

The City of Sydney's local economy, representing 7% of Australia's GDP and 22% of the NSW economy, is evolving and expanding post-pandemic.

This snapshot reviews recent trends in City of Sydney's economy, assessing performance during the 2022/23 financial year to understand lasting impacts on the city and its economy.

<h1>\$146b</h1> <p>Gross Regional Product p.a.¹ 12 months to March 2023</p>	<h1>2.16m</h1> <p>International Visitor Arrivals² July 2022 to June 2023 (5 times previous year)</p>	<h1>\$4.99b</h1> <p>Value of Building Approvals³ July 2022 to June 2023</p>
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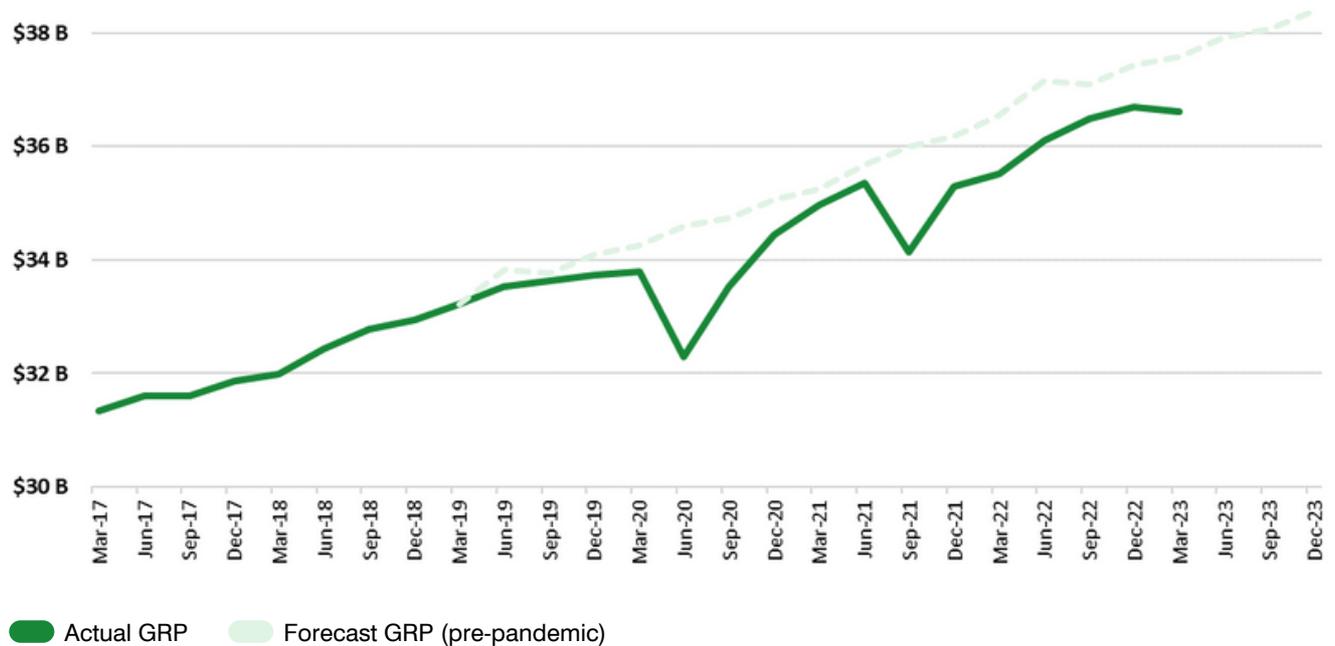
Strong economic recovery post-pandemic

The City of Sydney's economy recovered strongly over the past financial year, with Gross Region Product (GRP)⁴ rising to \$109.8 billion in the first three quarters of 2022/23 - the fastest growth since the pandemic.

In the 12 months to March 2023, the GRP reached \$146 billion, and while now higher than before the pandemic, this is still 2.6% below pre-pandemic forecasts⁵.

Growth slowed in the March quarter, reflecting broader economic headwinds – inflation, interest rates, rising cost of living, and economic uncertainty – all of which have impacted on consumer confidence.

Gross Regional Product (GRP) by quarter - actual vs pre-pandemic long-term forecast inflation adjusted, City of Sydney, March 2017 - March 2023



Source/note

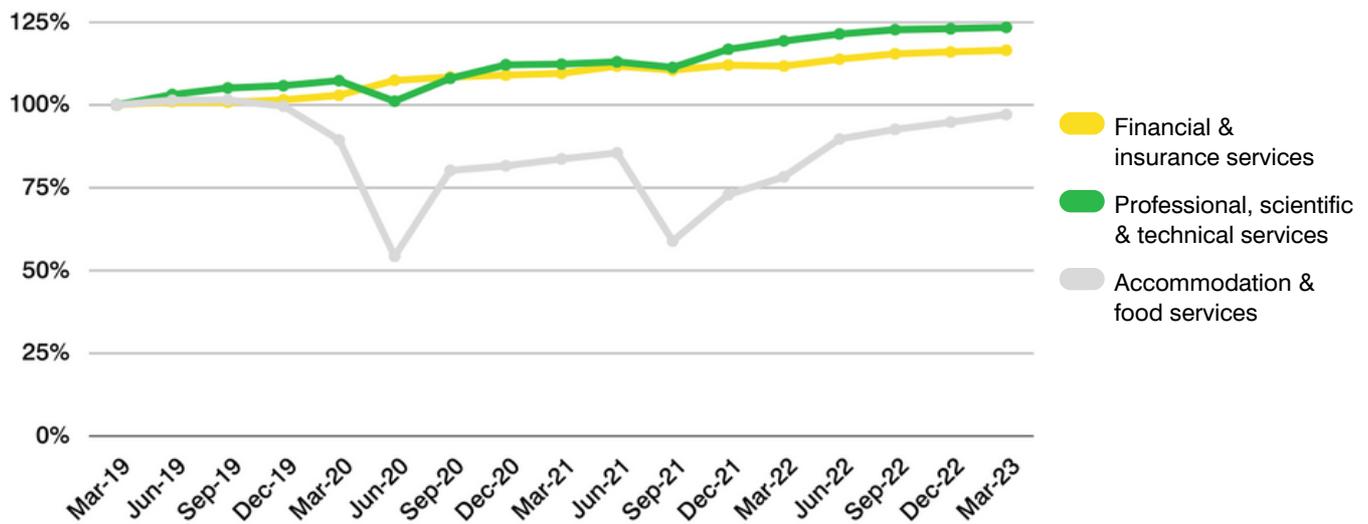
- economy.id & National Institute of Economic and Industry Research (NIEIR). Most recent data is available only to March 2023. Inflation adjusted using 2020/21 as base year.
- ABS, International visitor arrivals (short-term arrivals) to NSW. It is assumed that international visitors to NSW arrive through Sydney.
- ABS, Building approvals by LGA (all buildings).
- GRP is a monetary measure of the market value of all final goods and services produced in a region in a period of time. It is equivalent to GDP to a country.
- City of Sydney internal analysis based on data from economy.id & National Institute of Economic and Industry Research (NIEIR).

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A slower recovery for customer facing businesses

Economic recovery and growth has been most pronounced in the largest sectors of the economy - financial and insurance services and professional services, with these sectors at 117% and 123% of their pre-pandemic economic output. Sectors that could not shift to remote working – accommodation, hospitality, retail – were significantly impacted, with accommodation and food services yet to reach pre-pandemic economic output levels (now at 97% of March 2019 levels).

Value added by select sectors quarterly as percentage of pre-pandemic level¹
inflation adjusted, City of Sydney, Mar 2019 - Mar 2023



Consumer spend shifting towards experiences

Looking more specifically at domestic consumer spending, since 2019 there has been an increase in spending on dining and entertainment, travel and specialised food retailing. Conversely there has been a decrease in domestic spend at bricks and mortar retail, particularly in department stores and clothing, although spend was still high at \$448 million for the June 2023 quarter.

As the data does not measure spend by international visitors, the increased spend on travel reflects strong growth of domestic visitors in Sydney. It also shows a relative shift in spending from retail towards hospitality, and more broadly, the economic value of the distinct and unique experiences found in the city.

Local consumption spend in June quarter for selected categories²
inflation adjusted, City of Sydney, June quarter 2019 & 2023

Spend category	\$ 2019	% of total 2019	\$ 2023	% of total 2023	\$ change 2019-2023	% change 2019-2023
Dining & entertainment	\$1.34b	35.8%	\$1.39b	38.6%	\$51m	3.8%
Department stores & clothing	\$547m	14.6%	\$448m	12.4%	-\$99m	-18.1%
Specialised & luxury goods	\$375m	10.0%	\$354m	9.8%	-\$20m	-5.4%
Travel ³	\$199m	5.3%	\$278m	7.7%	\$79m	39.4%
Specialised food retailing	\$187m	5.0%	\$212m	5.9%	\$25m	13.4%

Source/note

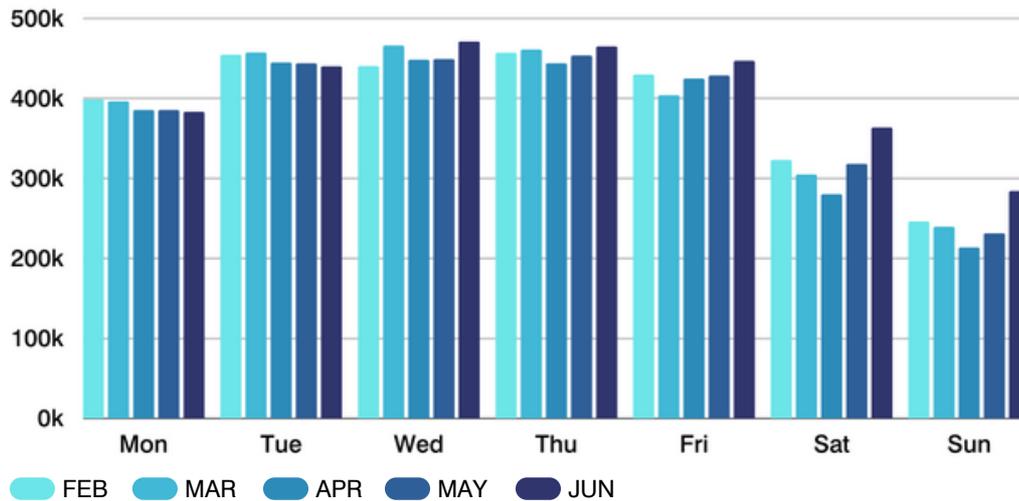
1. economy.id & National Institute of Economic and Industry Research (NIEIR). Inflation adjusted using 2020/21 as base year.
2. Spendmapp by Geografia (2023), inflation adjusted according to consumer price index by capital cities, ABS, Dec 2020 as base month. Spend data does not include transactions using international credit cards.
3. Travel includes airlines, accommodation providers, car and boat hire, cruise lines, duty-free and gifts and souvenir stores, tourist attractions, passenger railways, trailer parks and taxi services.

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Weekday travel and spend have stabilised in 2023

In the first half of 2023 it would appear that a new rhythm has been found for the Sydney CBD, with public transport use across Monday to Friday increasingly fitting a pattern in which Tuesday, Wednesday and Thursday are consistently the busiest days. In recent months Friday has also gained popularity. On the weekend public transport use to the Sydney CBD is higher than ever before, with Saturday and Sunday both 30% in June higher than before the pandemic, further confirming the appeal of the city's unique offer.

Opal tap-offs daily average across the week by month since February 2023¹
public holidays adjusted,² Sydney CBD, February - June 2023



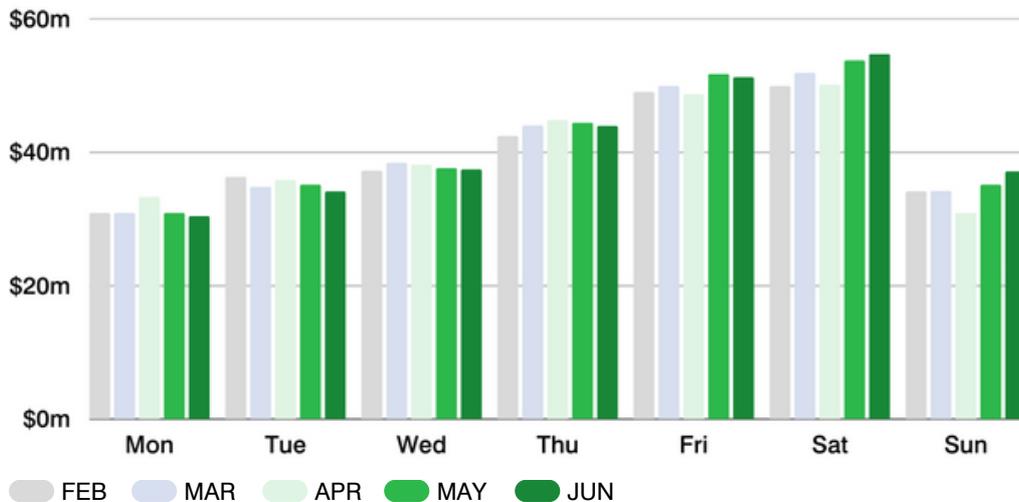
Weekly average Opal tap-offs
in June 2023
87.6%
of pre-pandemic
(up from 70.0% in June 2022)

Highest Day
in June 2023
Wednesday 470k
84.2% of pre-pandemic
(up from 63.5% in June 2022)

Lowest Day
in June 2023
Sunday 283k
131.5% of pre-pandemic
(up from 111.1% in June 2022)

A more discernible pattern is also observed in consumer spending across the week in the City of Sydney, with Saturday now the highest spend day, with an average of \$54.6 million spent on Saturdays in June. This is adjusted for inflation and is 7.3% higher than pre-pandemic levels. Friday is the second highest spend day, however it is 8.2% below pre-pandemic levels. Overall spend in the City of Sydney has almost returned to pre-pandemic levels after adjusting for inflation.

Daily average spend across the week by month since February 2023³
inflation adjusted, public holidays adjusted,² City of Sydney, February - June 2023



Weekly average Consumer Spend
in June 2023
95.9%
of pre-pandemic
(down from 98% in June 2022)

Highest Day
in June 2023
Saturday \$54.6m
107.3% of pre-pandemic
(down from 114% in June 2022)

Lowest Day
in June 2023
Monday \$30.3m
90.4% of pre-pandemic
(up from 88.2% in June 2022)

Source/note

- Opal patronage data by Transport for NSW.
- Public holidays during the weekdays are removed from the data as they skew regular visitation and consumption patterns in the city across the week.
- Spendmapp by Geografia (2023), inflation adjusted according to consumer price index by capital cities, ABS, Dec 2020 as base month.

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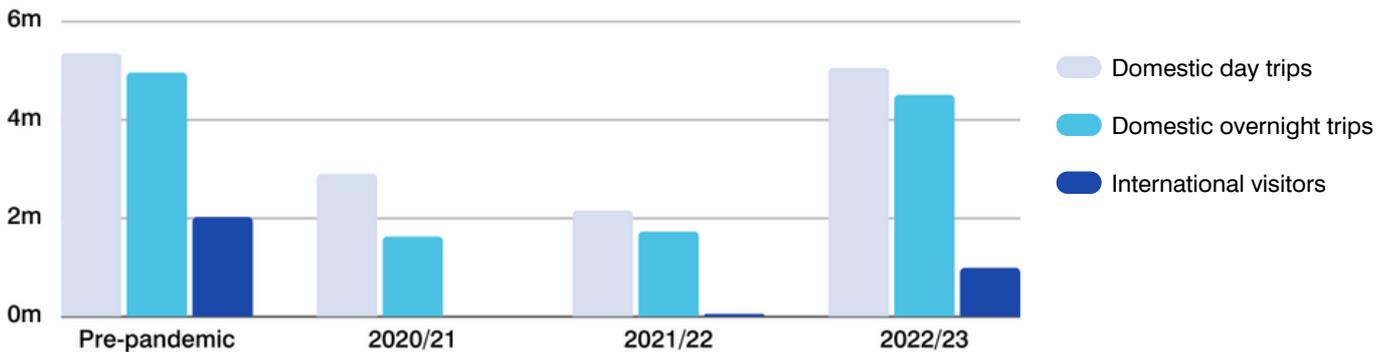
Strong domestic visitor growth, lagging international

Presenting opportunities for a greater recovery in the accommodation, hospitality and retail sectors, there has been a strong return of both domestic and international visitors to the city in 2022/23. Domestic day trips¹ and overnight trips more than doubled from a year earlier and are now close to pre-pandemic levels.

Of the overseas travellers that went through Sydney International Airport and cruise terminals, almost 1 million international visitors spent at least one night in the city in the three quarters to March 2023. While significant growth from a year earlier, the number of overseas visitors is still only half of pre-pandemic levels.

Visitation to the city by visitor type - sum of first three quarters of financial year²

City of Sydney, pre-pandemic, 2022 and 2023

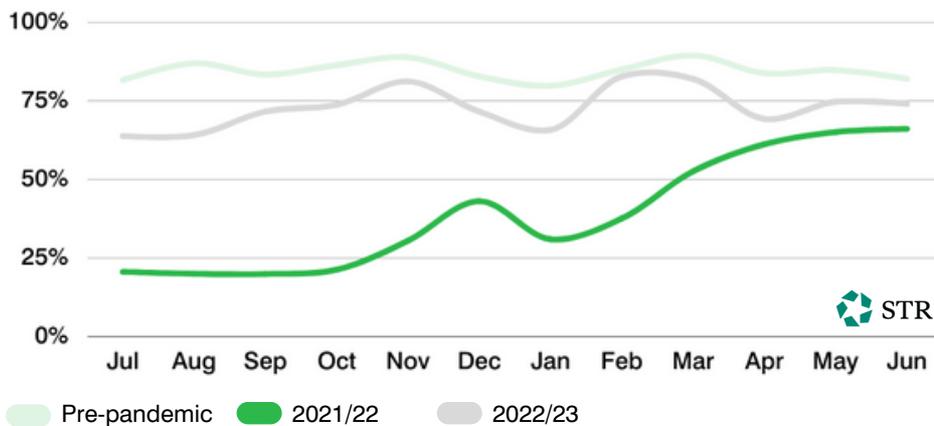


<p>Domestic day trips first 3 quarters of 2022/23</p> <p>5.0m</p> <p>94% of pre-pandemic (up from 40% in 2021/22)</p>	<p>Domestic overnight trips first 3 quarters of 2022/23</p> <p>4.5m</p> <p>91% of pre-pandemic (up from 35% in 2021/22)</p>	<p>International overnight visitors first 3 quarters of 2022/23</p> <p>990k</p> <p>49% of pre-pandemic (up from 3% in 2021/22)</p>
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The increased visitor numbers are having a substantial impact on accommodation. The average hotel room occupancy in Sydney Centre recovered to 74% in June 2023 from a low of 20% during the pandemic. In February/March 2023, boosted by major events including WorldPride, over 82% of rooms were occupied, close to the pre-pandemic level. The average daily rate in June 2023 also recovered to above pre-pandemic levels.

Hotel room occupancy by month³

Sydney Centre,⁴ pre-pandemic to June 2023



<p>Hotel room occupancy June 2023</p> <p>74.0%</p> <p>8 percentage points below pre-pandemic (up from 66.1% in June 2022)</p>	<p>Average daily rate June 2023</p> <p>\$282.3</p> <p>\$20 above pre-pandemic⁵</p>
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Source/note

1. Visitors exclude commuters and other groups who travel to the city on a regular basis, according to the National Visitor Survey by Tourism Research Australia.
2. National Visitor Survey and International Visitor Survey, Tourism Research Australia, March 2023.
3. STR hotel market trend report - Australia tract: Sydney centre, Jan 2015 - Jun 2023.
4. Sydney Centre is an area used by STR, which covers key locations in the City of Sydney LGA for visitor accommodation.
5. Inflation adjusted according to consumer price index by capital cities, ABS, Dec 2020 as base month.

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