CAIRNS REGIONAL COUNCIL

# CONSTRUCTION INDUSTRY

2021/22

Cairns REGIONAL COUNCIL

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# Industry Snapshot - 2022

**$2,418M**
Output / Total Sales

**7,295**
Local Jobs
*8.6% of total local jobs*

**2,673**
Local Businesses

**$722M**
Gross Value Added
*8.4% of total industry value added*

**$590M**
Building Approvals

## 5YR GROWTH


## KEY SUB-INDUSTRIES

### Construction Services

**$410M Value Added**
**4,927Jobs**

### Building Costruction

**$173M Value Added**
**1,626 Jobs**

Sources: NIEIR, 2023; ABS, 2022

# Industry Size and Composition

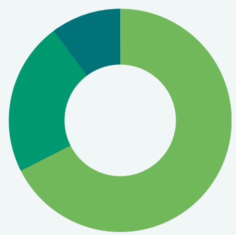
| | Output/Sales | Value Added | Employment |
|---|---|---|---|
| Direct | $2,418M | $722M | 7,295 |
| | **Indirect/Flow-on Impacts** | | |
| Industrial | $726M | $330M | 2,717 |
| | + | + | + |
| Consumption | $850M | $437M | 4,675 |
| Total Impact | $3,994M | $1,489M | 14,687 |

In 2021/22, the Construction industry in Cairns was estimated to have generated $722M in direct plus an additional $767M in indirect impacts for a total contribution of $1,489M in Value Added.

The industry supported 7,295 jobs directly and an additional 7,392 in indirect employment.

The largest sub-industry for direct employment was estimated to be Construction Services with 67.5% of the total sector's employment.

## Share of Total Sector Employment, 2021/22 Top Sub-Industries

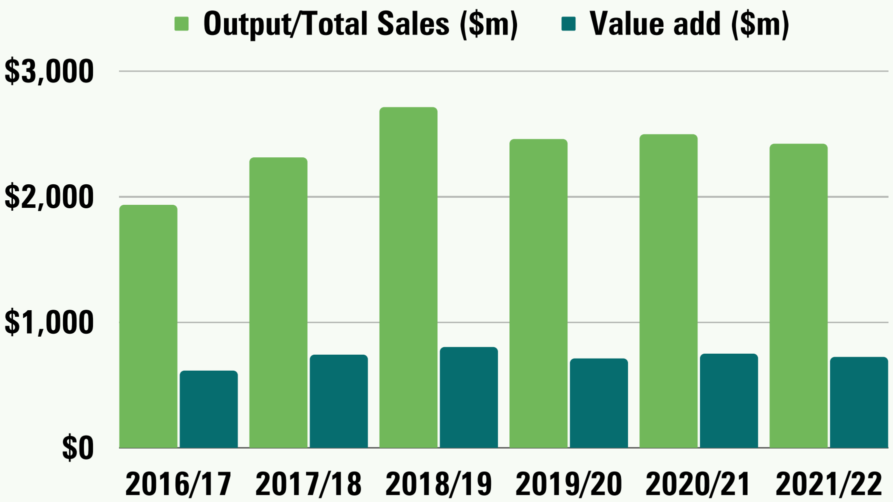



Sources: NIEIR, 2022

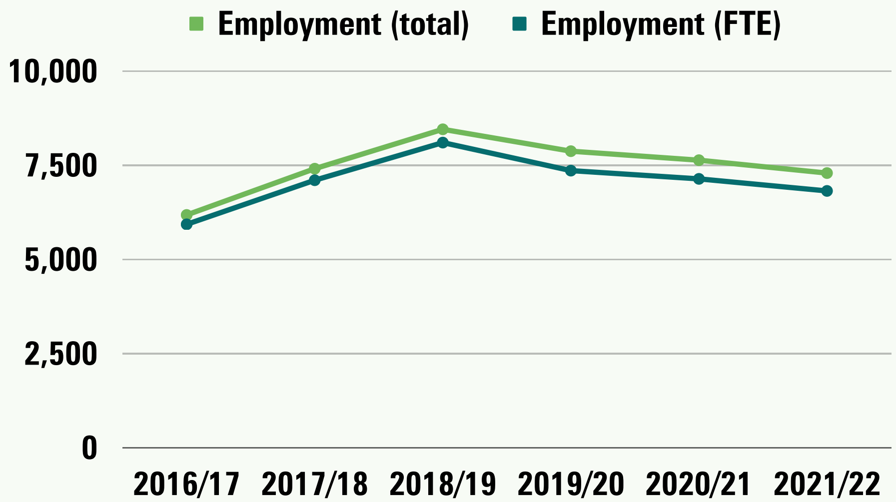
# GROWTH TRENDS

In 2021/22, there were an estimated 7,295 employees working in the Construction Industry in Cairns and 6,821 full-time equivalents. The industry generated $722M in Value Added, or $99,040 per employee ($105,923/FTE). Growth in the industry has averaged 3.4% p.a. for employment over the last five years and 3.3% p.a. for value added, both above the state average.

## Economic Value, Cairns Region, Financial Year




## Average Employment, Cairns Region, Financial Year




**5 YEAR AVERAGE ANNUAL INDUSTRY GROWTH**

**4.6%** Output/Sales — 1.1% p.a.

**3.3%** Value Added — 0.2% p.a.

**5 YEAR AVERAGE ANNUAL INDUSTRY GROWTH**

**3.4%** Employment — 1.6% p.a.

**2.8%** FTEs — 0.8% p.a.

Sources: NIEIR, 2022

# COMPETITIVE ANALYSIS

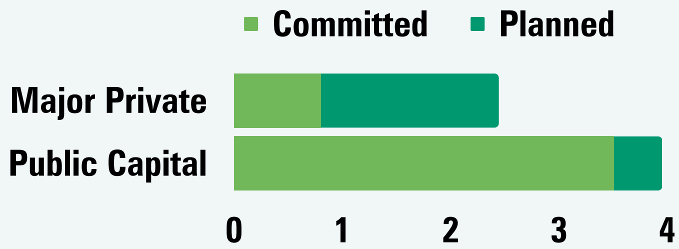
Cairns has a balanced pipeline of development ensuring more consistent construction activity. In the past eight years, 55% of building approvals value was residential, compared to 62% for the rest of QLD.

Major projects including hospital expansion, road network upgrades, marine precinct development (incl naval) and Council's Cairns Water Security Stage 1 Project will sustain non-residential development over the next decade.

Cairns will benefit from pandemic led policies that have boosted apprenticeship and traineeship numbers. FNQ now has a record 1,500 construction apprentices in training.

A number of large scale renewable projects are planned for the FNQ region. While most are located outside the Cairns LGA, the projects will likely increase the demand for local construction services during development and operational phases.

**$6.4 Billion in Far North Queensland Planned and Committed Projects in the pipeline – 2022/23 and beyond**



# WORKFORCE PROFILE

## KEY CHARACTERISTICS OF THE CONSTRUCTION INDUSTRY, 2021 - CAIRNS REGION

Workers in the Construction Industry in Cairns were slightly older than the state as a whole in 2021 with a median age of 41 compared to 39 for QLD. An estimated 83% were male and only 16% born overseas.

Approximately 70% of the workforce had Certificate III or above qualifications and 16% were working in professional or managerial roles.

In 2021, the FTE median income of the local workforce was lower than the state median.

**41 years**
**Median Age**
QLD - 39 years

**$71,527**
**Median Income FTE**
QLD - $74,997

**83%** **Male**
**17%** **Female**
QLD - 85%/15%

**82%**
**Full Time**
QLD - 80%

**16%**
**Born Overseas**
QLD - 22%

**27%**
**Owner Manager**
QLD - 29%

**8%**
**Degree or Above**
QLD - 10%

**62%**
**Certificate III to Advanced Diploma**
QLD - 58%

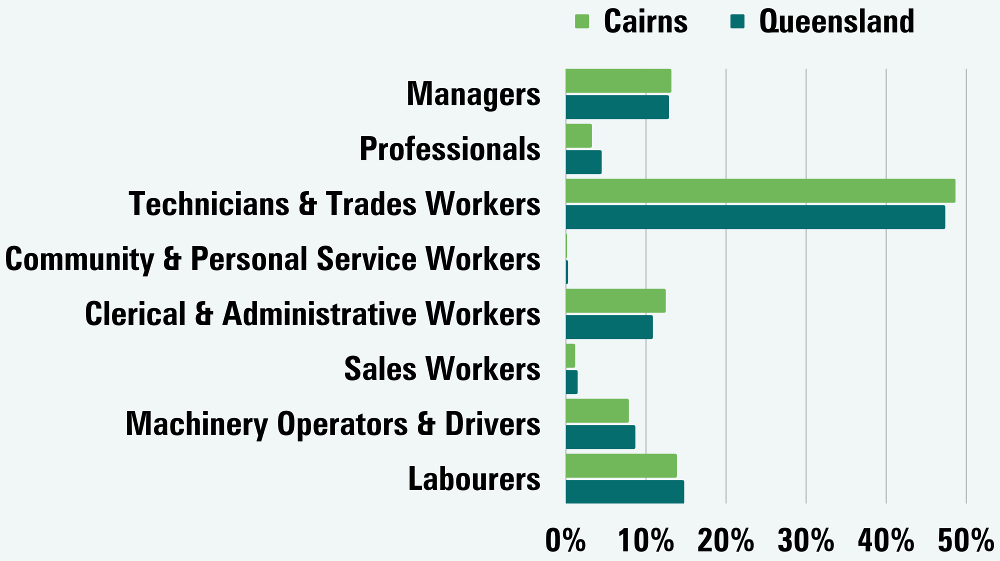
**16%**
**Professionals/Managers**
QLD - 17%

Sources: ABS Census of Population and Housing, 2022

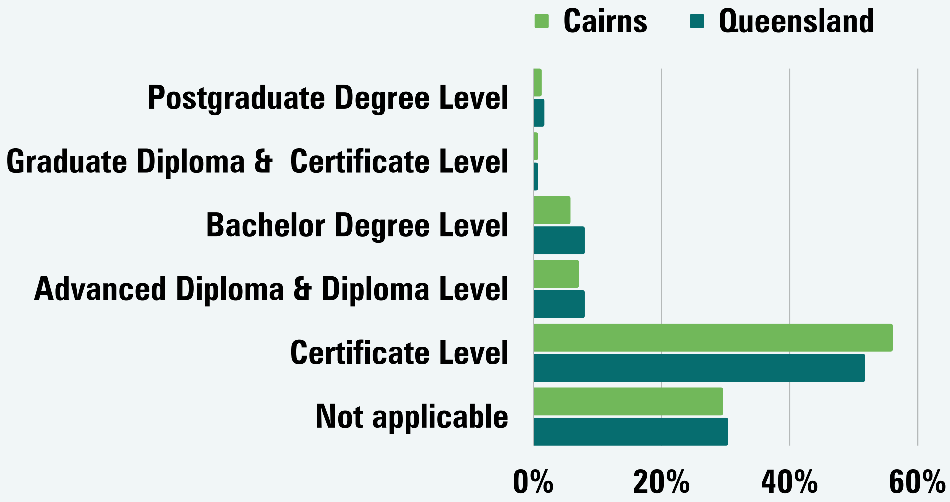
# EDUCATION & SKILLS

The Construction Industry in Cairns had a lower share of workers in professional/managerial occupations in 2021 (16%) compared to the QLD average (17%). The top occupations were electricians and construction managers.
The industry had a slightly higher share of qualified workers (69%) than the QLD average (70%), but a slightly lower share with degree level qualifications (7.5% vs 10% for QLD).

## Local Workforce Occupations, 2021




## Local Workforce Qualifications, 2021




### Top Occupations

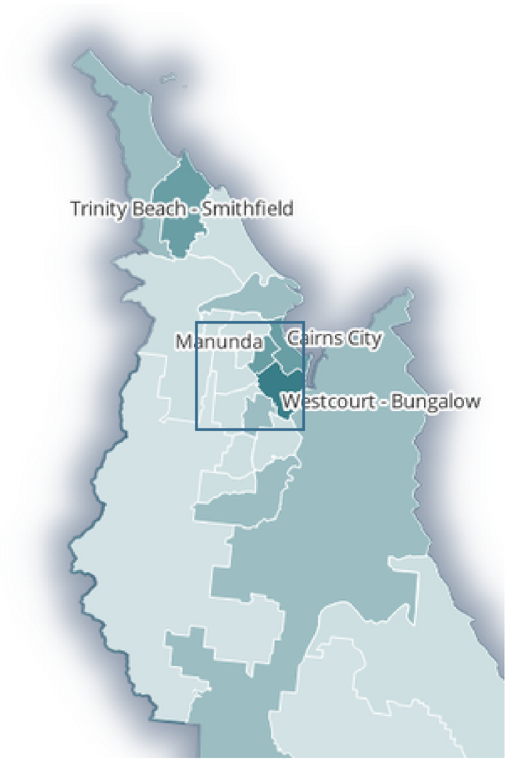
- Electricians
- Construction Managers
- Carpenters and Joiners
- Plumbers

### Top Study Fields

- Building (general)
- Carpentry and Joinery
- Electrical Engineering and Technology
- Plumbing

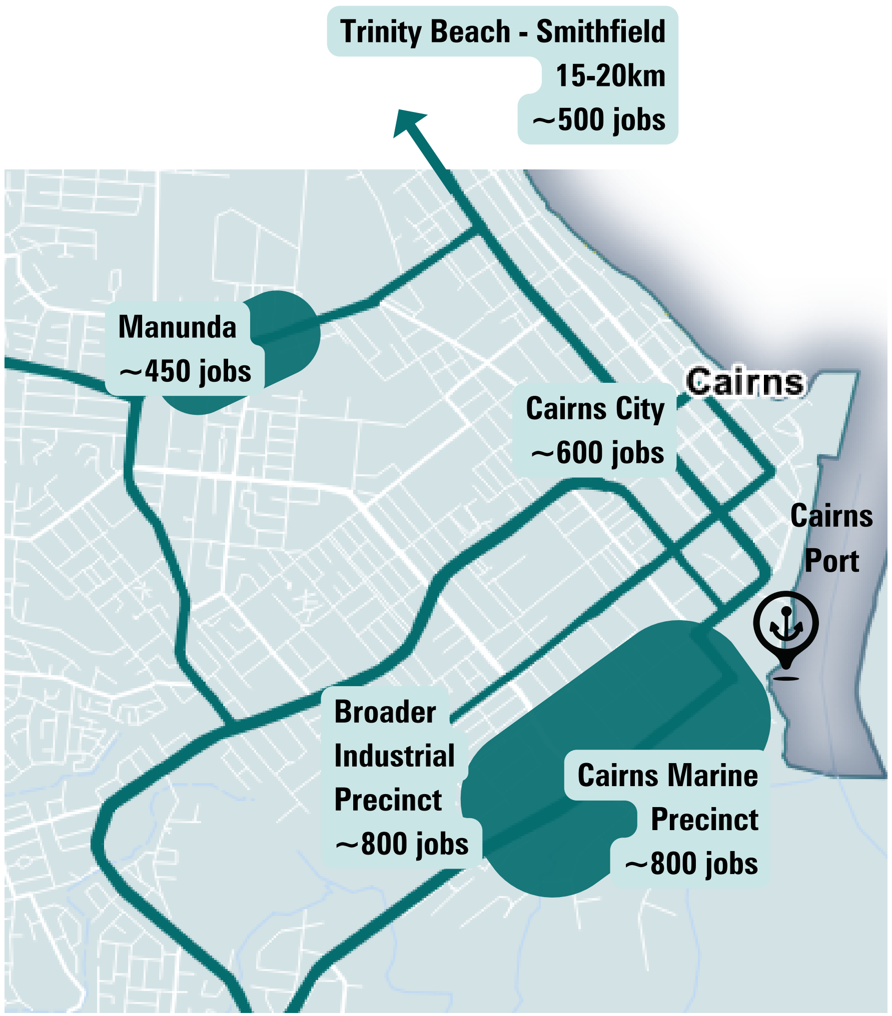
Sources: ABS Census of Population and Housing, 2022

# Main employment precincts




**Estimated Industry Jobs, 2021**

- No data
- <200
- 200 to 400
- 400 to 1,000
- > 1,000




Sources: ABS Census of Population and Housing, 2022

# Key employers

- BESIX Watpac
- Brookfield Residential
- FGF Developments
- FKG Group
- Fortress Group
- Hedley Homes
- Hutchinson Builders
- JAC Estates
- Kenfrost Homes
- Kerdic Homes
- Koppen Construction
- Kroymans Developments
- Lendlease
- Satterley Property Group

# PROJECTS & TRENDS SHAPING THE FUTURE

### Strong pipeline of investment

Cairns has a large investment pipeline of non-residential construction including major new health, cultural/arts and education facilities. Cairns Marine Precinct will also undergo a $300M+ expansion.

### Growth areas along north-south corridor

The strongest population growth is occurring in new estates to the south and north of Cairns, largely due to natural constraints and access to the Bruce Highway. Infrastructure requirements as part of development proposals may increase if sprawl continues.

### Higher densities

Like other regional cities, Cairns can increase residential densities at key locations and promote more apartment living. This dwelling type is not just for young people with a third of Cairns residents in high density dwellings being aged 60+.

### Sustainability needs

Climate change and ecological impact awareness will influence the scale and location of urban growth planning. Developers will face greater pressure to lower the carbon footprint of new construction by using new technology or materials.

# SWOT Analysis

## STRENGTHS

- Lifestyle factors continue to attract new residents meaning market demand is typically strong
- Strong manufacturing sector supports supply chain for materials and cross-over trades workers
- Cairns has major transport and export gateways/precincts that necessitate regular infrastructure upgrades (feeds pipeline)
- State and Federal Governments have generally been willing to co-support funding for infrastructure projects

## WEAKNESSES

- Distance to other markets and centres means input costs are usually higher
- Natural geography and designated world heritage sites place a constraint on the location of growth
- Growth areas in conflict with high value agricultural land in some areas
- Slow population growth in recent years
- Contribution to growth from international migration much lower than SE QLD

## THREATS

- Labour constraints and material costs to potentially continue for sometime. Region still dealing with backlog of residential projects from pandemic policy-driven boom
- Rate rises to potentially depress future housing market in the short-term
- Strong growth in SE QLD to draw development interest and workers away FNQ
- Increased severity of storms/cyclones may generate increased costs for developments

## OPPORTUNITIES

- Major expansion of areas including Cairns Health and Marine precincts as well as infrastructure upgrades (roads, water) to offer sustainable non-residential work in the  medium-term
- Towards 2050 Shaping Cairns to provide better certainty around residential and infrastructure planning
- Greater diversification of housing (e.g. more high density) offers potential to address land constraints and attract different residents

For more economic data on the Cairns Region, visit **economy.id**

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