

# Examining the trends and drivers of Australia's population growth

Based on AHURI Final Report No. 365: Population growth and mobility in Australia: implications for housing and urban development policies



## What this research is about

**This research tracked Australia's population growth over the period 2006–16 to examine how actual growth differed from projected growth. It also examined key drivers of population mobility in Australia to inform future urban development policy responses to demands on infrastructure and housing.**

## The context of this research

Population projections are used to effectively deliver housing, employment, education, health and community infrastructure to a growing population. Population growth is not, however, spatially even between, or within, metropolitan and regional centres. These patterns present challenges for housing and urban planning policy. To effectively address growing demands on infrastructure and housing, there is a need to understand the drivers of population mobility generating these uneven spatial patterns of growth in order to deliver effective resource planning.

## The key findings

### Profiling population trends

The study finds that macro-scale population projections over the long term largely align with overall population change outcomes. The research found:

- The bulk of Australia's population growth has been concentrated in major cities
- Projections were exceeded on the outer edges and inner city areas
- Regional Australia has seen an overall growth in population, with only a few areas recording absolute population decline.

Analysis of the total number of people, as well as the annual rate of change, for each of Australia's states and territories between 2006 to 2016 found that:

- NSW experienced considerable population growth between the result of both natural increase and net international migration. Major growth was concentrated in Greater Sydney and second tier coastal cities. Growth occurred in both the inner and outer parts of major cities, with very significant growth rates observed in outer suburban SA3s.
- Victoria was the fastest growing capital city over this time period, with growth experienced across both inner and outer areas. All major and regional cities experienced high annual population growth rates. Remote parts of Victoria only experienced modest population growth, with some experiencing negative growth.
- In Queensland, both Brisbane and the adjacent Gold Coast region experienced considerable population. Queensland's regional cities also experienced considerable population growth. While most of remote Queensland experienced modest growth, the area classified as 'outback' declined.
- The majority of Western Australia's population growth was concentrated in Greater Perth, although the overall distribution of the population between regional WA and Greater Perth did not change. Within Greater Perth, the highest growth rates were observed in the outer suburbs.

- Approximately 80 per cent of South Australia's population lived in the Greater Adelaide region in 2016, growing from 76 per cent in 2006. During this period there was negative net migration, the result of more people leaving Greater Adelaide for an interstate destination or for regional SA than arriving (although regional SA also experienced net population loss). Within Adelaide, population growth was largely concentrated in outer suburban areas.
- Tasmania experienced modest annual growth rate of 0.7 per cent. Hobart increased its proportion of Tasmania's population from 42 per cent to 44 per cent. Modest population growth occurred in Launceston which recorded a per annum growth rate of 1 per cent. The west coast region of Tasmania recorded an annual growth rate decline of -0.5 per cent.
- The Northern Territory experienced a per annum growth rate of 1.9 per cent, with Darwin increasing its share of the NT population from 55 per cent to 60 per cent. Some very remote areas in the NT experienced population growth.
- The Australian Capital Territory experienced one of Australia's highest growth rates at 2.1 per cent per annum. The growth in population was driven by extensive medium and high-density housing development in specific suburbs and by residential land development.

The findings offer insight into the magnitude of population change being experienced in an area and, in turn, the capacity of an area to absorb or adapt to the impacts of population change.

## Variations between projected and actual populations

Population projections do not take into account land release for residential housing or economic expansion or contraction activities such as the development or closure of a mine. Subsequently, variations between the projected population size in 2000 and the actual population size as recorded in 2016 emerged.

Populations exceeding projections, termed high growth areas, resulted from changes in land use between the time the forecast was made and the time the actual population was recorded. Combinations of land releases, market conditions and planning resulted in expanding residential suburbs often on the outer edges of cities. Patterns, and the speed, of residential development have long been a significant driver of spatial variability in population growth and has, particularly on the urban periphery of capital cities, facilitated the overall population growth of these areas.

Conversely, there were areas where populations lagged behind projections, or low growth areas. Here the variance between population size and projections were driven by demographic change, regional investment, labour mobility and commodity driven economies (i.e. those where industries such as agriculture and mining are at the mercy of variations in global markets). Importantly, population growth (or decline) does not just result in a change in the absolute number of people in a community, it can also result in changes to the demographic structure of a community.

'Importantly, population growth (or decline) does not just result in a change in the absolute number of people in a community, it can also result in changes to the demographic structure of a community.'

## Residential mobility in Australia

Residential mobility is driven by housing and location choice, tenure, labour market related decisions as well as household composition. Tenure has a major impact on decisions to move and analysis of HILDA data for this research found renters to be three times as likely to move as owners, which may reflect the high transaction costs of home purchase that impeded mobility and a lack of tenure security in the private rental sector.

Duration of tenure also impacts the decision to move versus stay. The typical Australian adult has resided in their residential address for approximately 10 years. At 10 years' duration, the odds of moving are reduced by more than one-third (37%). This duration in dwelling was the most important factor in determining a likely move. Conversely, unemployment increased the odds of moving by nearly one-fifth (19%) with other life events also important in determining a households' propensity to move.

Our analysis showed single households were 30 per cent less likely to move than couples. These barriers may deter labour market moves and contribute to a lack of labour market mobility on the part of Australian workforce and hinder the efficient functioning of labour markets.

## Intra-Urban and Urban-to-regional mobility

Moves within urban areas are dominated by housing considerations, with nearly 40 per cent of moves from one urban area to another driven by the desire to get one's own place or move into a larger place. Downsizing into a smaller dwelling also features as an important driver. Socio-demographic considerations are the next most important factor driving intra-urban mobility with changes in family composition (through marriage or formation of de facto relationships, or marital breakdown) accounting for 13 per cent of intra-urban moves. Moves in later life may be driven by the need to be closer to family or for lifestyle reasons, factors which account for 15 per cent of intra-urban mobility.

Residential mobility between urban and regional areas are less driven by housing and location, with lifestyle considerations appearing to be more important. Starting a new job or needing to be closer to a place of study are also more likely to precipitate a longer distance move between urban and regional areas.

The importance of housing tenure as the key driver of moves points to the importance of tenure-specific policies as potential areas for reform to counter the negative implications of either a lack of mobility among home owners or frequent mobility among private renters.

## Characteristics of aspiring movers and stayers

There is an aspiration among Australians to remain in their current dwelling in the short-term (one to two years), rather than move. From a policy perspective, it is useful to observe the characteristics of those who would like to move and where they would like to move to in order to ensure policies are in place to enable such mobility.

Respondents identified as being of Aboriginal or Torres Strait Islander origin (4.2 per cent) were much more likely to have an aspiration to move (5.7 per cent of all movers) than to stay in their current dwelling (2.9 per cent of all movers). Australian citizens or permanent residents were less likely to aspire to move while households where the highest qualification was a university degree or above were much more likely to be in the move group. Households on very low incomes (up to \$31,000 per annum) were more likely to want to move and retired households much less likely. Generally, younger age cohorts were much more likely to want to move and older cohorts much less likely.

Private renters were far more likely to want to move than owners and so were those in one- or two-bedroom dwellings, most likely an apartment. Respondents were slightly more likely to want to move if currently living in inner areas of capital cities and less likely to move if in middle/outer suburbs.

## What this research means for policy makers

This project contributes important new information to inform the policy debate around housing and urban planning and population growth.

## Barriers and enablers to mobility

The findings re-confirm that stamp duties are an inefficient tax that acts as a barrier to home purchase and labour market mobility, and that stamp duty reform to promote general and labour market mobility would improve the efficient functioning of the economy.

Tenure insecurity in the private rental sector causes greater mobility of private renters. Policy should ensure that mobility is not forced upon households through a lack of tenure security. Given the continued tight rationing of the social housing stock, the private rental sector will house growing numbers of Australians in the coming decades, this is a pressing policy issue. To achieve these ends, housing supply and infrastructure delivery in both metropolitan and regional markets must respond to the needs of existing and future populations.

'The typical Australian adult has resided in their residential address for approximately 10 years. At 10 years' duration, the odds of moving are reduced by more than one-third (37%).'

## Promote responsive and diverse housing supply

There is a need to promote housing supply responsiveness in both metropolitan and regional housing markets through land release and infrastructure strategies. Analysis suggests there is an appetite for moves from regional to metropolitan areas (and indeed the other way) to be closer to employment or study opportunities. Hence, policies enabling long-distance mobility from metropolitan to regional areas are important to improve the labour market prospects of individuals.

From a labour market angle, it is particularly important to ensure housing supply in local areas can respond quickly to the housing needs of workers or job seekers in job-rich areas so that potential productivity gains are not squandered in the form of rising house prices that eat into wage increases or business profits.

Expanding the diversity of the housing stock is critical for supporting important life course transitions. Changes in family composition (e.g. marriage, moving in with a partner or marital breakdown) prompts a range of moves, and a diversity of the housing stock will ensure that the housing market meets the needs of individuals and families as they transition through important life stages.

## Delivering socially and economic sustainable communities

Population projections are central to urban decision-making policies including housing, employment, education and health infrastructure as well as those components of place which contribute to a community's lifestyle. State governments use projections with broad assumptions, typically in line with the assumptions underpinning the ABS population projections, to inform infrastructure delivery. Local governments frequently utilise small area projections, which consider information on land releases, building approvals and occupancy rates.

Regardless of whether the population exceeded or lagged behind the projections, the impact of a variance between projected and actual population impacts upon the effective delivery of state infrastructure, the capacity to remain economically competitive, commuting patterns and the capability of local governments to deliver socially and economically healthy communities. This highlights the need for accurate population predictions.

## Alignment of infrastructure with population development

Better alignment between infrastructure and population growth in urban and regional areas is required to mitigate the negative impacts resulting from its absence or lagging capacity.

Stakeholders from both state and local governments both believe that more effective communication strategies could mitigate the impacts of the population variances.

Local area population projections undertaken by local government provide an opportunity to develop population thresholds to signal potential changes to state level infrastructure delivery in a given area. A dedicated mechanism to feed imminent population changes back to state government is needed to aid the prioritisation of high-level investment.

## Developer contributions to support local infrastructure delivery

Developer contributions are not working as effectively as they could in helping state and local governments respond to infrastructure needs. This is in terms of both the timely delivery of infrastructure that matches the rate of local population growth and the ability to respond effectively when the actual population growth exceeds the projections upon which the funding was based. The structure of developer contributions is one aspect impeding the capacity for local government to deliver infrastructure to support socially and economically sustainable communities. This is particularly in terms of the pace of infrastructure delivery and providing for actual populations, which are larger than those projected, and from an industry perspective, trust that services are being delivered with contributions levied. Ensuring that these elements are responded to nationally is a critical policy issue.

## Methodology

The research analysed annual projected growth rates from the Australian Bureau of Statistics for Statistical Area Level 3 (SA3s) nationally from 2006 to 2016 with the actual 2016 census population for each geographical area. Key drivers of mobility and location choice were modelled from HILDA Survey data 2001–17. The Australian Housing Aspiration survey, conducted in 2019, was analysed to examine households' long and short term residential mobility aspirations. The impact of population trends drew on the expertise of 25 key stakeholders in state and local governments and regional councils across New South Wales, Victoria and Western Australia.

This project was designed and commissioned prior to the COVID-19 pandemic and while the implications of this have been noted, the authors have been cautious to not speculate.

### To cite the AHURI research, please refer to:

James, A., Rowley, S., Davies, A., Ong Vitorj, R. and Singh, R. (2021) *Population growth and mobility in Australia: implications for housing and urban development policies*, AHURI Final Report No. 365, Australian Housing and Urban Research Institute Limited, Melbourne.

Available from the AHURI website at [ahuri.edu.au/research/final-reports/365](https://ahuri.edu.au/research/final-reports/365)