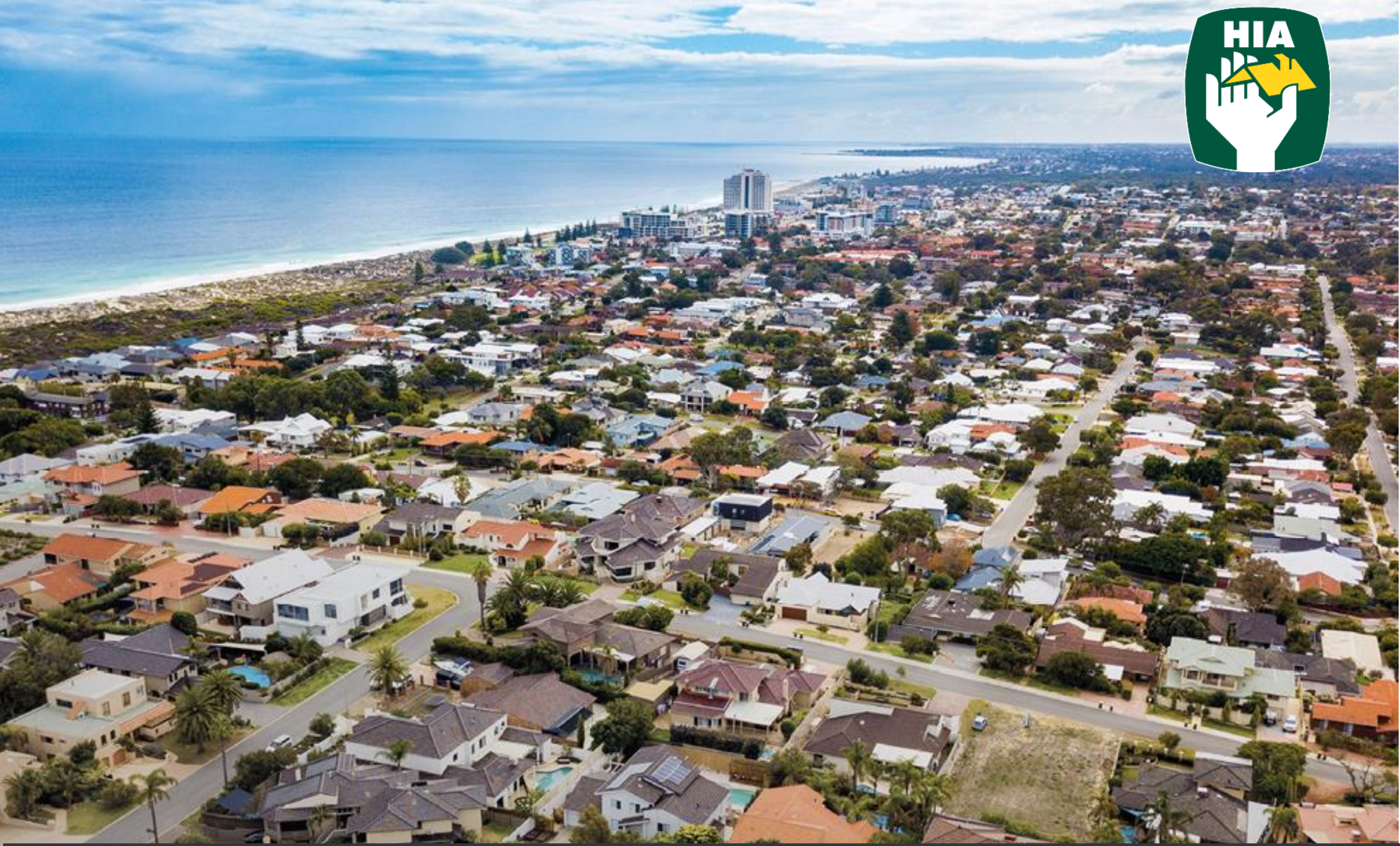

Housing the Regions

The Plan to House Australia's growing regional population

September 2025

Executive Summary

Australia is the sixth largest country in the world with a total land area of **7 688 287km^2**. It's about the **same size as the 48 mainland states of the USA and 50 per cent larger than Europe** but has the **lowest population density in the world** – only two people per square kilometre.

Australia's current population is **27,992,200**. Whilst Australia's population has historically been concentrated in the major capital cities, over the past five years this has started to shift and now nearly one third of Australian's live in regional Australia.

The number of Australians moving from cities to the regions continues to grow, this trend is expected to increase in the coming years as more people get priced out of living in metro areas.

Meaning there is **8.5 million Australian's** are now living in regional Australia.

This cohort is often underrepresented in the debate on population, migration, housing, GST distribution, infrastructure investment, the climate change debate and broader societal matters.

The Housing Industry Association (HIA) strongly contends that the **voice of regional Australia** needs to come to the fore and **get a seat at the table on key decision making** on the issues that matter to Australian's going forward and not just assume that the 'bush' will follow along with **decisions made on their behalf**.

Cost-of-living pressures biting

City-dwellers are increasingly moving to regional centres, the pandemic triggered relocations for many Australians, but the tree and sea change is here with people voting with their feet and **making a conscious decision** to live in regional Australia.

This movement in population can no longer be seen as a quirky flow-on effect from the lockdown years. A **societal shift is underway**.

With **high house prices and cost-of-living pressures biting**, many people are realising the regions can offer the lifestyle they want and the jobs they're after, minus big city problems - like long commute times, tolls and traffic.

Regional Australia offering economic and employment opportunities

Many people are making a conscious choice to opt for large regional centres which are **buzzing with business activity** and **investment opportunities**, offering a great range of employment opportunities and **better bang for the buck** with housing choices.

High rates of internal migration, whether from big cities or regional centres, show families want a combination of an idyllic lifestyle with adequate access to services and housing.

A structural shift is under way as relatively **strong economic conditions** in many regional areas and perceived greater availability of housing pushing city residents away from the major capitals and towards the bush.

The past stereotype of the only people moving to the regions being the pre-retirees looking to pursue retirement plans is no longer true, with **millennials being the largest cohort** buying up in regional Australia.

The stats don't lie

Regional Australia has become the nation's new frontier and population, and other data is showing the population movement is a sustained new trend, that is higher than COVID-19 migration patterns.

In the last June 2024 quarter, **27 per cent more people moved** from cities to regional Australia than in the other direction.

Over the course of the past year there was a new flow of 11.2 per cent of movers heading from cities to the regions.

Around three-quarters of city dwellers moving to the regions have settled in NSW or Victoria over the past twelve months, up from half of all movers last year. **Regional NSW accounted for the largest share** of all net regional inflows at 42 per cent.

The regions provide so much: affordability, a sense of community, fulfilling career options and green space.

The population disbursement of regional Australia is both its strength but also presents great challenges. There are presently 554 Local Government Areas (LGA's) of Australia, of which 404 LGA's are classed as being in regional Australia.

Of that 404 LGAs – 233 LGAs have a population of less than 10,000 people and these 233 LGAs as a collective provide under 3% of Australia's population. To put this in context the Brisbane LGA itself encompasses an equal 3% share of the population.

Not surprisingly, policy makers and politicians alike often focus attention on the higher concentration areas of the capital cities as the reach and connection and diversity of issues relevant to the equivalent 3% of the population across the 233 LGAs is a much more challenging scenario.

Housing policies need to deliver for regional Australia

This shift highlights the **importance of the need for appropriate investment** in the regions to bolster services, skills and infrastructure needed to **support a growing population**.

Even more critically it reinforces the importance and **the need for a housing system that includes the volume of supply needed** and is adequately equipped to meet the growing demand for supply and **providing affordable housing options**.

Unfortunately, the **housing shortages** being witnessed in capital cities are **even worse** across nearly every regional town in Australia.

Three key factors, **hampering the delivery of more housing** in regional Australia are:

- access to shovel (build) ready land,
- lack of investment in necessary enabling infrastructure for new housing estates; and
- worker shortages in nearly every key role in construction from onsite trades to regional council staff needed to process planning approvals.

Planning and house approvals are a key challenge and the **planning systems** across these areas **are buckling under weight** of current approvals let alone addressing the significant increase of housing that **Australia desperately needs**.

House approvals **are taking longer than ever** to get through local councils, and this is exacerbating Australia's worsening housing and rental shortages, and this is **even more pronounced** in regional Australia.

Builders are acutely aware of the **massive pent-up demand** for new housing in these areas, however, they also need the systems around delivery of more housing working for them – currently **the opposite is true**.

Measures to address undersupply of housing

Addressing housing shortages in regional Australia involves a multi-faceted approach. Here are several strategies that would help tackle the issue:

1. **Create and Enhance Regional Satellite Cities:** There is great opportunity to create and strengthen larger satellite cities as 'regional hubs' and prioritise investment and economic growth and services into these 'hubs' to support their surrounding communities and divert away from the current heavy reliance on capital cities.
2. **Give Regional Satellite Cities a Seat at the Table:** Empower regional 'satellite cities' with populations greater than 100,000 to get a 'seat at the table' and provide them a bigger say in key government policy decision making alongside National Cabinet.
3. **Promote Regional Development**: Support housing development in regional and rural areas. This could involve economic incentives, infrastructure investments, and programs to attract businesses and residents to these areas.
4. **Boost Supply of all Forms of Housing:** More homes of all types are needed across the housing continuum. Government policies cannot just focus on one type of housing, such as social housing and priortise this over private housing and private rental supply.
5. **Support Different Housing Options**: Encourage the development of a broad range of different housing typologies to meet different market segments and support consumer choice. Housing in all locations is needed, including greenfield, brownfield, regional and rural and infill housing.
6. **Incentivise Development**: Provide incentives for developers to build in regional areas. This can include tax breaks, grants, or streamlined approval processes.
7. **Fund Enabling Infrastructure:** Increase government investment in enabling infrastructure including water, sewerage, electricity, roads and other key services to supports new developments and get shovel (build) ready land delivered faster.

8. **Targeted Support for Households:** Provide targeted affordable housing options by working with community housing providers, non-profits and housing industry. Subsidies, low-interest loans and boosting regional housing guarantees.
9. **Fund Greater Investment in Social and Affordable Housing:** Government funding boosts to support the delivery of a larger volume of social, community and affordable housing options across regional areas.
10. **Streamline Planning and Approval Processes**: Simplify and speed up planning and development approvals to reduce delays and costs. This could involve adopting more efficient procedures, reducing red tape, and creating clearer rules for streamlined approvals.
11. **Increase Land Supply and Utilise Underused Land**: Release more land for residential development. This might involve rezoning areas, converting unused land, or redeveloping old commercial sites or converting agricultural land with careful planning.
12. **Implement Planning Reform Measures**: National Cabinet have committed to a 10-point National Planning Reform Blueprint that sets our key planning reform measures to enable the delivery of the National Housing Accord target of 1.2 million new homes over the next five years.
13. **Support Local Governments**: Equip local councils with the resources and tools they need to plan and manage housing development effectively and facilitate greater use of private planning consultants particularly for low rise housing to enable councils to focus on larger and more complex projects.
14. **Address Labor Shortages**: Support the construction industry by addressing shortages in labour across all areas of construction for both onsite and offsite personnel. Provide incentivise and targeted programs focussed on key in-demand workers and promotion programs on benefits and opportunities for undertaking a trade or traineeships.
15. **Create Training and Skills Centre Hubs & Provide Innovative Training Solutions:** Addressing the skills shortages requires a multi-pronged approach. Training and access to appropriate training facilities and programs is critical and this needs to be benchmarked against population areas and skills needs. Innovative training programs and offerings are needed to support this with greater support for micro-credentialling and skills centres or Hubs offering new and diverse opportunities.
16. **Utilise Innovative Building Methods**: Encourage the use of innovative and efficient building methods, such as modular construction or prefabrication, which can speed up construction times and reduce costs and overcome some of the labour shortages particularly in regional and remote communities.
17. **Encourage Migration**: Promote the benefits of living in regional areas through campaigns that highlight the lifestyle, lower cost of living, and job opportunities. Address barriers to migration, such as the need for relocation assistance or support for those moving with families.
18. **Encourage Private Sector Investment**: Foster partnerships between the public sector and private developers. Public-private partnerships can help finance and manage large-scale housing projects.
19. **Boost Local Economy**: Support local economic development to create jobs and stimulate demand for housing. A thriving local economy can attract new residents and retain current ones.
20. **Improve Infrastructure**: Invest in infrastructure such as transportation, healthcare, and education in regional areas. Improved amenities can make these areas more attractive to potential residents and businesses.

Each of these **strategies requires coordination** between governments, businesses, and communities to be effective.

HIA is calling for **bold leadership** by all tiers of Governments to address these key issues to enable regional Australia **to grow and flourish** and become a destination of choice and house a growing population and support strong local economies.