

Angela Moody
Productivity Commissioner and Chair
Queensland Productivity Commission

2 June 2025

Dear Ms Moody,

Re: Construction Productivity Inquiry - Initial Stakeholder Feedback

Stockland welcomes the opportunity to provide initial feedback to the Queensland Productivity Commission's inquiry into opportunities to improve the productivity of the Queensland construction sector. As one of Australia's largest diversified property groups and Queensland's largest developers, we recognise the role we can play to partner with government to drive solutions to today's public policy challenges.

Stockland has a long history of investing in projects and infrastructure that supports productivity and economic growth in Queensland, with more than \$3.9 billion invested in 45 projects in the State, delivering sustainable communities, affordable homes, shopping centres and community facilities over our many decades in Queensland.

With a housing pipeline of more than 44,000 lots, Stockland is providing more homes for Queenslanders than any other property group in the State. Regardless of industry, productivity is a central aspect of economic growth and by extension the prosperity of all Australians. In the midst of a housing crisis, our ability to build more homes, faster and at a lower cost, is one of the key arrows in our quiver as a sector in our efforts to make real progress on the housing affordability challenge.

Stockland's portfolio in Queensland is largely in the greenfield and masterplanned communities space, where we partner with local builders to deliver house and land packages for families across the State. As a result, our submission will focus on opportunities for productivity reform in the greenfield space, with a particular emphasis on planning, regulation and skills.

Greenfield market context

Increasing costs from disrupted supply chains

Housing sector productivity has declined over recent decades. In its report into housing productivity earlier this year, the Australian Productivity Commission found that over the past 30 years the number of dwellings completed per hour worked by housing construction workers had declined by 53%, while the gross value added per hour worked had declined 12%.

This productivity loss in greenfield development was particularly acute through the pandemic years and immediate aftermath, where the sector witnessed a significant escalation in construction costs as supply chains were disrupted, adding time, undermining project feasibilities, placing pressure on builders, and increasing costs for prospective homebuyers.

In more recent years there has been a general softening of escalation of key material prices, however persistent pressure on labour costs due to high construction activity remains. Stockland internal research suggests Queensland is expected to experience stronger construction activity than Victoria and New South Wales over the next four years, driven by residential and infrastructure projects, as well as projects related to the 2032 Olympic and Paralympic Games. This will create demand-side pressure on materials, but more

significantly on labour, and as such we anticipate Queensland will experience relatively higher cost escalation, supply chain and time pressures than other states.

Sustained demand for housing, despite affordability challenges

These cost and supply chain pressure comes in the backdrop of a sustained demand for housing, but one impacted by cost and affordability pressures. Dwelling commencements in Queensland remain subdued and well below the 10-year trend, likely influenced by higher interest rates, higher costs and longer timeframes to build a homes on top of existing affordability pressures (*Appendix 1*).

This comes even though underlying demand for housing is high. Throughout FY24 to FY26, net completions of new homes in Queensland have been significantly lower than population driven demand, creating a significant overhang of demand greater than an ordinary year of total supply (*Appendix 2*). The undersupply of new housing, combined with construction cost escalation and higher interest rates have created an acutely unaffordable situation in Queensland, with affordability ratios suggesting Queensland is the second most expensive market in the country (*Appendix 3*).

Key productivity challenges

Productivity reform in the greenfield housing sector is a complex challenge to solve for. Our experiences speak to two key productivity challenges in our projects: (i) planning, infrastructure and regulatory delays, and (ii) the impact of an undersupply in the skilled workforce needed to construct housing.

1. Planning, infrastructure and regulatory productivity

Navigating the planning process in Queensland represents the most significant and uncertain period of time in the supply chain of delivering a greenfield house. Improvements to planning have the potential to significantly improve the overall productivity of housing production and encourage increased investment into housing.

A survey of Stockland greenfield projects nationally has identified it takes ten years for a house to move through planning, design and commencement of delivery in Queensland (*Appendix 4*), the second longest in the country.

The most significant difference between Queensland and other states in this survey is in early planning – where the time taken to identify and release new land projects for housing development can be significantly slower than both Victoria and Western Australia. This early planning is where State government impact is at its highest and represents the most significant opportunity to accelerate timeframes and improve productivity across the housing supply chain.

The process of securing environmental approvals through the Federal Government is particularly challenging in South-East Queensland, with applications for zoned residential land regularly taking between 2 to 4 years to assess, and in some cases, up to 6 years. The opportunity to align State and Federal processes and priorities to vastly expedite approvals, particularly in the State Government designated Priority Development Areas (PDA's) is a logical focus area with the potential for profound impacts to productivity.

The next phase of planning, development assessment, is more dependent on a mix of state and local government processes. Queensland performs slightly better in this phase but still lags best practice. Our experiences with subdivision approvals across the State see approvals taking between 9-24 months, dependent on a range of factors regarding network planning and decision making processes. These processes are inconsistent across jurisdictions, and often dependent on the involvement from a host of local, state and federal government agencies and utilities. Coordination is poor, and in growth corridors, resolving agreements to address infrastructure needs can vastly elongate the process, well beyond any statutory or reasonable timeframes.

We encourage consideration for initiatives which seek to support faster and more certain process, with merit in looking into expanding code assessable applications, and compliance assessment in PDA's.

Incremental improvement to this process will have a cumulative and significant impact on overall productivity. We would encourage the Productivity Commission to consider reviewing planning reform policy opportunities outlined by the Urban Development Institute of Australia in prior submissions to government.

2. Skilled workforce shortages

A challenging labour market has also played a significant role in the fluctuation of greenfield housing timeframes in the last five years. In Stockland's experience, historically upon completion of bulk earthworks (the process of clearing, cutting and filling the land) it has taken around 26 weeks to deliver a civil stage of construction (the process of delivering final allotments, including roads, water, sewer, power and communications) – which is essentially the work needed to prepare a site to have it titled and ready for house construction. This time period increased to 42 weeks on average during the COVID pandemic and has now settled and stabilised somewhere between 30 to 34 weeks. This represents around a 15% to 30% increase in time to construct stages.

There are a range of contributing factors to this shift, but our partners consistently provide feedback that the most significant is the increasing demand (and so undersupply) of trades. This undersupply can be attributed to increased competition from adjacent industries (mining, infrastructure) as well as some of the most challenging business conditions for the building industry in many decades – with record numbers of trades and builders filing for insolvency in the period.

The approaching 2032 Olympic and Paralympic Games will only further add a strain on an already undersupplied skilled workforce.

There are no quick or easy fixes to this problem. Stockland is exploring working with the TAFE sector in creating local Skills Exchanges to build up a skilled workforce through our own large-scale sites, and we encourage Government consider ways it can also address this issue across the industry. An additional focus on skills and training in Queensland, with boosted funding for the TAFE sector, could help grow this skill base.

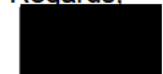
We encourage consideration for initiatives which seek to leverage the full depth of available skills and see merit in looking into expanding the extent of contestable works with Government and utility providers.

While recognising it is not the jurisdiction of the State, a more targeted approach to migration represents a potential way to shortcut some of the time delays required to correct this undersupply. Over the past five years just 2.8% of migrants entering the country had relevant skills to support the construction sector. There is a strong argument that this should be closer to 10%. While this is a Federal responsibility, Queensland should consider steps it can take to increase its attractiveness as a destination for these types of migrants, as well as consider talent and business attraction strategies to recruit interstate workers.

Conclusion

Stockland commends the Queensland Government for reforming the Queensland Productivity Commission and for tasking the Commission with addressing housing productivity as its first inquiry. The need for greater housing productivity is clearer than ever before, with action to deliver real gains needed to ensure the continued growth of the Queensland economy and prosperity for Queenslanders.

Regards,

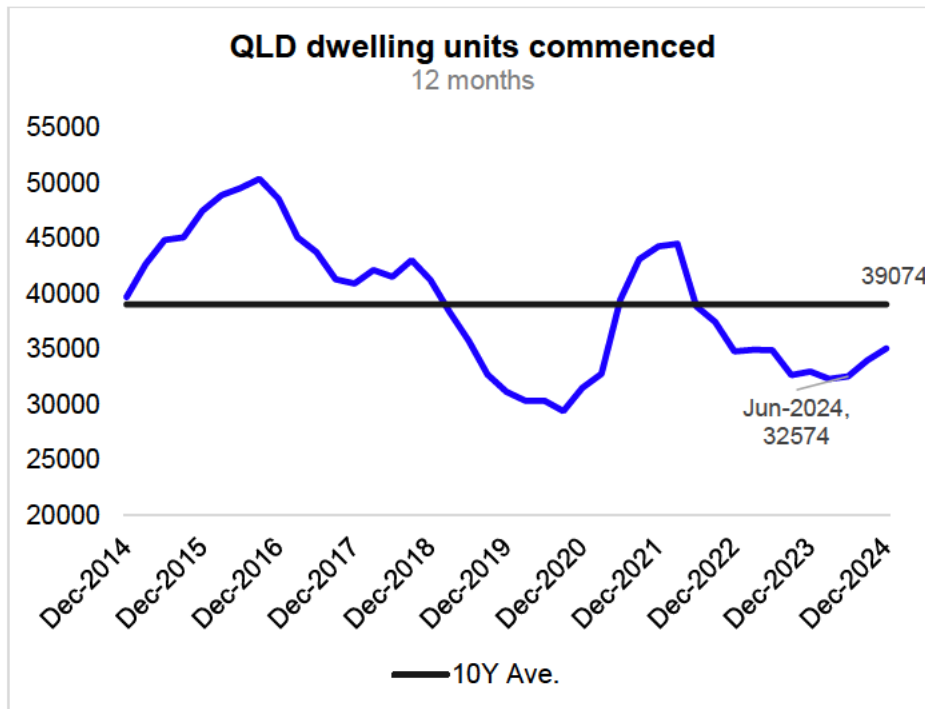


Llew Gartrell

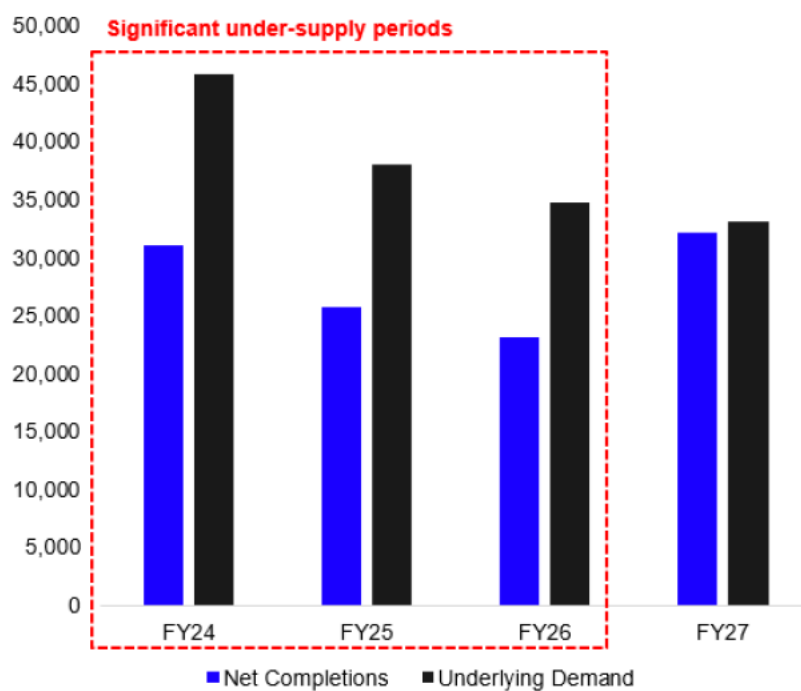
General Manager, Government Relations
Stockland

Appendix

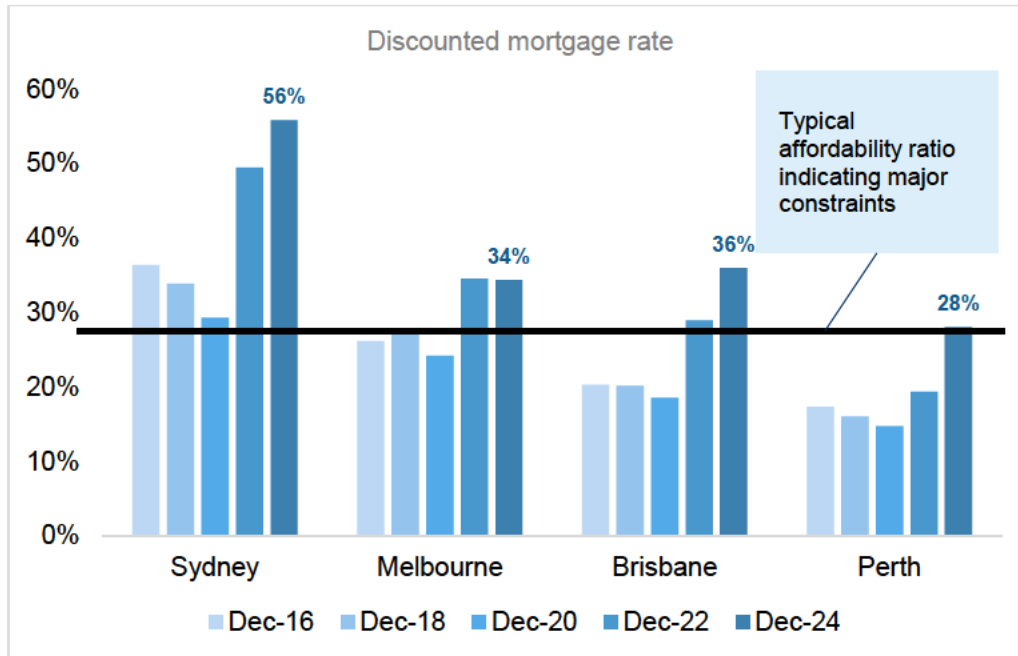
1. Queensland Dwelling Commencements



2. Underlying demand vs new completions – annual



3. Affordability ratio by capital cities



4. Timeframe survey (Stockland sites – four states)

