

HOUSING INNOVATION FACTSHEET

The source of all the data below is the Greater Whitsunday Housing Playbook unless another source is quoted.



How do we solve for housing innovations to reduce cost and speed up delivery



Key findings:

The Greater Whitsunday Region is experiencing a significant shortage of housing. **This is likely to extend into the future - if no action is taken.**



POPULATION GROWTH IS INCREASING

280,000 residents forecast by 2031

Population growth has increased significantly in the last five years. Housing supply has not kept up with demand.

43,000 additional dwellings needed by 2031

Migration to the coast from inland, SEQ and interstate is placing additional pressure on the region's housing supply.



NEW HOUSING SUPPLY IS DECLINING

90% of all house sales in the last two years were resales

New house sales and dwelling approvals have slowed since the peak of 2012 despite favourable market conditions.

7,613 insufficient dwellings projected by 2031

Although sufficient land has been zoned for housing relative to population growth, infrastructure is not being funded or delivered to enable the volume of housing needed.



HOUSING NEED IS INCREASING

1,650 people waiting for social housing

An increasing demand for social and affordable housing is exacerbated by insufficient housing stock, unaffordable home ownership, and an overly competitive rental market.

1,200+ people homeless or in inadequate housing

There are increasing numbers of 'working homeless' residents – people who earn an income and can pay for housing but cannot access housing due to current market conditions.

While all regions in Queensland are facing housing stress, **Greater Whitsunday has some unique housing challenges.**



RENTAL STRESS IS INCREASING

1 in 4 households are in rental stress paying more than 30% of income on rent

The rental market is highly competitive with vacancy rates at or below 1%. Average rents have increased by \$50- \$120 per week in the last year. A high proportion of households are in extreme stress spending over 40% or 50% of income on rent



RENTAL STOCK IS DECLINING

30-40% Decrease in rental bond lodgments since 2018

Declining rental bond lodgments highlight properties are being bought by owner-occupiers rather investors as rental stock. Investors lack confidence in housing observed due to cyclical capital growth trends, construction costs and high insurance premiums.



MORTGAGE STRESS IS INCREASING

1,452 Households in mortgage stress

Rising costs relative to income mean that over half of residents in some areas are in mortgage stress, spending over 30% of income on loan repayments.



COST OF BUILDING IS INCREASING

16.6% Rise in construction costs since 2021

Construction costs are notably higher than the national average in the Greater Whitsunday Region. High building costs and timeframes are delaying and discouraging new housing delivery.



OCCUPANCY LEVELS ARE LOW

30% private dwellings are unoccupied

A high number of tourists and non-permanent resident workers are attracted by the resources, tourism and agriculture sectors. Housing stock is being held, sometimes unused, for short term visitors, seasonal workers and roster workers.



HOUSING FIT IS DECREASING

82% of homes have at least two spare bedrooms

Given the lack of diversity in housing options, a portion of homes may not be adequately suited to residents.



APPROVED DEVELOPMENT ISN'T BEING BUILT

5,400 Lots approved for development not being created

Development Approvals are not being acted on (i.e. approval 'banking'). Costs associated with post-approval requirements and timeframes, trunk infrastructure, regional construction multipliers, limited skilled labour, high insurance premiums, and high loan deposits were identified as contributors.



BUILDING RATES ARE DECREASING

4-5% of annual target build rate being achieved in Bowen, Central Mackay and Sarina

Rates of building and construction have steadily declined over the last 10 years and remain low post-COVID. Significant increases in build rates are needed to meet current and future housing demand.



HOUSING DIVERSITY IS LIMITED

6% of lot registrations for development of attached housing

Housing types do not align with population demographics or their economic capacity. There is limited attached housing (e.g. duplex, townhouses, apartments) being delivered despite market demand.

Creative ways of reducing costs to build are required considering:

- Continuing population growth and associated housing demand.
- It costs between 40% (Mackay and Whitsundays) and 70% (Isaac) more to build in the region than it costs to build in South East Queensland, and with housing needs across the Nation, investors will choose to build where they get the greatest return.
- There is an urgent need for quick housing delivery to address the imbalance in the system.

There is an urgent need to reduce the cost to build in the regions, and this can be achieved by innovative design solutions as well as innovations in building practices.

Housing Diversity was identified as the 4th Housing Challenge in the region.

While single detached housing remains, the predominant product being delivered and sought in the region, there is clear demand for greater housing diversity in the form of semi-attached and attached housing from a range of user groups in both coastal and rural areas.

Other relevant commentary from the Greater Whitsunday Housing Playbook – stakeholder engagement relating to supply and demand:

- There is insufficient demand at the right price point to unlock more housing stock, especially for attached housing for smaller households (what is important to note here is the price-point – if this could be lowered, demand would unlock stock).
- Whilst the region may see some supply issues in the next 15 years, there is sufficient planned supply to cater for relevant demand for both detached and attached dwellings. In the shortterm, there is a shortage of middle density housing.
- There is a large demand for social housing in the Mackay Region and one (1) bedroom dwellings were most required, followed by 2-bedroom homes. Currently, approx. 1,600 people on the waitlist (approx. 600 are families).
- Housing affordability is a key issue across all sectors and regions.
- Housing availability issues can result in staff/ labour shortages due to unavailable on-site accommodation.
- There is a market for attached dwellings due to limited supply of existing dwellings. This highlights a gap in medium density and medium rise housing ('the missing middle').
- As long as employment growth remains strong there will be ongoing pressure on housing demand.
- Employers open to partnering to provide worker accommodation.



From the data analysis, some important statistics to consider include:

- An average of 30-35% of households are classified as 'low income' (50% lower than median household income);
- Despite the significant offering of larger detached homes, there is a high proportion of lone households – approximately one quarter of all households;
- 42% of Mackay residents and 52% of Whitsunday residents would need to pay more than 30% of their household income to purchase a home at the median price (when considering standard loan terms). This is further emphasised with high proportions of houses within mortgage stress and a reducing 'ability to pay' for housing.

There is limited diversity in housing in the region:

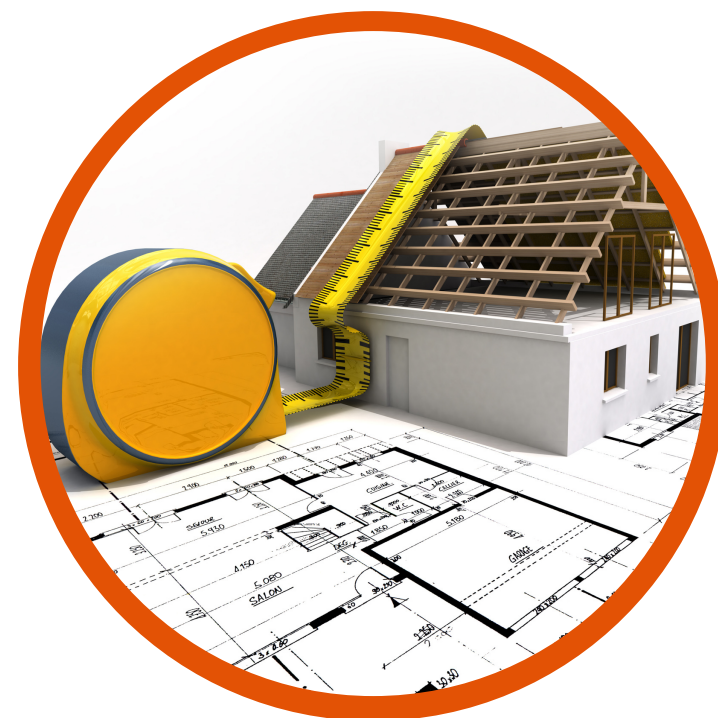
- The wider region largely provides for a detached housing market, with limited offerings in the way of either townhouse or apartments. Areas such as Airlie-Whitsundays and Mackay Central have higher portions of diversity, however a majority of areas in the region are in the range of 5-12% attached product. The majority of product that has been delivered over the last five years has been for detached homes. Units (townhouses or apartments) comprises only 6% of all registrations.

Innovation has been identified as an opportunity to address housing diversity and reduce building costs:

- New models and develop more adaptable and diverse housing design and construction methods to provide building styles appropriate to diverse housing.

Levers to enable action via innovation:

- Pilot projects
- Housing design innovation
- Alternative construction methods
- Non-standard delivery models
- Cross sector housing delivery approaches
- New financial models
- Outcome based decision making via performance-based planning mechanisms



Considerations:

- QBuild are building modular homes for public sector workers in the regions:

The QBuild Rapid Accommodation and Apprentice Centre (QRAAC) at Eagle Farm opened in March 2023. The centre will play an important role in phase 2 of the Rebuilding QBuild Program with a Queensland-made approach to housing construction and workforce training to address housing needs of Queenslanders.

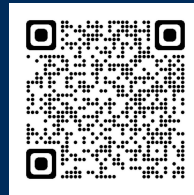
Prefabricated homes will be made at the QRAAC using Modern Methods of Construction (MMC) to bring more housing supply into the market quicker. In partnership with the Queensland building and construction industry including the MMC suppliers, QBuild will deliver up to 439 homes approved under the five-year Government Employee Housing Capital works program (2022-27) for government employees across regional Queensland, such as teachers, nurses, and police officers.

(Source: <https://www.epw.qld.gov.au/about/department/business-areas/building-policy-asset-management/qbuild/about>)



There have been innovations in medium and low-density housing designs that are very attractive to certain demographics, for example:

ENVI Micro Urban Village | degenhartSHEDD - smallest lot, at 38 sqm, is one of the smallest in the country.



AVJennings Cadence Development Ripley, QLD with some lots as small as 281 sqm:

Brand new turnkey home. **Cadence RIPLEY**

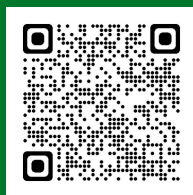
The Aretina 179R Bookend - Dianella
Lot 40 Tempo Drive

\$557,900

Bedrooms	Bathrooms	Living	Parking
3	2	2	2



VARSITY LAKES | degenhartSHEDD



Local company Millions in the Middle with their purpose designed secondary dwellings that can be installed within 12 weeks:

<https://millionsinthemiddle.com.au/>



Local company E-Abode with their bamboo Moroblock homes:

<https://e-abode.com/moroblock/>



- At the Developing Northern Australia Conference in Darwin, PwC suggested supply chain support in the form of a storage and logistics hub and expanding freight capabilities as an opportunity to address building material needs and achieve economies of scale / reduce costs. Bulk materials handling and storage may be an opportunity to be explored with North Queensland Bulk Ports.
- EDQ have shared an example of a funding model that has worked for them where the State Government enters into a contract with the buyer for the land, and the builder enters a second agreement for the home, and the builder replicate a standard design across a large volume of homes to achieve economies of scale and a reasonable return.



Opportunities identified:

The Greater Whitsunday Housing Playbook recommended that we:

- **Prioritise, invest in and facilitate the delivery of social and affordable housing**
 - Facilitate Community Housing Provider access to State and Commonwealth funding, financing and capability building incentives and explore opportunities to enable Community Housing Providers to deliver or secure social and affordable housing outcomes in the short and long term.

Affordability can be achieved by reducing costs with efficient design and building practice innovation.

Other:

- Innovation has been identified as an opportunity to address housing diversity: New models and develop **more adaptable and diverse housing design and construction methods** to provide building styles appropriate to diverse housing.
- **Bulk materials handling:** Supply chain support in the form of a storage and logistics hub and expanding freight capabilities as an opportunity to address building material needs and achieve economies of scale / reduce costs. Bulk materials handling and storage may be an opportunity to be explored with North Queensland Bulk Ports.
- **Leveraging economies of scale in building practices** – aggregate developments and repeat well-designed housing solutions on small blocks.
- Applying **commercial construction principles** to large scale residential developments.
- Exploring **alternative funding mechanisms** to reduce cost and risk to all parties.
- **Non-standard delivery models**, including partnerships with the State Government.