

20 March 2025

Cr Fiona Cunningham
Deputy Mayor
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Dear Cr Cunningham

Congratulations

On behalf of the Property Council of Australia I would like to congratulate you on your appointment as Brisbane's Deputy Mayor.

We welcomed the opportunity to meet with you last month, and we look forward to continuing to work with you and your team to enable our property sector to respond to and leverage the opportunities associated with Brisbane's growth.

As you would be aware, the property sector continues to face an array of well-publicised headwinds that are making it challenging to deliver the homes, businesses and infrastructure needed in Brisbane and across Queensland. In recent years, Brisbane City Council has announced an array of welcome initiatives designed to help the property sector respond to the ongoing housing crisis. The upcoming Council budget will provide another opportunity to provide confidence to the sector responsible for delivering 97 per cent of Brisbane's housing supply.

While Brisbane thankfully managed to avoid the worst impacts of Tropical Cyclone Alfred, the recovery effort will still be significant and will require considerable resources at a time where Council is also responding to a range of other issues – most notably boosting housing supply across various sectors essential to Brisbane's growth. In light of these challenges being faced by Council, leading up to this year's budget the Property Council is not seeking financial incentives or new initiatives but rather we outline below a series of budget-conscious measures designed to attract the necessary private capital to invest in the city's growth.

Build-to-rent and Purpose-Built Student Accommodation

As previously discussed, Build-to-rent (BTR) and Purpose-Built Student Accommodation (PBSA) providers have borne the brunt of recent rating increases by Council. These rating increases were not only significant with some properties experiencing an annual rating increase of more than 700 per cent, but they also blindsided industry having been implemented with no prior consultation.

Build-to-rent and Purpose-Built Student Accommodation asset owners invest significant capital across numerous jurisdictions. They rely on low-risk, consistent returns over the longer term. As such, perceived sovereign risk and volatility can stymie critical investment at the very time Council is seeking to respond to the housing crisis.

There continues to be a chronic undersupply of rental accommodation across Brisbane, including PBSA and BTR, highlighting the importance of welcoming much-needed private investment into Brisbane. To support this private investment, the Property Council urges Council to review how it levies rates on PBSA and BTR to ensure they are attractive investment prospects.

Furthermore, we also urge Council to closely consider the adverse impact that sudden decisions undertaken with no industry consultation can have on investment.

Hotel shortages

As you would be aware Brisbane is facing a looming shortfall of hotels, an issue that will jeopardise our ability to leverage the economic and tourism benefits of one of the biggest events in our state's history – the Brisbane 2032 Olympic and Paralympic Games.

The visitor economy plays a major part in Brisbane's economic prosperity, with the tourism, arts, entertainment and events sector expected to grow 41 per cent from 2021-2031.

Across Queensland the upcoming Brisbane 2032 Olympic and Paralympic Games are projected to require an additional 34,854 rooms to meet the visitor growth targets outlined by the State Government as part of the *Towards Tourism 2032* plan.

With the bulk of this demand to be centred in Brisbane it is imperative that Council seeks to work with industry to address feasibility barriers currently challenging the development of Brisbane's hotel pipeline. The Property Council's newly formed Hotel's roundtable consists of hotel investors, operators and associated consultants with the necessary knowledge and experience to support Council. We invite Council to attend a future working group meeting to discuss measures that can help facilitate much needed hotel development in Brisbane.

Looming shortfall for Brisbane's office and industrial market

As highlighted above Brisbane is facing a range of well publicised shortages. While it is imperative to address issues such as the housing crisis it is equally important to also ensure we have the settings in place to grow the sectors that are the backbone of Brisbane's economy and jobs market.

For Brisbane to grow sustainably we need places for people to live but also places for them to work.

Brisbane's commercial office market is facing a supply cliff with the lowest vacancy rate of any capital city office market at 10.2 per cent and a clear lack of supply in the pipeline.

Furthermore, the challenges experienced by supermarkets looking to resupply leading up Tropical Cyclone Alfred underlined the region's shortfall in warehousing and logistics property.

While our lack of office space and industrial land are not issues that garner media headlines, they are still issues that may jeopardize Brisbane's growth and resilience if they are not addressed.

The Property Council has dedicated office and industrial committees who look forward to continuing to engage with Council to bring forward ideas to address shortages in these critical sectors.

Joint advocacy for state tax reform

The most significant barrier to attracting the necessary investment into Queensland, is state government taxes, which add uncertainty for the property sector and dissuade investment. This includes the impact of Queensland foreign tax settings which unfairly penalise Australian based developers who use a portion of international capital as part of their development. Research released by the Property Council last year revealed that since 2016 the impact of Queensland's foreign tax regime has led to the state missing out on nearly 33,000 homes.

This is investment that Brisbane has directly forgone and will continue to miss out on as we seek to attract the institutional capital needed to address supply shortages in numerous sectors from housing to infrastructure to our office sector.

Given Brisbane's growth trajectory, it is imperative to address barriers to investment such as this if we wish to undertake the projects our city requires. As such, the Property Council would welcome any support Brisbane City Council can provide in supporting our advocacy on the adverse impact Queensland's foreign tax regime has on much needed investment.

The Property Council is committed to working with Council to harness our city's growth and maximise its benefit for Brisbane's residents. If you have any questions or if there is anything that the Property Council can assist with, please feel free to contact me on- 0499 181 366 or via email jcaire@propertycouncil.com.au.

Yours sincerely,



Jess Caire
Queensland Executive Director
Property Council of Australia