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Hunter Region COVID-19 Demographic Study

Produced for the Hunter & Central Coast Development Corporation

REVISION HISTORY

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INTRODUCTION

The COVID-19 pandemic has greatly impacted the state of New South Wales and Australia as a whole. It has resulted in a decline in economic output due to required public health measures, several lockdowns in certain locations within NSW which restricted the movement of the population to slow down the spread of the disease. People have had to adjust to a shift in social behaviours and adapt to new concepts like social distancing and checking in to locations for contact tracing purposes. People have changed the way that they work and interact utilising online communication and working from home. In addition to the above changes there has been a rise in anecdotal stories describing a new trend; that of people moving outside of capital cities for a change of lifestyle and to pursue new social and economic pathways for their lives.

This report aims to test the anecdotal hypothesis that an increased proportion of people are moving into the Hunter Region for a change of lifestyle, utilising COVID-19-related trends such as telecommuting and video conferencing to maintain jobs in Sydney while settling into less expensive and lower population regions around the Mid-North Coast, Hunter Valley and Greater Newcastle.

The Hunter Region’s unique geographic location, proximity to other key centres and diverse employment opportunities make it difficult to compare amongst other centres in the state of NSW and in Australia.

This report will detail the demographic, housing and employment trends in the Hunter Region. The analysis will explore trends before the outbreak of COVID-19 and then see what impact, if any, COVID-19 has had.

The Hunter Region

The Hunter Region, as defined in the report, consists of 10 local government areas:

- Cessnock
- Dungog
- Lake Macquarie
- Maitland
- Mid-Coast
- Muswellbrook
- Newcastle
- Port Stephens
- Singleton
- Upper Hunter

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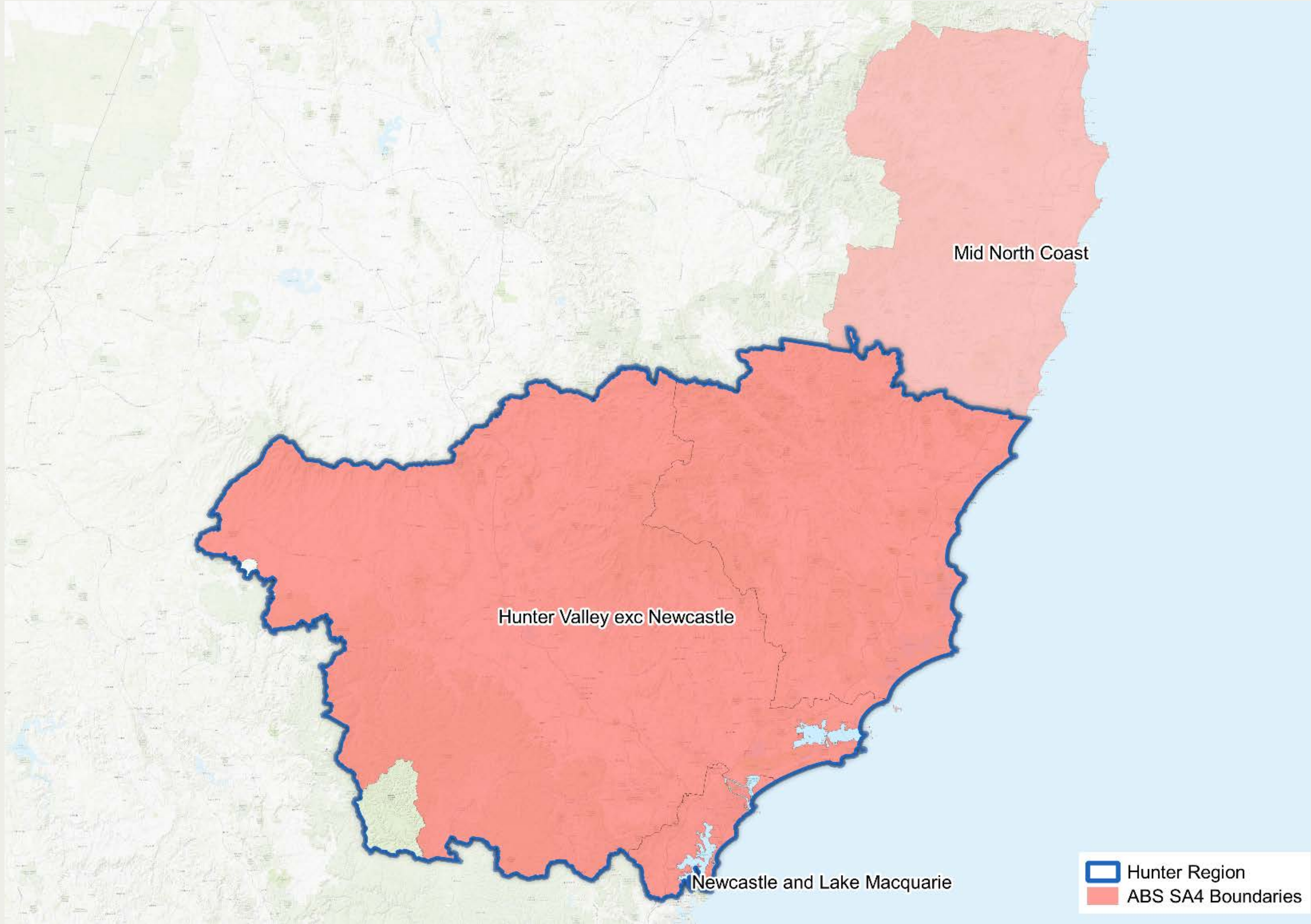
The Hunter Region – As Defined by the ABS



For some key datasets, the ABS definition of the Hunter and its surrounds will be used. This includes Newcastle and Lake Macquarie, Hunter Valley excluding Newcastle, and the southern section of the Mid North Coast SA4 statistical areas.

The Mid North Coast SA4 includes the Great Lakes, Taree-Gloucester, Port Macquarie, Kempsey-Nambucca and Lord Howe Island SA3 statistical areas. As the three latter SA3s are not included in the ABS definition of the Hunter Region, the data in this SA4 will not be entirely region specific to the Hunter Region.

As part of the COVID-19 demographic study, all data at the SA4 level incorporates the Mid North Coast SA4. The flow of people in the MidCoast Council, which consists of 1 in 8 people who live in the Hunter Region, corresponds to flows of other Hunter Region LGAs with Newcastle acting as a primary centre of goods and services in the LGA.

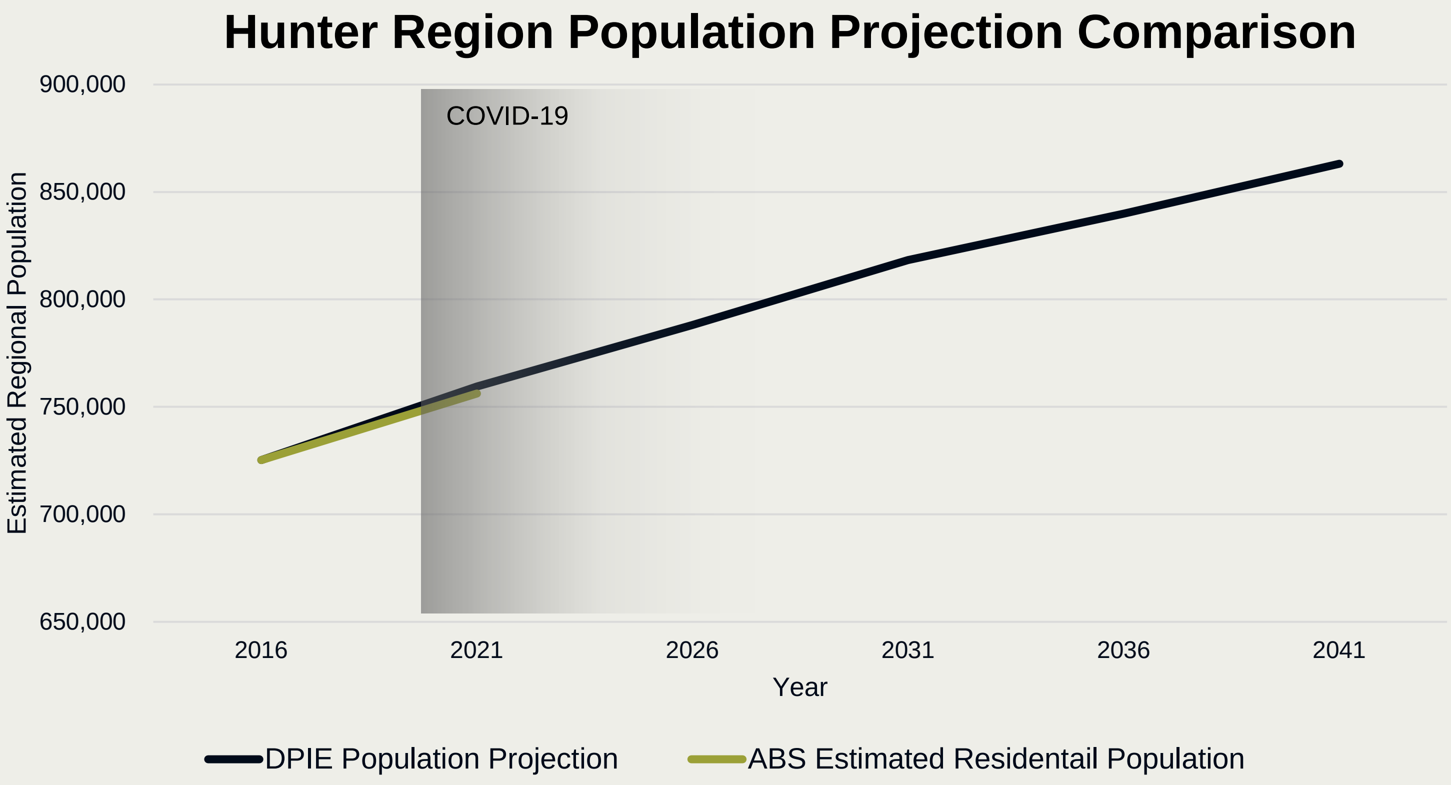
POPULATION

Hunter Region Population growth

Hunter Region Population Growth

The Hunter Region population growth rate increased by 1.2% from 747,279 in 2018/19 to 756,256 people in 2019/20, equating to an additional population of 8,977.

The annual population growth rate over this period was 1% for the Region and was in line with Department of Planning, Industry and Environment population projections.



Source: DPIE 2019 Population Projections; ABS Quarterly Population Estimates (ERP)

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POPULATION

Hunter Region Age Demographics

Hunter Region Age profile

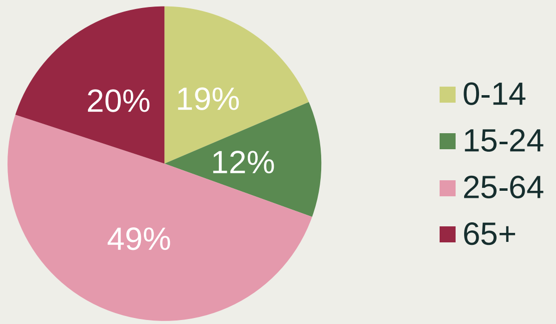
Almost half of the Hunter regions population (49%) is of a working age between 25-64 years. Children (0-14 years) and adults of retirement age (65+) each make up around 20% of the population. Young adults between 15 and 24 make up the smallest proportion with around 12% of the population.

The Hunter Region has seen steady increase in population in both the adults 25-64 years (1,647 p.a from 2015-16 to 3,011 p.a between 2018-19) and retirement age (65+ years) (2,953 p.a from 2015-16 to 3,808 in 2018-19), while children showed a decline in the rate of increase pre-COVID-19 (from 1,786 in 2015-16 to 717 in 2018-19).

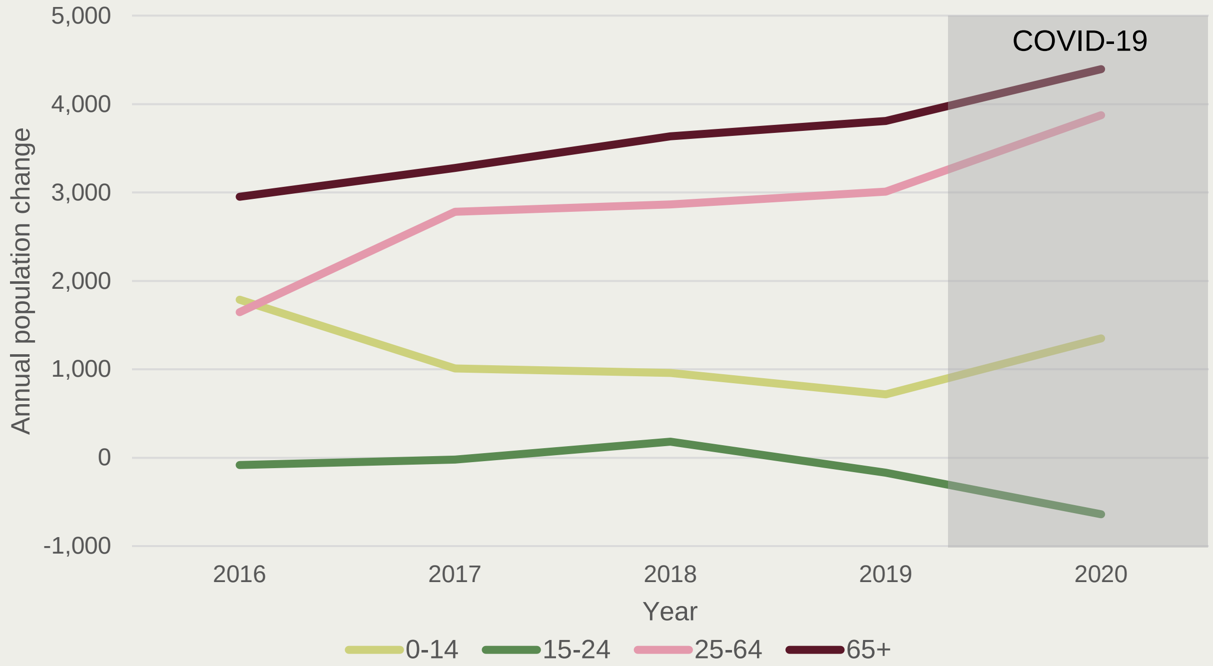
The change in the number of young adults (15-24) since 2016 has been close to 0. From 2018, the was a gradual decline in young adults (15-24 years) (-83 p.a. in 2015-16 to -171 in 2018-2019).

In 2019-20, all age groups except young adults increased (1,348 p.a. for children to 4,395 p.a. for the elderly age group). Young adults showed a greater rate of decline (-641 p.a.).

Proportion of different age groups in 2020



Annual population change by age group, 2016 to 2020



Source: ABS 2021, ERP by LGA, Age and Sex, 2001-2020

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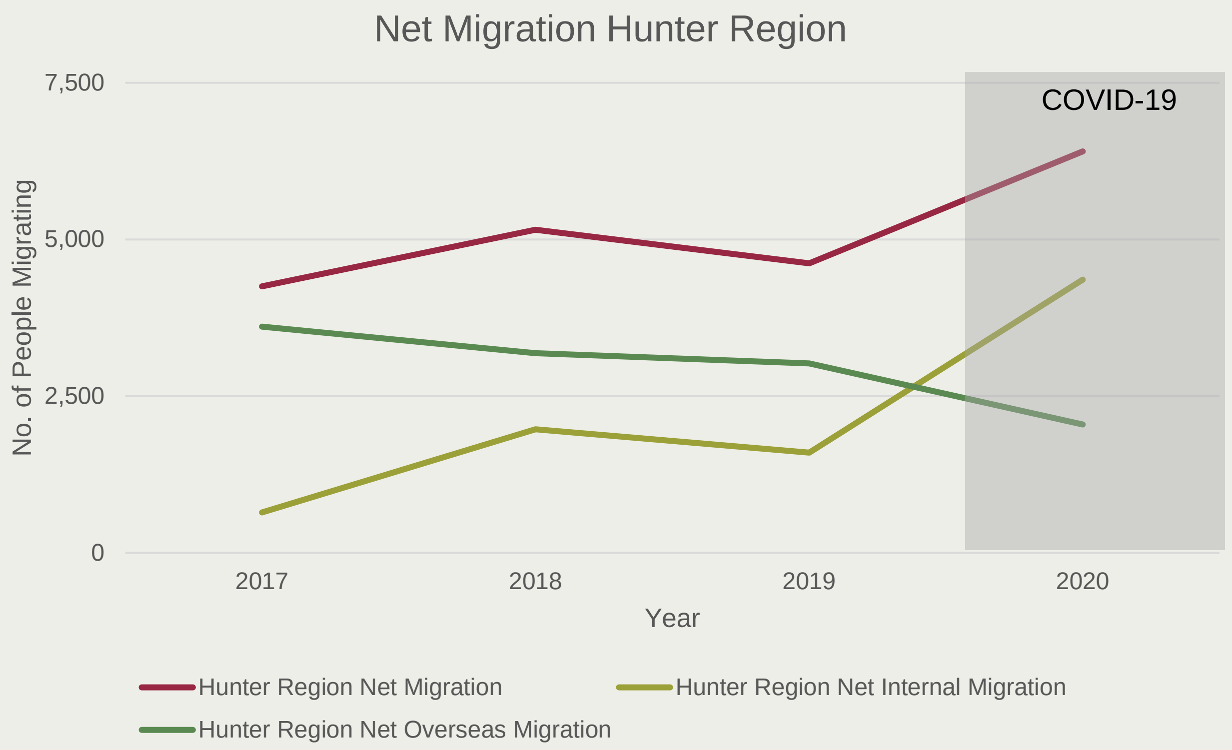
POPULATION

Hunter Region net migration

Net Migration in terms of overseas and internal migration in the Hunter Region has been generally increasing in the years leading up to COVID-19, with a slower rate of growth during 2018-19. The number of net overseas migration in the Hunter region has been steadily declining since 2016-17.

Given the drop in overseas arrivals beyond the current available data, this trend is likely to continue. However, the drop in overseas migration has been offset by the rise in internal migrants (people arriving from other parts of Australia). In only 4 years the annual increase in internal migration has increased from 242 in 2017 to 4,358 in 2019-20.

The overall result is an increase from 4,252 net migrants in the region in 2016-17 and 4,619 net migrants in 2018-19 to 6,405 net migrants in 2020. This represent an increase in net migrants in the Hunter Region by 38.7% over the 2019-2020 period.



Source: Australian Bureau of Statistics ERP and components by SA2 and above (ASGS 2016), 2017 onwards

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POPULATION

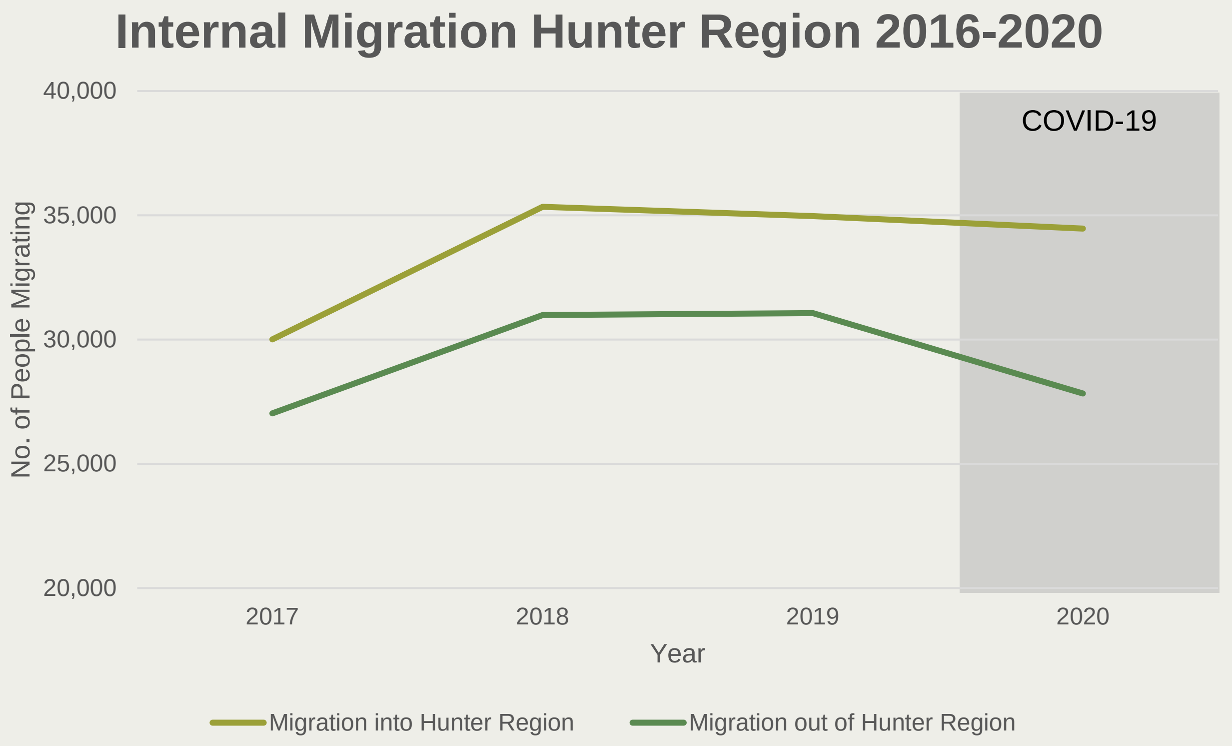
Hunter Region internal migration

Since COVID-19, the number of people leaving the Hunter Region has decreased.

In the previous two years before COVID-19, on average around 30,000 people moved out of the Hunter. Since COVID-19 there has been less people leaving the region.

Internal migration into the Hunter Region rose between 2017-2018, and was consistent between 2018 and 2019. An average of 33,438 people migrated into the Region from a wide variety of locations; with the most prominent locations being Central Coast (4,251), New England and North West (2,308), Sydney - Outer West and Blue Mountains (1,654), and the Central West (1,271).

Migration out of the region was lower than migration into the region, with an estimated average of 29,693 people leaving the Hunter Region from 2017-2019. People from the region mostly left for the Central Coast (2,634 average), New England and North-West (1,807 p.a. average), Coffs Harbour- Grafton (1,095 p.a. average), Gold Coast (1,090 p.a. average), and the Central West (961 p.a. average).



Source: Australian Bureau of Statistics RIME by region of arrival by departure, SA4 and above (ASGS 2016), 2016-17 onwards

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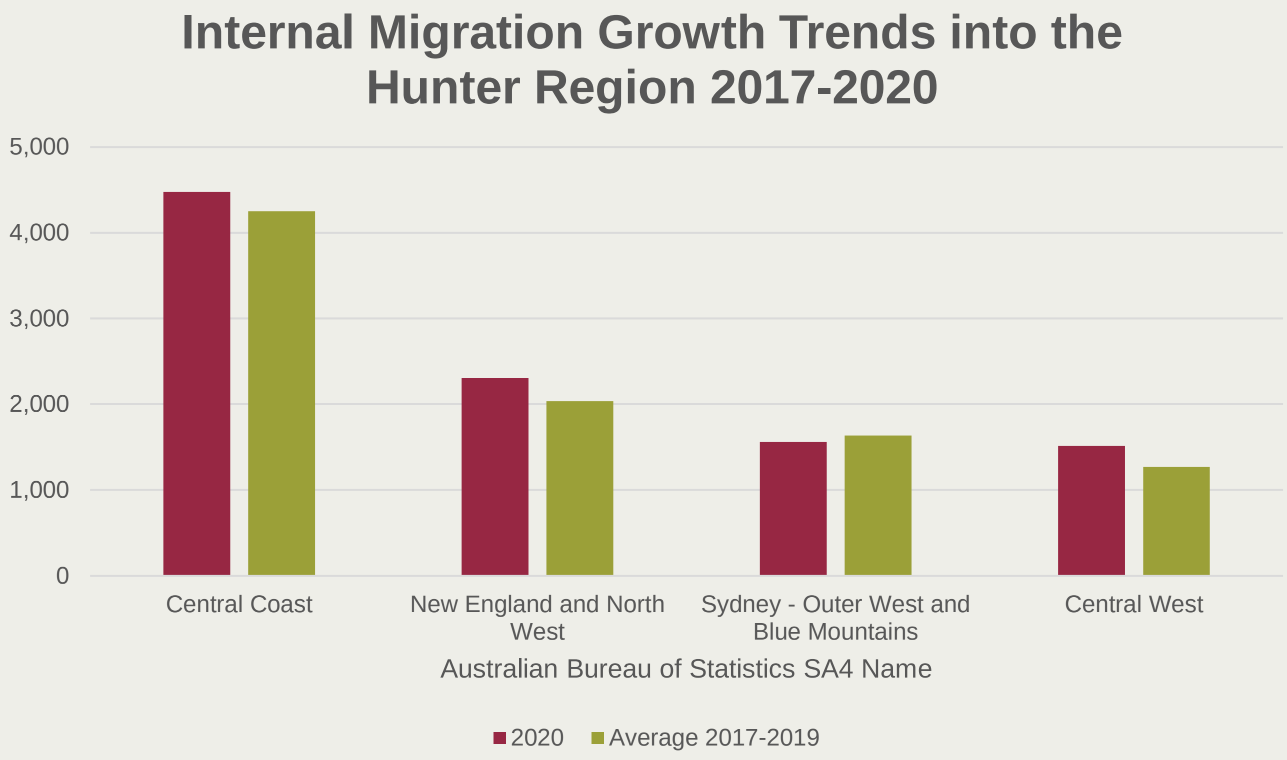
POPULATION

Hunter Region internal migration

During 2019-20, when COVID-19 just started to have an impact, the Australian Bureau of Statistics estimated population data shows that internal migration into the Hunter Region increased with 34,460 people migrating into the Region during this period.

As in the previous three years, internal migrants relocated from four NSW areas: Central Coast (4,446 residents), New England and North West (2,308 residents), Sydney- Outer West and Blue Mountains (1,562 residents) and the Central West (1,515 residents).

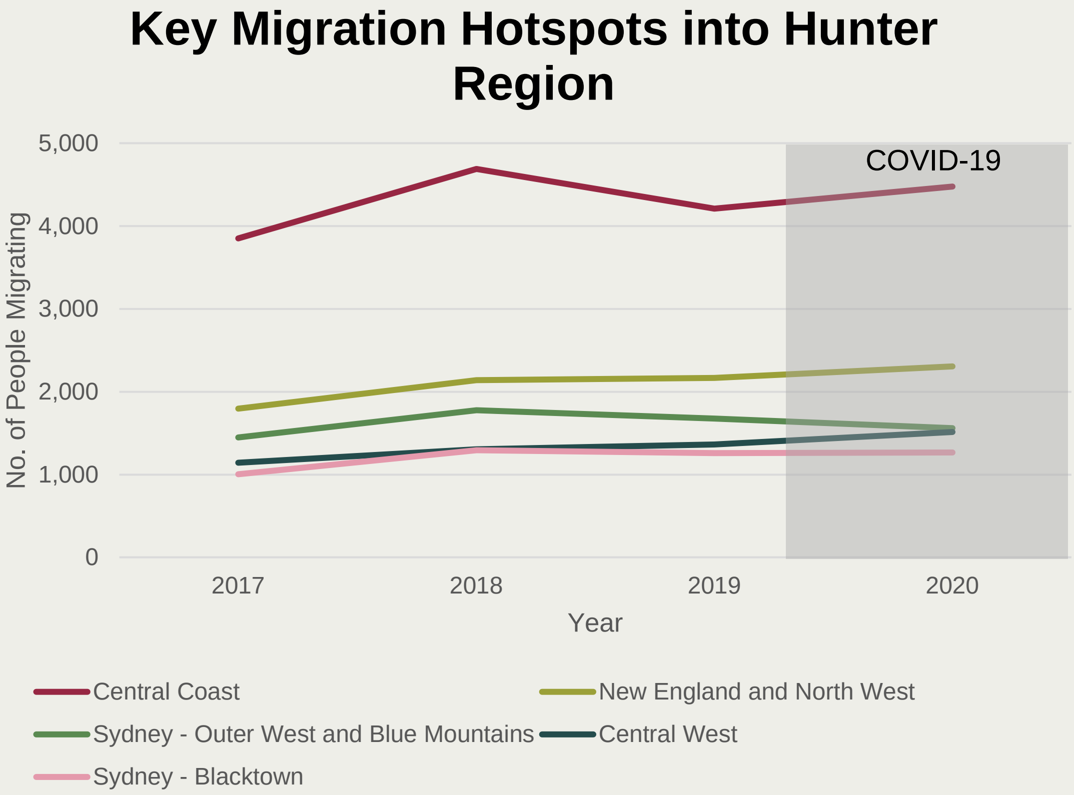
The most significant change in the Region’s population during the early impact of COVID-19 was due to a 7% decrease in the number of people leaving the Region. In total, only 27,828 people left the Hunter Region in 2019-20, which is significantly lower than in previous years.

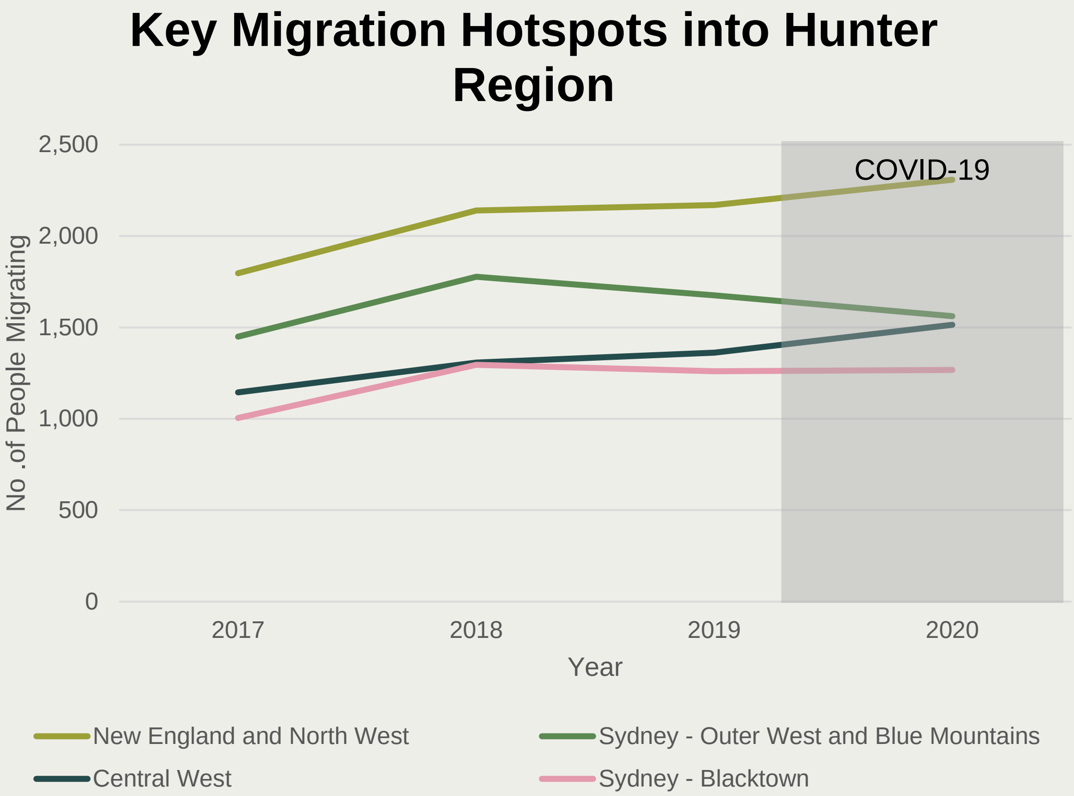


Source: Australian Bureau of Statistics RIME by region of arrival by departure, SA4 and above (ASGS 2016), 2016-17 onwards

POPULATION

LGA Population Trends - Migration





Source: Australian Bureau of Statistics RIME by region of arrival by departure, SA4 and above (ASGS 2016), 2016-17 onwards

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POPULATION

LGA Population Trends

Steady Population Growth in Newcastle and Lake Macquarie

Newcastle and Lake Macquarie LGAs experienced steady growth between 2016-2019, with urban release areas such as Fletcher in Newcastle LGA and Boolaroo in Lake Macquarie LGA enabling new greenfield development, as well as urban consolidation and greater population density around central Newcastle and Charlestown. This resulted in an annual increase of 1% in population in the City of Newcastle and 0.6% growth in Lake Macquarie.

Population Growth in Northern Hunter Region

Dungog, Mid Coast, and Port Stephens LGAs experienced growth consistent with the regional average during the pre-COVID-19 years of 2016-2019. Dungog LGA experienced a 1.2% p.a. growth, the Mid Coast LGA experienced an 0.7% p.a. growth rate, and Port Stephens LGA saw 1.1% p.a. in population growth. These areas are often referred to by the media as popular ‘sea change’ or ‘tree change’ areas, but urban releases such as those near Fullerton Cove and Medowie in Port Stephens have enabled growth in these LGAs.

Population Growth and Greenfield Development

Both Maitland and Cessnock Local Government Areas (LGAs) saw high population growth rates from 2016-2019 due to land release programs around Cessnock, Kurri Kurri, Thornton, Maitland, and Branxton. During this period, Cessnock LGA experienced a 2% increase in population while Maitland LGA had a 2.6% uplift in population growth.

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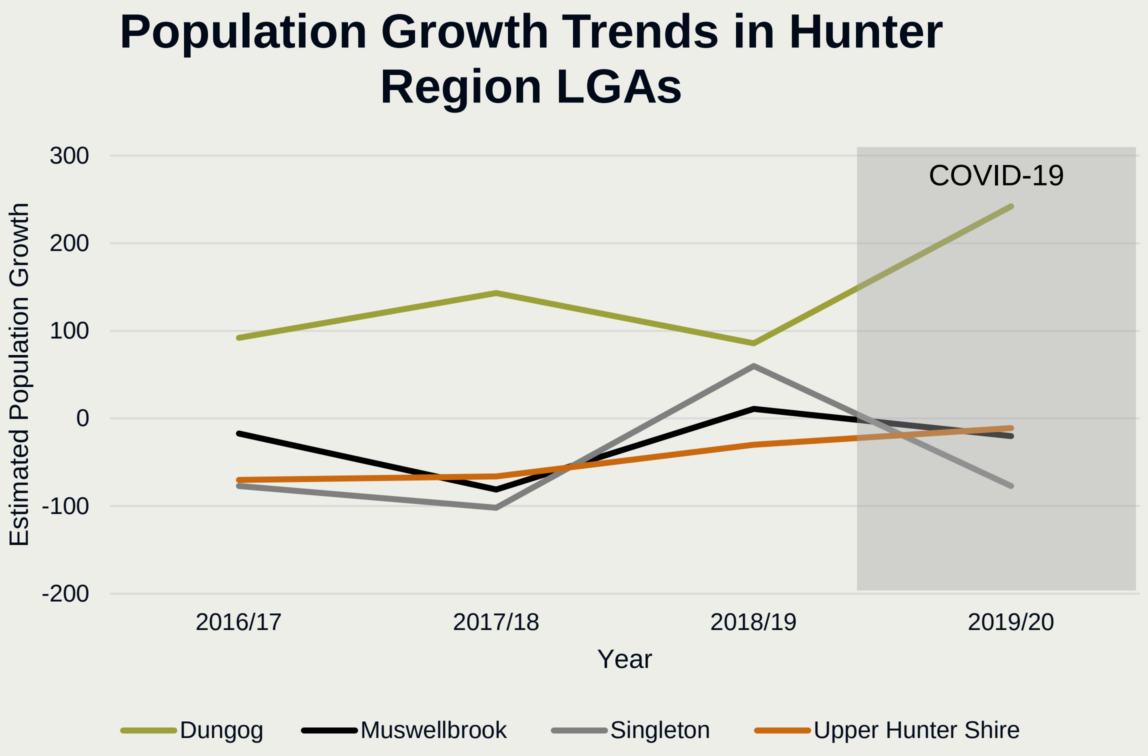
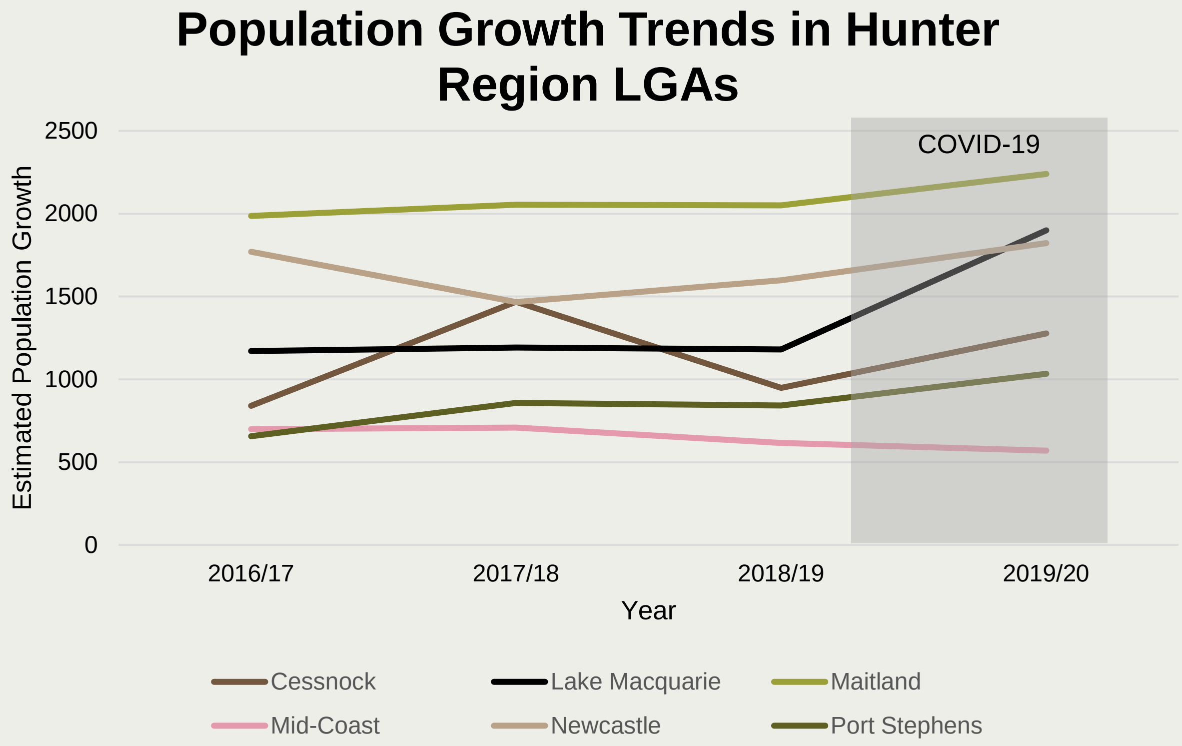
POPULATION

LGA Population Trends





Source: Australian Bureau of Statistics ERP by SA2 and above (ASGS 2016), 2001 onwards

POPULATION

LGA Population Trends

Continued Population Growth in Greater Newcastle

LGAs such as Cessnock and Maitland continued to grow their populations during the beginning of COVID-19 (FY2019-2020), building on previous strong population growth in 2016-2019. Early impacts of COVID-19 show the population in Cessnock increasing by 1,278 or 2.1% while Maitland's population grew by 2,240 or 2.6%. New land releases and a steady supply of low density residential housing has supported this population growth at similar levels to previous years (prior to the pandemic).

LGAs Experiencing Increased Population Growth

LGAs in the Hunter Region experiencing strong rates of population growth during the beginning of the COVID-19 pandemic include Dungog, Lake Macquarie, Newcastle, and Port Stephens. Dungog experienced annual population growth of 242 people or 2.6% which is much stronger than the 1.2% p.a. growth seen in the previous three years. Population growth in Port Stephens increased from 1.1% to 1.4% (1,034 people). Lake Macquarie experienced 0.9% population growth (1,900 people) compared with 0.6% p.a. in 2016-2019. Newcastle experienced 1.1% growth (1,822 people) compared with 1% in the previous three years.

Population decrease slows in the Upper Hunter LGAs

An ongoing trend of population decline in the Muswellbrook, Singleton, and Upper Hunter LGAs slowed during the beginning of COVID-19. Population declines were lower than peak decline rates in 2016-2019, with Upper Hunter Shire losing 11 people (-0.08%), Muswellbrook losing 20 people (-0.12%), and Singleton losing 77 people (-0.33%) compared with a decline of 102 people in 2017-2018 (-0.43%).

Slower Growth in the Mid Coast Council

The population growth rate in the Mid Coast Council area declined by 0.1% to 0.6% (569 people) during the early stages of COVID-19, going against the population growth trend of other LGAs in the Hunter Region.

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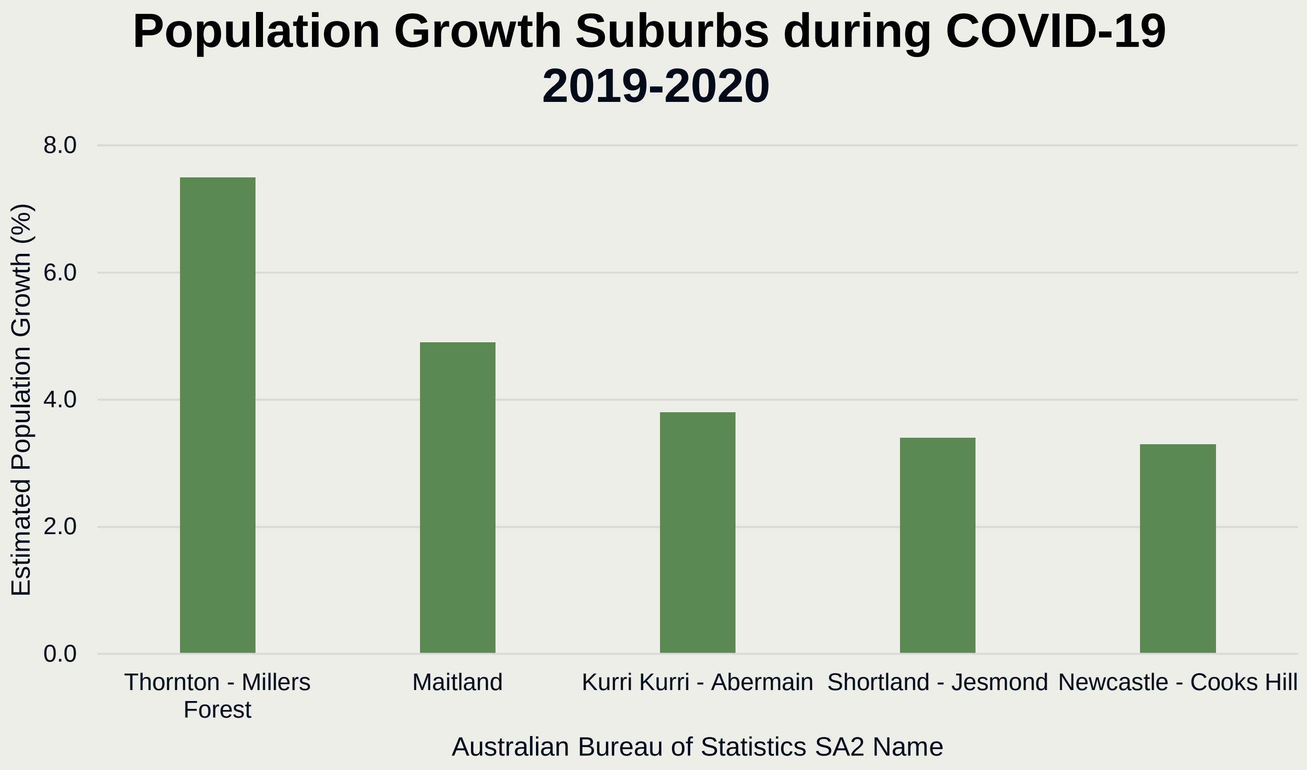
LGA Population Trends – Suburb Level

Population Growth Suburbs during COVID-19

Population growth across the region’s suburbs (SA2s) was more evenly distributed during the early stages of COVID-19 than in previous years. During this period, new fast growing suburbs emerged within the Hunter Region.

Thornton-Millers Forest was the fastest growing suburb (SA2) increasing its population by 7.5% or an additional 921 people during 2019-2020. Maitland also increased its population by 4.9% or 377 people. The next three fastest growing population areas include Kurri Kurri-Abermain which experienced a 3.8% increase (710 people), Shortland-Jesmond which saw a 3.4% increase (451 people) and Newcastle - Cooks Hill which increased its population by 3.3% (414 people).

Local government urban renewal projects have supported this recent population growth. For example, Cessnock Council’s urban renewal projects in Kurri Kurri-Abermain included the Hydro Loxford. In Shortland-Jesmond, four new campus accommodation buildings at the University of Newcastle were opened. Newcastle-Cooks Hill has also seen urban renewal and dwelling densification which has contributed to population growth.



Source: Australian Bureau of Statistics ERP by SA2 and above (ASGS 2016), 2001 onwards

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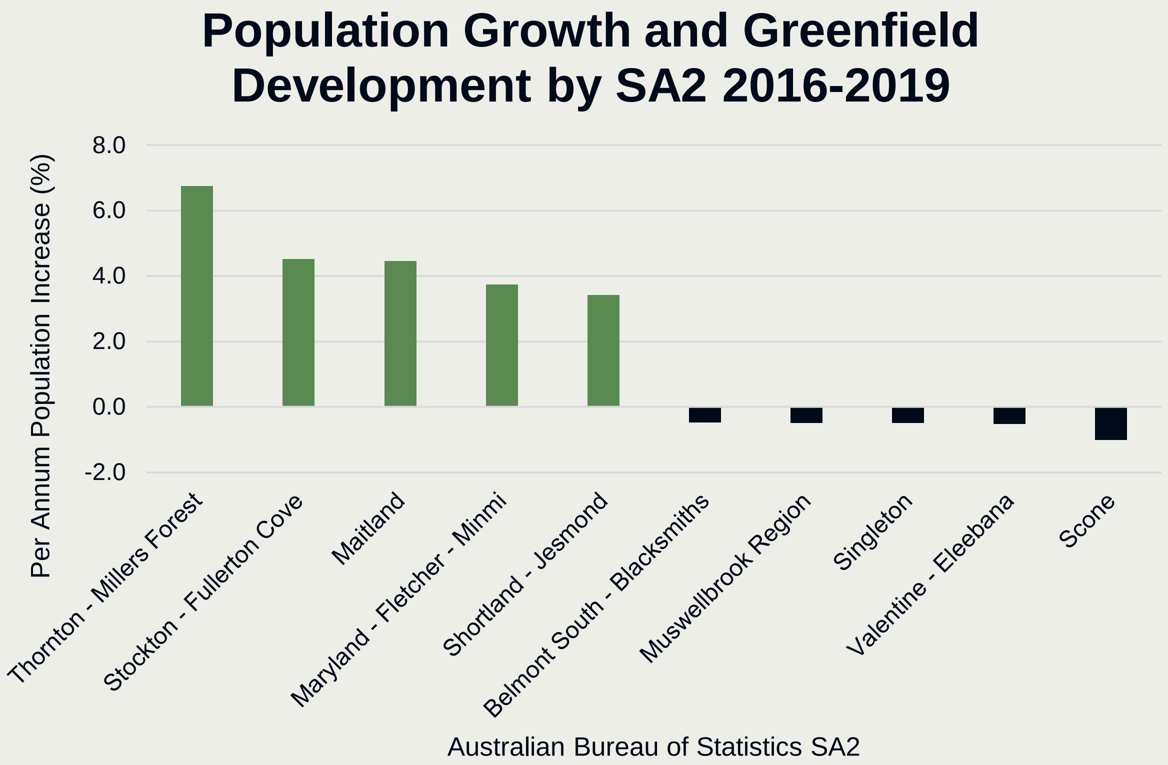
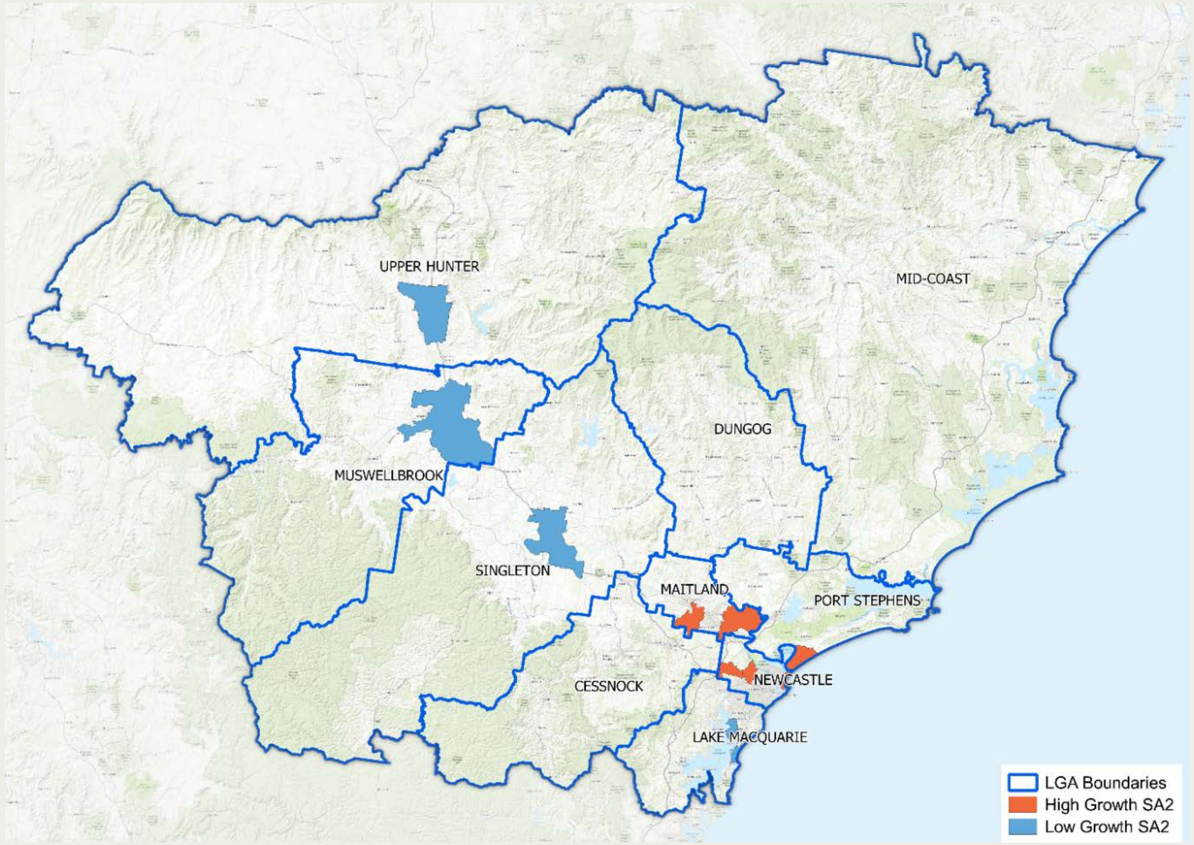
LGA Population Trends – Suburb Level





Source: Australian Bureau of Statistics ERP by SA2 and above (ASGS 2016), 2001 onwards

POPULATION

Proxy data to measure population movements

Drivers Licence Data and 2020 Population Trends

The Australian Bureau of Statistics has not yet released its estimated resident population data beyond 2019/20, which is due later in 2021. As a result, it has been necessary to explore other verified data sources to identify population migratory movement in the Hunter Region during COVID-19.

Drivers' licence data provides information on people moving from one area to another through change of address data collected by Service NSW. While this proxy data is no substitute for population data, it does provide helpful insight on migratory movements within NSW.

This data shows that, during COVID-19, there was a significant increase in the number of drivers' licences registered in Port Stephens and Mid-Coast compared to previous years.

This could indicate that towards the end of 2020, there was a increase in people moving to these two LGAs. The release of the ABS population data later in 2021 will confirm this.

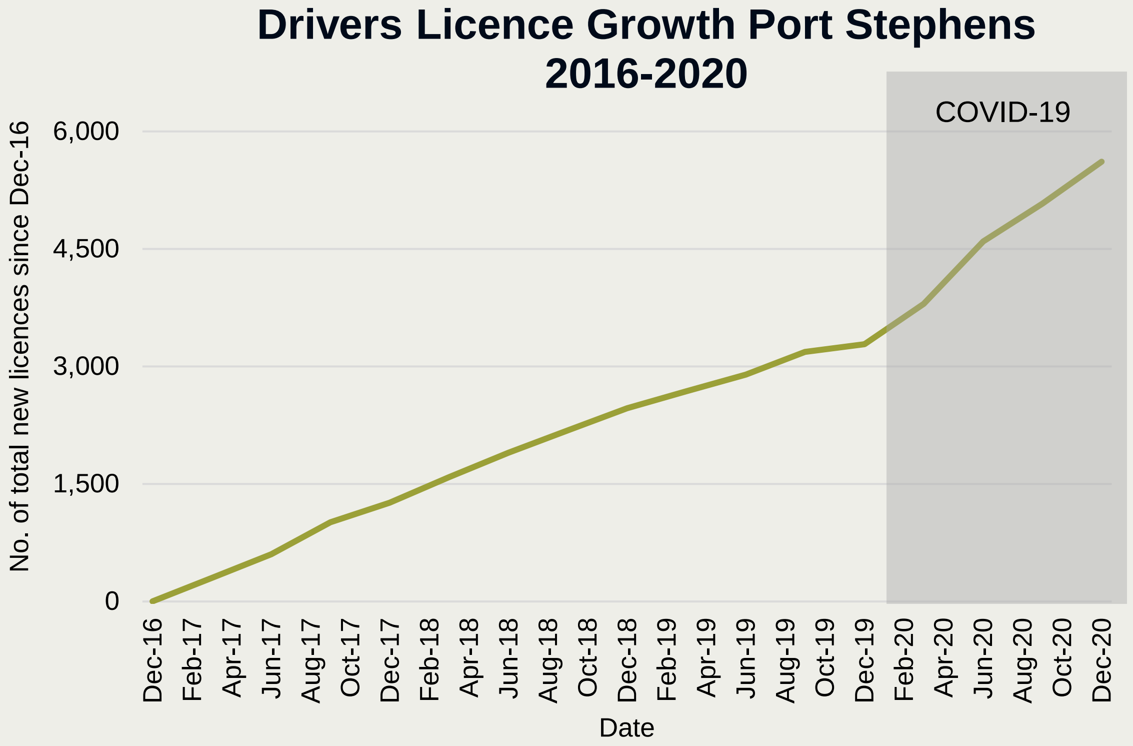
Percentage annual increase in the number of new licences in a LGA

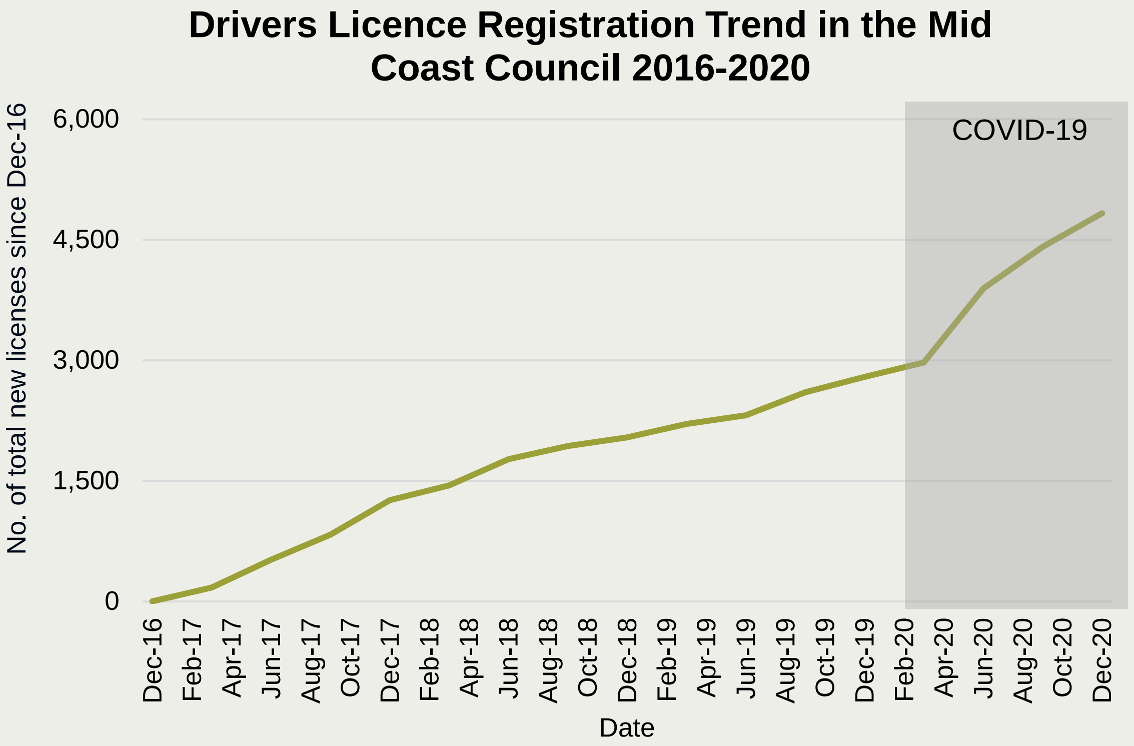
LGA	2016 to 2017	2017 to 2018	2018 to 2019	2019 to 2020
Cessnock	2%	3%	2%	3%
Dungog	2%	2%	2%	2%
Lake Macquarie	1%	2%	1%	2%
Maitland	3%	2%	2%	3%
Muswellbrook	0%	1%	-1%	0%
Newcastle	2%	2%	2%	2%
Port Stephens	2%	2%	1%	4%
Singleton	2%	2%	1%	1%
Upper Hunter Shire	1%	1%	0%	0%
MidCoast Council	2%	1%	1%	2%

Source: NSW Data, Roads and Maritime Services NSW Licences

POPULATION

Proxy data to measure population movements





Source: NSW Data, Roads and Maritime Services NSW Licences

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POPULATION

Proxy data to measure population movements

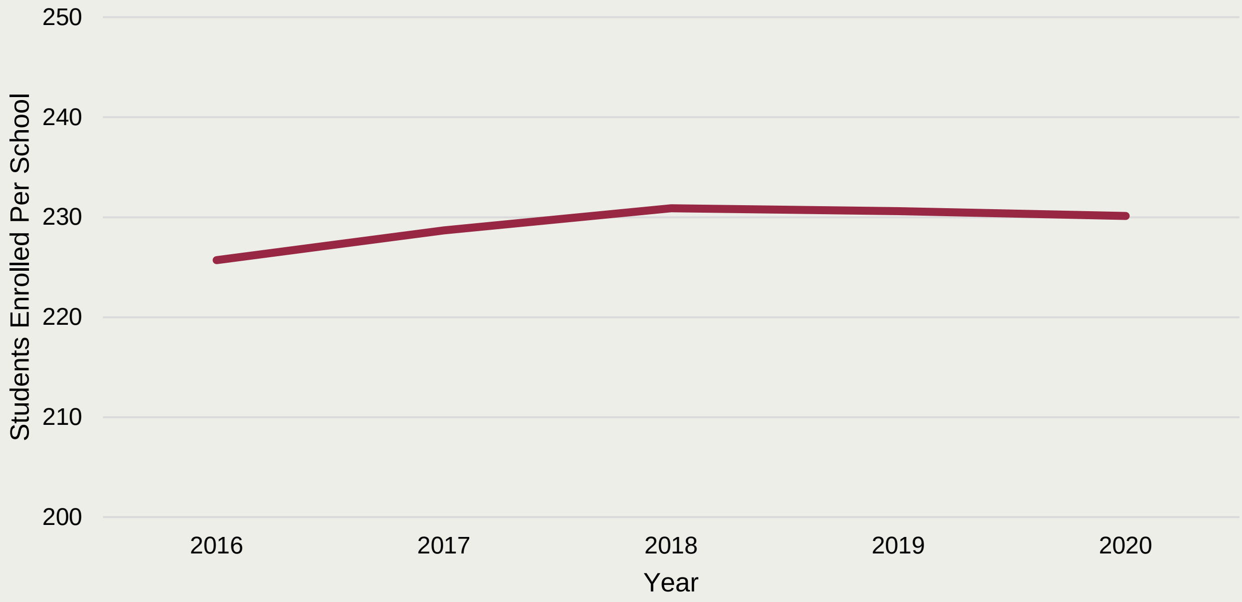
Primary School Enrolment Data Trends

The NSW Department of Education conducts a count of all students enrolled in public primary and secondary schools each February. Data is normally released in May-July of the same year, providing an up-to-date source of proxy data for determining the population of children and their families in a specific area.

Primary school enrolment data for 2016-2020 shows that student enrolments steadily increased from a mean of 226 per public primary school to 230 enrolments, with most of the increases occurring between 2016-2018.

An acceleration of growth trends in the 2021 data release would provide an indication of young families settling in the Hunter Region, which would provide evidence of a post-COVID-19 population increase. The 2021 data is due to be released in the middle of 2021.

Primary school enrolments at the start of the year in the Hunter Region 2016-2020



Source: NSW public school February census full-time equivalent (FTE) enrolments (2016-2020)

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Regional Movers Index

- A partnership between the Regional Institute of Australia (RAI) and the Commonwealth Bank of Australia (CBA) established the Index which measures the movement of CBA customers from cities to regional areas, on a quarterly and annual basis. Customers must have stayed at the address for 6 months to be counted.
- At a national level, 7% more people moved from capital cities to regional areas between 2020 - 2021. In the March 2021 quarter, 0.7% more people moved from cities to the regions (5.6% to 6.3% of all movers) and all forms of migratory movement shrunk.
- People living in regional areas stayed in place during the pandemic, leading to a 0.2% decrease in migration away from regional areas (compared with 8% in the Hunter Region).
- Net regional migratory movement in the last quarter is 66% higher than in the previous year. People have predominantly moved to coastal areas close to regional cities.
- In the March 2021 quarter, 49.5% of all net migratory outflows were from Sydney with 32.4% moving into Regional NSW.
- In the Hunter Region, Maitland experienced the strongest migratory growth of 26% (QoQ) and 15% (YoY). Newcastle had annual migratory growth of 7% between 2020 - 2021 and 13% growth in the March 2021 quarter. Lake Macquarie and Cessnock both experienced strong growth of 10% (QoQ) and 7% (YoY) and 5% (QoQ) and 10% (YoY) respectively. This data set indicates that Port Stephens experienced negative growth (-9%), and that Mid-Coast LGA experienced growth of 18% (YoY), which is not indicated in other data sets in this report. As suggested earlier the ABS ERP data published in later 2021 will provide a more reliable account of population change

LGAs with movement of more than 100 people

LGA	Share of migration %	Quarter Change (QoQ) %	Annual change (YoY) %
Newcastle	2%	13%	7%
Lake Macquarie	2%	10%	7%
Mid-Coast	1%	-5%	18%
Port Stephens	1%	0%	-9%
Maitland	1%	26%	15%
Cessnock	0%	5%	10%

Source: RAI, CBA - Regional Movers Index, 28 June 2021
Quarterly change (QoQ) (March 2021 compared to December 2020)
Annual Change (YoY) 12 months to March 2021 compared to 12 Months to March 2020

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Conclusions

As a region, the Hunter is growing at a rate projected by the NSW Department of Planning, Industry, and Environment. However, there has been a slight overall increase in estimated growth rates during the COVID-19 pandemic. With the number of people deciding to not leave the Hunter contributing to the increase in growth rates.

Overall growth rates varied across local government areas and suburbs with differing population trends emerging from the data. A continuing supply of new housing in greenfield areas of the region has driven the population growth in these areas.

Cessnock and Maitland LGA’s have experienced significant levels of growth from 2016, with this growth continuing during the early stages of COVID-19. Newcastle, Lake Macquarie, Dungog and Port Stephens have experienced an slight acceleration in population growth during the COVID-19 pandemic.

The Upper Hunter Councils (Singleton, Muswellbrook, and Upper Hunter) have previously seen population decreases during 2016-2019 but this has slowed during the beginning of COVID-19. Mid Coast Council had a continuous period of growth from 2016-2019 but experienced a small decrease in estimated population growth rates during the initial stages of COVID-19.

Since the start of the pandemic, far fewer people have chosen to leave the Hunter.

750,000 people call the Hunter home, growing by around 9,000 each year.

A town the size of Parkes is added to the Hunter every year.

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JOBS

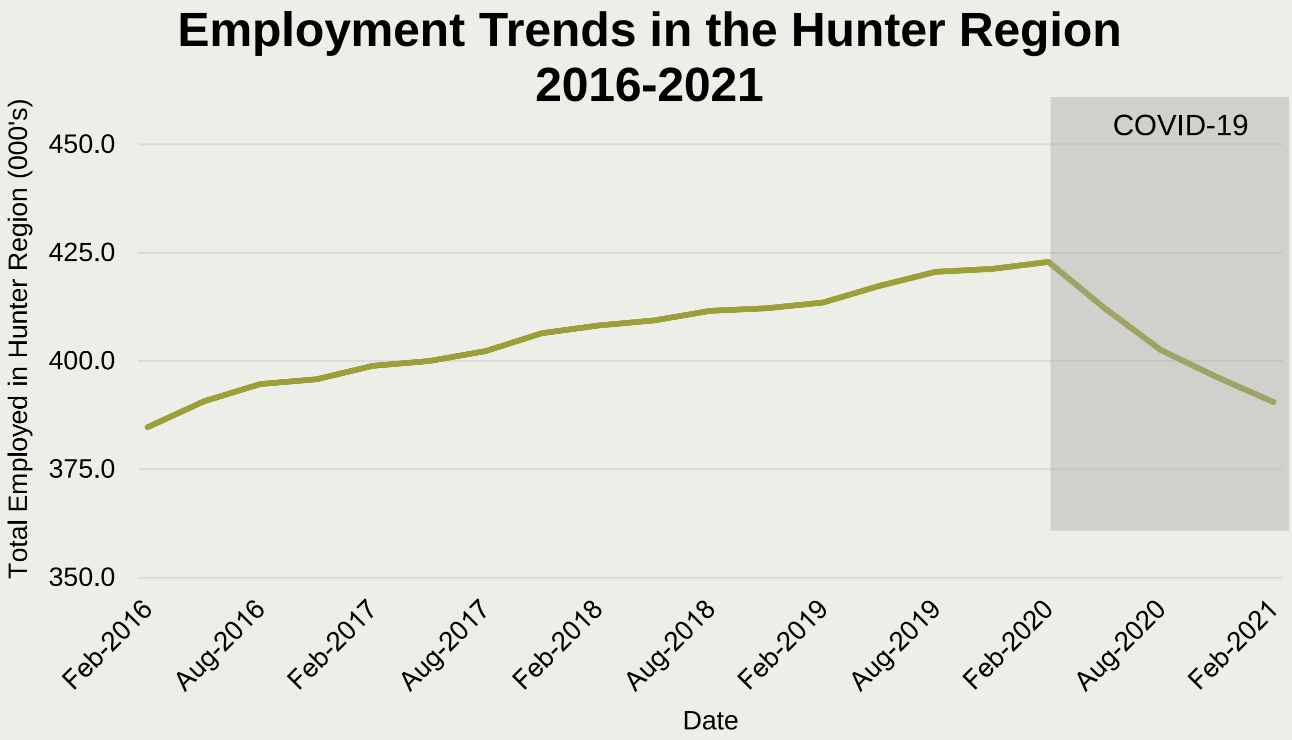
Employment Trends

Total Employed Persons
Prior to COVID-19, the number of employed people in the Hunter Region had been steadily increasing. The number of full-time workers grew during this period while the number of part-time workers increased slightly following a decrease in 2018. Job vacancies across most industries were decreasing towards the end of 2019.

Key Industries in the Region
Key employment industries in the Hunter Region in February 2016 were Health Care and Social Assistance (16% of people employed), Retail Trade (10%) and Construction (10%), followed by Accommodation and Food Services (9%), Education and Training (7%), and Manufacturing (7%).

Job Occupation Decreases During COVID-19
Some job occupations experienced a decrease prior to COVID-19, such as Community and Personal Service Workers, Professionals, Clerical and Administration Workers, Sales Workers and Technicians and Trade Workers.

During COVID-19, most job occupations decreased, in line with national trends but Clerical and Administrative Worker and Sales Worker jobs experienced growth.



Source: Australian Government, Labour Market Information Portal

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JOBS

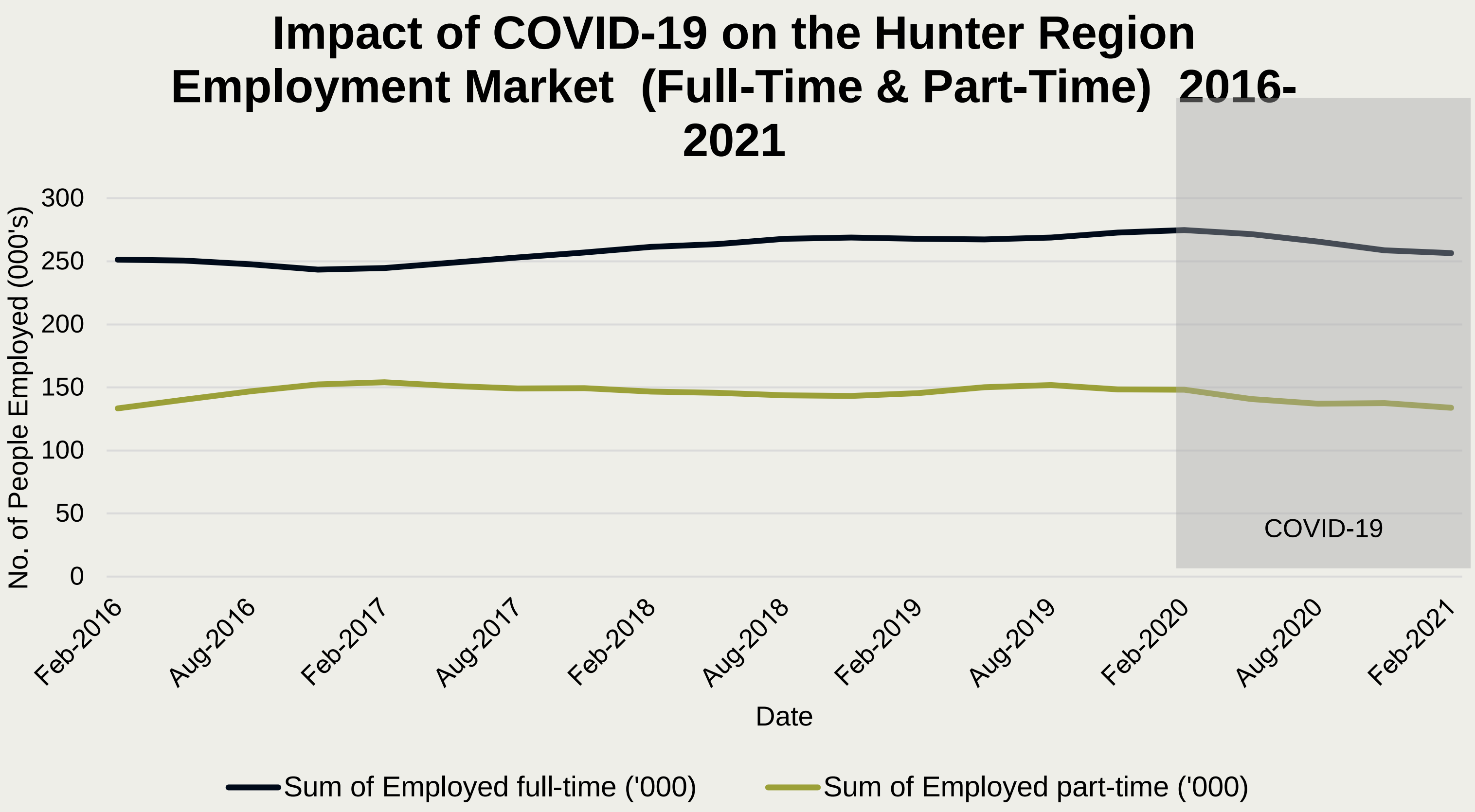
Employment Trends

Loss of Jobs

COVID-19 had a negative impact on the Hunter Region employment market, and on the wider employment market in Australia. The number of employed people in the Hunter Region decreased sharply from May 2020 onwards and this downwards trend continued for the rest of 2020. The trend includes direct job losses that occurred during COVID-19 as well as retirees leaving the job market.

COVID-19 Impacts on FT and PT Workers

Part-time workers experienced a sharper decrease in employment than full-time workers in May 2020 with a slight recovery in November 2020, due to the easing of restrictions and increased work opportunities in the holiday period. Full-time workers experienced steeper job vacancy declines after May 2020.



Source: Australian Government, Labour Market Information Portal

JOBS

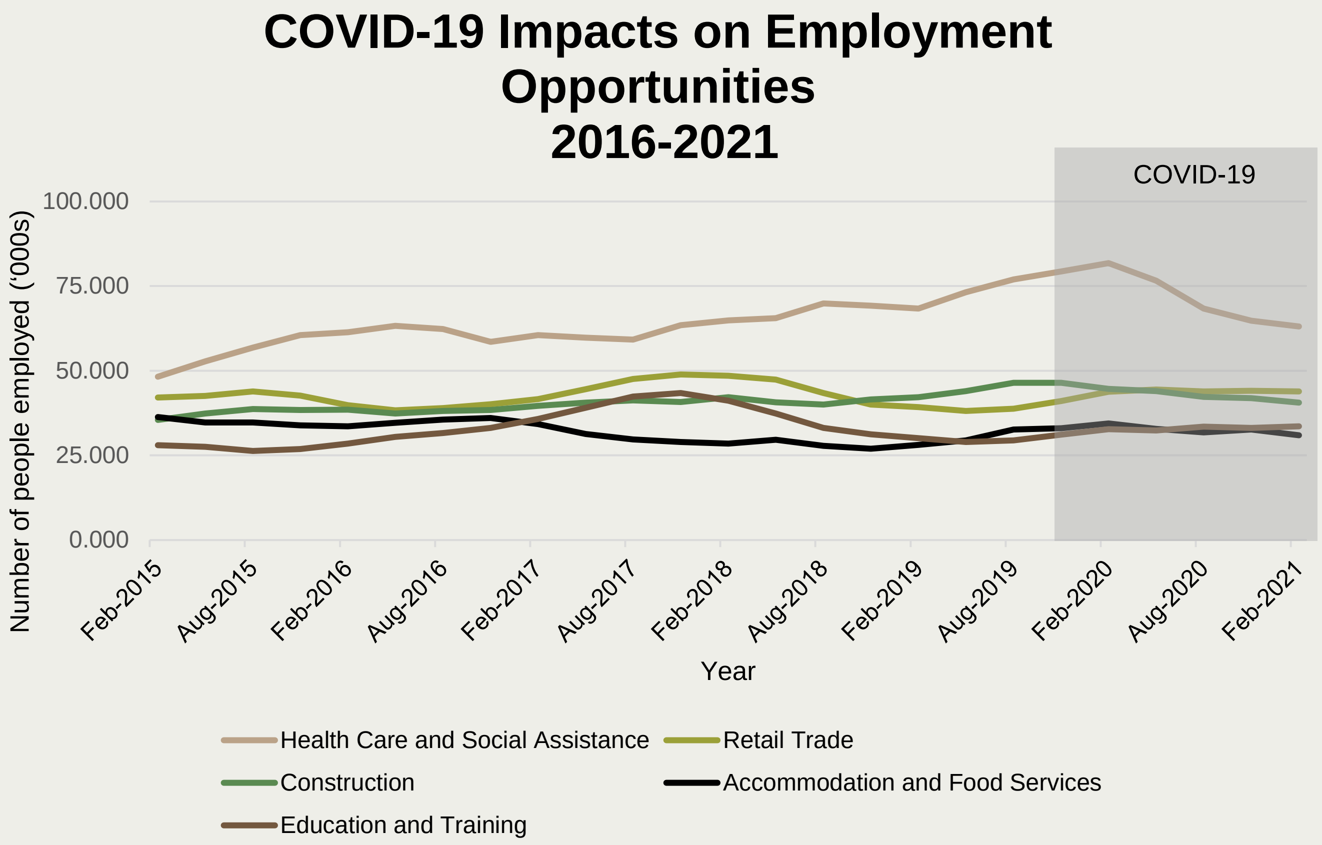
Employment Trends

Key employment Industries in the Region
Within the Hunter Region, Health Care and Social Assistance is the largest employment industry growing its labour market share from 16% in February 2016 to 19% in February 2020 while Construction increased its labour market share from 10% to 11% in the same period. Meanwhile, Retail Trade has held steady for several years generating work for 10% of the Region’s labour force.

Employment Growth in Education and Science Sectors
From February 2016 to February 2020, the number of people working in Education and Training grew from 7% to 8% while those working in Professional, Scientific and Technical Services grew from 6% to 7%. These industries were likely able to transition to virtual working, including work from home and online study modes, during COVID-19.

Some employment industries were relatively unaffected by COVID-19 such as Rental, Hiring and Real Estate which remained steady employing 1% of workers while Transport, Postal and Warehousing remained steady employing 4% of workers which is perhaps unexpected given the reported increase in online shopping and delivery of goods during the pandemic.

Decreased employment opportunities in Arts and Accommodation, Food Services and Health Care and Social Assistance
In line with national trends, the employment industries most affected by the COVID-19 lockdown, saw fewer jobs in Accommodation and Food Services and Arts and Recreation Services areas with decreases of 8% and 1% respectively. Decreased job opportunities in Health Care and Social Assistance are likely to be due to people not attending elective services such as dental and physiotherapy. Elective surgery during COVID-19 also was suspended, leading to temporary staff reductions, as well as the freeze on temporary overseas migrants.



Source: Australian Government, Labour Market Information Portal

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Employment Trends

Post-COVID-19 effects on the employment market

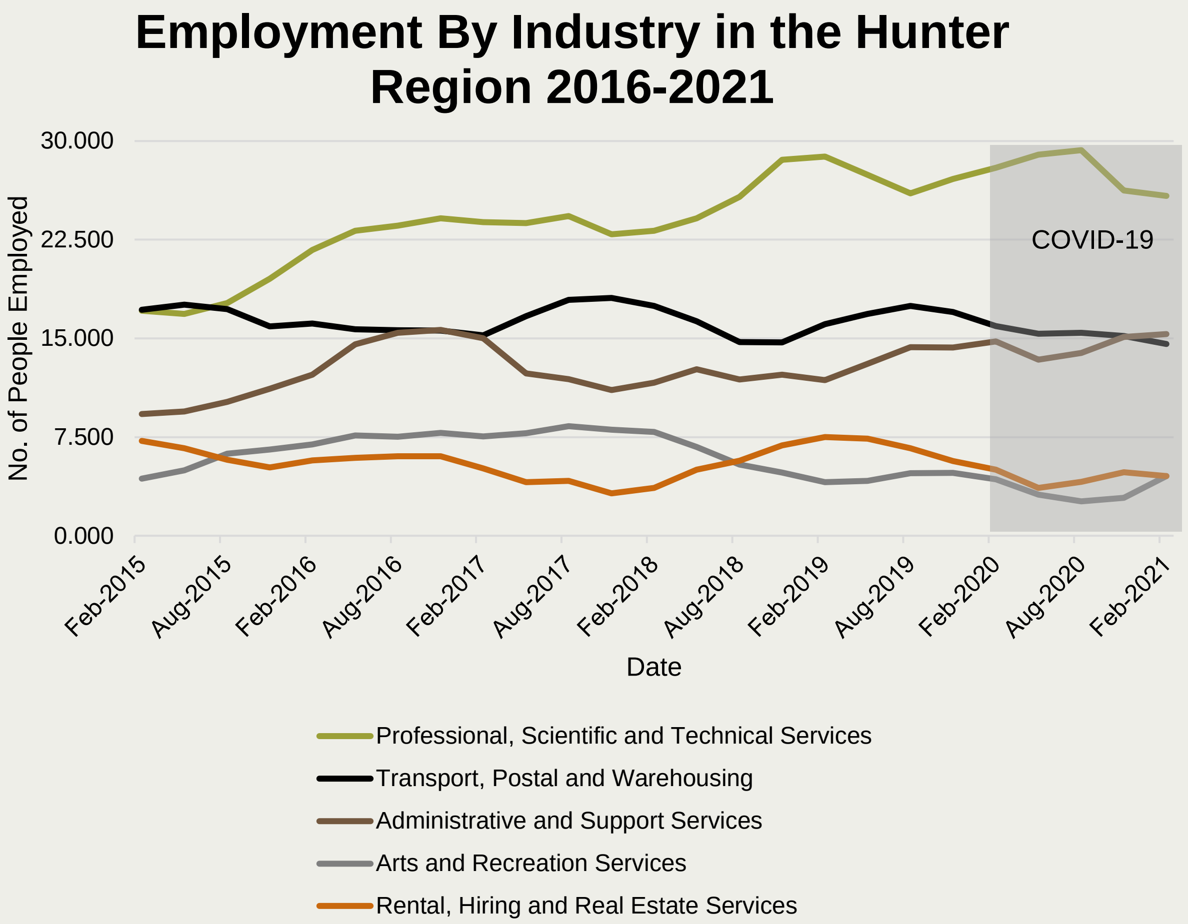
The Hunter Region has not yet full recovered from COVID-19 impacts on the employment market, based on the available data. As of February 2021, the number of full-time and part-time employed people has continued to decrease. However, it will be important to monitor this trend post-COVID-19.

Employment Growth Areas

The key employment industries of the Hunter Region remain unchanged. As of February 2021, the dominant employment industries are Health Care and Social Assistance, Retail Trade and Construction. These employment industries have returned to their pre-COVID-19 employment levels, which is promising.

Employment industries contributing to jobs growth in the Region include Retail Trade which employed an additional 1% of workers in 2021 and Education and Training which employs 9% of workers in 2021 compared with 7% in 2016.

Employment industries still impacted by COVID-19 include Accommodation and Food Services and Arts and Recreation Services whose employment market sector has shrunk by 8% and 1% respectively.



Source: Australian Government, Labour Market Information Portal

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JOBS

Employment Trends

Job Vacancy Increases

For most job areas, there has been a sharp increase in job vacancies from June 2020 onwards, reflecting a significant easing of COVID-19 restrictions in most States and Territories as well as business growth and expansion in the Region's employment hubs.

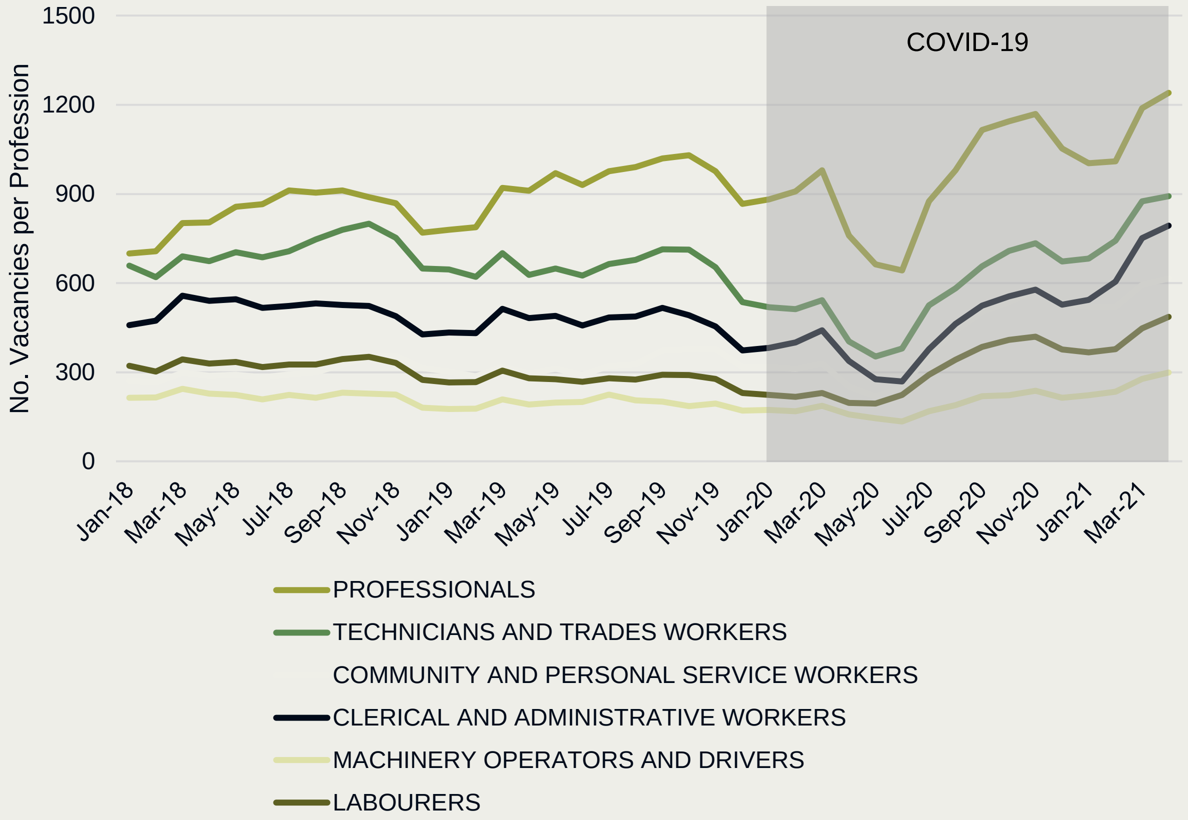
Job areas which experienced an increase in vacancies during and post COVID-19 include blue collar jobs such as Labourers, Machinery Operators and Drivers as well as white-collar jobs such as Managers. This indicates ongoing job demand and is in line with the NSW State-led recovery focus on construction.

This job vacancy data strongly suggests that the supply of workers in key professions is not keeping up with demand, which will be a significant constraint on the Region's economic growth and productivity.

Lack of Comparable Data

The available data on vacancy types is not comparable to the key industries of employment in the Hunter Region. As such, it is difficult to determine whether the increases and decreases experienced by the Hunter Region's industries is reflected in the job vacancy rates for each.

Vacancy by Profession in the Hunter Region 2018-2021



Source: Australian Government, Labour Market Information Portal

JOBS

Conclusions

Like everywhere else in the world, employment in the Hunter took a dip as a result of COVID-19. The number of people employed has stabilised for the majority of industries.

Given the steady increase in the number of new job vacancies, which started in the middle of 2020 it appears that confidence is returning and some businesses are starting to recover and grow.

To maintain the local economy, the Hunter needs to quickly fill the demand for technicians & trade workers (to keep our construction industry and housing supply moving) and clerical & administrative workers.

The challenged that is now facing the Hunter is twofold. Firstly the region needs to attract skills (i.e., people) to fill the jobs that were always on offer. Secondly, the region needs to fill the new professional and skilled roles that are being created on the back of an increase in business confidence.

Health care and social assistance is the number one industry, employing over 63,000 people, retail is second with 44,000

Every key profession has at least doubled the number of job vacancies between June 2020 and April 2021. Clerical and administrative vacancies have nearly tripled.

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HOUSING

Rental Vacancy

Rental Vacancy Rates as an Indicator of Housing Demand

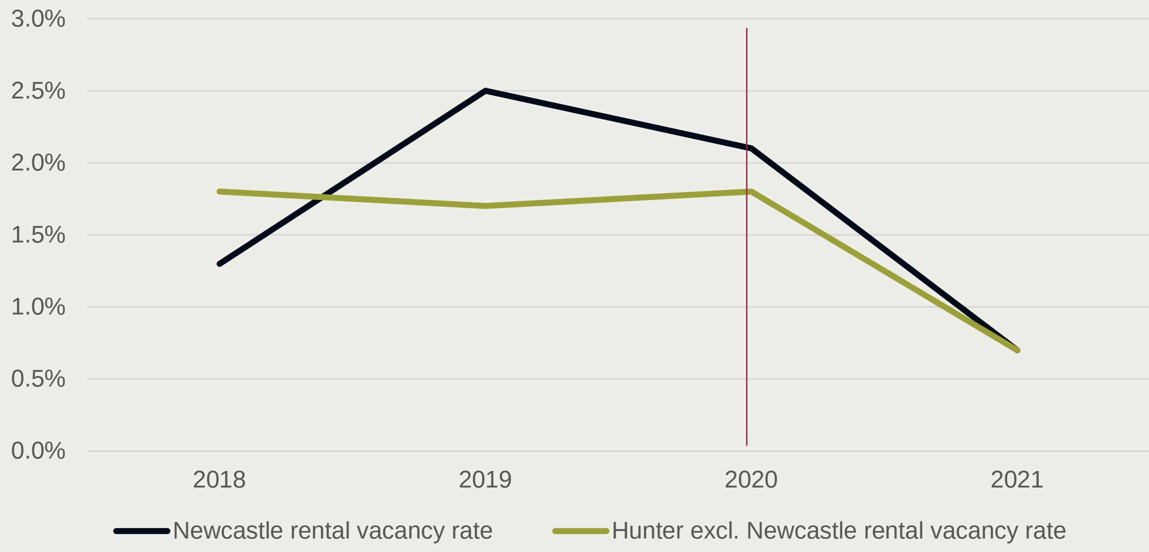
Rental vacancy rates are traditionally used by reporting agencies to determine rental demand for property in a specific geographical location, such as the Hunter Region. REINSW and SQM Research utilise this data in their reporting, allowing for an accurate yet understandable metric for the housing market. A normal balanced rental vacancy rate is 3%, indicating a good equilibrium point between supply and demand.

In the Hunter Region, a decrease in rental vacancy rates and time on the housing market, as well as an increase in weekly rental prices over the past three years indicates a high demand for rental properties during this period. COVID-19 has exacerbated this trend so that in 2021, there is currently a very high demand for rental property and a shortfall in supply. This data shows that market demand for the property market in the Hunter Region exceeds supply, continuing a trend of the last three years.

Newcastle and Lake Macquarie have seen a decrease in rental vacancies from 2.1% to 0.7%. The Hunter Valley (excluding Newcastle) SA4 has experienced the same level of demand, with the rental vacancy rate decreasing from 1.8% to 0.7%.

It is worth noting that the Hunter Region's rental vacancy rates are moving in a different direction to Sydney and the Illawarra where rental vacancy rates have increased over the past 12 months (and rental property demand has decreased), indicating population migratory movement to the Hunter Region.

Rental vacancy rates for the Hunter Region 2018 - 2021



Source: REINSW, March 2021

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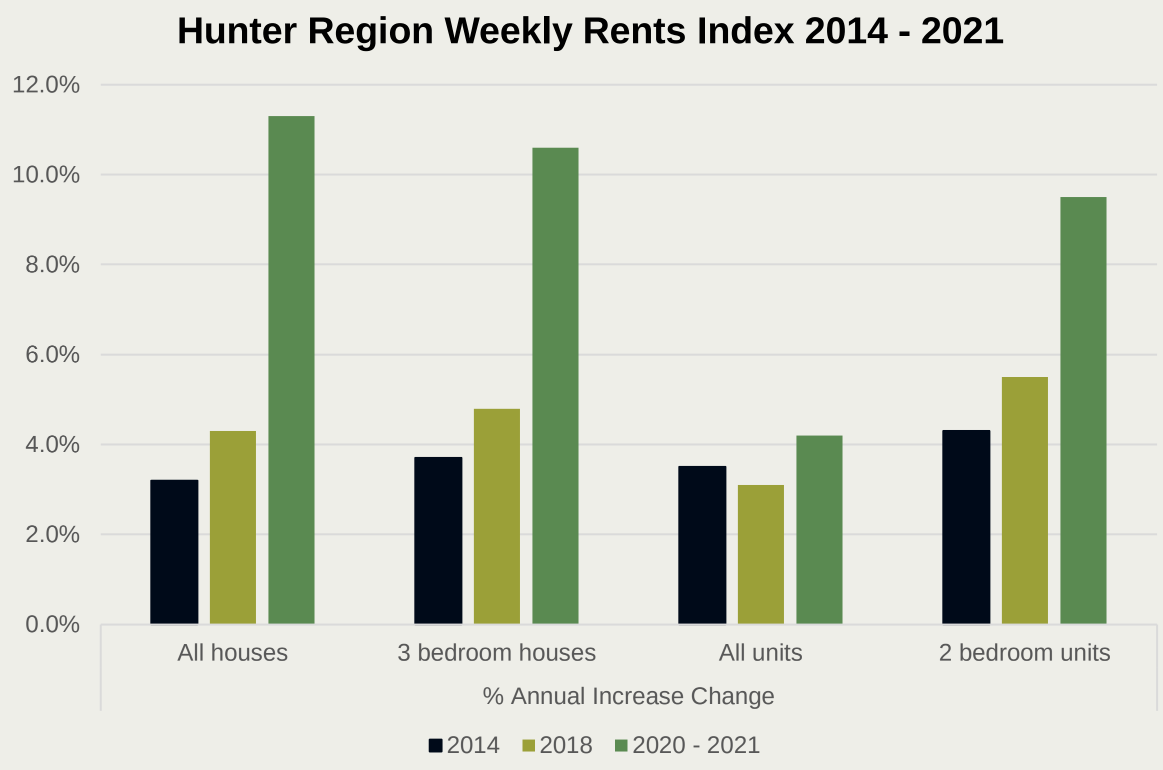
Rent Index

Weekly rent increases are a measure of demand for rental properties used by SQM Research and CoreLogic. In 2014, weekly rents in the Hunter Region increased by 3.1% for all houses and 3.9% for all units. In 2018, weekly rents increased by 3.9% for all houses and 4.4% for all units.

During COVID-19 from March 2020 to March 2021, weekly rents for all houses increased by 9.0%. During this period, weekly rents for three-bedroom houses increased by 11.8% and for 2-bedroom units increased by 15.3%. This percentage increase during COVID-19 is almost double the weekly rent increases seen three years ago and seven years ago.

There has been a strong increase in rental demand from families and couples moving into the area and that competition for rental properties has increased weekly rents. In areas of the Hunter that rely on tourism, the rise of homes available for sort-term accommodation driven by a rise in domestic tourism is also driving demand.



Source: SQM Research, April 2021

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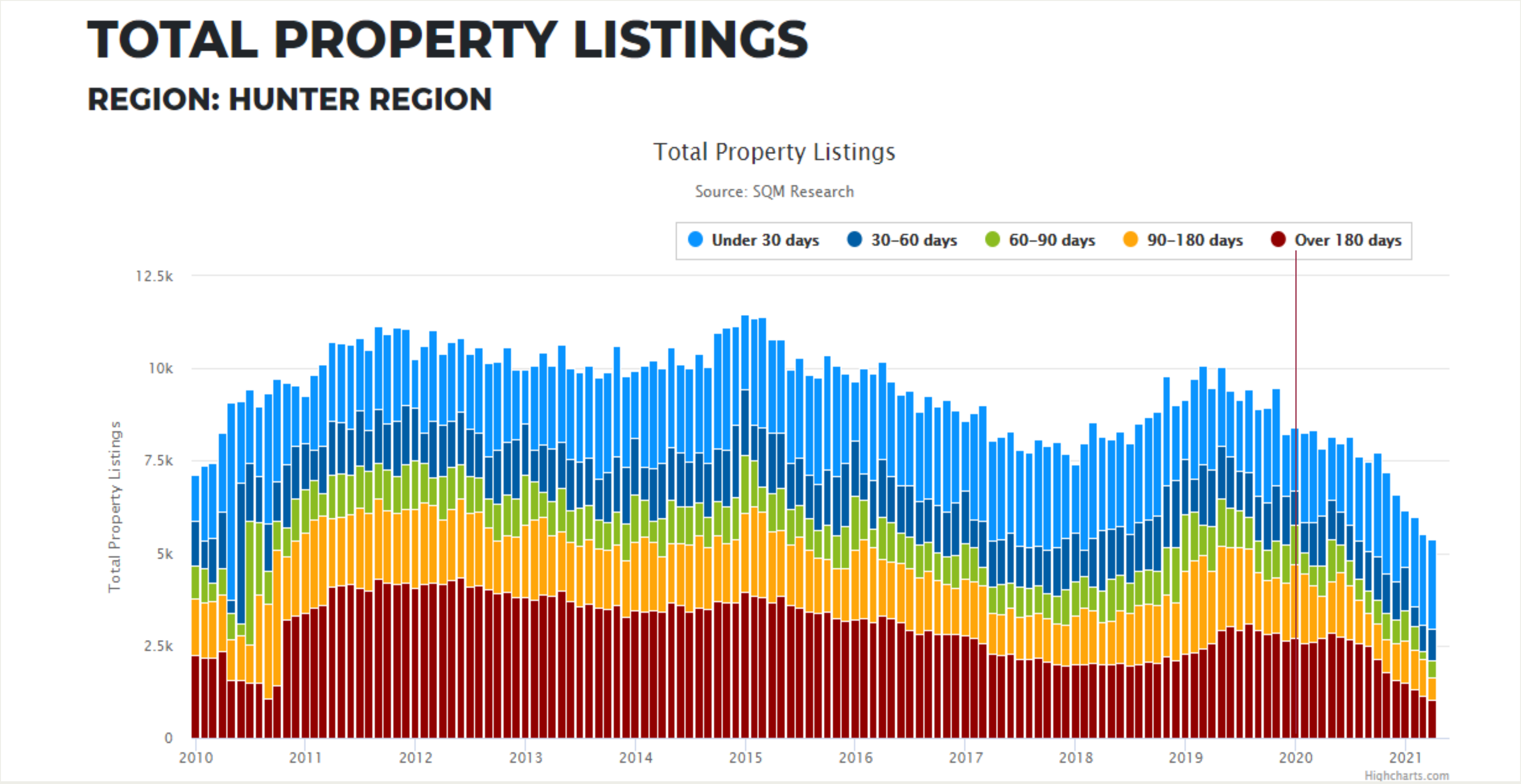
Time on Market

Time on market is used by SQM and REINSW to monitor property sales demand and the status of the property market. The less time a property is on the market, the higher the demand. The strongest indicators of demand are property sales under 30 days and under 30-60 days.

This graph shows that in the Hunter Region, sales demand for property was healthy in 2018 but was followed by decreased sales demand in 2019. During COVID-19, sales demand for property increased and this demand increased and also continued into 2021.

2021 has also seen a significant reduction of the time on market for listed properties. This confirms the analysis that since COVID-19 there has been increased demand and competition for houses where housing supply is constrained.



Source: SQM Research 2021

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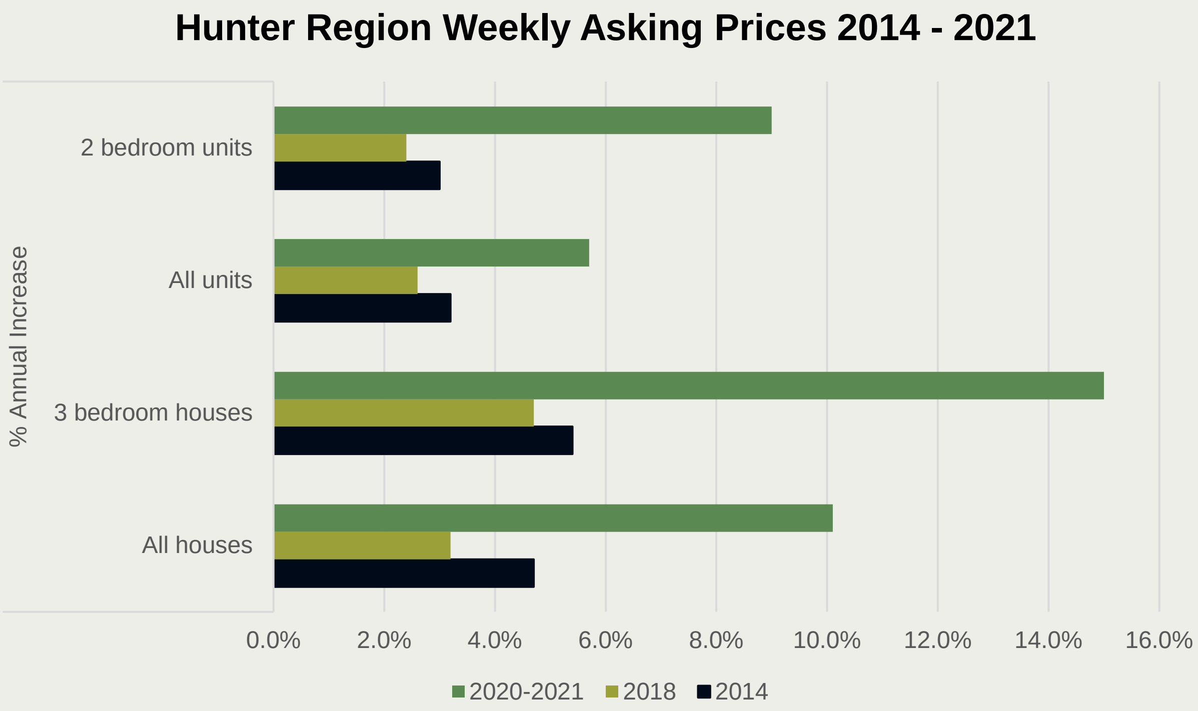
Weekly Asking Prices

SQM Research and REINSW use weekly asking prices as an indicator of property sales demand for an area. Increases in property asking prices are viewed as increases in demand for property.

In 2014, asking property prices increased by 4.3% for all houses and by 2.8% for all units, indicating healthy demand. In 2018, asking prices increased by 2.9% for all houses and 2.0% for all units, indicating a slight slowing of demand.

During COVID-19, from March 2020 until March 2021, asking prices increased by 8.1% for all houses and by 3.9% for all units. Demand for 3-bedroom houses increased by 14.4% over the same period. Weekly asking prices for 2-bedroom units increased by 6.1%.

Weekly asking prices have continued to increase post COVID-19, with the latest quarterly results increasing by 4.6% for all houses and by 9.5% for 3-bedroom houses. This data suggests a strong demand for property from family households. Demand for 3-bedroom houses remains very strong.



Source: SQM Research 2021

HOUSING

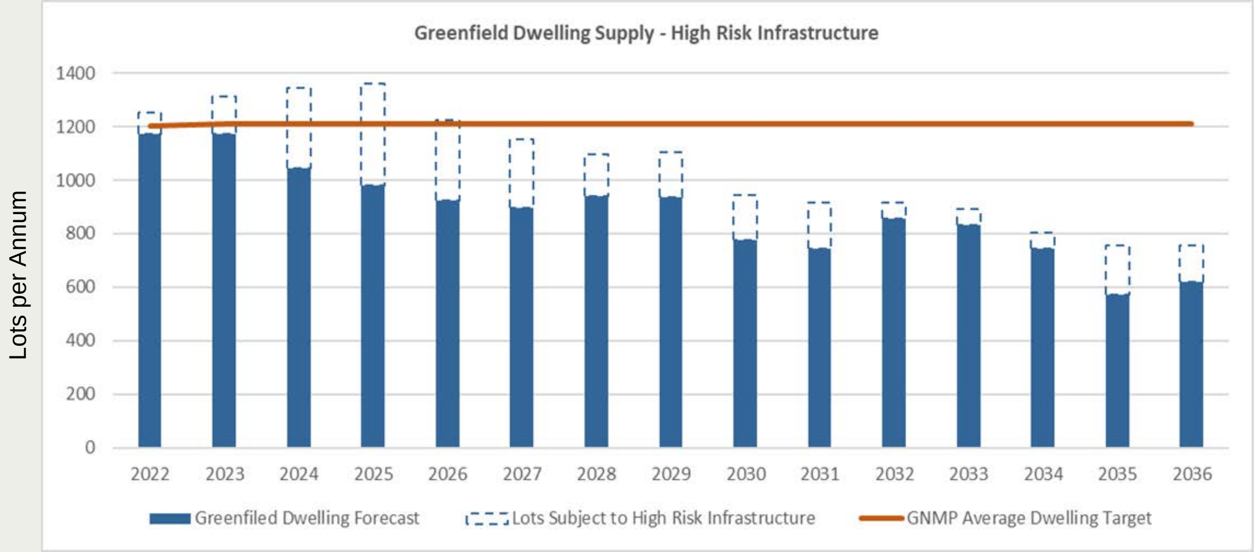
Greenfield Supply

There is a forecast slowdown in greenfield supply

The UDIA has forecast a steady drop in the supply of new homes in Greenfield areas in the Hunter. If critical infrastructure is delayed, 2,260 lots could be delayed coming to market.

Based on the UDIA modelling, there is the potential for a shortfall of over 6,000 new lots by 2026, well short of the Greater Newcastle Metro Plan target.

Given the increase in housing demand, a slowdown in greenfield supply will negatively impact the Hunter Region housing market and lead to increases in rental housing and house prices.



Source: UDIA Hunter Building Blocks 2021

HOUSING

Conclusions

Even before COVID-19, the supply of new housing had not kept pace with population growth, contributing to an increase in house prices and a reduction in homes available to rent. Since COVID-19, these established trends have accelerated, resulting in a very unbalanced housing market with supply even more constrained.

The greatest number of people are still choosing to live in the Greater Newcastle local government areas, and the highest volume of new growth is emerging through the renewal of Newcastle's City Centre, increasing densities around the University of Newcastle's Callaghan campus, and where greenfield development sites are available in Central Hunter.

Theoretical supply doesn't convert to a house for sale overnight, with new properties currently not hitting the market quick enough. If demand for homes remains strong, the supply of new homes will need to be agile to respond quickly. In the short-term this means 'turning up' the supply of 3 to 4-bedroom houses and 2 bedroom units.

The asking price of a 3 bedroom home in the Hunter has risen by 15% in 12 months

A home sold in March 2020 for $450,000 would now sell for close to $520,000

In March 2021, the rental vacancy rate in the Hunter Region was 0.7%, which 5 times lower than in Sydney and 3 times lower than it was in 2019.

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APPENDIX

Consultation

In order to collect the best intelligence and data a series meetings and workshops were conducted. Below is a list of the meeting and their outcomes.

Date	3/05/2021						
Agency	**Hunter Research Foundation**						
Attendees	Roberta Ryan	Amanda Wetzel	Chris O'Dell				
Comment	Meeting identified that there were noticeable changes in population movements but they had no solid data to back it up						
Date	4/05/2021						
Agency	**Regional Australia Institute**						
Attendees	Kim Houghton	Chris O'Dell					
Comment	Struggling to find data, the focus of the institute was all of regional areas in Australia. Looking for people to work with on case studies.						
Date	6/05/2021						
Agency	**Australia Post Data**						
Attendees	Con Stojanov	William Harris					
Comment	Identified that there may be some data available at a cost from Australia Post.						
Date	7/05/2021						
Agency	**DPIE EPLA**						
Attendees	William Hughes	Chris O'Dell	Tania Kinane	William Harris			
Comment	Gave insights into what to expect from the data and how trends look on a preliminary level.						
Date	7/05/2021						
Agency	**Centre for Population**						
Attendees	Patrick Fazzone IV	Chris O'Dell					
Comment	Struggling to find data. Identified a new product that the Centre was working on called 'Now Casting'. Suggested that HCCDC write a letter to the centre requesting to be on a Beta program						
Date	7/05/2021						
Agency	**Quantium**						
Attendees	Becca Duane	Chris O'Dell					
Comment	Provided information on Quantium big data solution						

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APPENDIX

Consultation

Date	7/05/2021						
Agency	**DPIE Data Analytics**						
Attendees	David Alsop	Chris O'Dell					
Comment	Provided information on DPIE data products for Housing						
Date	21/05/2021						
Agency	**Hunter JO**						
Attendees	Tim Askew	Chris O'Dell	Tania Kinane	William Harris			
Comment	Hunter JO expressed an interest in the final product and working together with HCCDC						
Date	2/07/2021						
Agency	**NSW Treasury Department**						
Attendees	Michael Gadiel	Tom Carr	Devang Tailor	Dougal Horton	Chris O'Dell	Tania Kinane	William Harris
Comment	Treasury discussed employment data and highlighted trends regarding reductions in elective surgeries in the Hunter.						
Date	5/07/2021						
Agency	**DPIE EPLA**						
Attendees	William Hughes	Andrew Tice	Ryan Fox	Chris O'Dell	Tania Kinane	William Harris	
Comment	Discussed specific insights into datasets and made us aware of international migration trends into Shortland/Jesmond.						
Date	6/07/2021						
Agency	**Hunter Research Foundation**						
Attendees	Roberta Ryan	Anthea Bill	Maree Campbell	Chris O'Dell			
Comment	Discussed methodology of studies and discussed the value of benchmarking metrics against national and state levels.						

APPENDIX

DATA SETS

All data and charts used in the report have been supplied in an excel file titled ‘Final Master Spreadsheet.xlsx’
The data has been built so that when a dataset is updated it can be copied into the mater spreadsheet, updating the appropriate charts.

The approach of the report was to identify and use the most reputable and accurate data. There are also additional datasets that come at a cost that have the potential to fill some gaps in the analysis. Below is a list of this data.

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APPENDIX

Datasets	Author	Content	Source
Regional Migration	ABS	Regional Population 2019/20	https://www.abs.gov.au/statistics/people/population/regional-population/latest-release
Regional Migration	NSW Government	Regional Labour Force Trends	https://www.parliament.nsw.gov.au/researchpapers/Pages/NSW-regional-labour-force-data---interactive-portal.aspx#Interactive%20charts
CoreLogic	CoreLogic	Regional Market Update	https://www.corelogic.com.au/reports/regional-market-update
CoreLogic	CoreLogic	Quarterly Rental Review	https://www.corelogic.com.au/reports/quarterly-rental-review
CoreLogic	CoreLogic	Housing Market Update	https://www.corelogic.com.au/reports/housing-market-update
Consumer Dataset	ABS	Supermarket Spending	https://www.abs.gov.au/articles/supermarket-spending-february-2021-supplementary-covid-19-analysis#spending-by-city-and-state-and-territory
Rental/Vacancy Rates	PRD	Rental growth in the Hunter region. Hunter Valley Market Update 2nd Half 2020	https://www.prd.com.au/documents/1991/PRD_Hunter_Valley_Market_Update_2nd_Half_2020.pdf
Housing Price	DCS	House prices	https://www.facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard
Mortgage Data	ABS	Mortgage approvals data	https://www.abs.gov.au/statistics/economy/finance/lending-indicators/latest-release#data-download
Journey to Work	TfNSW	Journey to Work Data Statewide	https://auth.censusdata.abs.gov.au/webapi/jsf/login.xhtml
Freight Movement		Variety of Data on Different Modes of Freight Transport	https://opendata.transport.nsw.gov.au/dataset/freight-data
Metropolitan Housing Monitors	DPIE	Housing Monitors	https://www.planning.nsw.gov.au/Research-and-Demography/Metropolitan-Housing-Monitors/Metropolitan-Housing-Monitor
Metropolitan Housing Monitors	DPIE	Local Development Performance Monitoring	https://www.planningportal.nsw.gov.au/local-development-performance-monitoring-ldpm
Infrastructure	Infrastructure NSW	School Infrastructure	https://www.schoolinfrastructure.nsw.gov.au/explore.html
Map the Budget NSW	NSW Treasury Department	Location and Quantity of Budgetary Spending	https://www.budget.nsw.gov.au/budget-detail/nsw-budget-2020-21-open-data
Jobkeeper	NSW Treasury Department	Jobkeeper Postcode Data	https://treasury.gov.au/coronavirus/jobkeeper/data
First Home Owners Grant	NSW Revenue	Number of People Claiming First Home Owners Grant	https://www.revenue.nsw.gov.au/help-centre/resources-library/statistics
Open Data Portal	City of Newcastle	Seats, Bikeracks, Tables, Playgrounds, Libraries	https://data-cityofnewcastle.opendata.arcgis.com/datasets/tables?geometry=151.378%2C-32.927%2C152.031%2C-32.826
Movers' Statistics	Australia Post	Moving Data from Old Location to New Location	https://postcode.auspost.com.au/product_display.html?id=5
Green Paper	NSW Productivity Commission	Green Paper	https://www.productivity.nsw.gov.au/green-paper
Freight Movement	BITRE	Progress in Australian Regions Yearbook 2019	https://app.powerbi.com/view?r=eyJrIjoiMDE2N2FlNWYtZTdmMC00YmJiLThmYWQtMmU5ZTNmNWNhZGU0IiwidCI6ImFhMjFiNjQwLWJhYzItNDU2ZC04NTA1LWYyY2MwN2Y1MTc4NCJ9
Regional Research Organisations	Australian Housing and Urban Research Institute Limited	COVID-19 Impacts on Regional Australia (Tasmania)	https://www.ahuri.edu.au/__data/assets/pdf_file/0023/67145/AHURI-Final-Report-354-Pathways-to-regional-housing-recovery-from-COVID-19.pdf
DPIE	DPIE	Try Before You Buy' Renting	https://investors.rent.com.au/irm/ShowListItems.aspx?CategoryID=406
Rental Bonds- NSW Gov	NSW Fair Trading	Rental Bonds Data as of December 2020	https://www.fairtrading.nsw.gov.au/about-fair-trading/data-and-statistics/rental-bond-data
Employment	SEEK Research	Regional Research on Job Openings	https://www.seek.com.au/about/news/covid-12-months-on
Temporary Accommodation	AirDNA	AirBnB Bookings and Rental Data	https://www.airdna.co/vacation-rental-data?hsCtaTracking=b511a5f9-84ea-46b9-a074-b42739dcdee5%7Cfd7b48e0-4cb7-4bf4-a2f4-cccf945528be