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MEDIA RELEASE

The untapped potential of social infrastructure in South-East QLD

Research commissioned by the Property Council of Australia has revealed social infrastructure, like schools and hospitals, are a \$40 billion pillar of South-East Queensland's economy, accounting for 25 per cent of jobs within the region.

The report shows despite its huge injection to the economy, the perceptions of social infrastructure as an "emerging asset class" often limits investment in the sector, and in turn, leaves communities lacking vital services.

Queensland Deputy Executive Director of the Property Council Jess Caire said complex public-private funding models often prevent projects from getting off the ground.

"The general lack of understanding around social infrastructure – and the fact it's often defined as an emerging asset class – means much-needed community projects fail to attract investors.

"The current pipeline of health and education projects in South-East Queensland is worth \$9.3 billion. Over the last 25 years, two in every five new jobs were in the health and education sector. Social infrastructure presents enormous opportunities, but it's often untapped and misunderstood.

"With more than half of the current social infrastructure projects being funded and delivered by the private sector, more needs to be done to promote the opportunities and educate the development community on the partnership opportunities available to them in delivering these vital projects," Ms Caire said.

Former chair of the Property Council's Social Infrastructure Committee and Director Property & Building Catholic Archdiocesan Services Patrick Lane-Mullins said the size and importance of the sector means it should be viewed by investors as an attractive and stable investment option.

"The Property Council's research highlights that the size and scale of social infrastructure, in particular health and education, rivals' institutional investment portfolios," Mr Lane-Mullins said.

"Social infrastructure assets typically have longer lease terms than traditional investment grade assets, which has resulted in social infrastructure-focused funds being established, representing around \$10.5 billion in managed assets.

“That said, not all investors are aware of this and still view the sector as being on the periphery of mainstream investment options due to the different funding models that underpin the sector.

“The opportunity to partner with non-government providers to deliver crucial projects that make a real difference in the lives of Queenslanders needs to be highlighted to the development sector,” he said.

Australian Unity Executive General Manager Ryan Banting said Australian Unity recognised the opportunity in the market and could see the development potential in social infrastructure as an asset class.

“We’ve pivoted our property portfolio towards Social Infrastructure knowing there is a big future here that can deliver multiple outcomes simultaneously. It can meet community needs, create job opportunities and provide attractive returns for our investors,” he said.

“Partnering with government through innovative delivery models creates significant economic and community benefit.

“The Herston Quarter Redevelopment is an excellent example of how innovative partnership approaches deliver positive outcomes for stakeholders and the broader community.

“Based on facilities completed to date, it is estimated that Herston Quarter has already created \$650 million of community benefits per annum and generated an economic contribution of \$128 million,” Mr Banting said.

“Continuing to showcase partnerships such as these, while spotlighting the enormous contribution social infrastructure makes economically and to our broader community, should be a key focus for decision makers.

“The report commissioned by the Property Council only takes into account non-government education and health assets, however, social infrastructure also includes sport and recreation, culture, community support, emergency services assets, and much more.

At Australian Unity our vision for the growth of the social infrastructure sector, includes health and education assets, but also includes investment in aged care, retirement living and specialist disability accommodation.

“Since the commissioning of the report, it is worth noting, there has been an additional \$9 billion commitment in hospital investment over the next five years by the QLD Government which has increased the pipeline exponentially,” Mr Banting said.

Attached: Social Infrastructure – Health and Education as an Asset Class within SEQ

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