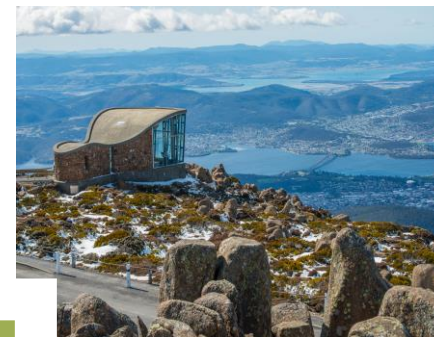


# CENTRAL HOBART PRECINCT PLAN

Economic, Demographic and Employment Study -  
COVID-19 update



Prepared for City of Hobart

# Contents

## Executive summary ..... 5

## 1.0 Introduction ..... 16

- 1.1 Background ..... 16
- 1.2 Study structure ..... 16
- 1.3 Key economic metrics/indicators ..... 17
- 1.4 Tasmanian lockdown and stimulus measures overview ..... 17
- 1.5 Key data reliability and accuracy ..... 17

## 2.0 COVID-19 impacts on Tasmania ..... 19

- 2.1 2020-21 Tasmanian Budget – Key economic forecasts ..... 19
- 2.2 Population growth ..... 19
- 2.3 Gross State Product ..... 21
- 2.4 Employment ..... 22
- 2.5 Change in business numbers June 2019-20 ..... 24
- 2.7 Unemployment rate ..... 25
- 2.8 JobKeeper ..... 25
- 2.9 Retail turnover ..... 26
- 2.10 Tourism and visitors ..... 28

## 3.0 COVID-19 impacts on Hobart LGA ..... 30

- 3.1 Population growth ..... 30
- 3.2 Gross Regional Product ..... 31
- 3.4 Employment by industry ..... 32
- 3.5 Change in businesses ..... 33
- 3.6 University student numbers ..... 33
- 3.7 Tourism and visitors ..... 34

## 4.0 The economic role of Hobart ..... 37

- 4.1 The economic role of Hobart ..... 37

## 5.0 Stakeholder consultation ..... 39

- 5.1 COVID-19 impact March 2020 to February 2021 ..... 39

- 5.2 Key stakeholder recommendations ..... 42

## 6.0 The projected road to recovery ..... 45

- 6.1 Previous study's population projections ..... 45
- 6.2 Centre for Population COVID-19 projections ..... 46
- 6.3 Revised population projections recovery scenarios ..... 46
- 6.5 Revised Central Hobart dwelling projections ..... 49
- 6.6 Employment forecasts ..... 50
- 6.7 Forecast occupied floorspace requirements ..... 51
- 6.9 The impact of working from home on commercial space demand ..... 53
- 6.10 Potential impacts of COVID-19 and mitigation measures ..... 54

## Appendix A : Population projections scenarios ..... 58

## Figures

- Figure 1: Net difference in medium and high projections compared to ABS ERP - Tasmania ..... 8
- Figure 2: Revised employment projections – Central Hobart by recovery scenario ..... 10
- Figure 3: Total occupied employment space estimate and net change to 2041 (sqm) ..... 10
- Figure 4: Central Hobart study area boundary ..... 16
- Figure 5: Tasmania population growth 2000-20 (year ending September) ..... 19
- Figure 6: Proportional population growth by State 2018-20, year ending in September ..... 20
- Figure 7: Components of population change year ending in September (2012-2020) ..... 21
- Figure 8: Tasmania GSP 2010-20 - year ending in June ..... 21
- Figure 9: Total employment (,000) ..... 22
- Figure 10: Total employment change to the year to February 2021 (,000) ..... 22
- Figure 11: Net change in the number of businesses, year to June 2020 ..... 24
- Figure 12: Unemployment rate February 2019 to February 2021 (seasonally adjusted) ..... 25
- Figure 13: Total retail turnover Tasmania (\$m), seasonally adjusted ..... 26
- Figure 14: Selected sub-retail categories turnover (\$m) ..... 27
- Figure 15: Total retail turnover and estimated online sales (\$m) ..... 28
- Figure 16: Tasmania short-stay accommodation research ..... 29

|                                                                                             |    |
|---------------------------------------------------------------------------------------------|----|
| Figure 17: Hobart LGA resident population year, ending in June.....                         | 30 |
| Figure 18: Hobart LGA GRP 2010-20 - year ending in June .....                               | 31 |
| Figure 19: Hobart's contribution to Greater Hobart GRP and State GSP 2001-2020 .....        | 31 |
| Figure 20: Hobart employment growth 2010-20 .....                                           | 32 |
| Figure 21: Hobart employment change by industry – year to June 2019 and 2020.....           | 32 |
| Figure 22: Short-stay accommodation Hobart.....                                             | 35 |
| Figure 23: Previous population projections compared to ABS estimates - Tasmania .....       | 45 |
| Figure 24: Previous population projections compared to ABS estimates – Hobart LGA .....     | 45 |
| Figure 25: Centre for Population, Tasmania pre and post COVID-19 population forecasts ..... | 46 |
| Figure 26: Revised Central Hobart population projections .....                              | 48 |
| Figure 27: Net additional dwelling demand by revised recovery scenario.....                 | 49 |
| Figure 28: Revised employment projections – Central Hobart by scenario .....                | 50 |
| Figure 29: Total occupied employment space estimate and net change to 2041 (sqm) .....      | 51 |

|                                                                 |    |
|-----------------------------------------------------------------|----|
| Table 21: Rapid recovery scenario – population projections..... | 60 |
|-----------------------------------------------------------------|----|

## Tables

|                                                                                                         |    |
|---------------------------------------------------------------------------------------------------------|----|
| Table 1: 2020-21 Tasmanian Budget – Key metric forecasts (financial year) .....                         | 5  |
| Table 2: Hobart LGA's economic indicators (year to June) .....                                          | 6  |
| Table 3: Central Hobart previous and recovery scenario population projections.....                      | 9  |
| Table 4: Revised net dwellings by recovery scenario .....                                               | 9  |
| Table 5: Immediate, medium and longer -term impacts of COVID-19 and potential mitigation measures ..... | 12 |
| Table 6: 2020-21 Tasmanian Budget – Key metric forecasts (financial year) .....                         | 19 |
| Table 7: Employment - initial COVID-19 impact and recovery (total job change) .....                     | 23 |
| Table 8: Visitors, visitor nights and expenditure, year ending in December .....                        | 28 |
| Table 9: Capital City hotel metric change in the year to September 2020 .....                           | 34 |
| Table 10: Revised population projections summary by scenario .....                                      | 47 |
| Table 11: Revised Hobart LGA forecasts summary table .....                                              | 47 |
| Table 12: Revised Central Hobart population projections .....                                           | 48 |
| Table 13: Revised net dwellings projections by recovery scenario .....                                  | 49 |
| Table 14: Revised total employment projections by recovery scenario.....                                | 50 |
| Table 15: Employment floorspace projections by ANZSIC 1-digit industries.....                           | 52 |
| Table 16: Immediate, medium and longer -term impacts of COVID-19 and potential mitigation measures..... | 54 |
| Table 17: Centre for Population Pre-COVID-19 population projection .....                                | 58 |
| Table 18: Centre for Population Central population projection .....                                     | 58 |
| Table 19: Slow recovery scenario – population projections.....                                          | 59 |
| Table 20: Medium recovery scenario – population projections.....                                        | 60 |

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## Executive summary

The City of Hobart engaged HillPDA to identify the potential economic and demographic impacts of the COVID-19 pandemic on Tasmania and Hobart Local Government Area (Hobart LGA). This analysis was used to update previous population, dwelling, employment, and floorspace projections for Central Hobart (refer to Figure 4) prepared by HillPDA under pre-pandemic conditions.

Since the completion of the previous study, the COVID-19 pandemic led to Australia's first recession in almost 30 years. Not only had Australia not faced an economic shock of such magnitude for decades, but the nature of the shock was also quite different to previous economic downturns. This study explored the likely impacts COVID-19 has had on the Tasmanian and Hobart economies while also updating previous projections for Central Hobart.

On the 30<sup>th</sup> of March 2020, Tasmanian households were ordered to go into lockdown for four weeks. As such, March 2020 is considered the highest impact month for COVID-19.

### Forecasted and measurable COVID-19 impacts on Tasmania's economy

Table 1 was sourced from the 2020-21 Tasmanian Budget. It shows Treasury's estimates for selected key economic indicators. These indicators are provided for the 2018-19 financial year with forecasts for 2019-20, 2020-21 and 2021-22. Green cells are recent ABS data inputs that are provided to enable a comparison between the estimates /forecasts and actual indicators.

Regarding the Treasury's estimates and recent ABS data, this comparison indicates how COVID-19 impacted the Tasmanian economy and its recovery.

**Table 1: 2020-21 Tasmanian Budget – Key metric forecasts (financial year)**

| Budget 2020-21                       | 2018-19 | 2019-20  | 2019-20 | 2020-21   | 2020-21 | 2021-22  |
|--------------------------------------|---------|----------|---------|-----------|---------|----------|
|                                      | Actual  | Estimate | Actual  | Forecasts | To date | Forecast |
| Population (year-average, % change)  | 1.2     | 1.0      | 1.2     | 0.5       | n/a     | 0.6      |
| Gross State Product (real, % change) | 3.6     | -0.5     | 0.3     | -1.5      | n/a     | 3.75     |
| Employment (year-average, % change)  | 0.2     | 1.3      | -0.4%   | -1.75     | 6.1%*   | -1       |
| Unemployment Rate (year-average, %)  | 6.3     | 5.9      | 6.9     | 8.5       | 5.7**   | 8.25     |

\*measured from June 2020 to February 2021

\*\*rate as of February 2021

From the key economic indicators reviewed, the lockdown measures imposed to stop the spread of COVID-19 had initial negative impacts on Tasmania's economy. These impacts included:

1. The loss of 21,260 jobs between February 2020 and May 2020
2. The unemployment rate increasing from 4.9% to 8.2% between February and October 2020
3. Total retail turnover plummeting by \$110 million or 18% between March and April 2020
4. Total international and domestic overnight visitors (excluding those from Tasmania) over the year to December 2020 reduced by 1.2 million visitors or 64%.
5. Total expenditure from these tourists also reduced by \$382 million or 69% over the year.

However, the economy quickly recovered over the months following the lockdown and opening of interstate borders. This recovery was reflected in the following:

1. 21,040 more jobs were created between May 2020 and February 2021 – with total employment levels being just 220 jobs fewer than the pre-COVID-19 estimate
2. The unemployment rate decreased to 5.7% by February 2021 from a high of 8.2% in October 2020
3. In the eight months to January 2021, the average monthly total retail sales have been \$636m – some 23% higher than the crash in April 2020. It is also 10% higher than the average of six months of retail sales (to February 2020) before the COVID-19 lockdown.
4. The actual population growth in the 2019-20 financial year of 1.2% was higher than the earlier Treasury forecast of 1.0%.
5. Population growth in the year to September 2020 was comparable to pre-COVID-19 years. Tasmania's continued population growth is significant compared to other states and territories, which recorded a slowing in population growth over the year.
6. The growth in the Gross State Product (GSP) in the 2019-20 financial year was 0.3%. This was higher than the negative 0.5% forecasted by Treasury.

In conclusion, the Tasmanian economy has recovered close to pre-pandemic total jobs and GSD output. However, with international borders remaining closed and the discontinuance of JobKeeper in March 2021, the next six months will be crucial for many business, employers, and employees. Industries reliant on overseas tourism will be more exposed and susceptible to future employment losses over the foreseeable future.

## Estimated impact of COVID-19 on the Hobart LGA Economy

Table 2 shows the growth in the Hobart economy based on several key economic indicators between 2015-16 and 2019-20. A comparison between Hobart LGA and the State of Tasmania in 2019-20 is also shown.

**Table 2: Hobart LGA's economic indicators (year to June)**

| Year               | Proportional annual change |       |              |
|--------------------|----------------------------|-------|--------------|
|                    | Population*                | GRP** | Employment** |
| 2015-16            | 0.8%                       | 4.0%  | 0.02%        |
| 2016-17            | 1.7%                       | 0.7%  | 1.1%         |
| 2017-18            | 1.6%                       | 2.9%  | 4.7%         |
| 2018-19            | 1.8%                       | 5.8%  | 2.2%         |
| 2019-20            | 1.0%                       | 3.2%  | 1.9%         |
| 2019-20 (Tasmania) | 1.0%*                      | 0.3%* | -0.4%*       |

Source: \*ABS, \*\*Profile .id

Table 2 shows economic growth in Hobart over the 2019-20 financial year, although the growth rate was predominantly lower than in previous years.

The Hobart LGA recorded considerably higher growth in GRP and employment than the State overall. Hobart LGA's economic resilience is likely due to its employment mix, which COVID-19 did not significantly impact. For example, in June of 2020, it was estimated that around 50% of the State's public administration and safety, information media and telecommunications, and financial and insurance service jobs were located in the Hobart LGA. In comparison, only 20% of the State's accommodation, retail and food services employment were in Hobart LGA. Overall, Hobart LGA's share of employment numbers is 24% of the State Total.

The higher concentration of industries in Hobart LGA, which were more insulated from the effects of COVID-19 and able to bounce back at a faster rate, has likely contributed to Hobart's comparatively better economic performance.

There are a couple of noted industries that have been negatively impacted by COVID-19 and not yet recovered in Hobart CBD, these being the University's student accommodation and international tourist accommodation.

## Impacts on the University of Tasmania

Before the pandemic, UTAS was forecasting growth in its international student numbers. This was reflected in UTAS's plans to increase the number of student beds in the CBD from 680 to around 1,570 by 2023.

International students have been impacted by international border closures. Although no specific data from UTAS has been released, according to the Department of Education, Skills and Employment (DESE), international student commencements across Tasmania were 22% lower than in the previous year.

Some of the loss in international students has been softened by increased commencements by local students. However, the loss of international students has seen UTAS postponing its inner-city developments. The delaying of development plans and the associated relocation of activities and students into Hobart CBD will likely impact the vibrancy and attractiveness of the CBD. However, this is only a short-term condition resulting from external forces. As such, we expect some further economic recovery with the re-commencement of UTAS's development plans.

## Impacts on the hotel industry

Although no small-area tourism data has been released, it can be presumed that international and interstate border closers have heavily impacted tourism and visitor rates.

In the year ending in September 2020, the hotel occupancy rate in Hobart declined by 31% to a rate of 56.2%. Although this occupancy rate was the second-highest amongst Australia's eight capital cities, the significant reduction implies a struggling industry.

Prior to the pandemic, Hobart had 700 additional hotel rooms due for completion in 2020, representing a 20% growth in rooms. The addition of rooms to the city's stocks would further increase the problem of high vacancies.

A key positive for the industry is that typically around 83% of total hotel nights are occupied by domestic guests. Future marketing and certainty around border permeability will be vital to attracting domestic visitors. This will help maintain and soften any long-term impacts of COVID-19 on the accommodation industry in Hobart.

### **Hobart economic impact findings**

The economic indicators suggest that Hobart has been more resilient to the effects of COVID-19 when compared to the broader State. However, the ending of economic stimulus measures such as JobKeeper may see a corresponding loss in employment and economic output. The coming months will likely be crucial for many businesses exposed to lockdown and border restrictions such as education, accommodation, hospitality and retail.

### **Stakeholder consultation**

To understand the impacts of COVID-19 on the community and businesses of Central Hobart, HillPDA conducted a series of one-on-one consultations with critical stakeholders in Central Hobart. This included discussions with the UTAS Campus Transformation team, Destination Southern Tasmania (DST), Tasmanian Small Business, Tasmanian Hospitality Association (THA), Knight Frank Tasmania, TasCOSS, and Contemporary Art Tasmania (CATS). The list of stakeholders was composed in consultation with Council.

Stakeholders reported that the overall impact of COVID-19 on Hobart's daily life was not significant compared to other capital cities in Australia, thanks to Tasmania's early border intervention policy and the Federal Government financial support with JobKeeper and JobSeeker wage supplements.

Hotels and tourism services have felt the most significant negative impact from the COVID-19 pandemic. Government recovery plans to stimulate the hotel and tourism industry with subsidised air tickets, and travel vouchers will be essential for this road to recovery.

The following were suggested by stakeholders and are provided for Council's consideration to help businesses in Central Hobart recover post-COVID-19:

1. The Council might assist the hotel industry further by allowing temporary alternative uses such as rental accommodation. For example, the build to rent model could be adapted for some hotels and student accommodation.
2. For vacant shops, consider pop-up shops for creative workshops and start-up businesses.
3. Advocate tourism relief with travel subsidies and vouchers to ensure businesses stay afloat during the recovery period.
4. Promote RTO (return to office) with advertising campaigns
5. Work with tourism Tasmania to promote Hobart and Tasmania as a travel destination for internal and overseas visitors (ready for once international travel has returned).
6. Support live music by promoting music festivals and live events to attract crowds back to the city.
7. Increase housing supply for a diversity of uses, including short-stay rental accommodation, empty nesters seeking inner-city living new and retention of affordable long-term rentals.

## Revised Central Hobart projections

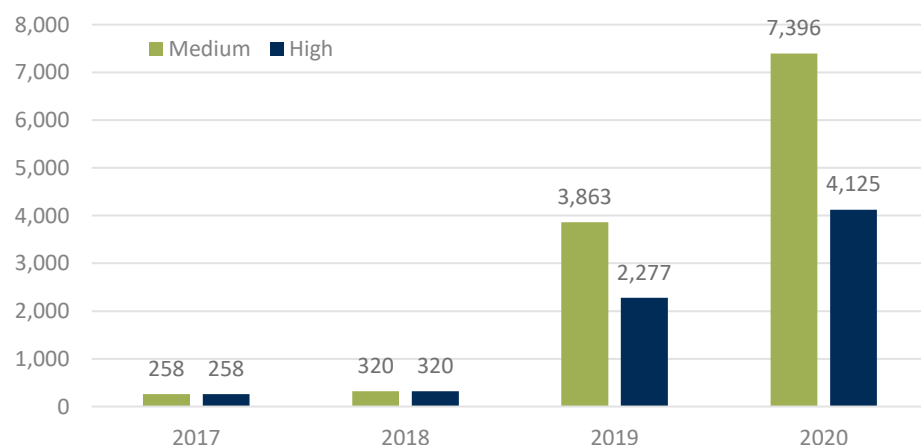
The previous study by HillPDA examined and applied the Department of Treasury and Finance's 2019 medium and high population projections as the basis for its population, dwelling, employment, floorspace and social infrastructure requirements.

However, examination of recent ABS resident population estimates between 2017-20 for Tasmania and Hobart reveals that these projections are consistently conservative and hence are an undercount.

For example, under the medium scenario in 2020, the population of Tasmania was forecast to be 533,384 persons, and the high scenario estimated 536,655 persons. These estimates were 7,395 and 4,125 persons below the ABS 2020 estimated population of 540,780 persons. Regarding Hobart LGA, the projections were between 385 and 870 persons below that estimated by ABS in 2020.

Although these discrepancies may seem slight, over the 21-year forecast period, this would be compounded and likely to result in a significant undercount by the end of the forecast period. The compounding nature can be seen in Figure 1, which shows the increasing difference between the medium and high forecasts when compared to ABS data over a four-year period. The likely undercount in the projected population means that the previous HillPDA study recommendations require revision.

**Figure 1: Net difference in medium and high projections compared to ABS ERP - Tasmania**



\*ERP stands for estimated residential population

For this reason, an alternative and more recent population projection data set was explored to provide a more accurate forecast to better plan and provide services for the community of Central Hobart. Research led to projections undertaken by the Centre for Population, a department of the Australian Federal Government.

Examination of historical base data used by the Centre of Population for their projections reveals a better alignment with historic ABS data, such as, population counts, net overseas migration and fertility rates. As such, the projections by Centre for Population are more likely to provide a robust base for this study's revised projections.

## Scenario development

Using the Centre for Population's Central Scenario as a base for revised population projections, three recovery scenarios have been developed. These being:

- 1. Slow recovery scenario** | This scenario is reflective of a severe COVID-19 impact scenario. The scenario assumes the vaccine rollout is delayed and international and internal borders remain closed or have closure periods over the next few years. As such, the population growth from natural increase, overseas and internal migration is relatively lower to the other scenarios.
- 2. Medium recovery scenario** | This scenario is reflective of the most likely COVID-19 impact and recovery case. The scenario assumes the vaccine rollout has slight delays but is relatively on schedule. State and Territory outbreaks are assumed to be limited/small in scale and not cause internal/national border closures. It is assumed that net overseas migration is around 40% in 2021-21 and 80% onwards from that in the base projection.
- 3. Rapid recovery scenario** | This scenario is a rapid recovery scenario. It assumes Australia and other countries recover at a faster rate, with overseas travel and migration occurring sooner than the medium recovery scenario. The scenario assumes higher internal migration as factors in other locations, such as housing affordability and employment opportunities, increase the attractiveness of Tasmania as a location to live.

For a more detailed description of the assumptions and components of change for each recovery scenario, please refer to Appendix A.

## Revised population projections

The previous study estimated that Central Hobart would accommodate between 2,505 and 3,290 additional residents between 2020-41.

- **Slow recovery scenario** | Estimates 3,360 residents in 2020, increasing to 5,565 persons by 2041, representing a growth of around 2,205 persons or 66% over the period.
- **Medium recovery scenario** | Estimates 3,360 residents in 2020, increasing to 6,600 persons by 2041, representing a growth of around 3,240 persons or 97% over the period.
- **Rapid recovery scenario** | Estimates 3,360 residents in 2020, increasing to 7,030 persons by 2041, representing a growth of around 3,670 persons or 109% over the period.

The population projections using the revised recovery scenarios can be seen in the table below. Again, these are compared to the previous study's estimates.

**Table 3: Central Hobart previous and recovery scenario population projections**

| Recovery scenario        | 2020  | 2026  | 2031  | 2036  | 2041  |
|--------------------------|-------|-------|-------|-------|-------|
| Previous medium scenario | 3,281 | 3,954 | 4,548 | 5,163 | 5,783 |
| Previous high scenario   | 3,305 | 4,081 | 4,868 | 5,714 | 6,592 |
| Slow                     | 3,358 | 3,837 | 4,414 | 4,983 | 5,563 |
| Medium                   | 3,358 | 4,050 | 4,850 | 5,700 | 6,599 |
| Rapid recovery           | 3,358 | 4,127 | 5,038 | 5,967 | 7,029 |

## Revised dwelling projections

The previous study estimated that Central Hobart would accommodate between 1,500 and 1,965 additional dwellings between 2020-41.

Applying the methodology set out in the previous HillPDA study, the following provides an estimate as to the net demand for additional dwellings to be accommodated in Central Hobart. An allowance for a 3% vacancy rate has been included, and dwellings are assumed to be higher density apartment-style dwellings.

The results for each recovery scenario are as follows:

- **Slow recovery scenario** | Estimates an additional 1,320 dwellings are required, equating to around 65 dwellings per annum.
- **Medium recovery scenario** | Estimates an additional 1,935 dwellings are required, equating to around 92 dwellings per annum.
- **Rapid recovery scenario** | Estimates an additional 2,188 dwellings are required, equating to around 105 dwellings per annum.

**Table 4: Revised net dwellings by recovery scenario**

| Scenario                     |                 | 2020-26 | 2026-31 | 2031-36 | 2036-41 | Growth |
|------------------------------|-----------------|---------|---------|---------|---------|--------|
| Additional population        | Slow recovery   | 479     | 577     | 569     | 580     | 2,205  |
|                              | Medium recovery | 692     | 800     | 850     | 899     | 3,241  |
|                              | Rapid recovery  | 769     | 911     | 929     | 1,062   | 3,671  |
| Average persons per dwelling |                 | 1.6     | 1.7     | 1.8     | 1.8     |        |
| Implied dwellings            | Slow recovery   | 299     | 339     | 316     | 322     | 1,317* |
|                              | Medium recovery | 433     | 471     | 472     | 499     | 1,933* |
|                              | Rapid recovery  | 481     | 536     | 516     | 590     | 2,188* |

\*growth includes a 3% vacancy rate, and additional dwellings are assumed to be apartments

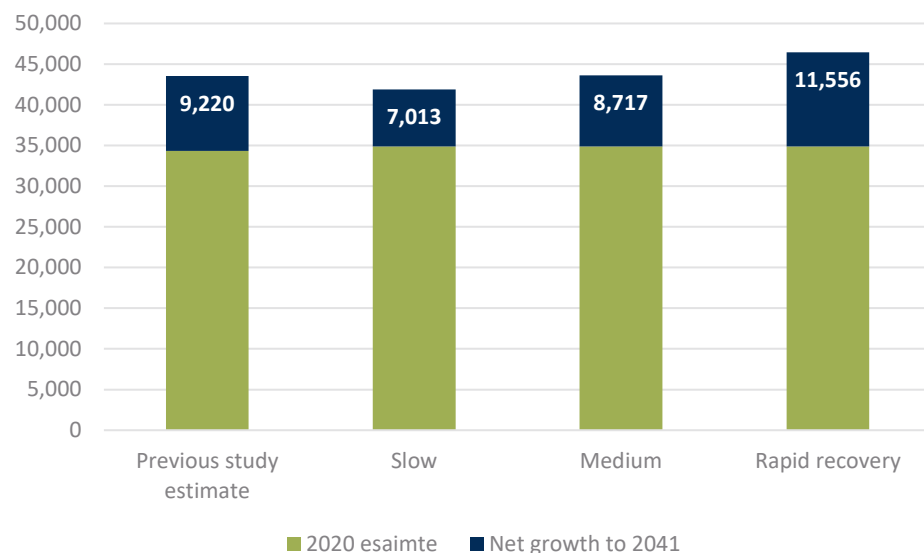
## Revised employment projections

The previous HillPDA study estimated that in 2019, Central Hobart provided 34,335 jobs. By 2041, it was forecast to increase to 43,554 jobs, **representing an increase of around 9,635 or 28% over the period.**

Employment projections have been estimated by applying the previous study's employment projections to revised population forecasts. The revised estimates are as follows:

- **Slow recovery scenario** | Employment would increase from 34,884 jobs in 2020 to around 41,895 by 2041, representing a growth of around 7,015 jobs or 20%.
- **Medium recovery scenario** | Employment would increase from 34,884 jobs in 2020 to around 43,600 by 2041, representing a growth of around 8,820 jobs or 25%.
- **Rapid recovery scenario** | Employment would increase from 34,884 jobs in 2020 to around 43,440 by 2041, representing a growth of around 11,555 jobs or 33%.

**Figure 2: Revised employment projections – Central Hobart by recovery scenario**



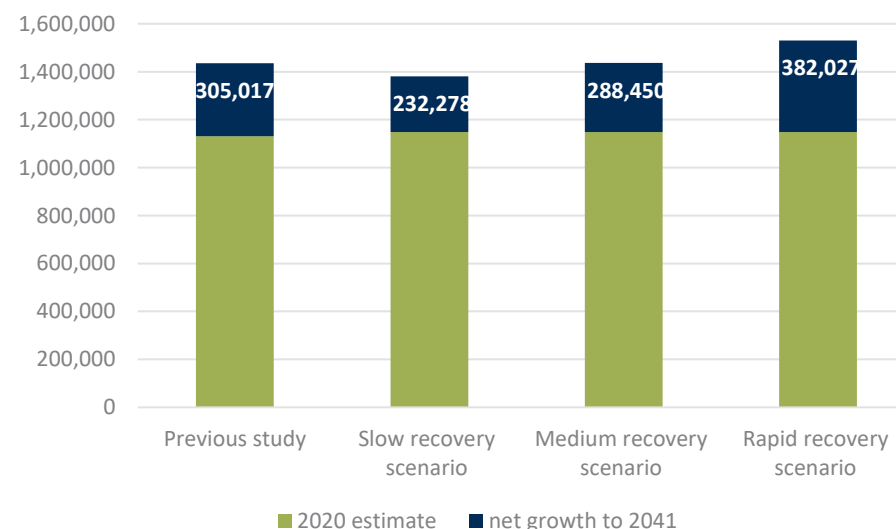
## Revised employment space forecasts

The previous HillPDA study estimated around 1.13 million square metres of occupied floorspace in Central Hobart (2020). This was forecast to increase to around 1.44 million square metres by 2041, **representing an increase of around 305,020 or 27%.**

Applying the previous study's employment densities, the revised employment projections are estimated to have the following impact on the demand for floorspace across Central Hobart.

- **Slow recovery scenario** | Total demand of around 1.38 million sqm by 2041, representing growth of 232,780sqm over the 2020-41 period. This growth is 72,740sqm or 24% lower than the previous forecast.
- **Medium recovery scenario** | Total demand of around 1.42 million sqm by 2041, representing growth of 288,450sqm over the period. Growth is around 16,570sqm or 5% lower than the previous forecast.
- **Rapid recovery scenario** | Total demand of around 1.52 million sqm by 2041, representing growth of 382,030sqm over the 2020-41 period. An increase in demand of around 77,010sqm or 25% more than the previous forecast.

**Figure 3: Total occupied employment space estimate and net change to 2041 (sqm)**



## Impact of increased working from home rates on office space demand

During the pandemic's slowdown, commercial office workers either worked from home or undertook a high proportion of their working hours at home. This trend is likely to continue post-pandemic, having implications on inner-city floorspace requirements and the activity/vibrancy of the CBD.

Research undertaken by Infrastructure Australia and Investa Property Group indicates that increased working from home rates will likely result in a reduction in commercial office space requirements within CBD locations of up to 15%.

If this were to occur in Central Hobart, the net demand between 2020-41 for space used for knowledge-intensive jobs under each scenario would:

- **Low impact scenario** | Reduce by around 8,000sqm
- **Medium impact scenario** | Reduced by around 10,2230sqm
- **Rapid recovery scenario** | Reduce by around 13,735sqm.

## Potential impacts of COVID-19 and mitigation measures

The following table considers the information and trends analysed in this report to provide an overview of the likely impacts of COVID-19 upon Central Hobart's economy. These impacts are provided in three period categories, being:

- **Short term** | Impact of around 1-2 years
- **Medium term** | Impact of around 2-5 years
- **Long term** | Impact of a 5 years and over.

Council could consider potential mitigation measures to reduce the severity and length of impacts. As stated, these are only provided for consideration and are not recommended actions.

**Table 5: Immediate, medium and longer-term impacts of COVID-19 and potential mitigation measures**

| Impact source                 | Sector impacted | Impact                                   | Reasoning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Likely length of impact | Possible mitigation measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Likely length of impact after mitigation measures |
|-------------------------------|-----------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| International border closures | Tourism         | Reduced overseas tourists                | <p>In the year to December 2020, international visitors decreased by 202,000, with a loss in the expenditure of \$381 million.</p> <p>International visitors spent on average \$2,150 per persons in the YE Dec 2020. This was higher than domestic overnight and day visitors (\$765 and 117 per persons). In fact, although international visitors comprised less than 3% of visitors in the YE Dec 2019 (pre-pandemic), they were the source of over 13% of all tourism and visitor expenditure in that year.</p> <p>International visitors also spent longer in the country, with an average of 16 nights per person in the YE Dec 2020. This compared to just over 4 nights for domestic overnight visitors.</p> <p>International borders are proposed to remain closed until late 2021/early 2022. The loss in international visitors and associated expenditure will be most felt by the hospitality and accommodation sector.</p> | Immediate (1-2 years)   | <p>Tasmania's tourism sector is mostly comprised of domestic overnight and day visitors. This segment comprised over 97% of recorded visitors in the YE Dec 2019 (pre-pandemic).</p> <p>With interstate borders open, increased domestic visitation rates could soften the impact of low international visitation on the accommodation and hospitality sectors.</p> <p>Council could work with State Government and Tourism Tasmania to increase advertisement of Tasmania as a holiday destination to Australian and New Zealand residents (New Zealand travel bubble announced mid-April 2021).</p> <p>The Council could also work with the State Government to undertake another <i>Make Yourself At Home</i> travel voucher program. An article in the Advocate noted that:</p> <p><i>As of January 7<sup>th</sup> the programme had more than 26,500 redemptions worth \$6.6 million. This had led to \$27.5 million of spending being generated in the tourism and hospitality sector.</i></p> <p>Similar programmes could be released while international borders remained closed.</p> | Immediate (1-2 years)                             |
|                               | Accommodation   | Low occupation rates and reduced revenue | <p>Overall international and domestic overnight tourism visitation rates across Tasmania (excluding Tasmanian residents) reduced by 1.2 million visitors or 64% in the YE December 2020. The loss in these visitors saw hotel occupancy rates reduce by 31% in the YE September 2020 to 56.2%.</p> <p>A key factor that may reduce the performance of the hotel industry further were the 700 new rooms due for completion in 2020-21, representing a 20% growth on existing stock levels in Hobart.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                  | Immediate (1-2 years)   | <p>Once more, a key positive for the industry is the fact that 83% of total hotel nights are occupied by domestic guests. Marketing Tasmania to domestic tourists and maintaining certainty around border permeability will be vital to attracting visitors. This can soften any long-term impacts of COVID-19.</p> <p>The Council could work with the Federal Government and hotel industry to identify alternative uses for any new hotels or those with high vacancies in the short-term, including short-term accommodation for either residents or people experiencing homelessness.</p> <p>According to Shelter TAS, the 2016 census showed the total number of people experiencing homelessness was 1,622 (an increase from 1,145 in 2006 and 1,537 in 2011) across Tasmania. The regional breakdown shows Greater Hobart and the South East had the highest proportion (57%) of homeless people. During the COVID-19 crisis, the NSW Government funded hotel rooms for some people facing homelessness. This could possibly be implemented in Hobart, with</p>                        | Immediate (1-2 years)                             |

| Impact source                     | Sector impacted          | Impact                          | Reasoning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Likely length of impact       | Possible mitigation measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Likely length of impact after mitigation measures |
|-----------------------------------|--------------------------|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
|                                   |                          |                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                               | funding from the Tasmanian Government, to provide some source of income to hotel operators while also getting people off the street, if only for the short-term.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                   |
|                                   | University               | Loss of international students  | <p>International student numbers were forecast to double over the next three to four years. This forecasted increase in international student numbers were reflected in UTAS's plans to develop an additional 440 student beds in 2020 and a further 450 beds by 2023, increasing the number of student beds in the CBD from 680 to around 1,570 beds by 2023. UTAS also had plans to move away from the Sandy Bay campus and consolidate in Hobart's CBD, in a decision that would change the future of the institution and the city.</p> <p>However, the COVID-19 pandemic has seen the student accommodation development plans and move into the CBD be delayed. This will likely have impacts on the vibrancy of the CBD.</p>                                                                                             | Medium<br>(2-5 years)         | <p>Council, in conjunction with the University and the Federal Government, could investigate the possibility of international students returning to study in Tasmania this year in a scheme where international students quarantine in either hotel or student accommodation. This is similar to a proposal by the NSW government to transform student accommodation in Sydney's CBD into quarantine lodgings to restart its international education sector.</p> <p>This could signal, to potential international students, that Tasmania is moving more rapidly than the other states toward allowing international students to study at UTAS. Alternatively, partnerships with overseas universities could be explored where transfers to UTAS could be initiated when international borders reopen.</p> <p>The Council could also work with the University to ensure that development application(s) and other regulatory processes are progressed to allow development to commence as soon as relocation and development plans resume.</p> <p>Temporary use for surplus student accommodation might also be available as subsidised rental accommodation for younger persons while waiting for social housing.</p> | Immediate<br>(1-2 years)                          |
| Increased working from home rates | Commercial office sector | Reduced floorspace requirements | <p>Research into the likely impact of increased working from home rates indicates a reduction in office floorspace requirements within CBD locations of up to 15% over the longer term.</p> <p>According to the Property Council Australia (PCA), Hobart office vacancy rates increased from 4.1% to just 5.1% in the year to January, easily outpacing Melbourne CBD (8.2%) and Sydney CBD (8.6%). The modest rise in vacancy rates in Hobart implies that the office sector was not impacted by the COVID-19 pandemic as much as other capital cities. Despite this, changing workplace practices will likely see increased working from home rates over the coming years. This will impact the forecast demand in office floorspace while reduced office workers in the city will see less foot traffic for retailers.</p> | Long-term<br>5 years and over | <p>The Council could consider working with the Hobart Chamber of Commerce to:</p> <ul style="list-style-type: none"> <li>○ Promote RTO (return to office) with advertising campaigns</li> <li>○ Incentivise vacant space to be used for other uses such as community or creative uses through lowering rents or other incentives.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Long-term<br>5 years and over                     |

| Impact source                          | Sector impacted        | Impact                                                                            | Reasoning                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Likely length of impact       | Possible mitigation measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Likely length of impact after mitigation measures |
|----------------------------------------|------------------------|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| Changing workplace and shopping habits | Hospitality and retail | Reduced visitation rates to the CBD                                               | <p>Anecdotal evidence from stakeholder engagement indicated that Central Hobart had experienced reduced foot traffic rates. Discussions noted that the CBD has still not reached its critical mass needed for some retail and hospitality businesses to survive without support.</p> <p>Changing shopping patterns, such as increased online shopping and shopping in local centres, coupled with increased working from home rates, may see longer-term impacts on the CBD.</p> | Long-term<br>5 years and over | <p>Council could consider:</p> <ul style="list-style-type: none"> <li>For any vacant shops in the centre, consider pop-up shops for creative and start-up businesses</li> <li>Free parking for a period in the CBD to encourage increased visitation</li> <li>Support increased outdoor dining by allowing increased tables numbers (where appropriate) and/or not charging outdoor dining license fees for a period</li> <li>Work with local operators to create events in the city to encourage people back to the CBD</li> <li>Discuss with State Government the potential to provide free public transport into the city for a period.</li> </ul>     | Medium<br>(2-5 years)                             |
| Ending of JobKeeper March 2021         | Employment levels      | Loss of employment, especially those in tourism and hospitality/events industries | <p>Anecdotal evidence from stakeholder engagement noted that many businesses were still reliant on JobKeeper for their survival, particularly those in the accommodation, retail and hospitality sectors.</p> <p>The ending of JobKeeper In March 2021, coupled with continued reduced tourism rates and changing workplace/shopping habits, may see some businesses close, with an associated rise in unemployment levels.</p>                                                  | Medium<br>(2-5 years)         | <p>The Council could work with State Government to consider:</p> <ul style="list-style-type: none"> <li>Initiating another or similar <i>Make Yourself At Home</i> travel voucher program</li> <li>Review the Passport Hobart - Launch a Dine &amp; Discover TAS programme. Investigate actions of other state governments such as in NSW where residents aged 18 and over could apply for 4 x \$25 vouchers, worth \$100 in total spent on participating businesses.</li> <li>Where appropriate and possible, seek to reduce or maintain rates and charges on businesses for a period (e.g. council rates, outdoor dining licences, parking).</li> </ul> | Immediate<br>(1-2 years)                          |



# INTRODUCTION

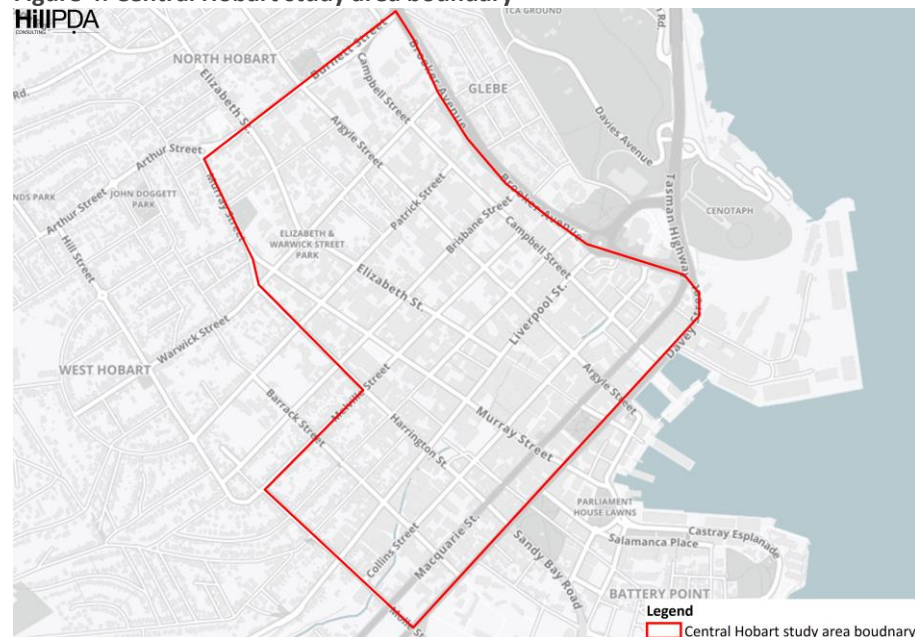
# 1.0 INTRODUCTION

The City of Hobart engaged HillPDA to identify the potential economic and demographic impacts of the COVID-19 pandemic on Tasmania and Hobart Local Government Area (Hobart LGA). This analysis was required to update previous projections of population, dwelling, employment and floorspace requirements, for Central Hobart (refer to Figure 4). The previous projections were prepared by HillPDA under pre-pandemic conditions.

## 1.1 Background

In 2019, the City of Hobart commissioned HillPDA to undertake a study identifying the current supply and future demand for a range of property types and uses within Central Hobart. The study was undertaken to assist the development and delivery of a Central Hobart Precinct Plan (the Plan). The Plan is to guide future development and public infrastructure provision and funding in Central Hobart.

**Figure 4: Central Hobart study area boundary**



Source: HillPDA

The study was completed prior to the start of the COVID-19 pandemic and associated lockdown measures. Although the original findings remain relevant, it is important for the City of Hobart to better understand and respond to the potential medium and long-term impacts of the COVID-19 pandemic on Hobart's economy and demography.

The City of Hobart, therefore, engaged HillPDA to undertake and provided updated analysis for the Hobart LGA with a specific focus on the Central Hobart study area, where appropriate.

## 1.2 Study structure

To meet the requirements of the brief, the structure of the study is as follows:

- **Chapter 2 | COVID-19 impacts on Tasmania:** analyses how the COVID-19 pandemic has impacted Tasmania's economy.
- **Chapter 3 | COVID-19 impacts on Hobart LGA:** analyses how the COVID-19 pandemic has impacted Hobart LGA's economy. Where possible, impacts on Central Hobart have been discussed and estimated.
- **Chapter 4 | Hobart LGAs economic importance:** using information analysed in Chapters 2 and 3, this Chapter provides an indication of the important economic role Hobart LGA plays in Tasmania.
- **Chapter 5 | Stakeholder consultation:** presents findings from direct and informal consultation with various community groups to gauge the impact of COVID-19 upon them and any changes in behaviour. The consultation also focussed on the period to recovery and the likely permanent impact/behavioural changes.
- **Chapter 6 | The road to recovery:** Develops several recovery scenarios and projects population, dwelling, employment and floorspace forecasts for Central Hobart.

### 1.3 Key economic metrics/indicators

Chapter 2 and 3 of this report analyse several key economic metrics/indicators. A summary of the key metrics, and their importance and relevance is provided below:

- **Population growth:** population growth is a key metric to the overall growth and health of the economy. At the most basic level, population growth increases the total size of the economy including the demand for labour. With population growth, there are more people purchasing goods and services, so the economy grows to meet that demand.
- **Employment growth:** Employment contributes to economic growth and development. Workers produce valuable goods and services, and in turn receive a wage, which they can spend on buying the goods produced and services provided.
- **Unemployment rate:** The unemployment rate is the proportion of unemployed persons in the labour force. It is the most used indicator for understanding conditions in the labour market. Unemployment adversely affects the disposable income of families, erodes purchasing power, diminishes employee morale and reduces an economy's output.
- **Gross State Product (GSP):** GSP is an important economic measure as it gives information about the size of the economy and how an economy is performing. The growth rate of the GSP is often used as an indicator of the general health of the economy. In broad terms, an increase in GSP is interpreted as a sign that the economy is doing well.

### 1.4 Tasmanian lockdown and stimulus measures overview

Measurable impacts of the COVID-19 pandemic were first seen in March 2020. The following provides a short overview of the key stimulus and lockdown dates in that month:

- 17<sup>th</sup> March 2020 | First COVID-19 stimulus package valued at \$420 million announced
- 26<sup>th</sup> March 2020 | Second stimulus package announced, bringing the combined support to \$985 million
- 30<sup>th</sup> of March 2020 | Tasmanian households were ordered to go into lockdown for four weeks due to coronavirus pandemic.

### 1.5 Key data reliability and accuracy

This report relies heavily on data produced and released by the Australian Bureau of Statistics (ABS). The Tasmanian Treasury notes that:

*As a small jurisdiction, some of the key data for Tasmania are more volatile and less reliable than for the larger states, including data relating to the labour force and gross state product and its components, including interstate and international trade. Data are also subject to revision. These revisions can have a greater impact for smaller jurisdictions.*

*These existing challenges have been made more complex due to the COVID-19 pandemic.*

With the above being noted, the ABS is an official source of independent, reliable information. The ABS is the primary source for long term social and economic trends across Australia and is considered a reliable source to estimate the likely impact that COVID-19 has had upon Tasmania and Hobart.

A photograph of a busy city street, likely in Melbourne, Australia, showing a mix of pedestrians, outdoor cafe seating, and commercial storefronts. The scene is captured with a blue color overlay. In the foreground, there are green metal park benches and a planter box with pink flowers. People are walking along the sidewalk, some carrying shopping bags. To the left, there are outdoor cafe tables with black umbrellas. In the background, there are multi-story buildings with various signs, including 'vodafone', 'Noodle Bento', and 'For Lease'. A 'No Smoking' sign is visible on a pole. The overall atmosphere is one of a vibrant urban environment.

# THE IMPACT OF COVID-19

## 2.0 COVID-19 IMPACTS ON TASMANIA

The following Chapter analyses how the COVID-19 pandemic has impacted Tasmania's economy. This includes impacts on population growth, Gross Domestic Product, employment by industry, retail spending behaviour and interstate/international visitation numbers.

This Chapter uses various data sources such as the Australian Bureau of Statistics, Australian Tax Office, Tourism Research Australia and Tourism Tasmania.

These data sets provide various metrics at a point in time and do not necessarily correspond to each other, making direct yearly or monthly comparisons across differing or the same data sets difficult. However, at the time of the study, these were the most recent data releases available.

### 2.1 2020-21 Tasmanian Budget – Key economic forecasts

The table below is sourced from the *2020-21 Tasmanian Budget*. It shows Treasury's estimates for key Tasmanian economic indicators for the 2018-19 financial year and forecasts for financial years 2019-20, 2020-21 and 2021-22.

**Table 6: 2020-21 Tasmanian Budget – Key metric forecasts (financial year)**

| Budget 2020-21                                       | 2018-19 | 2019-20  | 2020-21  | 2021-22  |
|------------------------------------------------------|---------|----------|----------|----------|
|                                                      | Actual  | Estimate | Forecast | Forecast |
| Population (year average, % change)                  | 1.2     | 1.0      | 0.5      | 0.6      |
| Gross State Product (real, % change)                 | 3.6     | -0.5     | -1.5     | 3.75     |
| Employment (year average, % change) <sup>2,3,4</sup> | 0.2     | 1.3      | -1.75    | -1       |
| Unemployment Rate (year average, %) <sup>2,3</sup>   | 6.3     | 5.9      | 8.5      | 8.25     |

Source: 2020-21 Tasmanian Budget

Actual - Australia Bureau of Statistics; Estimates and forecasts - Treasury

Notes:

1. State Final Demand actuals have been calculated using the June quarter 2020 National Accounts data.
2. Actual for 2019-20, not estimate.
3. Labour Force actuals are based on September 2020 data.
4. If the economy starts to recover sooner, employment is expected to decline by only ¼ per cent in 2020-21, followed by growth of ¼ per cent in 2021-22.

### 2.2 Population growth

According to ABS National, State and Territory population data in the year to September 2020, Tasmania's population increased by just under 5,285 persons, reaching an estimated total population of around 541,070 residents. This growth represented a proportional increase of 1.0% over the year. This proportional growth was slightly lower than the previous two years, with a 1.2% growth in the year to 2018 and a 1.1% growth to 2019.

**Comparison to 2020-21 Tasmanian Budget forecasts:** the 2020-21 Tasmanian Budget forecasted Tasmania's proportional population growth in the 2019-20 financial year to be around 1%.

Analysis of ABS National, State and Territory Population data in the year to June 2020 reveals a growth of 6,205 persons or a proportional change of 1.2%, which was 0.2% higher than that forecasted by Treasury.

**Figure 5: Tasmania population growth 2000-20 (year ending September)**



Source: ABS, National, state and territory population, Table 4 Released 18/03/2021

According to ABS National, State and Territory Population data, in 2018 and 2019 Tasmania's yearly proportional population growth ranked around fifth and sixth, respectively, when compared to the other States and Territories. However, in the year to September 2020, Tasmania's proportional growth was ranked third.

This analysis suggests that Tasmania has continued to experience strong population growth during the pandemic.

**Figure 6: Proportional population growth by State 2018-20, year ending in September**



Source: ABS, National, state and territory population, Table 4 Released 18/03/2021

There are three main components to population growth, being:

1. Interstate migration
2. Overseas migration
3. Natural change (births and deaths).

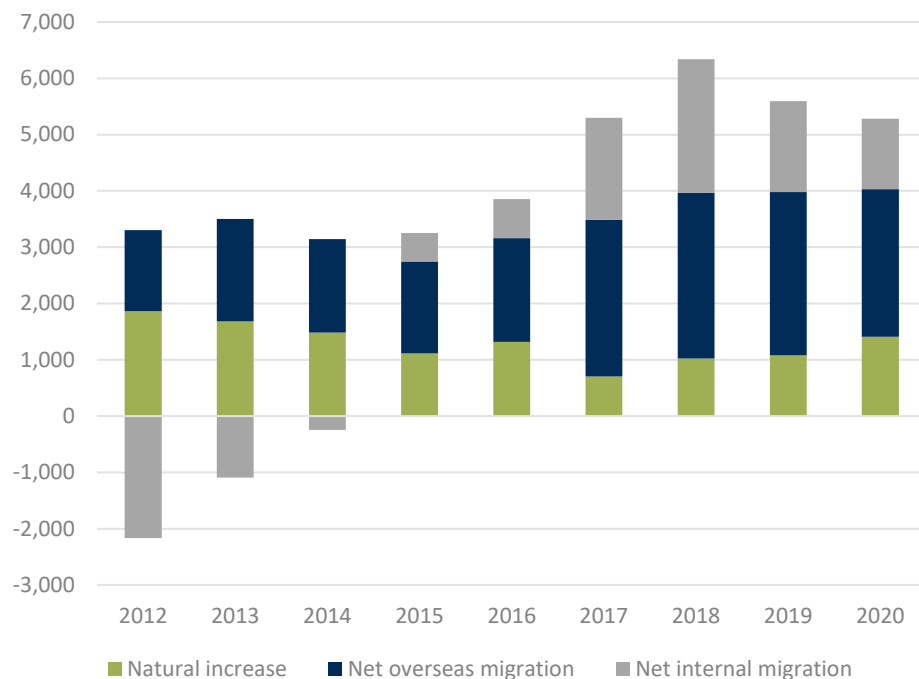
Analysis of ABS National, State and Territory Population data shows how these components have contributed to population change over time.

- **Net overseas migration:** over the eight years to September 2020, around 55% of Tasmania's population growth was from net overseas migration. With border restrictions imposed due to COVID 19, the proportion of population growth attributed to net overseas migration reduced in the year to September 2020, although it still accounted for 50% of Tasmania net population growth. The impact of border closures on overseas migration was evident in the later months of June and September 2020 which recorded negative growth (-30 and -219 respectively), the first negative recording of overseas net migration since June 2005.
- **Interstate migration:** over the eight years to September 2020 around 13% of Tasmania's population growth was from net interstate migration. In the years ending in September between 2017-19 this proportion increased to around 34%. However, in the year to September 2020 this proportion decreased to 24%. The numerous border closures and uncertainty around travel restrictions during 2020, likely resulted in the lower proportion of growth attributed to internal migration.
- **Natural increase (births):** over the eight years to September 2020 around 32% of Tasmania's population growth was from natural increase. Between 2017-19, this proportion decreased to around 16%, a result of less total births and an increase in internal and overseas migration. However, in the year to September 2020, the proportion of population growth attributed to natural increase was 27%. The higher proportion attributed to natural increase was a result of lower growth from interstate and overseas migration and higher birth numbers, being the highest recorded since 2014.

With continued border restrictions on overseas migration, Tasmania will be more reliant on interstate migration, retaining young people, and natural increase (births) for population growth. This will likely be also the case for the other States, Territories and

capital cities across Australia. This will increase competition between the jurisdictions to retain and attract people.

**Figure 7: Components of population change year ending in September (2012-2020)**



Source: ABS, National, state and territory population, Table 2 Released 18/03/2020

## 2.3 Gross State Product

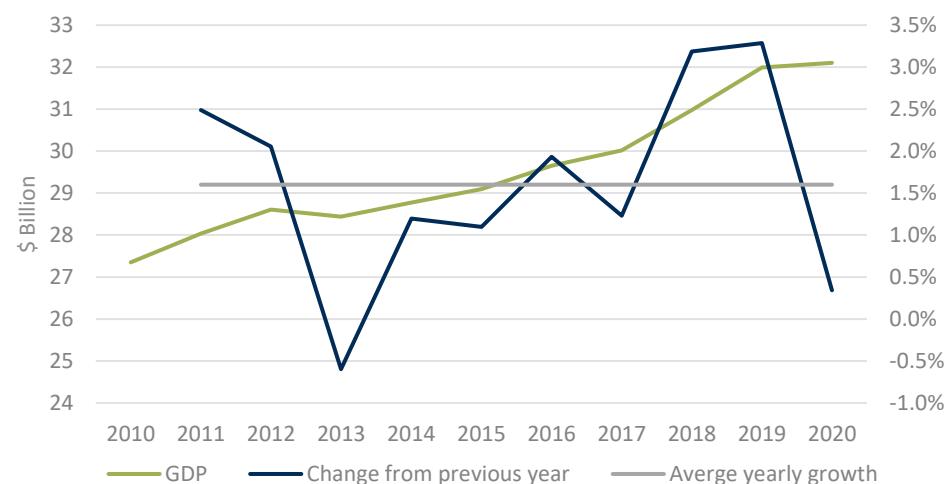
According to ABS, *Australian National Accounts: State Accounts* data, over the ten years to June 2020, Tasmania recorded a \$4.8 billion increase in its Gross State Product (GSP), reaching a total of \$32.1 billion. Over this ten-year period the average annual proportional change was around 1.6%.

GSP growth in the year to June 2020 was subdued, with only a \$109 million or a 0.3% increase over the year. This growth, when compared to the previous two years is low with around a \$1 billion or 3.3% growth in the year to June 2019 and a \$956 million or 3.2% in the year to 2018. In fact, the average yearly proportional growth over the last ten years was around five times higher than that recorded in the year to June 2020.

**Comparison to 2020-21 Tasmanian Budget forecasts:** the 2020-21 Tasmanian Budget forecasted Tasmania's GSP to a proportional decrease of 0.5% in the 2019-20 financial year.

Analysis of ABS, *Australian National Accounts: State Accounts* in the year to June 2020 shows GSP proportionally increased by 0.3%. The higher proportional growth highlights that despite the severe disruption in global economic activity caused by the COVID-19 pandemic, Tasmania's economy has been more resilient than expected.

**Figure 8: Tasmania GSP 2010-20 - year ending in June**



Source: ABS, Australian National Accounts: State Accounts Table 7 Released 20/11/2020

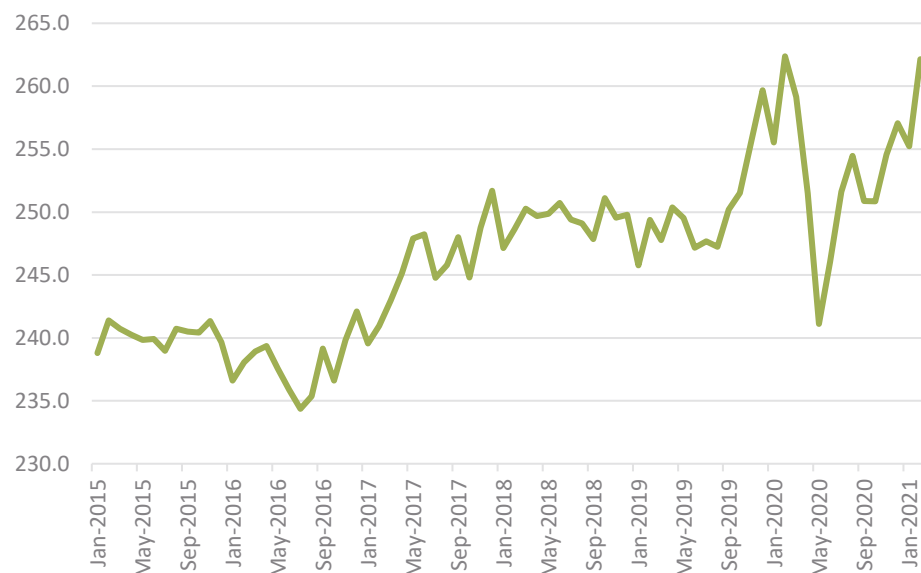
## 2.4 Employment

The following is sourced from ABS, *Labour Force, Australia* detailed data. The data shows that in February 2020, there were 262,375 jobs across Tasmania. However, with the closure of internal and international borders by May 2020, a loss of 21,260 jobs or an 8.1% reduction in employment was recorded, resulting in a total employment low of 241,115 residents in May 2020.

From this May low, employment recovered to around 99% of its pre-COVID-19 levels over the months to February 2021. During this period, employment increased by 21,040 jobs to a total of around 262,160 jobs in February 2021. The total recorded employment level in February 2021 was around 220 jobs fewer than that estimated in February 2020.

However, with international borders remaining closed and the discontinuance of JobKeeper in March 2021, the next six months will be crucial for many business, employers, and employees. Industries reliant on overseas tourism will be more exposed and susceptible to future employment losses over the foreseeable future.

**Figure 9: Total employment (,000)**

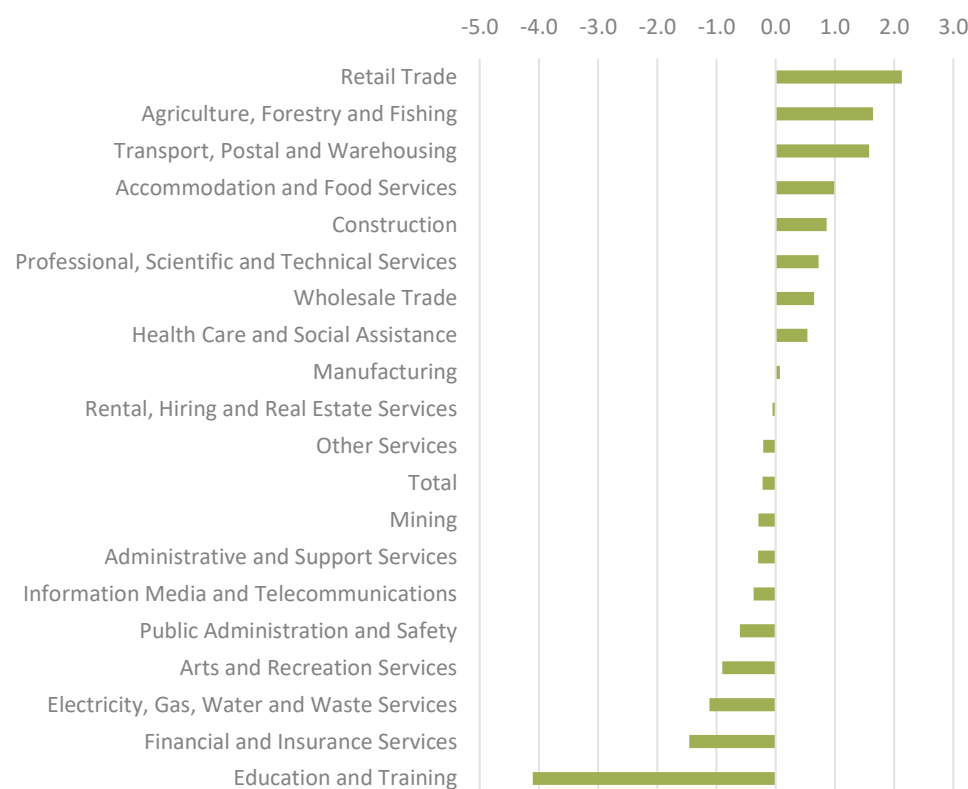


Source: ABS, Labour Force, Australia, detailed Table 9 released 25/03/2021

The top five industries which recorded the largest overall growth in employment in the year to February 2021 were:

- Retail Trade - 2,130 additional jobs
- Agriculture, Forestry and Fishing - 1,645 additional jobs
- Transport, Postal and Warehousing - 1,580 additional jobs
- Accommodation and Food Services - 990 additional jobs
- Construction - 860 additional jobs.

**Figure 10: Total employment change to the year to February 2021 (,000)**



Source: ABS, Labour Force, Australia, Detailed Table 5 released 25/03/2021

Conversely, the top five industries which recorded the largest overall decline in employment in the year to February 2021 were:

- Education and Training - 4,100 fewer jobs
- Financial and Insurance Services - 1,460 fewer jobs
- Electricity, Gas, Water and Waste Services - 1,115 fewer jobs
- Arts and Recreation Services - 905 fewer jobs
- Public Administration and Safety - 605 fewer jobs.

Table 7 shows the initial impact of COVID-19 upon the labour market. The third column shows the initial loss of jobs by industry between February and May 2020. In total, 21,260 jobs were lost, with almost all industries recording a loss in employment. However, industries that were more resilient and had job growth over the period, were:

- Information Media and Telecommunications – which recorded a growth of 378 jobs
- Public Administration and Safety– which recorded a growth of 294 jobs
- Education and Training– which recorded a growth of 191 jobs
- Electricity, Gas, Water and Waste Services – which recorded a growth of 70 jobs.

Conversely, the industries which recorded the highest loss in employment were:

- Accommodation and Food Services - with 7,595 fewer jobs
- Agriculture, Forestry and Fishing - with 1,8454 fewer jobs
- Health Care and Social Assistance - with 1,7856 fewer jobs
- Other Services - with 1,690 fewer jobs
- Financial and Insurance Services - with 1,685 fewer jobs.

Since May 2020 around an additional 21,040 jobs have been recorded. As such the job market is only around 220 jobs fewer than pre-COVID-19 levels. As seen in Table 7, third column, almost all industries have recorded growth from May 2020 to February 2021. The exceptions to this were:

- Education and Training – which has recorded 4,290 fewer jobs since May 2020
- Electricity, Gas, Water and Waste Services – which has recorded 1,185 fewer jobs
- Information Media and Telecommunications – which has recorded 950 fewer jobs

- Public Administration and Safety – which has recorded 900 fewer jobs
- Mining– which has recorded 50 fewer jobs since May 2020.

Although some of these industries may have other macro-economic dependences/linkages and may not be directly linked to the impacts of COVID-19, the data provides some insight into industries that were more exposed to COVID-19 impacts and those which have recovered at a faster rate.

**Table 7: Employment - initial COVID-19 impact and recovery (total job change)**

| Industry                                        | Employment change |                      |
|-------------------------------------------------|-------------------|----------------------|
|                                                 | Feb to May 2020   | May 2020 to Feb 2021 |
| Agriculture, Forestry and Fishing               | -1,844            | 3,488                |
| Mining                                          | -238              | -51                  |
| Manufacturing                                   | -1,024            | 1,092                |
| Electricity, Gas, Water and Waste Services      | 70                | -1,186               |
| Construction                                    | -746              | 1,604                |
| Wholesale Trade                                 | -714              | 1,361                |
| Retail Trade                                    | -160              | 2,290                |
| Accommodation and Food Services                 | -7,594            | 8,584                |
| Transport, Postal and Warehousing               | -814              | 2,394                |
| Information Media and Telecommunications        | 578               | -949                 |
| Financial and Insurance Services                | -1,686            | 228                  |
| Rental, Hiring and Real Estate Services         | -339              | 283                  |
| Professional, Scientific and Technical Services | -1,542            | 2,268                |
| Administrative and Support Services             | -631              | 336                  |
| Public Administration and Safety                | 294               | -897                 |
| Education and Training                          | 191               | -4,291               |
| Health Care and Social Assistance               | -1,783            | 2,319                |
| Arts and Recreation Services                    | -1,591            | 686                  |
| Other Services                                  | -1,689            | 1,481                |
| <b>Total</b>                                    | <b>-21,260</b>    | <b>21,041</b>        |

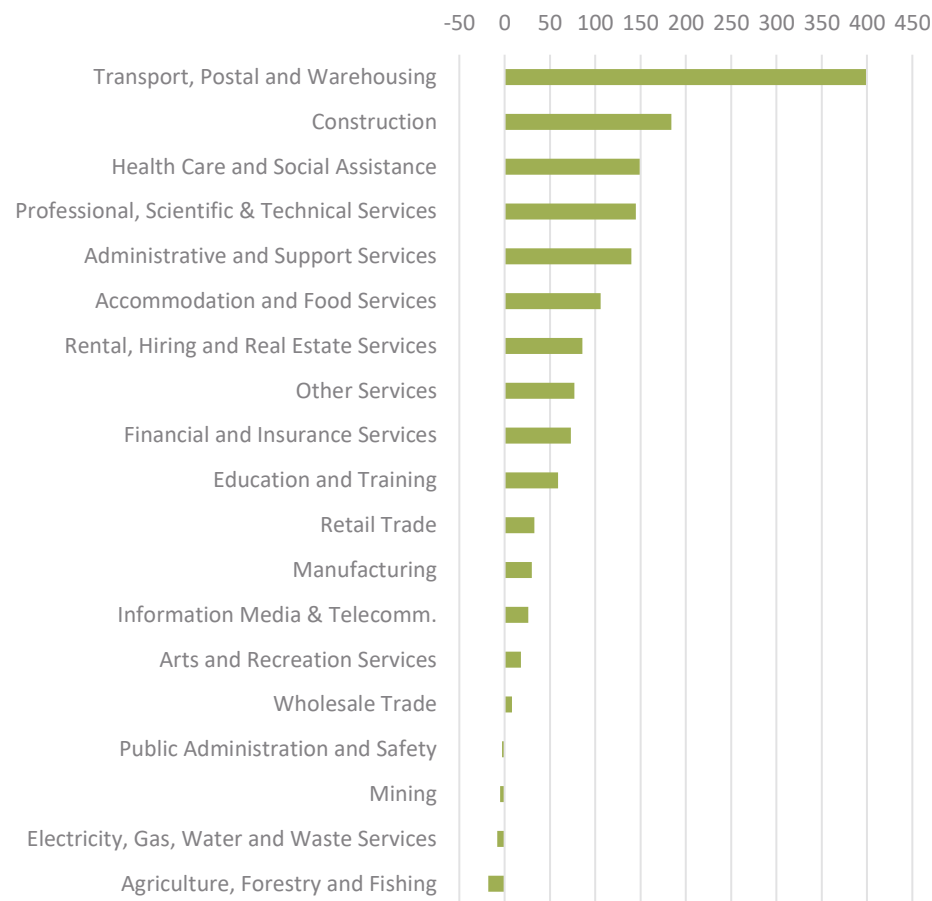
Source: ABS, Labour Force, Australia, detailed Table 5 released 25/03/202

## 2.5 Change in business numbers June 2019-20

Analysis of ABS Australian business data shows that in the year to June 2020, 1,500 new businesses were recorded across Tasmania. This represented a 3.8% increase over the year, which was the largest proportional recorded growth for any State or Territory. All businesses industries (except for Public Administration and Safety; Mining; Electricity, Gas, Water and Waste Services; Agriculture, Forestry and Fishing) recorded positive growth, with the top five industries being:

- Transport, Postal and Warehousing – 399 new businesses
- Construction - 184 new businesses
- Health Care and Social Assistance - 149 new businesses
- Professional, Scientific and Technical Services - 145 new businesses
- Administrative and Support Services - 140 new businesses.

**Figure 11: Net change in the number of businesses, year to June 2020**



Source: ABS Counts of Australian Businesses, including Entries and Exits, June 2016 to June 2020, released 16/02/2021

## 2.7 Unemployment rate

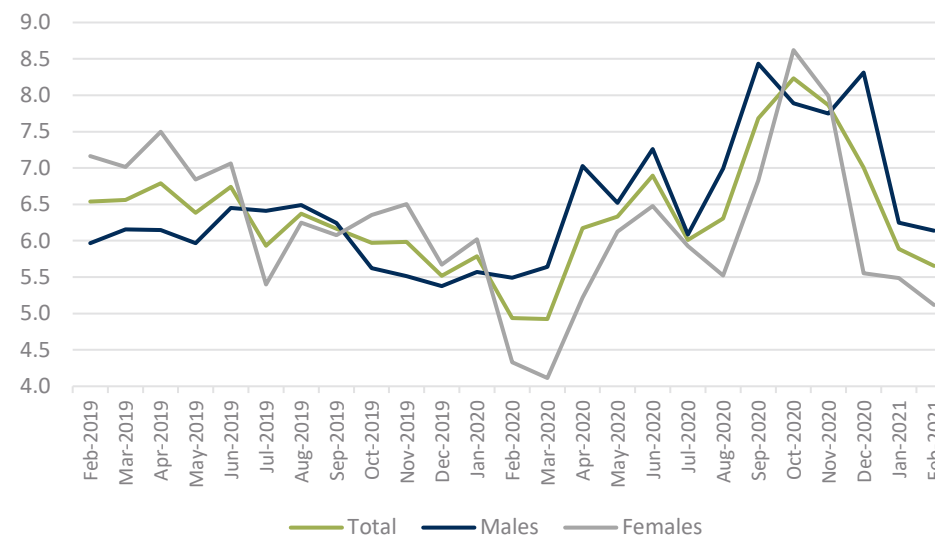
The unemployment rate has fluctuated between February 2019 and February 2020. However, the overall trend was one of relative decline, evident in a -1.9% fall in the unemployment rate over the period. Over the same period, unemployment in males decreased by 0.6% and females by 3.4%.

The COVID-19 lockdown measure in March of 2020 reversed this trend, with the unemployment rate rising over the following months by 3.3% to a peak of 8.2% in October 2020. Over this period, the male unemployment rate increased by 2.4% to 7.9%, and females by 4.5% to 8.6%.

Despite the increase in the unemployment rate over this period, it has since decreased with the overall unemployment rate being 5.7% as of February 2021 - a 2.6% decrease from October 2020. Over this period, the male unemployment rate decreased by around 1.8% to 6.1%, while the female unemployment rate decreased by 3.5% to 5.1%.

Decreasing unemployment rates have economic benefits as they typically result in increases in personal/family disposable income and purchasing power and increases in overall economic output.

**Figure 12: Unemployment rate February 2019 to February 2021 (seasonally adjusted)**



Source: ABS Labour Force, Australia Table 9 released 18/03/2021

## 2.8 JobKeeper

According to the Australian Taxation Office, between April and September 2020, a total of 68,900 Tasmania's workers were on the JobKeeper scheme. This was around 27% of the pre-COVID-19 employment levels.

The number of workers on the scheme decreased by 65% to 24,100 workers between October and December 2020, which equates to around 9% of pre-COVID-19 employment levels.

With the scheme ending in March 2021, the impact on Tasmania's unemployment levels remains to be seen. The Reserve Bank Governor Philip Lowe has anticipated some job shedding after JobKeeper ends: *"This could cause a brief rise or slower falls in unemployment,"* he said in February 2021.

However, with the decreasing unemployment rate, the commencement of the vaccine rollout and increasing employment across the State, it can be presumed that this impact will be softened, assuming there are no further lockdowns and international borders open in 2021/22.

## 2.9 Retail turnover

Over the three years to January 2021, total retail turnover increased by \$107 million or 21% to \$630 million.

However, close analysis reveals a sharp spike in turnover between February and March 2020, likely a result of “panic buying” as borders closed and lockdown measures were implemented. This sharp increase in turnover peaked at \$626 million in March 2020. The increase between February and March 2020 alone was \$51 million, just under 50% of the net growth recorded over the three years to January 2021.

The spike in retail turnover between February and March 2020, was primarily led by supermarket expenditure which increased by just under \$42 million or 18% over the period. Retailing of pharmaceutical, cosmetic and toiletry goods also significantly increased over the period, recording a \$7 million or 23% growth over the month. As expected with lockdown measures, turnover in cafes, restaurants and takeaway food services was reduced by around \$19 million or 28% over the month.

Following the March 2020 spike, retail turnover plummeted \$110 million or 18% to \$517 million in the month of April. All major retail groups recorded a loss in turnover led by supermarket expenditure which reduced by just under \$42 million or 16%. Sales of pharmaceutical, cosmetic and toiletry goods also significantly decreased by \$9 million or 23% in that month. Turnover in cafes, restaurants and takeaway food services reduced further, by around \$19 million or 41%.

From April 2020 low of \$517 million, retail sales rebounded over the following three months. The month of July 2020 achieved total retail sales of \$656 million – some \$140m or 27% higher than the low month of April. While all retail groups recorded an increase in turnover, the rebound was led by cafes, restaurants and takeaway food services which recorded an increase in turnover of \$37.4 million or 135%. The next largest increase was in clothing, footwear and personal accessory retailing which recorded a \$25 million or 247% increase over that three month period.

Since May 2020, retail turnover has remained higher than pre-COVID-19 lockdown levels, with turnover in January 2021 being \$4 million or 1% higher than that recorded in March 2020.

**Figure 13: Total retail turnover Tasmania (\$m), seasonally adjusted**



Source: ABS, Retail Turnover, By State to January 2021 Table 3 released 4/03/2021

While supermarket turnover remained strong over the past year, there were several sub-retail categories that were impacted by COVID-19, these being clothing, footwear and personal accessory retailing; cafes, restaurants and catering and take-away food services.

As seen in the figure below, these three retail sub-categories all experienced a sharp decline in retail turnover between March and June 2020. However, by July 2020, turnover levels had returned to around the level experienced before the COVID-19 lockdown and border closures.

The exception to this is the category of cafes, restaurants and food catering services that impacted the greatest of all categories. Turnover within this sub-category decreased from around \$34 million in February 2020 to just \$5 million in April 2020. However, as of January 2021, turnover levels have recovered but are around \$3 million below the pre-COVID-19 level.

The reduction in turnover within cafes, restaurants and food catering services was reflected in the loss of 7,600 jobs within the accommodation and food services industry

between February and May 2020<sup>1</sup>. Over the period to January 2021, employment within this industry increased by 8,600 jobs, in accordance with increased turnover levels.

Compared to the two other retail sub-categories, take-away food services recorded a more subdued loss in turnover, with a sharper snap back. Combined turnover in December 2020 was around \$5 million or 14% higher than that recorded in February 2020 (pre COVID-19 impacts). This resilience is likely owing to the higher representation and transition to online retailing and existing services such as food delivery services.

**Figure 14: Selected sub-retail categories turnover (\$m)**



Source: ABS Retail Turnover, State by Industry Subgroup, seasonally adjusted Table 12 released 4/03/2021

E-commerce or online retailing has increased its penetration into retail sales over the pandemic. Nationally, online retail sales averaged around 6.4% of total sales between

January 2019 to March 2020. Penetration rates peaked at 11.1% in April 2020, decreasing somewhat to around 9.1% as of January 2021.

As seen in Figure 15 below, online sales have grown with a sharp increase in amount of online sales during COVID-19's highest impact period.

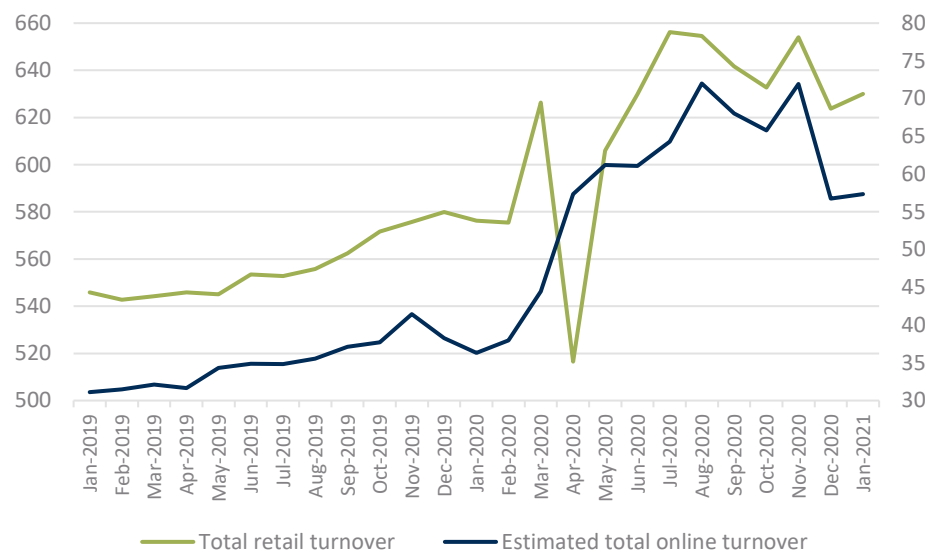
This highlights that COVID-19 changed retail behaviour and accelerated the penetration of online sales. This trend and proportional penetration are likely to remain higher than pre-COVID-19 levels.

Applying the national average online sales proportion to Tasmania's total retail turnover, it is estimated that online sales have increased by around \$26 million or 84% between January 2019 to January 2021. Increased online expenditure has likely grown the demand for last mile services and associated warehousing and distribution space.

The impact of increased online sales upon some retailers could reduce space requirements as traditional brick and mortar retailers require less instore storage/display space and café and restaurants shift towards increased sales from takeaway delivered through third party delivery services.

<sup>1</sup> The ANZSIC 1-digit industry of accommodation and food services includes accommodation, cafes and restaurants, takeaway food services, catering services, pubs, taverns, and bars clubs (Hospitality), cafes and takeaway food services. This is the smallest industry category provided by the ABS on recent employment levels across Tasmania. The period is provided quarterly while retail turnover is provided Monthly.

**Figure 15: Total retail turnover and estimated online sales (\$m)**



Source: ABS Retail turnover, Australia, HillPDA

## 2.10 Tourism and visitors

Tourism is a key component of the Tasmanian economy. This importance is noted by the fact Profile .id estimates that in June 2020, around 10% of Tasmania's employment and 5.6% of GSP was directly or indirectly linked to the tourism hospitality industry.

Tourism Research Australia's international and national visitor surveys estimate that just over 10.8 million international and domestic overnight/day visitors were recorded visiting various parts of Tasmania in the year to December 2019.

These tourists and visitors spent a combined \$4.2 billion in 2019, equating to an average spend per person of \$384. This expenditure provides a vital source of income for various accommodation providers, event operators, retailers and other local businesses.

However, in the year ending in December 2020, overall tourists and visitor numbers reduced by 35% to 7 million, with total expenditure also reducing by around \$1.8 billion to around \$2.4 billion. The average spend per visitor also decreased to around \$342.

Based on the survey, the following can be observed. Please note the figures below are for the year ending in December:

- The overall number of international visitors decreased from 283,000 in 2019 to just 81,000 in 2020, a reduction of 202,000 visitors or 71%.
- Expenditure from international visitors decreased by \$381 million over the period.
- Total overnight visitors decreased by around 1.04 million to 2.2 million in 2020.
- Of 3.2 million overnight visitors in 2019, there was an even split between those from other states and territories and those living in Tasmania. By 2020, only 27% of the 2.2 million overnight visitors were visitors from other states and territories while the remaining 72% were resident of Tasmania. This represented a 1 million or 63% reduction in visitors from other states and territories.
- Over the period, total expenditure from overnight visitors reduced by \$1.1 billion. The spend per person also reduced from \$875 in 2019 to \$765 in 2020.
- The number of day visitors, this includes people living within Tasmania, decreased by 3.8 million over the period.
- Expenditure from day visitors decreased by around \$228 million over the period.

**Table 8: Visitors, visitor nights and expenditure, year ending in December**

| International visitors | 2019   | 2020   | Change | %    |
|------------------------|--------|--------|--------|------|
| Visitors ('000)        | 283    | 81     | -202   | -71% |
| Nights ('000)          | 4,247  | 1,362  | -2,885 | -68% |
| Spend (\$m)            | 555    | 174    | -381   | -69% |
| Overnight visitors     | 2019   | 2020   | Change | %    |
| Visitors ('000)        | 3,217  | 2,180  | -1,037 | -32% |
| Nights ('000)          | 12,816 | 9,609  | -3,207 | -25% |
| Spend (\$m)            | 2,817  | 1,668  | -1,148 | -41% |
| Day visitors           | 2019   | 2020   | Change | %    |
| Visitors ('000)        | 7,302  | 4,741  | -2,561 | -35% |
| Nights ('000)          |        |        |        |      |
| Spend (\$m)            | 783    | 555    | -228   | -29% |
| Total                  | 2019   | 2020   | Change | %    |
| Visitors ('000)        | 10,802 | 7,002  | -3,800 | -35% |
| Nights ('000)          | 17,063 | 10,971 | -6,092 | -36% |
| Spend (\$m)            | 4,155  | 2,398  | -1,757 | -42% |

Source: Tourism Research Australia - International and National visitor surveys – December 2020

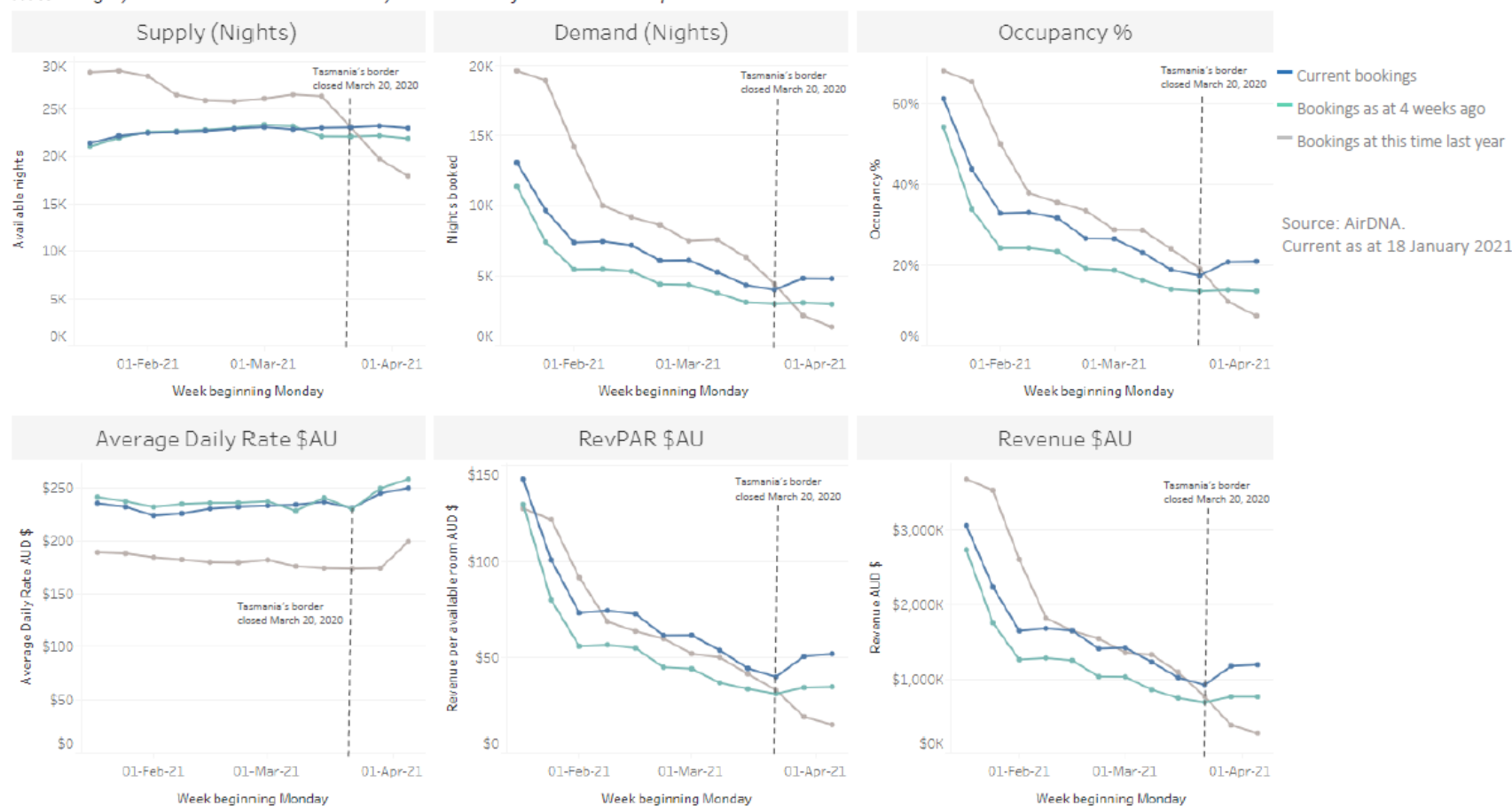
Even though overall tourist and visitor numbers have declined, research has highlighted that demand, occupancy rates, average daily rates and revenue have all recorded growth since the State border closure in March. In addition, the research undertaken by Tourism Tasmania into short-stay accommodation found that each metric (blue line, in Figure 16) is higher when compared to the same time last year (grey line, Figure 16).

**Figure 16: Tasmania short-stay accommodation research**

### Tasmania | Short-stay accommodation

All 'entire places' listed on Airbnb and VRBO in Tasmania.

**Note** The grey line indicates 'same time last year' and therefore shows a comparison to 2020 months with COVID restricted travel.



Source: Tourism Tasmania

## 3.0 COVID-19 IMPACTS ON HOBART LGA

The following Chapter analyses how COVID-19 has impacted Hobart LGA's socio-economic profile. This includes impacts on population growth, Gross State Product, employment by industry, interstate/international visitation numbers, and student enrolment numbers. Various data sources are used in this Chapter, including the Australian Bureau of Statistics, Australian Tax Office, Economy id, Tourism Research Australia, Tourism Tasmania.

### 3.1 Population growth

As of June 2019, the ABS estimated Hobart's resident population was around 54,720 persons. By June 2020, it had increased to around 55,250, representing an increase of around 530 persons or a proportional increase of 1%.

The proportional increase to June 2020 was lower than the previous three years with a 1.7% increase in the year to June 2017, 1.6% in the year to 2018 and 1.8% in the year to June 2019. The lower proportion growth in the year to June 2020 is likely a result of COVID-19 impacting on internal and overseas migration. Despite the lower annual increase between in the year to June 2020, the 1% growth rate was higher than the 19-year average of 0.8%.

As a proportion of Tasmania's population, Hobart's population accounted for around 10% of the State's population between 2001-20. By comparison, in June of 2020, only around 3% of NSW's and Victoria's population lived within either Sydney or Melbourne LGA.

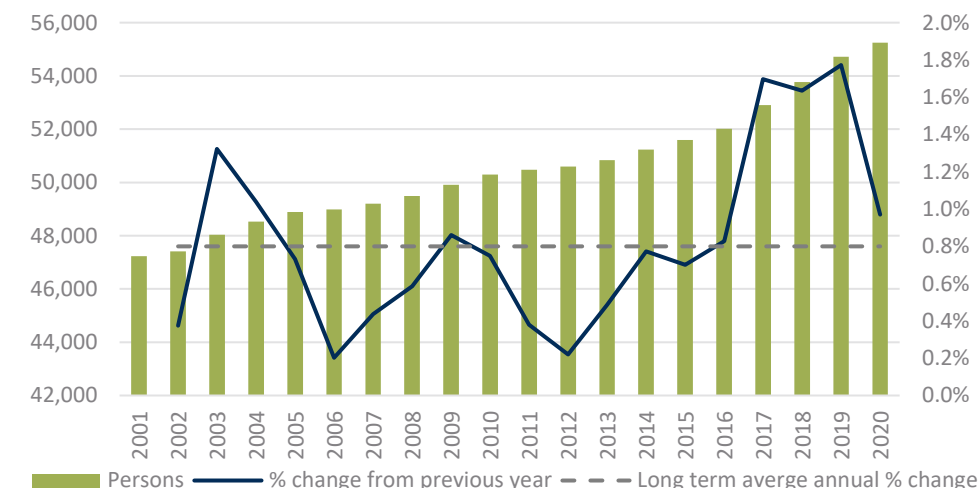
An examination of components of Hobart's population growth reveals that net overseas migration was the main contributing factor to growth. Between 2016-20, Hobart's population increased by around 3,230 persons. Over this four-year period, growth from the net natural increase was around 163 persons or 5%, net internal migration was a loss with 733 fewer persons or -25% of the net change, while the contribution from net overseas migration was 3,800 additional people or 118% of the net growth in population over the four years.

In fact, over the four years, Hobart LGA accounted for around 32% of Tasmania's and 54% of Greater Hobart's<sup>2</sup> total net population growth from overseas migration.

Despite COVID-19, in the year to June 2020, Tasmania recorded a net growth of around 1,120 persons from overseas migration. The increase from overseas migration is compared to only 60 persons from natural increase and 650 fewer persons through internal migration.

With international borders closed and other countries still experiencing high infection rates, Hobart LGA will need to rely more upon natural increase (births) and internal migration for its population growth. This is also likely to be the case for Tasmania's other LGAs and most of Australia. Increased competition between LGAs and States/Territories in attracting and retaining people is likely for the foreseeable future.

**Figure 17: Hobart LGA resident population year, ending in June**



Source: ABS.Stat beta

<sup>2</sup> Greater Hobart primarily includes the LGAs of Brighton, Clarence, Derwent Valley (part), Glenorchy, Hobart, Kingborough (part) and Sorell

## 3.2 Gross Regional Product

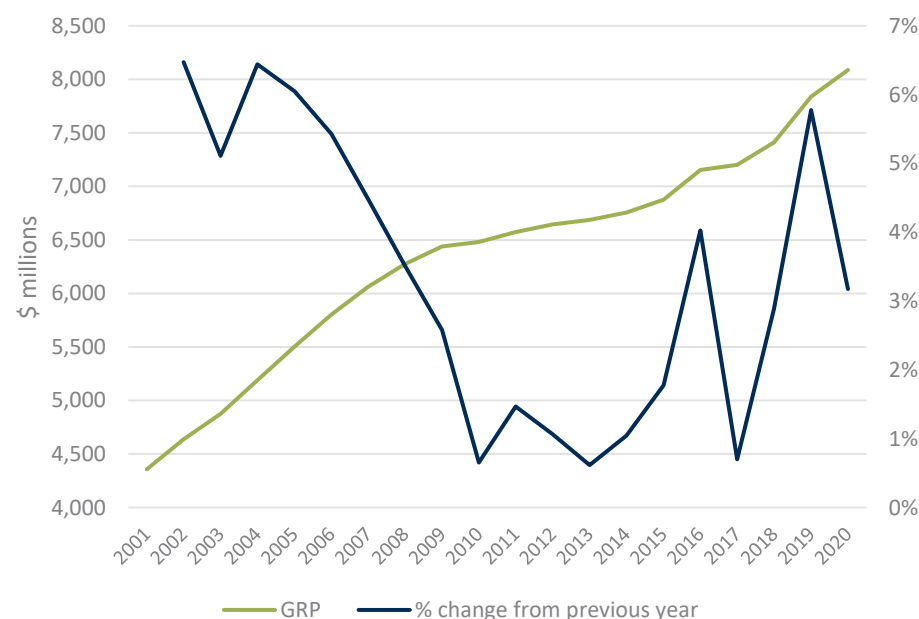
Gross Regional Product (GRP) is a measure of size or net wealth generated by a local economy and what is contributed to the GSP.

Profile .id estimates that over the 19 years to June 2020, Hobart recorded a \$3.7 billion increase in its GRP, reaching \$8.1 billion. The average annual proportional change over this 19-year period was around 3.3%.

In the year to June 2020, Hobart's GRP was estimated to increase by around \$250 million or 3.2%. This growth rate was in accordance with the long-term trend; however, it was below that recorded for the previous year (5.8%). Despite this, Hobart's proportional GRP growth in the year to June 2020, was significantly higher than that recorded for Tasmania (0.3%) and Greater Hobart (2.8%).

The comparatively strong proportional growth in Hobart's GRP indicates that economic growth has remained strong in Hobart despite the pandemic.

**Figure 18: Hobart LGA GRP 2010-20 - year ending in June**

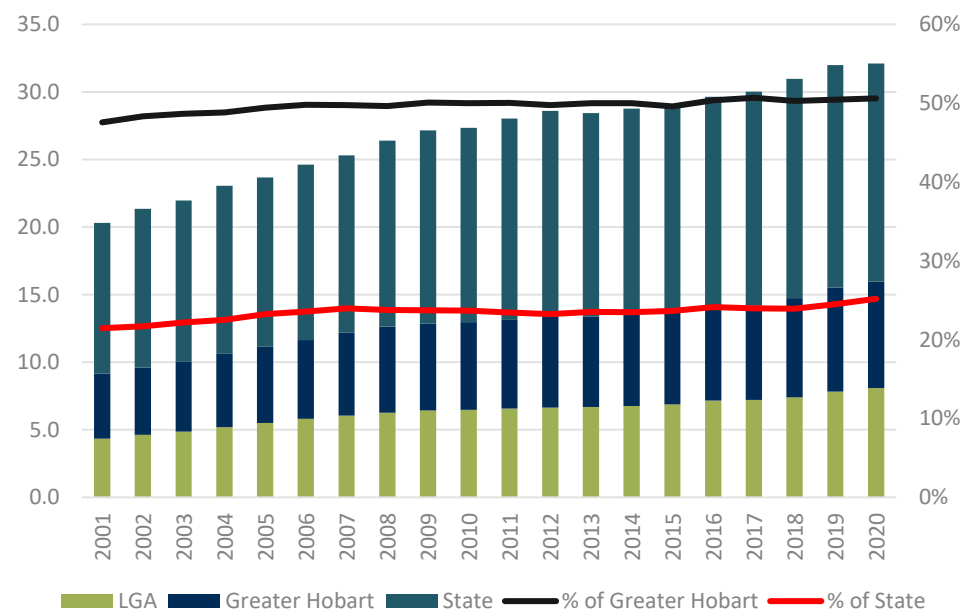


Source: Profile .id

The Hobart economy is a strong indicator for and contributor to the Greater Hobart and State economy. On average over the last 19-years, Hobart has comprised around 49% of Greater Hobart's GRP and 24% of Tasmania's GSP.

The significance of Hobart in the State economy has been increasing steadily for the last 19 years, up from 21% in 2001.

**Figure 19: Hobart's contribution to Greater Hobart GRP and State GSP 2001-2020**



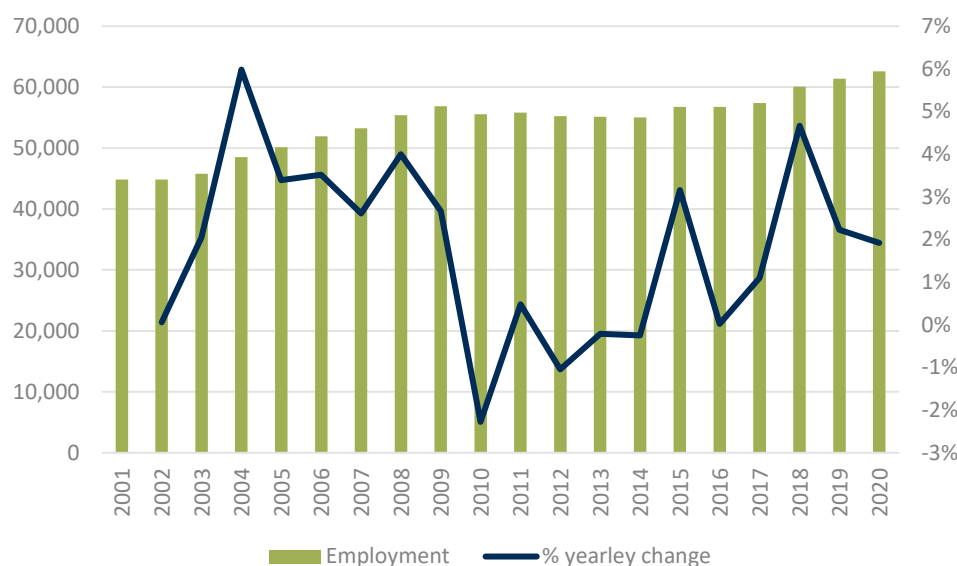
ABS, Australian National Accounts: State Accounts Table 7 Released 20/11/2020 and Profile. id

### 3.4 Employment by industry

An analysis of Profile .id employment estimates reveals that over the 19 years to June 2020, employment generated within Hobart increased by around 17,760 jobs or 40%, reaching around 62,275 jobs in 2020.

Over the year to June 2020, it is estimated that employment within Hobart increased by around 1,180 jobs or 1.9%. The annual proportional increase of 1.9% was higher than that recorded for Tasmania (1.2%).

**Figure 20: Hobart employment growth 2010-20**



Source: Profile .id

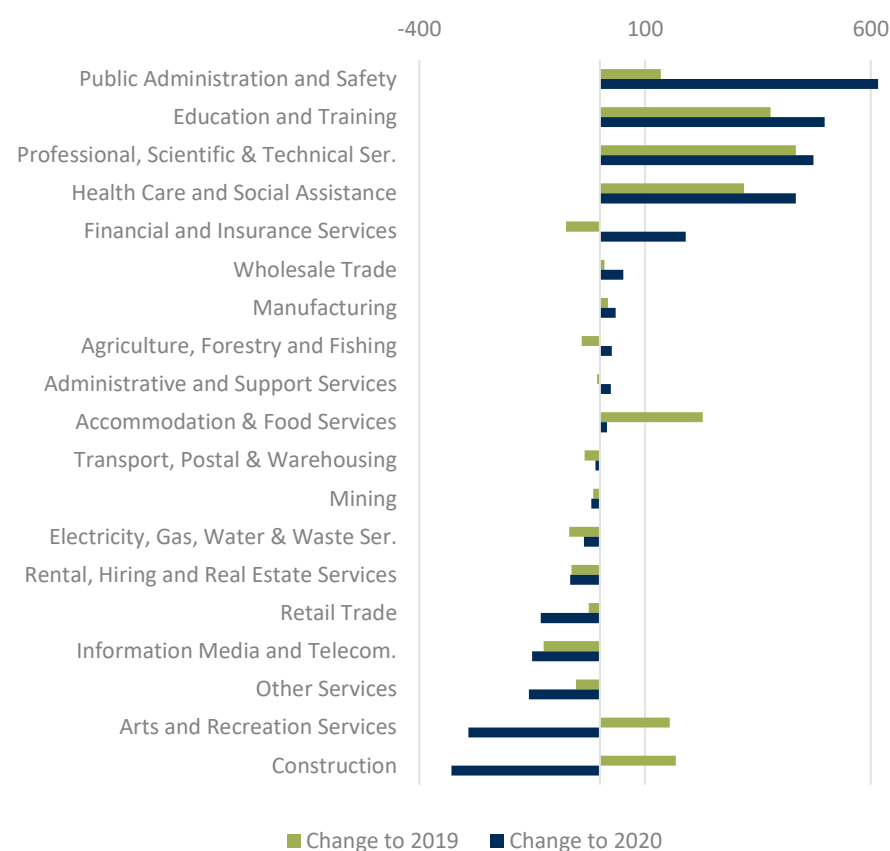
Over the year to June 2020, the top five industries which recorded the largest growth were:

- Public Administration and Safety - 616 additional jobs
- Education and Training - 498 additional jobs
- Professional, Scientific and Technical Services - 473 additional jobs
- Health Care and Social Assistance - 434 additional jobs
- Financial and Insurance Services - 190 additional jobs.

While the five industries which recorded the greatest loss in employment are estimated to be:

- Construction - with 329 fewer jobs
- Arts and Recreation Services - with 291 fewer jobs
- Information Media and Telecom - with 150 fewer jobs
- Other Services - with 157 fewer jobs
- Retail Trade - with 131 fewer jobs.

**Figure 21: Hobart employment change by industry – year to June 2019 and 2020**



Source: Profile .id

### 3.5 Change in businesses

Analysis of ABS Australian business data shows that in the year to June 2020, just over 335 new businesses were recorded in Hobart LGA, representing a 5.1% increase over the year or 33% of all new businesses across Tasmania. All businesses industries (except for Agriculture, Forestry and Fishing; Mining; Electricity, Gas, Water and Waste Services; and manufacturing) recorded growth, with the top five industries being:

- Transport, Postal and Warehousing - 84 new businesses
- Professional, Scientific and Technical Services – 43 new businesses
- Accommodation and Food Services - 38 new businesses
- Health Care and Social Assistance - 33 new businesses
- Construction - 29 new businesses.

Over the four years to June 2020, Hobart contained around 40% of Greater Hobart's and 16% of Tasmania's businesses.

### 3.6 University student numbers

International students provide a significant contribution to the Australian economy, worth around \$37.6 billion in 2019. International students are also more profitable to the university, with an international student paying on average around \$29,000 to undertake a business course, compared to \$19,000 for a domestic student. As noted in the previous HillPDA study, international student numbers were forecast to double over the next three to four years<sup>3</sup>. This forecasted increase in international student numbers were reflected in UTAS's plans to develop an additional 440 student beds in 2020 and a further 450 beds by 2023, increasing the number of student beds in the CBD from 680 to around 1,570 beds by 2023.

According to the Department of Education, Skills and Employment, international student commencements across Tasmania were 2,105 in the year to December 2020. This was around 580 students or 22% fewer than that recorded in the year to December 2019.

Diversification of the UTAS student population, including attracting interstate students, was a key component of the university's strategic plan released in 2018. The impact of COVID-19, with international border closures, has significantly impacted the university's growth plans, as is evident from:

- A reduction in the number of courses offered to Chinese students from 514 to 120, which numbered around 4,000 students in 2019
- Voluntary staff redundancies and a request for a staff pay freeze
- The delaying of its student accommodation development plans and halting the move into the CBD
- Leasing sections of the KPMG and Vodafone building in order to comply with indoor COVID gathering restrictions<sup>4</sup>.

Despite the loss in international students, there has been a surge in domestic students with a recorded enrolment of 24,500 in 2020, a 3,000 or 14% increase from 2019<sup>5</sup>.

<sup>3</sup> How the plan to boost Hobart's international student population is driving change at UTAS, ABC Fiona Blackwood 2019

<sup>4</sup> ABC news, Universities will struggle until international students return, says higher education expert, Kate Ainsworth

<sup>5</sup> ABC news - University of Tasmania welcomes largest cohort of domestic students, Alexandra Humphries and Alexandra Alvaro

The delaying of the University's development plans and relocation of activities and students into Hobart CBD will likely impact the vibrancy and attractiveness of the CBD. However, this is only a delay due to external forces and positive flow-on effects will likely resume with the re-commencement of their plans.

### 3.7 Tourism and visitors

Tourism and visitation numbers at the small area level (i.e local government level) have not been released since the Tasmanian border closures in March 2020. Despite limited recent tourist and visitation numbers, research into hotel/short-stay accommodation can provide an insight into the health of the tourism industry.

According to CBRE, in the year ending in September 2020, all major capital cities recorded declines in the key hotel metrics of occupancy rates, average daily rate (ADR) and revenue per available room (RevPar).

In comparison to the other capital cities, Hobart was a more resilient city, reflected in it having the fourth lowest proportional decline in occupancy rates when compared to the other capital cities, along with the lowest proportional ADR decline and second-lowest proportional decline of RevPar.

The Hobart hotel occupancy rate of 56.2% was the second-highest amongst the eight capital cities in the year ending September 2020, (second to Adelaide 57.4%), while its ADR of \$ 181 and RevPar of \$102 were second only to Sydney (\$204 and \$109, respectively).

The above being noted Hotel occupancy rates in the year ending September 2020 reduced by 31.4% in Hobart while ADR recorded around a 1% reduction and RevPar a 32% loss.

**Table 9: Capital City hotel metric change in the year to September 2020**

| City      | Change in metric YE Sep 2020 |        |        |
|-----------|------------------------------|--------|--------|
|           | Occupancy                    | ADR    | RevPar |
| Adelaide  | -27.9%                       | -2.2%  | -37.2% |
| Brisbane  | -28.4%                       | -6.3%  | -32.9% |
| Canberra  | -34.6%                       | -5.1%  | -37.9% |
| Darwin    | -33.3%                       | -20.6% | -46.8% |
| Hobart    | -31.4%                       | -0.8%  | -32.0% |
| Melbourne | -32.1%                       | -7.5%  | -37.2% |
| Perth     | -23.6%                       | -3.5%  | -26.3% |
| Sydney    | -35.7%                       | -8.1%  | -40.9% |

Source: CBRE Q3 2020 research

A key factor that may reduce the performance of the hotel industry were the 700 new rooms due for completion in 2020-21, representing a 20% growth on existing stock levels in Hobart. A key positive for the industry is the fact that 83% of total hotel nights are occupied by domestic guests. The marketing of Tasmania to domestic tourists and the maintaining of certainty around border permeability will be key to attracting visitors. This can contribute to the softening of any long-term impacts of COVID-19.

Research undertaken by Tourism Tasmania into short-stay accommodation has highlighted that demand, occupancy rates, average daily rates and revenue have all recorded growth since the State border closure in March. Interestingly, each metric (blue line in Figure 22) is higher when compared to the same time last year (grey line in Figure 22).

According to Tourism Tasmania, as borders opened, the occupancy rate in Hobart has steadily increased. However, due to outbreaks in other States, there have been fluctuations in the occupancy rate as visitors have had to cancel bookings at short notice.

The uncertainty around border closures has led to increased caution by potential visitors and appears to have shortened the duration of accommodation bookings. Tourism Tasmania estimates that overall, forward bookings are approximately half of the occupancy levels across the January to March period, compared to 2020.

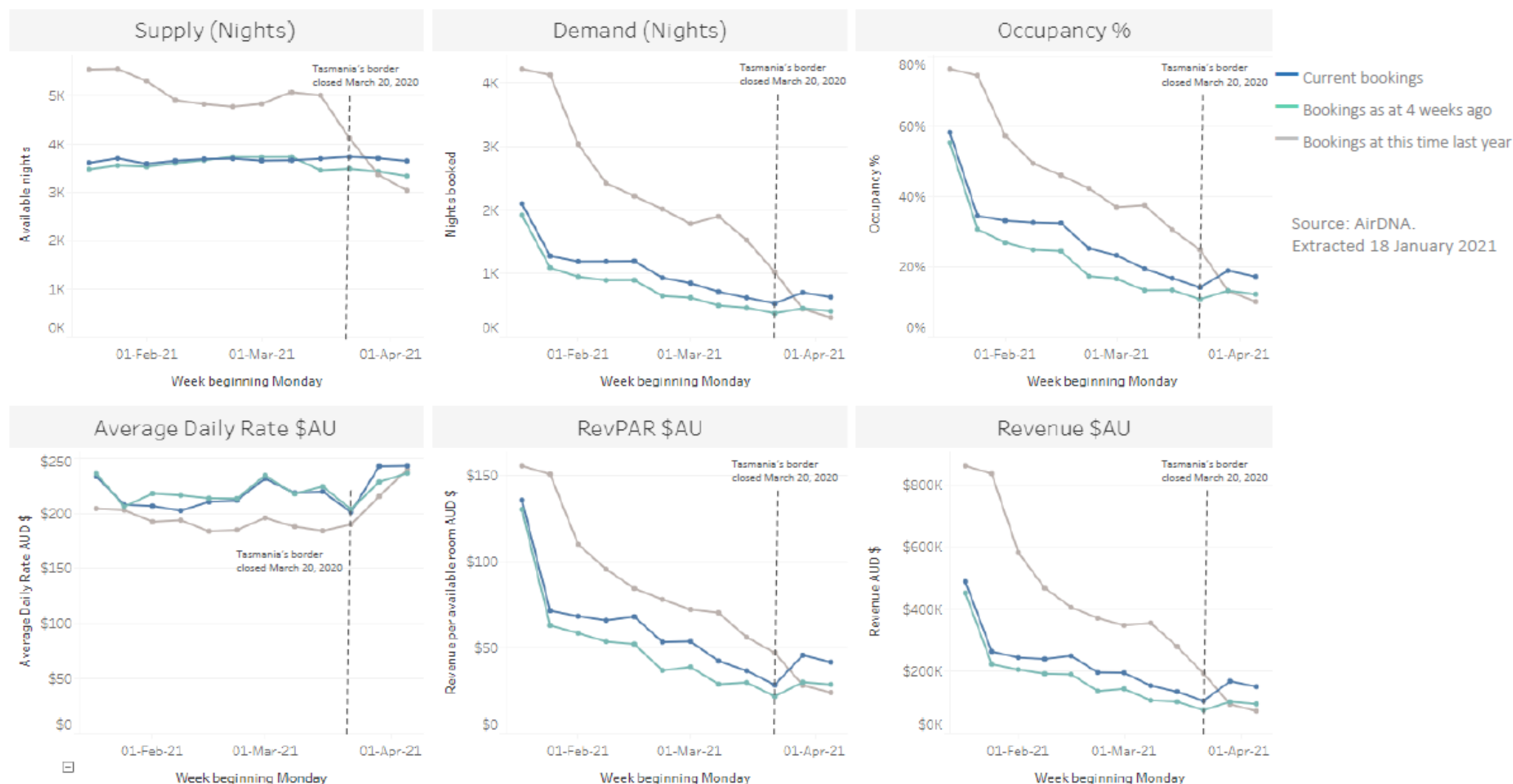
As stated previously, as the vaccine is rolled out across Australia, increased domestic marketing and certainty around broader permeability will be crucial to the recovery and self-sustainability of accommodation, tourism, and hospitality sectors.

**Figure 22: Short-stay accommodation Hobart**

## Hobart | Short-stay accommodation

All 'entire places' listed on Airbnb and VRBO in Hobart City Council area.

**Note** The grey line indicates 'same time last year' and therefore shows a comparison to 2020 months with COVID restricted travel.



Source: Tourism Tasmania

A person's hands are holding a smartphone, with the screen displaying a map or navigation app. The background is a blurred cityscape, likely Hobart, Tasmania, viewed from an elevated position. The entire image is overlaid with a semi-transparent blue filter. A white rectangular border frames the central content area.

# THE ECONOMIC ROLE OF HOBART

## 4.0 THE ECONOMIC ROLE OF HOBART

The following provides a snapshot of the Hobart LGA's contribution to the overall economy of Greater Hobart and Tasmania.

### 4.1 The economic role of Hobart

Hobart plays an essential role in the economic and social fabric of Greater Hobart and Tasmania. Hobart's continued economic growth is an integral part of Greater Hobart as follows:

- Hobart contains 23% of Greater Hobart's and 10% of Tasmania's population
- Hobart is where 54% of Greater Hobart's and 32% of Tasmania's overseas migrants choose to live
- Hobart directly contributes 49% of Greater Hobart's and 24% of Tasmania's economic wealth (GRP/GSP)
- Hobart generates 53% of Greater Hobart's and 24% of Tasmania's employment
- Hobart is where 40% of Greater Hobart's and 16% of Tasmania's businesses are located.

| Metric                 |                                                                                       | Hobart LGA % share by |                |
|------------------------|---------------------------------------------------------------------------------------|-----------------------|----------------|
|                        |                                                                                       | State                 | Greater Hobart |
| Population             |    | 10%                   | 23%            |
| Net overseas migration |    | 32%                   | 54%            |
| GSP/GRP                |    | 24%                   | 49%            |
| Employment             |    | 24%                   | 53%            |
| Businesses             |  | 16%                   | 40%            |

**Notes:**

Population - 20-year long term average (year to June 2020)

Net overseas migration - 4-year average (year to June 2020)

GSP/GRP - 20-year long term average (year to June 2020)

Employment - 20-year long term average (year to June 2020)

Business numbers - 4-year average (year to June 2020)

A scenic view of a rocky mountain peak. In the foreground, large, dark, rounded boulders are scattered across a rocky slope. A paved road with a metal railing runs along the edge of the slope. In the middle ground, a modern building with a curved, flat roof and large glass windows sits on the mountain. The background shows a vast valley with a winding river, a bridge, and distant mountains under a cloudy sky. The entire image has a blue tint.

# STAKEHOLDER CONSULTATION

## 5.0 STAKEHOLDER CONSULTATION

To understand the impacts of COVID-19 on the community and businesses of Hobart CBD, HillPDA conducted a series of one-on-one consultations with critical stakeholders in the Central Hobart study area. Key stakeholders included the UTAS Campus Transformation team, Destination Southern Tasmania (DST), Tasmanian Small Business, Tasmanian Hospitality Association (THA), Knight Frank Tasmania, TasCOSS, and Contemporary Art Tasmania (CATS). The list of stakeholders was composed in consultation with Council. HillPDA also conducted a broad literature search relating to local trends and issues following the COVID-19 outbreaks and recovery.

The consultation was conducted through informal interviews, generally involving questions around impacts on specific sectors, local experiences and observations, outlook, the road to recovery and recommendations. The consultation has provided valuable feedback on stakeholder's position and experiences as well as suggestions for Council to assist with the COVID-19 recovery.

### 5.1 COVID-19 impact March 2020 to February 2021

The first case of COVID-19 in Tasmania was recorded on 2nd March 2020. Tasmanian Government responded to an escalating international pandemic through the closure of State and International Borders on 18th March 2020. Varying degrees of crowd restrictions and lockdowns (stage 2) were progressively introduced over April and May 2020. However, on 5th June 2020, Stage 2 restrictions were lifted. The state borders restrictions were lifted on 24th July 2020. Further border closures to Victoria and NSW were reintroduced over various periods from August 2020 to February 2021. The international borders remain closed, most likely for the rest of 2021. International travel is currently restricted to only returning citizens and essential workers. These selected international visitors are all subject to the 14-day hotel quarantine measures.

The overall impact of COVID-19 on Hobart's daily life was minimal compared to other capital cities in Australia, thanks to Tasmania's early border intervention policy and the Federal Government's financial support with JobKeeper and JobSeeker wage supplements. Feedback from one industry leader described COVID-19 as a short-lived "bad dream." There was a short 6-week period in April/May that was quite tough for business confidence

at the time. Most businesses, however, did not lose their competitive edge as everyone was equally disadvantaged. The period was described by the industry leader as a "pause-play" button. However, State and Federal government support enabled most domestic-based businesses to retain their staff and now be at a recovery point. The main exception being the international tourist industry and UTAS, due to the continued international border closures. The international border closures are now expected to remain through to 2022. Without continued government assistance, there are significant concerns for these industries and their sustainability.

#### 5.1.1 Student demand

Previous consultation with UTAS indicated plans to expand its city campus in response to student demand for more centralised education facilities that offer a range of accommodation options and flexible time and course options. UTAS has indicated that border closures have resulted in a significant decline in international student enrolments; however, they have seen a slight increase in domestic enrolments. UTAS plans for a city campus transformation may be delayed, but The University reports that they remain within the original 10-year timeframe. The next phase of student accommodation development will be postponed until international student intake is re-established. The relocation of education facilities will continue as planned.

#### 5.1.2 Inner-city housing

The HillPDA 2019/20 report, advised that property industry representatives identified the need to increase the supply of inner-city apartments as a main priority. This is supported by an ageing and growing affluent population. Industry experts have further advised that the demand for inner-city living continuing to outstrip supply.

The impact of COVID-19 has not reduced this growing demand for inner-city housing. Early projections by banks and housing experts had predicted up to a 30% fall in average house sale prices, which did not eventuate. However, CoreLogic's latest home value index reveals Hobart's house prices grew by 2.5% in February and 8.7% over the past year. Hobart's median home value now sits at \$535,994 — higher than Adelaide, Perth, Darwin, and about

par with Brisbane (ABC News, 2nd March 2021). Tim Lawless of CoreLogic says this is a continued five-year trend that has seen house prices increase by over 52% in Hobart.

These continued growth trends make “downsizing” for empty nesters an attractive option. However, this price boom also has impacts on housing affordability and housing choice.

Consultation with industry representatives showed a difference of opinion on Central Hobart’s role in providing a choice of social, affordable and student accommodation. One view was that Hobart CBD’s central function should be for government administration, services, business headquarters, and attractive retail, entertainment, and tourism areas to attract people into the City to make it vibrant and a centre for commerce. Executive housing and short-term tourist stays were welcomed based on their spending power.

A broader view is that diverse housing choice, including social, affordable rental housing and student accommodation, provides a more vibrant community with better social cohesion mixed with market housing and holiday accommodation. Hobart Council was applauded for championing this view by the community groups that were consulted.

### 5.1.3 Hotels rooms and inner-city apartments

International and domestic border closures have significantly impacted hotels, and inner-city apartments let for short-stay accommodation. However, the lifting of state borders and a recent increase in domestic tourism has filled some of the vacancies caused by the loss of international visitations.

Hobart was experiencing a hotel development boom at the time of the last HillPDA report (February 2020). Occupancy rates at that time were expected to be more than 80%. Hobart Central served as the main gateway for interstate and international visitors.

Hotel occupancy is expected to now be below 40%. Without JobKeeper, hotel operations are not viable. Occupancy will improve slowly as interstate travel starts to build, but there is a concern about international travel not being expected to improve until well past 2023. As a result, stakeholders expect the recovery to be slow, and business confidence in this sector is weak.

Hotels and tourism services had the most significant negative impact from the COVID-19 pandemic.

Government recovery plans to stimulate the hotel and tourism industry with subsidised air tickets and travel vouchers are essential to its road to recovery. Still, many in the industry say, “too little too late.”

The Council might assist the hotel industry further by allowing temporary alternative uses such as rental accommodation. For example, the build to rent model could be adapted for some hotels and student accommodation.

### 5.1.4 Commercial offices

Before the COVID-19 pandemic, the Property Council of Australia (PCA) office report showed Hobart having one of the lowest vacancy levels (5.9%) in Australian office markets. Due to constraints in supply, the outlook was for increasing rents. The PCA reported that Hobart saw a growing demand for registered training and associated services relating to international student needs. This demand is now evaporating as international student placements remain on hold. It is expected to re-emerge once international student numbers recover.

The COVID-19 pandemic has significantly impacted standard work practices with a noticeable increase in working from home following the lockdown and pandemic isolation measures. This trend of flexible workplace has continued to some degree. Discussions with Tasmanian asset managers and other stakeholders indicate that most Hobart CBD businesses have returned to their CBD offices, except a few government organisations. Occupancy has been roughly estimated to be at around 80-90% of pre-pandemic levels. However, office occupancy does not reflect an increasing percentage of people electing to work from home for one or two or more days per week. The trend for more flexible workplace/hours was emerging before the COVID-19 pandemic. Still, the acceleration of software tools such as MS Teams and Zoom has made this a viable alternative for many, at least on a part-time basis.

An office leasing expert suggested that “the genie is out of the bottle”, and that many businesses may not return to prior work practices of a five-day week within the office. However, industry bodies and the government advocate RTO (return to the office) as it has the flow-on effects for CBD retailing and services. This observation is well documented in a literature search. Some experts expect demand for office space to decrease by 25% over the next two years before expanding with business growth over time.

One trend before COVID-19 that seems to be reversed is the demand for shared office space. This decline in demand for shared space may be due to the perceived health risk of sharing space with people you do not know. Literature research shows workplace flexibility is a key outcome of COVID-19 (AFR 7<sup>th</sup> May “Office Space Cut in Post Pandemic Purge” by Michael Pelly). Norton Rose Managing Partner Alison Deitz says, “most full-time staff are working at home two days a week. This is a permanent change for how we work.”

Research suggests employers will need to entice staff back into the office by making the work environment more rewarding. New office designs may need to increase breakout space for collaboration, quiet rooms away from meeting areas and web meeting rooms with soundproofing for group conferences. The number of people will vary from day to day, but the overall demand for office may increase as the average space per employee increases.

Central Hobart’s function as the capital for office headquarters and higher-order retail and restaurants is unlikely to change. However, the diversity of uses is likely to increase, and the need for improved public space and quality office is expected to grow.

#### 5.1.5 Retail and hospitality

The perceived impact of COVID-19 on retail was varied. During lockdown (April to July 2020) the following retailers were hurt with shop closures:

- Gymsnasiums
- Nail and Beauty spa
- Hairdressers
- Pubs
- Nightclubs
- Art Galleries
- Travel agencies
- Tourism services
- Clubs (RSL sporting clubs).

#### 5.1.6 Fashion outlets

Not all retail suffered. Supermarkets and hardware stores (Bunnings) boomed with demand. Retail experts suggested cafes seemed to maintain operations relatively well post

lockdown. Restaurants that could move to a takeaway offer also survived with the JobKeeper subsidy.

Smaller neighbourhood centres and services like local centre physiotherapy also boomed as office workers worked from home and used local services. The increase in the flexibility of the workplace will see this trend continue.

CBD shopping centres were impacted to varying degrees. The biggest hit was fashion retail, but this trend was likely happening before COVID-19. An expert stakeholder explained that “COVID-19 fast-tracked vacancies that were already going to be there.”

According to the experts, outside of main CBD shopping malls, retail vacancy is probably around 15-20%. With some shops vacant for at least 12 months, alternative land uses need consideration to maintain a vibrant centre.

Recommendations include street activation with pop-up shops, public art and light displays and more community events to add life back to the main streets.

#### 5.1.7 Social and affordable housing

Stakeholders reported that before COVID-19, the combination of increased demand by tourists and international students for inner-city apartments and the lack of new housing supply were contributing to a housing affordability crisis in Central Hobart. As a result, the City of Hobart Housing and Homeless Strategy 2016 -2019 and the Hobart City Deal sought to address this imbalance by investing in social housing and supporting greater housing diversity along with improved public transport.

Discussion with community service providers and peak bodies confirmed a view that the Council needs to continue supporting community housing and affordable rental housing. Demand for short term stay or student accommodation has the potential to squeeze out long term affordable housing or land for social, aged-housing and disability needs. A combination of increased housing supply and retention of community/affordable housing may be a solution.

These groups acknowledged Hobart Council’s advocacy and support for affordable housing.

### 5.1.8 Community services and needs

Stakeholders witnessed a surge in people needing assistance, caused by COVID-19, who did not previously need community services and were typically on medium household incomes and had taken pay cuts or lost their jobs but were ineligible for government supplements. Additionally, newcomers to the country or temporary visa holders who could not access any income support saw increased support.

On the positive side, the demand for food relief declined when families received government assistance with the JobSeeker. In addition, JobSeeker provided welfare recipients with higher welfare payments than before COVID-19.

The immediate need to act in the face of a pandemic saw an unprecedented increase in cooperation and collaboration between community groups and government agencies. This spirit of co-operation between agencies is hoped to continue as a legacy of this crisis.

Negative impacts of social disruptions and uncertainty saw rising family violence, mental health issues and housing crisis.

The other emerging trends from COVID-19 was the broader community use of Wi-Fi and digital devices. Access to the internet provided access to job opportunities, training, education, and vital services such as health, food, and community services.

It was suggested by a peak community group that public Wi-Fi could be provided free throughout Central Hobart to make it easier for all groups to access the internet and communicate. In addition, access to digital devices (PCs and tablets) could be made more readily available for households on low incomes through community hubs, schools and libraries.

Other suggestions include the increased promotion of local and cultural community events. These events are essential for community cohesion and benefit Central Hobart's appeal as a vibrant place to live and visit. This direction would support the government announcement of a community-led recovery.

### 5.1.9 Art and creative industries

A creative industries representative suggested a positive impact of the COVID-19 was the boost it provided to the creative industries. It was reported that increased government assistance provided greater freedom to explore creative projects. There was also an increased demand for creative art following the lockdown. Local Hobart galleries report

that they have experienced a boom in art sales. Many families are more house conscious, with increased house DIY renovations and interior improvements including art. Some say expenditure on art has increased because people are saving more from not travelling overseas and are spending it at home.

Stakeholder reported that the night economy, including restaurants and nightclubs, was initially impacted negatively by COVID-19 but improved by the end of 2020. People appear to still want to go out and are seeking out entertainment opportunities. One stakeholder stated that "the streets may seem empty, but the venues are full, and patrons are having a good time to the late hours."

The exception to this overall revival is live music. A literature search reveals that the national performance circuit remains limited by interstate closures and government restrictions to large crowds. As a result, the recovery for live music may be slow to recover without support.

## 5.2 Key stakeholder recommendations

The following recommendations from stakeholders were suggested to help businesses in Central Hobart to recover post-COVID-19. They are provided for Council's consideration:

1. The Council could assist the hotel industry further by allowing temporary alternative uses such as rental accommodation. For example, the build to rent model could be adapted for some hotels and student accommodation.
2. For vacant shops in the centre, consider pop-up shops for creative workshops and start-up businesses.
3. Advocate tourism relief with travel subsidies and vouchers to ensure businesses stay afloat during the recovery period.
4. Promote RTO (return to office) with advertising campaigns
5. Work with tourism Tasmania to promote Hobart and Tasmania as a travel destination for internal and overseas visitors (ready for once international travel has returned).
6. Support live music by promoting music festivals and live events to attract crowds back to the city.

7. Increase housing supply for a diversity of uses, including short-stay rental accommodation, empty nesters seeking inner-city living, new and retention of affordable long-term rentals.

An aerial photograph of a city harbor, likely Victoria, British Columbia. The image shows a dense urban area with various buildings, a large harbor with several ships and boats, and a prominent red ship in the foreground. A white rectangular frame highlights the central part of the image, which contains the text. The background is a dark blue gradient.

# THE PROJECTED ROAD TO RECOVERY

## 6.0 THE PROJECTED ROAD TO RECOVERY

The following Chapter applies the information gathered in the previous chapters to develop three COVID-19 recovery scenarios for Central Hobart. These scenarios are then applied to forecast Central Hobart's population, employment and floorspace.

### 6.1 Previous study's population projections

The previous HillPDA study examined and applied the Department of Treasury and Finance's 2019 medium and high population projections as the basis for its population, dwelling, employment, floorspace and social infrastructure requirements.

However, an examination of recent ABS resident population estimates between 2017-20 for Tasmania and Hobart, reveal that these previous projections are consistently conservative and hence are an undercount.

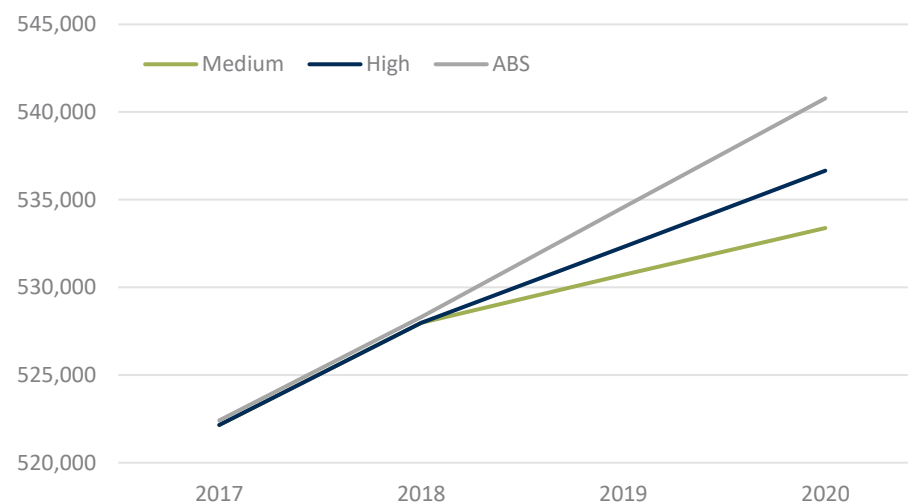
For example, under the medium scenario in 2020 the population of Tasmania was forecast to be 533,384 persons while the high scenario estimated 536,655 persons. These estimates were 7,395 and 4,125 persons below the ABS 2020 estimate of 540,780 persons.

Regarding Hobart, the projections were between 385 and 870 persons below that estimated by ABS in 2020. Although these discrepancies may seem slight, over the 21-year forecast period, this would be compounded likely resulting in a more significant undercount. Any undercount in the population would result in the study's recommendations requiring revision.

Figure 23 to the left shows the Department of Treasury and Finance's 2019 medium and high population projections for Tasmania compared to ABS population estimates between 2017-20. While Figure 24 shows the Department of Treasury and Finance's 2019 medium and high population projections for Hobart LGA compared to ABS population estimates between 2017-20.

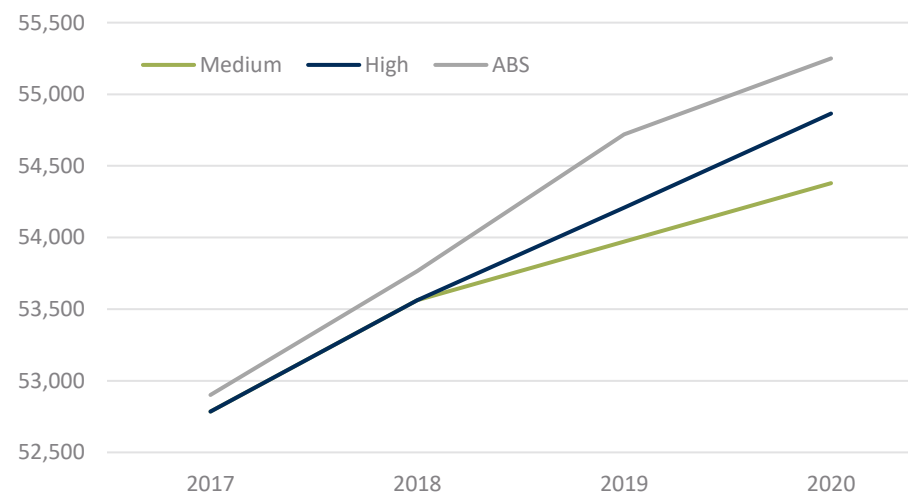
Due to the reasons discussed above, it is recommended that an alternative and more recent population projections be explored with the aim of providing a more accurate and robust forecast to better plan and provide services for the community of Central Hobart. Research into more recent and update projections has led to projections undertaken by the Centre for Population, these are discussed in detail in the next section.

**Figure 23: Previous population projections compared to ABS estimates - Tasmania**



Source: Department of Treasury and Finance 2019 projections, ABS.Stat beta

**Figure 24: Previous population projections compared to ABS estimates – Hobart LGA**



Source: Department of Treasury and Finance 2019 projections, ABS.Stat beta

## 6.2 Centre for Population COVID-19 projections

The Centre for Population is a department of the Australian Federal Government. The Centre for Population provides the most recent population projections for each State and Territory. These projections are provided in three scenarios, these being:

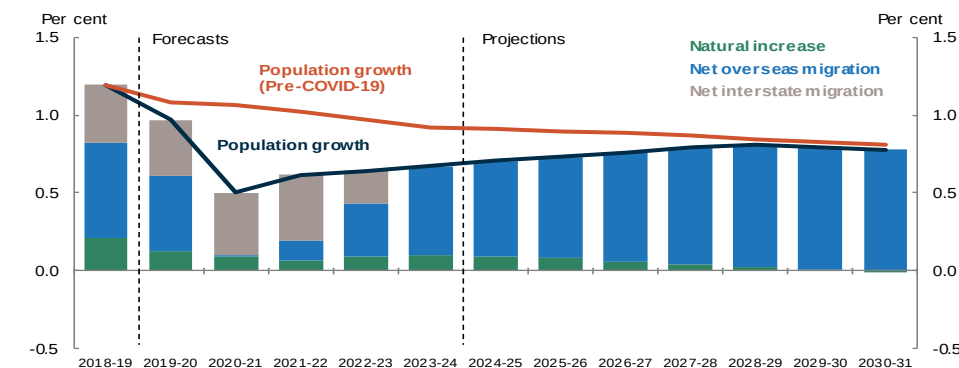
1. **Pre-COVID-19:** this scenario forecasts the population based on no impacts from COVID-19
2. **Central Scenario:** this forecasts the impact of COVID-19 upon Tasmania's population and is considered, by the Centre for population, the most likely impact scenario.
3. **Severe COVID-19 impact scenario:** this scenario forecast population growth based on a more severe COVID-19 impacts.

Under the Central Scenario (the most likely COVID-19 impact scenario) it is forecast that Tasmania's population would grow from 534,600 in 2019 to 583,400 by 2031. This 2031 estimate is around 2% or 13,600 people lower than their pre-COVID-19 projection.

Examination of historical data used by the Centre of Population for their projections reveals more alignment with historic ABS data. This is primarily true for the estimated population counts, net overseas migration and fertility rates. As such, it is more likely that these provide a more robust base for this study's revised projections.

As such, the Centre for Population's Central Scenario has been used as the base for revised population projections in this study.

Figure 25: Centre for Population, Tasmania pre and post COVID-19 population forecasts



Source: Centre for Population 2021

## 6.3 Revised population projections recovery scenarios

Using the Centre for Population's Central Scenario as a base for revised population projections, three recovery scenarios have been developed. These being:

1. **Slow recovery scenario** | This scenario is reflective of a severe COVID-19 impact scenario. The scenario assumed the vaccine rollout is delayed, international and internal borders remain closed or have periods of closure over the next few years. As such, it has lower growth from natural increase, overseas and internal migration.
2. **Medium recovery scenario** | This scenario is reflective of the most likely COVID-19 impact and recovery case. The scenario assumes the vaccine rollout has slight delays but are relatively on time, State and Territory outbreaks are limited/small in scale and do not cause internal/national border closures and that net overseas migration is around 40% in 2021-21 and 80% onwards from that in the base projection.
3. **Rapid recovery scenario** | This scenario is a rapid recovery scenario. It assumes Australia and other countries recover at a faster rate, with overseas travel and migration occurring sooner than the medium recovery scenario. The scenario also acknowledges the attraction to internal migration as factors in other locations, such as housing affordability and employment opportunities, increase the attractiveness of Tasmania as a location to live.

For a more detailed description of the assumptions and components of change for each recovery scenario, please refer to Appendix A.

To forecast the population within Central Hobart revised projections for Tasmania were undertaken first. From this revised State projections, a proportion of the State's population is then estimated and allocated to Hobart LGA. Lastly, from the revised LGA projections, a proportion of the population is directed to Central Hobart. These allocation rates are based on historic ABS proportions and those applied in the previous HillPDA study.

The revised State, Hobart and Central Hobart resident population projections by recovery scenario are as follows.

### 6.3.1 Tasmania State population forecasts by scenario

The results for each revised population forecasts scenario are as follows:

- **Slow recovery scenario** | Under the slow recovery scenario it is estimated that Tasmania's population would grow from 541,070 to 605,080 persons by 2041, representing an increase of around 64,000 persons or 12% over the period.
- **Medium recovery scenario** | Under the low scenario it is estimated that Tasmania's population would grow from 541,070 to 623,455 persons by 2041, representing an increase of around 82,385 persons or 15% over the period.
- **Rapid recovery scenario** | Under the low scenario it is estimated that Tasmania's population would grow from 541,070 to 644,895 persons by 2041, representing an increase of around 103,825 persons or 18% over the period.

**Table 10: Revised population projections summary by scenario**

| Recovery scenario | 2020    | 2026    | 2031    | 2036    | 2041    |
|-------------------|---------|---------|---------|---------|---------|
| Slow              | 541,071 | 551,710 | 571,910 | 588,260 | 605,078 |
| Medium            | 541,071 | 558,590 | 581,320 | 602,019 | 623,455 |
| Rapid recovery    | 541,071 | 562,540 | 592,140 | 617,954 | 644,894 |

Source: Centre for Population December 2020, HillPDA

### 6.3.2 Revised Hobart LGA population projections by scenario

To estimate Hobart LGAs population under each recovery scenario, a proportion of the above projections are allocated to Hobart. Analysis of historic population estimates shows

that over the last 20 years, around 10% of Tasmania's population was located within Hobart LGA. This proportion has increased from 10% in 2001 to 10.2% in 2020.

The proportion applied to each scenario, to calculate the population within Hobart is as follows:

- **Slow recovery scenario** | This scenario applies a proportional allocation of 10% which is around the lowest proportion that the LGA has contained over the last 20-years.
- **Medium recovery scenario** | This scenario applies the 20-year average of 10.1% to the forecasted State population, increasing to 10.2% by 2041.
- **Rapid recovery scenario** | Hobart LGA's proportion steadily increased between 2014-19, this scenario continues this trend from 10.2% in 2019 to around 10.4% by 2041.

Applying the above assumptions to the forecast Sate population under each scenario, the following:

- **Slow recovery scenario** | projects the population to increase from 52,250 to around 60,510 persons by 2041, representing a 5,260 person or 9.5% growth over the 21-yr period.
- **Medium recovery scenario** | projects the population to increase from 52,250 to around 62,970 persons by 2041, representing a 7,720 person or 14% growth over the 21-yr period.
- **Rapid recovery scenario** | projects the population to increase from 52,250 to around 67,070 persons by 2041, representing a 11,820 person or 21% growth over the 21-yr period.

**Table 11: Revised Hobart LGA population forecasts summary table**

| Recovery scenario | 2020   | 2026   | 2031   | 2036   | 2041   |
|-------------------|--------|--------|--------|--------|--------|
| Slow              | 55,250 | 55,171 | 57,191 | 58,826 | 60,508 |
| Medium            | 55,250 | 56,418 | 58,713 | 60,804 | 62,969 |
| Rapid recovery    | 55,250 | 57,492 | 60,990 | 63,649 | 67,069 |

### 6.3.3 Revised Central Hobart revised population projections by scenario

The previous study estimated that Central Hobart would accommodate between an additional 2,500 and 3,290 residents between 2020-41.

To estimate the population within central Hobart the portions applied in the previous study were allocated to each of the revised forecast scenarios. These were and the results are as follows.

- **Slow recovery scenario** | Estimates Central Hobart to contains 6.1% of Hobart's population in 2020, increasing to 9.2% by 2041. This results in an estimated population of 3,360 residents in 2020 increasing to 5,565 persons by 2041, representing a growth of around 2,205 persons or 66% over the period.
- **Medium recovery scenario** | Estimates Central Hobart to contains 6.1% of Hobart's population in 2020, increasing to 10.5% by 2041. This results in an estimated population of 3,360 residents in 2020 increasing to 6,600 persons by 2041, representing a growth of around 3,240 persons or 97% over the period.
- **Rapid recovery scenario** | Estimates Central Hobart to contains 6.1% of Hobart's population in 2020, increasing to 10.5% by 2041. This results in an estimated population of 3,360 residents in 2020 increasing to 7,030 persons by 2041, representing a growth of around 3,670 persons or 109% over the period.

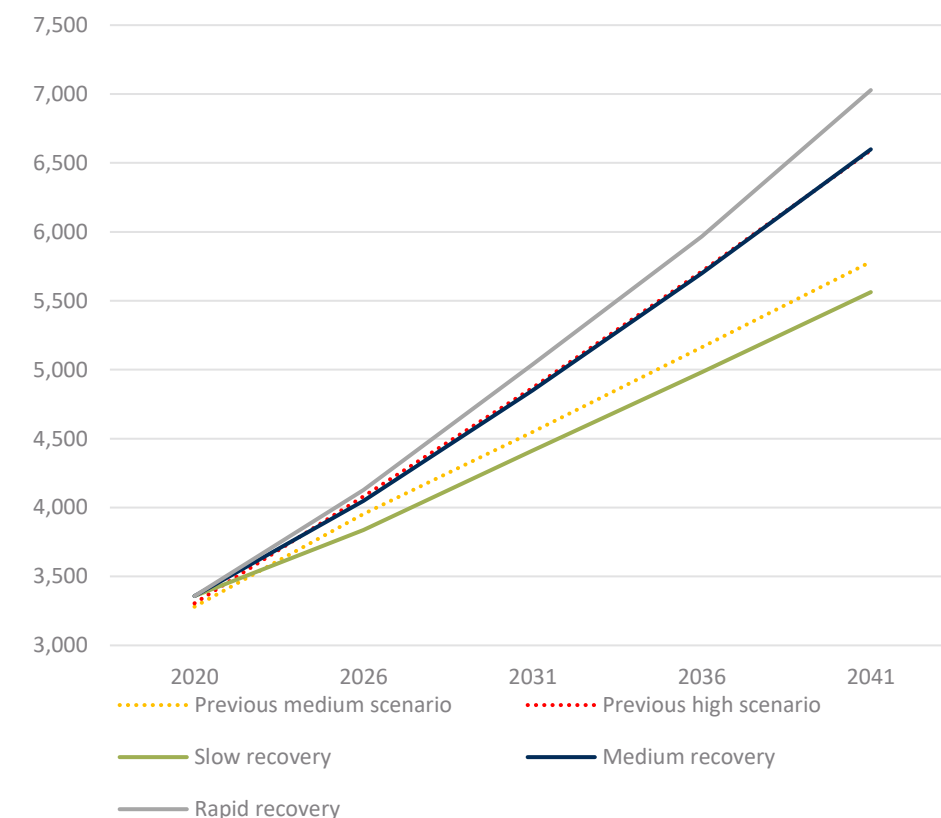
**Table 12: Revised Central Hobart population projections**

| Recovery scenario        | 2020  | 2026  | 2031  | 2036  | 2041  | Change |
|--------------------------|-------|-------|-------|-------|-------|--------|
| Previous medium scenario | 3,281 | 3,954 | 4,548 | 5,163 | 5,783 | 2,502  |
| Previous high scenario   | 3,305 | 4,081 | 4,868 | 5,714 | 6,592 | 3,287  |
| Slow                     | 3,358 | 3,837 | 4,414 | 4,983 | 5,563 | 2,205  |
| Medium                   | 3,358 | 4,050 | 4,850 | 5,700 | 6,599 | 3,241  |
| Rapid recovery           | 3,358 | 4,127 | 5,038 | 5,967 | 7,029 | 3,671  |

Source: HillPDA

The previous and revised forecasts are provided in the figure below.

**Figure 26: Revised Central Hobart population projections**



Source: HillPDA

## 6.5 Revised Central Hobart dwelling projections

The previous study estimated that Central Hobart would accommodate between 1,500 and 1,965 additional dwellings between 2020-41.

Applying the methodology set out in the previous study the following provides an estimate as to the net demand in additional dwellings to be accommodated in Central Hobart. Please note an allowance for a 3% vacancy rate has been included and dwellings are assumed to be higher density apartment style dwellings.

The results for each recovery scenario are as follows:

- **Slow recovery scenario** | Estimates an additional 1,320 dwellings are required, equating to around 65 dwelling per annum.
- **Medium recovery scenario** | Estimates an additional 1,935 dwellings are required, equating to around 92 dwelling per annum.
- **Rapid recovery scenario** | Estimates an additional 2,188 dwellings are required, equating to around 105 dwelling per annum.

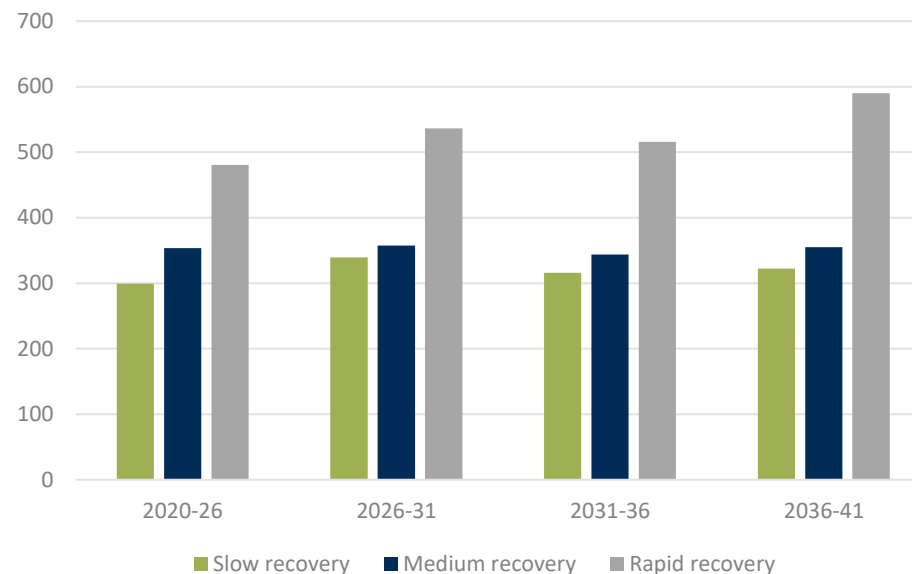
**Table 13: Revised net dwellings projections by recovery scenario**

| Scenario                               |                 | 2020-26 | 2026-31 | 2031-36 | 2036-41 | Total growth |
|----------------------------------------|-----------------|---------|---------|---------|---------|--------------|
| Additional population                  | Slow recovery   | 479     | 577     | 569     | 580     | 2,205        |
|                                        | Medium recovery | 692     | 800     | 850     | 899     | 3,241        |
|                                        | Rapid recovery  | 769     | 911     | 929     | 1,062   | 3,671        |
| Average persons per apartment dwelling |                 | 1.6     | 1.7     | 1.8     | 1.8     |              |
| Implied dwellings                      | Slow recovery   | 299     | 339     | 316     | 322     | 1,317*       |
|                                        | Medium recovery | 433     | 471     | 472     | 499     | 1,933*       |
|                                        | Rapid recovery  | 481     | 536     | 516     | 590     | 2,188*       |

Source: HillPDA, \*Growth includes a 3% vacancy rate

Figure 27 below shows the net demand for additional dwellings within Central Hobart by for each revised scenario.

**Figure 27: Net additional dwelling demand by revised recovery scenario**



Source: HillPDA

## 6.6 Employment forecasts

The previous study estimated that in 2019, Central Hobart generated around 34,335 jobs. By 2041, it was forecast to increase to around 43,554 jobs, **representing an increase of around 9,635 or 28% over the period.**

Employment projections have been estimated by applying the previous study's employment to revised population forecasts to 2041.

Applying this methodology, it is estimated that:

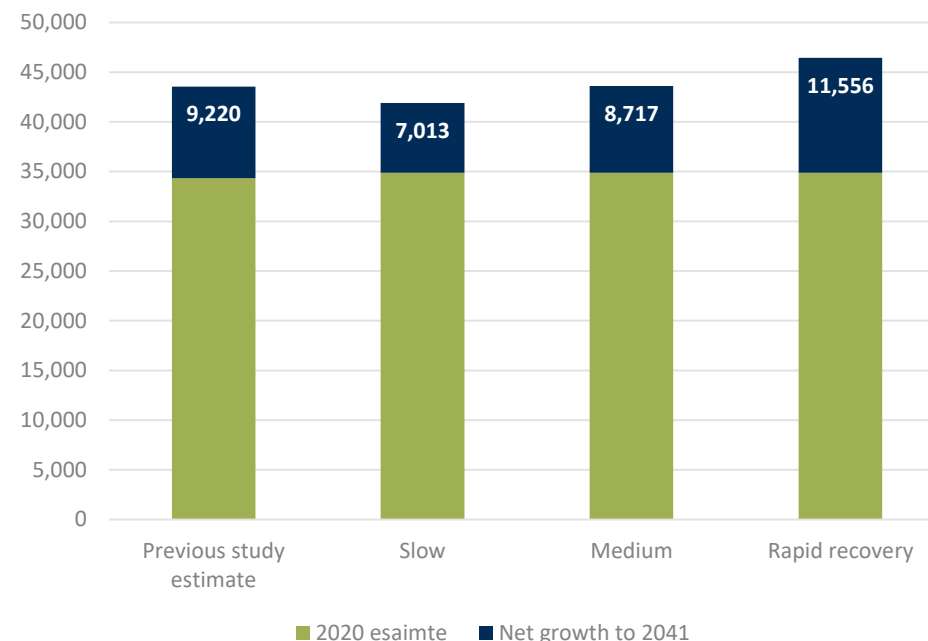
- **Slow recovery scenario** | Employment would increase from 34,884 jobs in 2020 to around 41,895 by 2041, representing growth of around 7,015 jobs or 20%.
- **Medium recovery scenario** | Employment would increase from 34,884 jobs in 2020 to around 43,600 by 2041, representing growth of around 8,820 jobs or 25%.
- **Rapid recovery scenario** | Employment would increase from 34,884 jobs in 2020 to around 43,440 by 2041, representing growth of around 11,555 jobs or 33%.

**Table 14: Revised total employment projections by recovery scenario**

| Scenario                | 2020   | 2041   | Change # | % change |
|-------------------------|--------|--------|----------|----------|
| Previous study estimate | 34,334 | 43,554 | 9,220    | 26%      |
| Slow                    | 34,884 | 41,896 | 7,013    | 20%      |
| Medium                  | 34,884 | 43,601 | 8,717    | 25%      |
| Rapid recovery          | 34,884 | 46,439 | 11,556   | 33%      |

Source: HillPDA

**Figure 28: Revised employment projections – Central Hobart by scenario**



Source: HillPDA

## 6.7 Forecast occupied floorspace requirements

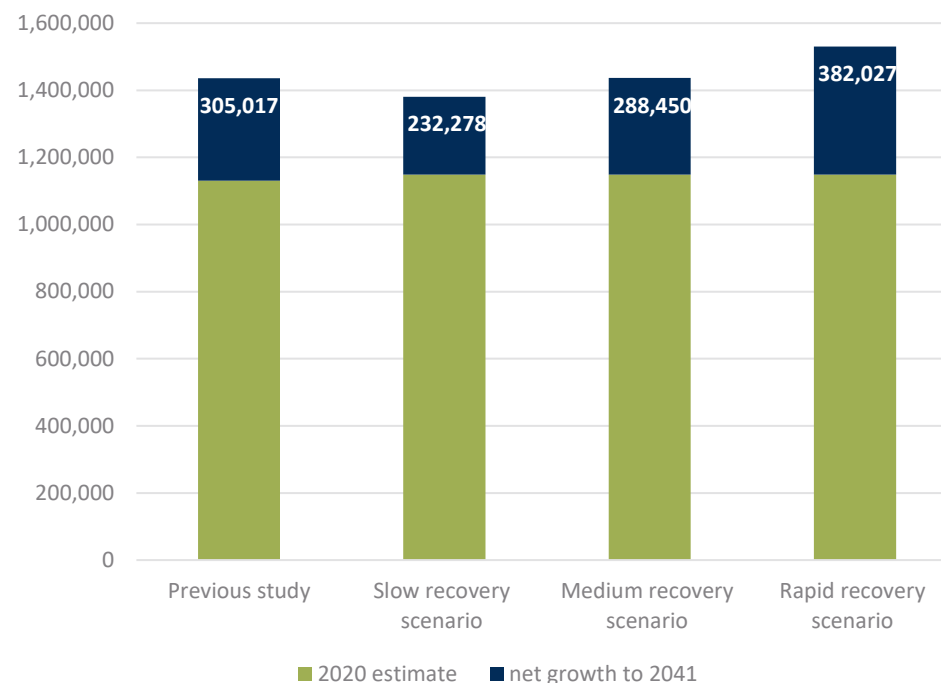
The previous study estimated that there was around 1.13 million square metres of occupied floorspace in Central Hobart (2020). This was forecast to increase to around 1.44 million square metres by 2041, **representing an increase of around 305,020 or 27% over the period.**

By applying the employment densities applied in the previous study, the revised employment projections are estimated to have the following impact on the net demand for floorspace across Central Hobart.

The results for each of the revised scenarios is as follows:

- **Slow recovery scenario** | Total floorspace demand of around 1.38 million by 2041, representing a growth of 232,780sqm over the 2020-41 period. Compared to the previous estimate, this is a reduction in demand of around 72,740sqm or 24%, over the 21-year forecast period.
- **Medium recovery scenario** | Total floorspace demand of around 1.44 million by 2041, representing a growth of 288,450sqm over the 2020-41 period. Compared to the previous estimate, this is a reduction in demand of around 16,570sqm or 5%, over the 21-year forecast period.
- **Rapid recovery scenario** | Total floorspace demand of around 1.53 million by 2041, representing a growth of 382,030sqm over the 2020-41 period. Compared to the previous estimate, this is an increase in demand of around 77,010sqm or 25%, over the 21-year forecast period.

**Figure 29: Total occupied employment space estimate and net change to 2041 (sqm)**



Source: HillPDA

The following table provides a summary of employment floorspace projections by ANZSIC 1-digit industries. Projections are provided for each of the revised recovery scenarios and the previous study.

**Table 15: Employment floorspace projections by ANZSIC 1-digit industries**

| Industry                                  | Previous study  |                  |                | Slow recovery scenario |                  |                | Medium recovery scenario |                  |                | Rapid recovery scenario |                  |                |
|-------------------------------------------|-----------------|------------------|----------------|------------------------|------------------|----------------|--------------------------|------------------|----------------|-------------------------|------------------|----------------|
|                                           | 2020            | 2041             | Change         | 2020                   | 2021             | Change         | 2020                     | 2021             | Change         | 2020                    | 2021             | Change         |
| Agriculture, Forestry and Fishing         | 6,716           | 8,208            | 1,492          | 6,824                  | 7,896            | 1,072          | 6,824                    | 8,217            | 1,393          | 6,824                   | 8,752            | 1,928          |
| Mining                                    | 514             | 537              | 23             | 522                    | 517              | -6             | 522                      | 538              | 15             | 522                     | 573              | 50             |
| Manufacturing                             | 29,083          | 9,953            | -19,130        | 29,549                 | 9,574            | -19,975        | 29,549                   | 9,964            | -19,585        | 29,549                  | 10,612           | -18,937        |
| Electricity, Gas, Water and Waste Ser.    | 17,771          | 26,412           | 8,641          | 18,055                 | 25,407           | 7,352          | 18,055                   | 26,440           | 8,385          | 18,055                  | 28,162           | 10,107         |
| Construction                              | 56,654          | 89,496           | 32,842         | 57,561                 | 86,090           | 28,529         | 57,561                   | 89,592           | 32,031         | 57,561                  | 95,425           | 37,864         |
| Wholesale Trade                           | 28,447          | 9,910            | -18,537        | 28,903                 | 9,533            | -19,370        | 28,903                   | 9,921            | -18,982        | 28,903                  | 10,567           | -18,336        |
| Retail Trade                              | 86,279          | 97,886           | 11,607         | 87,660                 | 94,161           | 6,501          | 87,660                   | 97,991           | 10,331         | 87,660                  | 104,371          | 16,711         |
| Accommodation and Food Services           | 146,949         | 223,843          | 76,894         | 149,302                | 215,324          | 66,022         | 149,302                  | 224,082          | 74,780         | 149,302                 | 238,673          | 89,371         |
| Transport, Postal and Warehousing         | 32,868          | 30,378           | -2,490         | 33,395                 | 29,222           | -4,173         | 33,395                   | 30,410           | -2,984         | 33,395                  | 32,391           | -1,004         |
| Information Media and Telecom.            | 24,289          | 29,282           | 4,993          | 24,678                 | 28,168           | 3,490          | 24,678                   | 29,313           | 4,636          | 24,678                  | 31,222           | 6,544          |
| Financial and Insurance Services          | 37,066          | 39,013           | 1,947          | 37,659                 | 37,528           | -131           | 37,659                   | 39,055           | 1,396          | 37,659                  | 41,598           | 3,938          |
| Rental, Hiring and Real Estate Services   | 8,914           | 11,027           | 2,113          | 9,056                  | 10,607           | 1,551          | 9,056                    | 11,039           | 1,982          | 9,056                   | 11,758           | 2,701          |
| Professional, Scientific & Technical Ser. | 52,304          | 65,588           | 13,284         | 53,141                 | 63,092           | 9,951          | 53,141                   | 65,658           | 12,517         | 53,141                  | 69,933           | 16,792         |
| Administrative and Support Services       | 15,592          | 19,459           | 3,867          | 15,842                 | 18,718           | 2,877          | 15,842                   | 19,480           | 3,638          | 15,842                  | 20,748           | 4,907          |
| Public Administration and Safety          | 148,073         | 194,249          | 46,176         | 150,444                | 186,856          | 36,413         | 150,444                  | 194,457          | 44,013         | 150,444                 | 207,118          | 56,675         |
| Education and Training                    | 74,724          | 110,062          | 35,338         | 75,920                 | 105,873          | 29,953         | 75,920                   | 110,180          | 34,260         | 75,920                  | 117,354          | 41,434         |
| Health Care and Social Assistance         | 288,799         | 379,316          | 90,517         | 293,423                | 364,880          | 71,457         | 293,423                  | 379,721          | 86,298         | 293,423                 | 404,446          | 111,023        |
| Arts and Recreation Services              | 12,534          | 17,563           | 5,029          | 12,735                 | 16,895           | 4,159          | 12,735                   | 17,582           | 4,847          | 12,735                  | 18,727           | 5,991          |
| Other Services                            | 63,031          | 73,440           | 10,409         | 64,040                 | 70,645           | 6,605          | 64,040                   | 73,518           | 9,478          | 64,040                  | 78,305           | 14,265         |
| <b>Total</b>                              | <b>113,0606</b> | <b>1,435,623</b> | <b>305,017</b> | <b>1,148,707</b>       | <b>1,380,985</b> | <b>232,278</b> | <b>1,148,707</b>         | <b>1,437,157</b> | <b>288,450</b> | <b>1,148,707</b>        | <b>1,530,734</b> | <b>382,027</b> |

Source: HillPDA

## 6.9 The impact of working from home on commercial space demand

COVID-19 and the associated lockdown measures have impacted many facets of business and home life. Of relevance to the forecasting of commercial floorspace requirements within Central Hobart, has been increased working from home rates.

During the pandemic, across Australia, around 30% of commercial office employees worked from home to slow the spread of the virus. In Sydney and Melbourne, this resulted in widespread office vacancies and greater internet/broadband network strain<sup>6</sup>.

A survey undertaken for Infrastructure Australia into COVID-19 impacts found that:

- The proportion of respondents who wish to work from home once per week or more has grown from 27% prior to COVID-19 to 42% post-COVID-19.
- Around 15% of employees surveyed would like to increase their level of working from home post-COVID-19 compared with pre-COVID-19 levels.

As the workplace becomes more flexible with more employees working remotely from home, office space requirements are likely to be reduced to reflect this new demand while any new space will need to offer increased amenity and services to incite employees back into the office.

Additional research undertaken by Investa<sup>7</sup> has concluded that the impact of increased working from home rates would likely see a reduction in commercial office space within CBD locations of up to 15%. This estimate is based on the prospect of staff working from home between two and two and half days a week, an increase of one to two days when compared to pre-COVID-19 levels of working from home.

The estimate also takes into account the offset to softer demand from the likely increase in workspace ratios – anywhere between 10-20% – as greater amounts of space are earmarked for collaborative work and meetings<sup>8</sup>.

To assess the impact that may eventuate from increased working from homes rates we have applied a reduction in floorspace requirements of 15% to the demand for knowledge-intensive space<sup>9</sup> within Central Hobart. The results are as follows:

- **Low impact scenario** | A reduction in net demand to 2041 from 54,150sqm to 46,030sqm, a net loss in floorspace of around 8,000sqm.
- **Medium impact scenario** | A reduction in net demand to 2041 from 68,180sqm to 57,954sqm, a net loss in floorspace of around 10,2230sqm
- **Rapid recovery scenario** | A reduction in net demand to 2041 from 91,560sqm to 77,825sqm, a net loss in floorspace of around 13,735sqm.

<sup>6</sup> Infrastructure beyond COVID-19, A national study on the impacts of the pandemic on Australia

<sup>7</sup> Investa Property Group is a company that delivers end-to-end property management for commercial real estate assets, located in the core Australian CBD markets

<sup>8</sup> Work from home trend eats into office demand, Financial Review, Nick Lenaghan 18<sup>th</sup> of January 2020

<sup>9</sup>This is the combination of the Information Media and Telecommunications, Financial and Insurance Services, Rental, Hiring and Real Estate Services, Professional, Scientific & Technical Services, Administrative and Support Services and Public Administration and Safety ANZSIC 1-digit industries

## 6.10 Potential impacts of COVID-19 and mitigation measures

The following table considers the information and trends analysed in this report to provide an overview of the likely impacts of COVID-19 upon Central Hobart's economy. These impacts are provided in three period categories, being:

- **Short term** | Impact of around 1-2 years
- **Medium term** | Impact of around 2-5 years
- **Long term** | Impact of 5 years and over.

Council could consider potential mitigation measures to reduce the severity and length of impacts. As stated, these are only provided for consideration and are not recommended actions.

**Table 16: Immediate, medium and longer -term impacts of COVID-19 and potential mitigation measures**

| Impact source                 | Sector impacted | Impact                    | Reasoning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Likely length of impact | Possible mitigation measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Likely length of impact after mitigation measures |
|-------------------------------|-----------------|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| International border closures | Tourism         | Reduced overseas tourists | <p>In the year to December 2020 international visitors decreased by 202,000 with a loss in expenditure of \$381 million.</p> <p>International visitors spent on average \$2,150 per persons in the YE Dec 2020. This was higher than domestic over night and day visitors (\$765 and 117 per persons). In fact, although international visitors comprised less than 3% of visitors in the YE Dec 2019 (pre-pandemic) they were the source of over 13% of all tourism and visitor expenditure in that year.</p> <p>International visitors also spent longer in the country with an average of 16 nights per person in the YE Dec 2020. This compared to just over 4 nights for domestic overnight visitors.</p> <p>International borders are proposed remained closed until late 2021/early 2022. The loss in international visitors and associated expenditure will be most felt by the hospitality and accommodation sector.</p> | Immediate (1-2 years)   | <p>Tasmania's tourism sector is mostly comprised of domestic overnight and day visitors. This segment comprised over 97% of recorded visitors in the YE Dec 2019 (pre-pandemic).</p> <p>With interstate borders open, increased domestic visitation rates could soften the impact of low international visitation on the accommodation and hospitality sectors.</p> <p>Council could work with State Government and Tourism Tasmania to increase advertisement of Tasmania as a holiday destination to Australian and New Zealand residents (New Zealand travel bubble announced mid-April 2021).</p> <p>Council could also work with the State Government to undertake another <i>Make Yourself At Home</i> travel voucher program. An article in the Advocate noted that: <i>As of January 7<sup>th</sup>, the programme had more than 26,500 redemptions, worth \$6.6 million. This had led to \$27.5 million of spending being generated in the tourism and hospitality sector.</i></p> <p>Similar programmes could be released while international borders remained closed.</p> | Immediate (1-2 years)                             |

| Impact source | Sector impacted | Impact                                   | Reasoning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Likely length of impact | Possible mitigation measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Likely length of impact after mitigation measures |
|---------------|-----------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
|               | Accommodation   | Low occupation rates and reduced revenue | <p>Overall international and domestic overnight tourism visitation rates across Tasmania (excluding Tasmanian residents) reduced by 1.2 million visitors or 64% in the YE December 2020. The loss in these visitors saw hotel occupancy rates reduce by 31% in the YE September 2020 to 56.2%.</p> <p>A key factor that may reduce the performance of hotel industry further, were the 700 new rooms due for completion in 2020-21, representing a 20% growth on existing stock levels in Hobart.</p>                                                                                                                                                                                                                            | Immediate (1-2 years)   | <p>Once more a key positive for the industry is the fact that 83% of total hotel nights are occupied by domestic guests. Marketing Tasmania to domestic tourists and the maintaining certainty around border permeability will be key to attracting visitors. This can soften of any long-term impacts of COVID-19.</p> <p>Council could work with the Federal Government and hotel industry to identify alternative uses for any new hotels or those with high vacancies the short-term, including short-term accommodation for either residents or people experiencing homelessness.</p> <p>According to Shelter TAS, the 2016 census showed the total number of people experiencing homelessness was 1,622 (an increase from 1,145 in 2006 and 1,537 in 2011) across Tasmania. The regional breakdown shows Greater Hobart and the South East had the highest proportion (57%) of homeless people. During the COVID-19 crisis, the NSW Government funded hotel rooms for some people facing homelessness. This could possibly be implemented in Hobart, with funding from the Tasmanian Government, to provide some source of income to hotel operators while also getting people off the street, if only for the short-term.</p> | Immediate (1-2 years)                             |
|               | University      | Loss of international students           | <p>International student numbers were forecast to double over the next three to four years. This forecasted increase in international student numbers was reflected in UTAS's plans to develop an additional 440 student beds in 2020 and a further 450 beds by 2023, increasing the number of student beds in the CBD from 680 to around 1,570 beds by 2023. UTAS also had plans to move away from the Sandy Bay campus and consolidate in Hobart's CBD, in a decision that would change the future of the institution and the city.</p> <p>However, the COVID-19 pandemic has seen the student accommodation development plans and move into the CBD be delayed. This will likely have impacts on the vibrancy of the CBD.</p> | Medium (2-5 years)      | <p>Council, in conjunction with the University and the Federal Government, could investigate the possibility of international students returning to study in Tasmania this year, in a scheme where international students quarantine in either hotel or student accommodation. This is similar to a proposal by the NSW government to transform student accommodation in Sydney's CBD into quarantine lodgings to restart its international education sector.</p> <p>This could signal, to potential international students, that Tasmania is moving more rapidly that the other states toward allowing international students to study at UTAS. Alternatively, partnerships with overseas universities could be explored where transfers to UTAS could be initiated when international borders reopen.</p> <p>Council could also work with the University to ensure that development application(s) and other regulatory processes are progressed to allow development to commence as soon as relocation and development plans resume.</p>                                                                                                                                                                                          | Immediate (1-2 years)                             |

| Impact source                          | Sector impacted          | Impact                                                                           | Reasoning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Likely length of impact    | Possible mitigation measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Likely length of impact after mitigation measures |
|----------------------------------------|--------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| Increased working from home rates      | Commercial office sector | Reduced floorspace requirements                                                  | <p>Research into the likely impact of increased working from home rates indicates a reduction in office floorspace requirements within CBD locations of up to 15% over the longer term.</p> <p>According to the Property Council Australia (PCA), Hobart office vacancy rates increased from 4.1% to just 5.1% in the year to January, easily outpacing Melbourne CBD (8.2%) and Sydney CBD (8.6%). The modest rise in vacancy rates in Hobart implies that the office sector was not impacted by the COVID-19 pandemic as much as other capital cities. Despite this, changing workplace practices will likely see increased working from home rates over the coming years. This will impact the forecast demand in office floorspace while reduced office workers in the city will see less foot traffic for retailers.</p> | Long-term 5 years and over | <p>Council could consider working with the Hobart Chamber of Commerce to:</p> <ul style="list-style-type: none"> <li>Promote RTO (return to office) with advertising campaigns</li> <li>Incentivise vacant space to be used as other uses such as community or for creative uses through the lowering of rents or other incentives.</li> </ul>                                                                                                                                                                                                                                                                                                               | Long-term 5 years and over                        |
| Changing workplace and shopping habits | Hospitality and retail   | Reduced visitation rates to the CBD                                              | <p>Anecdotal evidence from stakeholder engagement indicated that Central Hobart has experienced reduced foot traffic rates. Discussions noted that the CBD has still not reached its critical mass needed for some retail and hospitality businesses to survive without support.</p> <p>Changed shopping patterns, such as increased online shopping and shopping in local centres, coupled increased working from home rates, may see longer term impacts on the CBD.</p>                                                                                                                                                                                                                                                                                                                                                    | Long-term 5 years and over | <p>Council could consider:</p> <ul style="list-style-type: none"> <li>For any vacant shops in the centre, consider pop-up shops for creative and start-up businesses</li> <li>Free parking for a period in the CBD to encourage increased visitation</li> <li>Support increased outdoor dining by allowing increased tables numbers (where appropriate) and/or not charging outdoor dining license fees for a period</li> <li>Work with local operators to create events in the city to encourage people back to the CBD</li> <li>Discus with State Government the potential to provide free public transport into the city for a period.</li> </ul>         | Medium (2-5 years)                                |
| Ending of JobKeeper March 2021         | Employment levels        | Loss of employment especially those in tourism and hospitality/events industries | <p>Anecdotal evidence from stakeholder engagement noted that many businesses were still reliant on JobKeeper for their survival, particularly those in the accommodation, retail and hospitality sectors.</p> <p>The ending of JobKeeper In March 2021 coupled with continued reduced tourism rates and changing workplace/shopping habits may see some businesses close, with an associated rise in unemployment levels.</p>                                                                                                                                                                                                                                                                                                                                                                                                 | Medium (2-5 years)         | <p>Council could work with State Government to consider:</p> <ul style="list-style-type: none"> <li>Initiating another or similar <i>Make Yourself At Home</i> travel voucher program</li> <li>Review the Passport Hobart - Launch a Dine &amp; Discover TAS programme. Investigate actions of other state government's such as in NSW where residents aged 18 and over could apply for 4 x \$25 vouchers, worth \$100 in total to be spent on participating businesses.</li> <li>Where appropriate and possible, seek to reduce or maintain rates and charges on businesses for a period (e.g. council rates, outdoor dining licences, parking).</li> </ul> | Immediate (1-2 years)                             |

A photograph of a harbor scene, likely in Christchurch, New Zealand. In the foreground, several fishing boats are docked at a concrete pier. The boats are painted in various colors, including blue, green, and yellow. In the background, a city skyline is visible, featuring several tall buildings. A large mountain, likely Mount Cook, is visible in the distance under a blue sky with scattered clouds. The word "APPENDICES" is overlaid in white capital letters in the center of the image.

# APPENDICES

# APPENDIX A: POPULATION PROJECTIONS SCENARIOS

The following tables provide a summary of each population forecast scenario by its various components.

Table 17 below provides a summary of Centre for Population Pre-COVID-19 population projection by its various components.

**Table 17: Centre for Population Pre-COVID-19 population projection**

| Pre-COVID scenario               | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 2023-24        | 2024-25        | 2025-26        | 2026-27        | 2027-28        | 2028-29        | 2029-30        | 2030-31        |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Population at start of year      | 534,600        | 540,400        | 546,100        | 551,700        | 557,100        | 562,200        | 567,300        | 572,400        | 577,500        | 582,500        | 587,400        | 592,300        |
| Natural Increase                 | 800            | 800            | 800            | 800            | 700            | 700            | 600            | 600            | 500            | 400            | 300            | 200            |
| Net Overseas Migration (NOM)     | 3,400          | 3,700          | 4,000          | 4,200          | 4,400          | 4,400          | 4,500          | 4,500          | 4,500          | 4,500          | 4,500          | 4,500          |
| Net Interstate Migration (NIM)   | 1,600          | 1,200          | 800            | 400            | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Population at end of year</b> | <b>540,400</b> | <b>546,100</b> | <b>551,700</b> | <b>557,100</b> | <b>562,200</b> | <b>567,300</b> | <b>572,400</b> | <b>577,500</b> | <b>582,500</b> | <b>587,400</b> | <b>592,300</b> | <b>597,000</b> |

Source: Centre for Population December 2020 projection

This scenario is referred to as the “base” in the following description of the revised scenarios.

Table 18 below, is the Centre for Population’s Central projection. This projection is used as the base for this study’s three revised projections. This scenario is referred to as the “base” in the following description of the revised scenarios.

**Table 18: Centre for Population Central population projection**

| Low scenario                     | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 2023-24        | 2024-25        | 2025-26        | 2026-27        | 2027-28        | 2028-29        | 2029-30        | 2030-31        |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Population at start of year      | 534,600        | 539,800        | 542,500        | 545,800        | 549,300        | 553,000        | 556,900        | 561,000        | 565,300        | 569,700        | 574,400        | 578,900        |
| Natural Increase                 | 700            | 500            | 400            | 500            | 600            | 500            | 400            | 300            | 200            | 100            | 0              | 0              |
| Net Overseas Migration (NOM)     | 2,600          | 0              | 600            | 1,900          | 3,100          | 3,400          | 3,600          | 3,900          | 4,200          | 4,500          | 4,500          | 4,500          |
| Net Interstate Migration (NIM)   | 1,900          | 2,200          | 2,300          | 1,200          | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Population at end of year</b> | <b>539,800</b> | <b>542,500</b> | <b>545,800</b> | <b>549,300</b> | <b>553,000</b> | <b>556,900</b> | <b>561,000</b> | <b>565,300</b> | <b>569,700</b> | <b>574,400</b> | <b>578,900</b> | <b>583,400</b> |

Source: Centre for Population December 2020 projections

below provides a summary of this study's slow recovery scenario. The scenario applies the Central Scenario assumptions with the differences being:

- Growth from net internal migration is 70% of base assumptions.
- Growth from overseas migration is delayed. Calculated at 20% of base assumption in 2021-22 and then is stepped upwards in the following years.

The population is projected to 2041 at an annual growth rate of 0.57%.

**Table 19: Slow recovery scenario – population projections**

| Medium scenario                  | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 2023-24        | 2024-25        | 2025-26        | 2026-27        | 2027-28        | 2028-29        | 2029-30        | 2030-31        |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Population at start of year      | 534,600        | 539,800        | 541,840        | 543,970        | 545,610        | 546,810        | 548,830        | 551,710        | 555,410        | 559,210        | 563,210        | 567,410        |
| Natural Increase                 | 700            | 500            | 400            | 500            | 600            | 500            | 400            | 300            | 200            | 100            | 0              | 0              |
| Net Overseas Migration (NOM)     | 2,600          | 0              | 120            | 300            | 600            | 1,520          | 2,480          | 3,400          | 3,600          | 3,900          | 4,200          | 4,500          |
| Net Interstate Migration (NIM)   | 1,900          | 1,540          | 1,610          | 840            | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Population at end of year</b> | <b>539,800</b> | <b>541,840</b> | <b>543,970</b> | <b>545,610</b> | <b>546,810</b> | <b>548,830</b> | <b>551,710</b> | <b>555,410</b> | <b>559,210</b> | <b>563,210</b> | <b>567,410</b> | <b>571,910</b> |

Source: Centre for Population December 2020 projections, HillPDA

Table 20 below provides a summary of the medium or most likely scenario by its various components. The scenario applies the assumptions made by the Centre for Populations Central Scenario, with the differences being:

- Higher birth rates from 2024 onward. More reflected of the pre-COVID-19 scenario.
- Net overseas migration is 40% of base assumptions in 2021-22 and then 80% of base for each year thereafter.
- Net internal migration is 30% of base assumption in 2021-22 and then remains constant at around 700 per annum.

The population is projected to 2041 at an annual growth rate of 0.7%.

**Table 20: Medium recovery scenario – population projections**

| Medium scenario                  | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 2023-24        | 2024-25        | 2025-26        | 2026-27        | 2027-28        | 2028-29        | 2029-30        | 2030-31        |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Population at start of year      | 534,600        | 539,800        | 542,500        | 543,830        | 546,540        | 550,310        | 554,420        | 558,590        | 563,000        | 567,550        | 572,240        | 576,830        |
| Natural Increase                 | 700            | 500            | 400            | 500            | 600            | 700            | 600            | 600            | 500            | 400            | 300            | 200            |
| Net Overseas Migration (NOM)     | 2,600          | 0              | 240            | 1,520          | 2,480          | 2,720          | 2,880          | 3,120          | 3,360          | 3,600          | 3,600          | 3,600          |
| Net Interstate Migration (NIM)   | 1,900          | 2,200          | 690            | 690            | 690            | 690            | 690            | 690            | 690            | 690            | 690            | 690            |
| <b>Population at end of year</b> | <b>539,800</b> | <b>542,500</b> | <b>543,830</b> | <b>546,540</b> | <b>550,310</b> | <b>554,420</b> | <b>558,590</b> | <b>563,000</b> | <b>567,550</b> | <b>572,240</b> | <b>576,830</b> | <b>581,320</b> |

Source: Centre for Population December 2020 projections, HillPDA

Table 21 below provides a summary of the rapid recovery scenario by its various components. The scenario applies the assumptions made by the Centre for Populations Central Scenario, with the differences being:

- Higher birth rates from 2024 onward. More reflected of the pre-COVID-19 scenario.
- Net overseas migration is 40% of base assumptions in 2021-22 and then 80% of base for each year thereafter.
- Net internal migration is 35% of base assumption in 2021-22, 83% in 2022-23 and then increase to 1,200 per annum by 2031.

The population is then projected to 2041 at an annual growth rate of 0.86%.

**Table 21: Rapid recovery scenario – population projections**

| Rapid recovery scenario          | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 2023-24        | 2024-25        | 2025-26        | 2026-27        | 2027-28        | 2028-29        | 2029-30        | 2030-31        |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Population at start of year      | 534,600        | 539,800        | 542,500        | 543,940        | 547,340        | 552,040        | 557,140        | 562,540        | 568,240        | 574,140        | 580,240        | 586,240        |
| Natural Increase                 | 700            | 500            | 400            | 500            | 600            | 700            | 600            | 600            | 500            | 400            | 300            | 200            |
| Net Overseas Migration (NOM)     | 2,600          | 0              | 240            | 1,900          | 3,100          | 3,400          | 3,600          | 3,900          | 4,200          | 4,500          | 4,500          | 4,500          |
| Net Interstate Migration (NIM)   | 1,900          | 2,200          | 800            | 1,000          | 1,000          | 1,000          | 1,200          | 1,200          | 1,200          | 1,200          | 1,200          | 1,200          |
| <b>Population at end of year</b> | <b>539,800</b> | <b>542,500</b> | <b>543,940</b> | <b>547,340</b> | <b>552,040</b> | <b>557,140</b> | <b>562,540</b> | <b>568,240</b> | <b>574,140</b> | <b>580,240</b> | <b>586,240</b> | <b>592,140</b> |

Source: Centre for Population December 2020 projections, HillPDA

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