

11 June 2025

Ms Angela Moody  
Queensland Productivity Commissioner

By Email: [enquiry@qpc.qld.gov.au](mailto:enquiry@qpc.qld.gov.au)

Dear Commissioner,

**RE: CONSTRUCTION PRODUCTIVITY INQUIRY**

The Real Estate Institute of Queensland (the **REIQ**) welcomes the opportunity to provide a written submission to the Queensland Productivity Commission's (the Commission) inquiry into construction productivity. We thank the Commission for undertaking this inquiry and for recognising the importance of addressing systemic inefficiencies that impact the entire housing market.

This submission outlines the significant impacts that declining construction productivity is having on housing and infrastructure delivery across Queensland, and the associated consequences for supply and affordability.

**About the REIQ**

The REIQ is the peak industry body representing the real estate sector in Queensland. As the State's most trusted and influential advocate for real estate interests for more than 100 years, the REIQ's enduring purpose is to lead a sustainable industry which makes important contributions to government legislation and policy settings and advocates for balanced regulations for the benefit of all stakeholders in the housing sector.

The REIQ's vision statement, for the real estate profession, extends our support and expertise beyond our membership to the broader real estate profession and community. We believe everyone should be able to make educated, informed decisions about buying, selling or renting property and business in Queensland.

**PRODUCTIVITY IMPACTS ON HOUSING**

The REIQ's membership encompasses principal licensees, salespeople, property managers, auctioneers, business brokers, buyers' agents, residential complex managers, and commercial and industrial agents. It is important to note that we do not represent developers, builders, contractors or subcontractors. However, since we represent professionals engaged in the sale, leasing, and management of established housing and new housing stock once delivered to market, we maintain a critical vantage point in observing how poor productivity and construction delays impact housing supply, affordability, and the broader housing market.

The REIQ has joined the collective of construction industry peak bodies calling for solutions that stabilise the construction industry, restore confidence and accelerate the delivery of much needed housing and infrastructure across the state. We are deeply concerned that without meaningful productivity reforms, Queensland will continue to struggle to meet its growing housing needs.

A failure to act risks entrenching long-term structural disadvantages, with the housing sector unable to fulfil its role as a cornerstone of economic and social wellbeing in Queensland.

Our submission focuses on the consequential and onflow effects of construction sector inefficiencies. In particular, in relation to housing supply constraints, pricing pressures, market imbalances, diminished confidence, and risks to economic growth. These impacts are being felt across the entire housing market - from first home buyers and renters struggling to access the market, to developers unable to make projects financially viable, to regional communities missing out on population and economic growth, and Queenslanders without diverse and attainable housing options.

### **Housing undersupply**

Many parts of Australia (including Queensland) continue to be in the grips of a housing crisis.

Queensland is experiencing strong population growth, driven by interstate and overseas migration, yet dwelling completions are failing to keep pace. Queensland's yearly population growth has consistently exceeded Australia's, reaching a peak of 2.7% in September 2023, compared to the national growth of 2.5%. By September 2024, Queensland's annual growth had moderated to 2.0%, slightly above Australia's at 1.8%<sup>1</sup>.

Queensland ranked third among the states and territories in net overseas migrants (64,000 people), behind New South Wales (120,073) and Victoria (112,376) in the 12 months to the September quarter of 2024. Additionally, net interstate migration has played a crucial role, with Queensland receiving an influx of residents relocating from other states. It peaked at 17,639 people in the December quarter of 2021 and maintained a steady flow in recent quarters, with 5,714 people in the September quarter of 2024. Queensland received almost 28,201 people from other states over 12 months to September 2024, the highest influx of people among Australian states and territories.<sup>2</sup>

Smaller average household sizes have also increased demand for dwellings. The average number of people per household in Queensland declined from 2.6 in 2016 to 2.5 in 2021.<sup>3</sup>

The State Government expects Southeast Queensland's population will increase by 2.2 million people over the 25 years to 2046 – reaching around six million and creating demand for around 900,000 homes<sup>4</sup>.

Meanwhile, in recent years, annual dwelling completions have ranged between 30,000 and 35,000 homes per year, similar to the average over the 1980s, despite the population now being twice as large.

The Crisafulli Government has committed to delivering one million homes by 2044, including 53,500 new social homes. The Australian Government's National Housing Accord sets out and supports the delivery of housing towards a housing target of 1.2 million new well-located homes over 5 years (July 2024 to June 2029). This translates to around 49,300 new homes per year in Queensland.

<sup>1</sup> Australian Bureau of Statistics (2024) *National, State and Territory Population* -

<https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release>

<sup>2</sup> <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release>

<sup>3</sup> [https://environment.uq.edu.au/files/44304/Housing%20Demand\\_FINAL%20VERSION.pdf](https://environment.uq.edu.au/files/44304/Housing%20Demand_FINAL%20VERSION.pdf)

<sup>4</sup> [https://www.planning.qld.gov.au/data/assets/pdf\\_file/0024/86145/shapingseq-2023-Low.pdf](https://www.planning.qld.gov.au/data/assets/pdf_file/0024/86145/shapingseq-2023-Low.pdf)

However, the pipeline of future supply suggests Queensland will fall well short of its target. As of April 2025, there were around 3,022 building approvals in Queensland (using the ABS trend data), or 37,669 dwellings over 12 months in annualised terms – far below the 4,100 homes per month (or 49,300 annually) needed to keep pace with population growth and affordability goals (See Table 1). This makes Queensland the third-worst-performing state in terms of meeting the National Housing Accord target - under 11,900 or 24% of its target, behind Tasmania (under 3,000 or 59%) and New South Wales (under 29,800 or 40%).

Keeping up with future population growth would require at least 44,800 new dwellings annually, based on population growth of 111,900 over the 12 months to 30 September 2024 and an assumed average occupancy of 2.5 people per dwelling. However, this would be insufficient to improve affordability and return rental vacancy rates to healthy levels. Accordingly, achieving a higher level of completions consistent with the National Housing Accord target is desirable.

**Table 1. Dwelling approvals vs. targets by states and territories, April 2025**

State/Territory	Annual target	Dwelling approvals over last 12 months*	Difference from target	Latest monthly Trend estimate of approvals	Annualised Trend approvals (Mar-25)**	Difference from target
New South Wales	74,863	45,416	-29,447	3,752	45,024	-29,839
Victoria	61,601	56,041	-5,560	4,431	53,172	-8,429
<b>Queensland</b>	<b>49,291</b>	<b>37,669</b>	<b>-11,622</b>	<b>3,115</b>	<b>37,380</b>	<b>-11,911</b>
South Australia	16,571	13,934	-2,637	1,339	16,068	-503
Western Australia	26,164	22,824	-3,340	1,894	22,728	-3,436
Tasmania	5,077	2,387	-2,690	173	2,076	-3,001
Northern Territory	2,251	528	-1,723	58	696	-1,555
ACT	4,183	2,240	-1,943	342	4,104	-79
<b>National</b>	<b>240,000</b>	<b>181,039</b>	<b>-58,961</b>	<b>15,104</b>	<b>181,248</b>	<b>-58,752</b>

**Source:** ABS, [Building Approvals, Australia](#). **Notes:** (\*) Calculation using ABS Original data. (\*\*) i.e., 12x the latest monthly Trend estimate of approvals.

The broader context in which this inquiry is being conducted is one of deep and persistent housing stress across Queensland and Australia more broadly. Housing affordability continues to erode, especially for first-home buyers and lower-income households. This is affecting growing segments of the population, particularly those on low to median incomes, young people, the elderly, people with disabilities, First Nations communities, women over 55, and individuals experiencing domestic and family violence.

Home ownership is becoming increasingly unattainable. Nationally, the proportion of households who are home owners has declined from over 70 per cent in 2000 to around 66 per cent today<sup>5</sup>. In 2021, Queensland registered the lowest home ownership rate among the states at 63.5%.

The average age of first home ownership in Australia has risen significantly, resulting in home ownership becoming less attainable for persons under 35 in Australia. Over the past decade, house prices have drastically outpaced wages with the average home now costing more than seven times the average first home buyer's wage, compared to the 1990's, when it was only 3.5 times. As a result, the time it takes to save the requisite deposit has consistently increased each year<sup>6</sup>. Further,

<sup>5</sup> Australian Bureau of Statistics Census 2021

<sup>6</sup> Australian Housing and Urban Research Institute (AHURI), 'Young households struggle to buy a home, with first homebuyer rates lagging previous generations' (July 2023)

the Australian Property Institute's Valuation Report also shows the widening gap between wages and property prices closer to home, with Brisbane's income-to-house-price ratio tripling from 2.9 in 1975 to 8.3 in 2024. This sits higher than the national ratio of 8.1.<sup>7</sup>

At the same time, rental demand is intensifying as more people are locked out of ownership. In Queensland, the rental vacancy rate has remained around a critically low 1.0% since December 2023, with many regions even tighter, exacerbating rental stress. This is concerning when you consider the REIQ classifies a "healthy" vacancy rate as between 2.6-3.5% to sustain a stable rental market that caters to population growth and natural housing mobility.

Meanwhile, homelessness is rising. The most recent Census data shows the number of people who are homeless in Australia has increased over the past two decades. On Census night in 2021, 122,494 people (48 per 10,000) were homeless. This disturbingly represents around 0.5% of the national population. Notably, the rate of homelessness in Queensland has been reported to be increasing at almost three times the national rate of increase (Australian Bureau of Statistics).

Social housing is also under pressure, with Queensland's housing register waitlist growing by over 11 per cent in the past year alone. Over 1,800 people were added to the list in the September 2024 quarter, signalling an alarming shortfall (Queensland Social Housing Register). New March 2025 data shows the waitlist grew by an additional 4.1 per cent over the quarter to 52,031 people.

This persistent undersupply has created a structural imbalance that puts upward pressure on house prices, tightens rental availability, and leaves lower-income households particularly exposed. It is clear that unless construction productivity and housing delivery is significantly improved, Queensland will not be able to satisfy the demand for housing now, let alone in the future.

## CONSTRUCTION EMERGENCY

Queensland is facing a construction emergency, driven by a combination of surging costs, skilled labour shortages, and long-standing productivity issues.

### Land supply

Land located close to services and amenities is in short supply. Well-located apartments and townhouses could be part of the solution and greater density by building up is something we need to start embracing.

One indication of the shortage of available land comes from lot registration data. According to the Queensland Government Statistician's Office (QGSO), there were 21,068 registered lots in the four quarters to the end of March 2025.<sup>8</sup> This is significantly lower than the historical average of annual lot registrations (28,263 lots) over the last two decades and the pre-COVID average (30,508 lots), suggesting a shortage of ready-to-sell lots in Queensland.

<sup>7</sup> <https://www.api.org.au/api-valuation-insights-report/>

<sup>8</sup> [Queensland Government Statistician's Office \(QGSO\)](#) - The original data is from the Department of Natural Resources and Mines, Manufacturing, and Regional and Rural Development, (Queensland). Lot registrations represent the number of lots that had their titles registered by the corresponding entity and are market-ready, meaning they can be built on or sold immediately.

## Construction costs

Queensland is one of the most expensive states for housing construction, specifically for apartments and units. In 2023-24, Queensland had the highest average cost of building new apartments (\$592,912), among New South Wales and Victoria, registering the highest average cost increase by 41.7% between 2022-23 and 2023-24 (Table 2). This could be partly related to the significant increase in government capital spending and competition for inputs in recent years.

**Table 2. Average costs of new dwellings among the states**

States	2022-23 (\$)			2023-24 (\$)			Change (%)		
	Houses	Townhouses	Apartments	Houses	Townhouses	Apartments	Houses	Townhouses	Apartments
<b>NSW</b>	432,869	355,227	391,205	520,907	359,686	463,780	20.3	1.3	18.6
<b>VIC</b>	412,762	393,605	451,562	433,431	387,430	435,497	5.0	-1.6	-3.6
<b>QLD</b>	<b>389,911</b>	<b>288,535</b>	<b>418,573</b>	<b>450,806</b>	<b>334,108</b>	<b>592,912</b>	<b>15.6</b>	<b>15.8</b>	<b>41.7</b>
<b>SA</b>	310,737	278,909	N/A	372,341	321,213	N/A	19.8	15.2	N/A
<b>WA</b>	335,550	295,803	N/A	380,875	364,416	N/A	13.5	23.2	N/A
<b>TAS</b>	374,822	450,051	N/A	411,800	403,966	N/A	9.9	-10.2	N/A

**Source:** ABS, Building Activity Average Cost. **Notes:** ABS does not provide the average costs of new apartments for SA, WA and TAS.

Construction cost escalations have also been a significant constraint on project feasibility in recent years. Queensland has faced the second-highest cost increase (86.1%) in house construction among the states between March 2012 and March 2025, behind Western Australia with 101.3%. Queensland also had the second-highest cost increases (57.1%) among the states in other residential building construction, such as apartments, duplexes, flats, and semi-detached houses (See Table 3).

**Table 3. Summary table of producer price index (residential construction) across states, (%) change**

	House Construction			Other Residential Building Construction		
	Mar 12 - Mar 25	Dec 2019 (pre-covid) - Mar 25	Mar 24 - Mar 25	Mar 12 - Mar 25	Dec 2019 (pre-covid) - Mar 25	Mar 24 - Mar 25
Australia	71.9%	42.4%	1.1%	44.5%	27.4%	3.8%
NSW	82.7%	36.1%	-0.8%	56.3%	28.5%	4.8%
VIC	57.9%	29.2%	-1.9%	33.0%	27.0%	2.6%
QLD	<b>86.1%</b>	49.9%	3.2%	<b>57.1%</b>	30.5%	4.4%
SA	67.3%	53.8%	2.8%	33.1%	19.8%	4.6%
WA	101.3%	88.3%	10.7%	28.8%	31.7%	5.9%
TAS	76.4%	48.3%	-1.2%	67.3%	36.7%	3.8%

**Source:** ABS, [Producer Price Indexes, Australia](https://www.abs.gov.au/producer-price-indexes).

However, the National Housing Supply and Affordability Council's State of the Housing System 2025 report (page 36) showed there are some signs of improvements in conditions - the cost escalation in housing materials and construction costs is easing<sup>9</sup> - that said, prices are still climbing but at a slower rate.

<sup>9</sup> <https://nhsac.gov.au/sites/nhsac.gov.au/files/2025-05/ar-state-housing-system-2025.pdf>



## Construction timeframes

Queensland's average completion timeframe (from approval to completion) in residential construction is extending out - It is now taking more than 50 percent longer to complete houses and apartments in Queensland than it did 10 years ago<sup>10</sup>.

For example, Table 4 shows that the average duration for new house construction in Queensland was 10.3 months in 2023-24, 41.3% slower than in 2010-11. The same trend is repeated in other dwelling types, although the apartment category experienced the most significant increase, from 16.6 months in 2010-11 to 26.4 months in 2023-24.

**Table 4. QLD average duration from approval to completion (number of months)**

	New houses	New townhouses	New apartments
2010-11	7.3	8.5	16.6
2011-12	7.5	9.1	20.5
2012-13	7.0	8.5	16.4
2013-14	6.5	8.4	17.0
2014-15	6.6	8.5	16.0
2015-16	6.8	7.7	18.0
2016-17	6.8	9.0	19.8
2017-18	6.8	10.0	22.1
2018-19	7.2	10.0	24.7
2019-20	6.8	9.0	26.5
2020-21	7.5	9.5	22.6
2021-22	9.2	10.9	22.9
2022-23	10.7	12.6	29.4
2023-24	10.3	10.9	26.4

**Source:** Master Builders Australia analysis of ABS Building Activity (8752.0).

<sup>10</sup> [https://masterbuilders.com.au/wp-content/uploads/2024/11/241104\\_DataPack-Build-Times-for-New-Homes-in-2023-24.pdf](https://masterbuilders.com.au/wp-content/uploads/2024/11/241104_DataPack-Build-Times-for-New-Homes-in-2023-24.pdf)

## Labour shortages

A key driver of recent elevated costs is a significant labour shortage of construction workers and tradespeople. This is a problem that partly stems from poor uptake and completion of trade-based apprenticeship programs. Presently, the completion rate for apprenticeships in Queensland is around 37%<sup>11</sup>.

Construction Skills Queensland's Horizon 2032 Report noted that, amid strong demand and ongoing supply constraints, there will be an average annual shortfall of 18,200 construction workers over 2024-25 and 2031-32.<sup>12</sup>

The state's infrastructure pipeline is under immense strain. According to Infrastructure Australia's 2024 Market Capacity Report, Queensland has only half the construction workforce required to deliver its growing \$47 billion infrastructure pipeline, with the critical shortfall increasing as the state gets closer to the 2032 Olympic Games.<sup>13</sup> In Queensland, 74,000 workers are needed to build the infrastructure, but the state will have a shortfall of 35,000 workers over the next five years. The most in-demand jobs are general labourers where there is an estimated 8,900 person shortfall.

Infrastructure Australia has noted that skills shortages, rising material costs and a 30-year stagnation in productivity continue to impact the nation's ability to build. Further, they highlighted that construction materials on average cost around 30 per cent more than three years ago, and we don't have the people power to get the job done on time. Their analysis shows 7 per cent of the pipeline, or \$15 billion of planned construction work, has been hampered by project delays.

We acknowledge that both Federal and State Governments are working to address this labour gap. At a Federal level, the \$78 million Advanced Entry Trades Training program, starting 2026, will fast track the qualification of 6,000 tradespeople to help build more homes. Additionally, a \$10,000 cash for apprentices program will see five \$2,000 incentive payments staggered throughout the course of an apprenticeship in the residential building industry – with \$626.9m to fund just over 60,000 apprentices.

We also note that earlier this year, the State Government announced reducing red tape and unnecessary costs for builders, tradespeople and subcontractors with a "Building Reg Reno" program. This demolishes unnecessary financial reporting for more than 50,000 operators who make up 97% of individual businesses, supports further QBCC reform and complements this Commission's review of the building and construction sector. Further, the State Government's election campaign highlighted it will put more tradespeople on the tools with a boost to vocational training.

## Cost of lost productivity

As the Australian Productivity Commission has demonstrated, productivity in the construction sector has declined over time. A measure of labour productivity in the construction sector (dwelling construction gross value added per hour) has declined by 12% since the mid-nineties. In contrast, labour productivity across the whole economy increased 49%.<sup>14</sup>

<sup>11</sup>Department of Business, Small Business and Training: [https://desbt.qld.gov.au/data/assets/pdf\\_file/0019/10990/appship-tship-new-commencements.pdf](https://desbt.qld.gov.au/data/assets/pdf_file/0019/10990/appship-tship-new-commencements.pdf)

<sup>12</sup><https://www.csq.org.au/wp-content/uploads/2025/04/CSQ-Horizon-2032-At-a-Glance.pdf>

<sup>13</sup>[https://www.infrastructureaustralia.gov.au/sites/default/files/2025-05/IA24\\_Market%20Capacity%20Report\\_05-25.pdf](https://www.infrastructureaustralia.gov.au/sites/default/files/2025-05/IA24_Market%20Capacity%20Report_05-25.pdf)

<sup>14</sup>Productivity Commission (2025) Housing construction productivity: Can we fix it? Research paper, <https://www.pc.gov.au/research/completed/housing-construction>, p. 13.

While the REIQ does not have direct insight into construction site operations, we see the downstream market impacts of poor productivity through housing market dysfunction and unhealthy market conditions.

Housing completions are stalling and ultimately this shortfall in housing will come at a high human cost. Based on the current rate of dwelling approvals (as of March 2025), Queensland will fall short of its target by 48,900 homes by mid-2029. This would correspond to a shortfall of housing for over 122,000 people, based on a 2.5 persons per household occupancy ratio.

Some Queenslanders are missing out on housing all together - unable to secure a roof over their heads, being displaced from their communities, or prevented from living near where they would like to work. This stifles job mobility and particularly impacts regional communities, where people may be discouraged from building a career, pursuing education or raising a family due to the difficulty in securing housing. This has broad-ranging impacts throughout the area. Without the ability to attract and retain residents, it becomes harder to sustain and grow local economies, foster communities, and ensure key workers can live locally to provide essential services.

Rental markets are tightening, homelessness is increasing, and housing insecurity is becoming more common across broader segments of the population. These are the very real costs of declining construction productivity. Delays and cancellations of vital housing and infrastructure projects also constrain liveability and economic participation.

Investor confidence is also impacted when there are perceived cost and delivery risks. International and domestic capital is increasingly cautious, preferring jurisdictions with lower risk and greater certainty of delivery. This has wide-ranging consequences - not only for housing delivery, but for the infrastructure and economic growth that relies on a commercially attractive, thriving construction sector.

When determining a development's viability, developers weigh several factors, with commercial outcomes being a key consideration. It can also mean developments are concentrated in southeast Queensland towards high-margin projects, with projects unable to stack up in regional areas of our state. It may be difficult to deliver affordable housing in many parts of the state, deepening inequality and hindering regional growth. Construction Skills Queensland (CSQ) shows that all 37 residential projects underway and 42 out of 46 planned projects are in SEQ<sup>15</sup>. Additionally, the CSQ data illustrates an apparent skewed pattern in high-end residential developments in SEQ.

Another impact is the distortion to housing diversity. This is most evident in the apartment market which has skewed towards the upper end of the market, creating a 'missing middle' in housing product diversity. This is clearly demonstrated on the Gold Coast where developments catering to larger, luxury apartments with a correlating price tag of \$1 million or above are now almost exclusively the norm.<sup>16</sup>

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<sup>15</sup> [Major Projects Explorer | CSQ](#)

<sup>16</sup> [Gold Coast property market: Average unit price increases \\$500,000 in just six months, new report reveals | Gold Coast Bulletin](#)



## REIQ RECOMMENDATIONS

The REIQ recommends that the Commission consider the following reforms to lift construction sector productivity in Queensland without compromising safety or quality. We recommend reforms focused on streamlining delivery, unlocking workforce capacity, and restoring confidence in the housing sector. We must address deeper structural barriers to new freestanding housing - challenges such as escalating construction costs, labour shortages, poor productivity, land scarcity and delays within planning and approval systems.

### 1. Industrial relations settings and procurement framework review

Regulatory complexity has contributed to elevated construction costs and delays. While important for safety and quality, the current pace and scale of regulatory change has added layers of administrative burden that further reduce productivity and project viability. We encourage a review of industrial relations settings and procurement frameworks - particularly the impact of the Best Practice Industry Conditions (BPIC). These requirements, while well-intentioned, may be reducing flexibility, increasing delivery risk, and stifling innovation in contracting and construction practices. In relation to BPIC impacts, the REIQ understands that other stakeholders in the building and construction sector are better placed to provide feedback and direct experience insights, such as Urban Development Institute of Australia or Property Council of Australia.

### 2. Reforms to planning and development assessment

We strongly support reforms to state and local planning and development assessment systems. A coordinated approach to land use, planning, zoning and development must be pursued across all levels of government in Australia. Each State and Local Government should collaboratively develop and regularly update housing strategies tailored to their region. These strategies should go beyond dwelling supply targets, embedding broader objectives around density, diversity, accessibility, tenure, and amenity. Higher density and greater diversity need to be embraced. In an uncertain market with fluctuating costs and labour challenges, clear, quick, consistent and less costly processes could help projects move forward. We need consistent, long-term investment in driving housing supply, including structural reform and smarter financial incentives to drive productivity and delivery.

### 3. Addressing occupational training and workforce mobility

The shortage of skilled trades is one of the most significant constraints to housing delivery. The REIQ strongly supports reform in occupational training to address ongoing trade shortages. The current TAFE and training model must be reviewed to ensure it caters to practical, in-demand blue-collar skillsets. Vocational training must be elevated and modernised to meet the needs of today's construction sector. The State Government should work with the Federal Government and industry to develop programs that boost trades training, attract new entrants into key construction and maintenance trades, and expand training facilities in high-demand growth areas.

There is also a strong case for enabling tradespeople to move and work more easily between states. Mutual recognition of occupational licences should be strengthened across jurisdictions to improve labour mobility, particularly as large infrastructure and housing projects compete for the same talent pool.

Therefore, we recommend the Queensland Government advocate for a nationally harmonised system to enable tradespeople to move between states with mutual recognition of licences. Making it easier for international and interstate tradespeople to relocate and work in Queensland is

essential to alleviate labour constraints. The Queensland Productivity Commission should review ways to simplify pathways for migrant tradespeople to have their skills recognised and supported. Facilitating skilled migration pathways, supporting trade-based training and apprenticeship completion, and fostering collaboration between education providers and industry will be vital to bridging the workforce gap. While there are some government apprenticeship initiatives underway, we note the time it will take for this to flow through to the qualified workforce.

#### 4. Better adoption of technology and innovation

The REIQ also believes that Queensland should look to international jurisdictions for inspiration. Other countries are delivering housing faster and more affordably through new delivery models, offsite and modular construction, streamlined approvals, and digital tools. Queensland must be willing to embrace new approaches in order to meet its ambitious housing targets.

For example, **prefabricated modular homes** offer the opportunity to increase housing supply quickly and cost-effectively. International examples, such as New Zealand's deployment of earthquake-proof Panasonic modular homes within just three months, show how these methods can deliver high-quality outcomes rapidly. Research from Griffith University also points to the value of tiny homes as affordable and inclusive options in the Australian context. Queensland should explore modular and off-site construction more fully, including supporting enabling infrastructure, skills, and innovation within this emerging sector.

The REIQ supports the efforts by the Government, industry groups, and housing providers to investigate the potential for prefabricated housing to improve housing affordability. We recognise QBuild's role as a significant purchaser of prefab housing, and we would support any cost-effective strategic investments by the Government to promote innovation and skills in the emerging industry.

While we acknowledge that the Australian Government is engaging with financial institutions to address this issue - with the Commonwealth Bank recently expanding its lending criteria for prefab housing - we believe State-level action could also help. For example, exploring targeted interventions to support financing pathways for prefab housing, particularly in consultation with industry and lenders; and considering financial or regulatory incentives that make prefab projects more viable and competitive in Queensland's housing mix.

Another innovation that should be explored is **3D-printed housing**, which offers a suite of benefits that can address many of the constraints currently faced by the construction industry - including rising costs, skilled labour shortages, and productivity stagnation. Reportedly, 3D-printed construction reduces build times, cuts material waste and environmental impact, improves structural strength, reduces construction costs and alleviates workforce constraints, increases project scalability and profitability and relieves supply chain dependencies. Companies like *Hous3D* and *SQ4D* are leading the development of this construction method globally, offering fully automated on-site manufacturing - including structural components such as footings, multi-storey walls and roofing - with minimal need for prefabrication or multiple trades. These advancements present a transformative opportunity to revitalise Australia's housing construction sector.

#### 5. Support for diverse housing delivery

Additionally, more needs to be done to support diverse housing delivery and viability to ensure there are suitable housing options for different households. There is currently a disconnect between design-led planning and value management within government processes, which must be addressed. Housing strategies must consider adaptability, accessibility, and evolving demographic needs.

In Queensland, more strategic direction from the State Government is needed to support Local Government implementation - particularly through detailed planning guidelines and practical tools, not just numerical supply targets. When it comes to affordable housing developments, incentives are essential to ensure viability and that we deliver the housing product diversity we need to cater to every part of our society.

#### **6. Tax and insurance barriers – Renting out rooms within a property**

The REIQ is an advocate for encouraging people to rent out a room or rooms within their primary place of residence. This maximises the potential of existing housing stock while offering financial relief to homeowners. While recent changes in Queensland allow homeowners and first home buyers to rent out rooms within 12 months of purchase, we believe further incentives for existing homeowners should be introduced. A State-wide education campaign should be launched to promote room rental, helping Queenslanders understand associated tax implications, potential insurance risks, and financial benefits. With better clarity and community awareness, this form of accommodation could be embraced more widely.

Although such initiatives may be supported at state levels via legislative and regulatory settings, we are concerned about the associated federal tax implications and other nationally-based impacts. This includes Capital Gains and Income Tax implications, Pension related issues and other potential carer payment issues which may be affected by additional income streams and invoked by ‘traditional’ property investment income. The Federal Government should be encouraged to consider taxation reform to allow for renting out a room without triggering capital gains tax, provided the property is predominately owner-occupied. Other appropriate limitations could be implemented to safeguard against exploitation. Similarly, Centrelink benefits and other concessions should be reviewed and adjusted as necessary to allow for renting out a room.

#### **7. Tax - Rescind Foreign Investor Surcharges**

The REIQ continues to oppose the application and recent increases of foreign investor surcharges on transfer duty and land tax. These surcharges create a significant barrier to capital investment in Queensland. Many builders and developers in Queensland have foreign ownership interests and play a critical role in delivering housing supply. These additional taxes reduce the incentive to invest in Queensland compared to other jurisdictions and further constrain the pipeline of new developments. We recommend that these surcharges be rescinded to support capital flow, housing development, and market competitiveness. We support the Urban Development Institute of Australia and Property Council of Australia’s position in relation to this.

#### **8. Consultative approach**

We understand that some stakeholders may be hesitant to speak out on certain matters due to fear of retribution. Therefore, we encourage the Commission to enable honest engagement in this process through protective and creative consultation design. For example, we recommend considering mechanisms that support anonymous submissions, sector-specific roundtables, or the use of de-identified case studies to ensure broad and honest engagement.

## Conclusion

Queensland's housing crisis cannot be resolved without addressing declining productivity in the construction sector. The impacts of lost productivity are felt in every delayed home, every cancelled project and every Queenslanders struggling to access housing within their community due to a lack of supply.

The REIQ urges the Queensland Productivity Commission to consider these onflow market consequences and to prioritise reforms that stabilise the construction industry, restore confidence and unlock the capacity needed to deliver the homes and infrastructure that Queenslanders need.

We thank the Commission for the opportunity to contribute and welcome further engagement. We would be pleased to discuss any of the matters raised in this submission and invite you to contact Katrina Beavon, General Counsel, at [REDACTED]

We confirm no aspect of this Submission is confidential and we consent to its publication.

Yours Sincerely



Antonia Mercorella  
Chief Executive Officer