Macquarie Point Stadium

Housing for Workforce

Introduction

The proposal for a multipurpose stadium at Macquarie Point was declared to be a project of state significance by the Governor on 16 October 2023 in the *State Policies and Projects (Project of State Significance) Order 2023*. The Tasmanian Planning Commission finalised the guidelines for the Macquarie Point multipurpose stadium project on 16 February 2024.

Within the guidelines *Section 1.4 Design and management response* references off site effects such as short term workers occupying rental accommodation and affecting housing affordability.

A further requirement of those guidelines at Section *3.4 Social and cultural analysis report*, is for the preparation of a report to provide information on effects due to changes in the cost and supply of residential accommodation in the greater Hobart area during construction.

This report has been prepared to provide information on the effects in the cost and supply of residential accommodation. In preparing the report, its scope has been guided by the section under which the requirement is listed. It covers the impacts the construction workforce may have on the cost and availability of housing during the construction period with a key focus being the private rental market. The report does not cover what the stadium project may do to the costs of construction, including the cost of new housing supply, as that is an area to be considered under broader economic impacts.

About the Author

This report has been written by Peter White, Principal Consultant, LeftField Project Solutions. Peter holds a Bachelor of Business (Property) from the Royal Melbourne Institute of Technology, and Bachelor of Economics and Master of Business Administration from the University of Tasmania. Peter was previously responsible for the management of housing and homelessness services in the Tasmanian government. This included the management of capital investment programs, social housing, provision of home ownership schemes and strategic housing policy.

Setting the Scene

The development of the Macquarie Point Stadium means there will be temporary increases of worker population required to develop the stadium. While some roles will be relatively short term (eg. 6 – 12 months), other project and construction workers may need accommodation over two to three years. This may place additional housing stress on the greater Hobart housing market unless strategies are put in place to mitigate the impact.

Construction accommodation can be defined as any housing to support workers employed for the construction of the stadium. As this report identifies, such accommodation can be sourced from commercial tourism operators (eg hotels and motels), short-stay providers, home occupiers with spare rooms and the private rental market.

Greater Hobart Housing & Accommodation Context

Total Housing Market

Census data for the past two census, demonstrates the increase in supply experienced across the greater Hobart residential market. As shown in Table 1, from 2016 and 2021, the total number of private dwellings in the Hobart Local Government Area (LGA) increased from 23,681 to 24,748. For greater Hobart, the increase was 6,091 dwellings to a total of 102,502.

Table 1 - 2016 and 2021 Census data - dwelling count and tenure type

	Hobart LGA		Greater Hobart	
	2016	**2021**	**2016**	**2021**
Dwellings				
Private dwellings	23,681	24,748	94,411	102,502
Unoccupied private dwellings	2,440	2,318	8,800	7,522
Occupied private dwellings	19,880	21,459	85,611	94,980
Tenure type				

Owned outright	6,587	7,447	28,213	32,223
Owned with a mortgage	5,633	5,739	30,136	32,686
Rented	6,976	7,650	24,448	27,320
Other tenure type	233	417	744	1,579
Not stated	443	206	2,092	1,161

Notes to Table:

- Source: ABS Census data (QuickStats).
- Dwelling counts exclude visitor only and other non-classifiable households.
- Other tenure type includes dwellings occupied rent free, occupied under a life tenure scheme and other tenure type.

Regarding tenure types, there were increases across owned outright, owned with a mortgage and rented categories. The number of rental properties across greater Hobart increase by 2,872, or 11.7 per cent, to 27,320.

Rents and Sale Prices

In terms of rental and sale prices, there are a number of sources for information which provided some slightly different figures for the Hobart Local Government Area (LGA) and greater Hobart region. The following table shows the movement in the respective median prices for both the Hobart Local Government Area (LGA) and Tasmania based on data from the Real Estate Institute of Tasmania (REIT).

Table 2 - Median rents and sale prices

	Hobart LGA		Tasmania	
	Median weekly rent	**Median sale price**	**Median weekly rent**	**Median sale price**
March 2022	$600	$1,070,000	$450	$610,000
March 2023	$600	$955,550	$480	$599,000
March 2024	$600	$973,850	$490	$600,000
Two-year change	0%	-9.0%	8.9%	-1.6%

Notes to table:

- Source: Real Estate Institute of Tasmania (REIT).

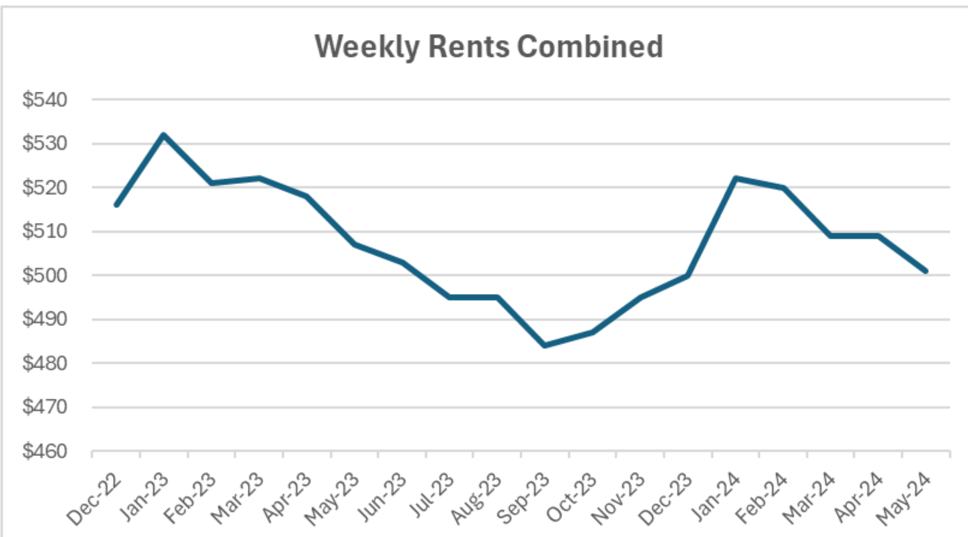
According to REIT data, between 2022 and 2024, the median weekly rent in the Hobart LGA remained constant at $600, while the median sale price experienced a decline of 9.0 per cent, dropping from $1,070,000 to $973,850.

During the same period, Tasmania statewide had an 8.9 per cent increase in median weekly rent, rising from $450 to $490, and a marginal decrease of 1.6 per cent in median sale price, from $610,000 to $600,000.

Data on the Tenants' Union of Tasmania website, based on security bonds, shows that for the 12 months to March 2024, the median rental price for southern Tasmania fell by 2.1% to $486 per week. For greater Hobart, the median rent fell by 1.9% over the 12 months to December 2023 to $491 per week.[1] This compares with a median rent for greater Hobart in March 2022 of $472 per week. Over that period, the median rent has increased by a total of 4%.

Data from SQM Research, shows that the average asking rental prices across all homes in greater Hobart over the period from December 2022 to May 2024, experienced a small decline from $516 per week to $501 per week[2].

Graph 1: Asking Weekly Rents



Source SQM Research

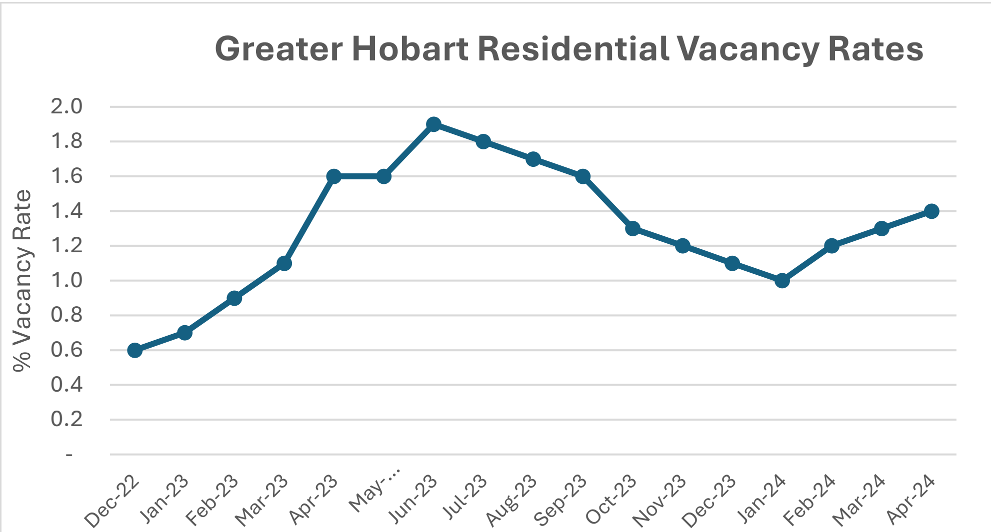
Vacancy Rates

The softening in asking rentals is linked to the changes in vacancy rates. Between December 2022 and April 2024, both the greater Hobart and the national vacancy rates experienced fluctuations. In the Hobart LGA, the vacancy rate increased from 0.6 per cent to 1.4 per cent, indicating an improved rental market. In terms of dwelling numbers, this change represents a change from 169 to 389 vacant dwellings, an increase of 130 per cent.

[1] https://tutas.org.au/wp-content/uploads/2019/11/RDA-Rent-Stats-Mar-2024.pdf
[2] https://sqmresearch.com.au/weekly-rents.php?region=tas-Hobart&type=c&t=1

During the same period, at the national level, the vacancy rate decreased from 1.3 per cent to 1.1 per cent, resulting in tighter rental market conditions.

Graph 2: Greater Hobart Vacancy Rate



Source SQM Research

The increase in rental vacancies can be linked to the population change estimates issued by the Australian Bureau of Statistics (ABS) which show Tasmania's population growth has slowed in recent years. For the year to September 2023, the ABS estimated that Tasmania's population increased by just 1,637 people or 0.29 per cent. This compares with an increase of 11,366, or 2.14 per cent, in 2018.

Short Stay Accommodation Market

The short stay accommodation market has continued to expand following a brief period of contraction through the COVID-19 pandemic. Table 4 shows that between September 2021 and September 2023, there was a noticeable increase in the total number of dwellings used for short stay accommodation in the Hobart LGA, from 1,128 to 1,458 over the two-year period. The majority of the growth arose from the conversion of primary residences into short stay accommodation.

Table 4 - Short Stay Accommodation Data - Hobart LGA

	Hobart LGA		
	September 2021	**September 2022**	**September 2023**
Primary Residence (comprises all or part of premises)	708	795	948
Not Primary Residence	420	462	510
Not Stated	0	1	0
Total	1 128	1 258	1 458

Source: Consumer, Building and Occupational Services (CBOS), Department of Justice.

When considered across greater Hobart, there is a total of 3,327 short stay dwellings available, of which 1,193 are non-primary residences. The following table shows the number of short-stay accommodation registered in greater Hobart by local government area as at September 2023.

Table 5 - Short Stay Accommodation Data – Greater Hobart

LGA	Non-Primary Residence	Primary Residence (Partial or All)	Total
Brighton	3	16	19
Glenorchy	57	194	251
Hobart	510	948	1458
Clarence	175	422	597
Kingborough	240	318	558
Sorell	78	121	199
Derwent Valley	37	19	56
Huon Valley	93	96	189
Total	1,193	2,134	3,327

Source: Consumer, Building and Occupational Services (CBOS), Department of Justice.

Data on short-stay accommodation in 2022 indicates that Hobart had 238,900 nights available from supply, with occupancy being 175,200 nights, or 73 per cent[3].

[3] https://www.tourismtasmania.com.au/siteassets/documents/visitor-snapshots/2023-09-tasmanian-tourism-snapshot-ye-june-2023---tvs-nvs-ivs-accom.pdf

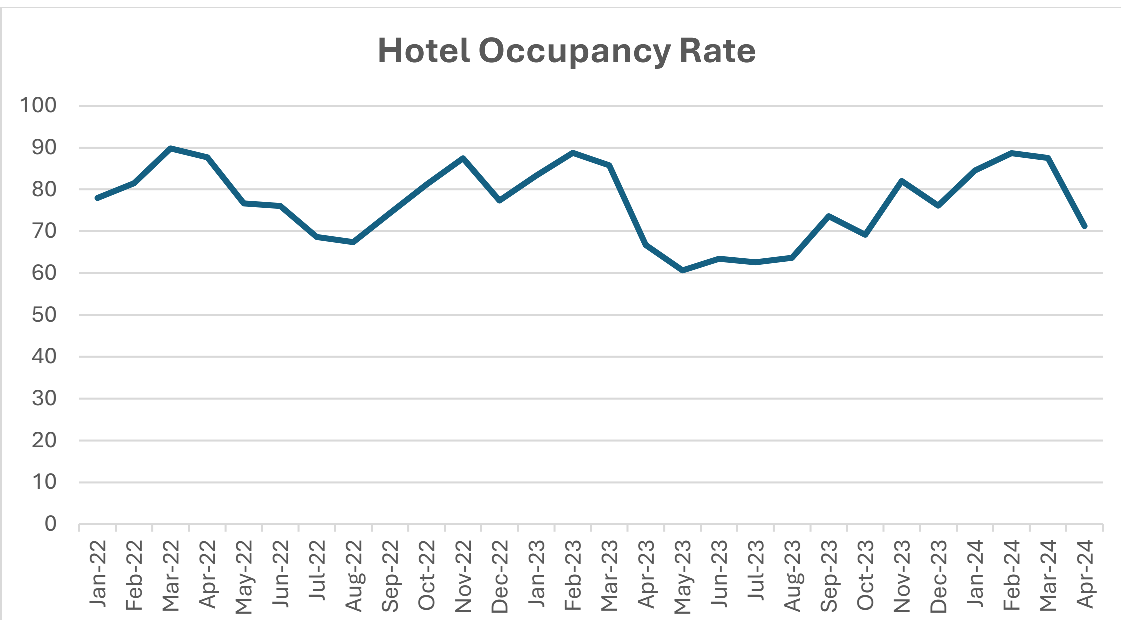
This data shows there is certainly capacity within the short stay accommodation market to house a number of workers from the stadium project during the construction period, especially during the off-peak tourism season.

Commercial Tourism Market

Across southern Tasmania there are over 3,300 tourism rooms available on any given night. The number of rooms has increased in recent years with the addition of the Tasman (152 rooms), Crowne Plaza (296 rooms), Vibe Hotel (142 rooms) and Ibis Style (296 rooms). The Hobart Hilton (206 rooms) is due to open later in 2024.

Tasmania has a seasonal tourism market with the highest occupancy rates being experienced during the summer period and lowest during winter. Data from the Tasmanian Hospitality Association supports this, with occupancy rates fluctuating from as low as 62% to 89%, as shown in the following graph.

Graph 3: Hotel Occupancy Rates



Source: Tasmanian Hospitality Association

This data indicates that during the low season months, over 1,000 rooms remain available. During the summer months, this number reduces to around 350.

Estimating influx of workers for Macquarie Point Stadium

There are two key metrics that will drive the housing demand from the Macquarie Point Stadium project – peak employment levels during construction and the extent to which that workforce is attracted to the project outside of the southern region.

The peak workforce provides an estimate of the greatest demand impact the project may impose on the housing market. The number of workers engaged on the project who would normally reside outside of the southern region provides a measure of those who will be looking for short term or long term accommodation and thus add to overall demand in the market.

It can be expected that workers engaged on the project for terms less than three months will typically seek short term accommodation through the commercial tourism market and short-stay accommodation platforms. Those working on the project for more than three months may elect to rent privately or purchase a property depending on their personal circumstances.

An external independent construction project management consultant engaged by the Macquarie Point Development Corporation estimates that on the expected construction program, just over 400 workers would be on-site at the stadium's peak. It is assumed as the base case that 50 per cent of this number would be made up of workers from outside the southern region. This means that approximately 200 workers would be seeking some form of accommodation during the peak period.

In relation to the expected proportion of the workforce who may normally reside outside of southern Tasmania, two relevant projects, the Royal Hobart Hospital redevelopment and Bridgewater Bridge, have been reviewed. The data from those projects suggests that as much as 85 per cent of the workforce could be sourced from local sources. The analysis below has covered three scenarios for local content – 40 per cent, 50 per cent and 60 per cent. These are considered to be appropriate given the specialised nature of the construction and the evidence from other projects.

Workforce Data from Other Stadium Projects

Information has been sourced from other recent stadium projects to assess their respective workforce data and the peak workforces engaged to compare against the expected figures for the Macquarie Point stadium.

The Sydney Football Stadium (SFS)

The $828 million stadium built near Sydney's CBD replaced an existing stadium which was demolished prior to construction commencing. Construction commenced in April 2020 and was completed in August 2022. It has a capacity of 42,500 patrons.[4]

The project supported around 1,100 jobs on site during peak construction.

Perth Stadium

The Perth Stadium has a capacity of approximately 61,000 patrons. It commenced construction in December 2014 and was completed in December 2017. The total cost of the stadium and the precinct around the stadium was $1.6 billion.

There were over 5,800 workers directly employed during construction. Workforce peaks occurred in early 2017, with a peak workforce of around 1,350. In total, the contractor Multiplex estimated that the completed project employed over 4.2 million hours on site.[5]

Townsville Stadium

Townsville Stadium commenced construction in August 2017 and was completed in February 2020. The stadium has a capacity of 25,000 patrons and cost $318 million.[6]
In terms of employment, around 1,900 people were employed across the three years of the build in a variety of roles. The contractor, BESIX Watpac, set out with an Indigenous participation goal of 6.6 per cent. This figure almost doubled to 11.9 per cent, equating to more than 122,065 hours undertaken by the Aboriginal workforce.[7] Using this information, it suggests that approximately 1,000,000 hours, or an average workforce of 195 full time equivalent roles over the three year construction period.

Workforce Data from Similar Tasmanian Projects

Bridgewater Bridge

Under the Tasmanian Industry Participation Plan, the contractor, McConnell Dowell, has been set a target to utilise a minimum of 85 per cent of Tasmanian labour in the project. Advice from the project team in June 2024 indicates that of the approximately 400 people

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[4] https://www.infrastructure.nsw.gov.au/projects-nsw/completed/sydney-football-stadium-redevelopment/about/#:~:text=The%20new%20stadium%20was%20built,on%20site%20during%20peak%20construction.

[5] https://acaa.net.au/wp-content/uploads/2020/02/Optus-Stadium-and-Stadium-Park.pdf

6 http://stadiumdb.com/stadiums/aus/north_queensland_stadium

[7] https://nit.com.au/20-12-2019/915/north-queensland-stadium-carving-out-135-indigenous-jobs-through-builder-watpac

engaged at the project site, about 88 per cent are Tasmanian. Of those, half of the workforce are from the local government areas near the site.

Of those from outside Tasmania, many people moved to Tasmania to live and work on the project for its duration. There are also a number of fly-in/fly-out workers that reside here while working on the project (eg. during the week), but regularly return to the mainland.

When the contract commenced in 2021, there were some concerns that those seeking to take up residence here for the duration of the project may find it difficult to secure a place. However, the project team is not aware that this actually turned out to be a major problem for the workforce.

Royal Hobart Hospital Redevelopment

According to the head contractor, John Holland, the $420 million redevelopment provided over 300 jobs during the project lifespan.[8]

Alternative Strategies to Meet Housing Needs

In terms of estimating the impact of the stadium construction on the housing market, the role played by other accommodation options must be taken into consideration.

Commercial Tourism Accommodation

These include the use of commercial tourism operators and short stay accommodation. As identified above, these two sectors combined will be providing around 7,000 accommodation options by the time the stadium is under construction. Based on available data, there will be between 500 and 2 000 rooms available under these two options depending on the time of year.

Many visiting workers on short term contracts can be expected to stay in either commercial tourism or short-stay accommodation. There is certainly the capacity for the market to meet this demand, irrespective of the season.

For other workers who require accommodation, there are several other options that can be offered to not only provide them with accommodation but reduce any direct adverse impact on the residential rental market.

Home Stay

[8] https://johnholland.com.au/what-we-do/our-projects-and-specialisations/royal-hobart-hospital-redevelopment

A program for workers that utilises un-occupied bedrooms in homes could be established. It could be conducted on a similar basis to the program run by the University of Tasmania. In particular, this program could be targeted at apprentices who will be employed on the project and may otherwise be unable to afford private rental accommodation. Utilising under occupied dwellings is a positive way to reduce the housing impacts, while offering property owners with an attractive return.

UTAS Accommodation

The University of Tasmania provides accommodation for more than 1500 students across the Hobart CBD and Sandy Bay. As at May 2024, occupancy of these places runs at 78 per cent[9]. Some of this accommodation could be used for stadium workers, especially during the tourism peak seasons when beds are more difficult to find.

Off Site Fabrication

The fabrication of components of the structure in other parts of the state can reduce the workforce required to be located near or adjacent to the stadium site. Components can be easily fabricated and transported to the site for assembly. This may include steel trusses and pre-cast concrete. The site offers the opportunity for such components to be transported by road or boat.

Determining Impact on Housing Market

The key issues in determining the cost and supply impact on the residential market include the following variables:

- The size of the residential market
- The vacancy rate in the market
- The number of non-local tradespeople requiring accommodation
- The additional demand forecast to be added after other accommodation options have been factored in
- The rental price levels.

As stated above, based on the 2021 Census, the residential rental market in greater Hobart comprises 27,320 dwellings. Of these approximately 1.4 per cent or 389 dwellings were vacant in April 2024. The average asking rents in greater Hobart are $501 per week.

[9] https://www.utas.edu.au/about/news-and-stories/articles/2024/university-puts-hobart-hotels-on-the-market

The cost of rental housing is linked with a number of factors including vacancy rates and population growth. Saunders and Tulip (2019) found that when the vacancy rate is 2.4 per cent, real rents grow at 0.9 per cent a year, which they describe as consistent with the housing stock increasing in line with population. A percentage point increase (reduction) in the vacancy rate reduces (increases) the annual growth of real rents by an estimated 2 percentage points initially and by 1.4 percentage points in the long run.[10]

The above analysis demonstrates that the demand curve for rental properties is inelastic, particularly in the short term as the market cannot respond quickly enough to significant demand increases. Accordingly, an increase in demand of say 1 per cent can be expected to increase rents by 2 per cent or higher, depending on the prevailing vacancy rate. Given the current vacancy rate in the residential market, two scenarios have been modelled at 2 and 3 per cent respectively for each 1 per cent increase in demand.

In assessing the impact of additional demand, it is assumed that on average any workers renting in the private rental market would rent one property for every two workers.

The following table shows a number of scenarios that have been modelled to indicate the expected rental increases that may apply.

Table 6 – Workforce and Housing Scenarios

Number of Workers	**400**			**450**			**500**		
% Local Workers	60%	50%	40%	60%	50%	40%	60%	50%	40%
Number Needing Accom	160	200	240	180	225	270	200	250	300
% in Other Accom	40%	35%	30%	40%	35%	30%	40%	35%	30%
Number in Private Rental	96	130	168	108	146	189	120	163	210
Number of Homes	48	65	84	54	73	95	60	81	105
% of Market	0.18%	0.24%	0.31%	0.20%	0.27%	0.35%	0.22%	0.30%	0.38%
Projected Price Increase x 2	0.35%	0.48%	0.61%	0.40%	0.54%	0.69%	0.44%	0.59%	0.77%
Projected Price Increase x 3	0.53%	0.71%	0.92%	0.59%	0.80%	1.04%	0.66%	0.89%	1.15%
Projected Rental Increase	$1.76	$2.38	$3.08	$1.98	$2.68	$3.47	$2.20	$2.98	$ 3.85
Projected Rental Increase	$2.64	$3.5	$4.62	$2.97	$4.02	$5.20	$3.30	$4.47	$ 5.78

The table suggests that from the selected scenarios, the maximum number of homes to be sourced from the private rental market would be 105, which represents 0.38 per cent of the total market, or 27 per cent of the existing level of vacant stock. The project rental increase in the market based on the additional demand would be between $1.76 and $5.78 per

[10] Saunders, T. and P. Tulip, 2019, A Model of the Australian Housing Market, Reserve Bank of Australia Discussion Paper Series 2019-01.

week, or increases of between 0.35 per cent and 1.15 per cent on the prevailing market rents.

Analysis indicates that if no alternative strategies are put in place to accommodate workers, and the entire interstate workforce is accommodated in the private rental market, the base scenario of 400 workers with 50 per cent local content, would result in the 100 homes being required from the market with rents to increase by approximately 1.1 per cent, or $5.50 per week.

Conclusion

The data indicates that the peak workforce for the Macquarie Point stadium during construction will be in the vicinity of 400 workers. Based on similar stadium projects, and allowing for relative scale, this figure seems reasonable. Of this workforce, it is assumed 50 per cent will be from outside the southern region at the peak period.

There are a number of strategies that can be put into place to assist with the accommodation of these workers to reduce the impact of the workforce on the private rental market for greater Hobart. These strategies include utilizing the commercial tourism market, short-stay accommodation, and under-utilized rooms within the private market. It is expected that each of these approaches will reduce the need for workers to rent privately.

It is expected that no more than 100 dwellings in the private rental market would be needed to house workers looking for that tenure. Based on existing market conditions, there is sufficient supply to meet that need and this increase in demand would not have any significant impact on the cost of rents and the availability of rental properties in the market.