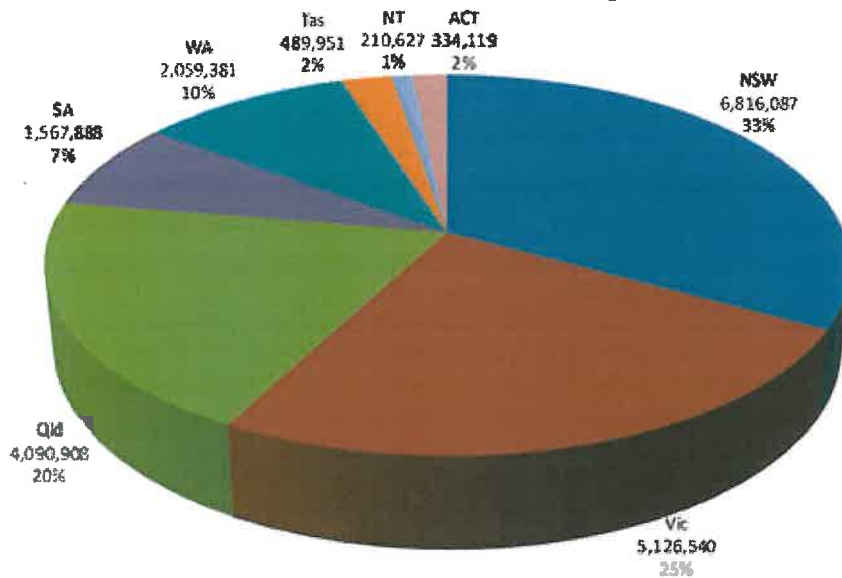


A Glimpse of Australia's Population in 2056?

The Australian Bureau of Statistics (ABS) recently released its population projections which highlight strong population growth between now and 2056. This week RP Data looks at these statistics and highlights some key findings from this information including: growth by state and capital city and the implications of such strong growth.

According to ABS population estimates as at 2007, New South Wales has the greatest population of all Australian states, accounting for one third of all persons followed by, Victoria (25%), Queensland (20%), Western Australia (10%), South Australia (7%), Tasmania (2%), Australia Capital Territory (2%) and Northern Territory (1%).

2007 State-By-State Estimated Population Profile

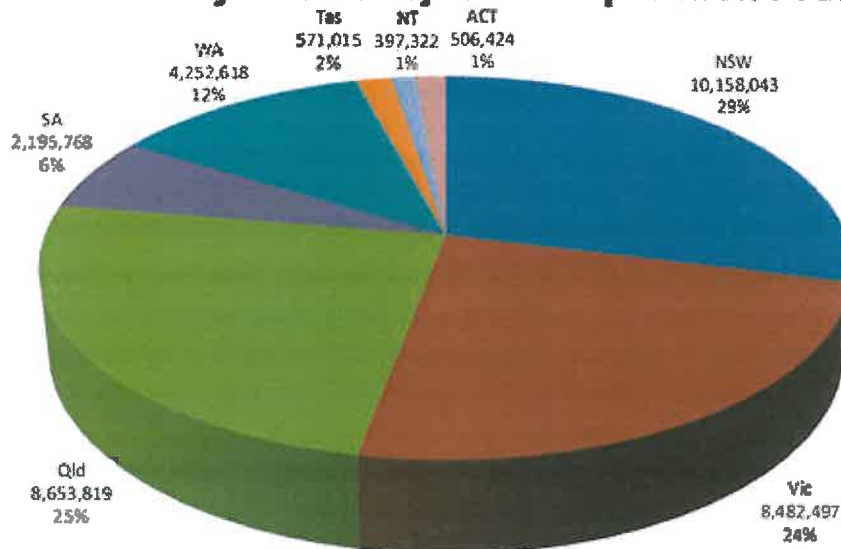


Source: RP Data, ABS

Recent ABS population projections suggest that by 2056 (49 years), the portion of total Australian population by state will change significantly. Although New South Wales will still be home to the greatest number of residents, it is projected that the state will only have 29% of all Australian residents compared with the 33% it currently houses.

In contrast, by 2056, Queensland will be the second most populous state and will house one quarter of all Australian residents compared to 24% of all residents which are projected to live in Victoria. Queensland is projected to overtake Victoria as the second most populous state in 2050. Western Australia's portion of the Australian population is also projected to increase with the states population growing from 10% of the total Australian population during 2007 to 12% of the total population during 2056.

2056 State-By-State Projected Population Profile



Source: RP Data, ABS

Essentially, this increase in population throughout all areas directly equates to demand for new housing. Based on a total population increase of almost 10.5 million persons between 2007 and 2056 a significant number of new dwellings will need to be delivered to cater to this strong demand.

On a state by state basis, Queensland will require the greatest number of dwellings over the 49 year period, with the population projected to grow by 4,562,911 persons. Based on an average household size of 2.6 persons, this equates to demand of 1,754,966 total households or 35,816 households annually, a conservative estimate given that households are becoming smaller.

Statewide projected population growth 2007 to 2056

State	2007 Population	2056 Population	Total Growth	Avg Annual Growth
NSW	6,816,087	10,158,043	3,341,956	0.8%
Vic	5,126,540	8,482,497	3,355,957	1.0%
Qld	4,090,908	8,653,819	4,562,911	1.5%
SA	1,567,888	2,195,768	627,880	0.7%
WA	2,059,381	4,252,618	2,193,237	1.5%
Tas	489,951	571,015	81,064	0.3%
NT	210,627	397,322	186,695	1.3%
ACT	334,119	506,424	172,305	0.9%
Australia	20,695,501	35,217,506	14,522,005	1.1%

Source: RP Data, ABS

By 2056, it is projected that Australian capital cities will record an increase in population of 10,429,036 persons and be home to 23,592,323 persons, indicating that 67% of all

Australian residents will live in a capital city area compared to an estimated 63.6% currently. The population growth within capital cities of 1.2% annually between 2007 and 2056 again, equates to significant demand for housing. In order to cater for this projected growth, significant densification of capital city areas will be required, which is likely to be achieved through higher density forms of housing.

Melbourne is the capital city which is projected to see the greatest increase in population between 2007 and 2056 with the population expected to increase by almost 3 million persons.

Capital City projected population growth 2007 to 2056

Cap City	2007 Population	2056 Population	Total Growth	Avg Annual Growth
Sydney	4,281,988	6,928,400	2,646,412	1.0%
Melbourne	3,743,015	6,734,991	2,991,976	1.2%
Brisbane	1,819,762	3,936,363	2,116,601	1.6%
Adelaide	1,145,812	1,644,040	498,228	0.7%
Perth	1,518,748	3,323,089	1,804,341	1.6%
Hobart	205,481	278,845	73,364	0.6%
Darwin	114,362	240,171	125,809	1.5%
Canberra	334,119	506,424	172,305	0.9%
Total	13,163,287	23,592,323	10,429,036	1.2%

Source: RP Data, ABS

Another interesting trend for future dwelling demand is the number of persons projected to be aged 65 years of age and older. As at 2007 the ABS estimates that 14.8% of the population (or 3,021,890 persons) is aged 65 years and older, by 2056 it is projected that 27.8% of the population (or 9,860,652 persons) will be aged 65 years of age or older. The significant growth of persons in this mature aged cohort is an important phenomenon for future housing demand. Persons in this age category are more likely to live either alone or in a couple, contributing to a decline in average household sizes. Also, this age group represents the greatest demand for lifestyle and retirement properties, as such, demand for developments catering specifically for this target market will become more common.

So what do these population changes mean for housing? Although consumer confidence is currently low and there are few buyers and lots of sellers, the projected rate of population growth suggests that ongoing demand for housing will continue to be strong. Based on supply fundamentals increasing demand for housing stock is likely to translate into future pressure on housing prices. One of the fundamental issues associated with population growth is ensuring appropriate levels of infrastructure, including transport, health care and schools are planned for and rolled out strategically. Planning and development of this infrastructure should precede or at the very least run in parallel with population growth rather than follow it, as has often been the case in the past. This is particularly essential for new affordable housing options being developed in the outskirts of the nations metro areas. It is these areas where commute times and costs make affordable housing an undesirable option for most of the market.

Source: REIQ