

The benefits and challenges of regional living: a case study of five regional cities



Based on AHURI Final Report No. 377: Understanding the lived experience and benefits of regional cities

What this research is about

This research investigates the lived experience of regional city residents (in five case studies) to understand how the benefits and disadvantages of regional city life are perceived and to explore attitudes towards population growth.

The context of this research

Over the 21st century, Australia's population has grown at a high rate, predominantly as a result of international migration. This growth has been concentrated in the major cities, while populations in many of the more remote areas of inland Australia have been stagnant or declined. As a result, there are two policy concerns regarding the distribution of population and growth in Australia: the need to ameliorate metropolitan population pressures by redirecting population growth out of the capital cities, and the uncertain futures of many parts of regional Australia that are not currently growing.

'Residents in all cities had concerns about the availability of essential services.'

The key findings

The study involved interviewing residents and policy stakeholders in five regional cities across Australia: Albury-Wodonga (Vic/NSW), Cairns (Qld), Mildura (Vic), Whyalla (SA) and Wollongong (NSW). The case studies reflect a broad range of different regional city circumstances and issues, including remoteness, industrial strengths, population trends, size and environmental vulnerabilities.

Some shared experiences and concerns emerged from the five cases:

- **Lifestyle:** In cities that were growing, regional residents were concerned about growth diminishing the lifestyle appeal of their cities. Participants used phrases such as 'village feel' and 'small town' to encapsulate the lifestyle they value and why they are reticent about growth. This sense of disquiet indicates that regional growth policies need to show how population growth will benefit regional communities, rather than be something that just happens to them.
- **Services:** Residents in all cities had concerns about the availability of essential services (although this was less pronounced in Wollongong, given the proximity of services in Sydney). Many participants were frustrated with existing levels of service provision and raised concerns about the likelihood of increasing demands on health and education as a result of population growth. This suggests that residents see governments as unlikely to provide the additional investment needed to manage growth effectively. Recurring examples included reports of an undersupply of general practitioners across regional Australia, and limited access to specialised services in both health and education. The latter was a particularly pronounced issue in remote locations due to the time and costs of travel to major cities, where these services predominate.

- **Housing:** Housing affordability and availability was a concern across all five case study cities, despite their differing economic circumstances. While affordability was less of a concern in Whyalla, restrictions on access to finance meant buying or renovating housing could still be challenging. Affordable and spacious housing and house blocks were seen as an important element of regional city living and of considerable appeal to many residents arriving from the larger cities, particularly young families. The availability of this traditional housing offer in regional cities was seen as a crucial part of maintaining the appeal of regional living for some participants. However, the affordability and availability of regional housing – especially rental – was felt to have lessened as a result of regional population growth during COVID-19.

Other issues included the limited range of housing options (such as townhouses and apartments) in some regional areas, which may present an ongoing challenge as residents' housing needs change over time.

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- **Ongoing employment:** Participants noted that while regional housing markets are often more affordable, it is not always possible to maintain income levels when moving from a major metropolitan area to a regional city. Some participants who had relocated from metropolitan areas found they had to adjust their expectations of work and career when faced with regional labour markets. While some participants related how they had built a successful career in regional cities, others referred to adjusting expectations, 'parking their ego' or planning a return to metropolitan areas in response to employment and career opportunities. This made assessments of the greater affordability benefits of regional living versus metropolitan living more complex than they might initially appear.

A primary focus for growth policy should be on improving regional labour markets, which would then attract population. This extends further than providing more jobs, and includes the need to consider how long-term career aspirations can be fulfilled in non-metropolitan Australia.

Research shows that migrants who would prefer to remain in regional cities are more likely to leave if they cannot find adequate employment. Providing ongoing employment trajectories for skilled workers, and appropriate employment for their spouses, has also proven an impediment to the long-term success of government decentralisation programs.

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Albury-Wodonga

The population of the twin cities of Albury-Wodonga was 89,007 at the 2016 census, an increase just over 11% from 2006. The greatest increase was in the 60 to 74 year age bracket, reflecting a broad trend toward an ageing population in regional Australia.

All residents and stakeholders interviewed had moved into the area from elsewhere, with the main reason being for work, followed closely by lifestyle and amenity. All agreed that while wages were lower than in the capital cities, so too was cost of living, particularly housing. One resident indicated that on moving to the area he had taken a 30 per cent salary cut. This salary, together with a lack of available career progression, was a driving factor behind not wanting to stay in Albury-Wodonga.

'There was an acknowledgment of the tension between retaining the 'country feel' of a smaller population while providing the level of service, infrastructure and diversity of housing options of a larger city.'

The availability of jobs was a focus point, suggesting a thinness of the job market in certain industries and the need for more well-paid, stable employment opportunities. There were also concerns raised about the lack of specialist health care and a perceived lack of diversity in secondary schooling options. There was also concern that tertiary institutions in the area did not offer a sufficient range of courses, particularly those leading to roles in in-demand specialist industries such as engineering, health specialists and allied health professions.

There was an acknowledgment of the tension between retaining the 'country feel' of a smaller population while providing the level of service, infrastructure and diversity of housing options of a larger city.

Cairns

Cairns was the fastest growing of the case study cities in the period 2006—2016, with a 26 per cent increase in population spread relatively evenly across age groups.

Cairns has a distinctive amenity and lifestyle appeal that intersects with a comparative diversity of key industries in the area. The economic profile of Cairns and its direct connections to global economies (via its international airport with direct connections into Asia) distinguish it from many other regional cities across Australia. There were three main reasons participants decided to migrate to Cairns: lifestyle, family and international connections.

All participants noted the challenges of securing housing. This was particularly the case in rental housing where issues of availability (more than affordability) were apparent, and challenges confronted even for people commanding considerable incomes. Short-term accommodation, such as Airbnb, is affecting rental housing availability in popular tourist destinations, and likely takes some supply out of the long-term rental market. This problem is compounded, at least in part, by new dwelling construction that is more geared toward a tourist accommodation market than it is to long-term occupation.

Congestion has become a major issue for the local community, with some suggesting it is threatening the lifestyle factors that attracted them in the first place. As regional cities scale up, the importance of public transport increases, but remains difficult to provide effectively without significant public subsidisation.

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Mildura

Mildura has more than 33,000 residents, with population growth from 2006—2016 mainly due to increased residents in their 20s and those over 50.

Key benefits identified included great local produce, lots of community activities, easy access to natural attractions, large house and lot sizes, and the ease of getting around.

Key concerns included a perceived lack of specialist health and education services, a tight rental market, the need for faster and more affordable transport to Adelaide and Melbourne, and administrative complexities created by proximity to two state borders.

There were concerns that growth would result in Mildura losing its ‘town feel’. However, there was also an acknowledgement that growth may lead to additional government investment and improved services.

The population of the economic region is in decline and the future prospect of less water for irrigation indicates a risk to the intensity of agriculture, reducing the amount of work available.

‘Several participants noted that the cheap house prices are often offset by stricter limits on accessing finance, such as higher deposit rates due to poor resale prospects.’

Whyalla

Located 400 kilometres from Adelaide, Whyalla (population 21,501) is South Australia’s third largest city, despite having lost a third of its population since the 1970s. The steelworks are a key employer and underpin the city’s economic trajectory. The city is also an important regional service hub.

Employment opportunities were a key driver of participants’ decisions to move to Whyalla. Benefits that convinced them to stay included the friendly and connected community, the ease of movement and the proximity of outback and coastal landscapes. The recent focus on improving educational facilities also added to the city’s appeal.

While participants felt that services were good, concerns included limited access to specialist health services, ageing infrastructure, and the need for economic diversification to ensure the city’s longevity.

While housing is more affordable than in other case study cities, much of the stock is ageing and no longer fit-for-purpose. Several participants noted that the cheap house prices are often offset by stricter limits on accessing finance, such as higher deposit rates due to poor resale prospects.

Local attitudes towards growth were positive; participants recognised that a shrinking population made it difficult to upgrade services and diversify the economy. Given recent population decline, there was little concern that existing infrastructure would struggle to cope with growth, at least in the short-term, as the city originally developed for a larger population.

Wollongong

Wollongong has a service and innovation-based economy and is the largest of the five case study cities, with the highest housing prices. Over 13 per cent of the population commutes to Sydney daily for work. Participants identified the city's key benefits as the coastal lifestyle, easy access to diverse regional attractions, high quality education, and proximity to Sydney's services and entertainment.

'More broadly, the findings indicate that policy making needs to be approached from a regional perspective, with the goal of making regional Australia an attractive place to live and work, rather than approached as a solution to metropolitan population pressures.'

Key concerns included diminishing housing affordability pushing lower-income residents out of the city, limited public transport, and employment market dynamics—particularly a mismatch between workers and available service sector roles, and thinness in professional labour markets.

Attitudes towards growth reflected a mix of (i) feeling it was inevitable given the city's proximity to Sydney; (ii) acknowledging that growth had helped the city transition to a more diverse economy; and (iii) concern that Wollongong was at a tipping point, where further growth would undermine amenity benefits.

What this research means for policy makers

For pro-growth policies to be well-received in regional areas, it is essential that they are perceived as being designed to benefit local residents. The research also indicates that a primary focus for growth policy should be on improving regional labour markets, which would then attract population. This includes the need to consider how long-term career aspirations can be fulfilled in non-metropolitan Australia. More broadly, the findings indicate that policy making needs to be approached from a regional perspective, with the goal of making regional Australia an attractive place to live and work, rather than approached as a solution to metropolitan population pressures.

Planning for regional growth will ensure that benefits from additional population (e.g. better services and stronger economies) can be realised, while minimising the diseconomies of scale and the impact on the 'village feel' of regional cities. Demonstrated long-term commitments to goal-oriented plans may also address the reticence of regional residents towards population growth, by making clear the benefits and providing assurance that they will be realised.

For the national settlement structure, an underlying issue indicated by this research is that the gap between Australia's major cities and smaller cities means that there are few 'middle ground' options available, which could provide both diverse career opportunities and the lifestyle and housing benefits of regional areas.

Methodology

This research interviewed residents and policy stakeholders in five regional cities across Australia. A resident focus group and stakeholder interviews were conducted in each city.

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