

Residential Development Review

A monitor of housing development,
land supply and transport infrastructure

South East Queensland Edition

January–June 2019



About this publication

The Residential Development Review is a half-yearly publication prepared by Mecone in partnership with the Urban Land Institute. It presents information and statistics relevant to the residential development market in major Australian cities. Analysis and commentary is included on the topics of residential development activity, greenfield planning and release, and significant infrastructure projects.

About Mecone

Mecone is a leading urban planning, policy and development advisory consultancy with offices in Sydney, Western Sydney, Brisbane and Melbourne. Favouring balance between human needs and the natural environment, Mecone provides practical, economically viable and sustainable advice and development services to private sector and government clients.

Mecone is highly experienced in the provision of statutory and strategic planning services, policy advice, urban graphics and mapping in New South Wales, Victoria and Queensland. Mecone is a leader in Urban Analytics and Policy, having worked on some of the largest and highest profile projects in Australia.

Our highly skilled team provide urban planning services across numerous sectors in the property development industry including residential, retail, and mixed use, industrial and commercial, transport and infrastructure, tourism and recreation.

Mecone's Mosaic mapping tool for property and planning info is available for free at mecone.com.au/mosaic.

For more information on Mecone, visit mecone.com.au or contact info@mecone.com.au.

About the Urban Land Institute

The Urban Land Institute is a nonprofit education and research institute supported by its members. Its mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

Established in 1936, the institute has more than 45,000 members worldwide representing all aspects of land use and development disciplines, including more than 2,300 in the Asia Pacific Region.

A multidisciplinary real estate forum, ULI facilitates an open exchange of ideas, information and experience among industry leaders and policy makers dedicated to creating better places.

ULI Australia operates District Councils in Sydney, Brisbane and Melbourne, delivers regular content-rich events, forums and study tours (including two international study tours), participates in and contributes to global advisory panels and summits, and delivers the internationally recognised Urban Innovation Ideas Competition.

For more information on ULI, visit australia.uli.org or contact australia@uli.org.

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Highlight

January–June 2019



This is the second edition of the South East Queensland (SEQ) Residential Development Review by Mecone. This overview publication aims to provide key statistics and observations on the outlook for growth in SEQ, focusing on dwelling approvals, land supply and uptake, and infrastructure planning and delivery across the region.

SEQ accommodates approximately 70% of Queensland's population and is expected to grow by an additional 1.9 million people by 2041. The *South East Queensland Regional Plan 2017 (ShapingSEQ)*, the preeminent planning instrument for SEQ, establishes growth benchmarks for each local government area (LGA). This review summarises progress against these benchmarks and provides insight into trends in growth across the region.

Since 2015, there has been a general downward trend in the number of dwelling approvals in SEQ. The period of December 2018 – June 2019 saw this trend continue at a more rapid rate. The decline is primarily attributed to a significant decrease in attached dwelling approvals across all local government areas, with the rate of semi-detached and detached dwelling approvals remaining consistent.

Infrastructure provision throughout the region has primarily focussed on the delivery of road infrastructure upgrades. Projects such as the Kingsford Smith Drive upgrade, Gateway / M1 Merge rectification, Coomera Connection and M1 South upgrades are all in various stages of completion or construction. Public transport projects such as the Cross River Rail, Brisbane Metro, Stage 3 of the Gold Coast Light Rail and Sunshine Coast Light Rail continue to progress through detailed planning to early construction phases.

We trust this publication is of interest and provides insight into growth across the region and is helpful when considering future development in SEQ. Should further detail be sought, please contact our office and we would be happy to discuss.

Ben Hendriks
Managing Director

Simon Forsyth
Practice Director (QLD)

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Growth outlook

SEQ to 2041

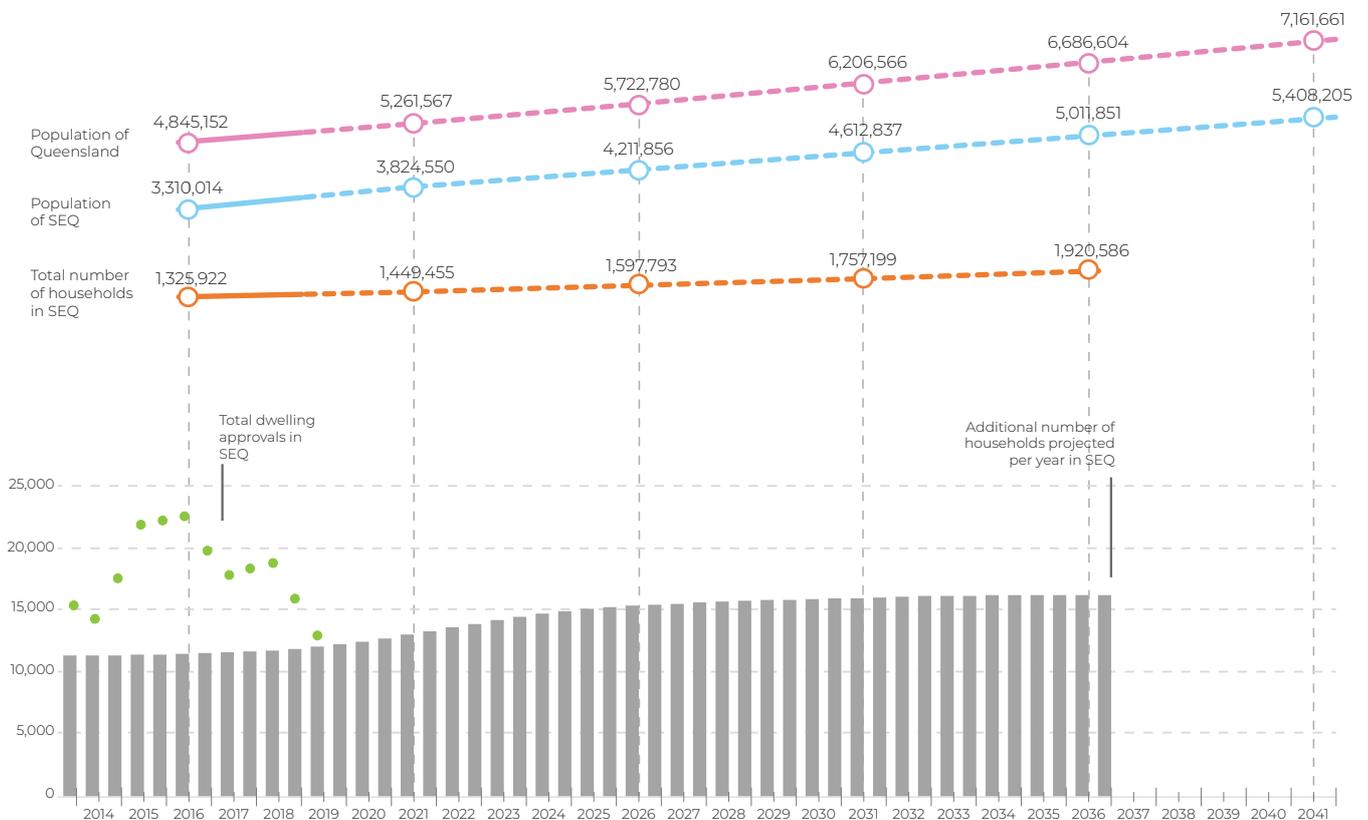
From 2016 to 2041 the medium projection for population growth in Queensland is an increase of 2.31 million people, with a current growth rate of 1.9% per annum. SEQ will accommodate the majority of this growth, with the region expecting to grow by approximately 1.9 million people in the same period. Not only does SEQ accommodate a significant portion of the State's population, but this portion is also predicted to increase from 68% in 2016 to 75% in 2041.

The key drivers for growth being overseas migration, interstate migration and natural increase continue to be stable with overseas migration accounting for almost 50% of all growth. Interstate migration is also a key factor, with over 20% of Queensland's growth attributed to the flow of people from the southern states. Natural increase accounts for around 33% of growth, which is reflective of the fertility rate of 1.8 children per woman.

As is evident in other states of Australia, the population in SEQ is predicted to have a greater proportion of individuals over the age of 50, creating demand for different housing stock, more home-based services and a growing reliance on public transport infrastructure.

It is estimated that approximately 794,000 additional dwellings will be required in SEQ by 2041 to accommodate the additional population. A historic growth rate of 2.2% (or 67,000 people) per annum is expected to increase over the next 25 years, driven by lifestyle factors and employment opportunities.

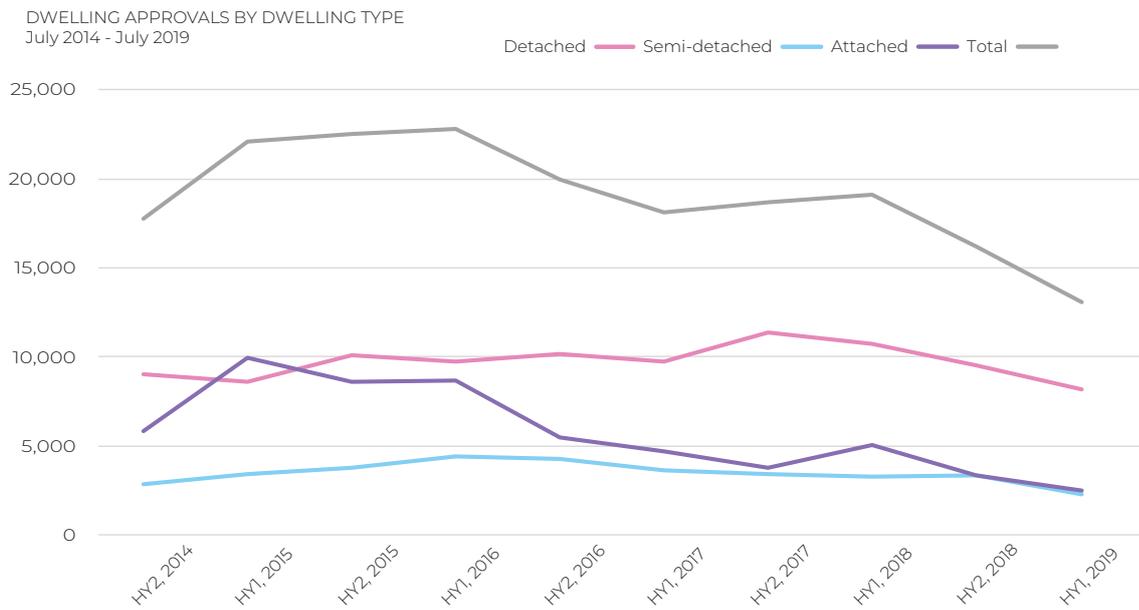
Historical dwelling approval data identifies that SEQ has kept up with the requirements of growth within the region. However, we have seen a downward trend in total dwelling approvals since 2016, this combined with the lag in delivery of built form from the time of approval may lead to housing shortage and affordability pressures in SEQ.



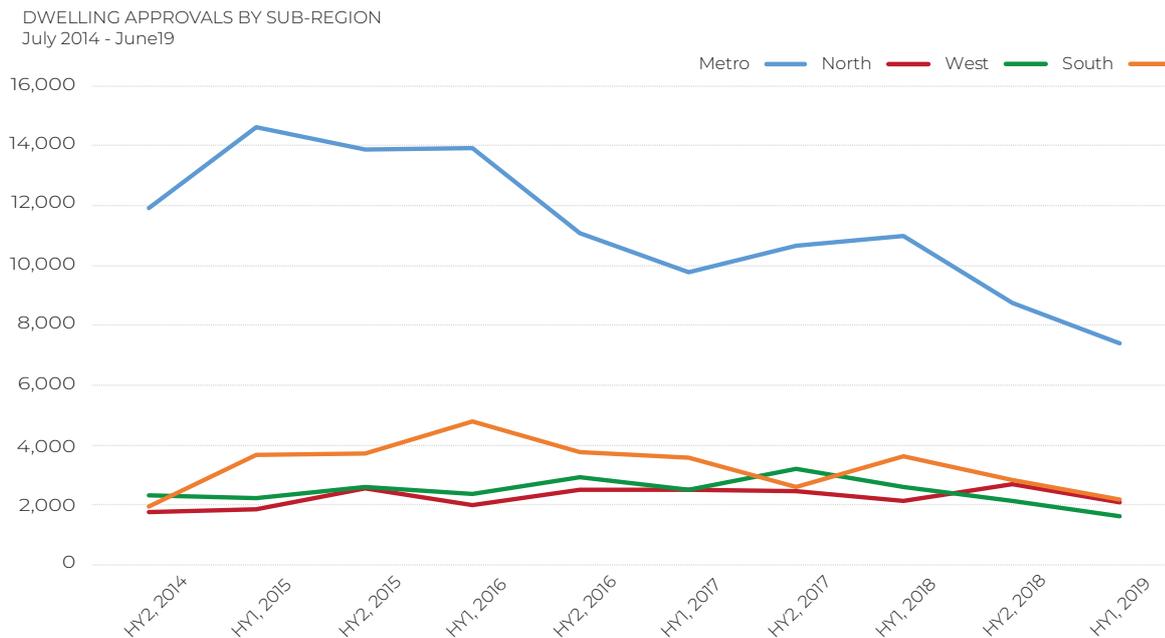
Sources:
 Australian Bureau of Statistics - 8731.0 - Building Approvals, Australia (ABS.Stat)
 QCSO - Projected population, by local government area, Queensland, 2016 to 2041 (latest: 2018 edition)
 QCSO - Projected population (medium series), by statistical area level 2 (SA2), SA3 and SA4, Queensland, 2016 to 2041 (latest: 2018 edition)
 QCSO - Estimated resident population by regional planning area, Queensland, 2001 to 2003p (Archived)
 QCSO - Projected households (medium series), by household type, 2011 to 2036

Trends in dwelling supply

July 2014 to June 2019



Source: Australian Bureau of Statistics - 8731.0 - Building Approvals, Australia (ABS.Stat)



Source: Australian Bureau of Statistics - 8731.0 - Building Approvals, Australia (ABS.Stat)

The first 6 months of 2019 has seen a reduction in the overall number of dwelling approvals across SEQ. All product type approvals have declined to levels lower than 2015 with all sub-regions in SEQ experiencing a downturn in approval numbers.

The continued decline in dwelling approvals in the Metro sub-region of SEQ (Brisbane, Logan, Moreton Bay and Redland) drives the reduction in overall dwelling approvals throughout the region. The most

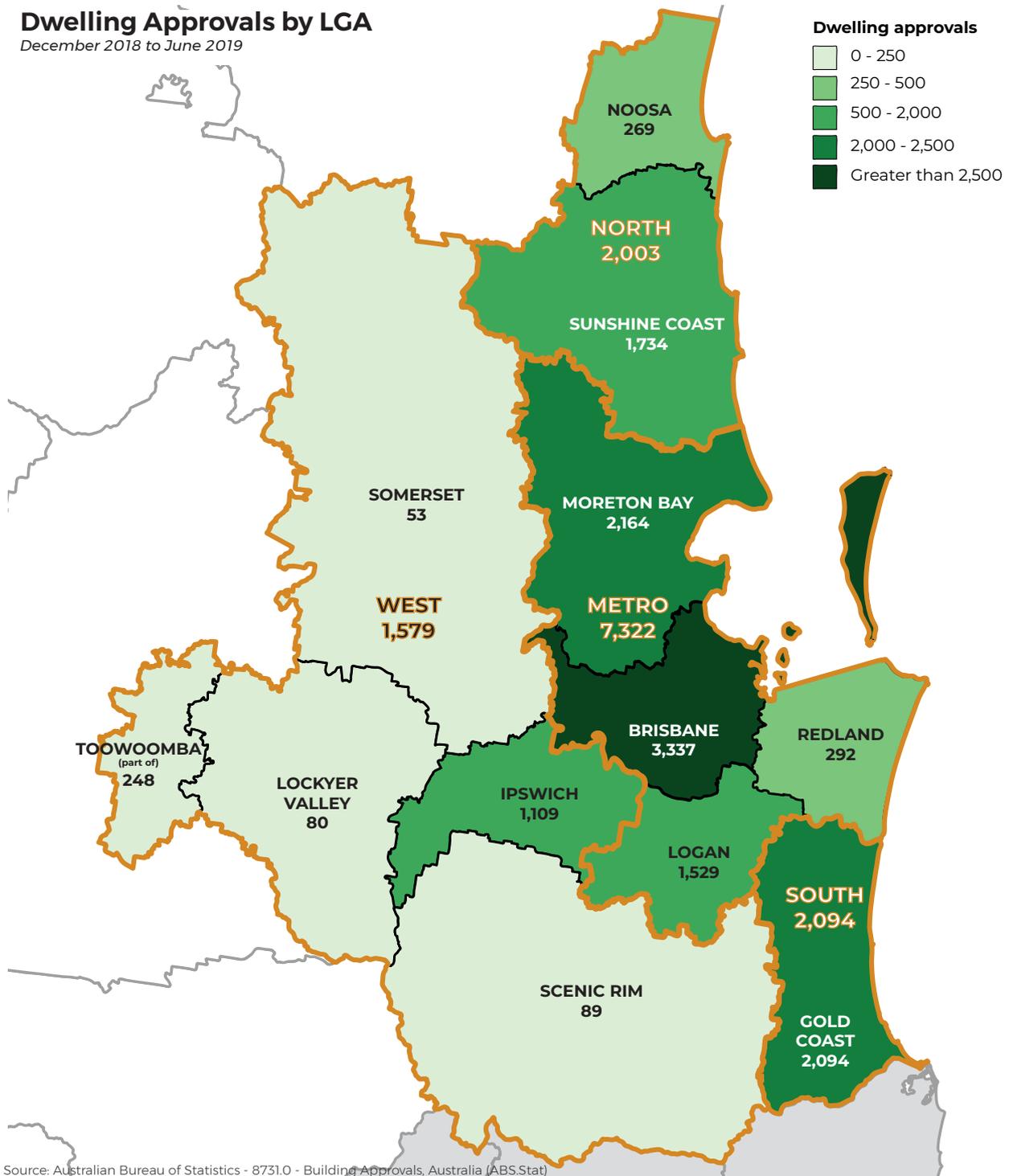
pronounced area of reduction is in the attached and semi-detached product, with detached dwellings continuing to maintain a relatively consistent position. The South sub-region (Gold Coast) and West sub-region (Ipswich, Somerset, Scenic Rim, Lockyer Valley, Toowoomba) have also seen a continued fall in overall dwelling approvals, while the North sub-region (Sunshine Coast, Noosa) has experienced a downturn in the first half of 2019.

Dwelling Approvals

A review of development approvals in each local government area over the last 6 months (1 January 2019 - 30 June 2019)

Dwelling Approvals by LGA

December 2018 to June 2019



Brisbane has seen the greatest number of approvals out of the SEQ LGAs in the first 6 months of 2019 with 3,337 approvals (down from 4,281). Brisbane is followed by Moreton Bay (2164, up from 2099), the Gold Coast (2,094, down from 2,769) and the Sunshine Coast (1,734, down from 2,428).

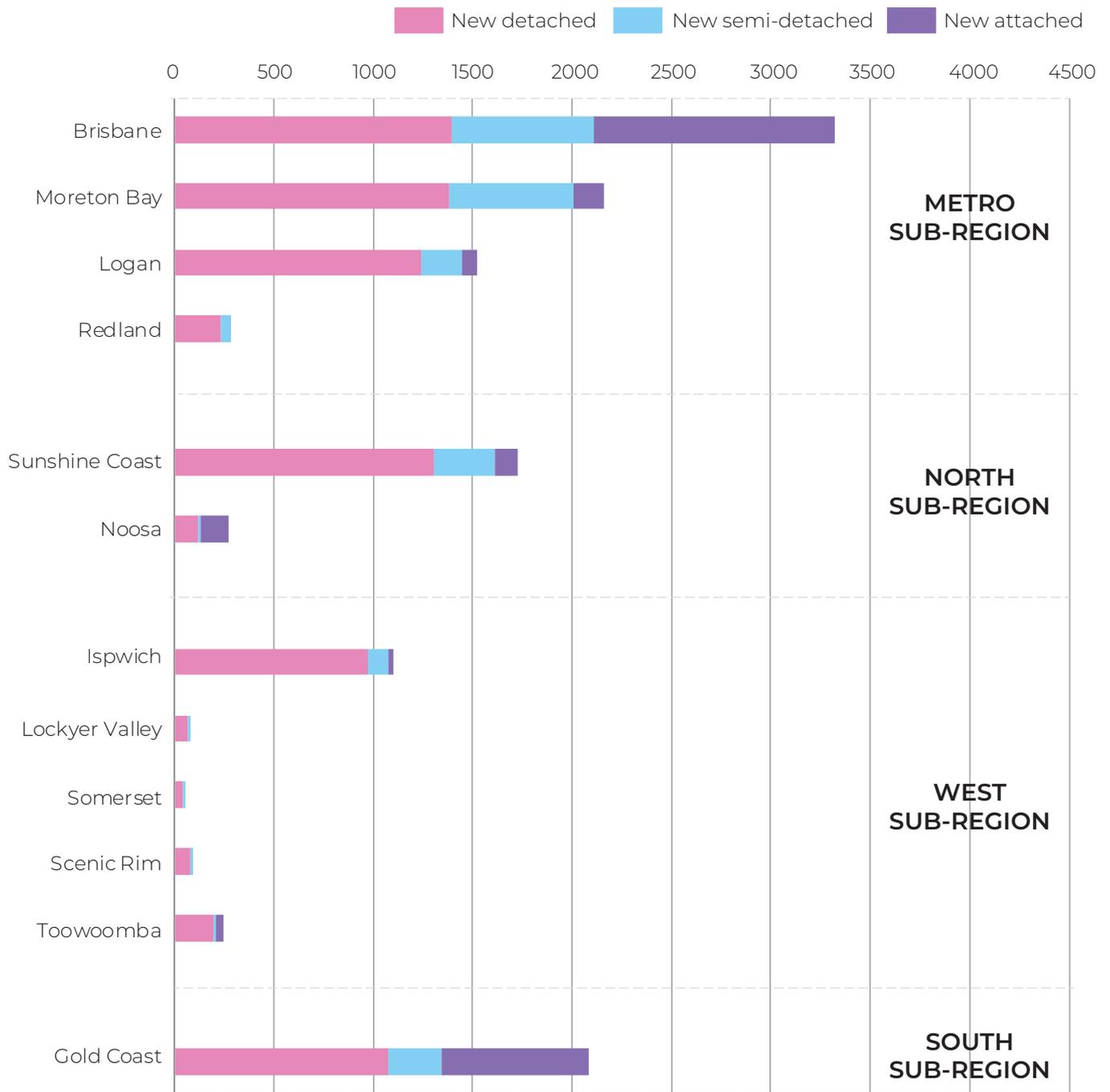
The Metro sub-region is the lead generator of dwelling approvals, with 7,322 approvals across Brisbane, Moreton Bay, Logan and Redland (down 1,346 approvals from the

previous 6 months). While Brisbane saw a distribution of dwelling typologies, approvals in Moreton Bay, Logan and Redland were predominantly comprised of detached dwellings. This aligns with the trends across SEQ discussed earlier.

The South sub-region (Gold Coast) saw a reduction in dwelling approvals of 675 from 2,769 in the previous 6 month period - the majority of those in attached product.

Dwelling Approvals by type

December 2018 - June 2019



Source: Australian Bureau of Statistics - 8731.0 - Building Approvals, Australia (ABS Stat)

The North sub-region (Sunshine Coast and Noosa) saw approval of 2,003 dwellings (down 632 from the previous period) with the Sunshine Coast delivering the majority of this approval stock. The dominant form of housing stock in this sub-region is detached dwellings, with both Noosa and the Sunshine Coast delivering lower approvals across semi-detached and attached product.

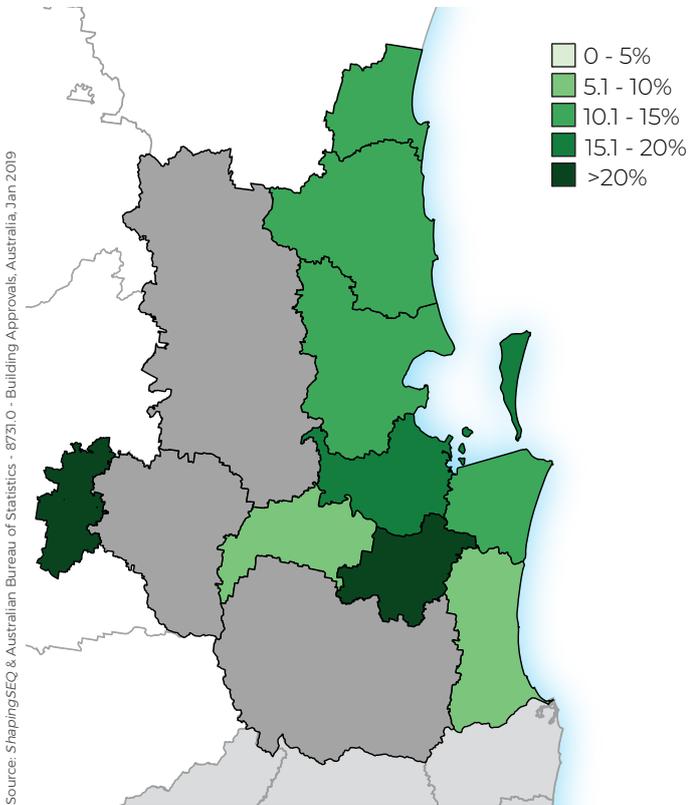
The West sub-region is primarily an expansion sub-region with very little semi-detached or attached dwelling

approvals. Ipswich is the primary growth local authority with 1,109 dwelling approvals, followed by the urban extent of Toowoomba providing 248 dwelling approvals. The large rural local authorities of Scenic Rim, Lockyer Valley and Somerset are low growth areas having provided a combined approval base of 222 dwellings in the 6 month period. Overall, this sub-region was down 536 dwelling approvals from the previous 6-month period.

Progress toward 2041 benchmarks

A review of progress toward the 2041 dwelling benchmarks, based on approval data from 1 July 2016 to 1 July 2019. Benchmarks are set within (consolidation) and outside (expansion) the existing urban area (EUA). Ideally, local authorities will have hit 12% benchmarks by 1 July 2019 to be on track to delivering the required dwelling supply by 2041.

Consolidation benchmarks

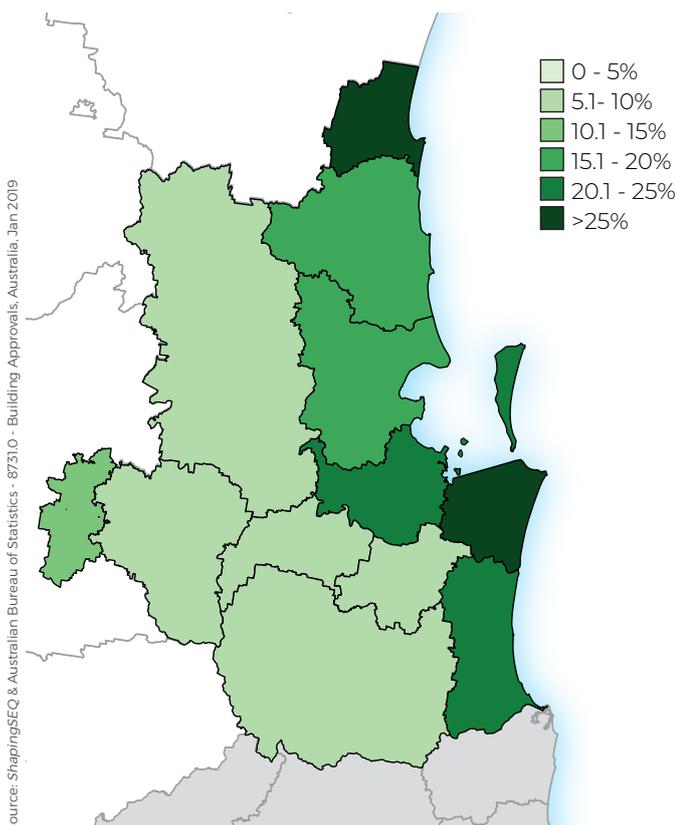


The delivery of dwellings within the EUA is the primary target for growth across Brisbane, Gold Coast, Moreton Bay, Noosa, Redland and the Sunshine Coast. The data shows most local authorities continue to exceed the average number of yearly approvals required to meet the 2041 consolidation benchmark. Notwithstanding, should the downward trend in dwelling approvals (particularly in attached housing stock) continue, these consolidation focused LGAs risk falling behind in their benchmarks in the coming years.

Local Government Area	Benchmark	Approvals
Brisbane	176,800	28,581
Moreton Bay	48,200	7,003
Logan	19,900	4,092
Redland	12,500	1,754
Sunshine Coast	53,700	7,575
Noosa	4,800	637
Ipswich	27,900	1,847
Toowoomba (urban extent)	3,200	880
Gold Coast	127,900	10,691

Note: Somerset, Lockyer Valley & Scenic Rim do not have Consolidation benchmarks

Expansion benchmarks



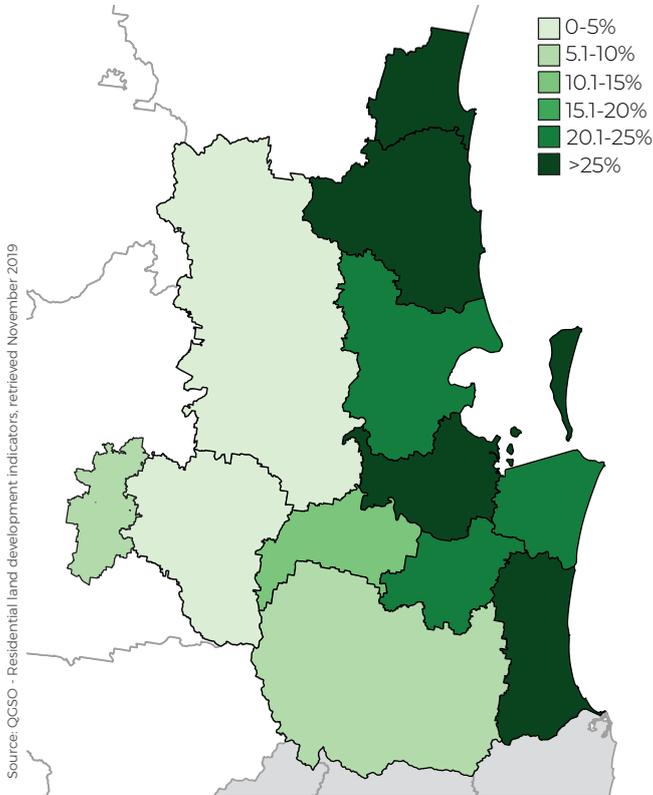
The delivery of dwellings outside the EUA is the primary target for growth in Ipswich, Logan, Toowoomba, Scenic Rim, Somerset and Lockyer Valley. These local authorities are the lower performing LGAs with Somerset having only achieved 6% of their 2041 benchmark and Logan (7%), Lockyer Valley (8%), Scenic Rim (8%) and Ipswich (9%) all struggling to reach the desired 12%. Meanwhile, coastal LGAs are performing beyond the target rate of delivery for dwellings outside the EUA.

Local Government Area	Benchmark	Approvals
Brisbane	11,400	2,437
Moreton Bay	40,100	7,012
Logan	70,000	5,224
Redland	4,700	1,938
Sunshine Coast	33,300	5,274
Noosa	1,600	480
Ipswich	83,800	7,896
Lockyer Valley	9,600	767
Somerset	6,200	372
Scenic Rim	10,000	831
Toowoomba (urban extent)	17,100	1,979
Gold Coast	31,000	7,434

Land supply and uptake

A summary of land supply as of 30 June 2019. Stock uptake is calculated as the uptake of all lots (consolidated and expansion) as a percentage of total lots approved. Figures for the years supply were calculated using the *Land supply and development monitoring report* technical notes using the latest data from the Queensland Government Statistician's Office.

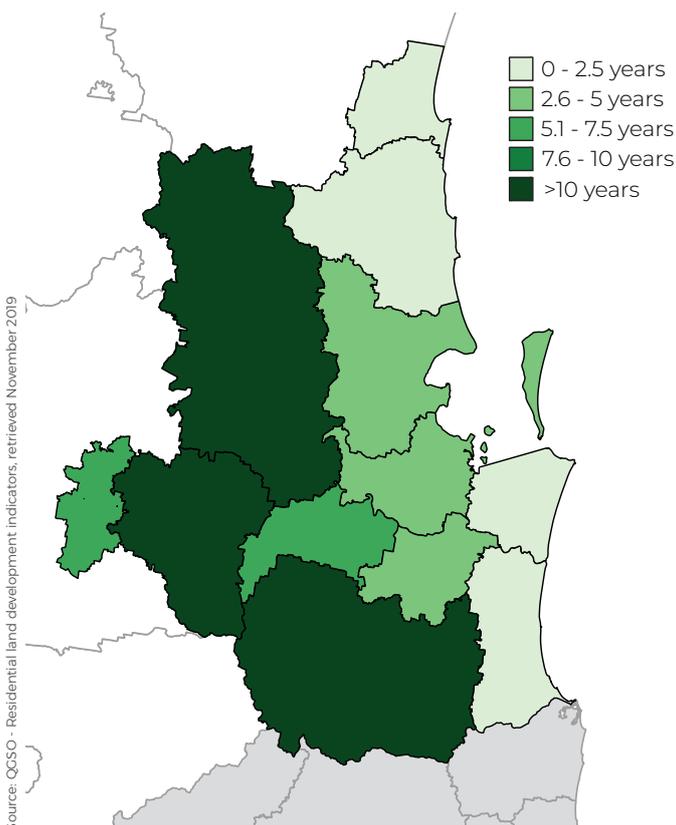
Stock uptake



The take up of lots is strongest on the coast of SEQ. Logan, Moreton Bay, and Sunshine Coast certified the greatest number of lot approvals, while Noosa, Brisbane, Gold Coast and the Sunshine Coast saw the greatest uptake in stock. Notwithstanding, all LGAs saw a drop in the number of lot certifications in the past financial year, particularly the western LGAs. This is consistent with dwelling approval data and paints a picture of where development is occurring and where the population is choosing to live.

Local Government Area	Uncompleted lots	Lot certification
Brisbane	6,582	1,851
Moreton Bay	10,266	2,417
Logan	10,834	2,530
Redland	1,321	281
Sunshine Coast	5,706	2,225
Noosa	83	118
Ipswich	14,613	1,756
Lockyer Valley	1,608	29
Somerset	2,682	13
Scenic Rim	1,373	84
Toowoomba (urban extent)	3,748	234
Gold Coast	4,510	1,745

Years supply

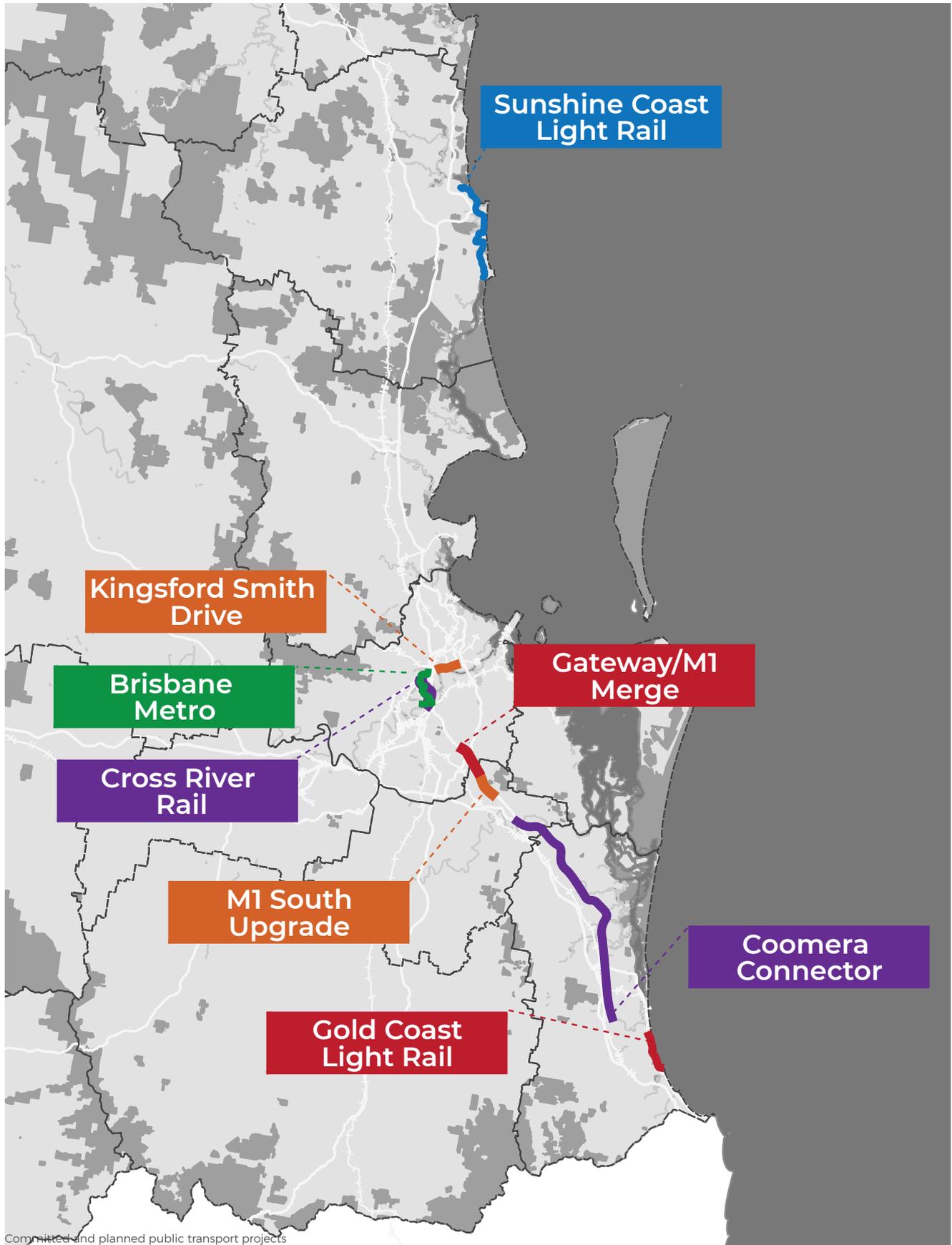


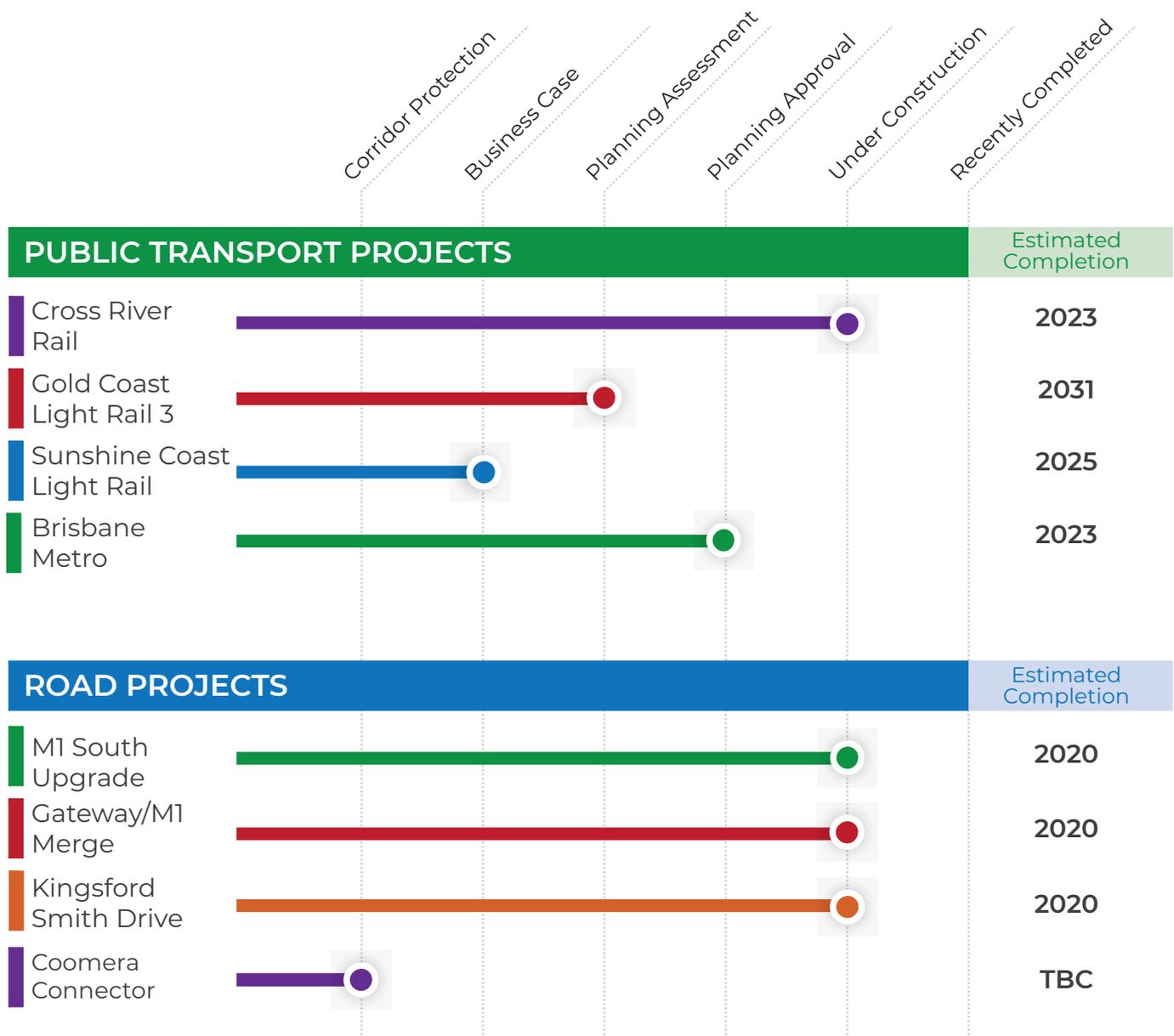
The stock of approvals is lowest across the coastal LGAs, with Noosa, Gold Coast, Redland and Sunshine Coast all falling below three years of supply within the existing approval base. Meanwhile, regional LGAs maintain a high supply of stock, despite a large number of lapsed approvals in Somerset over the last financial year. This is consistent with the figures for stock uptake, as well as the progress (or lack thereof) toward dwelling benchmarks.

Local Government Area	Years supply
Brisbane	3.0
Moreton Bay	3.7
Logan	4.2
Redland	2.5
Sunshine Coast	2.4
Noosa	1.0
Ipswich	6.1
Lockyer Valley	12.7
Somerset	68.3
Scenic Rim	13.9
Toowoomba (urban extent)	6.7
Gold Coast	1.7

Infrastructure Pipeline

An overview of the current transport infrastructure projects under planning or construction in the South East Queensland region.





Project updates

Coomera Connector

The Coomera Connector (formerly known as the Intra Regional Transport Corridor) is a proposed State-controlled corridor connecting Loganholme and Nerang, east of the Pacific Motorway. The alignment was gazetted in three sections from 18 March 2016 to 15 March 2019. The corridor is now open to community consultation with business planning scheduled for 2020.

Cross River Rail

The \$5.4 billion Cross River Rail project involves the delivery of additional capacity into the passenger rail network of Brisbane and the creation of four new underground stations servicing the inner south, city and inner north of Brisbane. Works are well underway with site preparation occurring at Woolloongabba, Albert Street, Roma Street Station, Boggo Road Station, Victoria Park and Mary Street.

Gateway/M1 Merge

The notorious Pacific Motorway M1 / M3 / Gateway merge is being upgraded to improve congestion and build capacity into the future. The upgrade works include additional southbound lanes on the Pacific Motorway, bus entry relocatons, overpass upgrades and extension of smart motorway technologies. Construction continues to progress with delivery still expected in 2020.

Kingsford Smith Drive

The Kingsford Smith Drive upgrade involving additional lanes through Eagle Farm and Hamilton and improved pedestrian and cycle facilities along the corridor is still underway, with the Riverwalk component of the upgrade now open to pedestrians and cyclists. The corridor is anticipated to be complete in late 2020.



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