

Townsville Economic Review 2021 – 2022

Townsville stands ready for a new phase of growth, despite the global and national COVID downturn.

The city and its business community have repeatedly shown its resilience and adaptability. Renewed interest in relocation to and investment in Townsville to take advantage of employment and lifestyle opportunities, has underpinned a new wave of confidence.

The attraction of new residents and businesses has the potential to unlock significant wealth and investment given the disparity in property prices in Townsville compared to capital cities and the broad pipeline of opportunities offering long term growth and prosperity.

While significant opportunity exists, the city faces fierce competition for investment, labour, and skills from other Australian centres facing a similar outlook.

Labour and housing shortages present genuine challenges, however can be overcome. Securing funding and delivery of a greater share of the local project pipeline will be required to support local business confidence and expansion, as will a commitment to local content across construction and trades, professional services, ongoing employment, and strategic public services.

The issues which currently constrain the local outlook for Townsville are fundamental to businesses and households – insurance and tax. These

can be addressed through legislation in favour of competitive insurance premiums and create a taxation environment that supports growth across regional centres. We have repeatedly seen inequitable insurance costs, local government rates, and payroll tax implications impact new investment and expansion plans for economically viable businesses.

In line with the improving the economic outlook and a diversifying industry base, the brand narrative for Townsville must continue to evolve to promote a city that is vibrant and innovative while being safe, affordable, and stable reflecting the aspirations of a city that is now one of the top 10 centres for job creation in Australia. The city must commit to being open for business and new development.

Where these commitments can be met, Townsville offers some of the strongest economic development potential in Australia. The upside for business, economy, and for individuals wanting to get ahead with an affordable family-friendly lifestyle is well worth the commitment required to support growth.

It's time to put Townsville on your investment radar.....

**Townsville offers
some of the
strongest economic
development
potential in Australia**

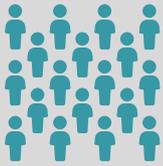
SOCIO-ECONOMIC INDICATORS



GRP of \$10.6Bn 2019-20

↑ **1.4%** Y-AVE since 2016

Economy **GREW 1%** in 2020 despite initial impacts of covid



POPULATION GROWTH

↑ **0.7%** Y-AVE since 2016

Interest in relocating to TSV

INCREASED since covid



UNEMPLOYMENT DOWN

5.7% in 2021 vs. **11%** in 2017

QLD state average currently **6.8%**

**TOP
10**

LABOUR FORCE UP

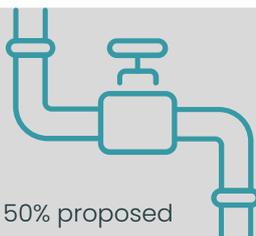
↑ **2.2%** Y-AVE since 2016

AUSTRALIAN CITIES
FOR JOB CREATION

\$18BN

PROJECT PIPELINE

40% underway • 10% committed • 50% proposed



BUSINESS CONFIDENCE

Upward trend since 2016 and remaining well above long term averages

**RAPIDLY RISING
PROPERTY MARKET**



RENTAL RETURNS ↑ **3%** pa since 2016

Vacancies below 1% across the city

MEDIAN HOUSE PRICE \$347K

30% of SYD median

50% of BRIS median

MACRO TRENDS – LOCAL ENVIRONMENT

COVID in TSV

Townsville has had minimal direct cases and no extensive closures that have impacted the community that other capital and regional cities have experienced.

Evidence indicates regional migration to Townsville from capital city areas.

Impacts of the transition from “zero-COVID” to living with COVID in 2022 may pose greater challenges for Townsville than the original outbreak and management

LOW GLOBAL INTEREST RATES

A decade of low level interest rates has led to rapid asset appreciation (property, equities, cryptocurrency).

Townsville has not experienced the asset price inflation of capital cities and is less at risk of a significant price correction should interest rates begin to rise over the coming years.

The city presents a golden opportunity for those living in capital cities to migrate and lock in the substantial capital gains achieved over the past 10 years.

REMOTE WORKING

The rise in adaption and acceptance of remote working through the pandemic has been a driver of regional migration creating more opportunities for people to be employed in regions such as Townsville.

AUTOMATION

Investment in automation is a major trend for many key Townsville industries, helping to recover international competitiveness in value adding and new advanced manufacturing sectors.

GROWTH TRENDS IN EMERGING MARKETS

While emerging markets continue to drive global growth, there has been a significant maturing of economic activity, particularly in China.

This has led to changes in both the opportunities associated with emerging market growth and the nature of economic competition from emerging markets.

OPPORTUNITIES

New & Diverse Industry Sectors

Population Growth from Capital Cities

Major Project Pipeline for TSV & Regions

REQUIREMENTS

Develop & Attract Critical Labour

Develop Quality Housing

Gain Investor Appeal & Confidence

CONSTRAINTS

The Availability & Affordability of Insurance

Building Townsville's Brand & Perception

A Competitive Personal & Business Tax Environment

ADDRESSING CONSTRAINTS TO GROWTH

The availability & affordability of insurance

Insurance is an essential need for households and businesses, and the fundamental market failure of insurance in Northern Australia is one of the major constraints to future growth. The Federal Government's proposed \$10 billion reinsurance pool will be key to unlocking investment and future growth. A successful design of the reinsurance pool is critical to ensure insurance companies re-enter the Northern Australia market place and stimulates competition.

Addressing the inequality of insurance will have significant impacts for household wealth and, in turn, the local economy.

Achieving equality in insurance costs is estimated to generate through increased local expenditure for Townsville (based on approximately 50% reduction):

- **\$118 million pa to GRP directly (\$58 million in direct impacts)**
- **950+ FTE jobs (over 600 direct FTE)**

Building Townsville's brand & perception

As economic conditions improve, and Townsville's industry mix continues to evolve the city needs to continue to develop its image as a safe and affordable lifestyle destination, with strong economic fundamentals and career prospects in line with the needs and aspirations of the city.

A strong brand backed by economic and community fundamentals will be critical to attract and retain the households and businesses required to support future growth.

A competitive personal & business tax environment

A competitive personal and business tax environment, relative to alternative centres, that supports the relocation of households, expansion of existing businesses into new locations and creation of new businesses is critical to the growth of Townsville and other regional Australian cities.

Specific stamp duty exemptions for households relocating to Northern Australia would be a positive contribution to our regional appeal. Relative differences between local council rating structures can serve to create a preference for families to choose one destination over another.

For More Information

The Townsville Economic Review has been developed as a collaboration between Townsville Chamber of Commerce, Regional Economic Advisory and PVW Partners.

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CHAMBER



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