

REGIONAL MIGRATION

*Impacts on
Property*



more
than
money

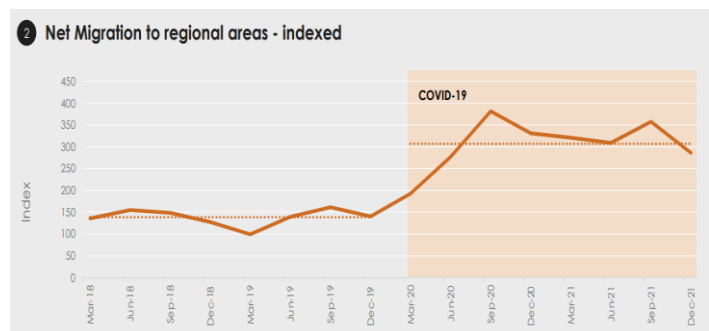


February 2022

The latest Regional Movers Index data compiled by the Regional Institute of Australia highlights that while Regional Migration across the country continues to remain strong, the final three months of 2021 saw a slight slowing of new arrivals to the regions from our major capital city locations.

Despite this, the report has revealed that quarterly migration from capital cities to regional areas over the past two years is now averaging +15% higher, than what it was in the two years pre-COVID 19. According to the report, net migration to regional areas is more than double the levels recorded over the two years, prior to the pandemic.

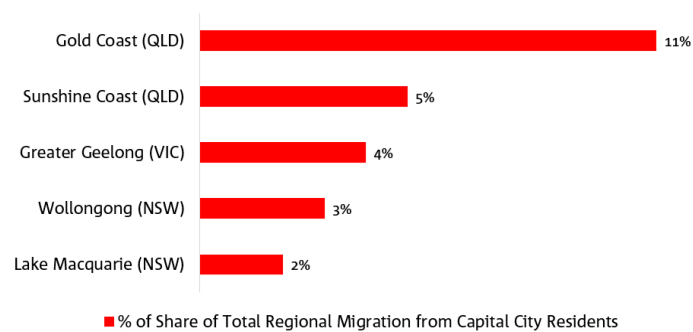
Net migration to the regions remains strong, the number of people relocating to the regions in the December 2021 quarter slowed, down -10% compared to the third quarter of 2021. Whilst a lower rate of population movement was recorded, this was partly due to the high movement already seen in previous quarters and accelerated regional housing price growth.



Source: Regional Movers Index – February 2021

When analysing the data across the 2021 calendar year, the high-population coastal centres close to capital cities continue to be the main destinations for capital-city dwellers, making a regional move.

TOP 5 LGA'S BY SHARE OF REGIONAL MIGRATION 2021 CALENDAR YEAR



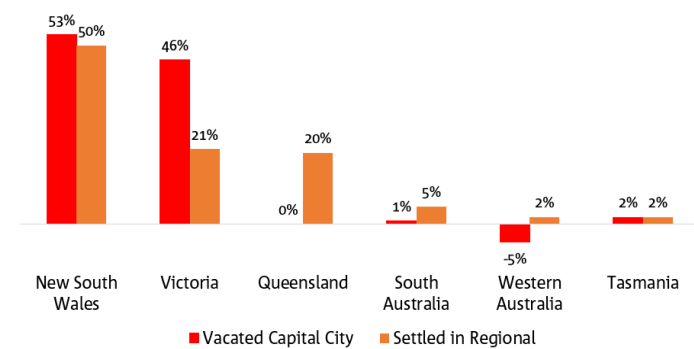
Source: Regional Movers Index – February 2022

The Gold Coast has further confirmed its popularity with capital city escapees, welcoming around 11% of all new arrivals to Australia's regional parts. Arguably just as popular, the Sunshine Coast saw around 5% of total migration arrive in 2021, followed by Greater Geelong in Regional Victoria (4%) and Wollongong (3%).

As many expected, the majority of net outflows in 2021 came from Sydney and Melbourne, with more lockdown restrictions throughout the year, accelerating departures to the regions further. Sydney departures accounted for around 53%, while in Melbourne, around 46% of total net outflows to the regions was measured.

While the Gold Coast and Sunshine Coast were the most popular individual locations throughout 2021, on a state-by-state basis, New South Wales became home for around 50% of all net inflows of people, moving to regional Australia. Queensland and Victoria accounted for around 20% and 21% of the inflows respectively across the year.

CAPITAL CITY NET OUTFLOWS - REGIONAL AREA NET INFLOWS STATE SHARES (%) - 2021



Source: Regional Movers Index – February 2022

The areas recording the strongest annual growth in migration through 2021 were in Queensland and South Australia, with SA's Port Augusta up 54%, followed by the Queensland LGA's of Douglas, up +49% and Western Downs +48% over 2021.

More pertinently, as has been seen across the past 18 months, the continued flood of new arrivals has placed an unprecedented level of upward pressure on property values, with many regional locations now experiencing dwelling values at new record levels. As has been seen across the capital city markets, buyers across the Regions have further demonstrated their appetite for wide open spaces, more so than higher density living. As such the combined regionals sat a further +1.8% higher over the month of January 2022 and have climbed +6.3% over the past quarter.

The median dwelling value across the combined regions jumped +26.1% in the year to January 2022, now reflecting an average of \$551,887 outpacing the combined capital city dwelling growth rate of 21.3% for the same period. The median house value in Regional Australia now reflects an average of \$571,327 (up +26.6% over the year), while the median unit value now sits at \$484,943, up by an equally impressive +23.7% over the same period.

Underlining the unprecedented level of growth across the past 12 months, 24 out of Australia's 25 largest non-capital

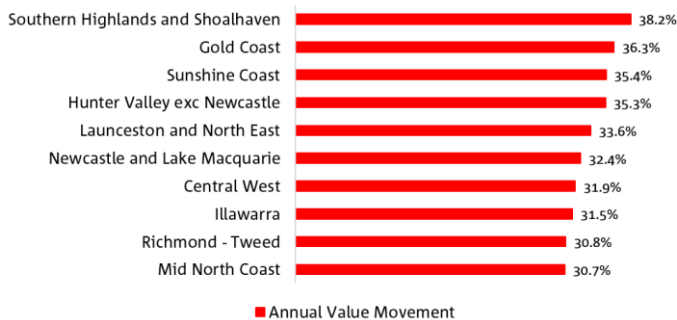
city regions have experienced double-digit annual growth or houses, with 18 of these regions achieving value gains of greater than 20%, over the 2021 calendar year.



Source: iStock Images – Geelong Waterfront

Of the regions, the Southern Highlands and Shoalhaven location, in NSW, achieved the highest annual house value growth in the 12 months to the end of January 2022, with an increase of +38.2% measured, with the Gold Coast (+36.3%) and Sunshine Coast (+35.4%), both forming the ever-popular South East Queensland location.

TOP 10 PERFORMING SA4 REGIONAL HOUSING MARKETS ANNUAL VALUE MOVEMENT

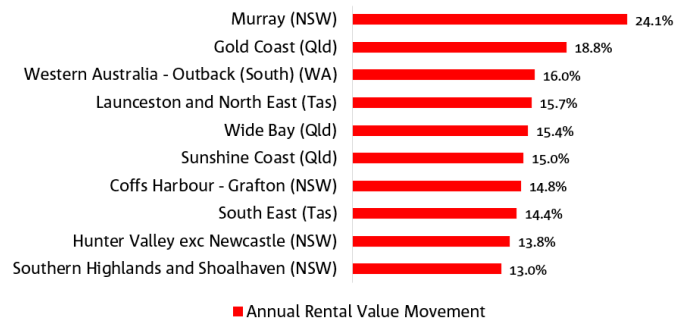


Source: CoreLogic

On a Local Government Area basis, the Byron Shire, on the NSW North Coast had the highest median house value of any regional LGA, with an average of nearly \$1,850,000 (+30.2%) needed, while houses in the Kiama LGA, also in NSW, recorded the greatest increase, with a +43.9% uplift recorded over the past 12 months, taking its median value to just beyond the \$1,630,000 mark.

A number of the key market indicators have continued to remain tight in many areas, reflecting strong buyer demand, continuing to far outweigh supply levels. Namely the average days on market indicator, as well as the average vendor discount key metrics display this further surge in buyer appetite. Based on SA4 region, the fastest selling region for houses was on the Sunshine Coast, where the median time on market over the 12 months to January 2022, was just 15 days. This was followed closely by the Launceston and North East region of Tasmania, the Gold Coast and Toowoomba in rural Queensland, where the median time on market was 16 days.

TOP 10 PERFORMING SA4 REGIONAL HOUSING MARKETS ANNUAL RENTAL VALUE MOVEMENT



Source: CoreLogic

Similar pressures have been applied to the rental market, with record level annual rental value growth being recorded, amongst a wide range of regional markets. Leading the way over the twelve months has been the Murray region of NSW, which is home to the Albury/Wodonga location, with housing rental values almost +25% up on the same time last year. The Gold Coast, which continues to see record low vacancy rates (0.6%), has seen house rents jump by nearly +20%, while Western Australia – Outback (South), which is heavily linked with the booming mining sector, has seen house rents increase by +16% over the last 12 months.

OUTLOOK

It is anticipated that while the rapid evacuation of capital city residents to the region is expected to continue into 2022, it is expected that as Australia continues to recover from 2020/2021 period, with restrictions being lifted, particularly regarding travel, a slower pace of migration to the regions is expected. While the affordability, lifestyle and strong infrastructure will continue to pull more capital city residents to the regions, the reintroduction of overseas travel, with borders reopening next week and the willingness of many to travel domestically also, is expected to see a moderation in regional migration.

Whilst regional dwelling values experienced some of the strongest value gains on record and reaching new record heights, broad value gains are still expected to continue, albeit at a slower pace in 2022.

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