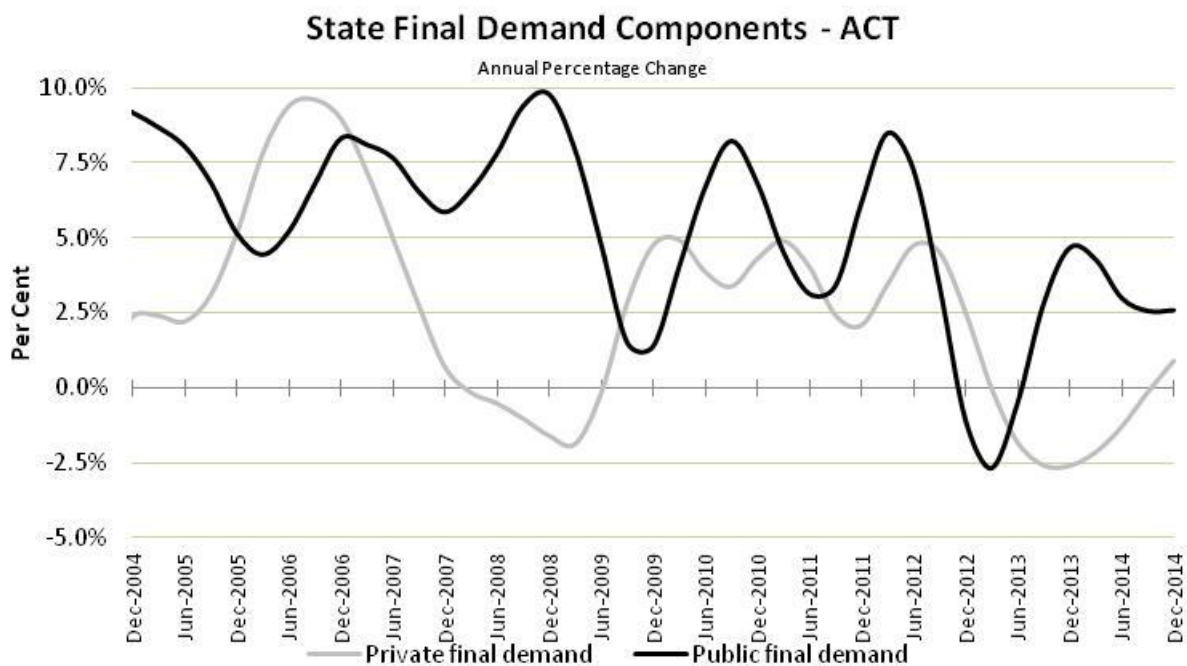
## National and ACT Economic Growth

Source: ABS 5220

- ▲ In 2013-14 the ACT's Gross State Product (GSP) rose 0.7 per cent in real terms to \$36 billion. This rise was below the national GDP growth rate of 2.5 per cent.
- ▲ Growth remains below the long term average rate of 2.7 per cent and ACT Treasury's forecast for 2014-15 has been revised down to 1.5 per cent, primarily due to weak employment growth.



- ▲ Over the year to December 2014 the level of spending by the public sector in the local economy on the consumption of goods and services, and capital investment increased by 2.6 per cent. Private sector demand became positive for the first time since June 2013, reaching 0.9 per cent compared to December 2013.



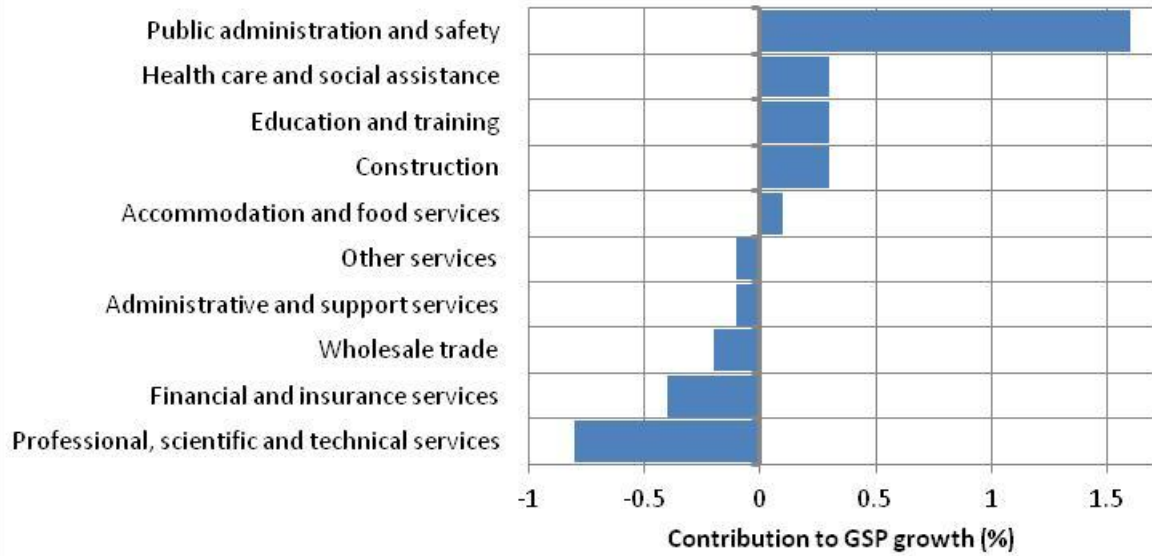
## Gross Value Added by industry

Source ABS 5220

- ▲ The largest industry contributors to *growth* in GSP during 2013-14 were the Public Administration and Safety sector (1.6 per cent), Education and Training sector (0.3 per cent), Health Care and Social Assistance sector (0.3 per cent) and Construction sector (0.3 per cent).
- ▲ GSP growth was offset predominantly by declines in Professional, Scientific and Technical Services sector (-0.8 per cent contribution) and Financial and Insurance Services sector (-0.4 per cent contribution).
- ▲ Gross value added (GVA) by the Public Admin and Safety sector grew by 5.4 per cent to \$10.8b (or 30 per cent of GSP). Construction and the Professional, Scientific and Technical Services (PSTS) contributed \$3.6b and \$3.1b respectively. The other largest industry contributors to total GSP were the Education and Training and Healthcare and Social Assistance sectors, with a combined GVA of \$4.6b.

	GVA (\$m)	Annual change	Share of GSP
Public administration and safety	\$10,814	5.4	30.4
Construction	\$3,556	2.8	10.0
Professional, scientific and technical services	\$3,129	-8.0	8.8
Education and training	\$2,471	4.1	6.9
Health care and social assistance	\$2,158	5.5	6.1
Financial and insurance services	\$1,262	-9.5	3.5
Electricity, gas, water and waste services	\$1,048	1.0	2.9
Accommodation and food services	\$1,009	4.5	2.8
Retail trade	\$994	0.3	2.8
Rental, hiring and real estate services	\$925	1.4	2.6
Transport, postal and warehousing	\$880	-0.8	2.5
Information media and telecommunications	\$681	2.1	1.9
Other services	\$599	-6.3	1.7
Administrative and support services	\$523	-5.3	1.5
Arts and recreation services	\$519	0.0	1.5
Wholesale trade	\$395	-13.2	1.1
Manufacturing	\$372	-1.1	1.0
Mining	\$31	34.8	0.1
Agriculture, forestry and fishing	\$20	5.3	0.1
<b>GSP</b>	<b>\$35,566</b>	<b>0.7</b>	<b>100.0</b>

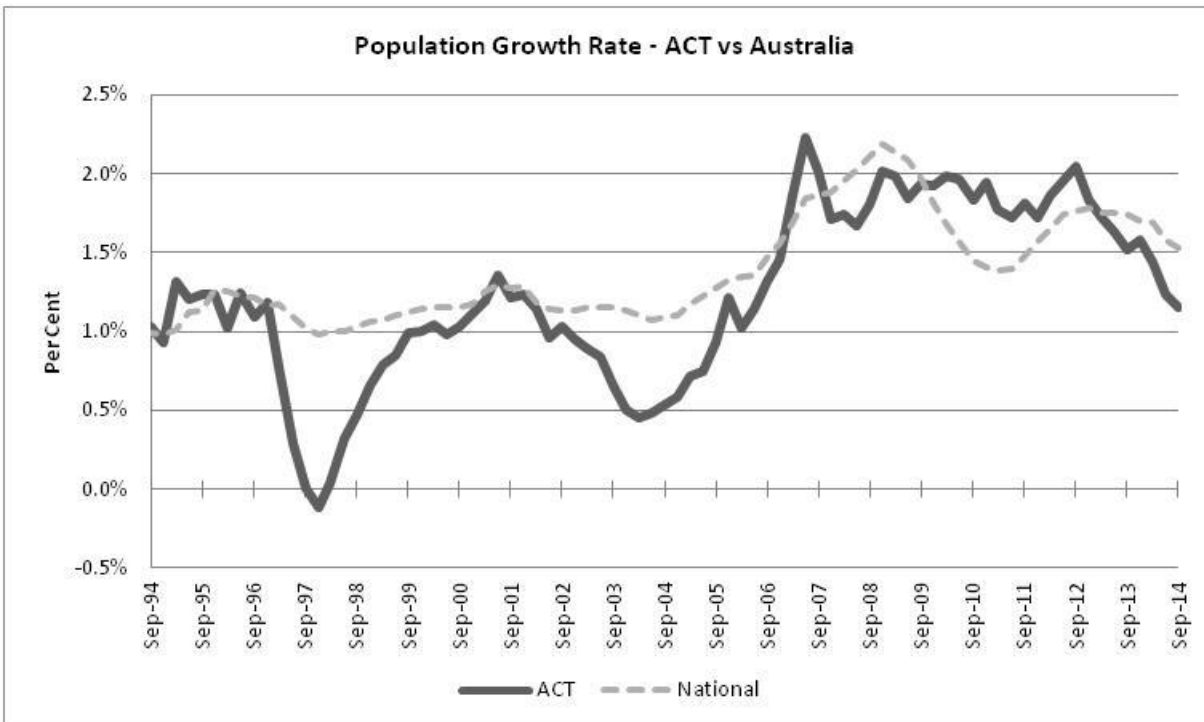
### 2013-14 Industry contribution to growth in GSP



### Population growth

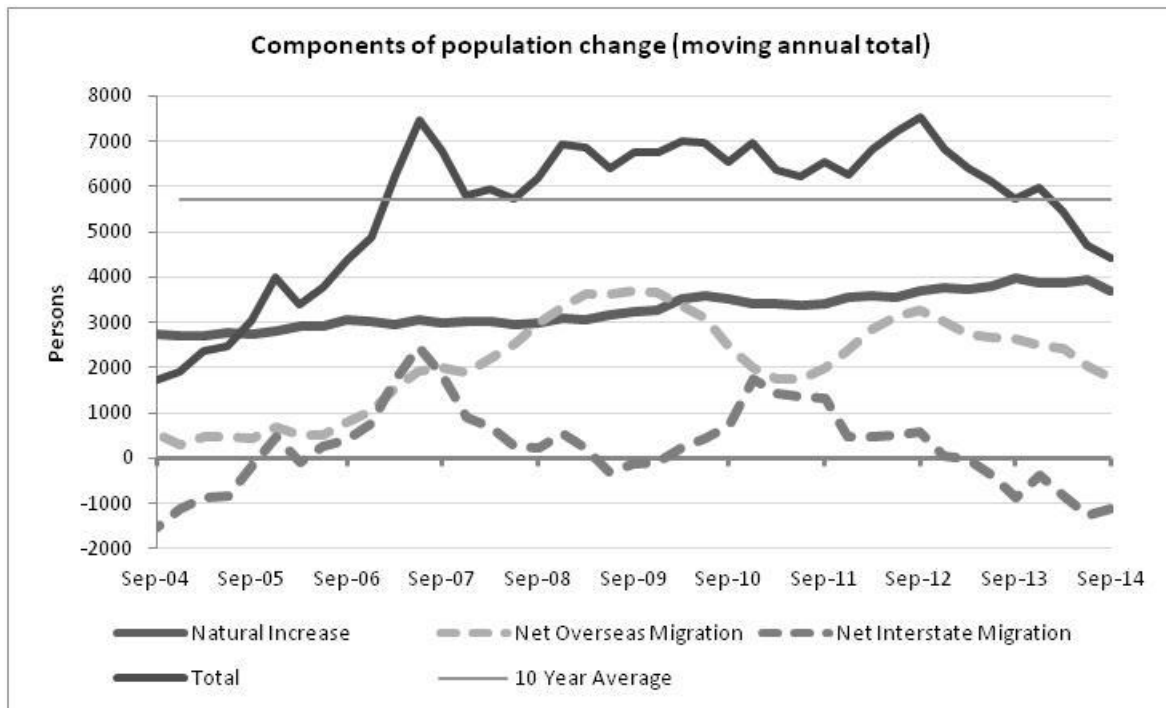
(Source: ABS 3101 – T2, T4)

- ▲ In the year to September 2014, the ACT’s population grew by 4,403 persons to 387,069. The annual growth rate remained at 1.2 per cent for the second consecutive quarter. This is below the decade average rate of 1.6 per cent.
- ▲ The national population grew by 1.5 per cent over the same period and remains stable around the 10 year average of 1.6 per cent.



- ▲ Slow growth in the ACT is attributed to negative levels of interstate migration, which declined by 1,101 persons in the 12 months to September 2014. Net overseas migration remains relatively strong, at nearly 1,800 persons per year.

- ▲ The largest contributor to growth in the ACT is still natural increase (i.e. births minus deaths) at 3,706.



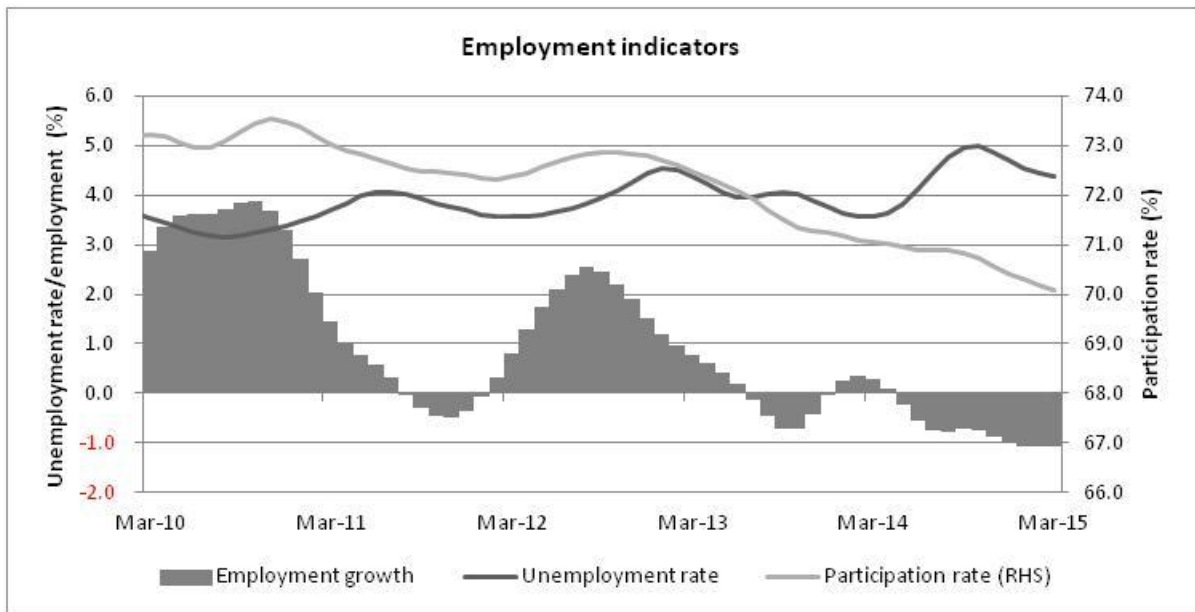
## Labour force

### *Unemployment and Participation rates*

(Source: ABS 6202 - T11)

- ▲ The ACT's trend unemployment rate was 4.4 per cent as at March 2015. This was unchanged over the previous month, but up 0.8ppts over the same time last year. It remains well below the national unemployment rate of 6.3 per cent, which rose 0.3ppts over the same period.
- ▲ Trend participation rate in the ACT was 70.1 per cent as at March 2015, down 0.9ppts compared to the same time one year earlier. The national rate of 64.8 per cent rose by 0.2ppts over the same period.
- ▲ Trend total employment in the ACT was 209,100 in March 2015. This was unchanged over the month but down approximately 2,300 over the same time last year.
- ▲ This is nonetheless considered a strong outcome for local employment considering the magnitude of Commonwealth sector cuts to staff and spending in the last two years. The Australian Public Service Commission's December 2014 APS snapshot shows that APS employment in the Territory has fallen by approximately 7,500 positions since June 2012.

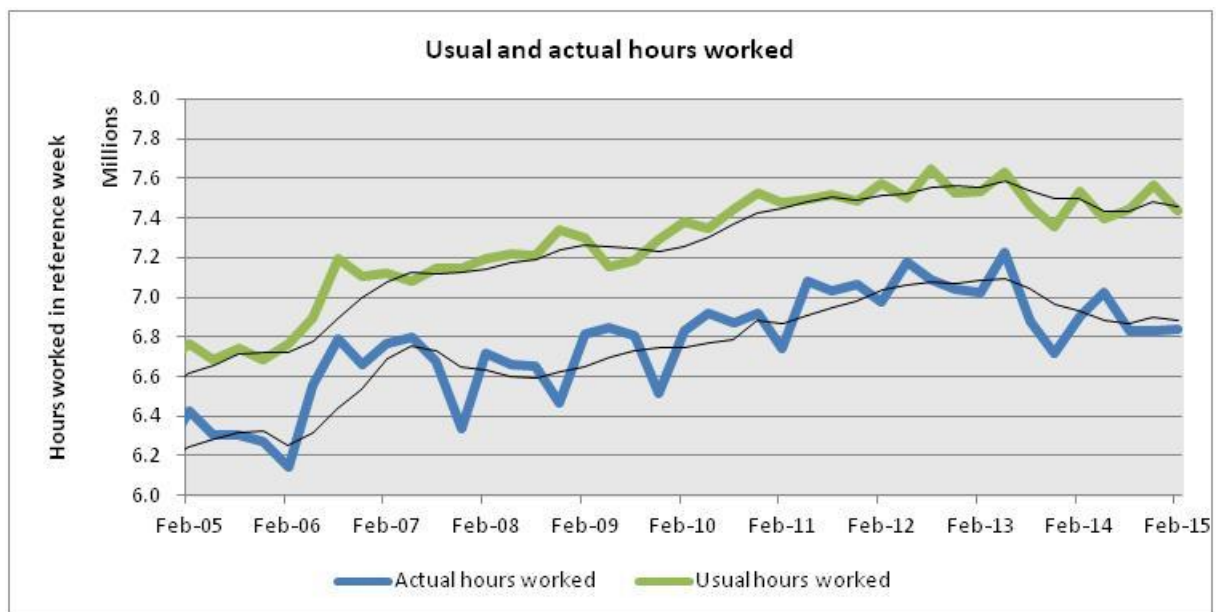




### Hours worked

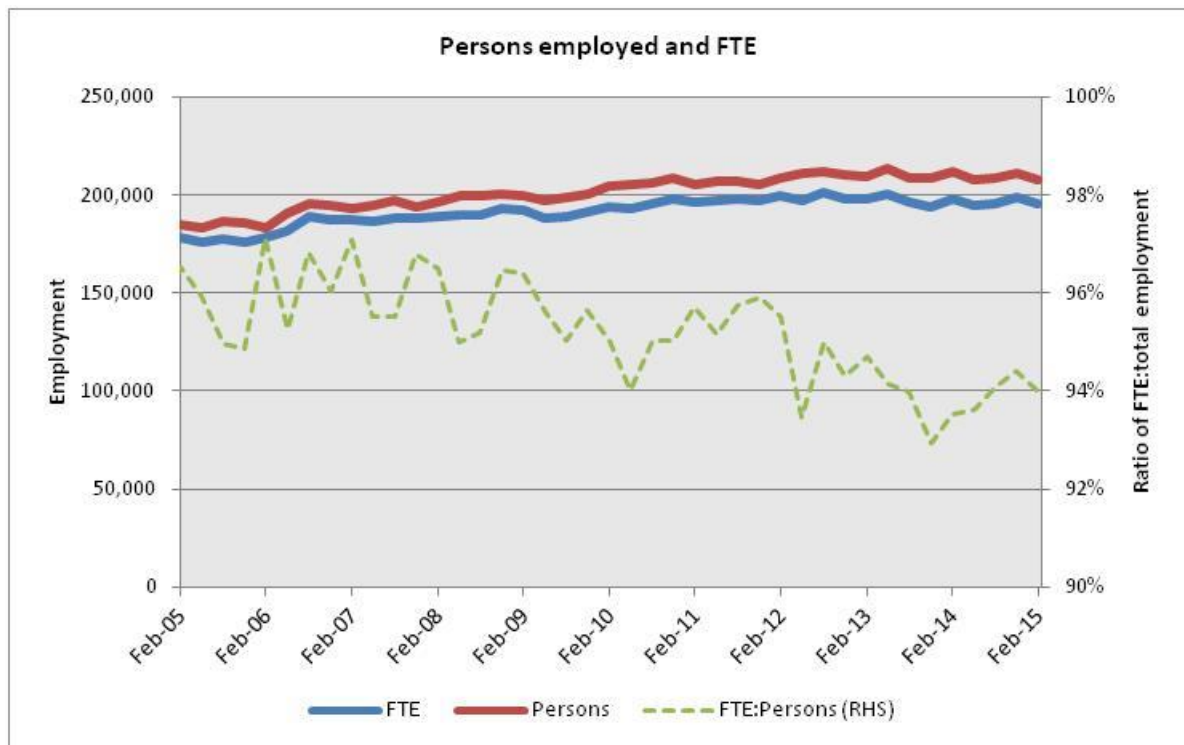
Source: ABS 6291.0.55.001

- A decline in usual hours worked began in late 2012, likely associated with the onset of Australian Public Service recruitment contractions. Between the August 2012 quarter and the November 2013 quarter, usual hours worked fell by 3.8 per cent. This decline has since slowed, although usual hours worked still fell by 1.3 per cent from February 2014 to February 2015.
- Actual hours worked, which takes into account factors such as leave taken during the reference period, declined even more sharply than usual hours worked during 2012-13, with a fall of 6.4 per cent between May 2012 and November 2013. Actual hours worked fell by 0.9 per cent between the February 2014 and February 2015 quarters.



- Average hours worked per employed person has been slowly declining for a number of years, although a small increase has been seen over the 12 months to November 2014.

- ▲ Inferring a full time equivalent employment level from usual hours worked data suggests that the ACT's total employment level of 208,100<sup>1</sup> (in the February 2015 quarter) equates to approximately 195,597 FTE positions.
- ▲ While total (or 'headcount') employment grew by 12.8 per cent (23,600 persons) from February 2005 to February 2015, FTE employment only grew by 9.8 per cent (17,476 positions). Put another way, the ratio of FTE positions to total employment has decreased from 96.5 per cent to 94 per cent over the last decade.
- ▲ Although the drivers have not been explored in detail, this trend towards lower average hours per worker is not seen in all industry classifications. One possible explanation is the increasing use of flexible workplace arrangements.

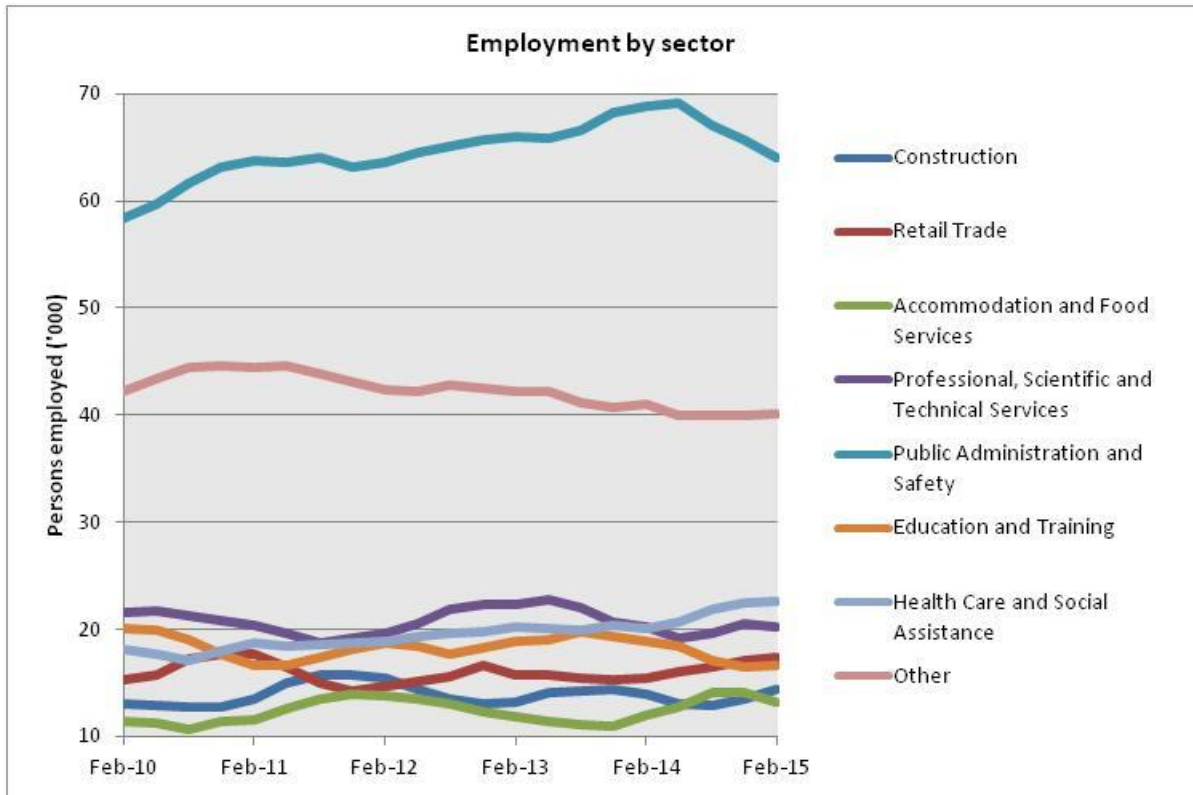


### *Employment by Sector*

*Source: 6291.0.55.003, t5*

- ▲ Over the twelve months to February 2015, employment growth was strongest in the Healthcare and Social Assistance sector (2,531 persons), followed by the Retail Trade sector (1,927 persons) and Accommodation and Food Services sector (1,193 persons).
- ▲ Over the same period there were large contractions in the Public Administration and Safety sector (4,766 persons) and Education and Training sector (2,249 persons).
- ▲ As at February 2015 Public Administration and Safety represented 31 per cent of the workforce followed by Healthcare and Social Assistance (11 per cent), Professional Scientific and Technical Services (10 per cent), Retail Trade (8 per cent), Education and Training (8 per cent), Construction (7 per cent) and Accommodation and Food (6 per cent).

<sup>1</sup> The February 2015 employment figure has since been revised in the March 2015 publication.



### Wage prices and incomes

Source: ABS. 6345.0 - T2b; ABS 6302.0 T14H

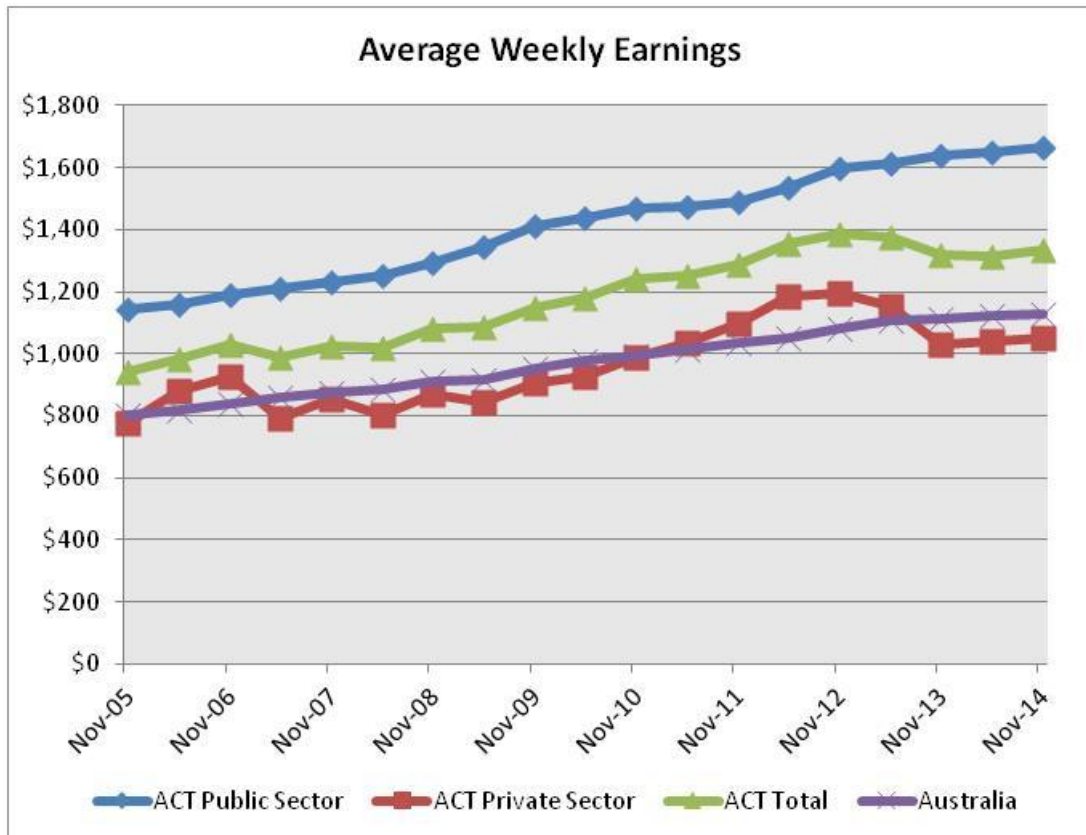
- ▲ The Wage Price Index (WPI) measures changes over time in the price of labour. In the year to December 2014, the wages in the ACT rose by 1.7 per cent, while they increased by 2.6 per cent nationally.
- ▲ Compared to the September 2014 quarter, ACT wages increased by 0.4 per cent, slower than the national rate of 0.6 per cent.



- ▲ Nationally by industry sector, the largest rise in the WPI was recorded by Arts and Recreation services and Education and Training (both up 3.4 per cent), followed by Electricity, Gas, Water

and Waste services (up 3.0 per cent). Manufacturing and Healthcare and Social Assistance were increased by 2.8.

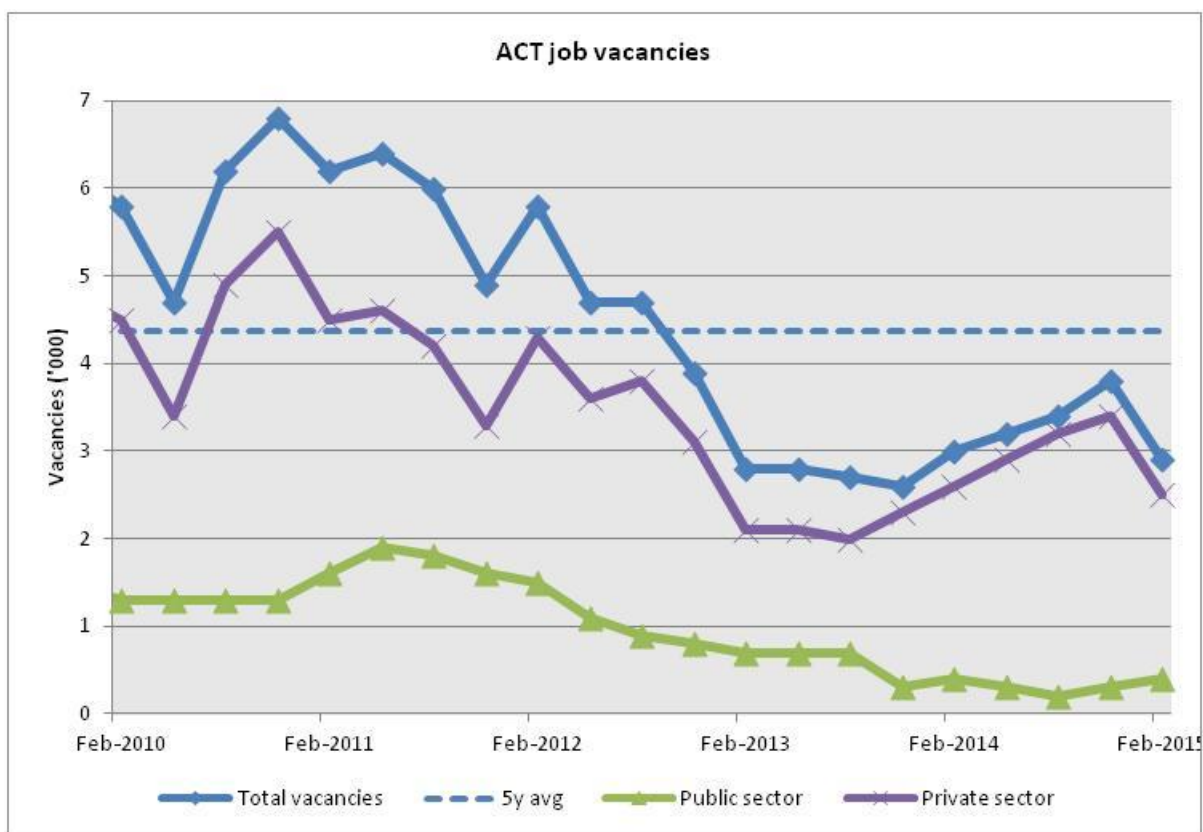
- ▲ The six monthly Average Weekly Earnings (AWE) measures changes in wages and salaries. In November 2014 the average ACT wage was \$1,334, compared to the national average of \$1,128. This represented only a 1 per cent rise in ACT average wages compared to November 2013.
- ▲ Public sector earnings remain significantly higher on average than private sector wages. In November 2014, the difference between public and private sector average earnings reached \$615 per week.



### Job Vacancies

(Source: ABS 6354 - T1)

- ▲ Job vacancy figures serve as a leading indicator of employment. In the February 2015 quarter there were 2,900 job vacancies. Although this appears to be a significant and sudden fall in vacancies, it should be noted that data for the preceding four quarters have had relative standard errors of approximately 25 per cent.
- ▲ In the ACT, public sector vacancies have almost “dried up” as a result of recruitment freezes in the Australian Public Service, with only 400 vacancies in February 2015, compared to typical long term levels between 1,000 and 2,000.
- ▲ Nonetheless, private sector job vacancies have been growing steadily since late 2013, reaching 2,500.

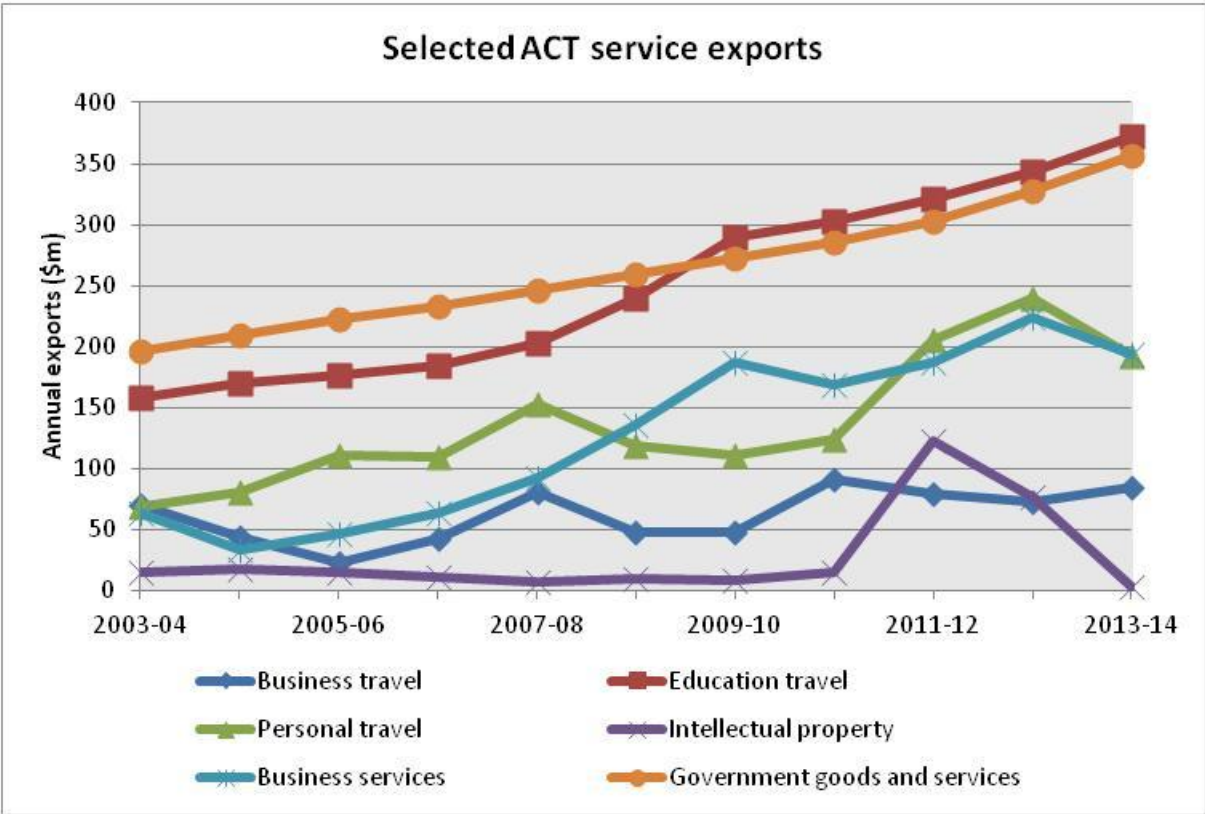


## Business indicators

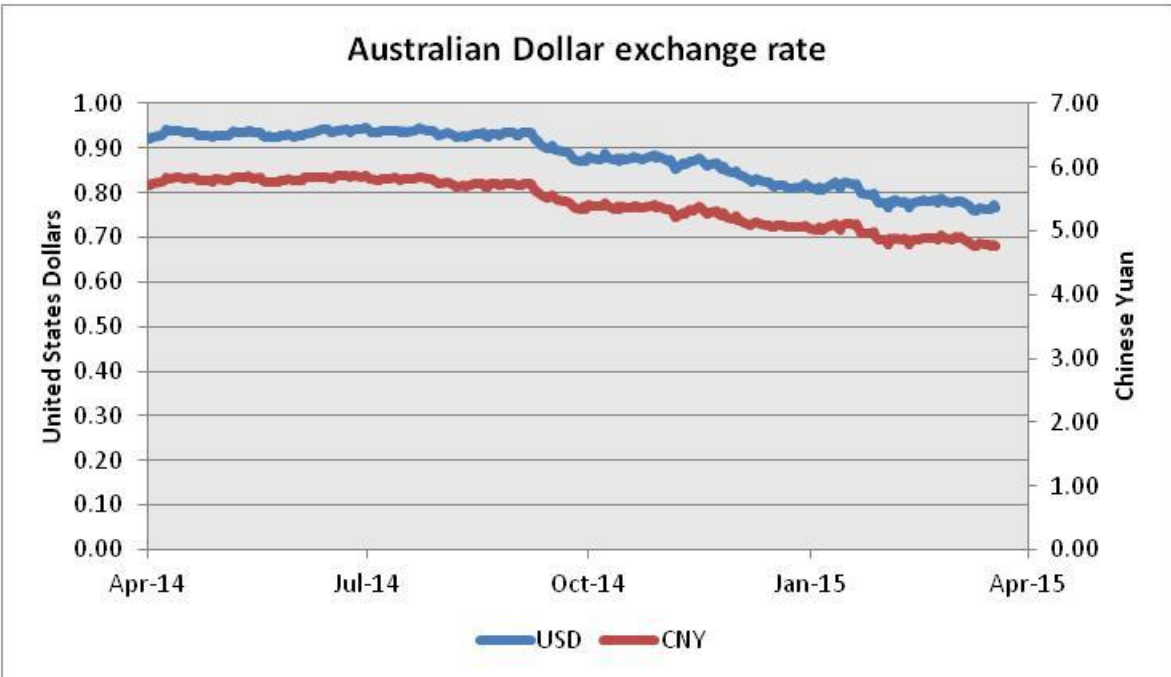
### *Service exports*

*Source: ABS 5368.0.55.003 T1.8*

- ▲ The ACT's total service exports in 2013-14 were worth \$1.23 billion. This was a decrease of 6.5 per cent compared to the previous year. While the ACT's share of national service exports fell slightly, by 0.3ppts, to 2.1, which is still larger than the ACT's 1.6 per cent of national population.
- ▲ The single largest service export for the ACT remains education related travel, which grew by 8.7 per cent over the year and is now worth \$373 million.
- ▲ Business travel rebounded from a low year in 2012-13, growing by 16.7 per cent to \$84 million.
- ▲ The other major growth sector was Government Goods and Services, which were up 8.5 per cent to \$356 million.
- ▲ Other personal travel exports were worth \$192m, down by 19.7 over the year.
- ▲ Exports of 'charges for the use of IP', which provided significant growth in the 2011-12 and 2012-13 periods, has now fallen to almost nil again.
- ▲ The 'other business services' group, which includes R&D services, professional/management services and technical services, fell by 13.8 per cent to \$193m.



- ▲ The Australian Dollar depreciated in value by approximately 15 per cent between March 2014 and March 2015 compared to major currencies such as the United States Dollar and Chinese Yuan. In theory, a devaluation of the currency should support further growth in the ACT's exports, although some exports, particularly education, may not be seen until later in 2015 due to seasonality in those markets.

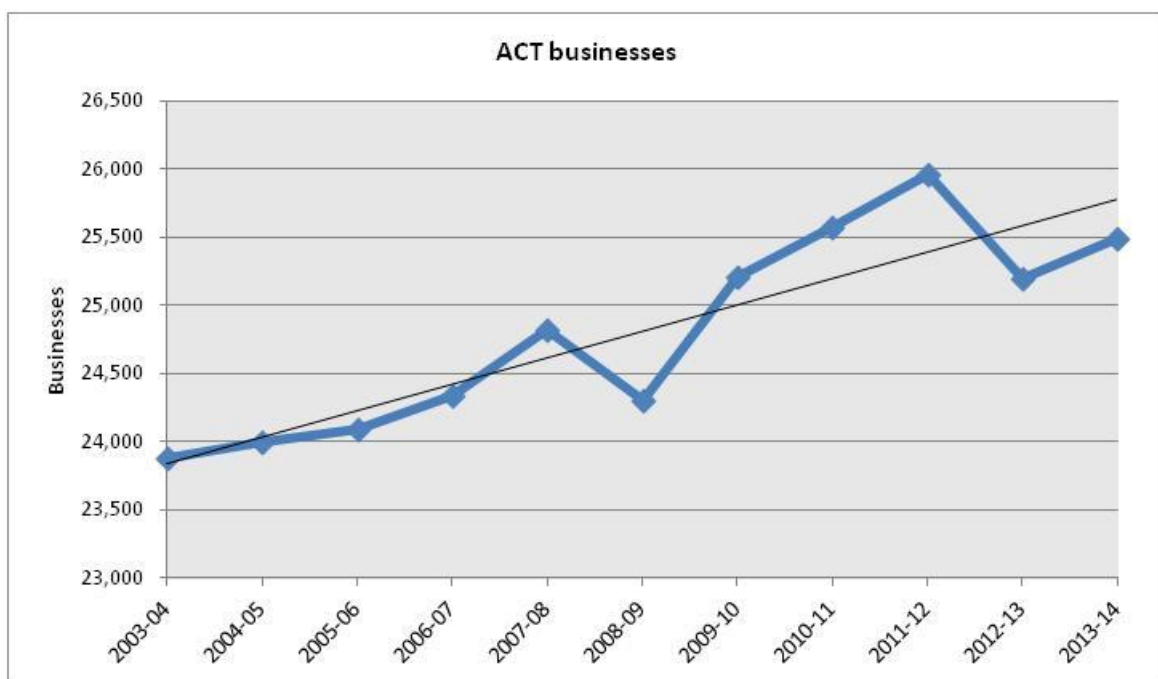


- ▲ For the following section, “businesses” are defined as businesses that are actively trading and remitting GST whose *primary* state of operation is the ACT.
- ▲ As at 30 June 2014, there were 25,487 businesses registered in the ACT, which was an increase of 293, or 1.2 per cent, over the year. The ACT had the equal third highest growth rate after WA (1.4 per cent), Vic (1.3 per cent) and NSW (1.2 per cent), and was above the national growth rate of 1.0 per cent.
- ▲ The ACT also had an above average entry and exit rate, with a total of 3,749 new entries and 3,456 businesses exiting. This gave the ACT an entry rate of 14.9 per cent (above the national rate of 13.7 per cent) and an exit rate of 13.7 per cent (above the national rate of 12.7 per cent).
- ▲ Although these high entry/exit rates are sometimes characterised as a weakness, they in fact point to a dynamic and efficient business environment. As the Institute of Public Affairs recently stated in a submission to the Productivity Commission:

*“Economic growth occurs as the outcome of a selective process: high productivity firms expand, and the low productivity firms exit.*

*Therefore high levels of entry and exit within an industry are a necessary condition for economic growth. Note of course that the exit of low productivity firms frees up resources that enables the higher productivity firms to expand. Regulations that slow the exit process also slow the new entry process. This inhibits the growth process that is what ultimately creates new jobs and higher living standards for Australian workers and consumers.*

*It must be made emphatically clear that business entry and exit are phenomena to be praised. They represent a dynamic and entrepreneurial economy.”<sup>2</sup>*

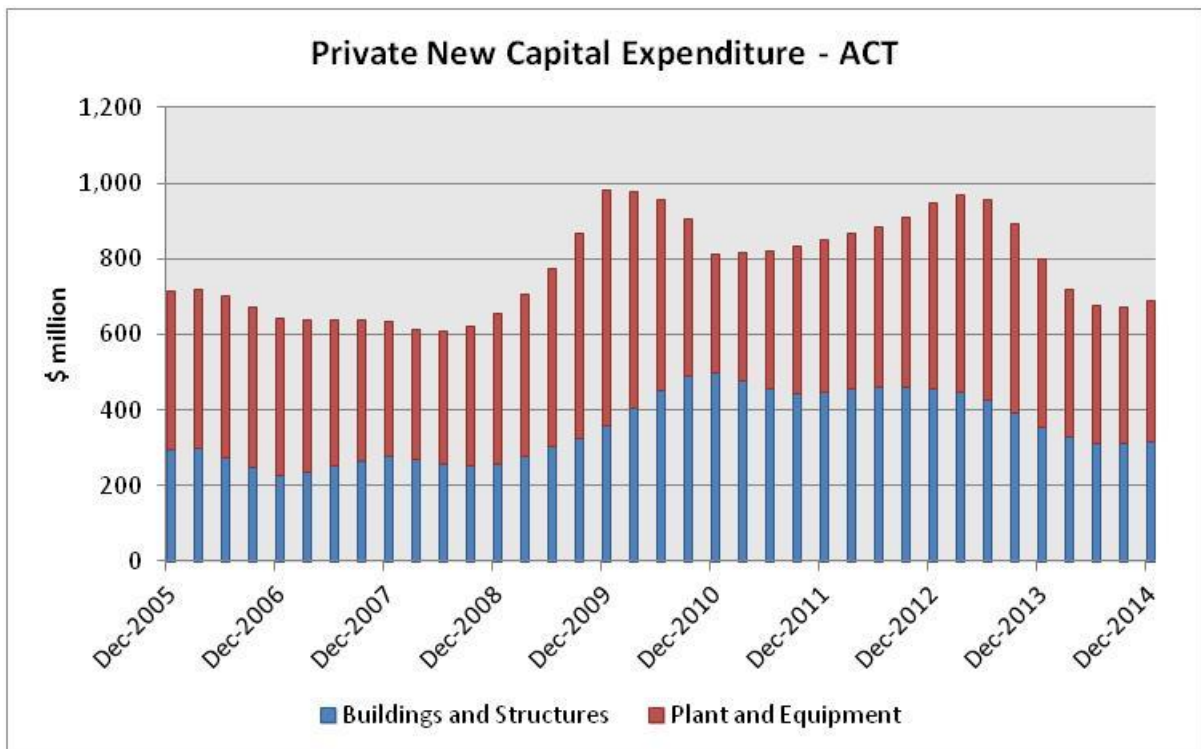


<sup>2</sup> [http://www.pc.gov.au/data/assets/pdf\\_file/0003/187104/sub005-business.pdf](http://www.pc.gov.au/data/assets/pdf_file/0003/187104/sub005-business.pdf)

## Private New Capital Expenditure

Source: ABS 5625.0 T5C

- Private new capital expenditure refers to the acquisition by private businesses of new tangible assets such as buildings and structures, equipment, plant and machinery. The following figures refer to the trend chain volume measure series of expenditure.
- Over the 12 months to December 2014 there was estimated new private capital expenditure of \$692m in the ACT. Of this, \$316m (46 per cent) was on buildings and structures, while \$375m (54 per cent) was for plant, machinery and equipment.
- Expenditure in the December 2014 quarter consisted of \$80m on buildings and structures plus \$98m on plant, machinery and equipment. Total expenditure in the quarter was approximately 8 per cent below decade average levels.



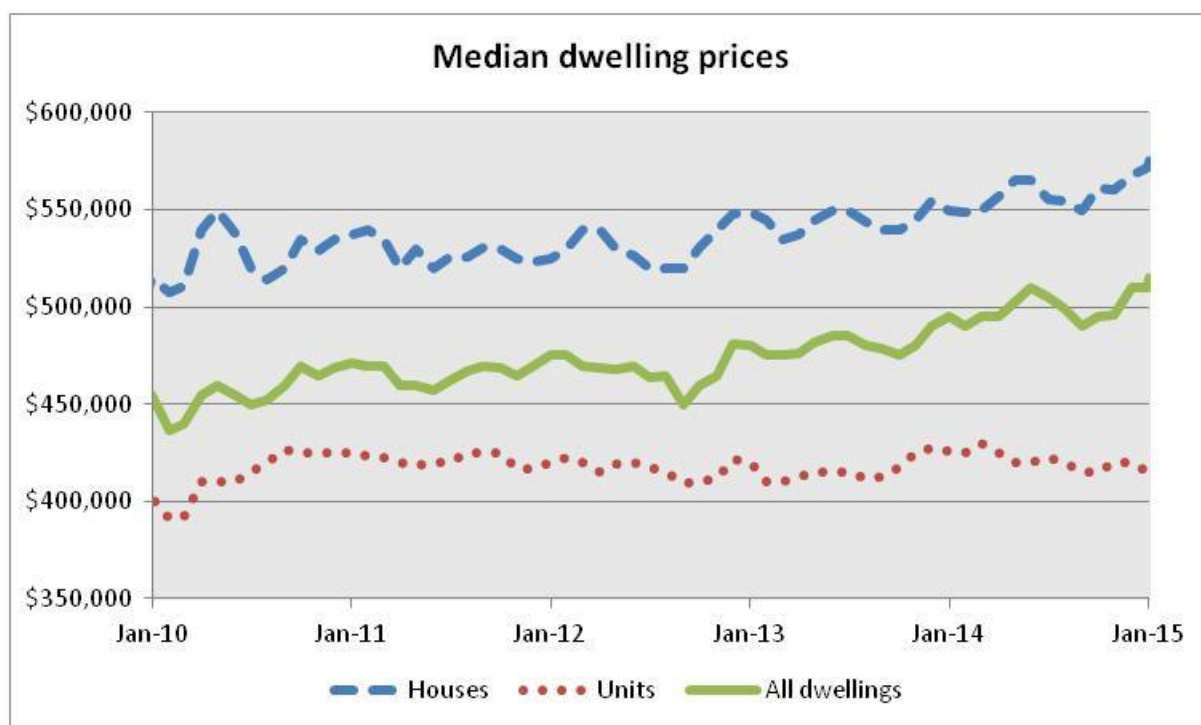


## Residential property

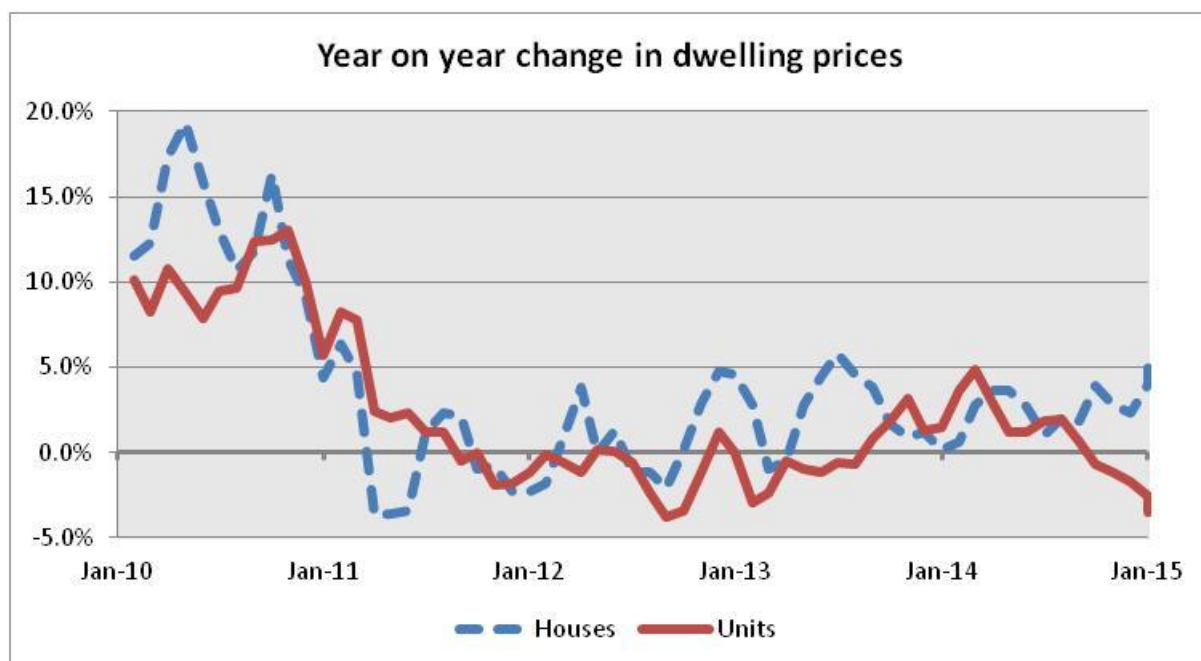
### *Residential Prices and Transfers*

Source: RPData Corelogic (hedonic median price series)

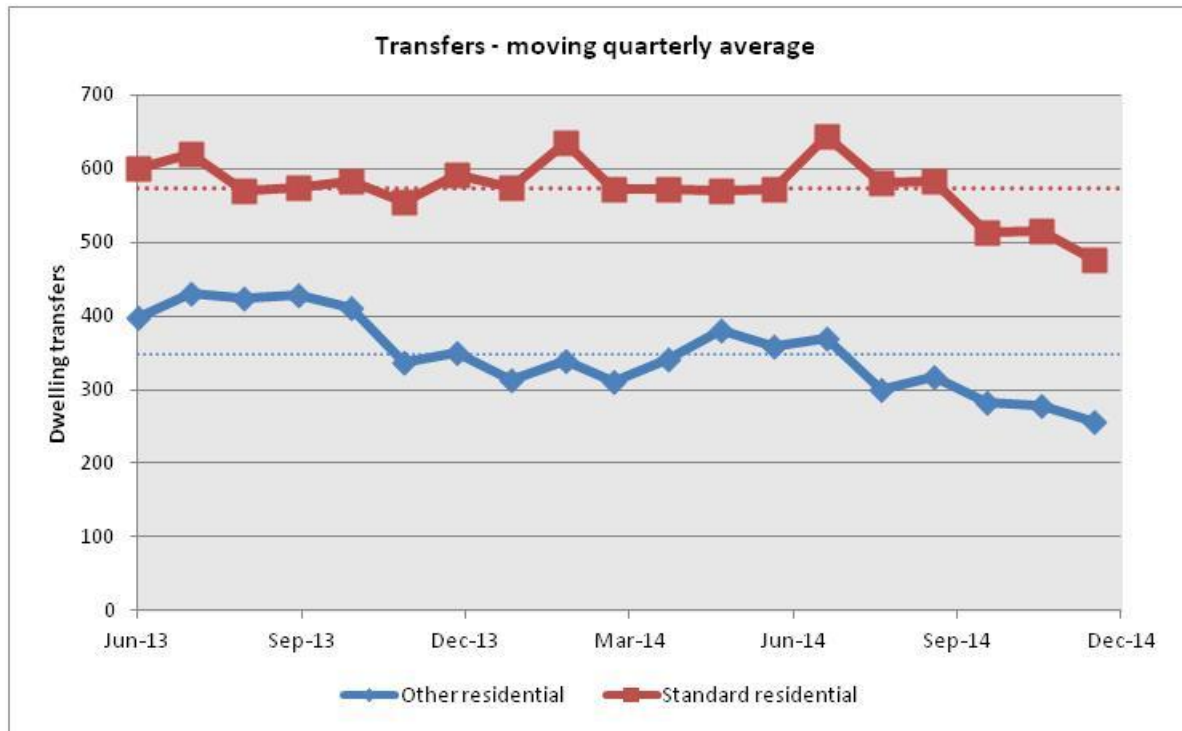
- ▲ The median house price increased to \$575,500 in January 2015, while the median price for units was \$410,000.



- ▲ Median house prices continue to trend steadily upwards and grew by 4.9 per cent (or \$27,000) compared to the same time last year. On the other hand, median unit prices have shown little growth over the last four years and fell by 3.5 per cent (or \$15,000) in the twelve months to January 2015.



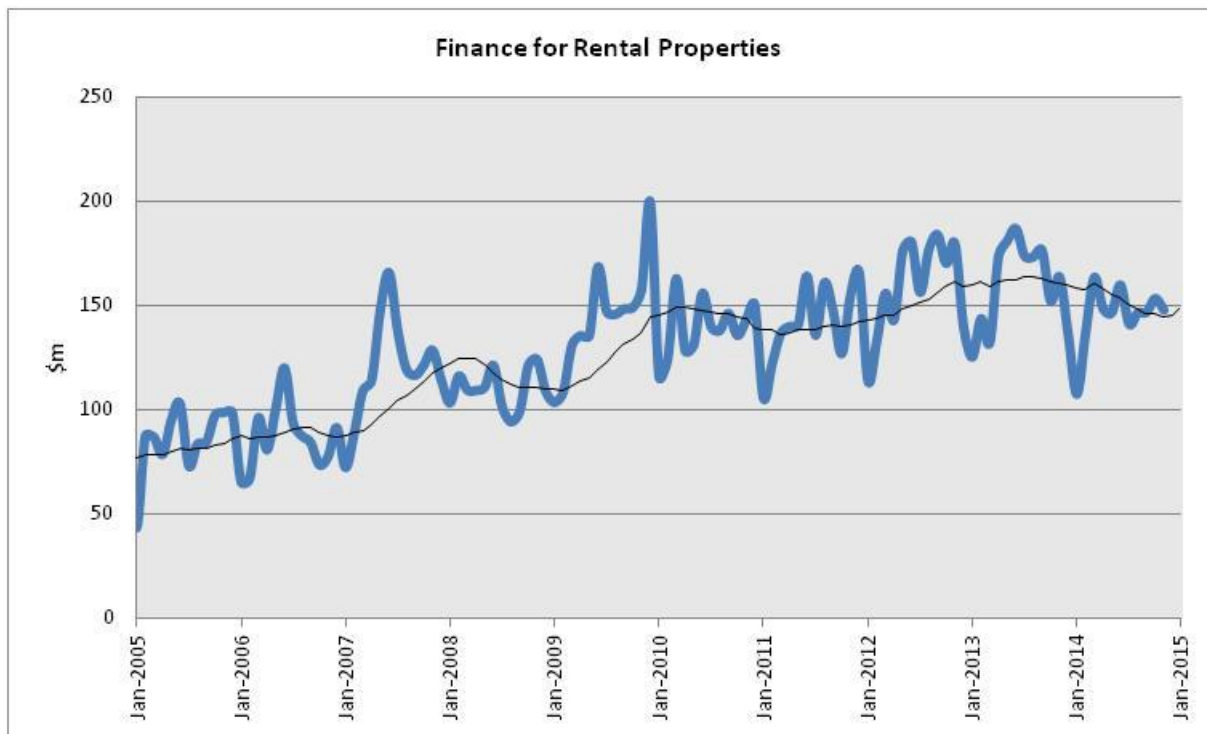
- The volume of residential property transfers was down during the last quarter of 2014 in both the standard residential and other residential segments. However, it is not unusual for this to occur in the lead up to, and shortly after, the Christmas/new year period.
- The chart below shows a moving average number of transfers for the quarter. Over the three months to the end of December 2014 there had been an average of 477 standard residential properties transferred per month and 256 other residential properties.



### *Investor Finance*

(Source: ABS 5671 T26, 6401 T12)

- Over the twelve months to January 2015, \$1.8b was lent to individuals to finance the purchase of dwellings for rent or resale in original terms.
- Monthly lending in January 2015 was \$125.5m, up approximately \$18m compared to the same time last year.



### *First Home Buyers*

*(Source: ABS 5609 T9b)*

- ▲ The total number of loans for first home buyers (FHBs) over the 12 months to February 2015 was 1,655, with an average loan size of approximately \$322,900
- ▲ During the month of February 2015, there were 127 loans for FHBs, with an average loan value of \$322, 100.

Note regarding changes to First Home Buyers lending figures: On 4 February 2015, the Australian Bureau of Statistics (ABS) advised of changes to its method of estimating loans to first home owners (FHOs).

*An investigation revealed a degree of under-reporting by some lenders on loans to first home buyers. This was because some lenders were not including figures for first home buyers who did not receive first home owner grants. FHO grants have been only available for newly constructed dwellings.*

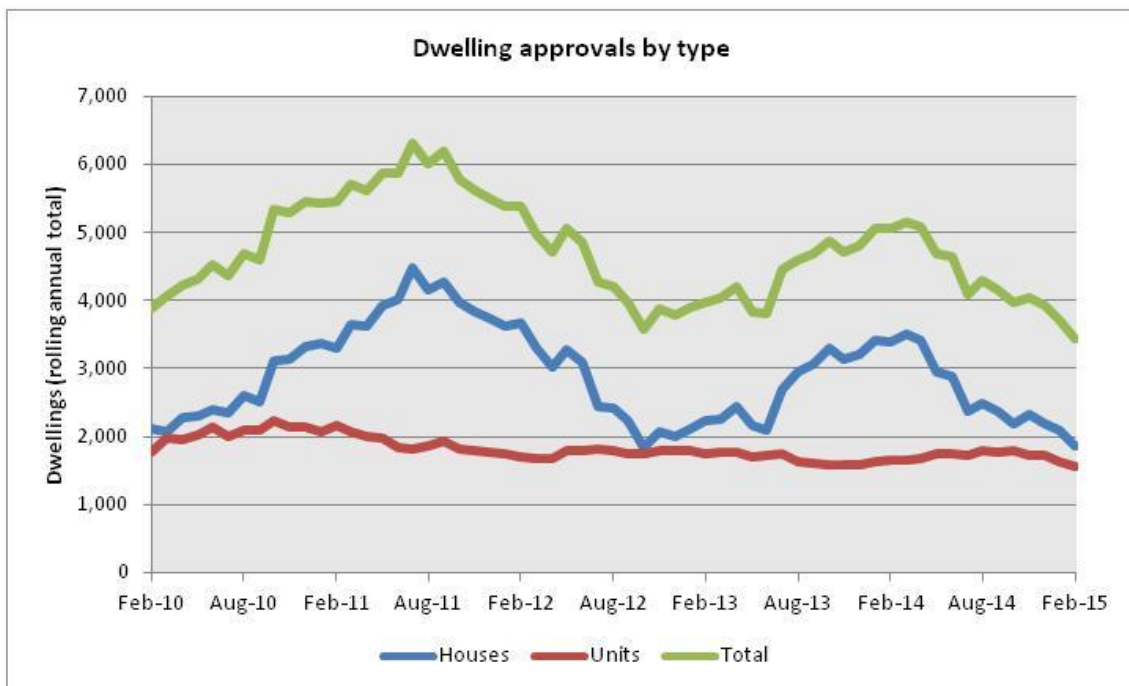
*The ABS estimates that approximately 20 per cent of first home buyers have not been identified correctly as being first home owners. However this does not affect the total number or value of loan commitments and historical data is being revised.*



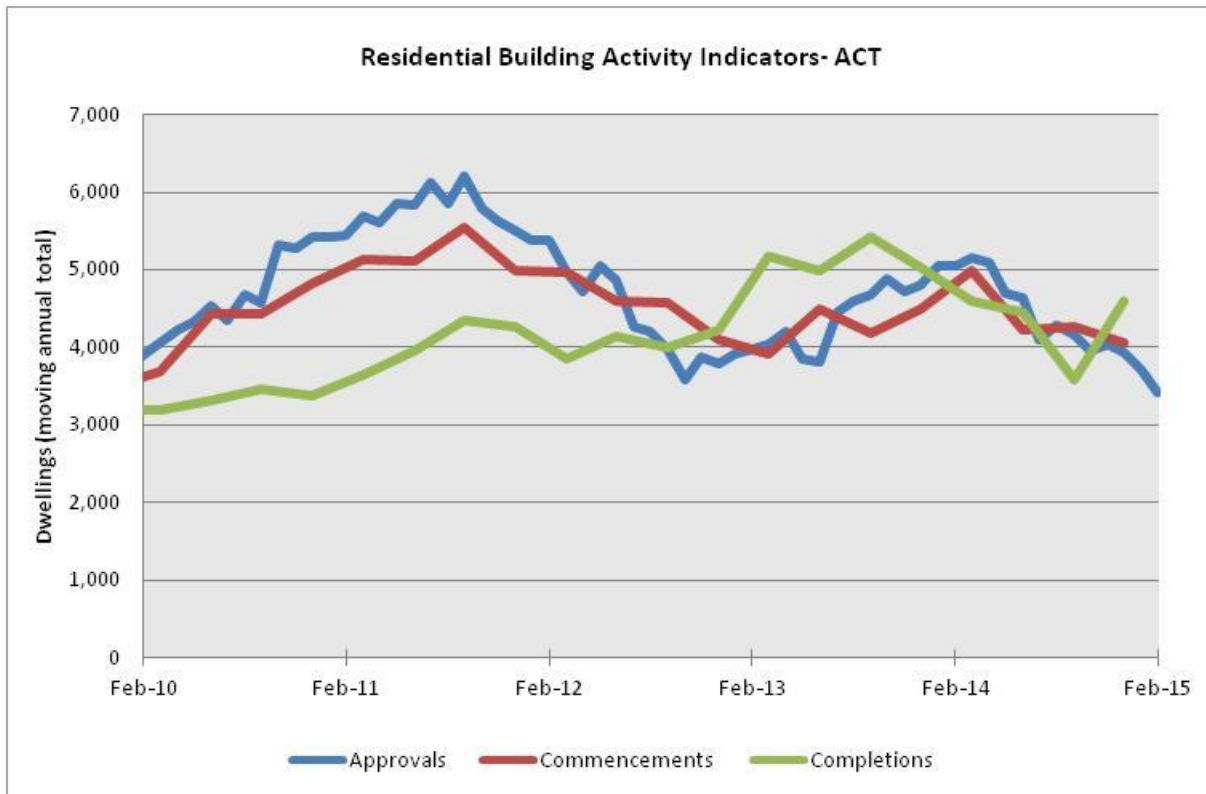
*Dwelling pipeline*

Source: ABS 8731 T9, 8752 T35 & T38, CMTEDD

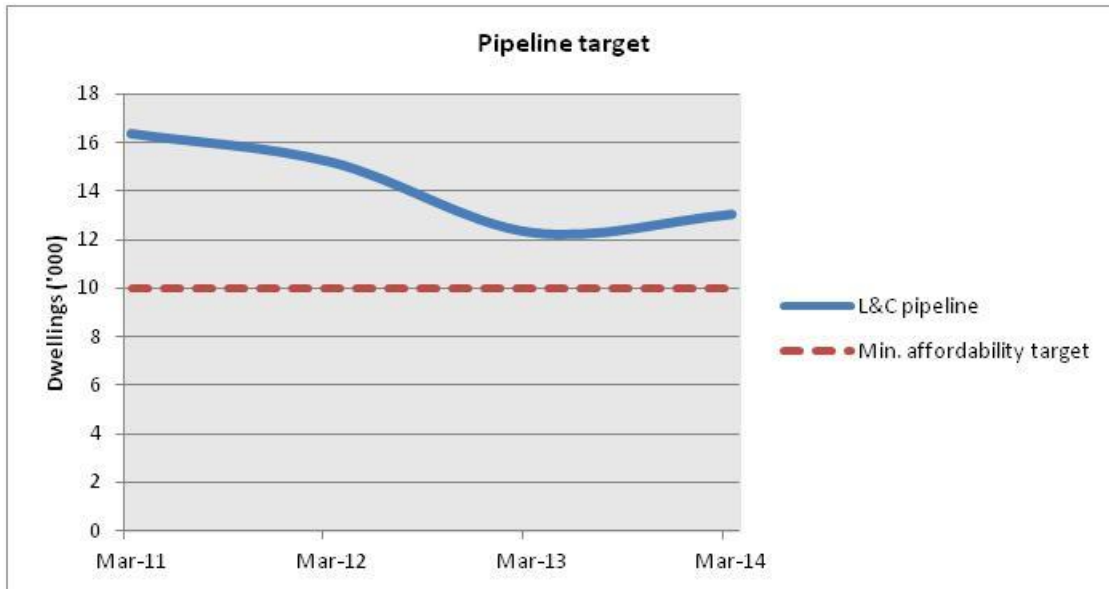
- ▲ Dwelling approvals fell sharply over the twelve months to February 2015, from a rolling annual total of 5,051 approvals in February down to 3,426.
- ▲ The fall in approvals has largely been due to a decline in the number of new apartment and townhouse developments, which has nearly halved since its previous peak in early 2014.
- ▲ The approval of separate houses has remained relatively steady over the previous year, with an annualised figure of 1,863 as at February 2015.



- ✦ The chart below shows a period of rapid growth in the number of dwelling approvals and commencements between 2010 to 2012, flowing through to an above average rate of building completions approximately two years later.
- ✦ While completions had been falling since mid 2013, there was a spike of 1,976 dwelling completions during the December 2014 quarter. A peak of approvals and commencements in early 2014 would indicate that that a wave of dwelling completions could also be expected in early to mid 2016.



- ✦ Based on the Government's land release program, at the end of March 2014, there were a total of 36,764 dwellings in the pipeline. This included 23,700 sites in the planners pipeline (up to the release ready stage), 6,336 in the developers pipeline (released sites not yet being built on) and 6,728 sites in the construction pipeline (lease issued and/or dwelling construction underway).
- ✦ Of the 23,700 dwelling sites in the planners pipeline, approximately 18,000 are located in Molonglo. The remainder is comprised of Taylor (2,700), Kenny (1,500) and Jacka (1,500).
- ✦ In the developers pipeline, 536 sites are currently being serviced (Molonglo and Ngunnawal) with 5,800 sites across Molonglo, Moncrieff and Throsby currently going through the Estate Development Planning process.
- ✦ The majority of activity in the construction pipeline is occurring in Molonglo (4,579 sites), Casey (884) Crace (446), Bonner (273) and Jacka (234).
- ✦ The Government's Affordable Housing Action Plan, released in 2007, set a target of 10,000-12,000 sites for the developers and construction pipelines in order to remove supply side pressures on housing affordability. As shown below, the pipeline has exceeded this target in each of the last four years.

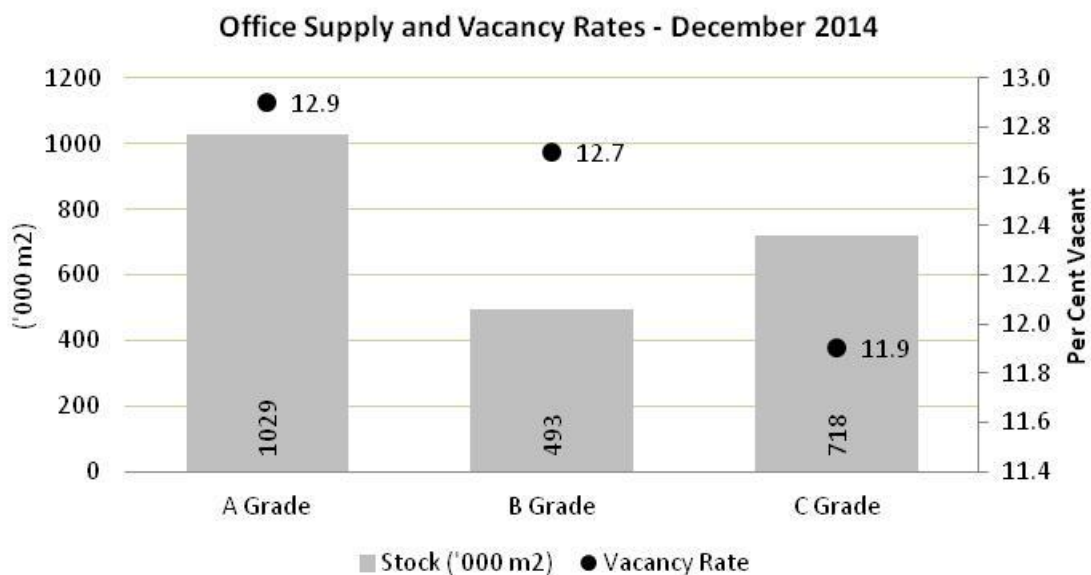


## Commercial property and construction

### Office accommodation

(Source: Colliers International)

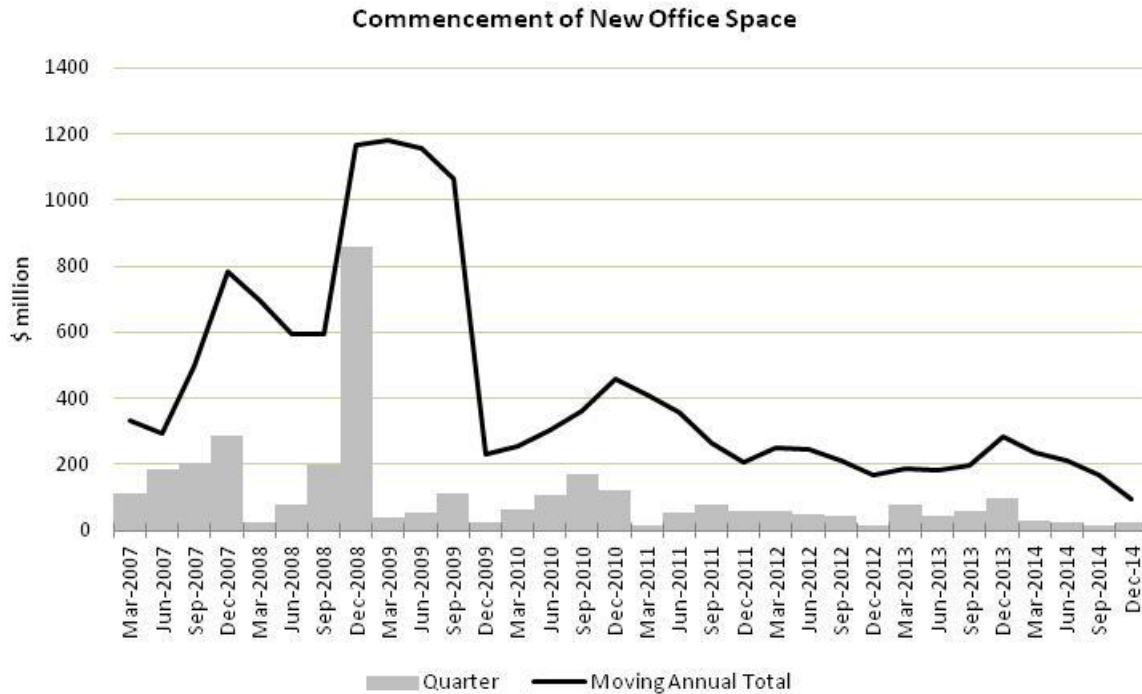
- ▲ The most recent measure of office space and vacancy rates shows that there was 1,029,000m<sup>2</sup> of A-grade office space available in December 2014. The corresponding vacancy rate for A-grade space was 12.9 per cent.
- ▲ There was 493,000sqm of B grade space and 718,301sqm of C grade space available for lease in December 2014. The corresponding vacancy rates were 12.7 per cent and 11.9 per cent respectively.



## New Office Construction

(Source: ABS 8752 T68)

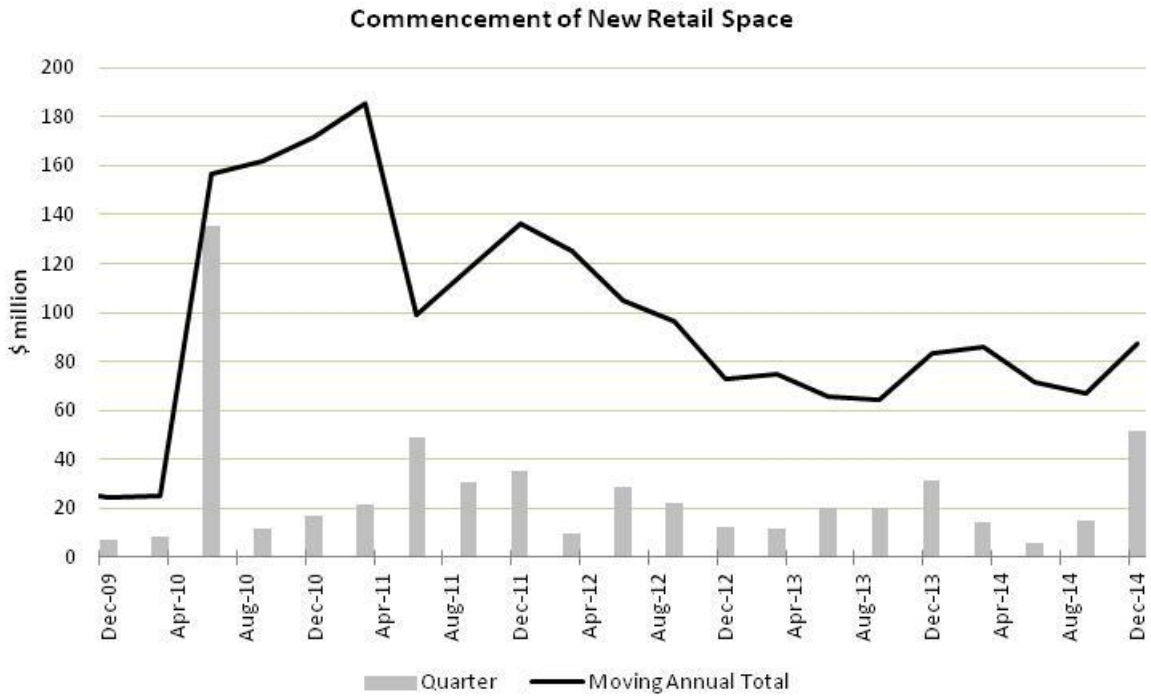
- ▲ In the December 2014 quarter \$24.2 million worth of office space commenced. In the 12 months to December 2014, \$93 million of new office space commenced. This marks a continuing steady downward trend since December 2009.



## New Retail Construction

(Source: ABS 8752 T68)

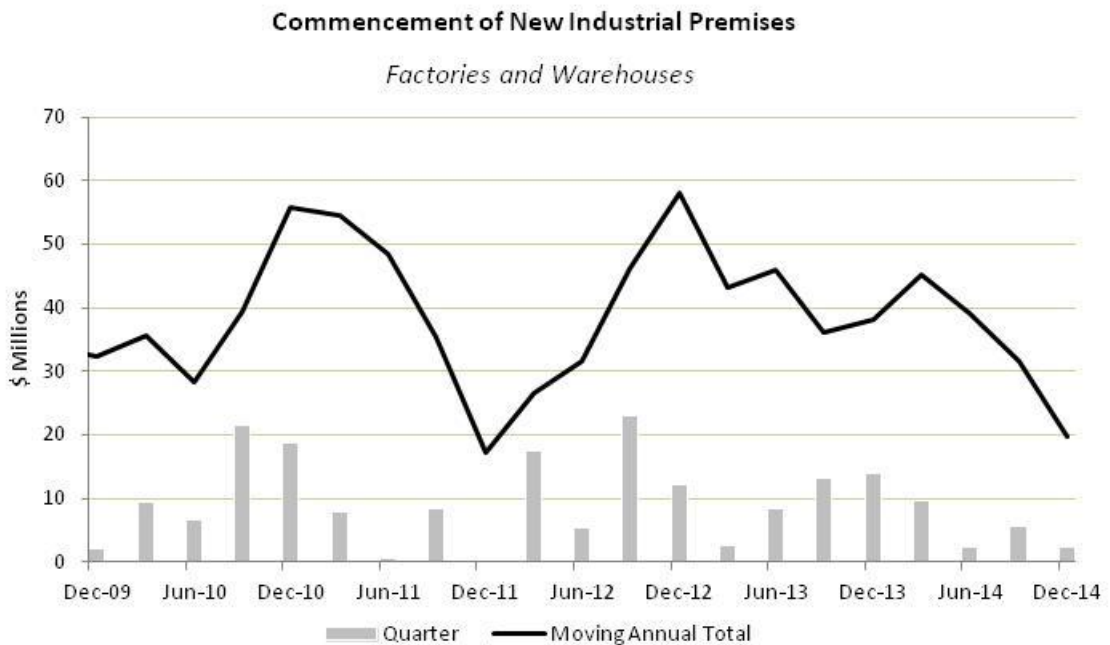
- ▲ \$51.8 million worth of new retail space commenced in the December 2014 quarter taking the total for the preceding 12 months to \$87 million.
- ▲ New retail commencements have been relatively stable over the last two years and are in line with medium term averages.



### New Industrial Construction

*(Source: ABS 8752 T68)*

- ▲ \$19.7 million worth of new industrial premise construction commenced over the year to December 2014.
- ▲ For the December 2014 quarter, new industrial premise construction was valued at \$2.2m, well below the previous year's high of \$14m.

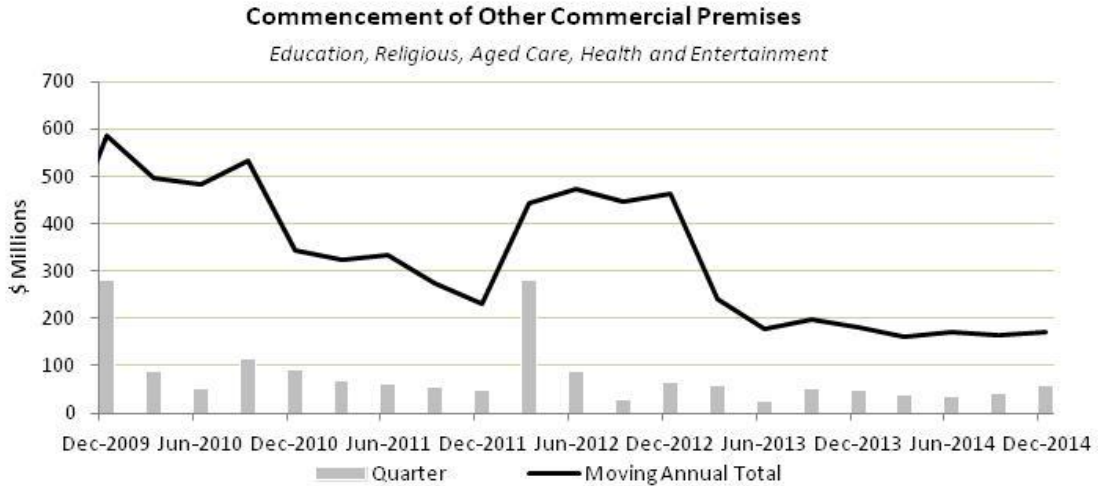




### Other new Construction

(Source: ABS 8752 T68)

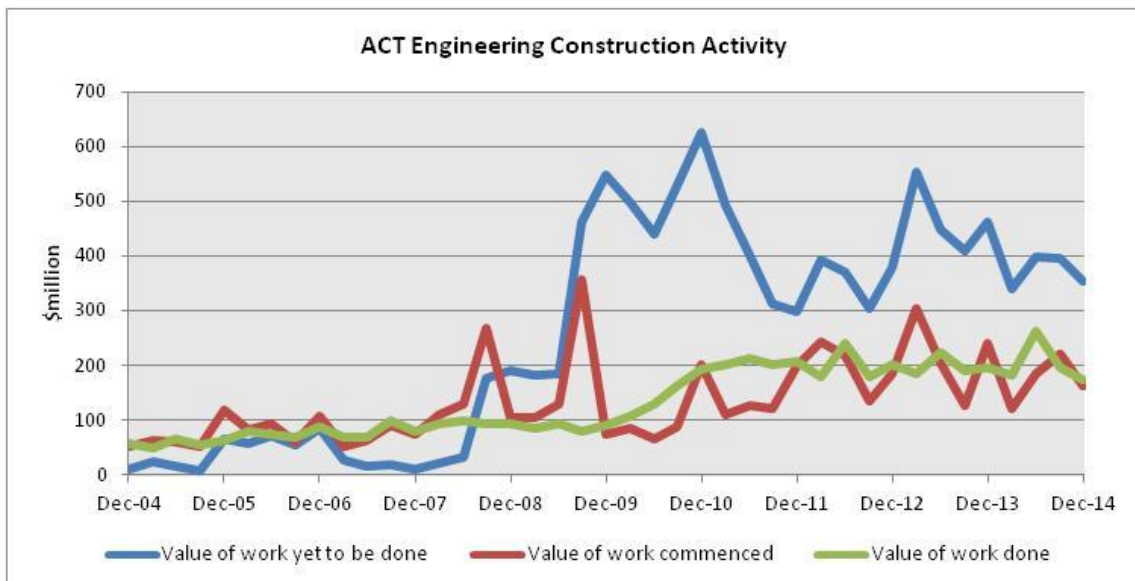
- Other construction, including education, religious, aged care, health and entertainment facilities, was worth \$58m in the December 2014 quarter, taking the total to \$172m for the year.



### Engineering Construction

(Source: ABS 8762 T33, T34 & T 35)

- Figures on engineering construction for the December 2014 quarter show that the amount of engineering construction being done has remained steady over the last three years at approximately \$192m per quarter.
- At approximately 0.6 per cent of the national value of work done, this is below the ACT's per capita share of 1.6 per cent, reflecting the amount of engineering construction that has been undertaken in the resource states.
- A sizeable change has occurred in the value of work yet to be done, where large increases occurred from 2008/09, peaking in 2010/11. Since that time, it appears that the backlog of work has been gradually clearing with about \$350m worth of work still yet to be done.



## The visitor economy

### *Domestic visitors*

*Source: TRA National Visitor Survey, December 2014*

- ▲ In the year ending December 2014, 1.95m Australians visited the ACT overnight. Although this was a decrease of 103,000 visitors (5 per cent) compared to the year before, total visitor nights in the ACT increased by 9 per cent, to 5.9m.
- ▲ Growth in visitor nights by domestic visitors was driven by persons visiting friends and relatives, which increased by 22 per cent over the year, offsetting falls in the holiday and business visitor categories of 12 per cent and 11 per cent respectively.
- ▲ In the year to December 2014, 47 per cent of all domestic visitor nights in the ACT were for the purpose of visiting friends and relatives, with 22 per cent for holidays, 20 per cent for business and 11 per cent for 'other purposes'.
- ▲ Trip expenditure by overnight domestic visitors in the year to December 2014 was worth approximately \$1.1b, down approximately \$108m compared to the year before.

### *International visitors*

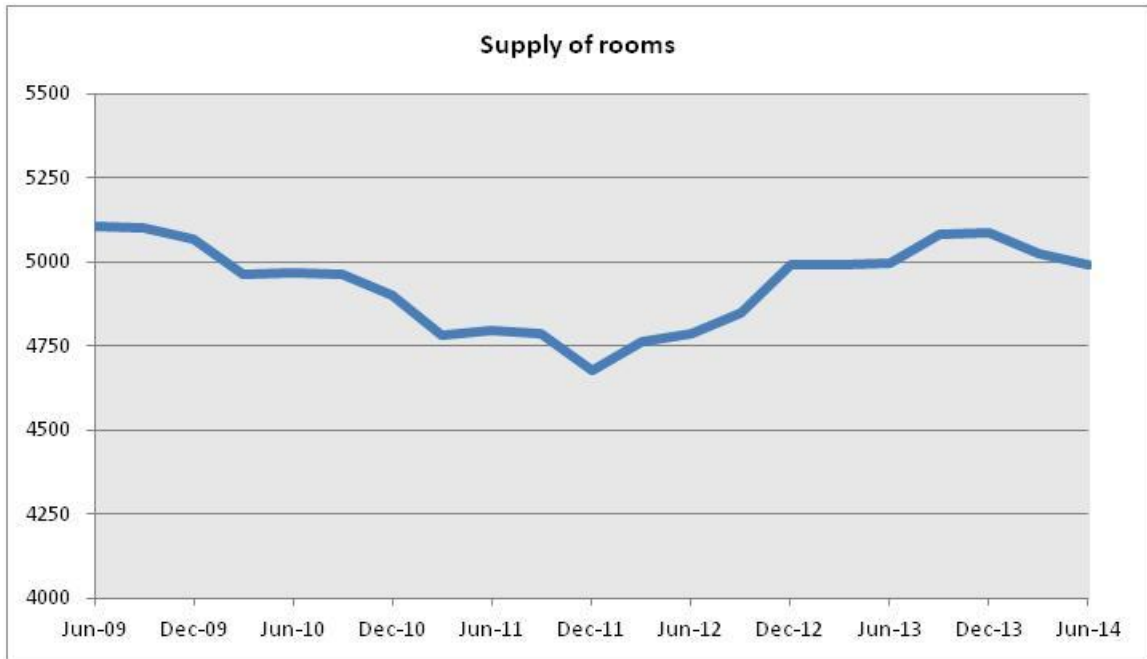
*Source: TRA International Visitor Survey*

- ▲ In the year ending September 2014, the ACT had 181,000 international visitors, which was an increase of 2.1 per cent compared to one year earlier. Most of this growth was driven by an increase of 7,000 holidaying visitors (8 per cent increase), while business visitors also rose by 4,000 (16 per cent increase).
- ▲ International visitors spend 4.5m nights in the ACT in the year ending September 2014, practically unchanged compared to the year before (0.1 per cent decrease).
- ▲ The largest increase in visitors nights was seen in the educational visitor category, up 293,000 nights compared to one year earlier. Combined with increases in visitor nights for holidays (9.2 per cent) and business (90.5 per cent), this offset a 27 per cent decrease in nights by visiting friends and relatives.
- ▲ Importantly, expenditure by international visitors increased by 4.8 per cent, reaching \$373m in the year ending September 2014. A majority of this spending is by educational visitors, which spent \$195m, up 20 per cent compared to one year earlier. Spending by holidaying and business visitors both increased over the year (to \$52m and \$39m respectively), while total expenditure by visiting friends and relatives fell by 26 per cent.

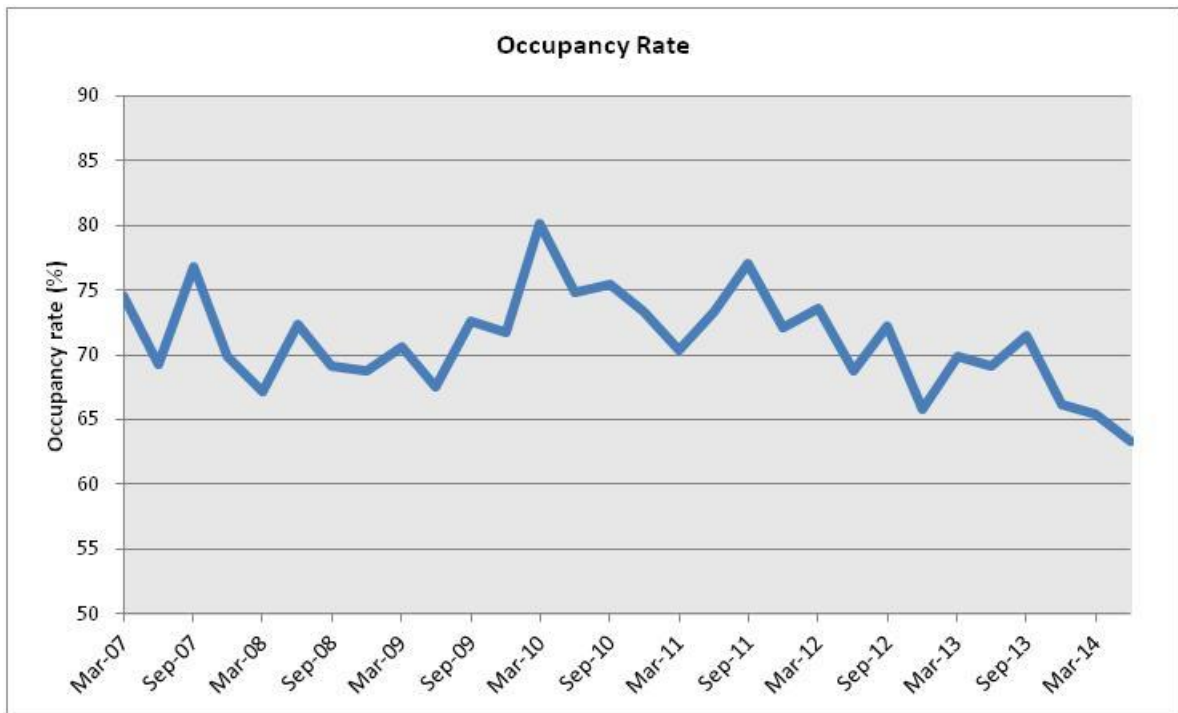
### *Accommodation*

*Source: ABS 8635 T9*

- ▲ The total supply of accommodation (measured by rooms) was 4,992 in the June 2014 quarter. This represents a slight decrease from the peak of 5,068 rooms in December 2013, but is at the average level of supply over the last five years.

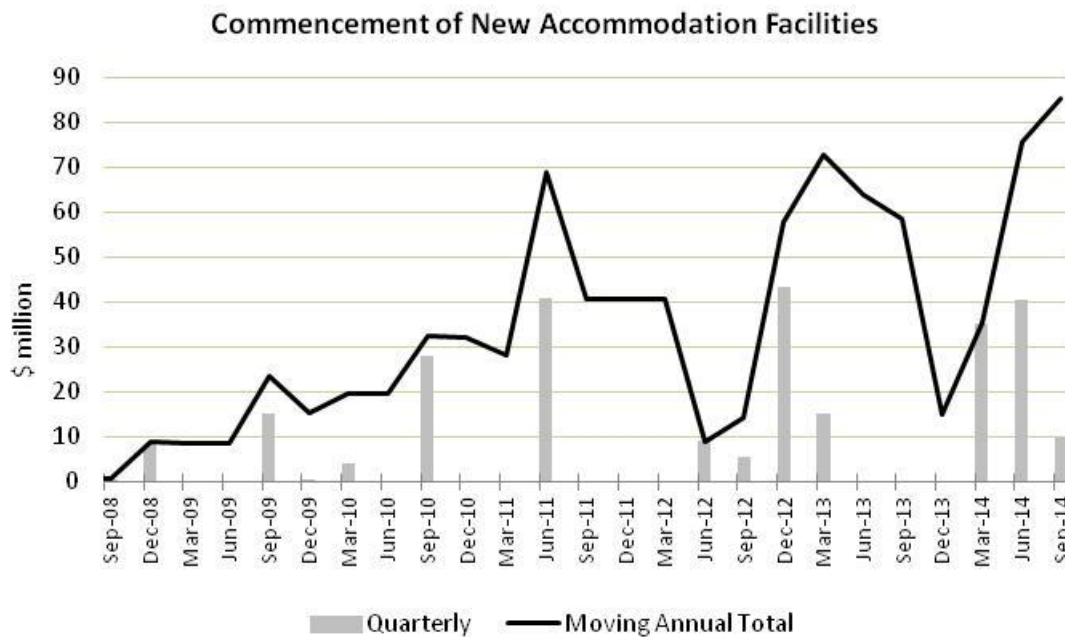


- ▲ Corresponding with growth in the supply of accommodation throughout 2011 to 2013, occupancy rates have been trending downwards, from 73 per cent in June 2011, to 63 per cent in June 2014.
- ▲ At 63 per cent, occupancy rates in the June 2014 quarter were below the five year average of 71 per cent.



## New Accommodation

(Source: ABS 8752 T68)



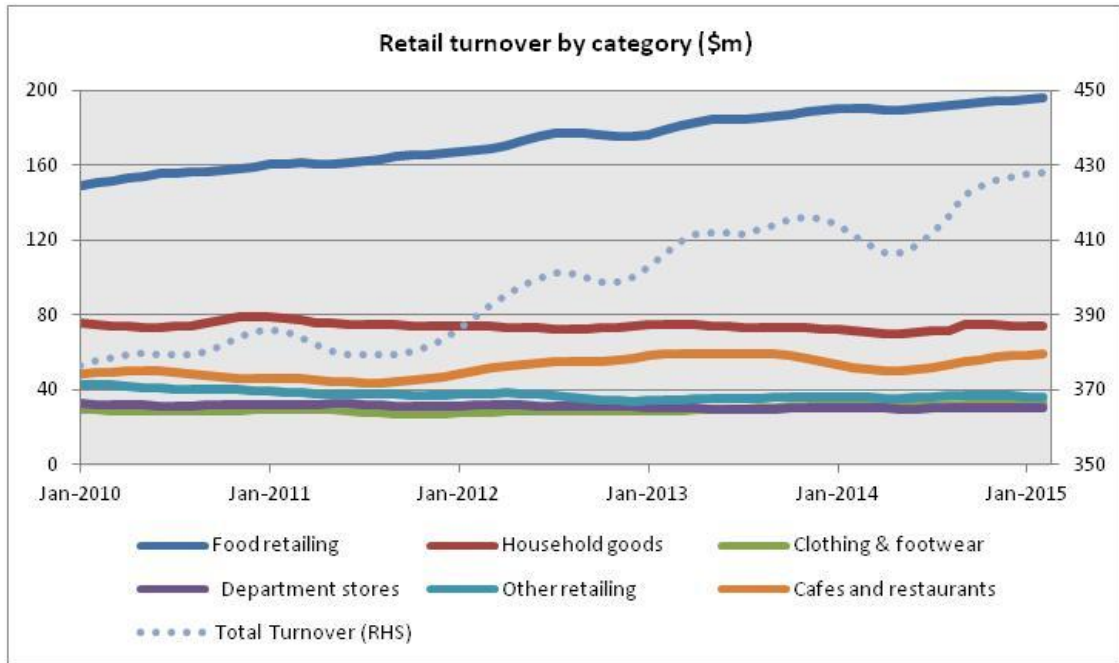
- ▲ In the year to September 2014, \$85 million worth of new accommodation work commenced.

## RETAIL MARKETS

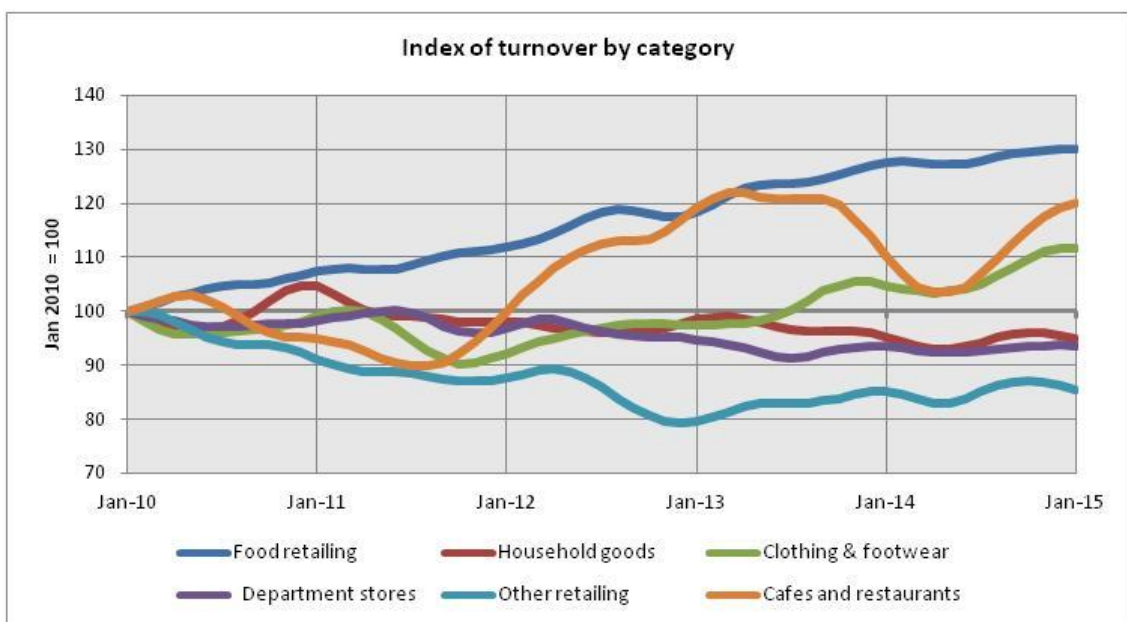
### Retail Turnover

(Source: ABS 8501 T3)

- ▲ Trend monthly retail turnover in the ACT in February 2015 reached \$427.9m, up 4.1 per cent compared to 12 months earlier.
- ▲ Food retailing (non cafes and restaurants etc.) remains the largest category by far, comprising 46 per cent of annual retail trade. Turnover in this category reached \$195.8m in February 2015, up 2.8 per cent over the year.
- ▲ The second largest category, household goods, was worth \$73.9m – up 3.5 per cent over the year.
- ▲ After declining in the first half of 2014, cafes and restaurants regained territory, growing by 14 per cent over the year. At \$58.9m, turnover is still slightly below the previous peak of \$59.4m (in March 2013).
- ▲ Notwithstanding some recent improvements, medium term growth in retail trade has been somewhat limited. As shown in the following chart, food retailing has been the only category to consistently over the last five years, with department stores, household goods and 'other retailing' (which includes newspapers and books, pharmaceuticals and cosmetics and other recreational goods) have all declined over the last five years.



- These trends are likely driven by a number of factors, including local consumer confidence, exchange rates and online shopping. Those types of retail that are necessary and relatively less likely to be substituted for imports (either from other states or other countries), such as food, have shown strong and sustained growth. Similarly, dining and cafes have shown good growth, although are somewhat more susceptible to changes in consumer confidence and incomes.
- Categories such as household goods and department stores have higher levels of competition from online sellers outside the ACT. This is particularly evident within the household goods category, where turnover in the housewares and electrical goods subcategories, which are relatively easy and convenient for consumers to purchase online, have declined by 12 per cent over the past five years. On the other hand, the hardware, building and gardening supplies subcategory, which does not lend itself as easily to online retailing, has grown by approximately 16 per cent.



## Appendix: The Capital Region

- ▲ Canberra is increasingly being recognised for its role as the hub of a much larger regional area. This appendix provides a brief overview of key indicators for the broader region.
- ▲ There are a number of different definitions for the region surrounding the ACT. The three regional definitions commonly used in the ACT for policy and planning purposes are the ‘Canberra plus one’ area, the Canberra Region and the Canberra’s “catchment area”.
- ▲ A fourth definition, the “Capital Region” is a separate statistical area defined by the ABS. The Capital Region (not to be confused with the Canberra Region) is based on the Australia Statistical Geography Standard, rather than Local Government Areas. While not commonly used in the ACT policy, it is the basis for much of the ABS statistical data.
- ▲ ‘Canberra plus one’, often referred to as “C+1” grouping of local government areas that can be reached within a one hour drive time from Canberra. It includes the councils of Queanbeyan, Palerang, Goulburn-Mulwaree, Yass Valley, Cooma Monaro and Upper Lachlan.
- ▲ The Canberra Region consists of the members of the Canberra Region Joint Organisation (formally known as the South East Region of Councils). Members Bombala, Boorowa, Cooma-Monaro, Eurobodalla, Goulburn Mulwaree, Harden, Palerang, Queanbeyan, Snowy River, Upper Lachlan, Yass Valley and Young and the ACT Government. The Canberra Region forms the basis for many of the joint regional economic development activities, including the Canberra Region brand.
- ▲ A broader ‘catchment area’ defines the region for which Canberra acts as a hub for certain services, such as in the health or aviation sectors. The catchment area encompasses the Canberra Region area, but includes additional areas to the west of the ACT, where travel times for residents are similar for travelling to Canberra or Sydney.

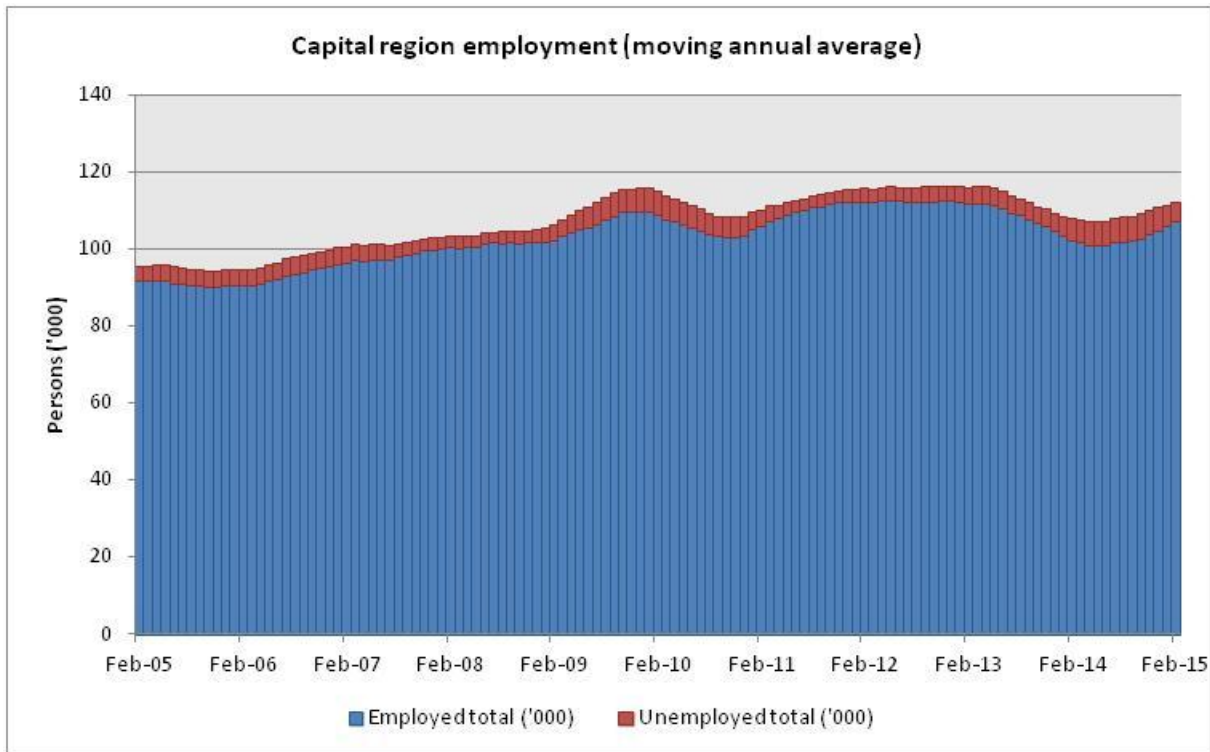
### Population

*Source: ACT Treasury Population Projections 2013 and NSW Regional Population Projections 2014*

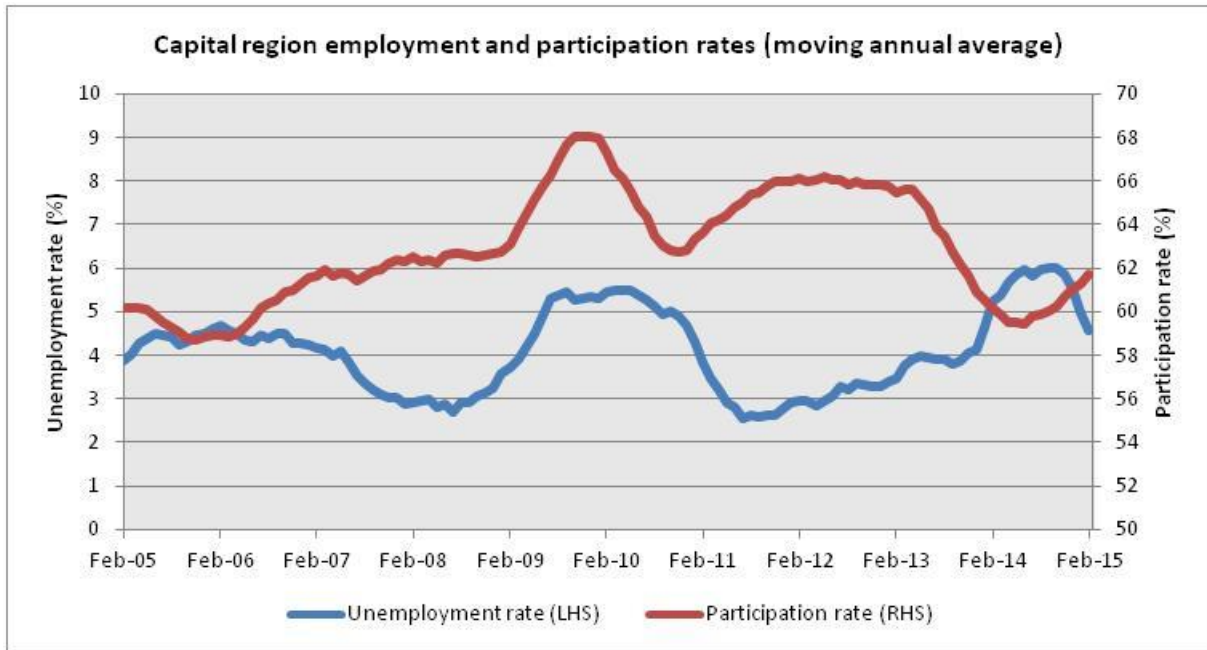
- ▲ As at June 2014, the C+1 region (excl. ACT) had a population of approximately 120,000 persons, projected to reach approximately 125,000 by 2016. This represents an expected annual growth rate of 1.5 between 2011 and 2016. By 2031, the total C+1 region (including the ACT) is projected to reach a population of approximately 673,000.
- ▲ The Canberra Region, including the ACT, had a population of nearly 190,000 as at June 2014, projected to reach nearly 745,000 persons by 2031.
- ▲ The Catchment Area, including the ACT, had a population of more than 900,000 as at June 2014. Assuming growth continues at trend levels, the population will pass 1.1 million persons by 2031.
- ▲ Over the 20 years from 2011, 79 per cent of total population growth in the catchment area is projected to occur inside the ACT, with 19 per cent of growth occurring in the C+1 area (excluding the ACT). The additional LGAs in the Capital Region will account for 4 per cent of growth, while the four other LGAs in the broader catchment area are expected to decline, contributing -1 per cent to growth of the total region.

Region	2014		2031	
	Excluding ACT	Including ACT	Excluding ACT	Including ACT
<b>C+1</b>	120,154	506,150	152,750	673,162
<b>Canberra Region</b>	187,282	573,278	222,800	743,212
<b>Catchment Area</b>	516,283	902,279	Circa 611,000	Circa 1,130,000

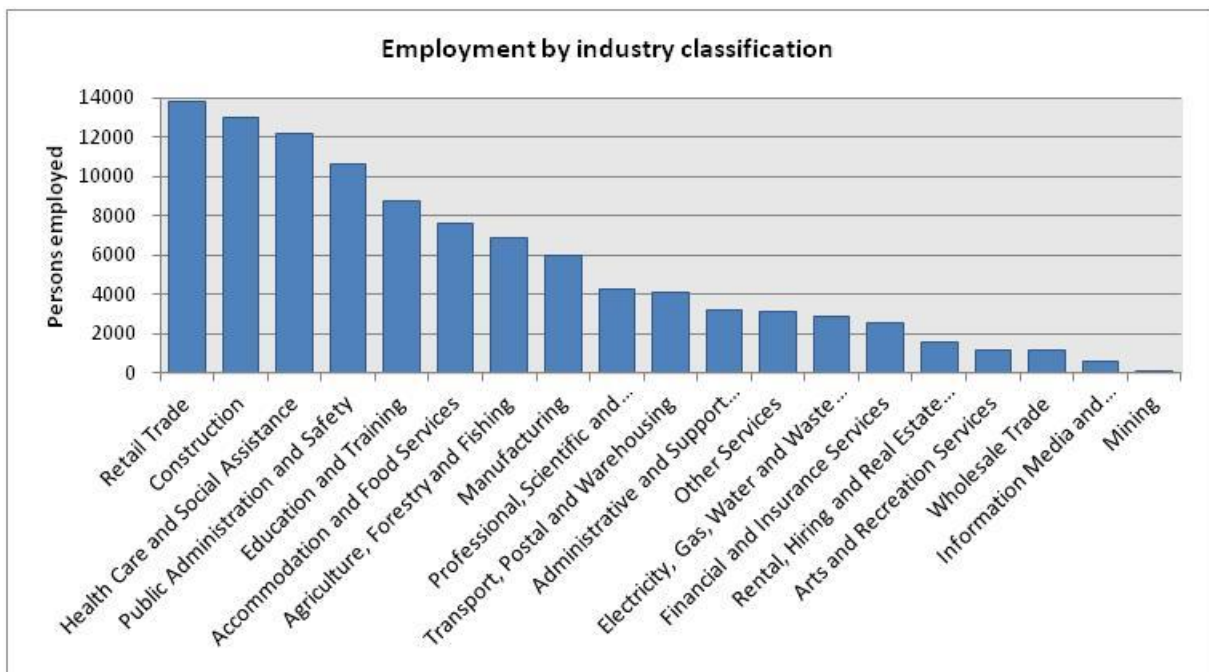
- ▲ In original terms, total employment in Capital Region was 111,384 persons as at February 2015. This was an increase of 15,500 persons compared to February 2014.
- ▲ Using a moving annual average to smooth out monthly volatility suggests an underlying employment level of approximately 107,000, with a further 5,100 unemployed. This series also appears to show a decline in employment coinciding with APS job cuts during 2013.



- ▲ The chart below shows moving average unemployment and participation rates for the Capital Region over the last decade. Unemployment rates, while generally low, have grown considerably since December 2011, reaching 4.6 per cent in February 2015.
- ▲ Participation rates, while lower than in the ACT, are generally on par with the national rates. However, since December 2011, the moving average participation rate has fallen from 66 to 61.7 in December 2014.

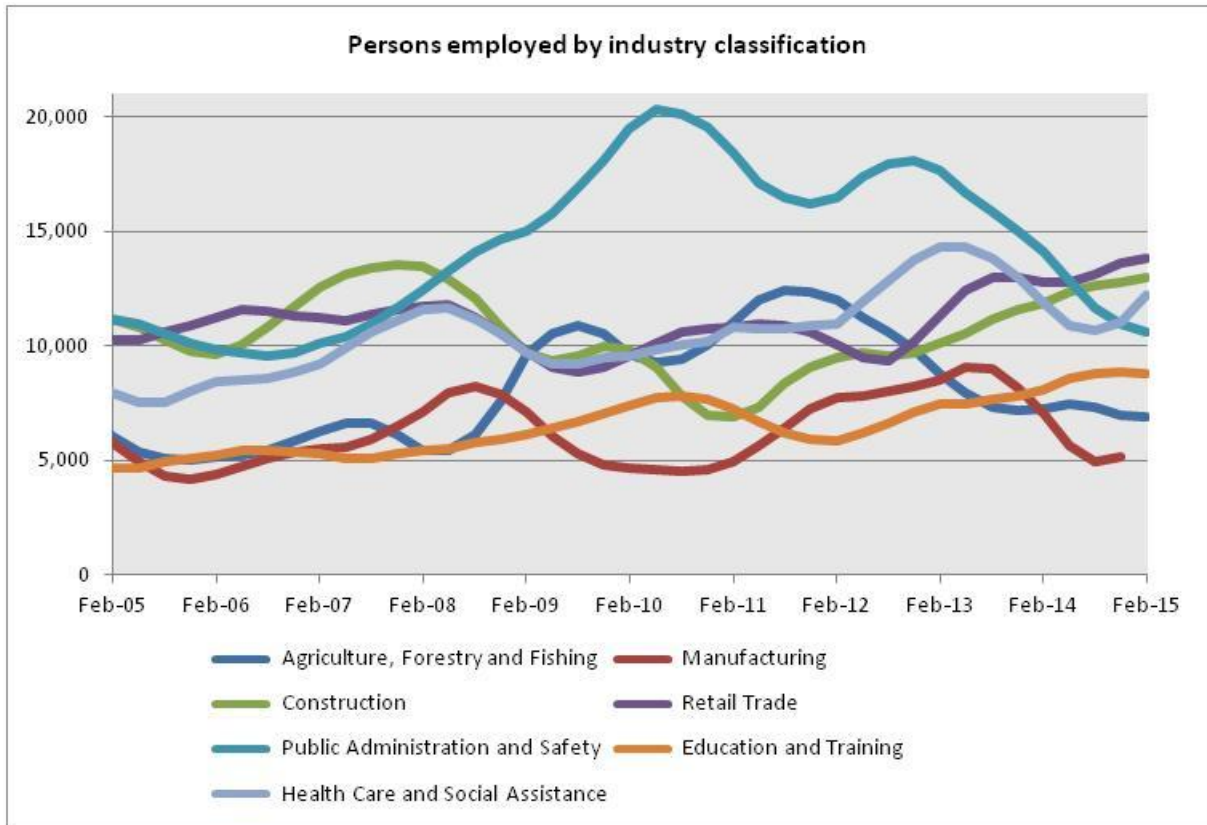


- ▲ The two largest industry classifications by employment in the Capital Region are retail trade (13,850) and construction (13,000), although the healthcare, public administration and education sectors also employ a combined 31,600 persons.
- ▲ Unlike the ACT, there is significant employment in the agricultural sector (6,900 persons) as well as the manufacturing sector (5,950 persons).



- ▲ The following chart shows employment levels over the last ten years for the seven largest sectors in the region. Aside from cyclical variations, the starkest change has been the rise and fall of employment in the Public Administration and Safety sector of approximately 10,000 persons within one decade.



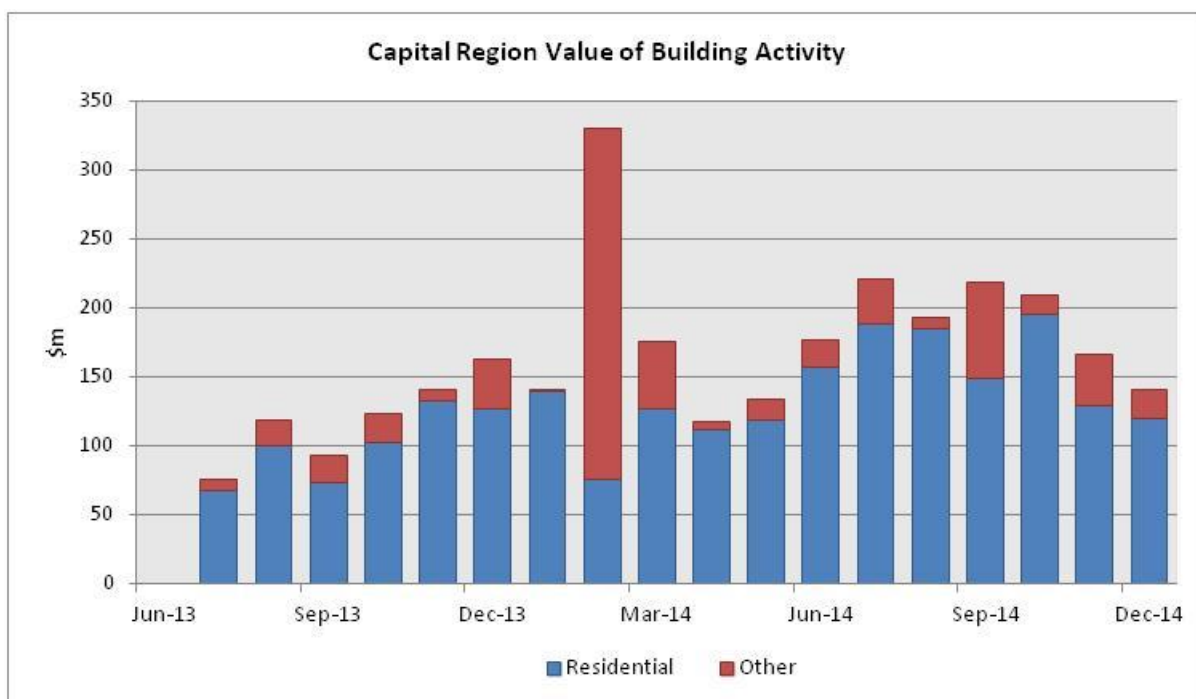


*Building Activity*  
Source: ABS 8731.0

- Over the December quarter 1,292 residential dwellings were approved. In the 12 months to December 2014 approximately 4,936 residential dwellings were approved.



- Over 12 months to December 2014 approximately 2.2 billion worth of building activity occurred in the Capital Region comprising residential dwellings worth \$1.7m and non residential valued at \$526m.



### Capital Region Tourism

Source: Tourism Research Australia

- ▲ Tourism Research Australia (TRA) Local Government Area tourism profiles are only prepared for Local Government Areas with adequate *International Visitor Survey (IVS)* and *National Visitor Survey (NVS)* samples and the data is averaged over four years to December 2013.
- ▲ Data compiled for eight LGAs in the Capital Region shows there were 2,400 tourism businesses capturing 6,286,420 visitor nights with a total spend of around \$1.2billion.

LGA	No of Tourism Businesses	International Visitors	Domestic Overnight Visitors	Domestic Day Visitors	Total Visitors	Total Visitor Nights	Total Spend (\$m)
<b>Bega</b>	529	2,300	456,600	388,500	868,200	218,320	295.1
<b>Cooma-Monaro</b>	167	3,500	88,500	181,000	273,000	257,400	45.5
<b>Snowy River</b>	190	11,300	46,200	177,800	651,500	2,045,900	388.7
<b>Tumut Shire</b>	135	2,500	88,300	130,000	220,800	286,200	37.3
<b>Yass Valley</b>	185	2,700	123,600	23,600	362,500	327,600	47.9
<b>Goulburn Mulwaree</b>	313	5,100	222,500	372,000	599,600	496,100	80
<b>Queanbeyan</b>	330	2,700	103,000	128,800	234,000	342,000	55.3
<b>Eurobodalla</b>	552	24,400	595,400	501,000	1,120,800	2,312,900	314.7
	<b>2,401</b>	<b>54,500</b>	<b>1,724,100</b>	<b>1,902,700</b>	<b>4,330,400</b>	<b>6,286,420</b>	<b>\$1,264.5</b>