

Planning and Development in Townsville

Development Activity Report | Quarter 2 – 2022



Introduction

Welcome to the Planning and Development, Development Activity Report for quarter 2 of the 2022 calendar year.

The following report provides comparative development activity data from quarter 1 of 2019 to quarter 2 of 2022.

Collectively the data shows a meaningful insight into the trends and external factors that have influenced the development industry throughout the 3 years.

The Development industry presents approximately 10.3% FTE of the Townsville employment base and has an important role in supporting the local economy.

The economic health of the industry can pose as a litmus test for the broader local economy.

Notwithstanding the Federal Government Home Builder grants stimulus package increasing the release of residential lots throughout 2020 and 2021, the beginning of 2022 shows residential land release results remaining solid.

Related to this, the approval of new dwellings also remain strong with quarterly volumes in excess of earlier periods before the stimulus package was introduced.

As the 2022 year further unfolds, a clearer picture of the residential development industry without the stimulus of government incentives will be revealed.

Challenges in 2022 for the residential development industry in particular, are:

UPWARD INFLATION PRESSURES.

With an upward inflationary trend, due partly to the energy and food soaring costs increases, sees cost of living challenges to many Australians. Inflation has risen above the RBA target of 2-3% to 5.1%.

INTEREST RATES

As an economic tool to curb inflation, the side effects of increasing interest rates sees home ownership become more elusive for many Australians. With two rate increases since May there is no clear indication of how many and how much further increases will be. A related effect of interest rate increases is the reluctance of financiers to fund new homes. With slow wages growth and increased repayment commitments on mortgages, prospective new home purchasers may find it hard to gain funding. Commercial interest rate upward movement will also occur as the cash rate increases. This will place increased pressure on margins for commercial development.

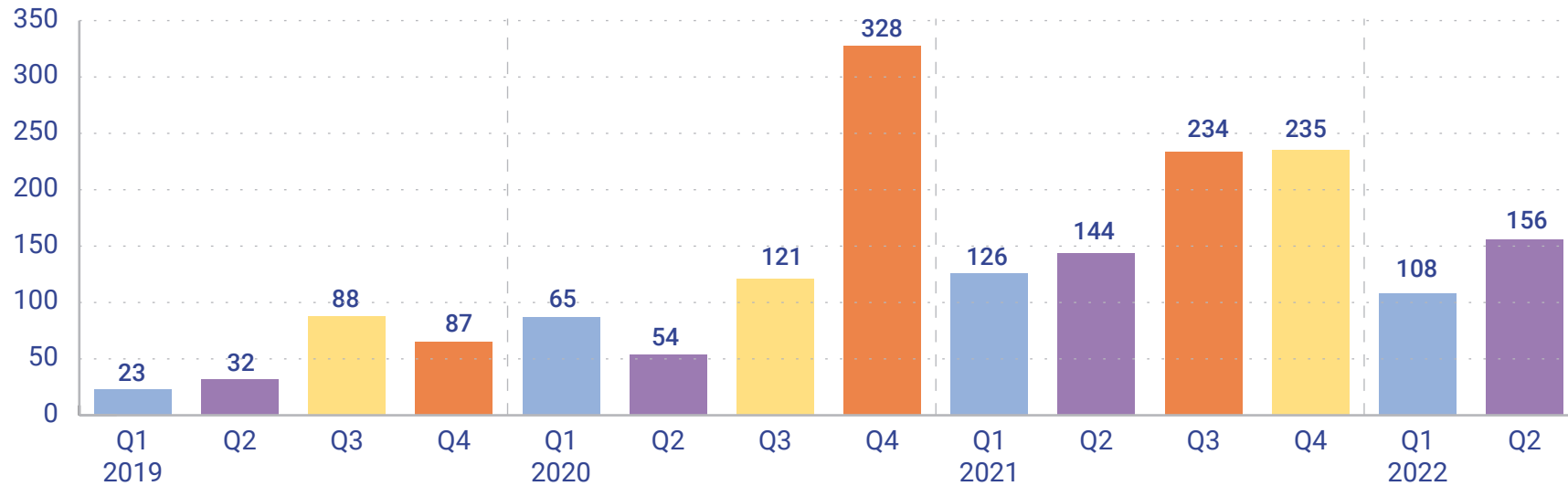
INSURANCE PREMIUMS

Surging insurance premiums on both residential and commercial properties appears to show no abatement. The Townsville local government area is acutely affected by this property ownership related cost. It is an impediment to property ownership.

With these external pressures mounting, the ability and confidence of the consumer to move ahead with home ownership in particular may be stifled. Further into 2022 will see the tangible effects these pressures will exert.

Residential lots approved and released

Residential lots released



The graph above provides a historical snapshot of residential lots approved and released for sale since the beginning of 2019.

The data clearly shows the effect of the Federal Government Home Builder grant during the 2020/2021 period.

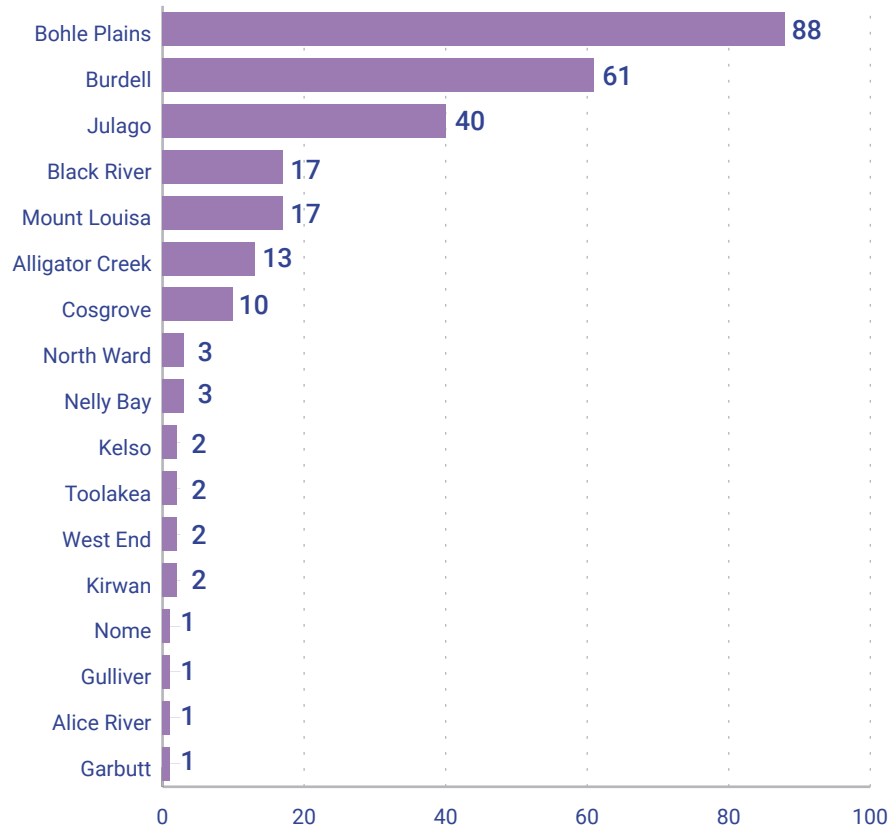
Placing aside the results from this artificial stimulus environment, 2022 results remain strong. When compared to 2019 (average of 52 lots per quarter over the period) and the first two months of 2020 (71 lots average over the period), 2022 is showing a strong result of 132 average per quarter.

As 2022 unfolds, residential land releases data will show the first full year without government stimulus

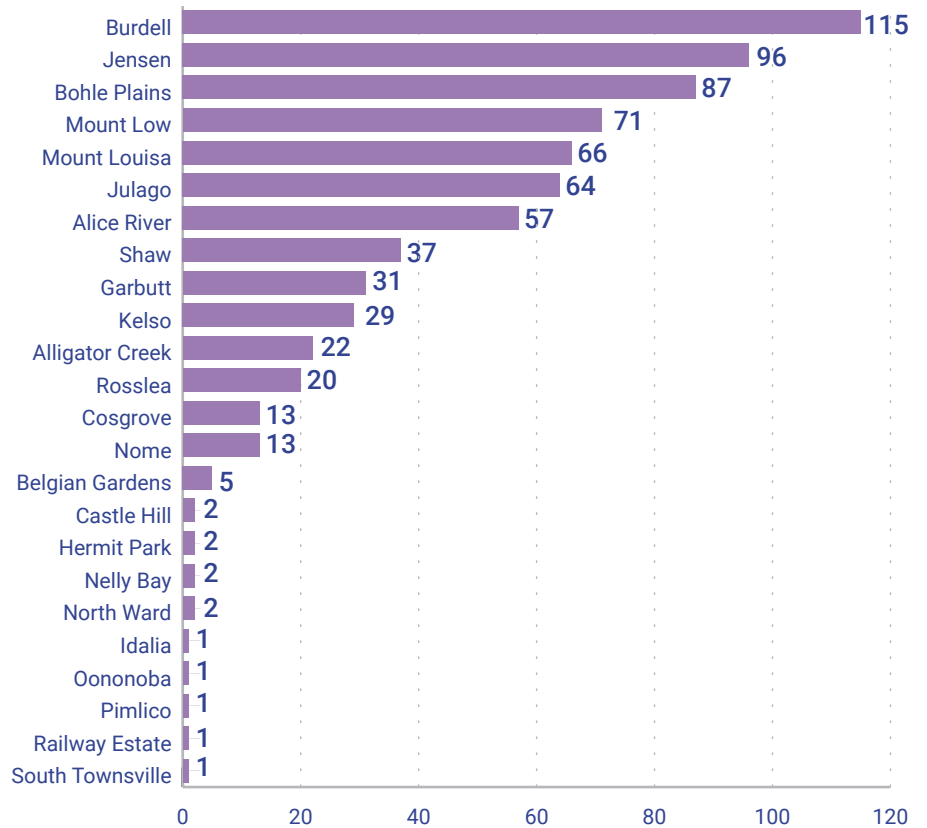
As 2022 unfolds, residential land release results will depict the first full year since 2019 without government stimulus.

Residential lots approved via suburb

Residential lot releases per suburb - Q1 & Q2 of 2022



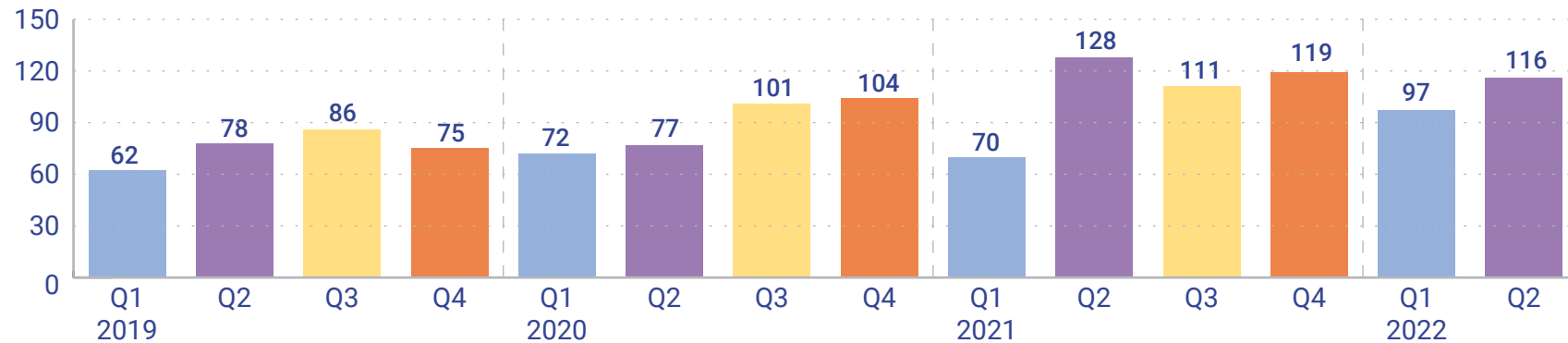
Residential lot releases per suburb - 2021 year in total



The above graphs show the approval of residential lots per suburb. This gives an indication of the current growth areas within the City.

Development Applications Lodged

Development applications lodged



The above data represents development applications lodged from 2019 to quarter 2 of 2022.

The development applications that are represented in this data are:

- Material Change of Use;
- Reconfiguration of a Lot;
- Operational Works; and
- Development Building Works.

The Federal Government Home Builder stimulus package did affect the 2020/2021 results, particularly in the lodgement and assessment of Reconfiguration of a lot and Operational Works applications. Haste to approve new residential lots and break ground on operational works, saw an influx of applications.

Placing aside the results from this artificial stimulus, 2022 results remain strong. When compared to 2019 (average of 75 applications per quarter over the period) and the first two months of 2020 (75 applications per quarter average over the period), 2022 is showing a strong result of 107 average per quarter.

Operational Works applications remain the highest volume lodged for assessment with 55 of the 116 applications lodged coming from this application type.

Reconfigurations of a lot applications are also showing an increase over previous quarters with 23 applications lodged for assessment.

Both the volume of Operational Works applications and Reconfiguration of a lot applications indicate there remains an appetite for the development of additional lots.

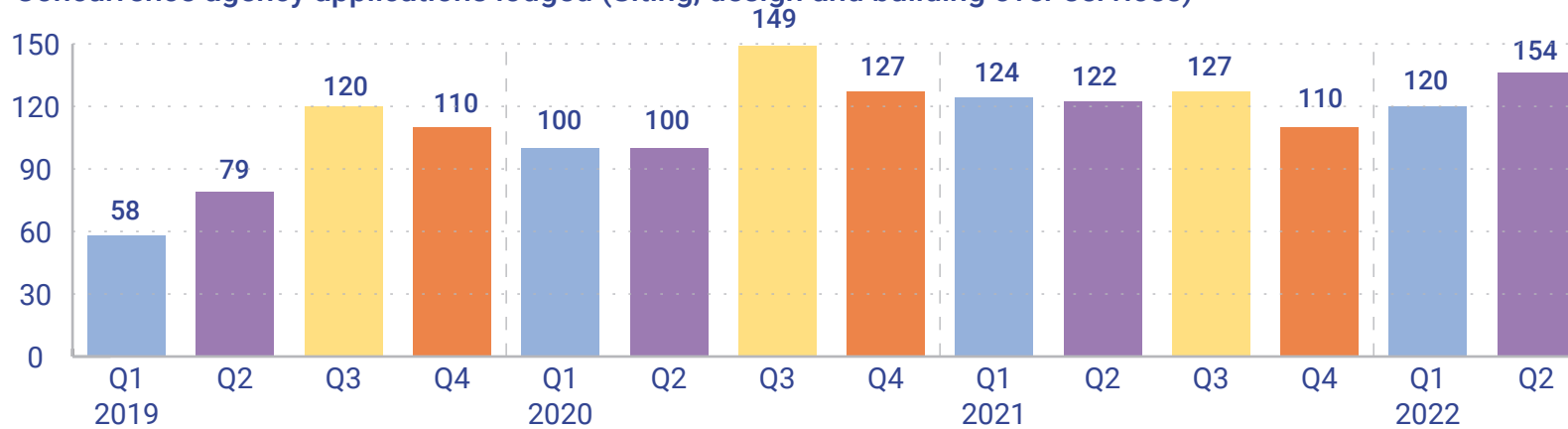
Concurrence agency applications lodged (Siting, design and building over services)

The continuing demand for siting, design, and building over services approvals, indicates an ongoing investment in further development of existing properties.

Of the applications lodged during quarter 2 of 2022, the following building works sought approval:

- 45 carports within setbacks;
- 27 dwellings within setbacks;
- 21 sheds within setbacks;
- 15 home extensions within setbacks;
- 13 construction over council infrastructure; and
- 15 others.

Concurrence agency applications lodged (Siting, design and building over services)

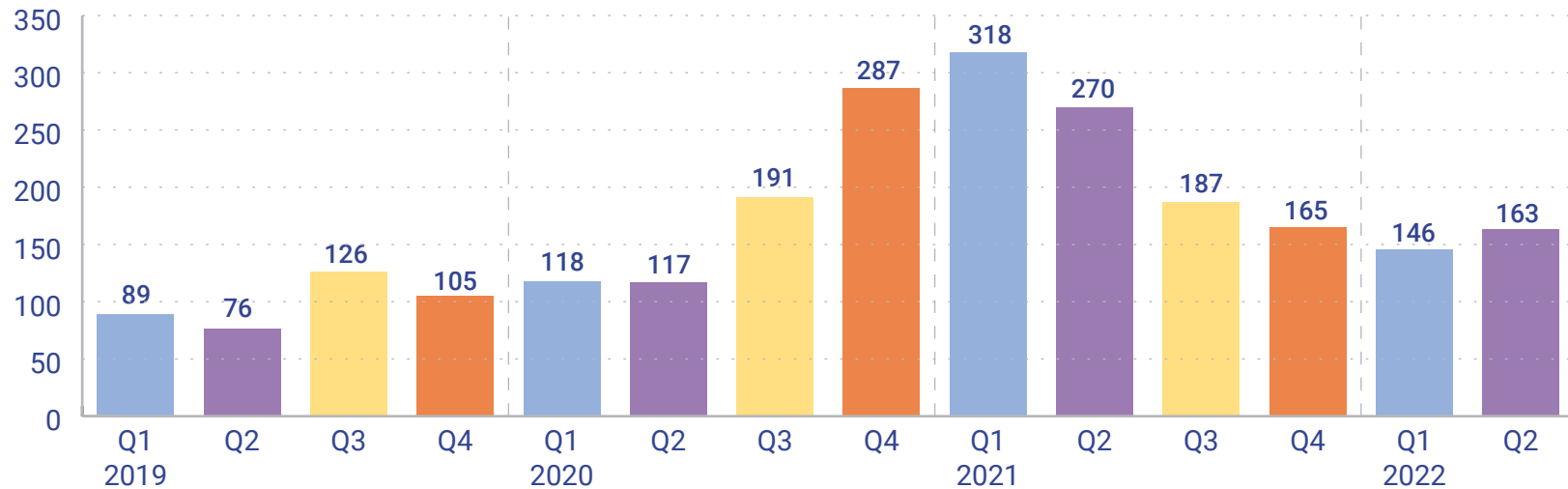


Building data

RESIDENTIAL BUILDING DATA

NEW DWELLING APPROVALS

New dwelling certification approvals



The data above is derived from residential building approvals lodged by Private Certifiers to council. Whilst these are approvals may not necessarily translate to works on the ground, the data still provides a reliable reflection of the trends for new dwelling construction.

The data clearly shows the effect of the Federal Government Home Builder grant during the 2020/2021 period.

Whilst new home approvals has tapered off following the conclusion of the stimulus grants, the data shows the demand still remains stronger than 2019 and the early quarters of 2020.

As 2022 further unfolds, any impact from the current external pressures of inflation and interest rate increases will become apparent and show in later data.

NEW DWELLING FINALS RECEIVED

The data below shows dwelling approvals translated into completed works.

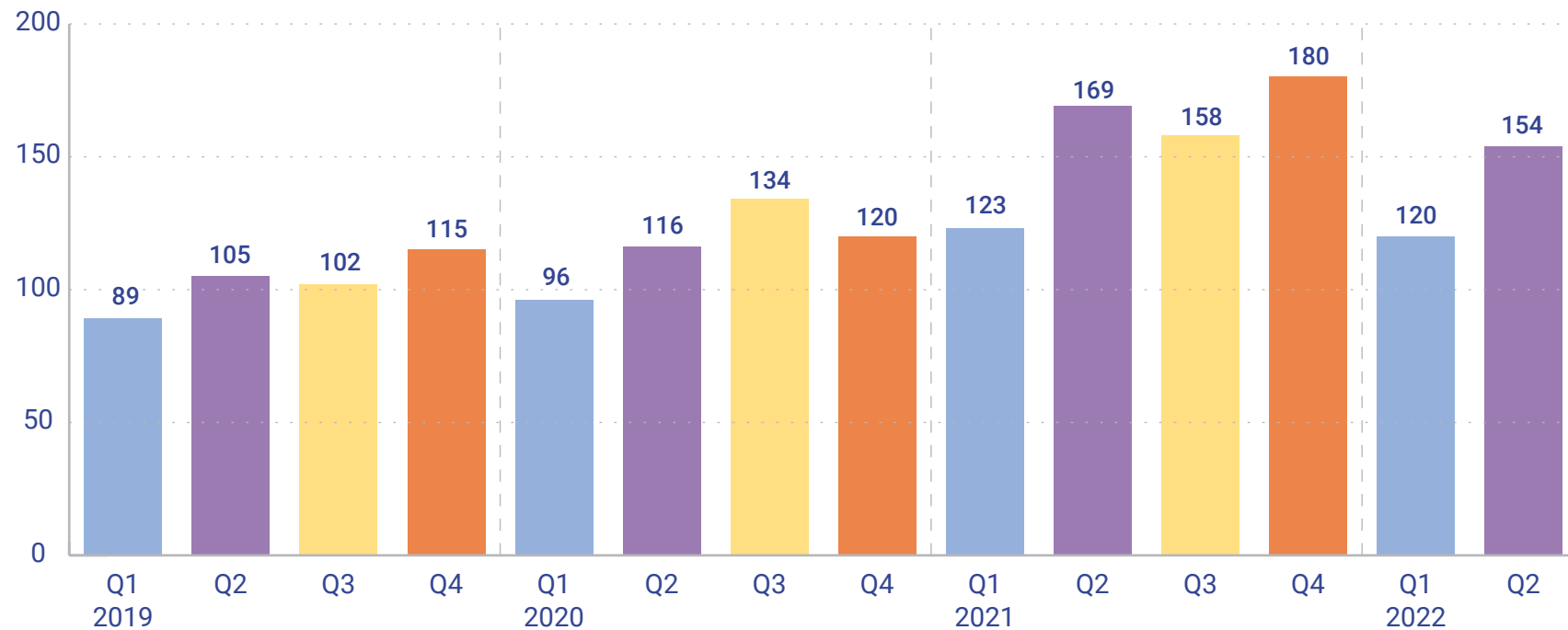
This data does not show dwelling approvals that may be partially completed. When comparing the new dwelling approvals against completed works, there could be an assumption that there is a stock of new dwellings either partially completed or not yet commenced.

The Federal Government on 17 April 2021, announced it would extend the construction commencement requirement from 6 months to 18 months for those contracts to construct new dwelling for contracts signed 4 June 2020 to 31 March 2021.

In theory commencement of a number of new dwellings could be delayed as late as September 22.

As 2022 unfolds, a clearer picture of completed new dwelling actuals will show.

Dwelling house - finals received



ALL RESIDENTIAL BUILDING WORKS COST OF WORKS

The data below is derived from residential building works approvals lodged by Private Certifiers to council. Whilst these approvals may not necessarily translate to works on the ground, the data still provides a reliable reflection of the trends for new residential building works.

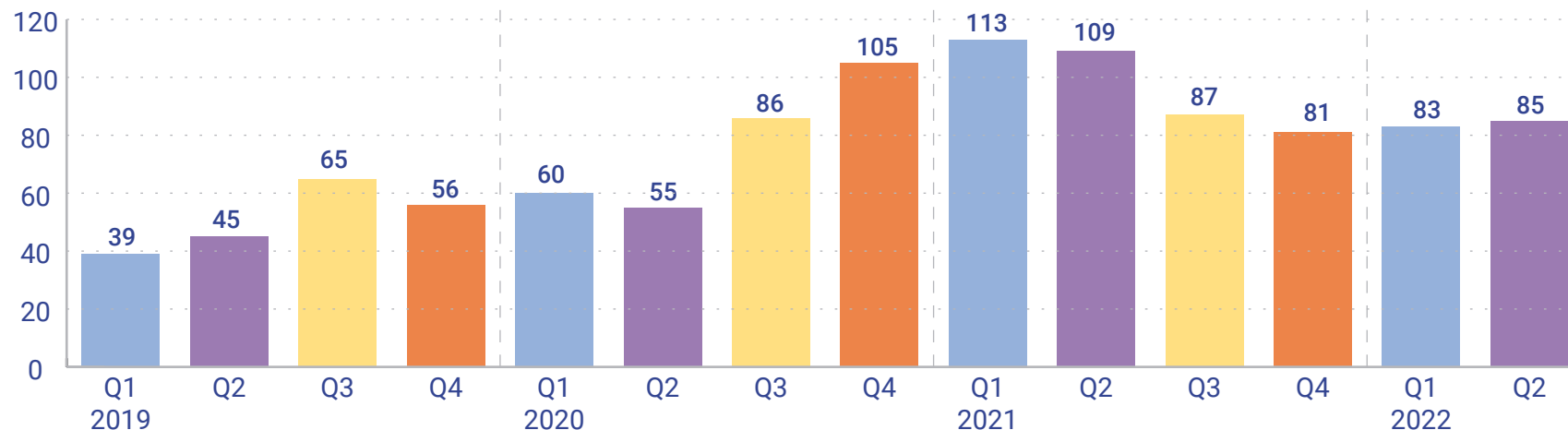
The data shows the total investment in approved residential building works. This includes new dwelling and other building works on residential property.

Clearly shown are the effect of the Federal Government Home Builder grant during the 2020/2021 period where the resultant increases in residential investment accounts from an increased demand for new dwellings.

Whilst new home approvals have retracted following the conclusion of the Federal Government Home Builder grant, other residential investment level remains strong.

From the conclusion of the Federal Government stimulus package, the investment in residential building works remains at a quarterly average of \$84 million. This is well in excess of periods prior to the announcement of the grants where the data reveals a quarterly average of \$53 million.

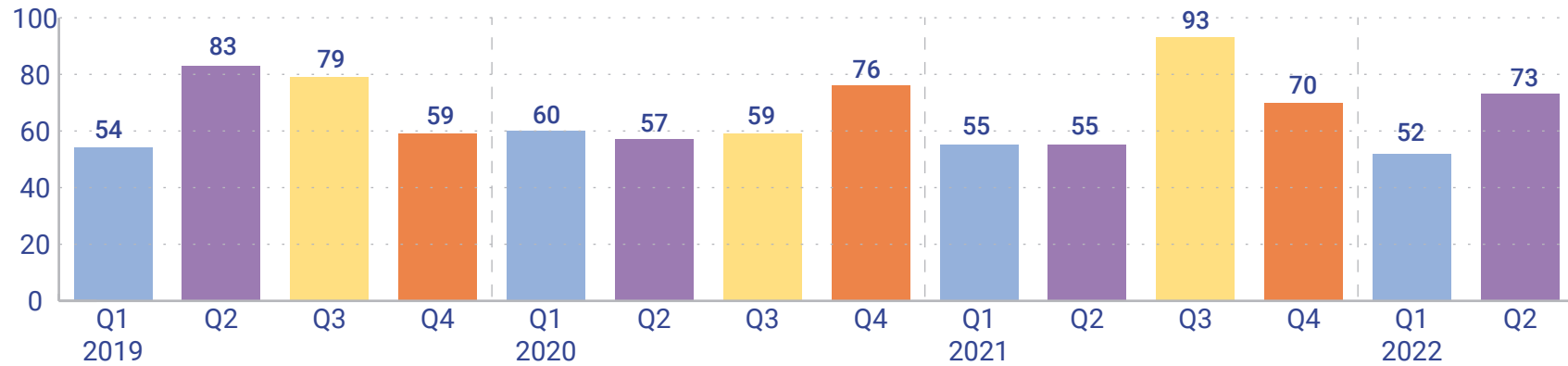
Residential building cost of works - \$millions



Commercial building data

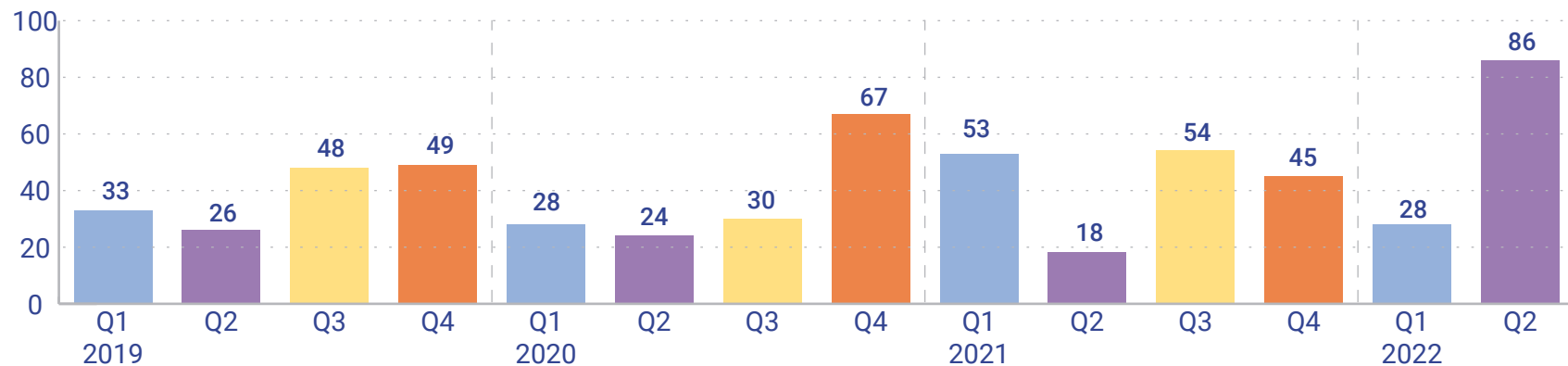
COMMERCIAL BUILDING WORK APPROVALS

Commercial development approvals



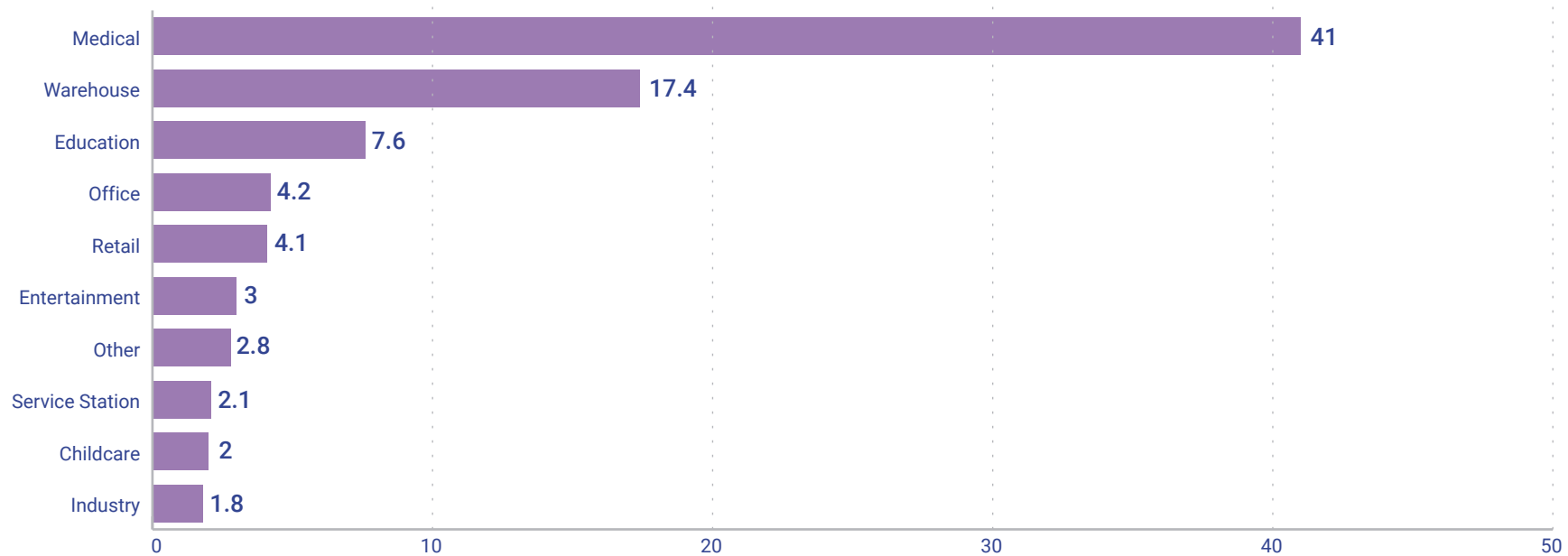
ALL COMMERCIAL BUILDING WORKS COST OF WORKS

Commercial building works cost of works - \$million



COMMERCIAL DEVELOPMENT VIA USE

Commercial Development > \$1 million cost of works



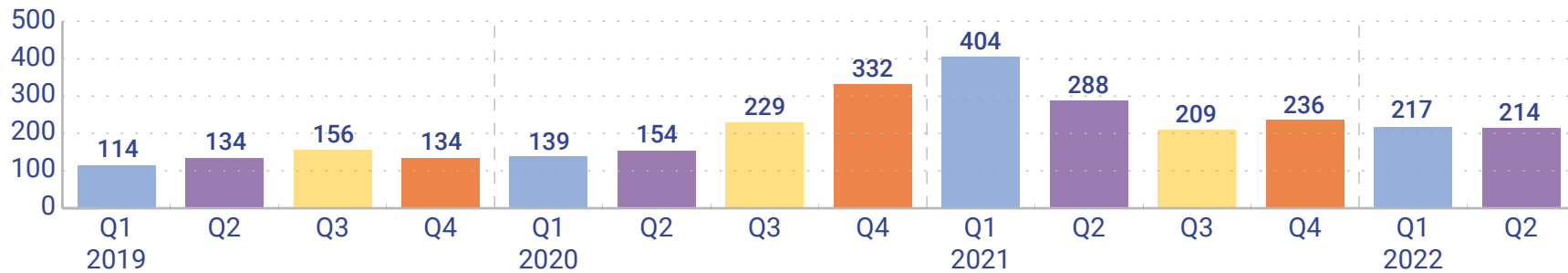
The Commercial Building data graphs above is derived from commercial building approvals lodged by Private Certifiers to council. Whilst these are approvals may not necessarily translate to works on the ground, the data still provides a reliable reflection of the trends for new commercial building works.

The data reveals the volume of commercial building lodgements remains steady at an average of 66 lodgements per quarter over the entire data period.

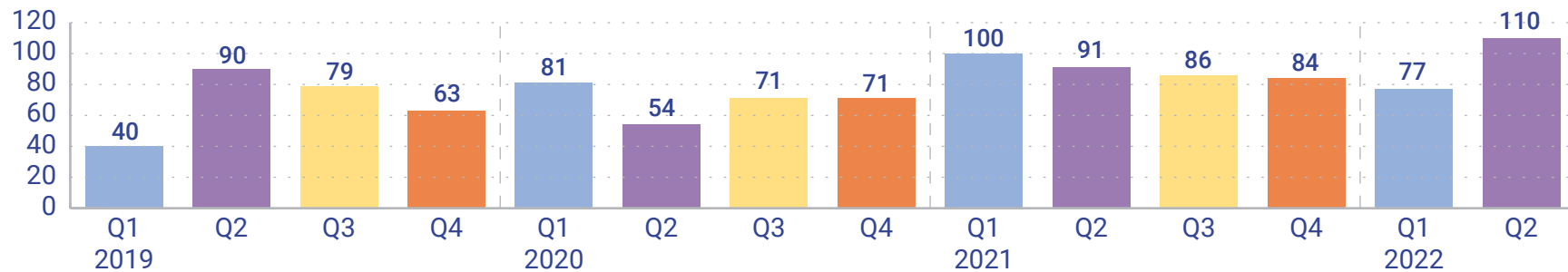
Of note for quarter 2 of 2022, shows the highest investment in commercial development across the full data period. Townsville's newest private hospital currently under construction and a strong investment in warehouse facilities buoys the investment in commercial development during this period.

Plumbing and drainage applications lodged

Residential Plumbing and Drainage applications lodged



Commercial Plumbing and Drainage applications lodged



The above graphs show lodgement of residential and commercial plumbing and drainage applications from 2019 through to quarter 2 of 2022. The residential results is trending in a similar fashion to new dwellings approvals and clearly shows the effects of the Federal Government stimulus package throughout 2020 and 2021.

In terms of commercial plumbing and drainage, quarter 2 shows a higher than average rate of lodgements. This is attributed to an increase in the assessment of modular buildings

Prelodgement Meetings

This data shows requests for free of charge formal discussions associated with new developments, general guidance, and questions.

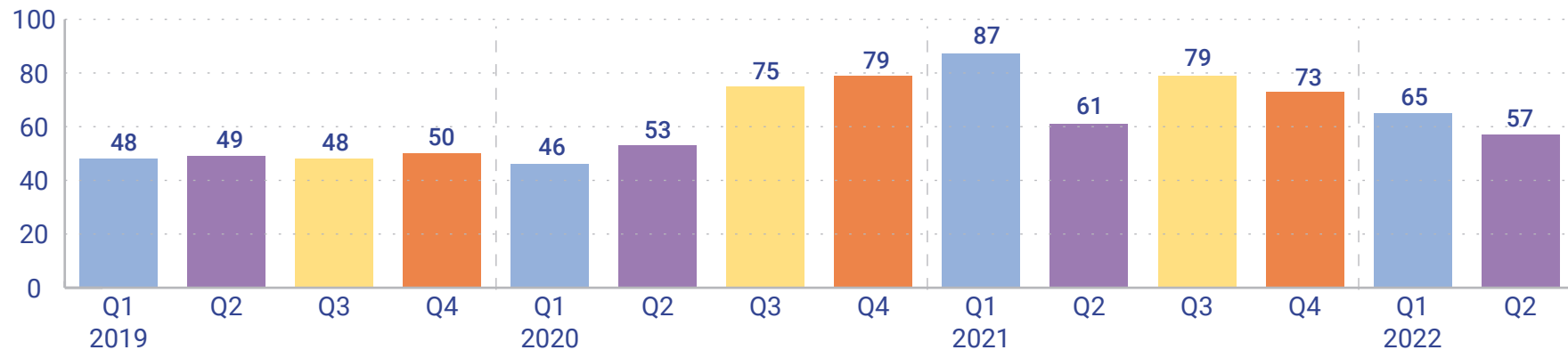
Prelodgement meetings are encouraged by council. The meetings serve to ensure applicants are aware of town planning and engineering requirements associated with a potential development.

Prelodgement meetings also have the benefit of assisting the applicant to lodge a well made application which will assist the overall assessment of the development and may reduce assessment timeframes.

The following is a summary of the discussions topics during quarter 2 of 2022:

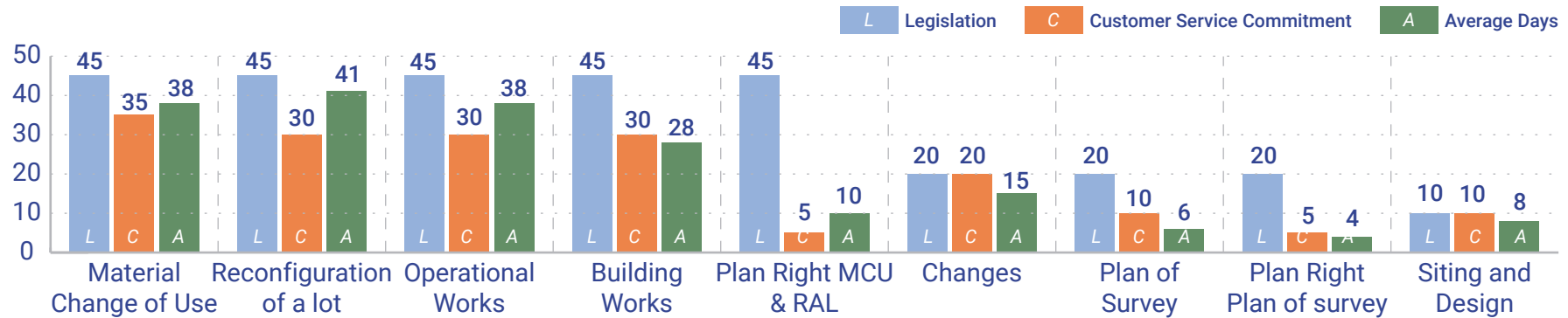
- 21 Material Change;
- 17 Reconfigurations;
- 9 Operational Works; and
- 10 Others

Prelodgement Meetings



Development assessment timeframes - per the Planning and Development Customer Service Commitment

Assessment timeframes - Q2 - 2022 - Customer Service Commitment



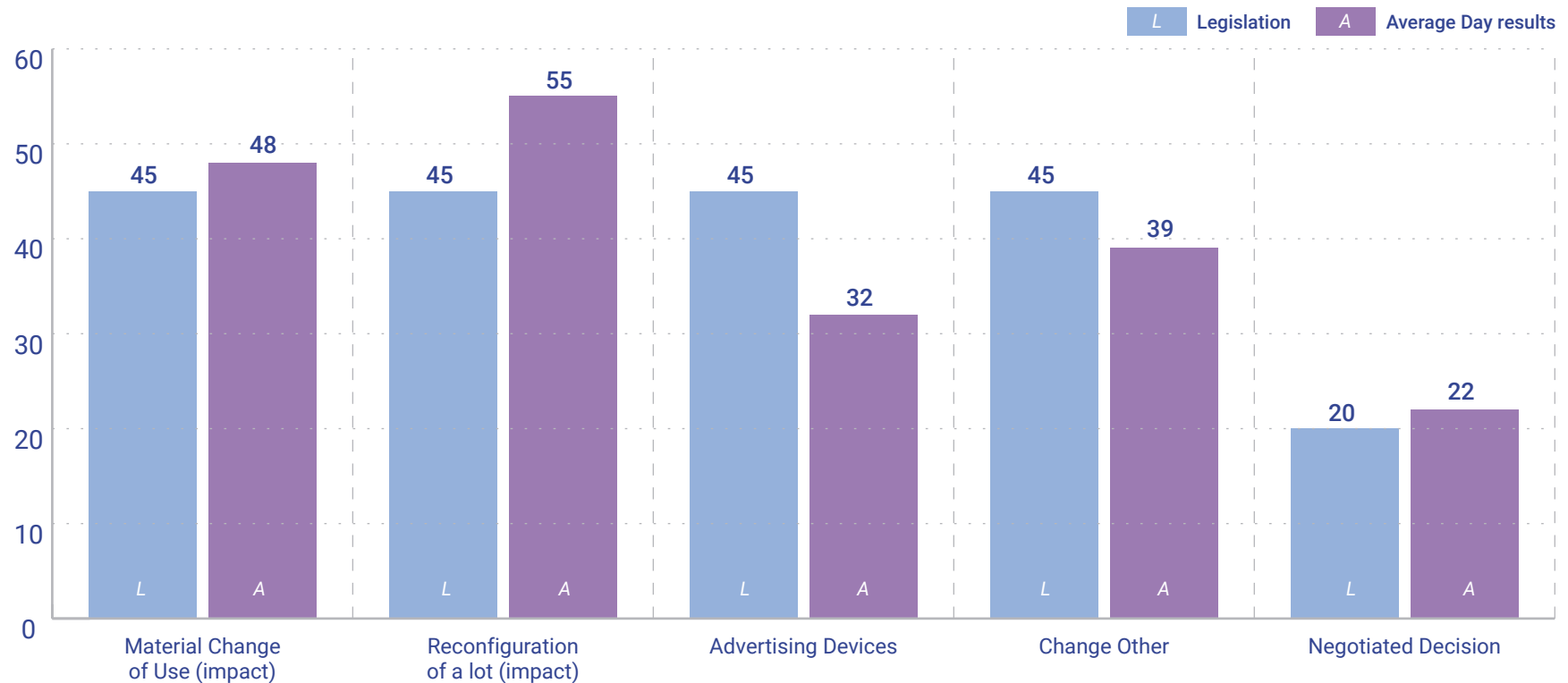
This graph provides information on the average assessment timeframes for a number of planning applications and requests associated with the Planning and Development Customer Service Commitment. For applications, the average assessment times are calculated in business days from the lodgement of the application to the decision date, less any days waiting for the applicant to respond to action notices, information requests, and responses from referral agencies.

The legislative timeframes show the maximum time allowed (blue shading), The Planning and Development Customer Service Commitment, which is our promise to the industry on timeframes that we strive to achieve (orange shading) and the actual average days to reach a decision (green shading).

Application assessment timeframes on average for planning applications meet legislative compliance. Increases in application lodgement volumes continue to place pressure on meeting the Customer Service Commitment.

Development assessment timeframes – others

Assessment timeframes - Q2-2022 - other



New to this report, the above graph shows assessment timeframes for other applications and requests not subject to the Planning and Development Customer Service Commitment.

Of note the data shows impact assessable Material Change of Use and Reconfiguration of a lot applications do not meet legislative timeframes due to approval required through Full Council meetings.

Notes

BUILDING APPROVAL DATA

State government development information is not required to be given to Council. Therefore, the building approval data only includes a small proportion of State government work, and this should be taken into consideration when analysing the information (i.e. the estimated value of works may not include developments such as works to schools, hospitals or defence). The number of building works for the most recent two months also needs to be used with some caution. While private building certifiers are required to provide the information to Council within five business days of the decision notice being issued, this does not always occur. Data is regularly reviewed for accuracy; however, minor representation errors may still occur.

VALUE OF WORKS DATA

The estimated value of works needs to be used with some caution. As this is provided at the planning stage of works, this may not accurately reflect the final cost of works.

ASSESSMENT TIMEFRAMES FOR PLAN OF SURVEY

The assessment days for the release of Plans of Surveys are calculated from the date all required information is received by Council and all conditions of approval have been met.

CONCURRENCE AGENCY RESPONSE APPLICATIONS

Concurrence Agency applications in the context of this report represent two areas of assessment. Firstly, where residential development does not comply with the assessment guidelines of the Queensland Development Code (QDC).

The QDC prescribes amenity and design guidelines. These guidelines as an example dictate the sighting and height of structures on the lot. The Local Government Authority has the delegated rights from the State to assess applications where the property owner wishes to gain a relaxation of the codes.

Secondly the QDC prescribes guidelines in relation to structures built over or within the influence of a Council asset such as sewer infrastructure. It allows the Local Government Authority to assess the structure if it poses a risk to the infrastructure.

Glossary

OPW – OPERATIONAL WORK

In the context of day-to-day business, operational works commonly includes infrastructure works associated with development, such as sewerage, water, roads, and stormwater. This may also include excavating or filling, clearing vegetation, road works, and Advertising Devices.

DBW – DEVELOPMENT BUILDING WORK

Assessment of proposed building works on lots that are located in zones such as Character Residential Zone.

RAL- RECONFIGURING A LOT

The subdivision, amalgamation, and realignment/rearrangement of lot boundaries, creating an easement and agreements for Community Titles Scheme (CMS)

MCU-MATERIAL CHANGE OF USE

Required when commencing a new use on premises, re-establishing a use that has been abandoned or changing the intensity or scale of the use.

POS- PLAN OF SURVEY

POS lodgements are associated with the approval of a Plan of Survey. This allows newly created lot/s to be registered and introduced to market for sale.

PROPERLY MADE

An application must be properly made to allow assessment to proceed. Legislation prescribes the minimum requirements for an application to be properly made.

PLANRIGHT APPLICATIONS

PlanRight applications are those identified application types that are assessed by approved external consultants. Once lodged, Council issues the decision notice via an accelerated process.



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Townsville City Council acknowledges the Wulgurukaba of Gurambilbarra and Yunbenun, Bindal, Gugu Badhun and Nywaigi as the Traditional Owners of this land. We pay our respects to their cultures, their ancestors and their Elders, past and present - and all future generations.

Report modified: 3 August 2022