

Patterns and trends in Australian non-metropolitan housing markets

PRIVATE RENTERS IN LARGE AND EXPANDING NON-METROPOLITAN POPULATION CENTRES EXPERIENCED HIGH RATES OF HOUSING STRESS IN 2001, REFLECTING A LOW SUPPLY OF PRIVATE AND PUBLIC RENTAL ACCOMMODATION IN THESE PLACES.

KEY POINTS

- Growth in the number of private dwellings in non-metropolitan Australia over the decade 1991 to 2001 (22 per cent) marginally exceeded the growth occurring in metropolitan Australia (20 per cent).
- Rates of growth in the number of households varied greatly between the different types of non-metropolitan locations: they were highest in medium-large coastal areas (36–37 per cent) and regional cities (32 per cent), and lowest in other towns (7 per cent), remote settlements (12 per cent) and small inland towns (13 per cent).
- House price rises were greatest in non-metropolitan centres that experienced population growth, yet these were often areas with relatively low public housing stock and higher reliance by renters on Commonwealth Rent Assistance (CRA). These areas also had higher rates of population turnover than areas experiencing declines in house prices.
- Housing stress in rental accommodation (defined as low income renters paying more than 30 per cent of income on rent as a percentage of all renters) was a feature of expanding population centres, where the supply of private and public rental accommodation is small at 17 per cent and 1.8 per cent of all households respectively. Housing stress for private renters in expanding rural and remote areas and remote regional housing markets was lower (where private rental housing was more available).

*This bulletin is based on research by **Associate Professor Maryann Wulff, Margaret Reynolds, Dr Ernest Healy, Stephen Legg** of the AHURI Swinburne-Monash Research Centre and **Associate Professor Scott Baum** of Griffith University. The project involved creating a database using Australian Census and other source data for 1991, 1996 and 2001 to understand the structure of, and trends in, non-metropolitan housing markets.*



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RESEARCH METHOD

Non-metropolitan housing markets are defined to be in locations outside the State and Territory Capital City Statistical Divisions. This excluded the major capital cities and their metropolitan areas, but included regional cities such as Geelong (Victoria), Wollongong (New South Wales) and Cairns (Queensland).

Data were mainly compiled from the Australian Bureau of Statistics (ABS) Census of Population and Housing for 1991, 1996 and 2001, and the ABS Integrated Regional Database. In addition, the research team sourced primary data on house and flat sales for the census years 1991, 1996 and 2001 (from various Government departments) and house price data were analysed for Victoria, South Australia and Western Australia.

FINDINGS

Trends in demand for and supply of dwellings

- Table 1 shows that the growth in households in non-metropolitan Australia over the decade 1991 to 2001 (21 per cent or over half a million households) was consistent with the rate of growth in metropolitan centres (21 per cent). However the rates of growth in supply of dwellings in non-metropolitan areas (22 per cent) actually surpassed that experienced in the capital cities (20 per cent).
- The highest growth in demand was in 'coastal areas' (between 25 and 37 per cent growth in households) and 'regional cities' (32 per cent). By contrast, rates of growth in demand were low in 'other towns' (7 per cent), 'remote areas' (12 per cent) and 'small inland towns' (13 per cent).

TABLE 1 NUMBER OF HOUSEHOLDS AND ALL PRIVATE DWELLINGS, 1991 AND 2001, FREQUENCIES AND PERCENTAGE CHANGE BY NON-METROPOLITAN SETTLEMENT TYPE

	Households			All private dwellings			
	1991	2001	% change	1991	2001	% change	% unoccupied 2001
Regional cities	514,704	679,989	32	572,857	746,767	30	9
Large regional centres	250,092	293,672	17	279,022	328,521	18	11
Regional towns	309,964	371,182	20	340,567	412,524	21	10
Other towns	65,872	70,362	7	72,290	78,783	9	11
Small coastal	258,415	321,818	25	324,247	403,674	25	20
Medium coastal	51,039	69,907	37	57,836	78,571	36	11
Large coastal	77,011	105,024	36	94,087	124,748	33	16
Small inland	491,361	552,555	13	565,248	641,817	14	14
Remote	137,518	153,338	12	159,495	184,192	16	17
Non-metro Aust	2,155,976	2,617,847	21	2,465,649	2,999,597	22	13
Metro Aust	3,696,151	4,453,365	21	3,983,841	4,789,289	20	7

- Almost 13 per cent of the 3 million dwellings in non-metropolitan Australia were unoccupied in 2001 (compared to just 7 per cent in metropolitan regions). This high vacancy rate is highest in coastal and remote areas and 'small inland towns'.
- From 1991 to 2001, the number of flats, units and apartments increased at a much greater rate (39 per cent) than separate houses (20 per cent). This occurred particularly in regional cities and medium to large coastal settlements.

How does housing in non-metropolitan areas differ from metropolitan areas?

- Detached houses dominate the dwelling stock in non-metropolitan Australia, constituting 82 per cent of all non-metropolitan stock (compared to 71 per cent for metropolitan settlements).
- Other dwellings (caravans, cabins, houseboats, tents etc) comprised around 3–6 per cent of all dwelling stock, except in remote areas (16 per cent). In metropolitan Australia they comprised less than 2 per cent of all dwellings.
- Compared to metropolitan regions, non-metropolitan households are more likely to have owner-occupiers and less likely to have purchasers – this difference might reflect the relatively aged profile of the non-metropolitan population. They are equally likely to be private renters (22 per cent of all households) but less likely to be public renters (4.2 per cent compared to 4.7 per cent). Public rental is especially low in coastal settlements (1.7 to 2.0 per cent of all stock).

House prices and affordability

- Settlements recording declining average house prices over the decade 1991 to 2001 in Victoria, Western Australia and South Australia tended to have experienced negative population growth. These housing markets were also characterised by disproportionate growth in low-income households, employment decline, a more rapid ageing of the population and a high proportion of private renters paying low rent.
- Rapidly rising markets (where median house prices rose more than 50 per cent) were centred in Western Australia, especially in small coastal and remote areas. They recorded above-average rates of growth in population, employment and professional and managerial occupations. However, these markets also experienced a higher than average ratio of CRA recipients to public housing dwellings (14 per cent compared to 9 per cent overall) and higher population

turnover over the five years to 2001 (45 per cent compared to 41 per cent).

Housing stress in non-metropolitan housing markets

- Housing stress varied considerably by type of location for renters. It was highest in expanding population centres, with 23 per cent of low income households paying more than 30 per cent of income on housing costs. This compares with 7 per cent in rural and remote areas with declining housing markets.
- Housing stress for purchasers (where mortgages exceeded 30 per cent of income) was not as acute, with rates varying from 9 to 14 per cent across different housing markets.
- The high housing stress outcomes in expanding population centres may be in part due to the restricted supply of rental housing. Only 17 per cent of all households were renting privately in these centres compared to 34 per cent in expanding rural and remote housing markets. In addition, public rental supply is low – (only 1.8 per cent of all households are in public housing in these locations compared to 6 per cent in expanding rural and remote locations). Population centres tended to be dominated by large home purchaser markets.

POLICY IMPLICATIONS

Overall, housing in non-metropolitan areas is growing at a slightly higher rate than in the cities, but housing demand is uneven, reflecting the varying economic fortunes of the regions.

Tenants in population centres, especially those that are growing, have experienced high rates of housing stress. Areas with acute increases in house prices (such as some Western Australian remote and coastal settlements) have often relied on Commonwealth Rent Assistance and have lacked public housing.

Housing policy, including housing assistance, needs to respond to demand in particular locations, especially those in higher demand locations such as the regional cities and coastal regions. AHURI will be researching housing affordability in resource-boom towns in Western Australia and Queensland in a current project (see reference below).

The data collected as part of this project provide a basis for policy makers to better understand the structure and dynamics of the housing market in Australia outside the capital cities.

FURTHER INFORMATION

This bulletin is based on AHURI project 50264, *Trends in non-metropolitan housing markets 1991–2001*.

Reports from this project can be found on the AHURI website: www.ahuri.edu.au

The following documents are available:

- Positioning Paper
- Final Report

Data from this project are available by request to researchers and policy professionals involved in the study of non-metropolitan Australia.

Further information about AHURI project 80370 *Housing Markets in Resource Boom Towns* can be found on the AHURI website.

For further information please contact the AHURI National Office on +61 3 9660 2300.



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