

# ECONOMIC OUTLOOK REPORT 3



**RIO** | regional  
investment  
opportunities

A PRODUCT OF  
THE MURRAYLANDS REGIONAL DEVELOPMENT BOARD INC.

Murraylands Economic  
Outlook Report:  
RIO Sector Analysis (Summary)

A report prepared for



Prepared by



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## The Economic Impact of Current Housing Growth

Data on the number and value of residential building approvals were obtained from the Australian Bureau of Statistics (ABS) (Building Approvals, Australia Cat. No. 8731.0). The total number of building approvals in the Murraylands increased from 233 in 2001/02 to 298 in 2006/07, and increase of 28 per cent. The total value of approvals increased from almost \$24 million in 2001/02 to nearly \$45 million in 2006/07, an increase of 87 per cent

The total number of residential dwellings in the Murraylands region increased by approximately 2.1 per cent in 2006/07. This estimate is based on the number of building approvals reported in 2006/07 and the total number of residential dwellings in the Murraylands (2006 Census of Population and Housing).

Estimates of the regional economic impact of residential housing construction in the Murraylands region in 2006/07 are provided in Table 1.

Table 1 Estimated regional economic impact of residential housing construction, 2006/07

Sector	Output <sup>a</sup>	Employment	Contribution to GRP
	\$m		fte
Residential Building	10	31	5
Flow-on impacts			
Trade		10	0
Property & Business Services		3	0
Transport & Storage		2	0
Other Service Sectors		5	0
Other Flow-ons		11	1
Total flow-on impacts <sup>b</sup>		30	2
Total <sup>b</sup>		61	7

Source: EconSearch analysis

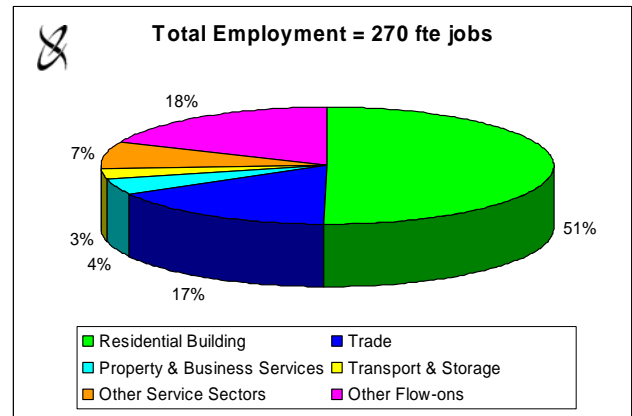
It was estimated that 270 fte jobs were generated in the Murraylands regional economy in 2006/07 by residential construction activity. Approximately 136 of these jobs were generated directly in the residential building sector and 135 flow-on jobs in other sectors of the regional economy. The total employment impact was 1.7 per cent of the regional total in 2006/07.

Jobs in residential building accounted for 51 per cent of the total employment impact (Figure 1). Flow-on employment was concentrated in trade, property and business services and transport and storage sectors.

It was estimated that \$30.5m (in 2007 dollars) in GRP was generated in the Murraylands regional economy in 2006/07 by residential construction activity, \$21.4m directly and \$9.1m in flow-on GRP in other sectors of the regional economy.

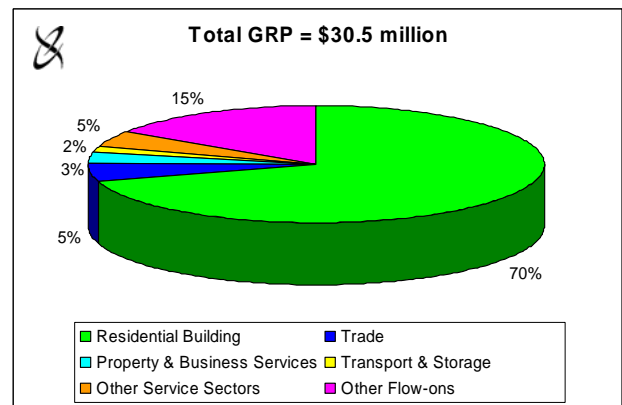
GRP in the residential building sector accounted for 70 per cent of the total GRP impact (Figure 2). The remaining GRP was generated in the trade, property and business services and transport and storage sectors of the regional economy.

Figure 1 Distribution of employment impacts for residential construction



Source: EconSearch analysis

Figure 2 Distribution of GRP impacts for residential construction



Source: EconSearch analysis

## Regional Economic Impact of Housing Growth: Scenario One

Scenario one is based on the assumption that the number of residential dwellings in the Murraylands region will increase by 27 per cent over 10 years. This scenario was devised based on population projections in *The Murray Bridge Urban Growth Plan* (QED 2007).

To achieve 27 per cent housing growth over 10 years, the total number of building approvals would have to increase by approximately 15 per year. The total number of new residential dwellings in the Murraylands would need to increase by almost 3,800 with a total value of \$572.6 million (in 2007 dollars).

The number of approvals is based on the assumption that the average value per approvals remains at the 2006/07 level (excluding the effects of inflation).

Estimates of the net regional economic impact of 27 per cent growth in residential construction over 10 years are provided in Table 2. The distribution of these impacts is similar to those presented in Figures 1 and 2.

Table 2 Net impact of residential housing growth, scenario one

Sector	Output <sup>a</sup>	Employment fte	Contribution to GRP
	\$m		\$m
Residential Building	21	62	10.2
Flow-on impacts		0	0.0
Trade		21	0.7
Property & Business Services		5	0.4
Transport & Storage		3	0.3
Other Service Sectors		9	0.7
Other Flow-ons		23	2.2
Total flow-on impacts <sup>b</sup>		61	4.3
Total <sup>b</sup>		123	14.5

Source: EconSearch analysis

It was estimated that 123 fte additional jobs would be generated in the Murraylands regional economy over the 10 years in response to growth in residential construction. Just over 60 of these jobs would be generated directly in the residential building sector and the remaining 61 in flow-on jobs in other sectors of the regional economy.

Over the 10 years, the net impact of this growth would represent a 0.4 per cent increase in regional employment above 2006/07 levels.

It was estimated that \$14.5 m (in 2007 dollars) in additional GRP would be generated in the Murraylands regional economy over the 10 years in response the growth in residential construction. Approximately \$10.2m in additional GRP would be generated directly in the residential building sector and \$4.3m in additional flow-on GRP would be generated in other sectors of the regional economy.

### Regional Economic Impact of Housing Growth: Scenario Two

Scenario two is based on the assumption that over the next 10 years the number of dwellings will increase by 45 per cent in the Murray Bridge local government area and 27 per cent in the remainder of the Murraylands. This scenario was devised based on population projections in *The Murray Bridge Urban Growth Plan* (QED 2007).

The total number of new residential dwellings would need to increase by just over 5,000 (3,160 in Murray Bridge and 1,900 in the remaining areas) with a total value of \$763 million (in 2007 dollars).

The number of approvals is based on the assumption that the average value per approval remains at the 2006/07 level (excluding the effects of inflation).

Estimates of the net regional economic impact of growth in residential construction of 45 per cent in Murray Bridge and 27 per cent growth in the remainder of the Murraylands region over 10 years are provided in Table 3. The distribution of these impacts is similar to those presented in Figures 1 and 2.

Table 3 Net impact of residential housing growth, scenario two

Sector	Output <sup>a</sup>	Employment fte	Contribution to GRP
	\$m		\$m
Residential Building	61	176	29.0
Flow-on impacts		0	0.0
Trade		59	2.0
Property & Business Services		16	1.3
Transport & Storage		9	0.7
Other Service Sectors		26	1.9
Other Flow-ons		64	6.4
Total flow-on impacts <sup>b</sup>		174	12.3
Total <sup>b</sup>		350	41.2

Source: EconSearch analysis

It was estimated that 350 fte additional jobs would be generated in the Murraylands regional economy over the 10 years in response to growth of in residential construction. Almost 180 of these jobs would be generated directly in the residential building sector and the remaining 170 in flow-on jobs in other sectors of the regional economy.

Over the 10 years, the net impact of this growth would represent a 1.2 per cent increase in regional employment above 2006/07 levels.

It was estimated that \$41.2m (in 2007 dollars) in additional GRP would be generated in the Murraylands regional economy over the 10 years in response the growth in residential construction. Approximately \$29.0 m in additional GRP would be generated directly in the residential building sector and \$12.3 m in additional flow-on GRP would be generated in other sectors of the regional economy.

### References

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- QED Pty Ltd 2007, Murray Bridge Urban Growth Plan, report prepared for The Rural City of Murray Bridge, Murraylands RDB, SA Murray-Darling Basin Natural Resources Management Boards and SA Water, April.

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