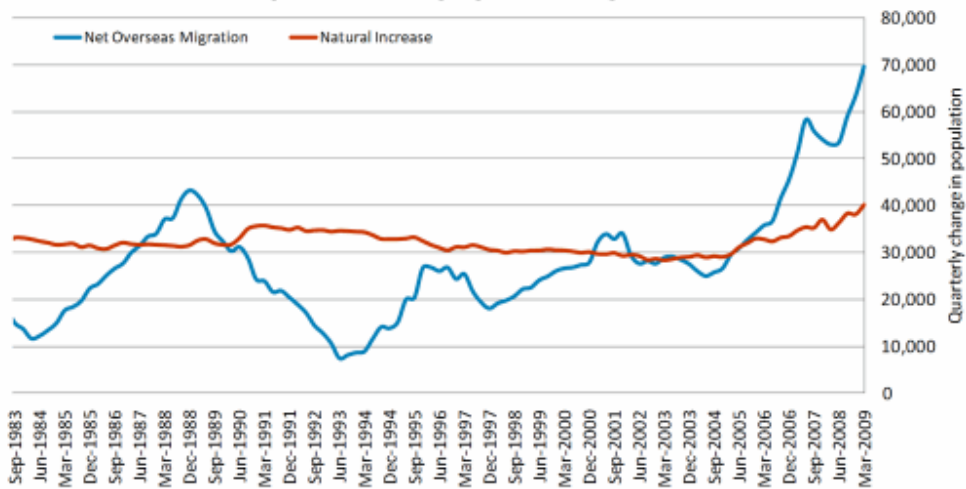


Australia's population continues its rapid growth

Despite the world economic slowdown and a reduction in skilled migration, Australia's population growth continues to surge ahead, creating unprecedented demand for Australian housing.

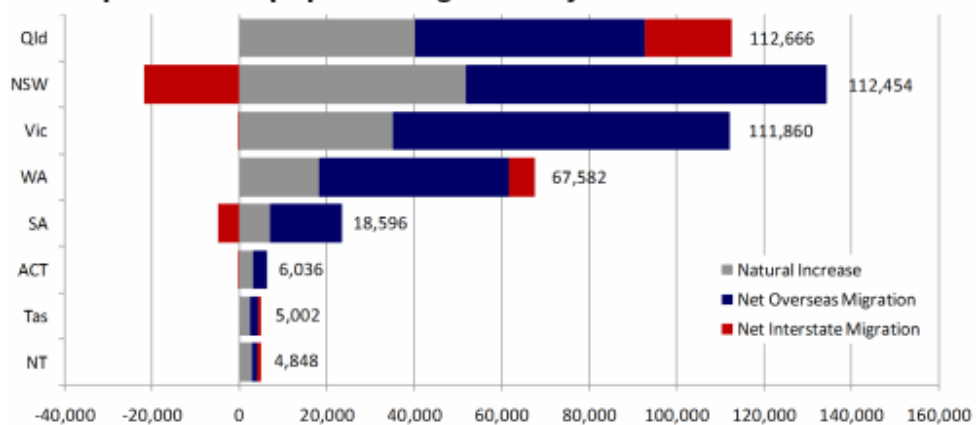
Over the 12 months to March 2009 Australia's estimated population has increased by just over 439,000 residents, fuelled by continuing increases in net overseas migration and a climbing rate of 'natural increase' (births outweighing deaths). In raw numbers, these recent growth figures are the highest on record. In percentage terms, the growth rate of 2.1% hasn't been this high since the baby boom. Australia's estimated residential population now sits at almost 21.8 million persons.

Components of population growth



Source: rpdata.com, ABS

Components of population growth by state – last 12 months



Source: rpdata.com, ABS

Whilst the government has cut some skilled migration, other forms of migration are still powering ahead. The other primary driver of the strong net migration figure relates to the

fact that far fewer residents are leaving Australia. The latest ABS data (July 2009) shows a 17.2% decline in the number of permanent residents departing for overseas over the last year.

The last year has seen 278,239 new overseas migrants (accounting for just over 63% of population increases) and 160,822 more births than deaths (approximately 37% of population growth). Based on July migration figures, people born in India accounted for the largest proportion of new settlers to Australia (12.1%), followed by people born in China (11.8%), the UK (11.4%) and New Zealand (10.9%).

On a state-by-state basis, Queensland recorded the greatest total increase in population over the last year, with a population gain of 112,666 persons. This result is slightly greater than the increase of 112,454 persons in New South Wales.

Population statistics state by state

State	Estimated Residential Population	Annual change (no)	Annual change (%)	Five year change (no)	Five year change (%)
NSW	7,076,456	112,454	1.6%	372,889	1.1%
Vic	5,402,594	111,860	2.1%	431,364	1.7%
Qld	4,380,383	112,666	2.6%	499,736	2.6%
SA	1,618,172	18,596	1.2%	79,273	1.0%
WA	2,224,255	67,582	3.1%	247,706	2.5%
Tas	501,802	5,002	1.0%	19,549	0.8%
NT	223,079	4,848	2.2%	21,931	2.2%
ACT	349,948	6,036	1.8%	22,913	1.4%

Source: rpdata.com, ABS

If the growth rate is expressed as a percentage of the total population, Western Australia is the clear leader with the estimated residential population increasing by 3.1%, whilst Queensland comes in second with population growth of 2.6%. At the other end of the spectrum Tasmania has recorded the slowest rate of growth at just 1.0% followed by South Australia where the population increased by 1.2% over the year.

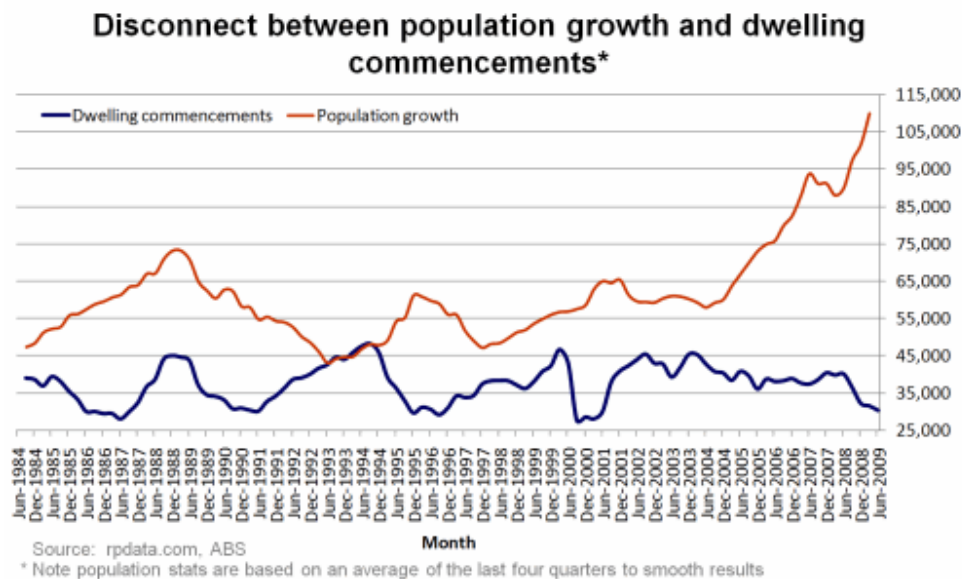
New South Wales remains the most populous State in Australia, home to just over 7 million residents or 32.5% of the total population of the country. Combining the three largest states, New South Wales, Victoria and Queensland account for more than three quarters of the country's population (77.4%).

It has not just been the rate of population growth over the last year which has been so impressive, Australia's population has been ramping up for some time. Over the last five years Australia's population has increased by almost 1.7 million persons at a rate of 1.7% annually over the period.

The increase in population creates additional demand for housing. The 2006 Census indicated that Australia's average household size was 2.6 persons. Based on population growth alone and not considering other factors such as reducing household formation rates and demolitions, population growth over the last quarter of 109,765 persons would have created demand for around 42,217 new dwellings.

Despite this extra demand during the quarter, just 31,566 dwellings commenced construction. The June quarter data shows a further reduction in commencements, highlighting the disconnect between housing supply and population growth. The cumulative gap between supply and demand has been estimated to be around 200,000

dwellings and growing.



Such strong population growth should be viewed as a very positive outcome for Australia. A growing population creates more demand for our domestic products and services which in turn provides a natural stimulus to the economy.

Importantly, there are a wide variety of challenges that accompany such a strong rate of population growth. We need to see housing construction run in parallel with demand and there needs to be a Government strategy that is aligned with providing the essential services and infrastructure required by a growing population base.

Clearly these challenges are not being met: as a nation we have under built and housing is now critically under supplied. The flow on affect from this under supply will mean consistent upwards pressure on housing prices and rental rates which will lead to further issues associated with housing and rental affordability.