URBIS

# THE CONTRIBUTION OF THE DEVELOPMENT INDUSTRY TO QUEENSLAND

**Prepared for UDIA Queensland**
**March 2018**

This study examines the contribution of the development industry to the Queensland economy, and its regions. The development industry includes organisations and individuals involved in the planning, design, and delivery of residential, commercial, retail and community property and infrastructure. This includes professions such as engineers, designers, architects, builders, tradespeople and surveyors.

In short, the development industry is involved in growing the built environment and encompasses the following activities:

- **masterplanning and design**
- **land sub-division**
- **low, medium and high density infill and greenfield residential developments**
- **urban renewal**
- **community facilities and open space**
- **commercial and retail development**
- **hotels and resorts**

For a more detailed definition of the development industry, including included and excluded activities, please see the definitions section on page 12 of this document.

The development industry's contribution to the economy was measured through four metrics:

- **employment, in the form of direct and indirect jobs**
- **value added, that is, contribution to Gross State Product (GSP) or Gross Regional Product (GRP)**
- **wages and salaries**
- **direct and indirect taxes**

Alongside Queensland as a whole, the study looks at the development industry's contribution to thirteen different regions, detailed in Table 1.

**Table 1 –** Region boundaries

| Region | LGAs included |
|---|---|
| Bundaberg | Bundaberg Regional |
| Cairns | Mareeba Shire<br>Douglas Shire<br>Tablelands Regional<br>Cairns Regional<br>Cassowary Coast Regional |
| Central Queensland | Rockhampton Regional<br>Livingstone Shire<br>Gladstone Regional |
| Fraser Coast | Fraser Coast Regional |
| Gold Coast Logan | Gold Coast City*<br>Logan City* |
| Ipswich | Ipswich City |
| Mackay Whitsunday | Mackay Regional<br>Whitsunday Regional |
| Moreton Bay | Moreton Bay Regional |
| Sunshine Coast | Sunshine Coast Regional<br>Noosa Shire |
| Toowoomba | Lockyer Valley Regional<br>Toowoomba Regional |
| Townsville | Townsville Regional<br>Charters Towers Regional<br>Hinchinbrook Shire<br>Burdekin Shire |
| Brisbane | Brisbane City |
| Redland | Redland City |

*Reported as separate regions

# QUEENSLAND OVERVIEW

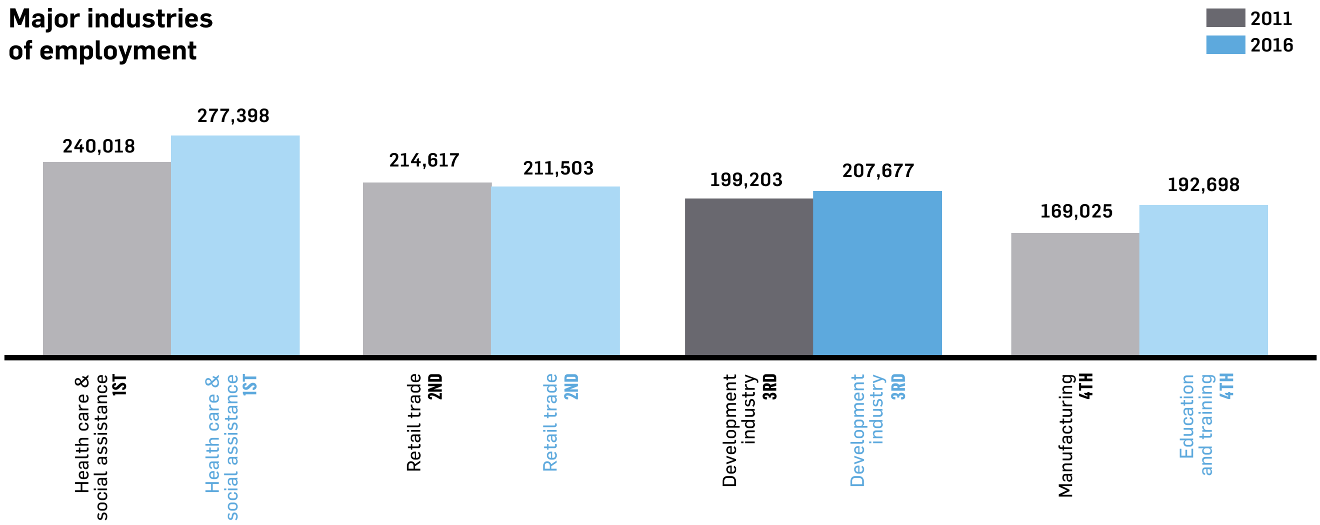

The development industry is a major contributor to the Queensland economy. As the third largest industry of employment within the State, it directly employs 10% of the Queensland workforce, and indirectly supports a further 13%. Underlining its importance to the State's economy, the development industry directly contributed $26 billion to the Queensland economy in 2017, or 8% of Queensland's GSP, and a further $35 billion through indirect economic impacts (11% of GSP).

The Urban Development Institute of Australia Queensland (the Institute) is the peak body for the development industry in Queensland. The Institute's vision is to support and grow the property development industry to create world class communities for Queenslanders. A key part of the Institute's work is working with governments at all levels to stimulate both the development industry and the economy.

The activity of the development industry forms a key part of each Queensland Government's vision for the future in terms of job creation; economic activity; and the delivery of quality, safe and connected communities. The development industry has a critical role in enabling, implementing and supporting the achievement of government policy.

For example, the development industry will play a crucial role in assisting the Queensland Government deliver its $1.8 billion Queensland Housing Strategy to boost the supply of social and affordable housing. The strategy seeks to support urban renewal, generate new jobs, provide affordable housing and drive innovative housing design that responds to contemporary housing needs.

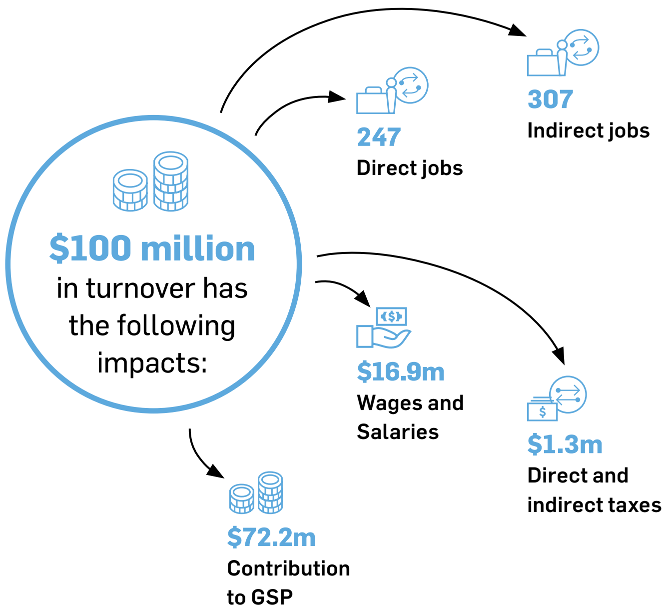
**Major industries of employment**




*Note: REMPLAN reports on total jobs, not full-time equivalents*

The development industry employs a variety of trades and professions, including:

- **2,800 architects and landscape architects**
- **8,000 architectural, building and surveying technicians**
- **2,500 bricklayers and stonemasons**
- **17,500 carpenters and joiners**
- **10,300 plumbers**



# QUEENSLAND OVERVIEW

The development industry is a consistent source of economic activity and employment for Queensland. Compared to 2011, the total number of development industry jobs has grown by 4.3%, and it remains the third highest industry of employment.

Over the same period, by comparison, other major industries in the Queensland economy have undergone major change. For example, employment within the Retail Trade sector has dropped by 1.5%, while employment within the Manufacturing sector has seen significant decline, dropping from the fourth highest employer in 2011 to the seventh in 2016, with the number of jobs declining by 24%. The stability of the development industry is a crucial part of its importance to the Queensland economy.

The development industry plays a significant role in support of local businesses - 85% of development industry expenditure is spent on local goods and services (i.e. from Queensland). This compares to the average of all Queensland industries, where only 72% of expenditure is made locally.

Going forward, the Queensland development industry is expected to be driven by continued investment in residential development to support Queensland's growing population. Close to 380,000 new homes will be required over the next ten years, as Queensland's population grows from 4.9 million to 5.7 million.[1]

The remainder of this document provides an overview of the development industry in each of the Institute's regional branches. There are differences in the standing of the development industry in each region, based on regional factors including population growth, key industries and cyclical market issues.

**Economic benefits of the development industry in Queensland**

Direct jobs
**207,677**

% of direct Queensland employment
**10.2%**

Indirect jobs
**257,962**

Contribution to GSP
**$60.8 billion**

Wages and Salaries
**$14.2 billion**

Direct and indirect taxes
**$1.1 billion**

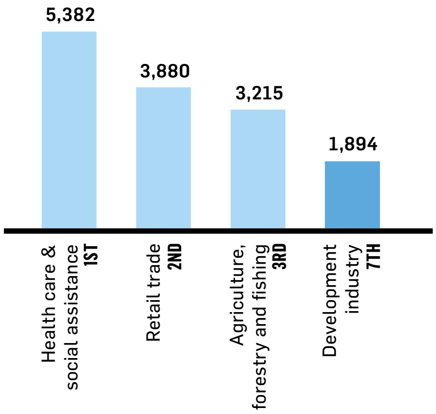
1. Queensland Government, Queensland Housing Strategy 2017-2027

# BUNDABERG


Bundaberg is a prominent agricultural region, with supporting industries such as food product manufacturing. However, the development industry has a significant presence as the seventh largest employer for the region, constituting 6.3% of total regional employment.

**LGAs included:**
Bundaberg Regional

**Employment numbers in major industries**




Direct jobs
**1,894**

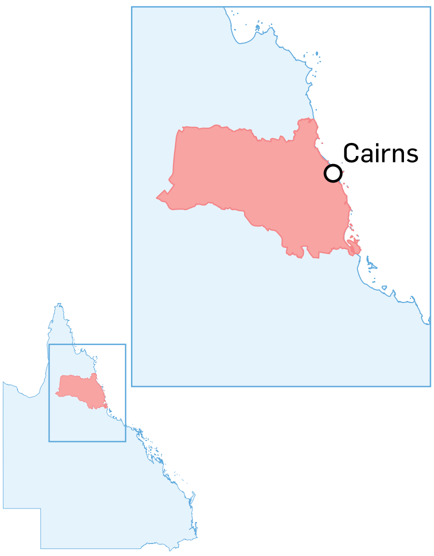
% of direct regional employment
**6.3%**

Indirect jobs
**2,323**

Contribution to GRP ($M)
**$550.0**

Wages and Salaries ($M)
**$123.3**

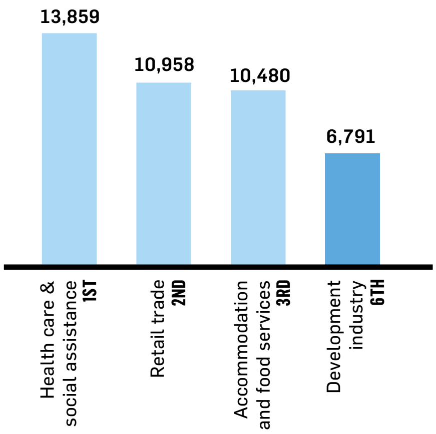
# CAIRNS




The Cairns region has experienced sustained population growth over the past 10 years, with an average annual growth rate of 1.6%, driving development in the region. The development industry directly employs close to 7,000 jobs in the region with over 8,000 jobs indirectly supported, and is the region's sixth largest employer.

**LGAs included:**
Mareeba Shire, Douglas Shire, Tablelands Regional, Cairns Regional Cassowary Coast Regional

**Employment numbers in major industries**




Direct jobs
**6,791**

% of direct regional employment
**7.0%**

Indirect jobs
**8,332**

Contribution to GRP ($M)
**$1,976.0**

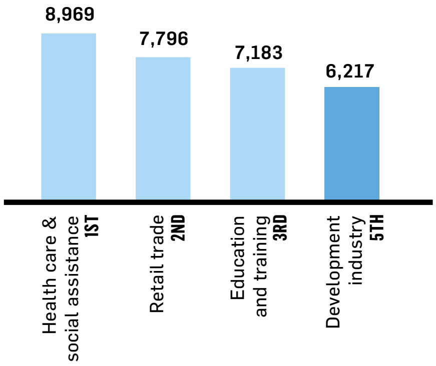
Wages and Salaries ($M)
**$454.0**

# CENTRAL QUEENSLAND


The two largest townships in the region are Rockhampton and Gladstone. Rockhampton is home to the original Central Queensland University campus, while the LNG boom has been keen driver of growth for Gladstone. The development industry is significant contributor to the Central Queensland economy, accounting for 9.0% of direct jobs.

**LGAs included:**
Rockhampton Regional, Livingstone Shire, Gladstone Regional

**Employment numbers in major industries**




Direct jobs
**6,217**

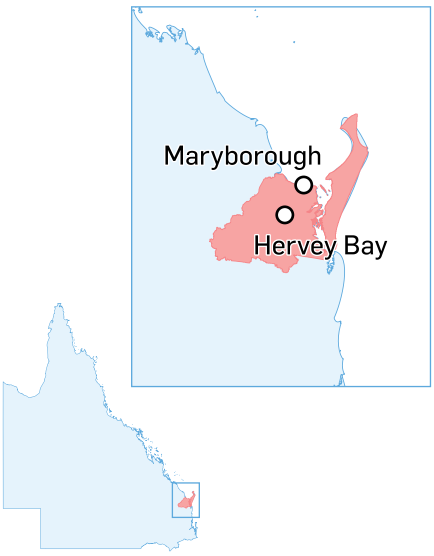
% of direct regional employment
**9.0%**

Indirect jobs
**7,333**

Contribution to GRP ($M)
**$1,758.8**

Wages and Salaries ($M)
**$461.6**

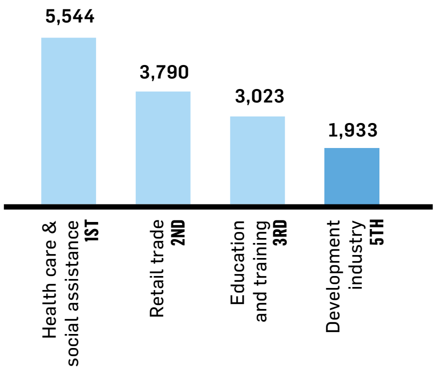
# FRASER COAST




Centred around the twin townships of Hervey Bay and Maryborough, the Fraser Coast economy is driven predominately by tourism, which in turn supports the development industry. While home to large tourism, healthcare, and education industries, the development industry is still the fifth largest industry of employment.

**LGAs included:**
Fraser Coast Regional

**Employment numbers in major industries**




Direct jobs
**1,933**

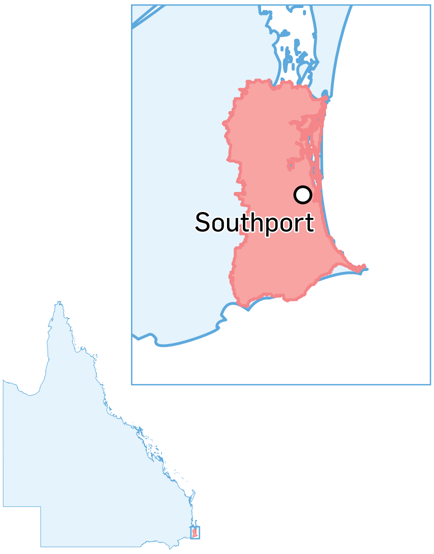
% of direct regional employment
**6.9%**

Indirect jobs
**2,365**

Contribution to GRP ($M)
**$556.3**

Wages and Salaries ($M)
**$125.3**

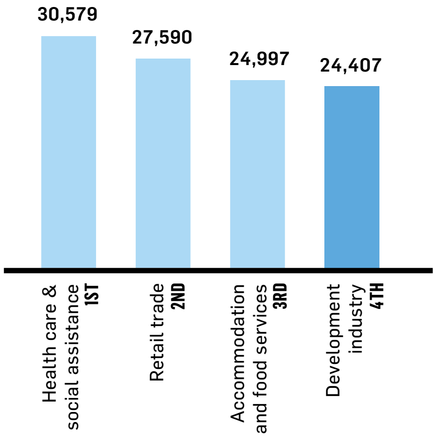
# GOLD COAST




The development industry is a major contributor to the Gold Coast economy. A rapidly growing population, with annual average growth over the past ten years of 2.1%, and major tourism and education industries are driving development activity. This is evident by the development industry being the fourth largest industry of employment, accounting for over 24,000 direct jobs and 10.9% of direct regional employment.

**LGAs included:**
Gold Coast City

**Employment numbers in major industries**




Direct jobs
**24,407**

% of direct regional employment
**10.9%**

Indirect jobs
**31,313**

Contribution to GRP ($M)
**$7,395.1**

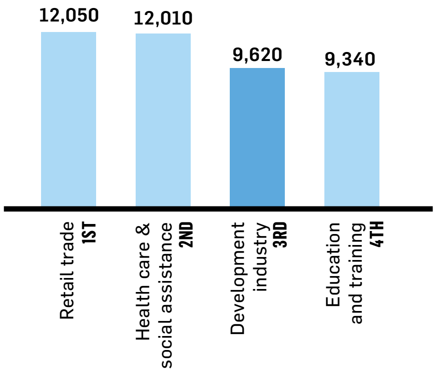
Wages and Salaries ($M)
**$1,640.4**

# LOGAN

Located to the south east of Brisbane CBD and part of the Greater Brisbane region, Logan is an area expected to undergo substantial population growth. The South-East Queensland Regional Plan has set a benchmark for over 130,000 new dwellings in Logan by 2041. The development industry is the third largest employer in Logan, and crucial to the delivery of many greenfield and infill residential projects proposed and under construction.

**LGAs included:**
Logan City

**Employment numbers in major industries**




Direct jobs
**9,620**

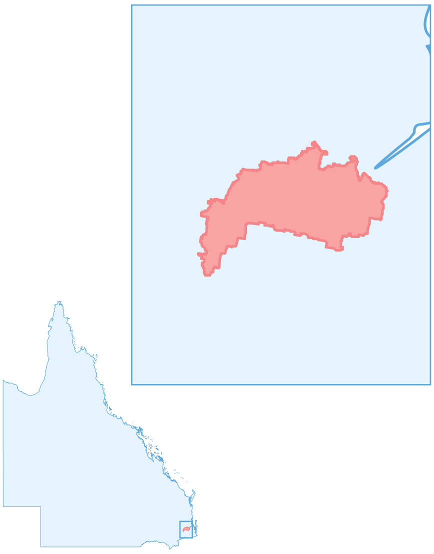
% of direct regional employment
**11.4%**

Indirect jobs
**12,231**

Contribution to GRP ($M)
**$2,814.5**

Wages and Salaries ($M)
**$608.7**

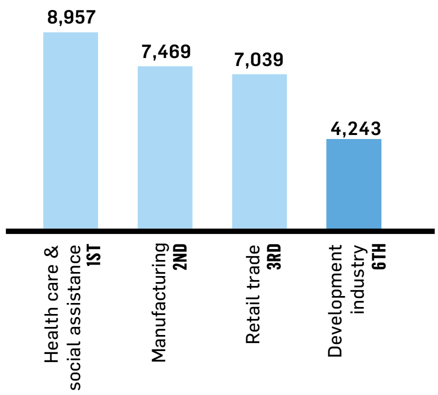
# IPSWICH



Ipswich is located to the south west of Brisbane CBD and part of the Greater Brisbane region. Like Logan, Ipswich is identified in the South East Queensland Regional Plan as an area of significant residential growth, with over 160,000 new dwellings benchmarked for completion by 2041 – an increase of 134% on existing dwellings. The development industry, employing over 4,000 people directly, and as the sixth largest industry in the region, will be crucial to the delivery of these dwellings.

**LGAs included:**
Ipswich City

**Employment numbers in major industries**




Direct jobs
**4,243**

% of direct regional employment
**7.1%**

Indirect jobs
**5,237**

Contribution to GRP ($M)
**$1,240.9**

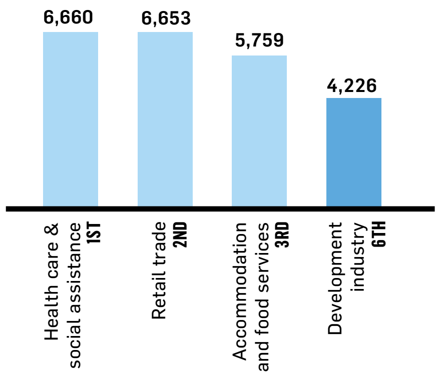
Wages and Salaries ($M)
**$289.4**

# MACKAY WHITSUNDAY


The Mackay Whitsundays region is a prominent tourism destination. Alongside tourism and healthcare industries, the development industry employs 7.3% of the total regional workforce – the sixth largest employer in the region.

**LGAs included:**
Mackay Regional, Whitsunday Regional

**Employment numbers in major industries**




Direct jobs
**4,226**

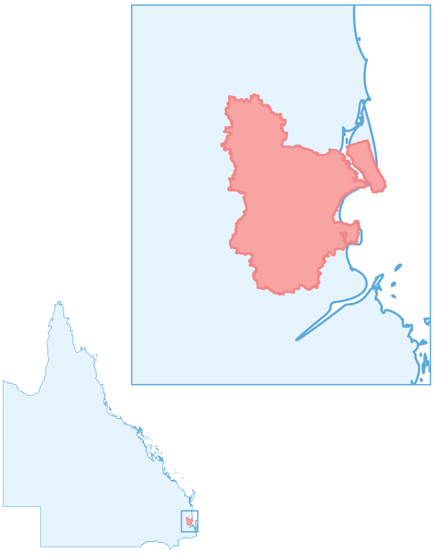
% of direct regional employment
**7.3%**

Indirect jobs
**4,982**

Contribution to GRP ($M)
**$1,191.0**

Wages and Salaries ($M)
**$290.8**

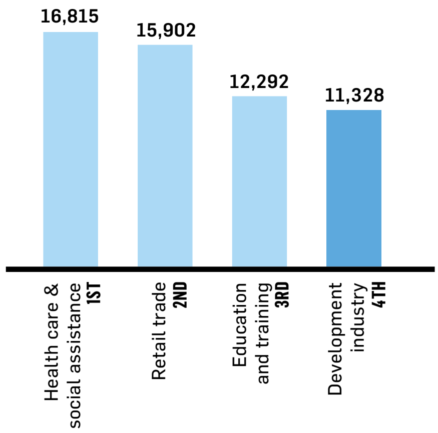
# MORETON BAY



Moreton Bay is home to several expanding urban centres including North Lakes, Morayfield and Narangba. As part of the South East Queensland Regional Plan, the population of Moreton Bay is forecast to grow by 35% and accommodate an additional 140,000 new dwellings by 2041. The development industry will continue to play a significant role in the area. The industry is currently the fourth largest employer, accounting for 10.5% of regional employment.

**LGAs included:**
Moreton Bay Regional

**Employment numbers in major industries**




Direct jobs
**11,328**

% of direct regional employment
**10.5%**

Indirect jobs
**14,158**

Contribution to GRP ($M)
**$3,296.3**

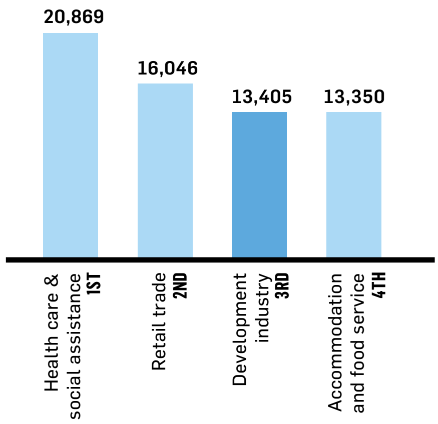
Wages and Salaries ($M)
**$728.9**

# SUNSHINE COAST


The Sunshine Coast is experiencing major population growth, at an annual average rate of 2.0% over the past 10 years, and accompanying development. Continued large scale development in the region sees the development industry as the third largest employer, accounting for 13,405 direct jobs.

**LGAs included:**
Sunshine Coast Regional, Noosa Shire

**Employment numbers in major industries**




Direct jobs
**13,405**

% of direct regional employment
**10.7%**

Indirect jobs
**16,863**

Contribution to GRP ($M)
**$3,944.5**

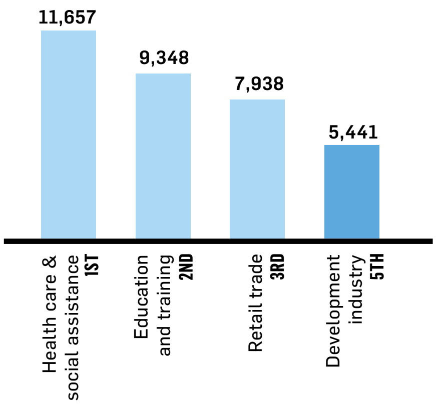
Wages and Salaries ($M)
**$893.6**

# TOOWOOMBA


Toowoomba is the second largest inland city in Australia after Canberra, and is an important agricultural hub. The development industry is the fifth largest employer in the region, accounting for 7.0% of direct regional employment.

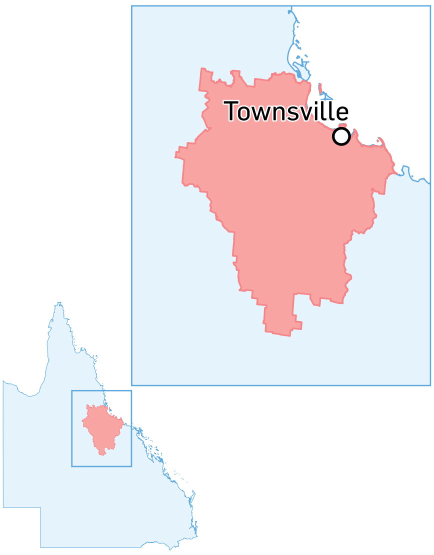
**LGAs included:**
Lockyer Valley Regional, Toowoomba Regional

**Employment numbers in major industries**




| Direct jobs | % of direct regional employment | Indirect jobs | Contribution to GRP ($M) | Wages and Salaries ($M) |
|---|---|---|---|---|
| **5,441** | **7.0%** | **6,902** | **$1,609.2** | **$364.0** |

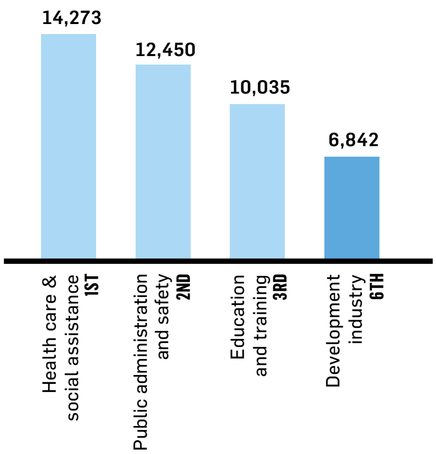
# TOWNSVILLE




Townsville is undergoing strong population growth, at an average rate of 2.0% over the past 10 years. This population growth will support activity in the development industry – currently the region's sixth largest employer and accounting for 7.3% of all jobs.

**LGAs included:**
Townsville Regional, Charters Towers Regional, Hinchinbrook Shire, Burdekin Shire

**Employment numbers in major industries**



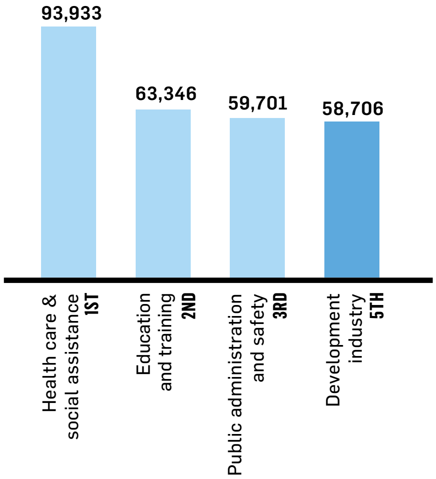

| Direct jobs | % of direct regional employment | Indirect jobs | Contribution to GRP ($M) | Wages and Salaries ($M) |
|---|---|---|---|---|
| **6,842** | **7.3%** | **8,366** | **$1,986.8** | **$471.9** |

# BRISBANE


As Australia's third largest city, Brisbane is home to a large and well-established development industry, employing 9% of the city's workforce. It is the city's fifth largest employer, accounting for 59,000 direct jobs and supporting a further 72,000 jobs indirectly.

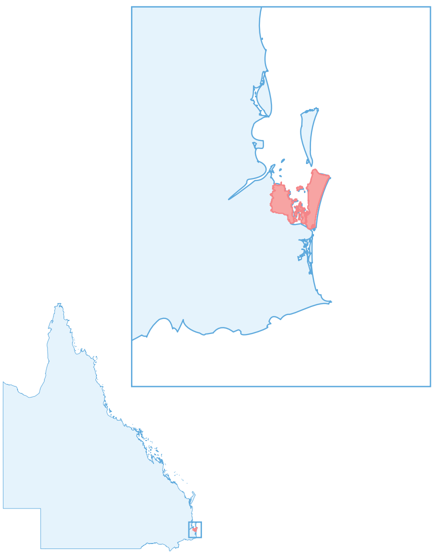
**LGAs included:**
Brisbane City

### Employment numbers in major industries




| Direct jobs | % of direct regional employment | Indirect jobs | Contribution to GRP ($M) | Wages and Salaries ($M) |
|---|---|---|---|---|
| **58,706** | **8.6%** | **71,909** | **$17,470.8** | **$4,535.7** |

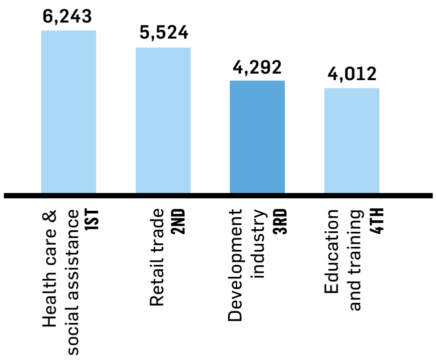
# REDLAND



Redland LGA, to the east of Brisbane CBD, is part of the Greater Brisbane region. The development industry is a major contributor to economic activity in the region, it is the region's third largest employer, accounting for over 11% of total employment, and contributing $1.2 billion in direct and indirect GRP.

**LGAs included:**
Redland City

### Employment numbers in major industries




| Direct jobs | % of direct regional employment | Indirect jobs | Contribution to GRP ($M) | Wages and Salaries ($M) |
|---|---|---|---|---|
| **4,292** | **11.1%** | **5,277** | **$1,234.5** | **$277.3** |

# DEFINITIONS

This section outlines in detail the professions and occupations included as part of the development industry, and a glossary of terms referred to throughout the report.

### The development industry codes

The development industry was defined using the following Australian Bureau of Statistics (ABS) Australian and New Zealand Standard Industrial Classification (ANZSIC) industry divisions, subdivisions, groups and classes:

- **Division E – Construction:**

  **INCLUDED**

  – all of **Subdivision 30 Building Construction,** which includes residential and non-residential building construction, alterations, additions and maintenance

  – all of **Subdivision 32 Construction Services,** which includes land development and site preparation services, building structure services such as concreting and roofing, building installation services such as plumbing and electrical services, building completion services, and other construction services

  **EXCLUDED**

  – excluded activities are from **Subdivision 31 Heavy and Civil Engineering Construction,** which includes road and bridge construction and other infrastructure such as sport facilities and utilities.

- **Division L – Rental, Hiring and Real Estate Services:**

  **INCLUDED**

  – included from Subdivision 67 Property Operators and Real Estate Services is **Group 671 Property Operators**. This covers the renting of leasing of residential and non-residential property by owner lessors or those who sublease properties of which they are themselves lessees

  **EXCLUDED**

  – excluded activities from Subdivision 67 Property Operators and Real Estate Services are from **Group 672 Real Estate Services,** which covers all workers engaged in valuing, purchasing, selling, managing or renting real estate **for others**

  – other excluded activities are from **Subdivision 66 Rental and Hiring Services (except Real Estate)**, which covers the renting and hiring of other items such as motor vehicles, equipment and licences.

- **Division M – Professional, Scientific and Technical Services:**

  **INCLUDED**

  – under **Group 692 Architectural, Engineering and Technical Services:**
    - **Class 6921 Architectural Services** including the planning and design of building, structures and land
    - **Class 6922 Surveying and Mapping Services**
    - **Class 6923 Engineering Design and Engineering Consulting Services**

  **EXCLUDED**

  – excluded activities under Group 692 include **Class 6924 Other Specialised Design Services** and **Class 6925 Scientific Texting and Analysis Services** which cover activities such as graphic design and physical or chemical testing

  – all other professional services are excluded, such as legal, accounting, advertising, and consulting services.

# GLOSSARY

**Table 2** – Glossary of terms

| Term | Definition |
|---|---|
| Direct employment | Workers directly employed in the development industry, such as planners, architects, and builders |
| Indirect employment | Workers employed indirectly as a result of activity in the development industry. For example, finance and insurance firms, business services, and manufacturers providing goods and services in support of the development industry. |
| Jobs | Refers to all people employed in an industry, including full-time and part-time workers. |
| Gross State Product (GSP)/Gross Regional Product (GRP) | A measure of the total value added to the economy from goods or services produced in the State or Region over a given time period. It is a measure of overall economic activity from all industries in a region. |
| Value added (Contribution to GSP/GRP) | Value added is the measure of the value of goods or services produced in a sector of an economy. It is used to measure the contribution that a specific industry makes toward total GSP/GRP. In this study, the direct and indirect contribution of the development industry are recorded together as a single contribution to GSP/GRP. |
| Wages and Salaries | A component of value added, this is a measure of wages and salaries paid to employees directly employed in the development industry. |
| Direct and indirect taxes | Includes all taxes that firms incur as a result of engaging in production including taxes related to payroll or workforce numbers; recurrent taxes on land, buildings or other structures; some business and professional licences; taxes on the use of fixed assets or other activities; stamp duties; taxes on pollution; taxes on international transactions; and taxes payable per unit of good or service. Does not include income tax paid by individual employees. |

# METHODOLOGY

Data on direct employment in the development industry for each region and Queensland was gathered from the 2016 ABS Census Place of Work dataset. The Place of Work dataset counts workers by region of work, rather than place of residence. Of note, 19% of Queensland development industry workers have no fixed work address. These workers are counted under the state-wide total but are not included under any specific region.

Employment data was gathered at the industry division, sub-division, group and class level so as to develop a robust estimate of employment within the development industry. Employment data was then inputted into REMPLAN, providing outputs on indirect employment, direct and indirect contribution to GRP, wages and salaries, and direct and indirect taxes.

The REMPLAN input-output model was used to calculate the economic impacts of the development industry. REMPLAN can assess region-specific direct and indirect implications of actual or planned economic activity across industry sectors in terms of employment, wages and salaries, output (turnover) and value-added (GSP/GRP). A region can be defined at a national, state or Local Government Area level.

When assessing indirect effects for this report, only industrial flow-on effects have been included (the increased activity generating by servicing industry sectors in response to the direct change in output). Consumption flow-on effects – the additional income to households as a result of increased output that is used for consumption in the local economy – have been excluded as these are prone to overstate impacts on economic activity.

Research and analysis on the state of the development industry and major projects underway across Queensland and each region was taken from a variety of sources, including the Queensland Department of Local Government, Racing and Multicultural Affairs; Queensland State Budget 2018; the ABS; and relevant local council websites.

# ECONOMIC IMPACT ACCRUING FROM $10M IN TURNOVER

This section outlines the economic impacts accruing from $10 million in turnover, for each region.

**Table 3** – Economic impact of $10m in turnover

| Region | Direct Employment | Indirect Employment | Wages and Salaries ($M) | Contribution to GSP ($M) |
|---|---|---|---|---|
| Queensland | 25 | 31 | 1.7 | 7.2 |
| Bundaberg | 25 | 31 | 1.6 | 7.2 |
| Cairns | 25 | 31 | 1.7 | 7.2 |
| Central Queensland | 26 | 30 | 1.9 | 7.3 |
| Fraser Coast | 25 | 31 | 1.6 | 7.2 |
| Gold Coast | 24 | 31 | 1.6 | 7.2 |
| Logan | 24 | 31 | 1.5 | 7.2 |
| Ipswich | 25 | 31 | 1.7 | 7.2 |
| Mackay Whitsunday | 26 | 30 | 1.8 | 7.3 |
| Moreton Bay | 25 | 31 | 1.6 | 7.2 |
| Sunshine Coast | 25 | 31 | 1.6 | 7.2 |
| Toowoomba | 24 | 31 | 1.6 | 7.2 |
| Townsville | 25 | 31 | 1.7 | 7.2 |
| Brisbane | 25 | 30 | 1.9 | 7.3 |
| Redland | 25 | 30 | 1.9 | 7.3 |

# SUMMARY STATISTICS

**Table 4** – Key statistics by region

| Region | Direct jobs | % of Direct Employment | Indirect Jobs | Contribution to GRP ($M) | Wages and Salaries ($M) |
|---|---|---|---|---|---|
| Queensland | 207,677 | 10.2% | 257,962 | 60,774 | 14,210 |
| Bundaberg | 1,894 | 6.3% | 2,323 | 550 | 123 |
| Cairns | 6,791 | 7.0% | 8,332 | 1,976 | 454 |
| Central Queensland | 6,217 | 9.0% | 7,333 | 1,759 | 462 |
| Fraser Coast | 1,933 | 6.9% | 2,365 | 556 | 125 |
| Gold Coast | 24,407 | 10.9% | 31,313 | 7,395 | 1,640 |
| Logan | 9,620 | 11.4% | 12,231 | 2,815 | 609 |
| Ipswich | 4,243 | 7.1% | 5,237 | 1,241 | 289 |
| Mackay Whitsunday | 4,226 | 7.3% | 4,982 | 1,191 | 291 |
| Moreton Bay | 11,328 | 10.5% | 14,158 | 3,296 | 729 |
| Sunshine Coast | 13,405 | 10.7% | 16,863 | 3,945 | 894 |
| Toowoomba | 5,441 | 7.0% | 6,902 | 1,609 | 364 |
| Townsville | 6,842 | 7.3% | 8,366 | 1,987 | 472 |
| Brisbane | 58,706 | 8.6% | 71,909 | 17,471 | 4,536 |
| Redland | 4,292 | 11.1% | 5,277 | 1,235 | 277 |

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