

Population and Residential Building Hotspots

Australia's Fastest Growing Towns' Cities and Regions 2011



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Housing Industry Association
Economics Group

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2011

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Introduction

The Hotspots Report

Population and Residential Building Hotspots provides a snapshot of Australia's fastest growing metropolitan and regional areas in the 2009/10 financial year. For the purposes of this report, a 'Hotspot' is a Statistical Local Area (SLA) which satisfies two conditions. Firstly, the 2009/10 population growth rate must be in excess of the national growth rate (which was 1.7 per cent over the year to June 2010). Secondly, the value of residential building work approved in that SLA must be in excess of \$100 million (for SLA's in New South Wales, Victoria, Queensland and Western Australia) or in excess of \$50 million (for SLA's in South Australia, Tasmania, the Northern Territory, and the Australian Capital Territory).

The reader should note that a number of the boundaries and names of Australia's SLAs are changed each year. All efforts were made to ensure consistency in SLA classification. In the few instances where inter-year comparability of certain SLA's was not possible (either due to name or boundary changes), statistics for those areas were not included in the report.

All population data is derived from the ABS Publication titled *Regional Population Growth, 2010* (Catalogue Number 3218.0).

The New Home Building Backdrop

Looking in the rear-view mirror, the positive impact on new home demand from extremely low interest rates, the tripling of the First Home Owner Grant for new dwellings, and to a lesser extent the Social Housing Initiative, was very large. Consequently, the 2009/10 financial year was a strong, stimulus driven one for housing starts with a rise of 26 per cent, taking starts to a level of 165,880. For calendar year 2010, starts increased by 22 per cent to a solid 168,690.

In 2010/11 new home building conditions are weakening in the face of higher interest rates, the unwinding of fiscal stimulus, and slow progress in reducing supply-side obstacles.

The short term outlook for new home building is very weak. That shouldn't be the case and at the national level it is extremely disappointing that the recovery in new home starts lasted only four quarters (September 2009 to June 2010). However, an overly-enthusiastic RBA and a cumulative failure of policy to adequately address supply side constraints means new home building has once again resumed its long-term downward trend.

Australia's population growth

Australia's population rose by 70,500, or 0.3 per cent, to 22.34 million in the June 2010 quarter. Annual growth was 1.7 per cent in the year to June 2010, somewhat lower than the 2.0 per cent rate in the December 2009 quarter. Net overseas migration (NOM) was 215,600 in 2009/10, 31 per cent lower than the 313,400 in 2008/09. Across the states and territories, Western Australia posted the fastest population growth rate of 2.2 per cent (49,100) over the year to June, while Tasmania recorded the slowest rate of 0.9 per cent (or 4,400).

Australia has in recent years witnessed a one-off boost to population growth, driven by an acceleration in NOM. NOM was boosted substantially from 2002 and was catalytic to an escalation in non-permanent overseas arrivals (many of which were students).

What we are now witnessing is a situation where as these recently heightened levels of temporary arrivals depart, Australia's population growth is retreating back to more 'normal' rates.

* SLA population information is only available to the June 2010 quarter; therefore HIA has elected to compare the SLA population growth rates with the national growth rate to the June 2010 quarter (despite the recent availability of a September 2010 quarter update for Australian population growth).

Australia's Top 20 Hotspots

The top 20 Hotspots around Australia in 2009/10 included SLA's from Victoria, Queensland, Western Australia, and New South Wales.

The top two Hotspots were located in Victoria's well known South West growth corridor, which continues to expand. Queensland possessed the third and fourth ranked Hotspots, followed by five regions in Victoria and one final in Queensland; rounding out the top ten.

Nearly half of the top twenty Hotspots were therefore located in Victoria. Given Victoria's recent history of outperformance in new home building this comes as no surprise.

National Top 20 Building and Population Hotspots*

*SLAs with in excess of \$100 million in residential building work approved in 2009/10 and with an annual population growth rate in excess of the national average

	Statistical Local Area	State / Territory	Residential Building Approved, 2009/10 (\$'000)	Annual Population Growth Rate (%)
1	Whittlesea (C) - North	VIC	663,820	21.8
2	Wyndham (C) - South	VIC	477,690	16.2
3	Pimpama-Coomera	QLD	102,632	14.4
4	Griffin-Mango Hill	QLD	180,773	12.8
5	Cardinia (S) - Pakenham	VIC	301,175	11.3
6	Wyndham (C) - West	VIC	137,432	8.5
7	Melton (S) - East	VIC	263,849	8.0
8	Casey (C) - Cranbourne	VIC	411,254	7.0
9	Wyndham (C) - North	VIC	580,994	6.8
10	Condon-Rasmussen-Bohle Basin	QLD	183,048	6.5
11	Melton (S) Bal	VIC	239,116	6.0
12	Canada Bay (A) - Concord	NSW	288,837	5.7
13	Hume (C) - Craigieburn	VIC	273,024	5.4
14	Kingsholme-Upper Coomera	QLD	136,768	5.3
15	Wanneroo (C) - North-East	WA	267,855	5.1
16	Ipswich (C) - East	QLD	258,117	5.0
17	Armadale (C)	WA	283,497	4.9
18	Wanneroo (C) - North-West	WA	265,703	4.7
19	Perth (C) - Remainder	WA	103,017	4.7
20	Blacktown (C) - North	NSW	228,418	4.5

* In pure statistical terms, the top two Hotspots were located in the ACT – Franklin and Forde. These two regions featured very high annual population growth (in excess of 88 per cent). However, in view of the fact that these two areas are large-scale new developments with population growth operating off an extremely low base, the comparability of the two regions in the context of the national top 20 is diminished. The two ACT observations are considered to be outliers in terms of the national list, but are included in the ACT Hotspot list.

