What to Expect in 2022?

STRONGER FUTURES IN CONSTRUCTION

Four Big Trends

1. A Services-led Recovery
2. The Major Projects Pivot
3. Professionalisation Drives Regional Growth
4. Internal Migration Boom

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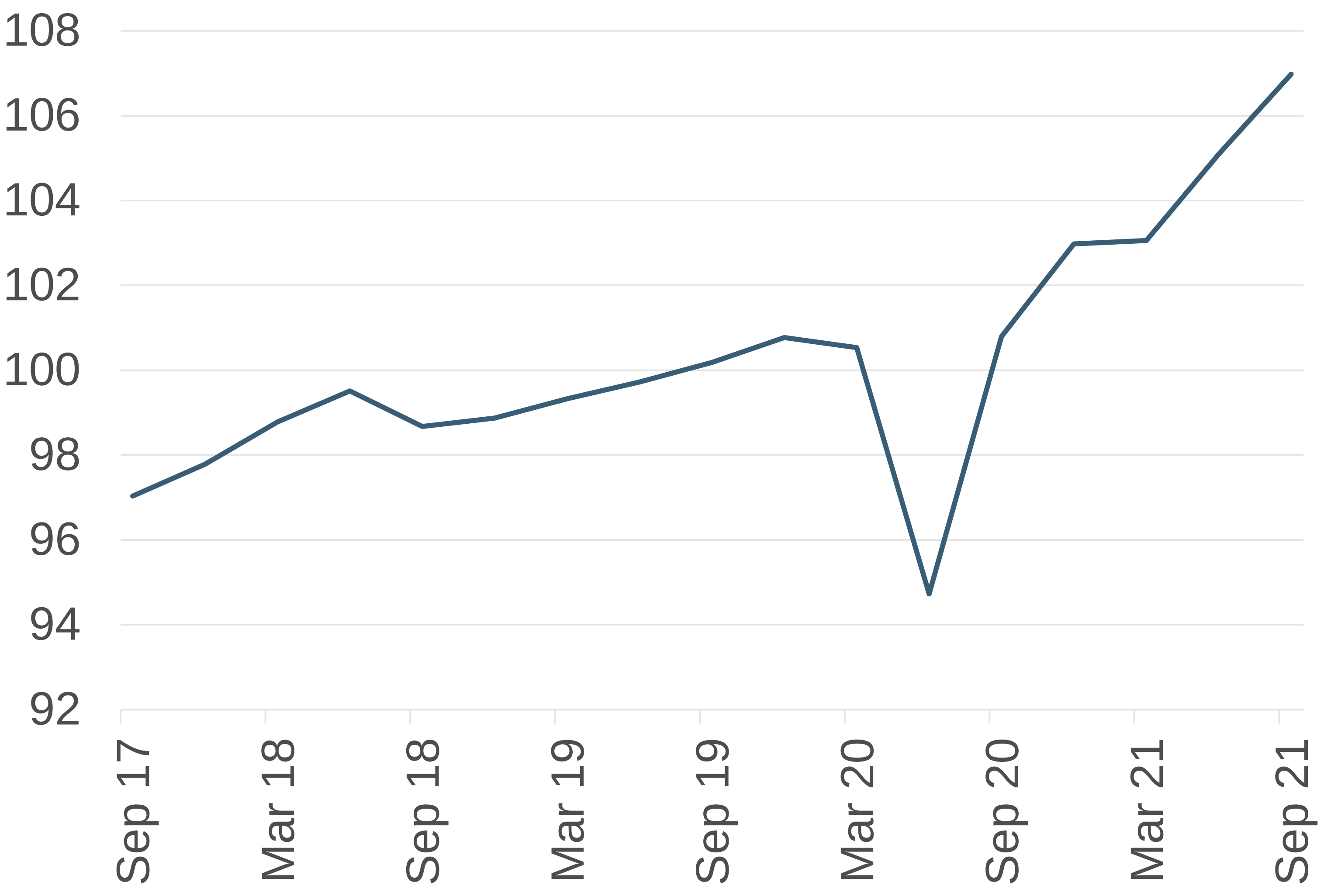
Trend #1:
A Services-led Recovery

Can’t Argue With Results

Employment Index, Queensland

Note: Ratio FT Emp. to Working Age Pop., 100=2019 avg

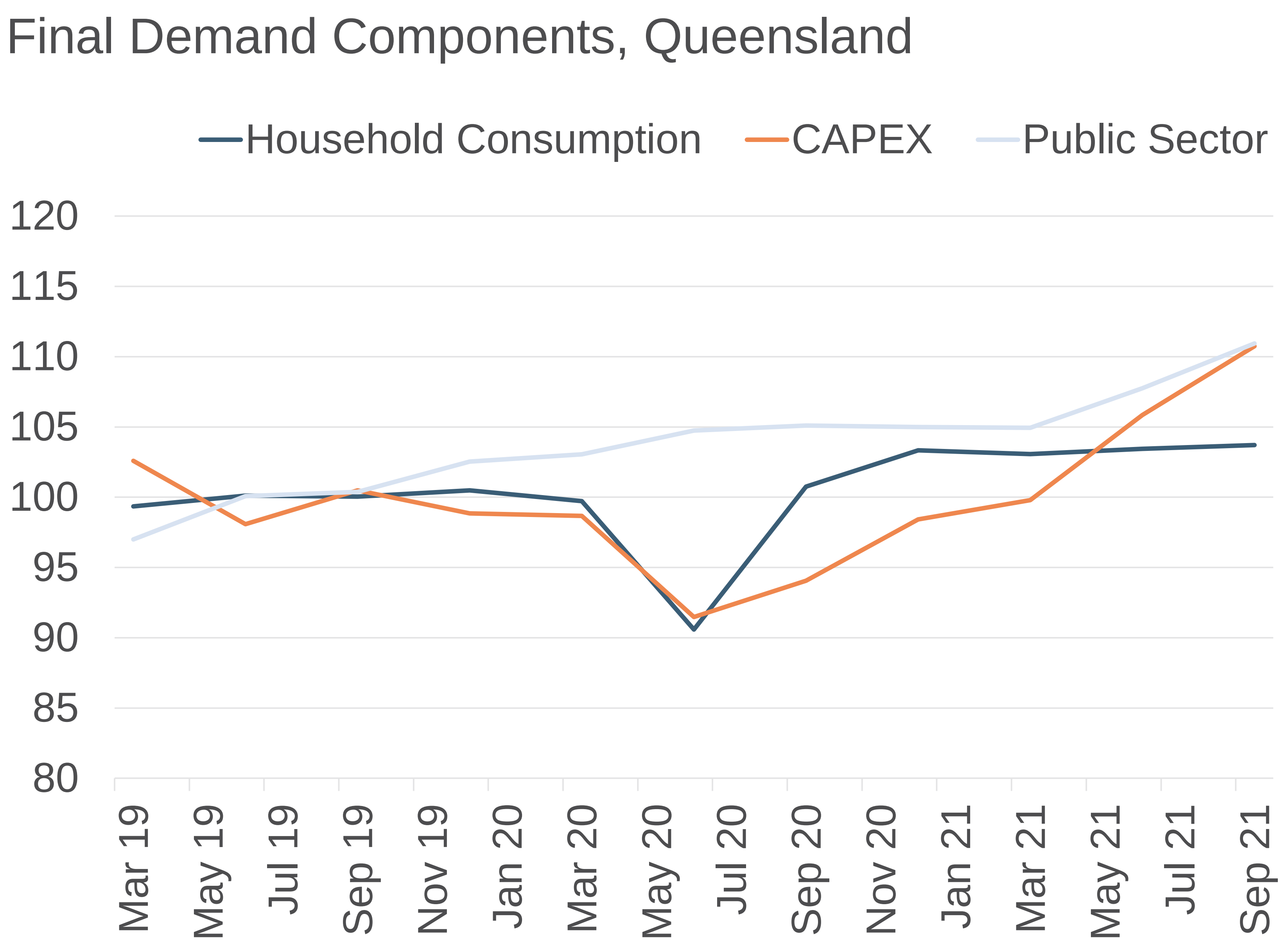
Economic Index, Queensland



Note: State Final Demand, 100=2019 avg

Source: ABS, CSQ

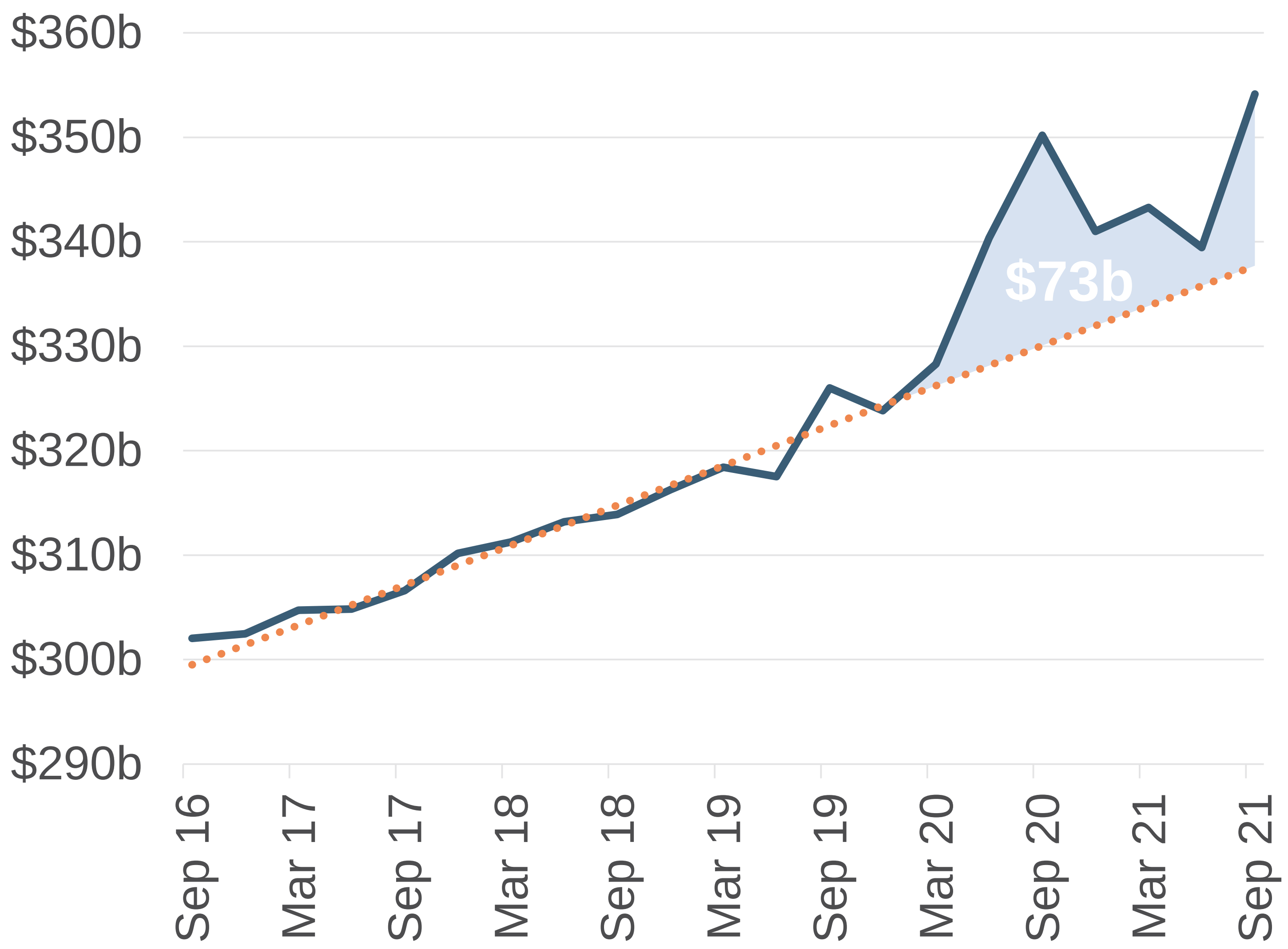
Households Pulled Back



Source: ABS, CSQ

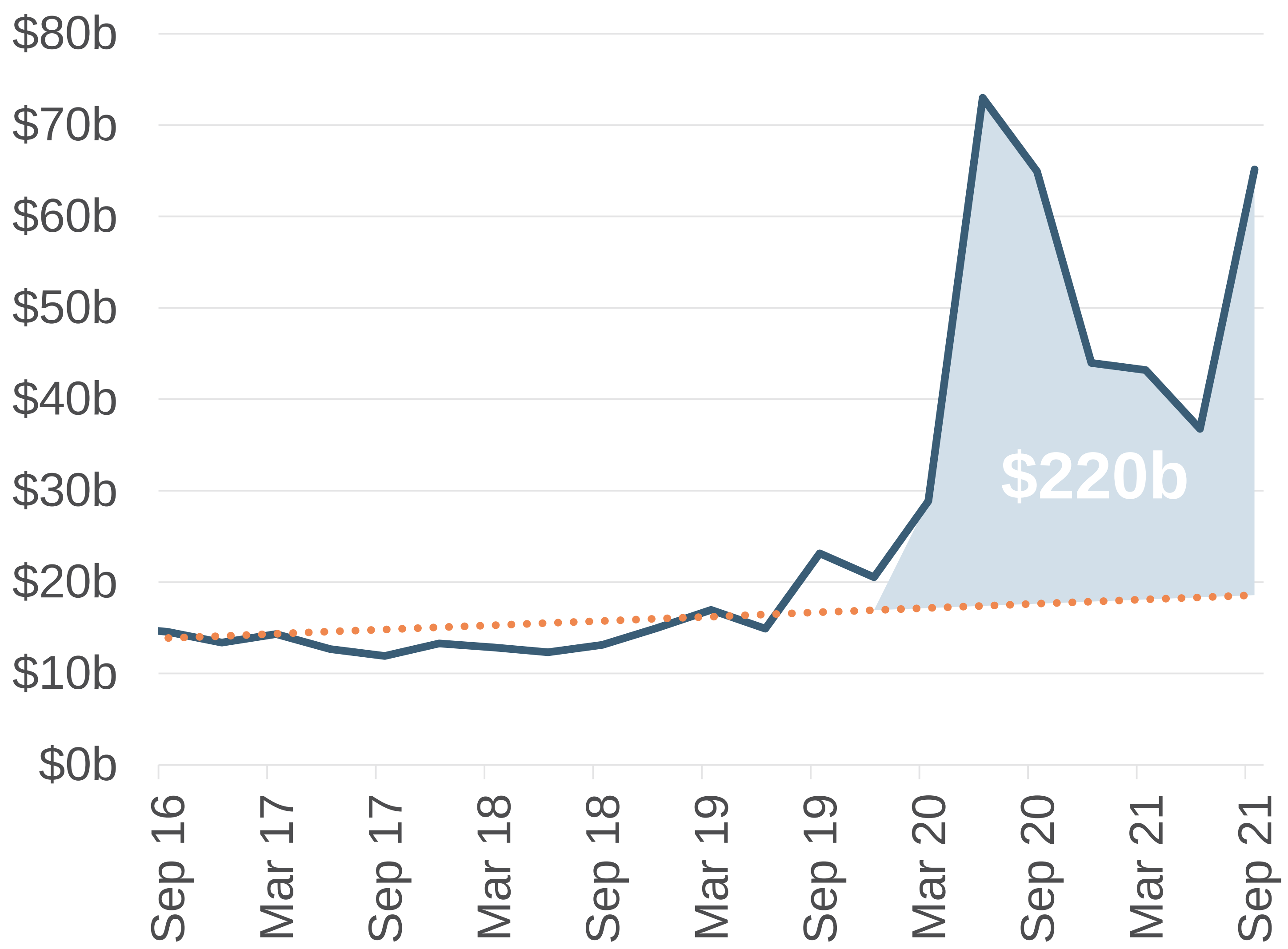
Income is booming…

Real Household Disposable Income, Qtly, Aus



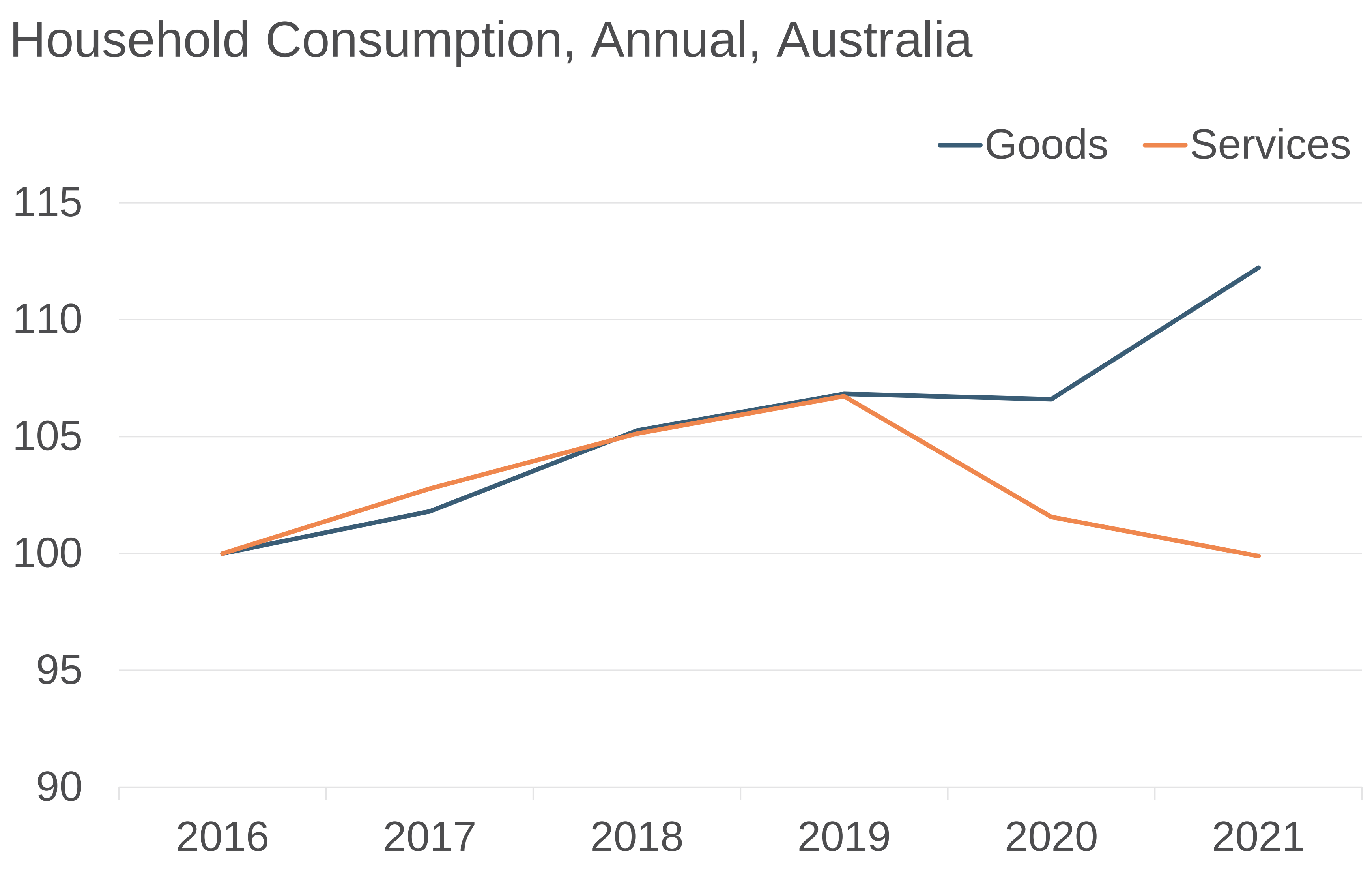
…but we’re saving it.

Household Net Savings, Qtly, Aus



Source: ABS, CSQ

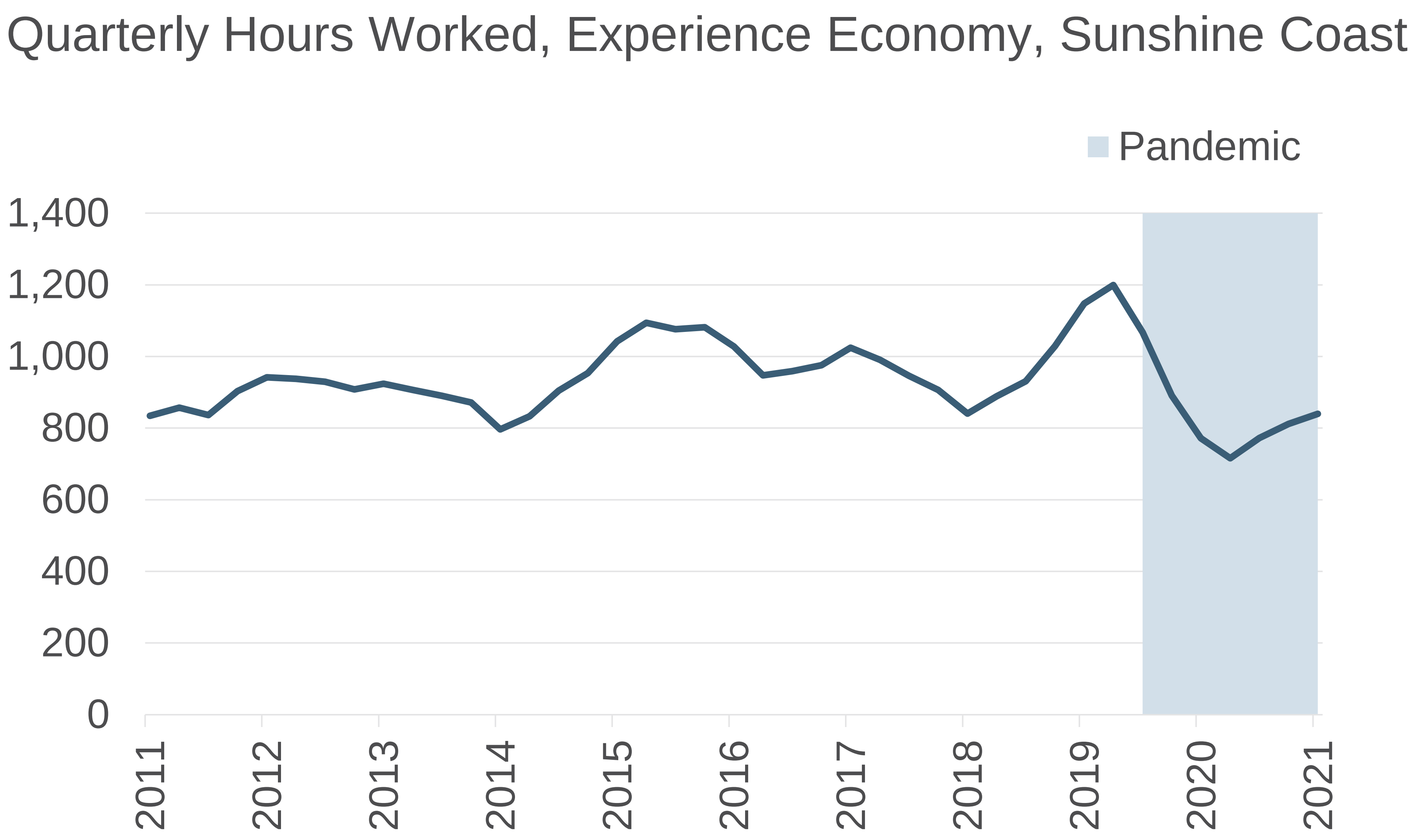
Spending Patterns



Note: Index, 100=2016

Source: ABS, CSQ

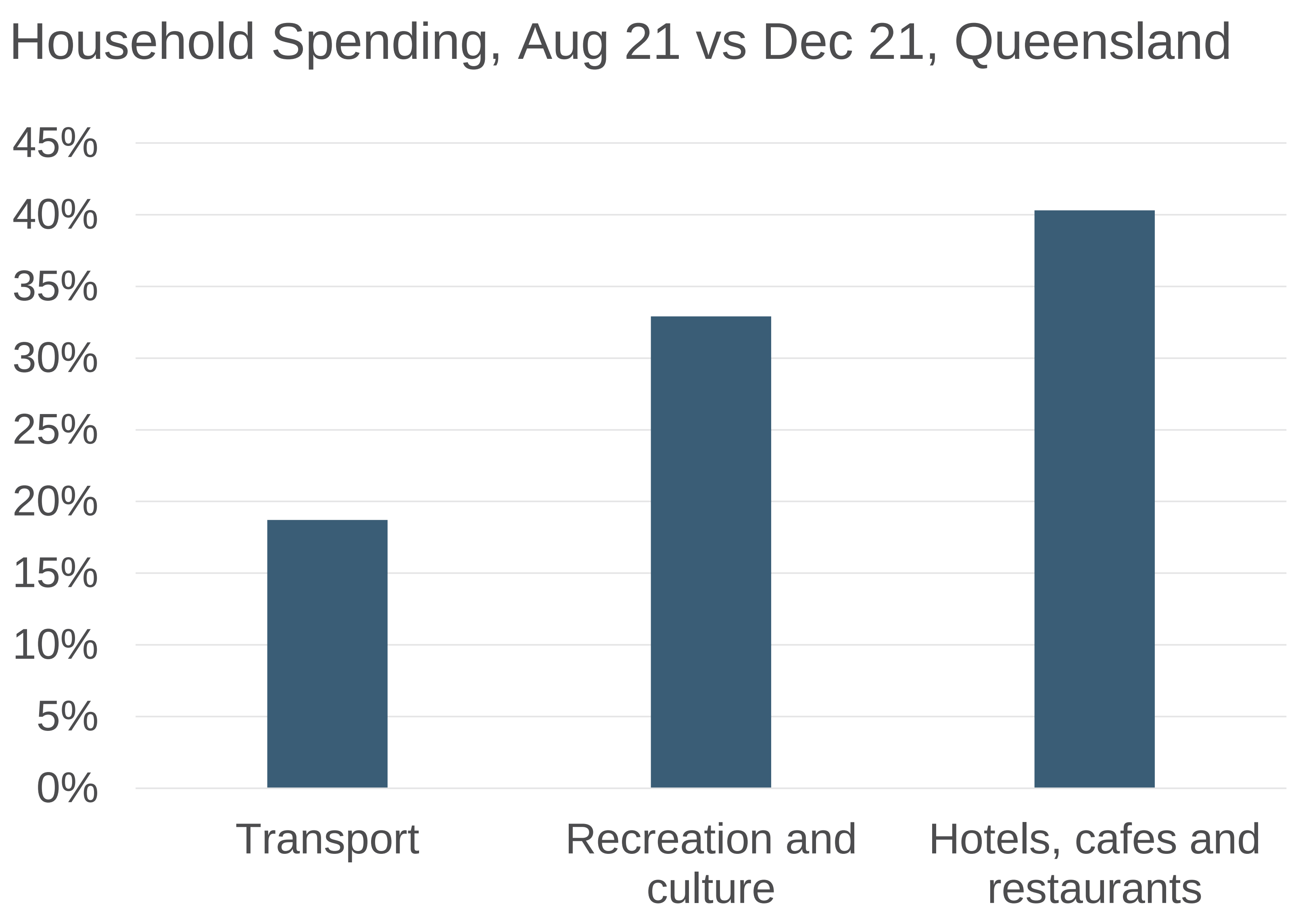
The Sunshine Coast Experience



Note: Accommodation and Food Services; Arts and Recreation Services; Rental, Hiring and Real Estate Services; Transport, Postal and Warehousing

Source: ABS, CSQ

The Tide Has Begun To Turn



Source: ABS

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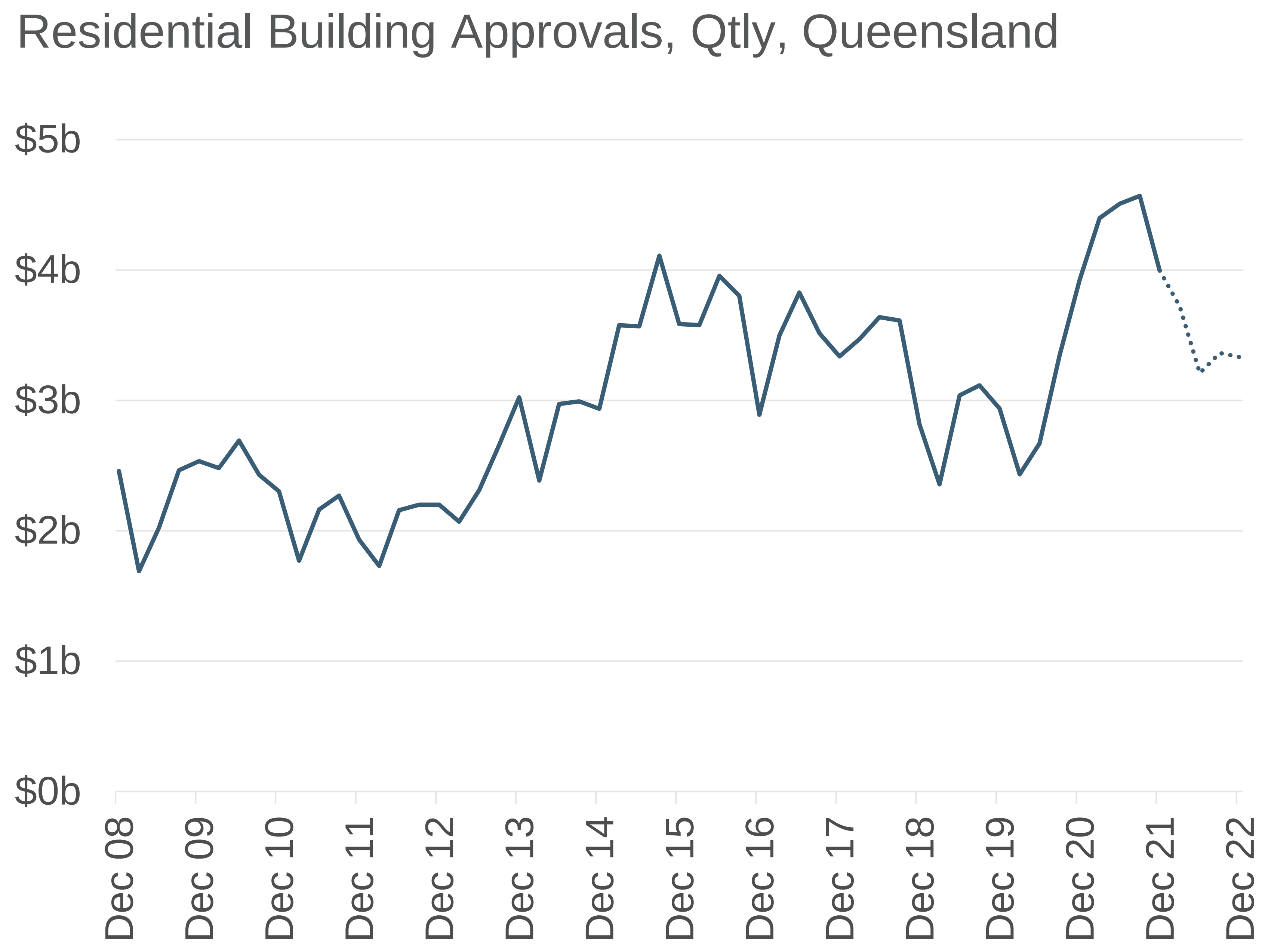
Trend #1 Takeaway

2022 will see a significant snapback to services, driven by the unleashing of savings and the re-opening of borders. Saddle up.

Trend #2

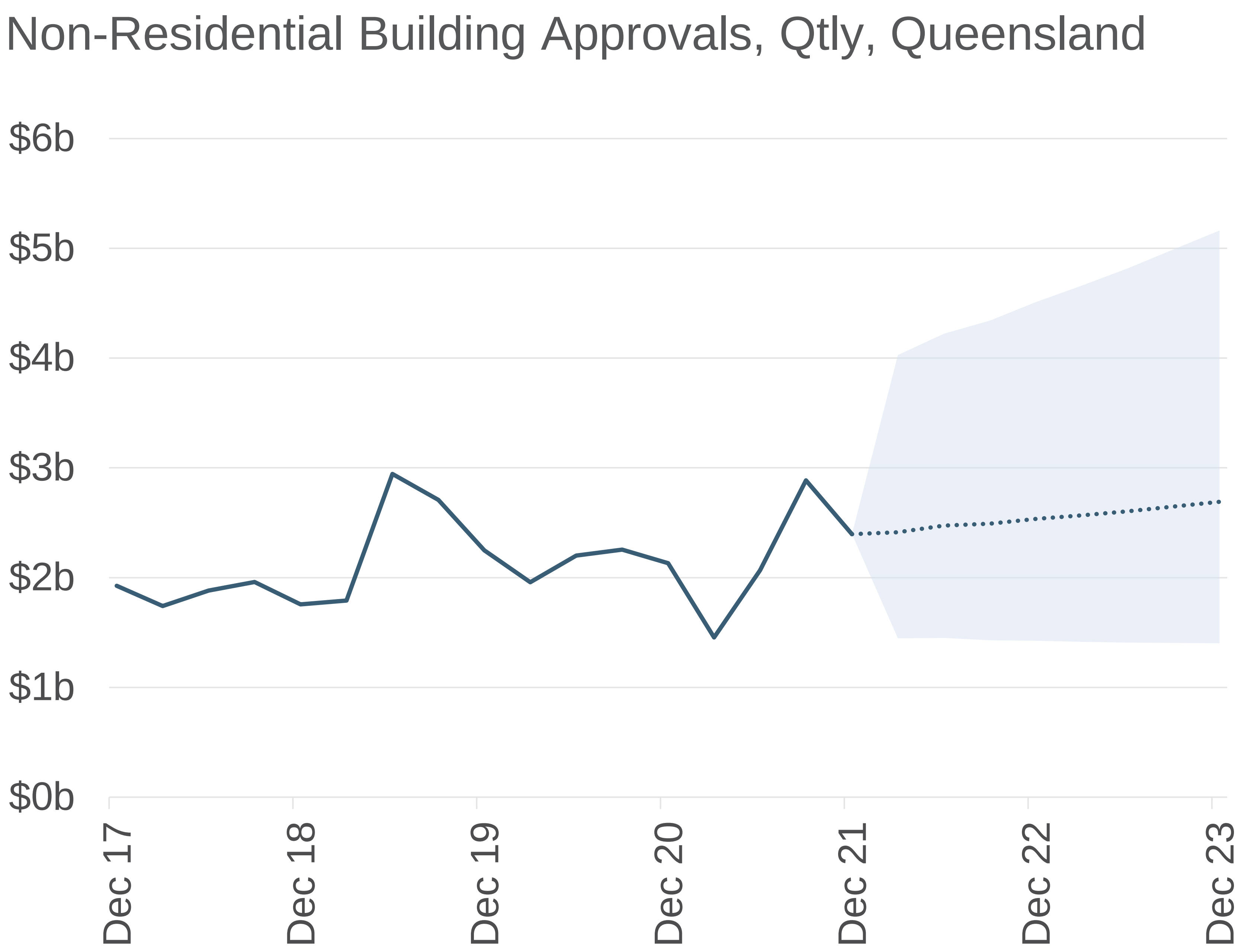
The Major Projects Pivot

Residential Pipeline Full



Source: ABS, CSQ

The Next Big Thing



Source: ABS, CSQ

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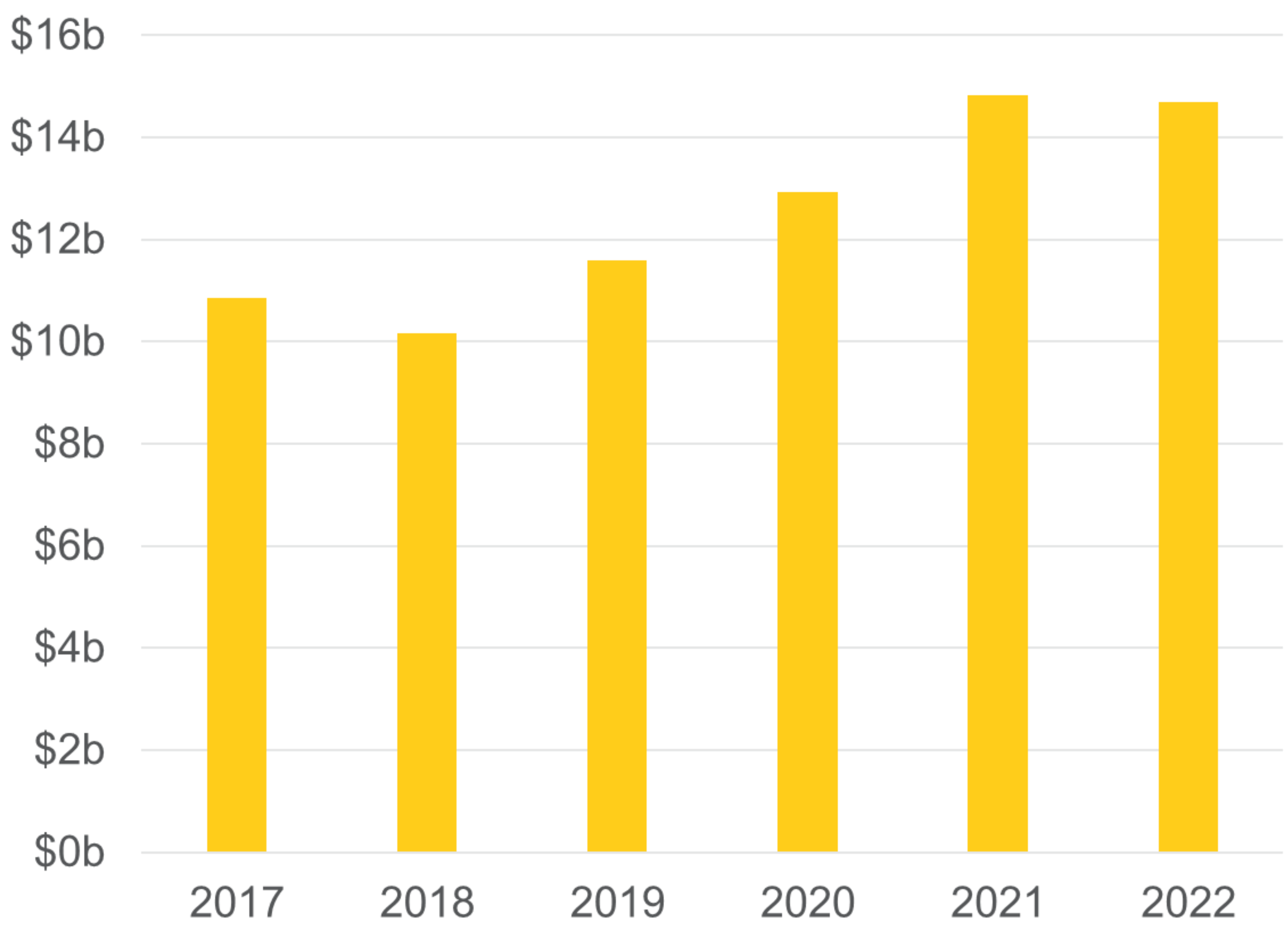
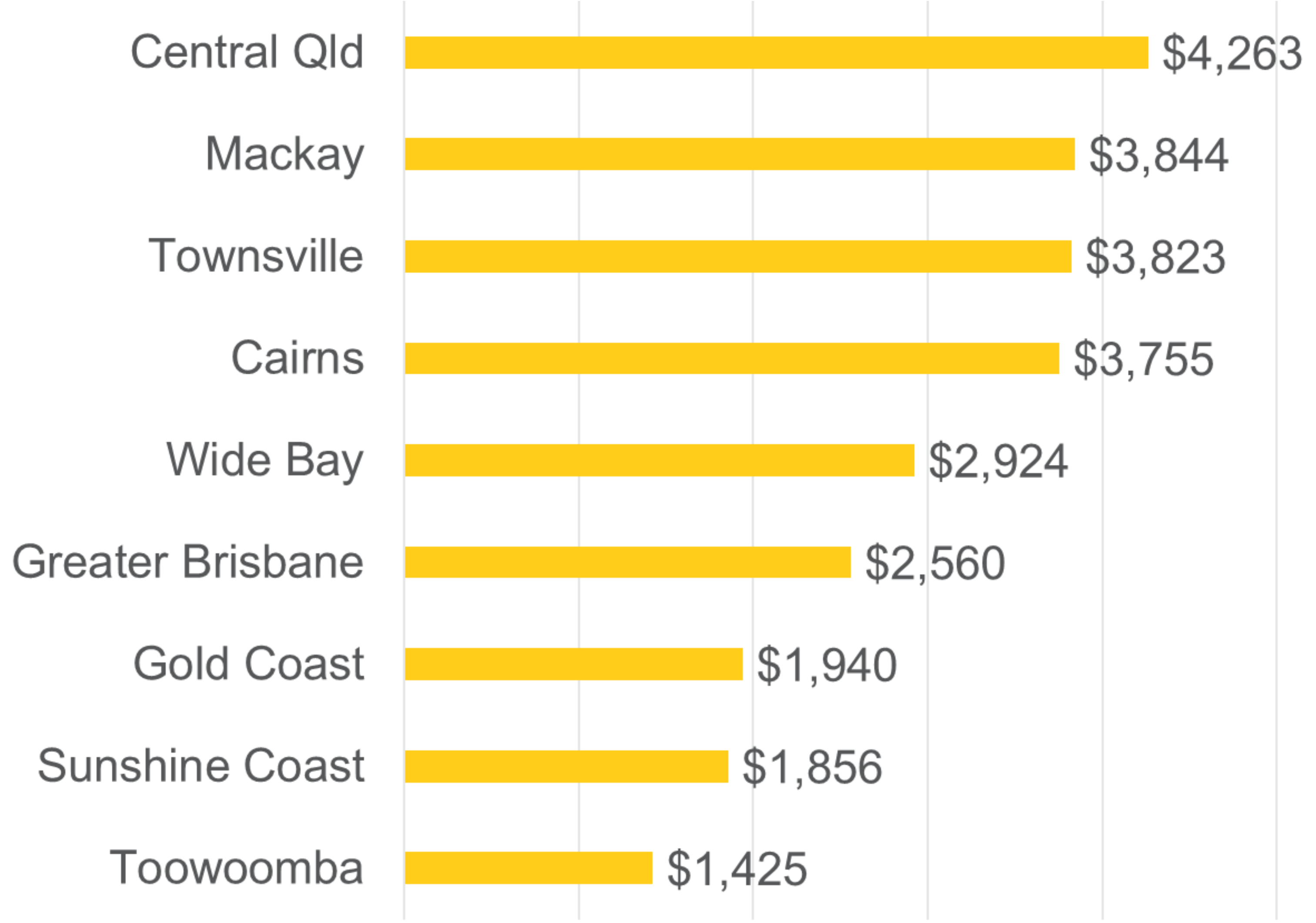
Government Spend A Key Driver

Queensland Government CAPEX Budget



Queensland Government CAPEX per Capita, 2021-22



Data: Queensland Treasury, ABS

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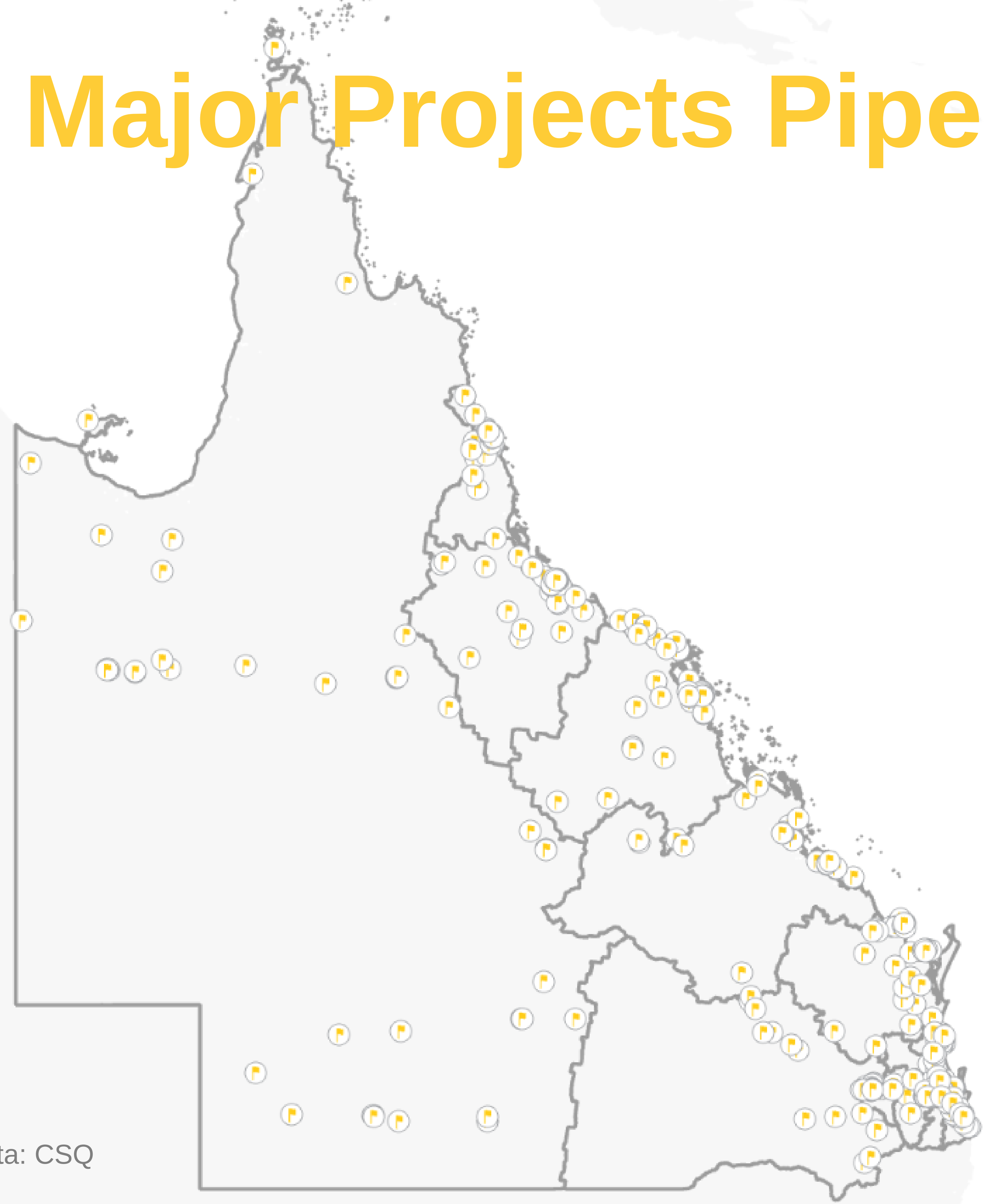
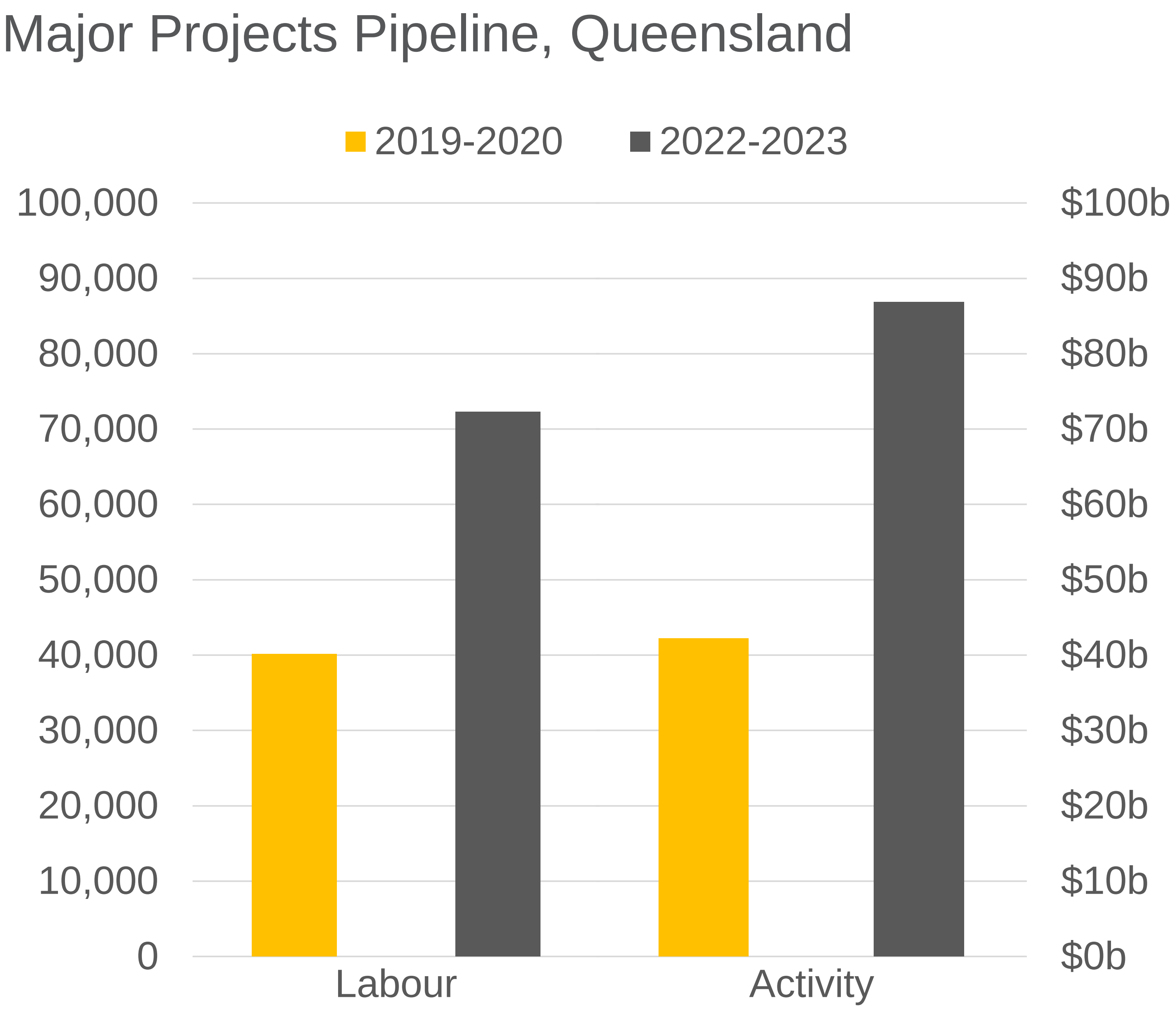
Major Projects Pipeline





Data: CSQ

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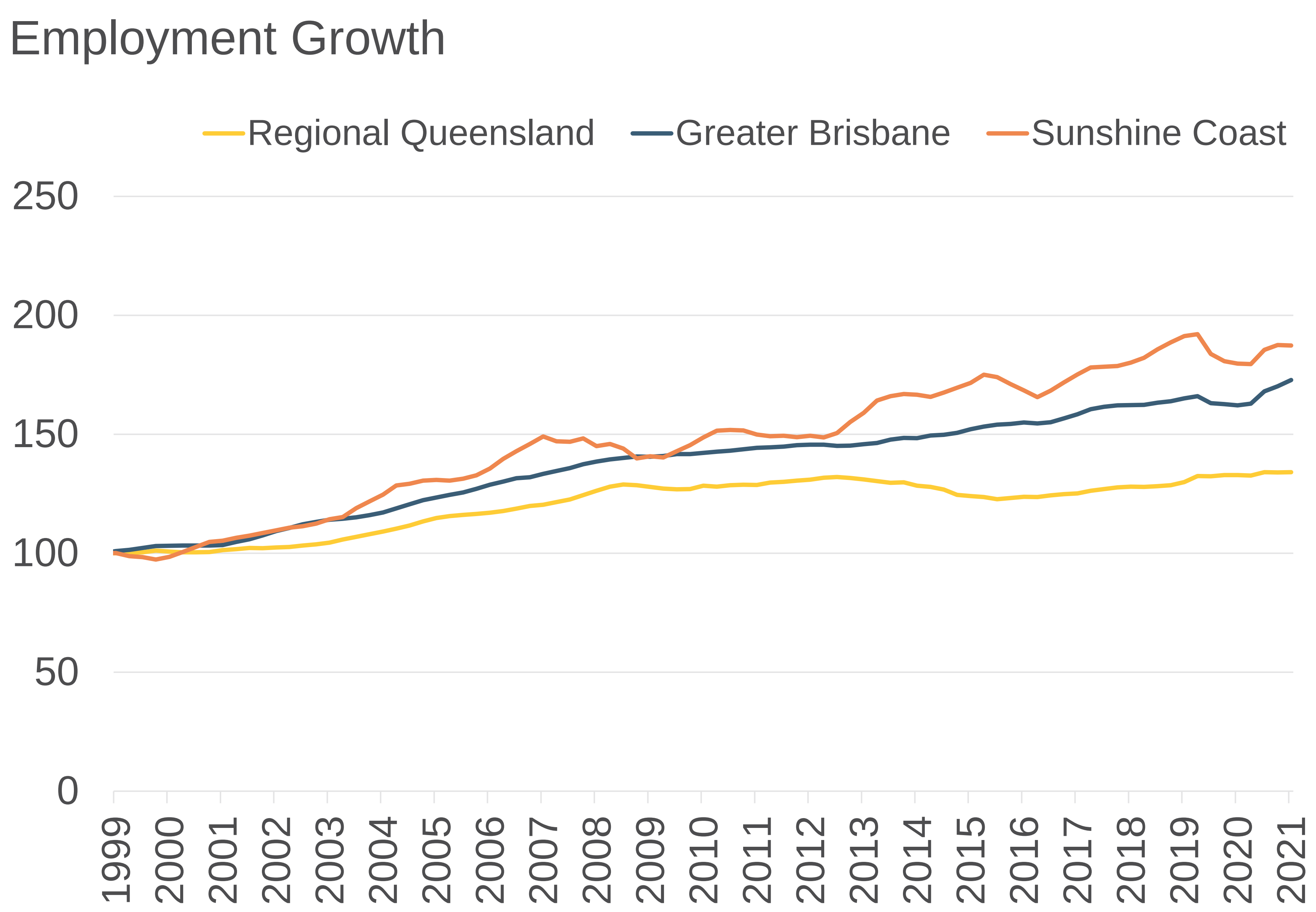
Trend #2 Takeaway

2022 will see a lot of houses being built but much fewer contracts being signed. Now is the time to look forward to capturing your share of the major project investment pie.

Trend #3
Professionalisation Drives Regional Growth

Regional Decline Is Real



Source: ABS, Sobyra

The Professional Factor

REGIONAL STUDIES
https://doi.org/10.1080/00343404.2021.1972958

Routledge Taylor & Francis Group RSA Regional Studies Association

Check for updates

Unbalanced growth in the labourscape: explaining regional employment divergence

Robert Sobyra[a], Thomas Sigler[b] and Elin Charles-Edwards[c]

ABSTRACT
This paper investigates the role of human capital in explaining divergent employment growth within advanced economies. It adds a spatial dimension to William J. Baumol's theory of 'unbalanced growth' by linking it with the concept of 'job polarization'. We develop a theory of 'geographical unbalanced growth' that explains divergent employment trajectories in terms of skill restructuring. The theory is operationalized via a novel shift–share extension, which is applied to Australian data. We find evidence of ongoing regional divergence and for our proposed mechanism. The findings reinforce the importance of active policies to attract high-skilled jobs to non-metropolitan regions.

KEYWORDS
regional divergence; regional growth; shift–share analysis; employment growth

JEL R, R1
HISTORY Received 3 August 2020; in revised form 12 August 2021

INTRODUCTION

According to neoclassical economic theory, regional economic outcomes should converge over time. The basic logic is that as developed regions become over-developed, diseconomies arise that make underdeveloped regions more attractive to factor inputs, which are assumed to be mobile, leading to equilibrium over time (Barro & Sala-i-Martin, 1995; Stimson et al., 2006). While it seemed for a time that this prediction may come to pass within many advanced economies, the notion that regions within national economies generally converge toward an equilibrium of outcomes is no longer credible. Indeed, the empirical record reveals a general pattern of regional divergence across advanced economies since the 1990s, albeit with a considerable degree of unevenness (Brakman & van Marrewijk, 2008; Corliss & Lewis, 2014; Gabe, 2017; Gardiner et al., 2013; Krätke, 2007; Martin, 2005; Martin et al., 2016; Moretti, 2013). A new geography of jobs seems to have emerged whereby non-metropolitan areas are falling behind major metropolitan centres in terms of employment and income growth (Glaeser, 2011; McCann, 2008; Pike et al., 2017; Sassen, 2001; Scott & Storper, 2015; Sorenson, 2000).

While the concentration of economic activity in and around major metropolitan cities is one of the most evident empirical regularities of our time, explanations for this pattern are less definitive. Early suggestions that metropolization is simply a matter of urbanization economies and cultural agglomeration (Bell, 1973) have been found to be problematic, forcing many early proponents to reconsider their narratives (Florida, 2017; Glaeser & Saiz, 2003).

That said, the empirics seem to indicate a key role for human capital in shaping divergent growth trajectories. The 'skilled cities' literature, for example, observes that cities with more educated residents have grown faster than those with less educated residents (Chadwick et al., 2008; Glaeser & Berry, 2006; Moretti, 2013; Scott, 2009; Simon, 1998; Simon & Nardinelli, 2002; Sunley et al., 2020; Südekum, 2010). The dominant explanation for this observation is that deindustrialization is increasing the demand for higher level, cognitive skills, while decreasing the demand for physical skills. Cities with

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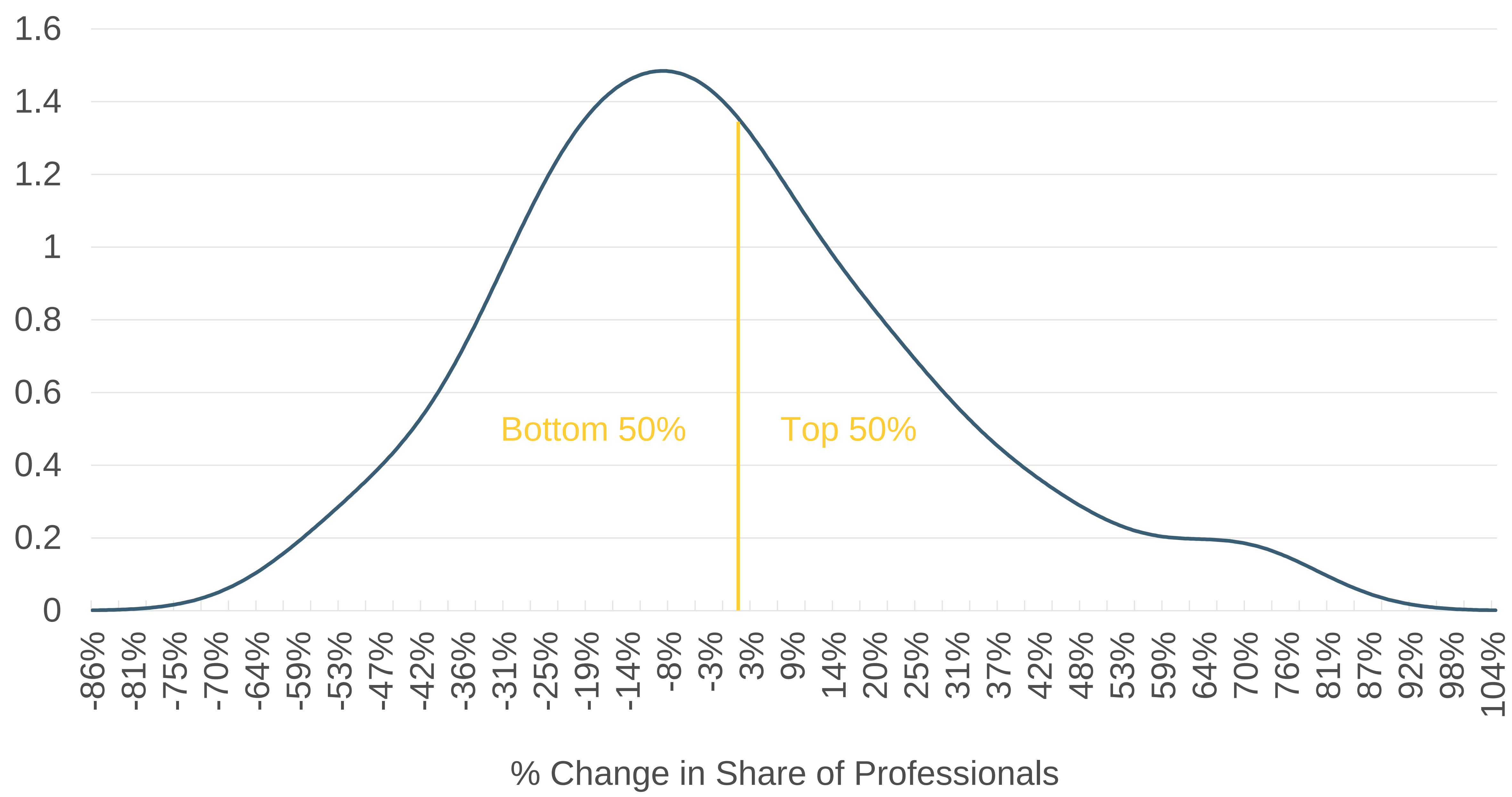
Supplemental data for this article can be accessed at https://doi.org/10.1080/00343404.2021.1972958

Jobs Growth 2006-2016	
Australia	15%
Regional Australia (avg)	5.6%
Sunshine Coast	24%

Professionalisation explains:

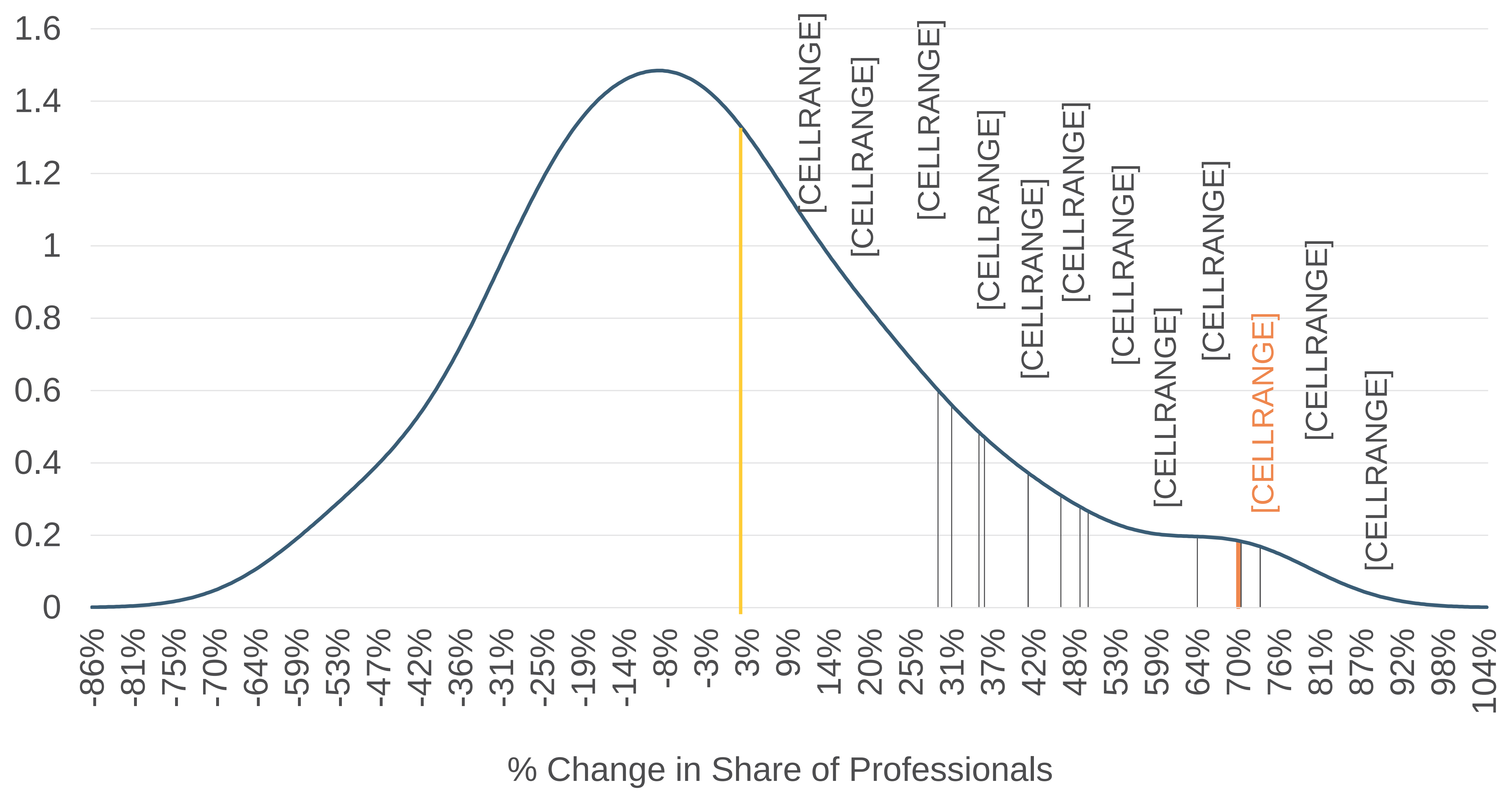
- 46% of the city-region difference
- 25% of Sunshine Coast's outperformance

Professionalisation



Data: CSQ

Professionalisation



Data: CSQ

Trend #3 Takeaway

Keep doing what you're doing. The focus should be on attracting high-skill, professional workers and the types of businesses that employ them.

Trend #4

Internal Migration Boom

Sunshine Coast, 2019

26,153	Interstate Arrivals
− 19,782	Interstate Departures
6,371	Net Interstate Migration

How You Rank

Region	NIM
Sunshine Coast	**1.7%**
Geelong	1.6%
Ipswich	1.5%
South East	1.4%
Sydney - Baulkham Hills and Hawkesbury	1.2%
Moreton Bay - North	1.2%
Moreton Bay - South	1.1%
Mid North Coast	1.0%
Brisbane Inner City	1.0%
Ballarat	1.0%
Southern Highlands and Shoalhaven	1.0%
Latrobe - Gippsland	1.0%
Melbourne - North West	0.9%
Bendigo	0.9%
Gold Coast	0.9%
Mandurah	0.9%

Note: % change on prior year population

Source: ABS, CSQ

CSQ

Origins and Destinations

Where They Come From

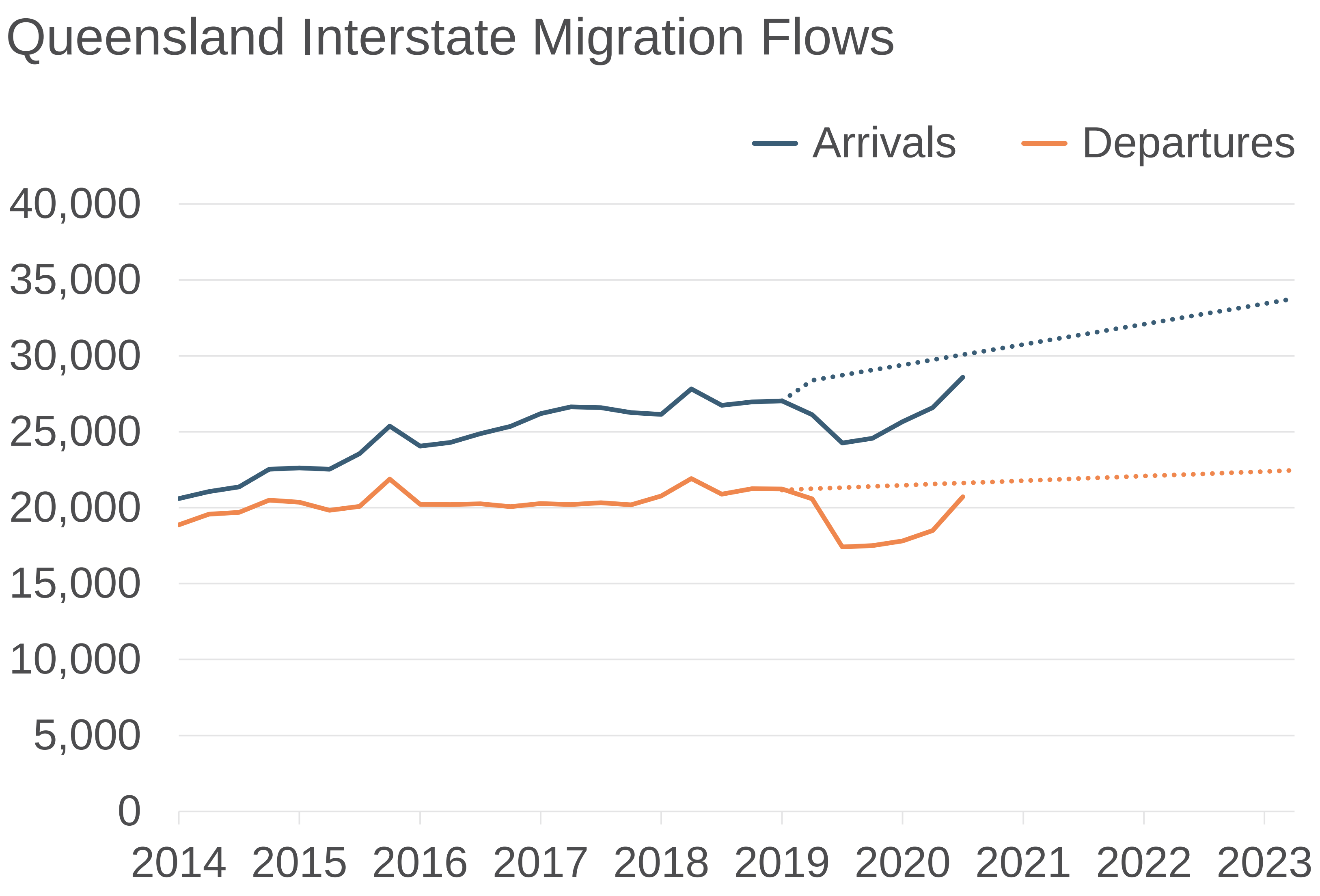
Region	No.	Share
Brisbane	8622	33.0%
Rest of Qld	7698	29.4%
Sydney	2567	9.8%
Rest of NSW	2275	8.7%
Melbourne	1689	6.5%
Rest of Vic	1000	3.8%
Perth	471	1.8%
Adelaide	398	1.5%
NT	377	1.4%
ACT	360	1.4%
Tasmania	330	1.3%
Rest of WA	268	1.0%
Rest of SA	98	0.4%

Where They Leave To

Region	No.	Share
Brisbane	7597	38.4%
Rest of Qld	6209	31.4%
Rest of NSW	1502	7.6%
Melbourne	1122	5.7%
Sydney	1003	5.1%
Rest of Vic	647	3.3%
Tasmania	354	1.8%
Perth	320	1.6%
NT	290	1.5%
ACT	226	1.1%
Adelaide	210	1.1%
Rest of WA	200	1.0%
Rest of SA	102	0.5%

Source: ABS, CSQ

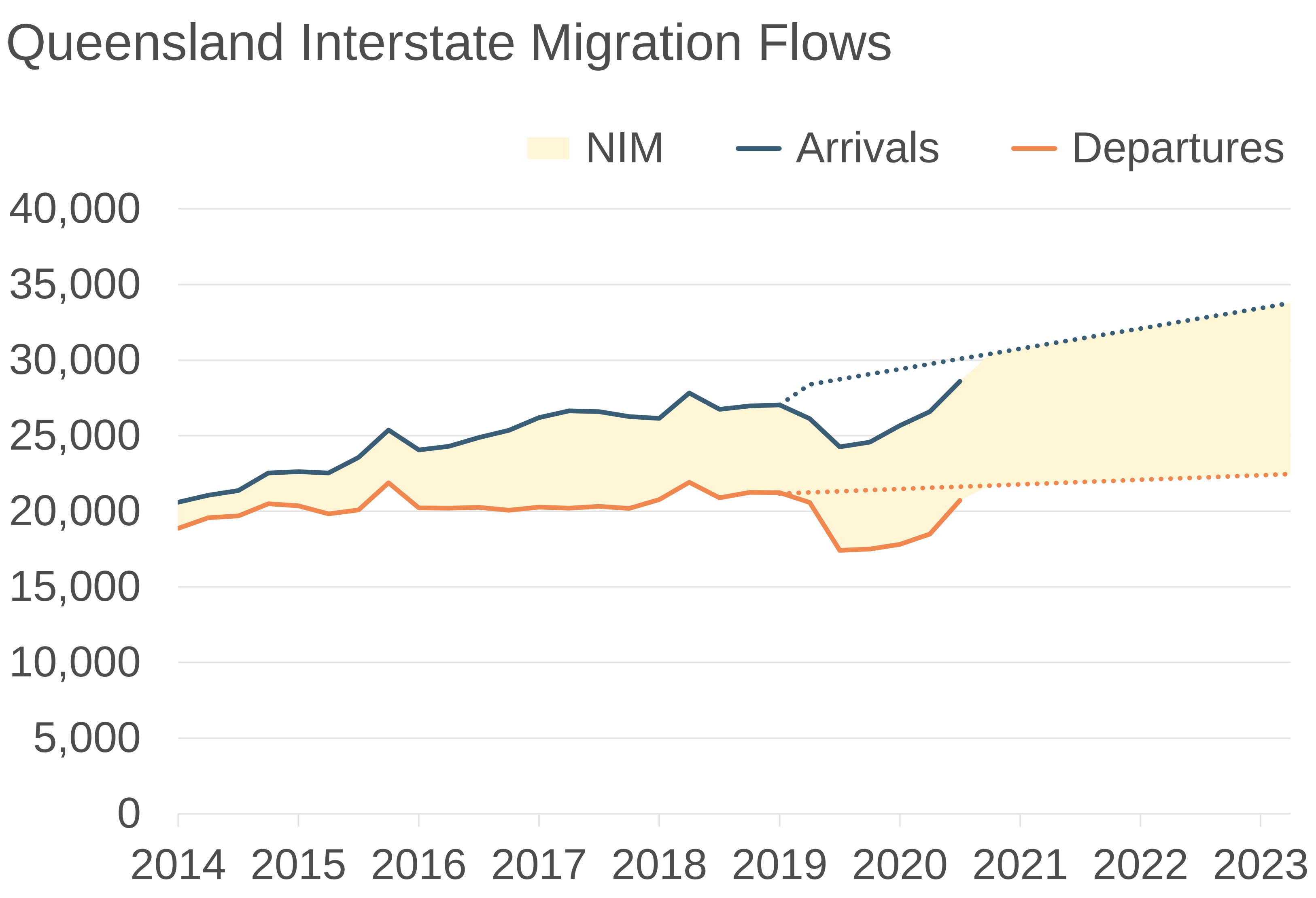
A Northern Exodus?



Note: quarterly data, year ending March

Source: ABS, CSQ

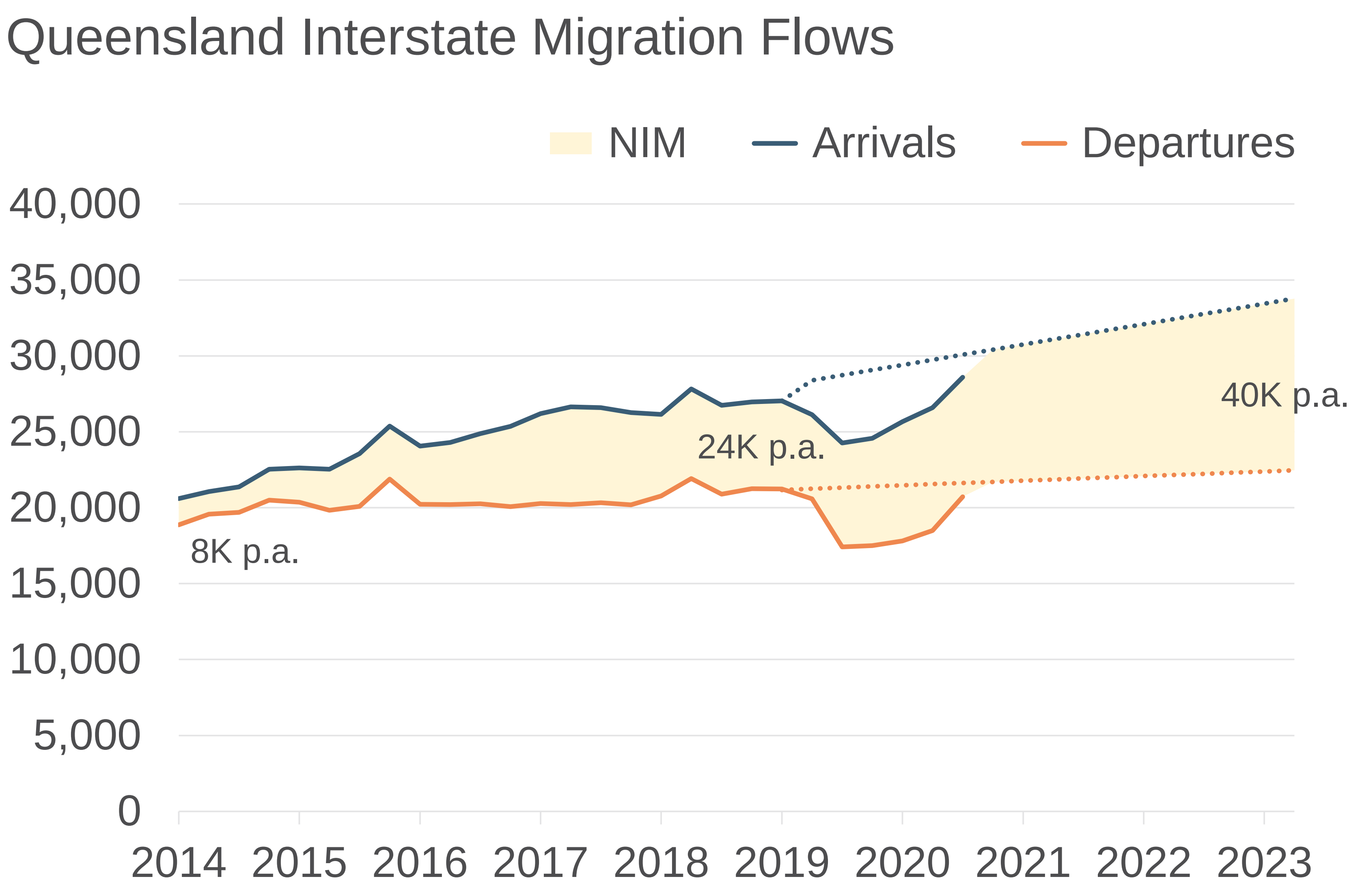
A Northern Exodus?



Note: quarterly data, year ending Sept

Source: ABS, CSQ

A Northern Exodus?



Note: quarterly data, year ending Sept

Source: ABS, CSQ

Trend #4 Takeaway

Migration to the Sunshine Coast will continue to be strong. Managing the risks of it being *too* strong should be a key priority.

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Thank You

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