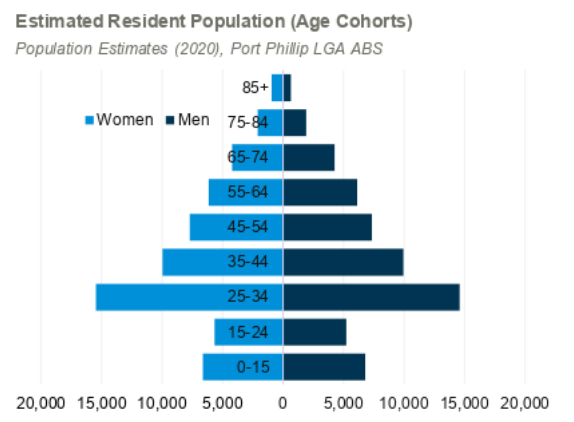


City of Port Phillip (LGA) Profile

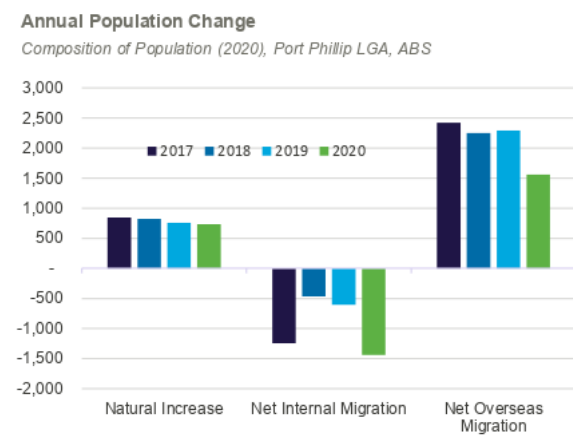
Population The significant drop in net overseas and internal migration, due to COVID-19, is adversely impacting the City of Port Phillip's population

26.0% of Port Phillip's population are aged between 25 and 34 years



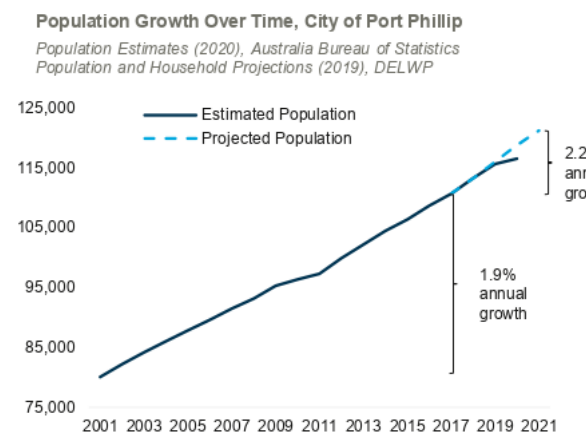
- > The proportion of people aged 25-34 years in the City of Port Phillip (LGA) is significantly greater than the rate for metropolitan Melbourne as a whole (17.3%).
- > The 25-34 year old cohort in the LGA is supported by the high proportion of international migrants, including students which move to Victoria each year. Between 2017 and 2019, the average number of international students commencing higher education in Victoria was 475,000. Compared with 2019, commencements as at April were 21% lower in 2020, and 47% lower in 2021. (DESE 2021)
- > The COVID-19 border closures have resulted in minimal migration of international students since the start of the pandemic, adversely impacting population in the region.

Overseas migration - the principal driver of population growth, has slowed over the years



- > Since 2019, the City of Port Phillip (LGA) has experienced a slowdown in population across each driver of growth.
- > Due to COVID-19 border closures, the region has realised a significant fall in overseas migration in 2020. These numbers are likely to fall further in 2021.
- > A net outflow of domestic residents was also experienced. This movement was supported by the pandemic-induced shift to working from home.
- > Working remotely has altered living preferences in favour of regional lifestyle areas to the detriment of areas proximate to CBD offices.

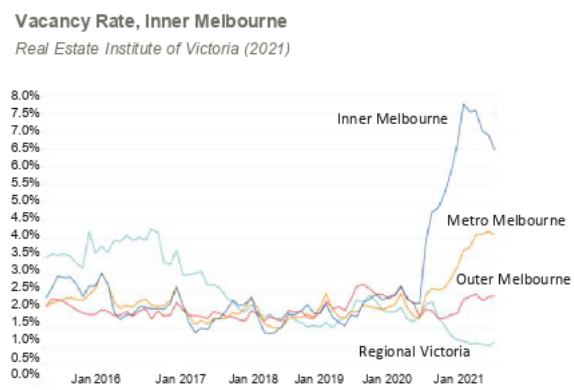
An already gradual population growth is further hampered by the impact of COVID-19



- > Between 2001 and 2017, the LGA realised an average annual growth rate of 1.9%.
- > Prior to COVID-19, growth was expected to pick up to an annual rate of 2.2% to 2021.
- > However, between 2019 and 2020, population only grew by 0.7%. There are approximately 2,200 fewer residents than forecast, a discrepancy which is likely to increase.

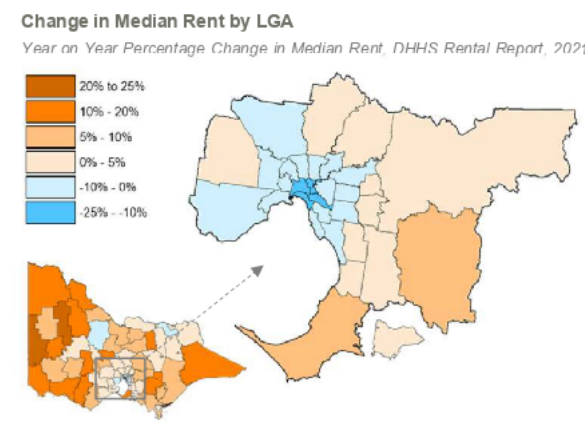
ousing Fewer international students and changing work and living preferences is impacting the property market – record high vacancy rates and large declines in median rent experienced – with some suburbs even experiencing a 7% drop in apartment prices

The rental vacancy rate in Inner Melbourne has dramatically increased over the past 12 months



- > This decline in international students has supported a significant increase in the availability of properties to rent.
- > Over the past couple of years, rates across the state have hovered between 1.5% and the 'fair' rate of 2.5%. The 'fair' rate indicates the rate which supports appropriate price bargaining between landlord and tenant.
- > Inner Melbourne has disproportionately realised high vacancy rates, peaking above 7.5% in early 2021.

The City of Port Phillip has realised one of the largest declines in median rent across Victoria



- > High vacancy rates associated with low demand have led to a decrease in residential median rent across Inner Melbourne.
- > Port Phillip has experienced a 14.6% decline in median rent (down \$70 per week) from March 2020 to March 2021.
- > In relation to house prices, in the 12 months to July 2021, asking prices for houses in Inner Melbourne were up 3.8% while units were down 1.2% (SQM Research 2021)
- > The City of Port Phillip experienced variable median price changes from the December Quarter 2019 to the December Quarter 2020. For example, St. Kilda East has seen median house prices increase by 5.1% but units fall 7.3%. (DHHS 2021)

Building approvals in City of Port Phillip do not appear to be adversely impacted by COVID.

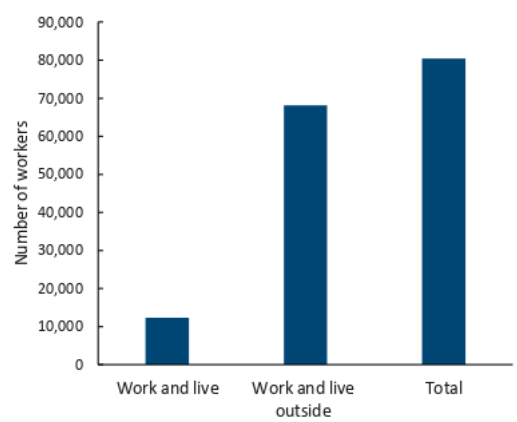


- > Excluding 2018-19, the number of building approvals in Port Phillip have tended to hover around 1,200 approval per financial year.
- > In the ten months to April 2021, approvals for 2020-21 approval reached 1,184.

Activity Many businesses are dependent on foot traffic as their source of revenue – however, low foot traffic, falls in retail spending, working from home practices and the ceasing of JobKeeper poses the question of how long businesses can survive?

In 2016, approximately 61,000 people commuted into the City Port Phillip (LGA) for work

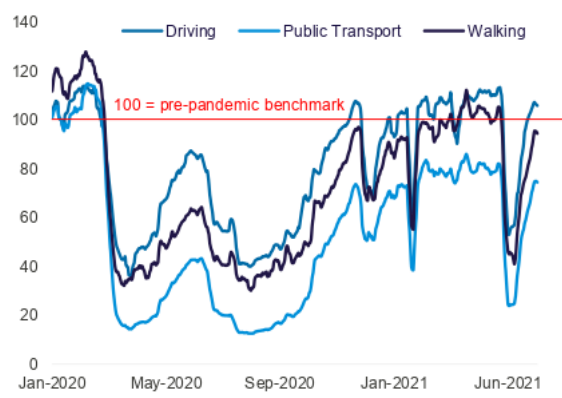
Commuting Workers
Employment (2016), ABS Census



- > In 2016, approximately 61,000 people commuted into the City of Phillip (LGA) for work. This far exceed the 14,000 who work and lived in the LGA.
- > These commuting workers are key sources of income for many businesses dependent on foot traffic such as cafés, restaurants and retail shops.

Lockdowns saw a sharp decline in mobility in Metropolitan Melbourne

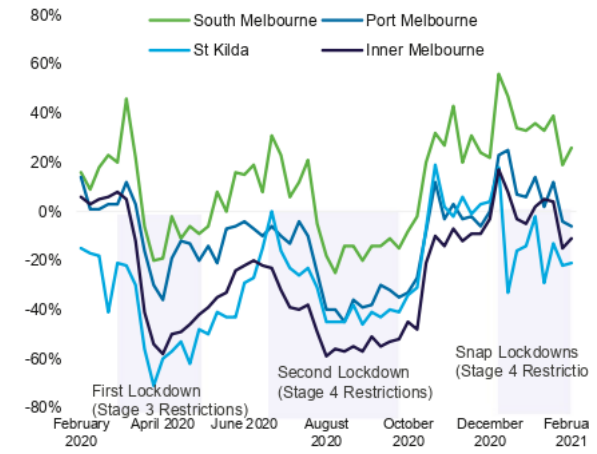
Apple Maps Mobility indexes – Metropolitan Melbourne
Mobility (July 2021), Apple Maps



- > Driving, public transport and walking traffic experienced declines in line with lockdowns.
- > Snap 'circuit breaker' lockdowns and requirements to wear facemasks in offices make it difficult/deter workers from returning to communal workspaces.
- > With many CBD businesses dependent of foot traffic as their source of income/revenue and foot traffic levels considerably lower than pre-COVID levels– with no access to JobKeeper, many businesses may not be able survive much longer.

Lockdowns have contributed to sharp falls in retail spending relative to pre-COVID-19 levels

Retail Spend Comparison
Postcode Consumer Spend Compared to prev-COVID-19, Quantum (2021)



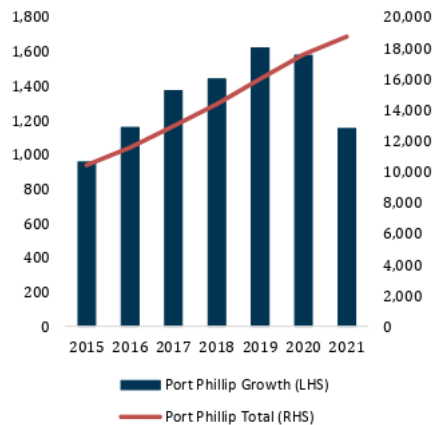
- > Relative to other regions, Inner Melbourne suffered the most severe declines in retail spending (comprising both Retail Trade and Accommodation and Food Services) relative to the same week pre-COVID-19. St Kilda tended to fare worse off than other Port Phillip suburbs.
- > Declines are most significant when metropolitan Melbourne goes into lockdowns (many businesses are forced to close), workers are mandated to work from home and radius travel bubbles are introduced.

Note that retail spend for Inner Melbourne is the SA4 Melbourne-Inner, which is a close but not perfect match for the partnership of Inner Melbourne.

Businesses Supported by government interventions, the City of Port Phillip's businesses to date have been resilient throughout the pandemic and have made a strong recovery. However, as some government support eases (i.e JobKeeper) we are yet to realise what impact (if any) this will have on businesses

Despite the pandemic, the number of operating businesses in the City of Port Phillip has increased, albeit at a slower rate

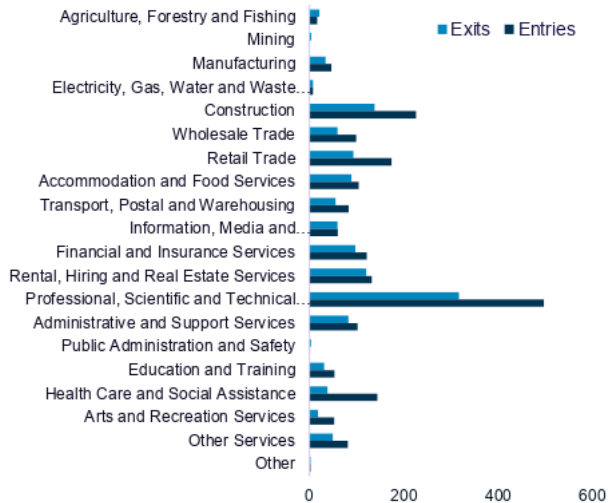
Total Business Trading, City of Port Phillip
Active Businesses by Financial Year, REMPLAN (2021)



- > There are ~19,000 businesses in the City of Port Phillip, ~1,200 more than June 2020.
- > Since FY2019, the number of new businesses are growing, but at a slower rate.
- > The average annual growth of businesses between 2015-2019 was 11.3% while 2019-2021 was 8.2%.

Note FY2021 data up to May 31 and does not yet reflect activity in June 2021

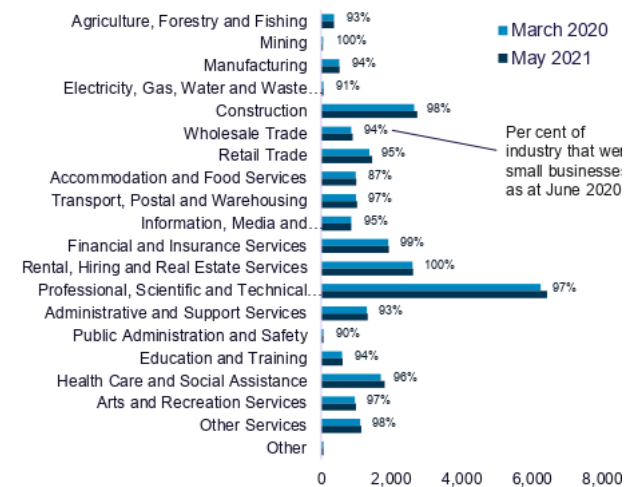
Business Entries and Exits, City of Port Phillip
March 2020 – May 2021, REMPLAN (2021)



- > Business entries are greater than the number of business exits across almost all industries
- > Since the start of the pandemic (1) Health Care and Social Assistance and (2) Arts and Recreation have more than double the number of entries than exits.

All industries are experiencing business number growth, particularly leading sectors

Business Count by Industry, City of Port Phillip
March 2020 – May 2021, REMPLAN (2021)

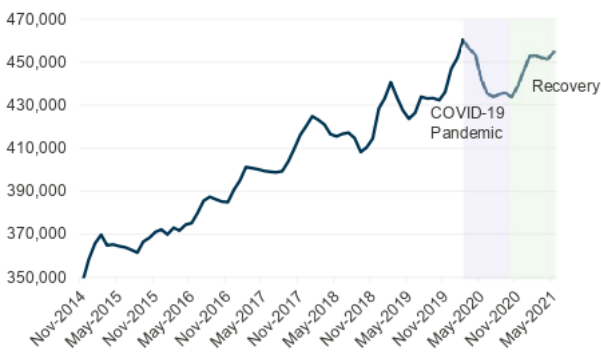


- > The largest number of businesses are in the Professional, Scientific and Technical Services, Rental Hiring and Real Estate Services, and Construction sectors.
- > Each of these industries have realised at least 100 business entries since the start of the pandemic.
- > Small Business (employing 0-19 persons) makes up the vast majority of business across all industries.

Employment Supported by government initiatives, City of Port Phillip's labour market has rebounded strongly, driven by female employment

Inner Melbourne has almost completely retraced the COVID-19-induced falls in employment

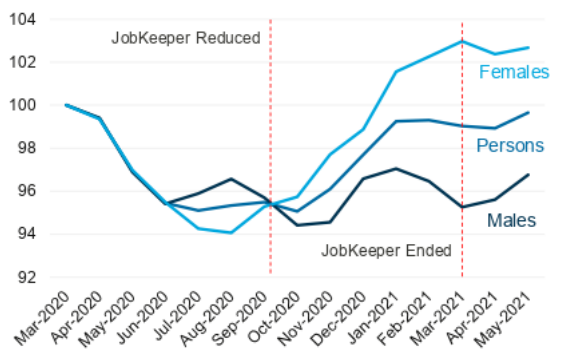
Employed Persons (Inner Melbourne SA4), Nov 2014 – May 2021
Labour Force Detailed (May 2021), ABS, 3 month rolling averages



- > Since November 2014, Inner Melbourne has realised strong employment gains, peaking at ~460,000 persons in February 2020.
- > As at May 2021, there are currently ~455,000 employed persons in Inner Melbourne (May 2021).
- > As at March 2021, the City of Port Phillip has:
 - 4,883 workers are unemployed
 - 5.9% unemployment rate

Employment numbers for females exceed pre-pandemic levels, while males still lag

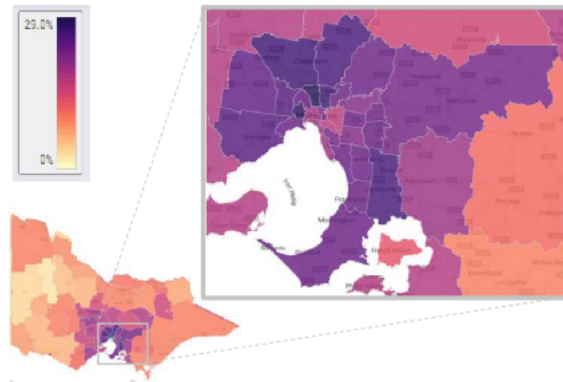
Employed Persons by Gender (Inner Melbourne SA4), Indexed Mar 2020 = 100
Labour Force Detailed (May 2021), ABS, 3 month rolling averages



- > At the peak of the pandemic (August 2020, highest number of active COVID cases in Victoria) females suffered a disproportionate employment decline, since then female employment has rebounded relatively strongly in Inner Melbourne, adding almost 20,000 female employed persons to May 2021.
- > Males have experienced fluctuating employment outcomes, with short periods of recovery following declines.
- > Male employment remains ~7,500 below pre-COVID-19 levels.

The City of Port Phillip heavily relied on JobKeeper support to maintain employment

JobKeeper Utilisation
Proportion of local business accessing JobKeeper (March 2021), REMPLAN



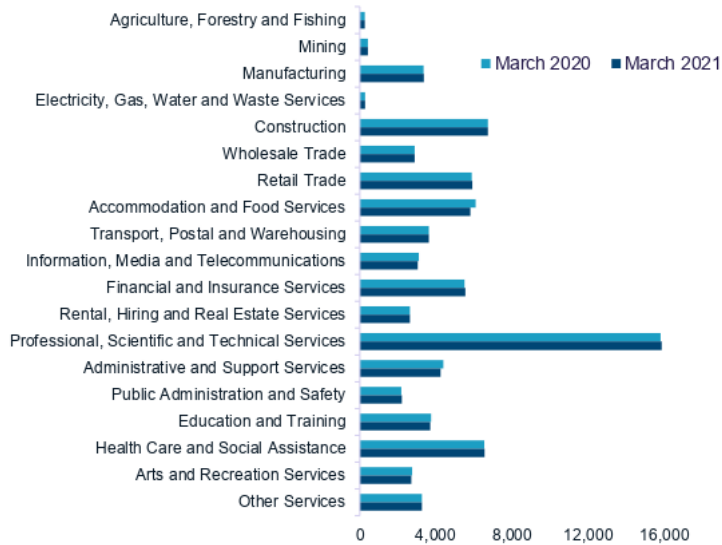
- > When the program ended in March 2021, 19.3% of the City of Port Phillip's (LGA) businesses were accessing JobKeeper.
- > This proportion ranked 37th out of the 506 LGAs across Australia but is lower than most of the surrounding LGAs across metropolitan Melbourne.
- > Since the JobKeeper program ended, there has not been a significant decrease in employment, however, recovery has slowed.

Industry The largest employing industries include a mixture of in-person work requirements and work from home potential.

Professional, Scientific and Technical Services is the most significant employing industry in the City of Port Phillip

Employment by Industry (Place of Work)

Employment by Industry (2021), Port Phillip LGA, REMPLAN

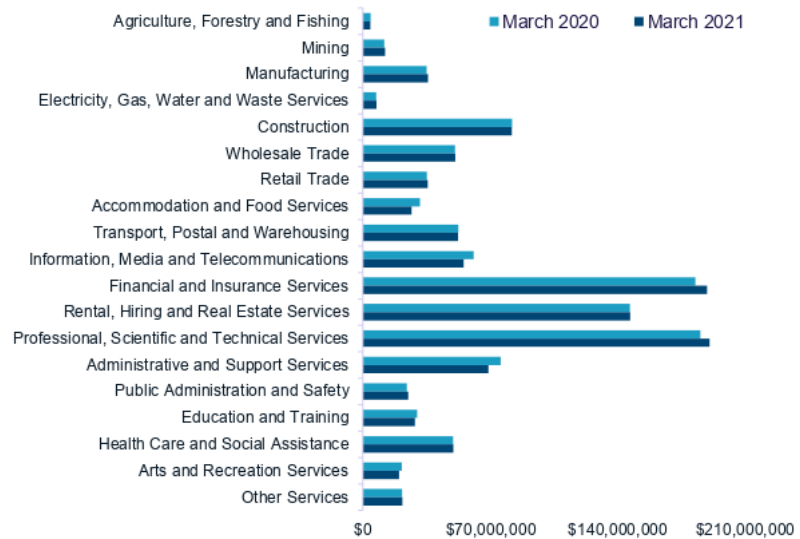


- > Representing 36.9 per cent of the total workforce, the three most largest sectors employ over 29,123 workers.
- > Despite the pandemic, most industries have realised employment increases since March 2020. The most significant exception is Accommodation and Food Services.

The City of Port Phillip's output is driven by the financial, professional and real estate services

Output by Industry (Gross Value Add)

GVA by Industry (2021), Port Phillip LGA, REMPLAN



- > The Financial and Insurance Services sector contributes \$189 million in GVA, 17.2 per cent of the LGA's total output value. Professional, Scientific and Technical services account for \$190 million in GVA, 17.3 per cent of total output value.
- > Despite the pandemic, most industries are producing similar output to March 2020.

Tourism International and state border closures coupled with local lockdowns limiting movement have prevented tourists from visiting Melbourne.

The visitor economy is a key driver of activity in the City of Port Phillip - the pandemic however has led to significant falls in visitor numbers and expenditure.

- The tourism industry supports an estimated 5,150 jobs in the City of Port Phillip, 6.5% of the LGA's workforce.
- The industry is worth an estimated \$563.5 million in Gross Value Added to the local economy. (REMPPLAN, 2021)

Domestic Visitor and Expenditure Estimates*
Metropolitan Melbourne – Year Ending March 2021, Tourism Research Australia

	Visitor Estimates		Expenditure Estimates			Visitor Nights		
Daytrips	11.5 million	52% annual decline	\$1.1 billion	55% annual decline	\$99 per visitor	-	-	-
Intrastate Overnight Visitors	1.7 million	61% annual decline	\$800 million	75% annual decline	\$466 per visitor	3.9 million	52% annual decline	2.3 nights per trip
Interstate Overnight Visitors	880 thousand	86% annual decline	\$800 million	87% annual decline	\$912 per visitor	5.1 million	76% annual decline	5.8 nights per trip

- > All types of visitation have suffered declines, most notably interstate overnight visitors. Driven by state border closures, domestic overnight visitation (both intrastate and interstate) declined 76% over the period. This decline is more than double the national average of 35% and far higher than the Victoria average of 53%.
- > The prospect of snap lockdowns are likely to be contributing to the stronger declines in interstate overnight and intrastate overnight visitation relative to daytrips. Where accommodation and attractions do not offer full refunds in the case of cancellation, tourists are reluctant to make a booking.

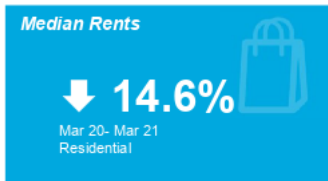
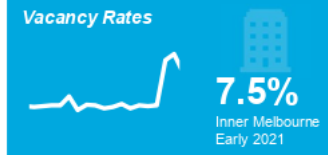
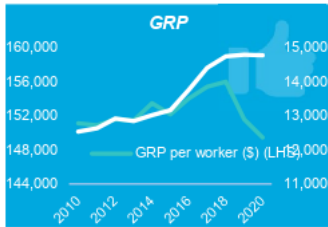
*Note that Tourism Research Australia did not collect international visitation data during the time where international borders were closed. Consequently, substantive information is unavailable for the March 2020 to March 2021 time period.



CITY OF PORT PHILLIP AT A GLANCE

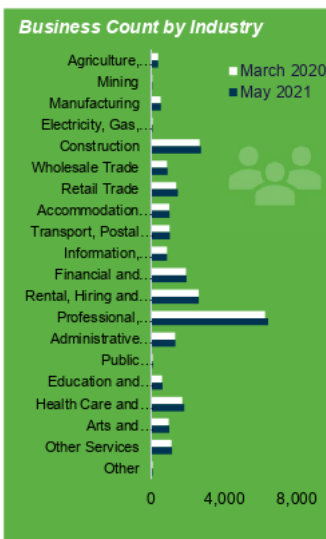
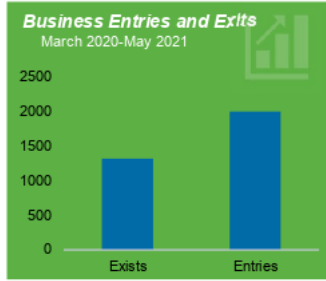
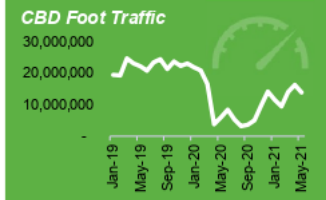
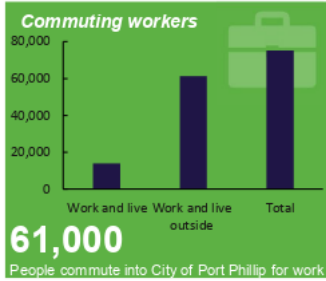
Supported by government interventions, businesses and the labour market to date, have been relatively resilient and made strong recoveries – however, as some government support eases, and with continued low foot traffic and sharp falls in retail spending, the question is, how much longer can businesses survive?

ECONOMIC



*July 2020-April 2021

BUSINESS ACTIVITY



EMPLOYMENT

