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MASS MIGRATION INDUCED HOUSING SHORTAGE

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Introduction

This research report estimates the shortfall in housing supply as a result of the expected increase to migration announced by the federal government.

The study was conducted by making adjustments to a net annual dwelling supply and demand forecast, modelled by the National Housing Finance and Investment Corporation.[1] The adjustments incorporate new data on overseas migration intake contained in the 2023-24 federal budget,[2] which estimates that net overseas migration could bring in up to 1.755 million new immigrants by the financial year ending 2028.

New net migration figures in the May 2023 budget represent an excess of 379,000 migrants over the initial estimates between 2022 and 2028, announced in the October budget last year.

Key findings in this report are as follows:

- Between 2023 and 2028, net overseas migration to Australia is expected to reach 1.755 million. This is the equivalent to 117,000 new households formed from immigration alone in search of housing every year.
- This will be in addition to the creation of 69,617 new domestic households every year, which will require 417,700 new housing units by 2028.
- Between 2023 and 2028, housing supply is forecast to increase by only 866,900 units.
- This will result in a net housing supply **shortfall of 252,800 housing units** from 2023 to 2028.[3] On a state and territory level, the expected housing shortage from 2023 to 2028 is as follows:
    - New South Wales: 70,889
    - Victoria: 62,168
    - Queensland: 54,591
    - Western Australia: 34,720
    - South Australia: 18,162
    - Tasmania: 8,922
    - The Northern Territory: 2,624
    - The Australian Capital Territory: 2,325

1 NHFIC (2023, April) *State of the Nation's Housing 2022-23*, National Housing Finance and Investment Corporation: Sydney.

2 Federal Government (2023, May) *Budget 2023-24: Budget Strategy and outlook: Budget Paper No. 1*, Federal Treasury: Canberra.

3 The expected shortfall of housing has increased from the IPA's initial estimate in May due to the higher number of expected migrant intake announced in the most recent federal budget.

- The **aggregated cost of the shortage from 2023 to 2028 will be approximately $142 billion or $24 billion per annum on average**, based on the cost of the extra housing which would need to be constructed in order to accommodate the expected increase to migration. On a state and territory level, the costs are as follows:
    - NSW: $50.36 billion
    - Victoria: $33.56 billion
    - Queensland: $27.16 billion
    - Western Australia: $15.75 billion
    - South Australia: $8.79 billion
    - Tasmania: $3.73 billion
    - The Northern Territory: $1.02 billion
    - The ACT: $1.48 billion

Research Methodology

This research report utilises data derived from: forecast modelling by the NHFIC's 2022-23 State of the Nation's Housing Report, the 2023-24 federal budget and the Australian Bureau of Statistics.

On Australia-wide net new supply and demand estimates

Specifically, data relating to projected net new dwelling supply between the years 2022 and 2028 were derived from the NHFIC's report. Data relating to net new household formation, which indicate annual increases in demand, were based on both the said report and the budget's updated migration forecast.

The NHFIC's report assumed the steady-state net overseas migration level to be 235,000 individuals per annum, in line with the Centre for Population's prediction in its 2022 Statement and pre-pandemic numbers.[4] Its modelling assumed that net migration would reach this level by 2023, up from 150,000 in 2022.

Data used for the NHFIC's modelling, however, has been superseded by subsequent government information releases. The May budget's forecast suggests that net migration intake will be considerably higher: at 715,000 individuals between 2023 and 2024, before falling to 260,000 individuals per year: an annual steady state over the forward estimate that is higher by 25,000 individuals than initially forecast in the October 2022 budget and the Centre for Population's initial estimate.

The housing supply and demand estimates, presented in this report, adjusts the NHFIC's initial assumption in light of the new and elevated net overseas migration numbers in the budget.[5]

To give context to the study, ABS data have also been collected to cover the five years before 2022, namely the period just prior to and during the pandemic.

New net dwelling supply for each year prior to 2022 was taken to be the equivalent to the year-by-year change in estimated stock of dwelling as reported in the ABS' national dwelling stock statistics.[6] Historical data on new net household formation is based on an analysis of ABS data on the change in Australia's population - attributable to natural increases and net overseas migration.[7]

4 Centre for Population (2022) *2022 Statement*, Commonwealth Treasury: Canberra.

5 For the purpose of this report, each financial year's migration intake is assigned to the calendar year in which the financial year ends.

6 ABS (2022, October) Estimated dwelling stock: Provides quarterly estimates of dwelling stock, additions and removals, *Australian Bureau of Statistics*, Available from: https://www.abs.gov.au/statistics/industry/building-and-construction/estimated-dwelling-stock/latest-release#:~:text=Australia's%20dwelling%20stock%20was%2010%2C879%2C349,additions%20and%206%2C987%20dwelling%20removals.

7 ABS (2023, March) National, state and territory population: Statistics about the population and components of change (births, deaths, migration) for Australia and its states and territories, *Australian Bureau of Statistics*, Available from: https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/sep-2022#data-downloads.

For each year, the net increase in housing supply is compared against the net increase in the number of households in Australia to arrive at either a surplus or a shortfall. Increased migration intake increases the number of new households and, therefore, demand for new housing units. The outcome is to reduce any surplus housing or exacerbate any shortage.[8]

For the purpose of this report, housing units can be detached homes, apartments and other forms of dwelling in which an individual or family lives. A household can consist of one or more people, related or otherwise, that lives in the same housing unit (e.g., friends sharing a home, a nuclear family or a single person living on their own).

The 2021 Census finds that Australia has an average household size of 2.5.[9] This is the average number of people throughout the country who occupy a dwelling unit. The number of people in Australia which constitutes a household has been somewhat stable since the year 2000.[10] In this report, therefore, the assumption is made that a new household is formed for every additional 2.5 new residents.

8 This report is concerned with the gap in housing availabilities for new households. Accordingly, new net dwelling supply and new net household formation are used as determinants of the gap in the analysis. This follows the methodology in the NHFIC's report in favour of utilising aggregate supply and demand data, which capture market and investor sentiments - among other factors - that have the potential to cloud the result.

9 ABS (2022, June) Snapshot of Australia: A picture of the economic, social and cultural make-up of Australia on Census Night, 10 August 2021, *Australian Bureau of Statistics*, Available from: https://www.abs.gov.au/statistics/people/people-and-communities/snapshot-australia/latest-release#:~:text=The%202021%20Census%20counted%20more,2016%20to%202.5%20in%202021.

10 Qu (2018, May) Population and Households: Population Growth, *Australian Institute of Family Studies*, Available from: https://aifs.gov.au/research/facts-and-figures/population-and-households; GlobalData (2022) Average Size of Households in Australia (2010 - 2021), *Data and Insights*, Available from: https://www.globaldata.com/data-insights/macroeconomic/average-household-size-in-australia-2096118/#:~:text=Size%20in%20Australia-,Australia%20had%20an%20average%20household%20size%20of%202.59%20people%20in,2021%2C%20between%202010%20and%202021.

On state by state net new supply and demand estimates

The NHFIC's modelling provides a state by state breakdown of the aforementioned new net dwelling supply and demand forecast.[11] But state-level data do not distinguish overseas migration-driven net demand increases from demand increases arising from other factors such as interstate migration and natural growth.

In this report, then, state and territory allocation of migration intake is extrapolated based on state and territory population data as follows:[12]

Table 1: State by state population breakdown

State	Capital City	Population	Share of Population
NSW	Sydney	8,193,500	31%
VIC	Melbourne	6,656,300	25%
QLD	Brisbane	5,354,800	21%
SA	Adelaide	1,828,700	7%
WA	Perth	2,805,000	11%
TAS	Hobart	571,900	2%
NT	Darwin	250,600	1%
ACT	Canberra	459,000	2%

This means that we assume migration pattern into different parts of Australia to follow the current state by state makeup of the overall population. This approach is preferred to apportioning migrant numbers based on state of arrival because the latter disproportionately allocate migrant intake to the states with the busiest international airports.

Since the focus of this report is on the impact of overseas migration, growth in state population arising from interstate migration are not distinguished from natural growth, namely births minus deaths. Consequently, domestic interstate movement is taken to be a part of an 'organic' change.

11 The individual states' data in the State of the Nation's Housing Report do not add up exactly to the national data, but the discrepancies are minor. No discrepancy, in any single year, add up to more than 1% of the sum.

12 ABS (2023, March) National, state and territory population: Statistics about the population and components of change (births, deaths, migration) for Australia and its states and territories, *Australian Bureau of Statistics,* Available from: https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/sep-2022#data-downloads; Centre for Population (2023, January) Centre for Population Projections, *Centre for Population*, Available from: https://population.gov.au/data-and-forecasts/projections.

Nationwide Housing Supply Gap

The baseline forecast, informed by the NHFIC's State of the Nation's Housing Report, estimates a cumulated housing supply shortfall of 114,800 units between 2023 and 2028, subsequent to which the annual supply of housing was meant meet and then exceed the demand for new housing every year.

This was anchored on the assumption that net overseas migration brought in 150,000 new residents last year before reaching a steady state of 235,000 per annum from this year onwards. This will be the equivalent to 94,000 households.

Table 2: Baseline forecast

Year	New Net Dwelling Supply	New Net Household Formation			New Dwelling Supply – Household Formation
		Total	Organic	Net Migration	
2017	189,609	153,440	56,800	96,640	36,169
2018	197,104	159,200	58,320	100,880	37,904
2019	178,597	154,640	55,600	99,040	23,957
2020	159,595	50,360	52,360	-2,000	109,235
2021	153,297	59,640	57,280	2,360	93,657
2022	143,800	132,400	72,400	60,000	11,400
2023	148,500	139,200	45,200	94,000	9,300
2024	138,200	150,400	56,400	94,000	-12,200
2025	127,500	176,400	82,400	94,000	-48,900
2026	134,600	173,700	79,700	94,000	-39,100
2027	155,700	171,100	77,100	94,000	-15,400
2028	162,400	170,900	76,900	94,000	-8,500

Housing supply is expected to decline from a high of almost 200,000 units annually, prior to the pandemic, to 127,500 in 2025 before picking up again in a belated response to increased demand. The decline has been due to a number of factors including: the rise in interest rates following an upsurge in inflation, the increasing cost of building materials, the increasing cost and scarcity of labour, and delays due to weather conditions and red tape.[13]

Demand for housing, on the other hand, is expected to strengthen - on the back of the expected return of migration intake to pre-pandemic levels and beyond. By 2024, household formation is expected to outstrip new net dwelling supply, meaning that – on balance – there will be more families looking for homes than there are homes being supplied to accommodate them.

13 Diana Mousina (2023, April) Australia's housing shortage, *EconoSights*, Available from: https://www.amp.com.au/content/dam/amp-au/documents/insights/econosights-housing-shortage.pdf; NHFIC (2023) *State of the Nation's Housing 2022-23*, National Housing Finance and Investment Corporation: Sydney.

New Treasury figures, revealed in the May budget, however, suggests that demand for housing has already outpaced supply on the back of higher than expected net migration intake.

Net overseas migration in the financial year ending 2022 was 23 per cent higher than expected in the October budget, at 184,000. Intake for this year is 70 per cent higher than anticipated, at 400,000. Intake for next year is expected to be 34 per cent higher than anticipated, at 315,000. And the steady state migration intake going forward will be 10 per cent higher than anticipated at 260,000 per annum, up from 235,000 per annum in accordance with the October budget and Centre for Population estimate.

May 2023's budget papers ambiguously note that net overseas migration is expected to "[fall] back towards historical trends of 235,000 per year", but only after "the temporary catch-up effect from the pandemic subsides" well beyond 2027. A counterpoint to the budget assertion of a return to pre-pandemic levels is the typical growth in net overseas migration in Australia in recent years. In the 15 years prior to the pandemic, the average annual growth in net overseas migration was 8.3 per cent. Net overseas migration falling, after 2027, to approximately half of today's level - and staying constant thereafter - is unlikely.

The furthest projected net overseas migration forecast is 260,000 in 2027. For simplicity, the present analysis assumes that the net overseas migration will stay at this level into 2028.

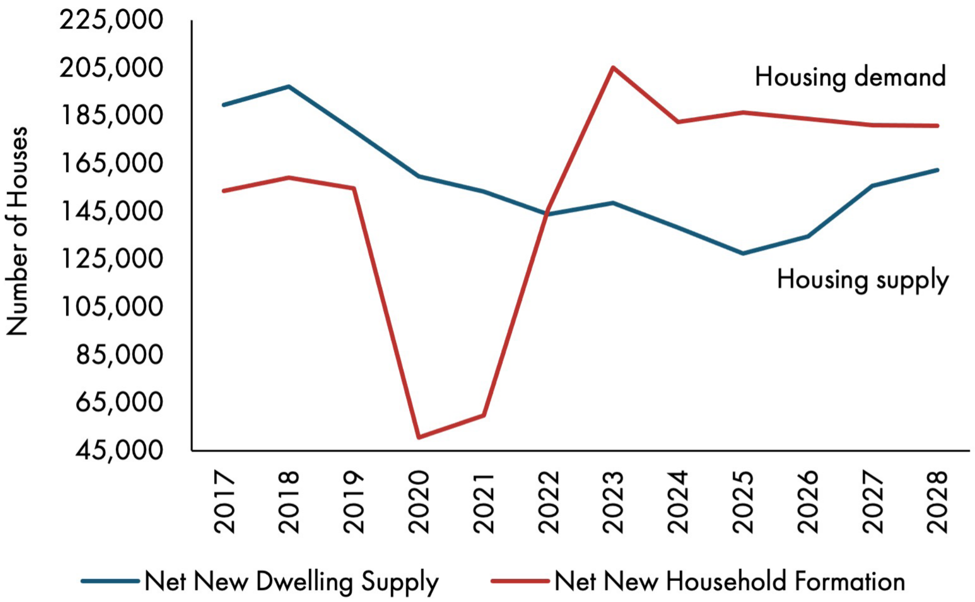
Table 3: Housing supply shortfall due to migration expansion

Year	New Net Dwelling Supply	New Net Household Formation			New Dwelling Supply – Household Formation
		Total	Organic	Net Migration	
2017	189,609	153,440	56,800	96,640	36,169
2018	197,104	159,200	58,320	100,880	37,904
2019	178,597	154,640	55,600	99,040	23,957
2020	159,595	50,360	52,360	-2,000	109,235
2021	153,297	59,640	57,280	2,360	93,657
2022	143,800	146,000	72,400	73,600	-2,200
2023	148,500	205,200	45,200	160,000	-56,700
2024	138,200	182,400	56,400	126,000	-44,200
2025	127,500	186,400	82,400	104,000	-58,900
2026	134,600	183,700	79,700	104,000	-49,100
2027	155,700	181,100	77,100	104,000	-25,400
2028	162,400	180,900	76,900	104,000	-18,500

As shown in Table 2 above, based on the updated figures, we estimate a housing supply shortfall of approximately 42,133 housing units each year between 2023 and 2028, for a total accumulated shortfall of 252,800 units. Over the course of the period, net migration intake is expected to increase by over 1.755 million people or the equivalent to 702,000 households.

The shortfall in housing supply is expected to continue into the foreseeable future, as shown in Chart 1 below.

Chart 1: Housing supply shortfall due to migration expansion



All else remaining constant, the increased migration intake will worsen Australia's housing shortage and lengthen the time needed for the supply side of the market to catch up with the increased demand in housing.

We estimate the cost of building a residential dwelling to be $516,314 – on average – across Australia's capital cities, where the bulk of the population lives, and where the majority of new migrants are expected to settle.

The estimate is derived from applying the median cost of land and building per m^2 on the average size of new homes in Australia, namely 195.8 m^2.[14]

Table 4: Cost of building a new home[15]

Capital City	Cost of Land per m^2	Building Cost per m^2	Total Cost
Sydney	$1,898	$1,730	$710,362
Melbourne	$1,087	$1,670	$539,821
Brisbane	$851	$1,690	$497,528
Perth	$607	$1,710	$453,669
Adelaide	$531	$1,940	$483,822
Hobart	$284	$1,850	$417,772
Darwin	$193	$1,800	$390,209
Canberra	$1,325	$1,930	$637,329

However, the total cost of addressing the aforementioned supply gap of 252,800 units will be more than simply multiplying the accumulated shortfall by the abovementioned unweighted average cost of building a residential dwelling. This is because the supply gap will be more prevalent in the most expensive states.

We estimate the cost of addressing the supply shortfall to be $141.85 billion over the six years to 2028, which is the equivalent to $23.64 billion per year between 2023 and 2028.

Our state by state analysis is presented in detail in the next section of the report.

14 Craig James and Ryan Felsman (2020, November) Australian houses are again the world's biggest, Economic *Insights*, CommSec: Sydney.

15 Estimates derived based on data from: Statista (2023, April) Price per square meter of land in selected cities Australia 2022, *Statista*, Available from: https://www.statista.com/statistics/736673/australia-land-price-per-square-meter-in-selected-areas/; Domain Research (2023, February) Housing affordability: The price per square metre, *Domain*, Available from: https://www.domain.com.au/research/housing-affordability-the-price-per-square-metre-1193910/; Newscorp (2018, February) Tasmanian land sales are up but prices are down, *Mercury*, Available from: https://www.realestate.com.au/news/tasmanian-land-sales-up-prices-down/; Koste (2023) Construction Cost Table, *Australian Building Construction Cost*, Available from: https://koste.com.au/construction-cost-table/ (Note that the construction figures used are based on the 'Standard House (Medium)' estimate); Platinum Pro (2023, January) How much does it cost to build a house in Tasmania?, *Platinum Pro Construction*, Available from: https://www.platinumproconstruction.com.au/blog/how-much-does-it-cost-to-build-a-house-in-tasmania; *Kitome* (2022, October) Calculating the Cost of Building a Home, *Kitome*, Available from: https://kitome.com.au/blog/calculating-cost-building-home/.

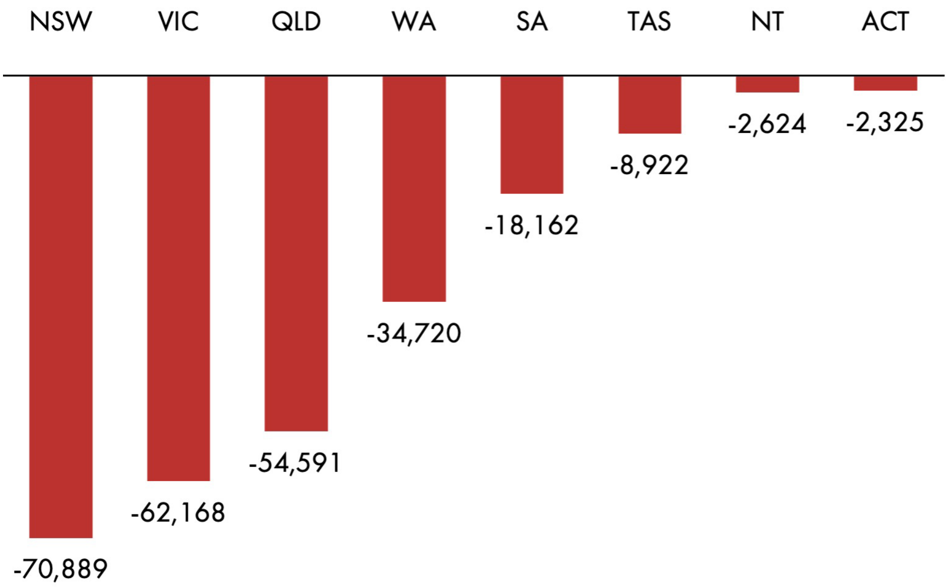
State by State Analysis

This section of the report estimates the state by state impact of the expected housing supply shortfall that Australia is experiencing and will continue to experience to 2028 and beyond.

Assuming that migration pattern matches the distribution of Australia's population among the eight states and territories, we expect each state and territory to suffer from housing supply shortages over the next decade. But the impact will not be evenly felt.

As Chart 2 below shows: NSW, Victoria and Queensland will bear the brunt of the housing supply shortfall – with the territories being the least affected.[16]

Chart 2: Cumulative housing shortage in each state and territory from 2023-2028



The Northern Territory is expected to benefit from both an increase in the housing supply and a slowing down in the rate of household formation.

The ACT will experience a slight pick up in the housing supply and a flatlined population growth, with overseas migration contributing to less than half of Canberra's new household formation.

16 The sum of the state by state supply shortfall estimates is 0.63% higher than the estimated nationwide shortfall as a result of the aforementioned slight discrepancy in the original state by state vs national data.

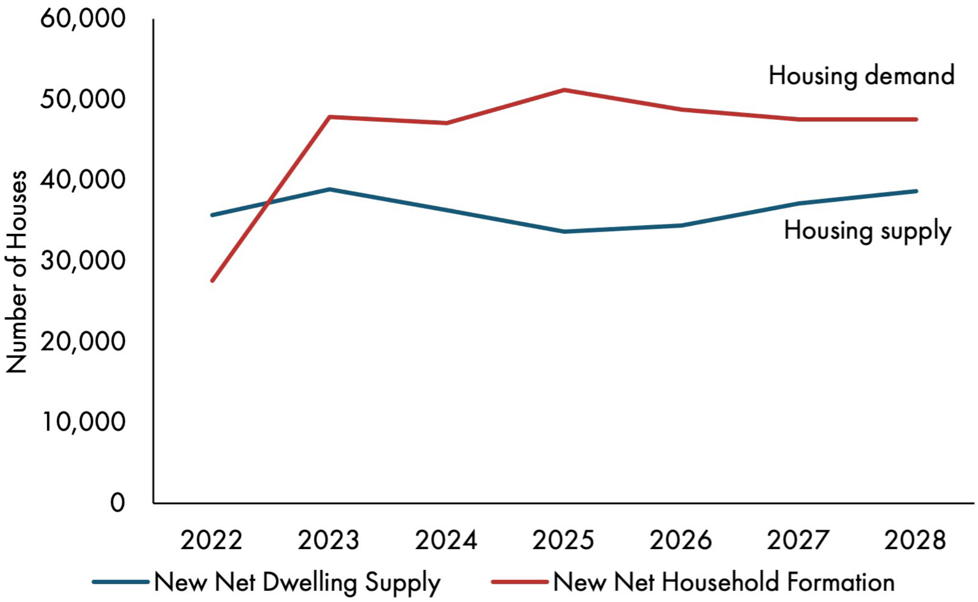
New South Wales

Table 5: New South Wales state estimates

Year	New Net Dwelling Supply Sydney	Rest of NSW	New Net Household Formation Total	Organic	Net Migration	New Dwelling Supply – Household Formation
2022	23,400	12,300	27,566	4,479	23,088	8,134
2023	25,900	13,000	47,803	-2,387	50,190	-8,903
2024	24,500	11,800	47,038	7,513	39,525	-10,738
2025	22,800	10,800	51,137	18,513	32,624	-17,537
2026	22,900	11,500	48,737	16,113	32,624	-14,337
2027	25,100	12,000	47,537	14,913	32,624	-10,437
2028	25,800	12,800	47,537	14,913	32,624	-8,937

Between 2023 and 2028, NSW will experience a shortfall of 70,889 housing units. During the same period, NSW will receive an estimated 550,525 net new migrants, the equivalent of 220,210 new households through migration alone.

Chart 3: Housing supply shortfall due to migration expansion in New South Wales



Assuming that the construction of a new unit of housing for each new household in NSW is $710,362, the total cost of the shortfall for the state will amount to $50.36 billion. This will be the equivalent to $8.39 billion per annum to 2028.

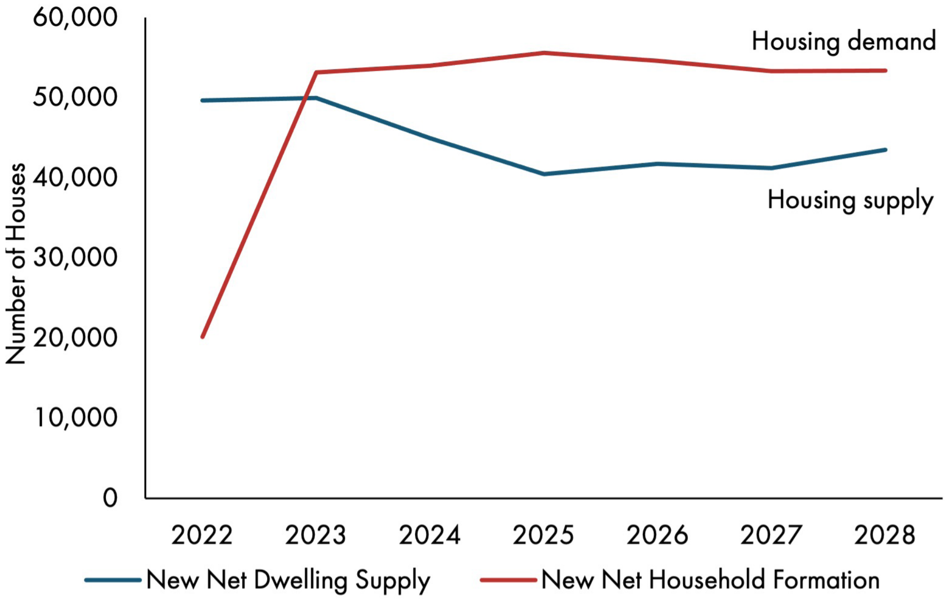
Victoria

Table 6: Victoria state estimates

Year	New Net Dwelling Supply			New Net Household Formation		New Dwelling Supply – Household Formation
	Melbourne	Rest of VIC	Total	Organic	Net Migration	
2022	36,000	20,166	1,410	18,756	29,434	20,166
2023	37,000	53,119	12,345	40,774	-3,219	53,119
2024	33,700	53,955	21,845	32,110	-9,055	53,955
2025	30,600	55,548	29,045	26,503	-15,148	55,548
2026	31,100	54,548	28,045	26,503	-12,848	54,548
2027	30,900	53,248	26,745	26,503	-12,048	53,248
2028	32,700	53,348	26,845	26,503	-9,848	53,348

Between 2023 and 2028, there will be an estimated shortfall of 62,168 housing units in Victoria. During the same period, Victoria will receive an estimated 447,240 net new migrants, the equivalent of 178,896 new households through migration alone.

Chart 4: Housing supply shortfall due to migration expansion in Victoria



Assuming that the construction of a new unit of housing for each new household in Victoria is $539,821, the total cost of the shortfall for the state will amount to $33.56 billion. This will be the equivalent to $5.59 billion per annum to 2028.

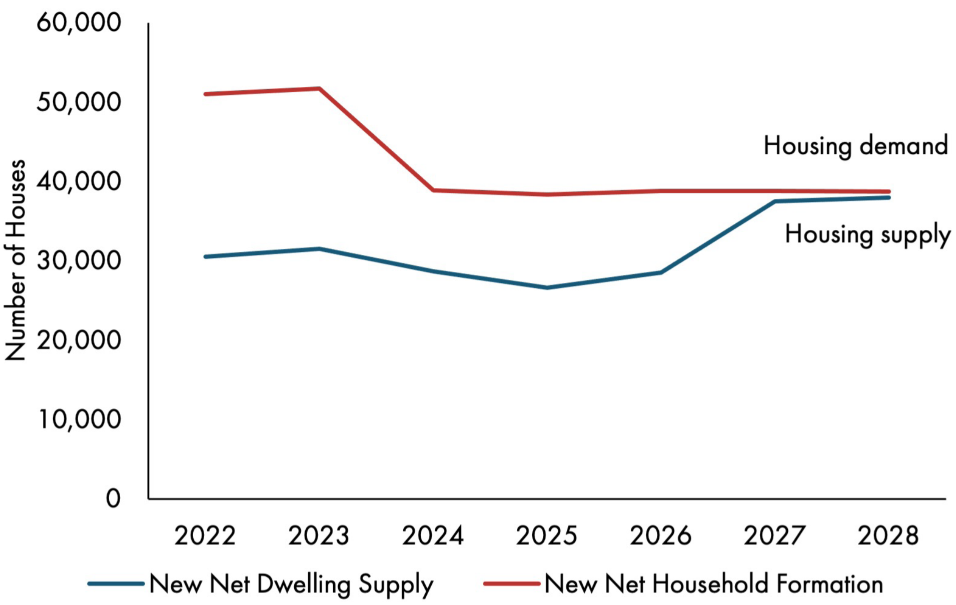
Queensland

Table 7: Queensland state estimates

Year	New Net Dwelling Supply		New Net Household Formation			New Dwelling Supply – Household Formation
	Brisbane	Rest of QLD	Total	Organic	Net Migration	
2022	16,600	13,900	50,988	35,899	15,089	-20,488
2023	17,300	14,200	51,731	18,929	32,801	-20,231
2024	15,900	12,800	38,860	13,029	25,831	-10,160
2025	14,800	11,800	38,350	17,029	21,321	-11,750
2026	15,800	12,700	38,850	17,529	21,321	-10,350
2027	17,300	20,200	38,850	17,529	21,321	-1,350
2028	16,900	21,100	38,750	17,429	21,321	-750

Between 2023 and 2028, there will be an estimated shortfall of 54,591 housing units in Queensland. During the same period, Queensland will receive an estimated 359,790 net new migrants, the equivalent of 143,916 new households through migration alone.

Chart 5: Housing supply shortfall due to migration expansion in Queensland



Assuming that the construction of a new unit of housing for each new household in Queensland is $497,528, the total cost of the shortfall for the state will amount to $27.16 billion. This will be the equivalent to $4.53 billion per annum to 2028.

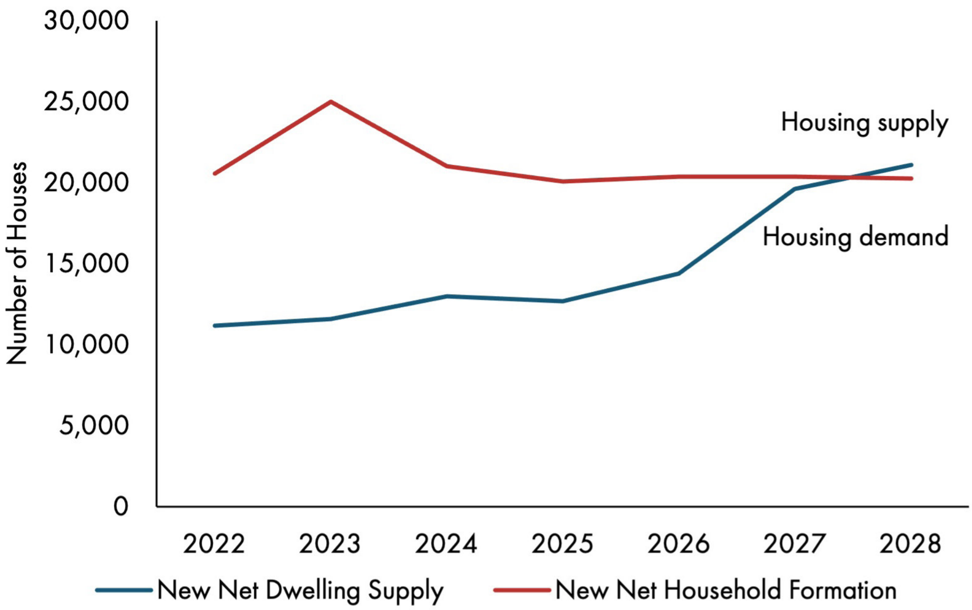
Western Australia

Table 8: Western Australia state estimates

Year	New Net Dwelling Supply		New Net Household Formation			New Dwelling Supply – Household Formation
	Perth	Rest of WA	Total	Organic	Net Migration	
2022	9,500	1,700	20,561	12,657	7,904	-9,361
2023	9,600	2,000	24,988	7,805	17,182	-13,388
2024	10,900	2,100	21,036	7,505	13,531	-8,036
2025	10,500	2,200	20,074	8,905	11,169	-7,374
2026	11,600	2,800	20,374	9,205	11,169	-5,974
2027	16,500	3,100	20,374	9,205	11,169	-774
2028	17,500	3,600	20,274	9,105	11,169	826

Between 2023 and 2028, there will be an estimated shortfall of 34,720 housing units in Western Australia. During the same period, Western Australia will receive an estimated 188,470 net new migrants; the equivalent of 75,388 new households through migration alone.

Chart 6: Housing supply shortfall due to migration expansion in Western Australia



Assuming that the construction of a new unit of housing for each new household in Western Australia is $456,669, the total cost of the shortfall for the state will amount to $15.75 billion. This will be the equivalent to $2.63 billion per annum to 2028.

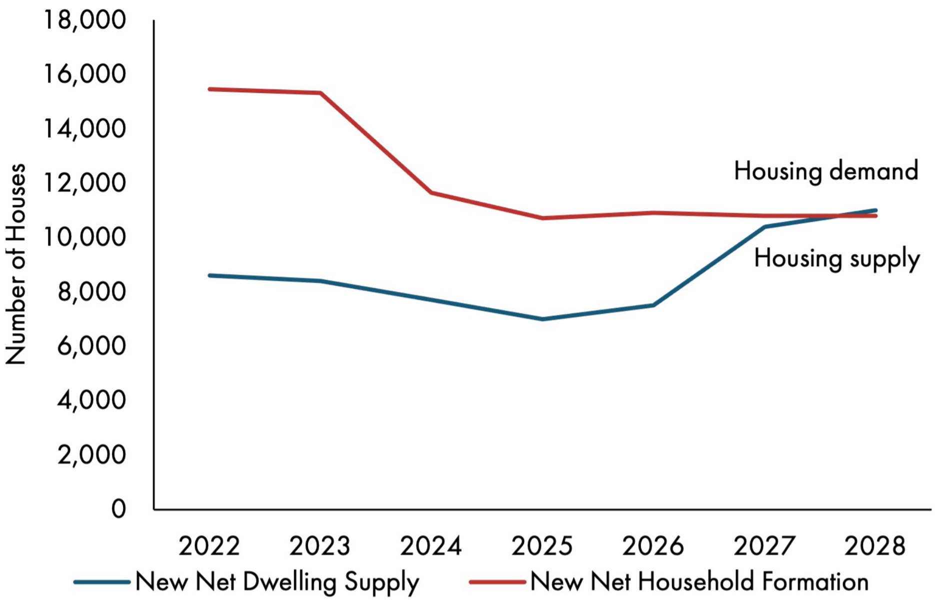
South Australia

Table 9: South Australia state estimates

Year	New Net Dwelling Supply		New Net Household Formation			New Dwelling Supply – Household Formation
	Adelaide	Rest of SA	Total	Organic	Net Migration	
2022	6,700	1,900	15,452	10,299	5,153	-6,852
2023	6,700	1,700	15,321	4,119	11,202	-6,921
2024	6,200	1,500	11,640	2,819	8,822	-3,940
2025	5,600	1,400	10,700	3,419	7,281	-3,700
2026	5,900	1,600	10,900	3,619	7,281	-3,400
2027	8,600	1,800	10,800	3,519	7,281	-400
2028	9,000	2,000	10,800	3,519	7,281	200

Between 2023 and 2028, there will be an estimated shortfall of 18,162 housing units in South Australia. During the same period, South Australia will receive an estimated 122,870 net new migrants, the equivalent of 49,148 new households through migration alone.

Chart 7: Housing supply shortfall due to migration expansion in South Australia



Assuming that the construction of a new unit of housing for each new household in South Australia is $483,822, the total cost of the shortfall for the state will amount to $8.79 billion. This will be the equivalent to $1.46 billion per annum to 2028.

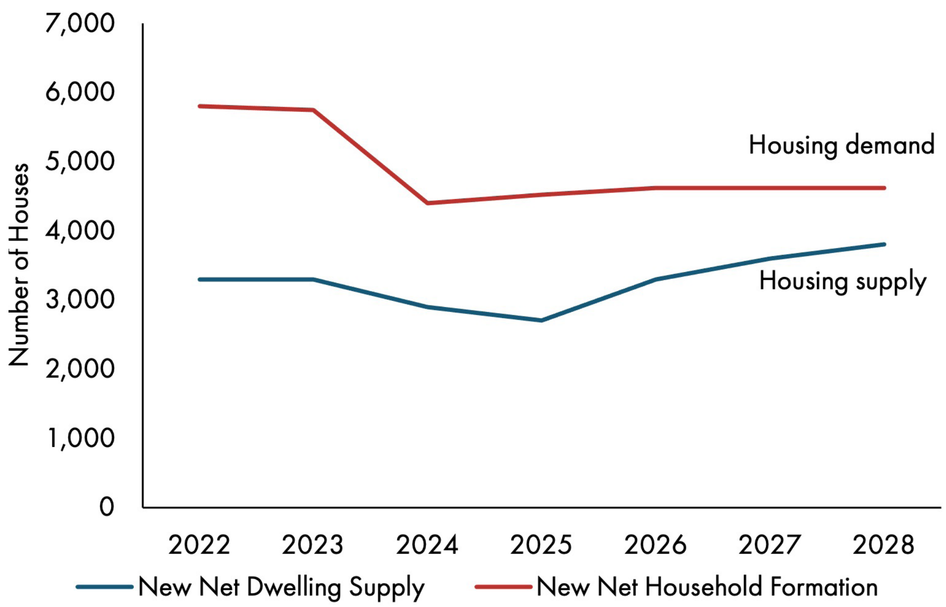
Tasmania

Table 10: Tasmania state estimates

Year	New Net Dwelling Supply		New Net Household Formation			New Dwelling Supply – Household Formation
	Hobart	Rest of TAS	Total	Organic	Net Migration	
2022	1,500	1,800	5,798	4,186	1,611	-2,498
2023	1,500	1,800	5,745	2,242	3,503	-2,445
2024	1,300	1,600	4,401	1,642	2,759	-1,501
2025	1,200	1,500	4,519	2,242	2,277	-1,819
2026	1,400	1,900	4,619	2,342	2,277	-1,319
2027	2,300	1,300	4,619	2,342	2,277	-1,019
2028	2,500	1,300	4,619	2,342	2,277	-819

Between 2023 and 2028, there will be an estimated shortfall of 8,922 housing units in Tasmania. During the same period, Tasmania will receive an estimated 38,425 net new migrants, the equivalent of 15,370 new households through migration alone.

Chart 8: Housing supply shortfall due to migration expansion in Tasmania



Assuming that the construction of a new unit of housing for each new household in Tasmania is $417,772, the total cost of the shortfall for the state will amount to $3.73 billion. This will be the equivalent to $621 million per annum to 2028.

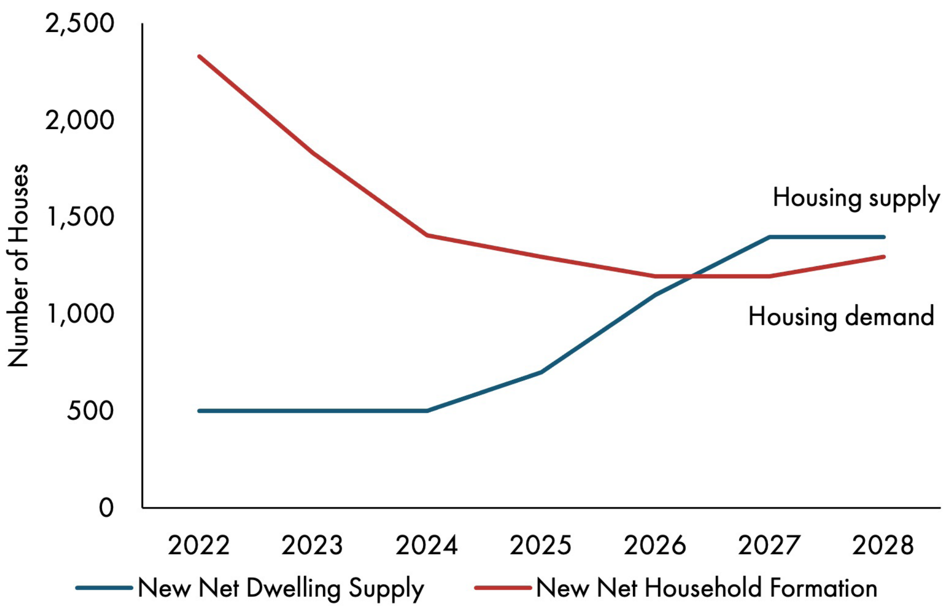
Northern Territory

Table 11: Northern Territory estimates

Year	New Net Dwelling Supply		New Net Household Formation			New Dwelling Supply – Household Formation
	Darwin	Rest of NT	Total	Organic	Net Migration	
2022	400	100	2,330	1,624	706	-1,830
2023	400	100	1,833	298	1,535	-1,333
2024	400	100	1,407	198	1,209	-907
2025	500	200	1,296	298	998	-596
2026	800	300	1,196	198	998	-96
2027	1,000	400	1,196	198	998	204
2028	1,000	400	1,296	298	998	104

Between 2023 and 2028, there will be an estimated shortfall of 2,624 housing units in the Northern Territory. During the same period, the Northern Territory will receive an estimated 16,838 net new migrants, the equivalent of 6,735 new households through migration alone.

Chart 9: Housing supply shortfall due to migration expansion in the Northern Territory



Assuming that the construction of a new unit of housing for each new household in the Northern Territory is $390,209, the total cost of the shortfall for the territory will amount to $1.02 billion. This will be the equivalent to $171 million per annum to 2028.

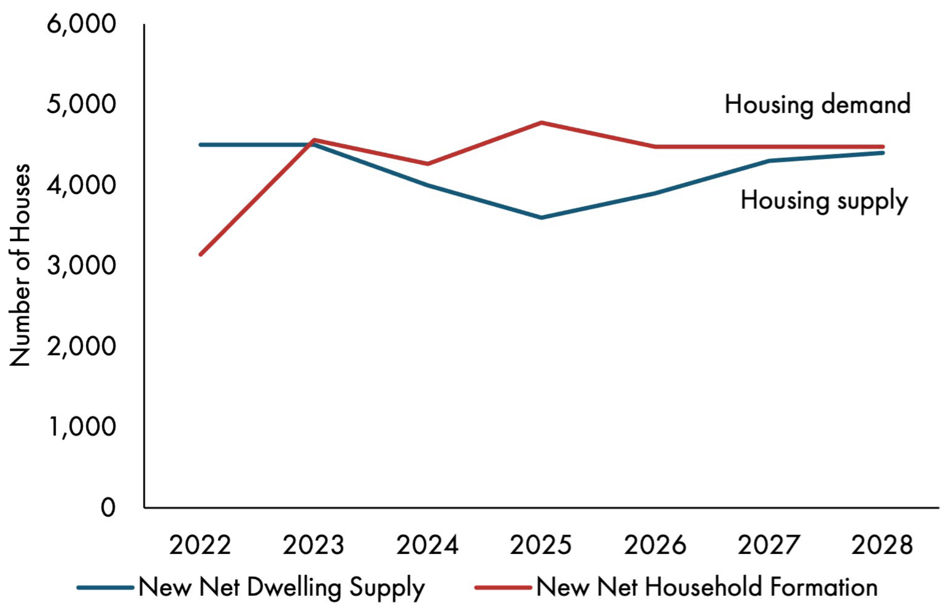
Australian Capital Territory

Table 12: Australian Capital Territory estimates

Year	New Net Dwelling Supply	New Net Household Formation			New Dwelling Supply – Household Formation
		Total	Organic	Net Migration	
2022	4,500	3,139	1,846	1,293	1,361
2023	4,500	4,560	1,748	2,812	-60
2024	4,000	4,262	2,048	2,214	-262
2025	3,600	4,776	2,948	1,828	-1,176
2026	3,900	4,476	2,648	1,828	-576
2027	4,300	4,476	2,648	1,828	-176
2028	4,400	4,476	2,648	1,828	-76

Between 2023 and 2028, there will be an estimated shortfall of 2,325 housing units in the ACT. During the same period, the ACT will receive an estimated 30,840 net new migrants, the equivalent of 12,336 new households through migration alone.

Chart 10: Housing supply shortfall due to migration expansion in the Australian Capital Territory



Assuming that the construction of a new unit of housing for each new household in the ACT is $637,329, the total cost of the shortfall for the territory will amount to $1.48 billion. This will be the equivalent to $247 million per annum to 2028.

Conclusion

This research report estimates the shortfall in housing supply as a result of the net inflow of immigrants following the Commonwealth Government's lifting of international borders after the pandemic and its decision to rely on increased migration as a solution to address Australia's worker shortage crisis.

The study was conducted by making adjustments to a net annual dwelling supply and demand forecast, modelled by the NHFIC. The adjustments incorporate new data on overseas migration intake contained in the 2023-24 federal budget.

Key findings in this report are as follows:

- Between 2023 and 2028, net overseas migration to Australia is expected to reach 1.755 million. This population increase will be in addition to the natural increase of the domestic population. This is the equivalent to 117,000 new households formed from immigration alone in search of housing every year.
- This will be in addition to the creation of 69,617 new domestic households every year, which will require 417,700 new housing units by 2028.
- Between 2023 and 2028, housing supply is forecast to increase by only 866,900 units.
- This will result in a net housing supply **shortfall of 252,800 housing units** over the course of the period.
- The **aggregated cost of the shortage will be approximately $142 billion or $24 billion per annum**, which will have to be borne by Australian families through higher rent, a higher barrier to home ownership, higher taxes, higher inflation and a more severe cost-of-living crisis.

MASS MIGRATION INDUCED HOUSING SHORTAGE

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