

# The Drivers of Regional Housing Markets in Australia: Evidence and Implications for Future Growth

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Approximately 40 per cent of Australia's population lives in rural and regional Australia, with all but the four per cent of households living on farms resident in country towns of greater or lesser size. Some of these urban settlements are growing strongly, while others appear to have changed little over the passing decades and a third group are in undeniable decline. The future of Australia's country towns is not assured: a decade ago Gordon Forth promoted significant debate and media comment with his argument that many smaller settlements are destined to decline and that the most sensible policy response would be to expedite and manage this process (Forth, 2000). Over the last decade even greater uncertainty has loomed on the horizon for country towns as debate around the social and economic impacts of anthropogenic climate change has suggested the demise of established patterns of agricultural production and the consequent closure of associated settlements. Demographic, governmental and economic processes have also contributed to the challenges confronting many country towns as services have been rationalised, younger people have moved to larger centres, the rural population has aged and economic development has stalled in some places.

This paper considers the role of housing markets in contributing to, or placing at risk, the sustainability of Australia's country towns. Housing is a fundamental feature of all settlements and—along with the labour market—both establishes the character of a town or city

and creates conditions which either preclude or assist further growth. Country towns where the housing market and the system of housing supply fails are simply unsustainable as the quality of the housing may not meet basic needs; high cost and/or low quality can serve as an impediment to in-migration; disposable incomes may be depressed by excessive housing costs; and, inward investment into a region may be stalled if there is insufficient housing for the workforce (Beer, 2004).

The paper begins with an examination of some of the key literature on housing in Australia's country towns, before examining contemporary housing market issues through case studies in Port Lincoln in South Australia, Zeehan and Queenstown in the West Coast region of Tasmania and Lismore in New South Wales. These four centres have been selected to capture the diversity of experience in housing markets across Australia. The paper then concludes with a discussion of policy and the potential for better integrating an examination of housing markets into future debates on the sustainability of Australia's country towns.

### **Housing in Australia's Country Towns**

Australia's regional population lives in a diverse set of settlements, ranging from relatively large regional cities of more than 100,000 persons, through to small remote settlements, Indigenous Homelands, agriculturally-based country towns, mining settlements and seachange localities. Wulff et al. (2005, 2007) acknowledged this diversity in their study of urban settlement types and in their development of a typology of rural and regional housing markets.

There is a small but important literature on regional housing markets in Australia that includes the *Rural*

*Centres Housing Study* (Econsult, 1989); *Beyond the Capitals* (Beer et al., 1994); research into the supply of rental accommodation (Hassell, 2002); and more recently work by Haslam McKenzie et al. (2008) into the nature and dynamics of housing in resource towns. This literature has identified a number of important themes, each of which will be discussed briefly here.

Housing affordability remains an important concern across Australia and while most studies have focused on the challenges of housing stress in metropolitan housing markets—and especially the largest cities—some work has paid attention to the challenges of affordability in rural and regional centres. Beer et al. (1994) and Beer (1998) calculated levels of housing stress for regional cities—centres with a population of 10,000 or more—for the 1991 and 1996 Censuses and concluded that housing affordability was as significant a challenge in regional cities as it was in the capitals. That is, while regional cities tend to have lower cost housing markets, this benefit is eroded by lower average incomes. Importantly, for this paper, the rates of housing stress in regional cities were found to be broadly comparable with those evident in the metropolitan centres.

The capacity for individuals and households to become ‘entrapped’ in low value housing was a theme emphasised within the Rural Centres Housing Study (Econsult, 1989). This research noted that households in declining small country towns may find themselves tied to homes they own that have little or no value within the market. These individuals are essentially victims of economic restructuring and their circumstances may be worsened by falling levels of public and private service provision. James (2009) noted that many older farmers and residents of small county towns in South Australia’s Mallee region feel that they are forced to leave their region in order to secure

services in a larger regional centre—Victor Harbor or Murray Bridge—or move to the state’s capital (Adelaide). James’s (2009) work suggests that the housing market processes and dynamics identified two decades earlier continue to exert a strong impact on regional housing markets.

Regional housing markets are seen to offer limited services for the most vulnerable in the community. A range of studies have noted that regional housing markets are often marked by few support services (Beer et al., 1994). Various authors have noted that few support services are available to homeless people, and especially young homeless people (Beer et al., 2005; 2003; see also Council to Homeless Persons 2005; Johnson 2007), women fleeing violence in the home (Tually et al. 2008; also Chung et al. 2001), immigrants (Missingham et al., 2006) and persons affected by a disability (Kroehn et al., 2007; Beer and Faulkner 2009).

The adequacy of housing supply processes have been examined in a number of studies. Much of this research has highlighted the fact that country towns with strong economic growth may easily outstrip their housing markets. Put simply, housing supply processes are often inadequate to meet needs. Problems of inadequate housing affecting regional economic performance affected the wine regions of South Australia at that start of the 21st Century (Beer et al., 2003), the expansion of mineral sands processing in Hamilton, Victoria several years later, and most recently, the Pilbara in Western Australia. The WA Government has commissioned a number of investigations into the adequacy of rental supply, while the SA Government’s Office of Regional Affairs commissioned the Regional Workforce Accommodation Solutions Study (Hassell, 2002) as one way of identifying policy solutions for the gap in housing supply. Critically, housing in regional areas is

seen to be affected by a relatively small supply industry (Beer et al., 1994) and often inappropriate levels of planning regulation (Hassell, 2002). Private rental housing is especially challenged with Beer (2001) suggesting that the shortfall in supply is largely due to an inadequate flow of investment capital. This difficulty has been exacerbated in some markets by relatively high rates of household growth.

The housing market processes associated with the Seachange phenomenon has been another important trend discussed in the literature on regional housing markets (Salt, 2004; Gurrán et al., 2008). Recent research (Wulff et al., 2007) has highlighted the ways in which seachange processes have generated new dynamics within housing markets, including growth in second home ownership and rising house prices that may result in reduced affordability and poorer access to housing for long term residents (Costello, 2009; Squires and Gurrán, 2005). This body of work mirrors research in other nations that have highlighted the impact of leisure related housing development in attractive locations—coastal and otherwise (Paris et al., 2009; Paris, 2008; Hall and Muller, 2004).

The impact of the resources boom on some regional centres has been highlighted in a number of studies (Haslam McKenzie et al., 2008, 2009) and work in this area has focused on the nature, level and impact of the resources boom on these housing markets. Key themes have included the impact of fly-in, fly-out work arrangements, the high cost of housing, the quality of accommodation, the need for innovation in supply and the differentiation in wages received by mining personnel and those in support industries. The resources boom has resulted in substantial change in some housing markets as a consequence of both economic and population growth, with much of this change concentrated in regional Western

Australia, Queensland and—to a certain extent—the Northern Territory. It is likely that South Australia will experience comparable growth pressures in the foreseeable future.

Indigenous housing is a key concern in any examination of regional housing markets (Beer et al., 1994; Haslam McKenzie et al., 2009; 2008). Australia's Indigenous housing population is over-represented in regional housing markets and many of the problems associated with Indigenous housing—overcrowding, poor standards, inadequate infrastructure, low incomes, and the impact of cultural practices—are most evident in regional, not metropolitan, housing markets. Current policies that question the continuation of 'Homelands' and the creation of new housing options based on the lease of Indigenous-owned lands relate to regional—rather than metropolitan—housing markets, and create new dynamics both for policy and our understanding of such housing markets.

### **Insights from Australia's Country Towns in the 21<sup>st</sup> Century**

Australia's country towns are diverse in their geography, size, economy, population structures and cultural backgrounds. Many are no longer dependent upon agriculture as their primary industry, with minerals, tourism, recreation, lifestyle and retirement migration, defence, administration and retail functions all critical to the wellbeing of individual country towns. The case studies considered here attempt to capture this diversity through an examination of housing market processes across three states, in a variety of settings and with exemplar settlements of varying size. It is not possible in a paper of this length to capture all of the complexity evident in the housing of country towns across Australia, but the examples given here are indicative of trends across the nation.<sup>1</sup>

### ***Zeehan and Queenstown, Tasmania***

Zeehan and Queenstown are two of the five main towns in the West Coast Council<sup>2</sup> on the remote west coast of Tasmania. Queenstown is the largest town in the region, and at Census 2006 had a population of (2,117), including 154 Indigenous people (7.3 per cent of the population) (ABS, 2007d). Zeehan is a much smaller settlement, with a population of 846 persons at Census 2006, including 52 Indigenous people (6.1 per cent of the population) (ABS, 2007e). Both localities have relatively young populations—reflecting the age of the local (largely mining) workforce, as well as the out migration of people of retirement age—unsurprising given the lack of services for older people noted in interviews with key locals.

Both towns are discussed here as their housing markets operate very differently with local economic development strongly influencing the strength and fortune of each market. Mining, and to a lesser extent tourism, are the key industries in Queenstown and until recently this was also the case in Zeehan. Queenstown is the service centre for the West Coast region, with higher order service centre functions (including mineral shipping) performed by Burnie, approximately 200 kilometres north of Queenstown. Mine infrastructure dominates the landscape in Queenstown.<sup>3</sup>

Zeehan recently experienced a short-lived mining revival with the (underground) Avebury mine near Zeehan commissioned in June 2008 only to be placed into 'care and maintenance' in December of that year after the sharp decline in nickel prices due to the Global Financial Crisis. The opening and subsequent mothballing of the mine had sharp and immediate effects on house prices in Zeehan but not Queenstown. Mining companies and the hydro-electricity companies built many of the houses across the



region and have sold off the majority of this stock over recent decades, preferring instead to lease back properties from the private sector or for their workers to purchase/rent privately. Some congregate accommodation for mine workers has also been built locally to house fly-in-fly-out workers.

A key concern in both Queenstown and Zeehan is the quality and type of local infrastructure, and this varies between the towns (and across the broader region). The small residential population and commercial foundation of each town, and consequent small rate base of the council, clearly affects the quality and range of local infrastructure and available services (health, education etc). The cost of providing services and infrastructure in the region is high because of remoteness from major urban centres. This high cost then limits the range and extent of infrastructure provision, as well as the capacity to undertake timely maintenance (including for such things as roads and housing). This in turn affects the attractiveness of each town for permanent residents. Many of the key stakeholders in the region commented that mine workers and better paid professionals in the region often live apart from their families because of the lack of local services. There is an exodus of youth from the region at key phases in their schooling (at transition to high school, years 10, 11 and 12).

The housing markets in both towns are low growth, but as has been the case across the country, house prices and rents have increased considerably over the last decade (from a low base). One local stakeholder noted that house prices in the late 1990s in the region were as low as \$6,000 and in one instance 6 blocks of land changed hands in one of the local hotels on a Friday night for \$50 total.

By comparison to other areas of Tasmania (and Australia) housing is relatively affordable in Queenstown and especially Zeehan, although analysis of 2006 Census data shows that one in eight households in the region are in housing stress (Tually et al., 2010). The quality and age of housing across the region is problematic, and particularly in Queenstown, and as one key informant noted 'there is lots of poor quality housing that people shouldn't be living in and then another level of housing that we can't attract people into, particularly professionals and families'. A number of stakeholders emphasised the need for a housing demolition and replacement grant to improve the quality of housing and their environmental sustainability. Much of the housing stock is 'past its use by date and useful life'.

Zeehan (and to a lesser extent Queenstown) saw significant speculative investment in housing during the period from 2003-2008. Such speculation was largely driven by interest from 'mainlanders' seeking dwellings offering good returns at the cheap end of the market. In Zeehan investor demand was further driven by a number of exposés of the town in 2006 promoting it as an investment hot spot (see Wild, 2006; Australian Property Investor Magazine, November 2006); including a story on one current affairs programs revealing the town was the cheapest for housing in Australia.

The mothballing of the Avebury mine in Zeehan in late 2008 saw house prices plummet, and a number of investors in the town defaulted on their mortgages, resulting in a significant number of mortgagee sales in 2010. Currently, Zeehan's housing market is depressed and unlikely to recover from this position until the Avebury mine reopens. Business closures have been too common in 2010. Recent moves by the operator to review mine operations at Avebury, has inspired some confidence in

the town, though no formal commitment has been made to reopen the mine at this stage (Ford, 2010).

Housing (and services) specifically for the aged is limited (only available through the Queenstown hospital) or non-existent, so too is housing for Indigenous people. Only a very small number of public housing properties are scattered throughout the region (about 50), and Housing Tasmania notes that there is low demand for properties—because local people know that such housing is not available and therefore do not apply for it. The Council has been in talks with the state housing authority to take over their remaining properties and manage their properties through an a community housing organisation.

Local stakeholders report that an ongoing problem for the region is that it is considered affordable by government and thus the area is not a priority for assistance. This view, however, does not recognise that the poor quality (and age) of local housing and that the lack of good housing is a barrier the region as a place to live and work. Some land is available for further housing in each of the communities, however, building costs are prohibitively high.<sup>4</sup>

The housing markets in both towns increasingly face challenges due to the significant tightening of credit for housing locally and the risk management/aversion strategies of financial institutions. The reality is that many of the postcodes in the region are not 'preferred' areas for lending and deposit requirements for housing have tightened, affecting the purchase and rental sectors. Moreover, a large number of investors have recorded significant losses in Zeehan and this has affected investor confidence as well as the willingness of banks to loan funds for homes and commercial/business development. Second, 'you can count the number of first homeowners in the region now on one hand'. As with other areas of

Australia, first home buyers have dried up significantly since the reduction in first homeowner's grants.

Plans have been mooted on the West Coast for a Royalties for Regions<sup>5</sup> scheme to fund community and regional development infrastructure, however, these discussions are in their infancy. Such plans aside, the clear challenge for the region remains, as a local council officer noted 'how to promote the region as a destination and place to work'.

#### ***Port Lincoln, South Australia***

Port Lincoln is the major regional centre on the west coast of South Australia. It is located at the tip of the Eyre Peninsula, around 650 kilometres from Adelaide. At June 30 2009 Port Lincoln had an estimated resident population of 14,593 people (13,602 at Census 2006) (ABS, 2007b). The City has had an average annual growth rate between 2001 and 2009 of 0.7 per cent (ABS, 2010). Just on five per cent of the population of the (Regional) City is Indigenous (Census 2006) (ABS, 2007c).

The City has a significant population aged over 65 and is a retirement destination for people from the broader Eyre Peninsula in particular. Average incomes in the town are higher than for South Australia as a whole, reflecting the wealth of some residents. In saying this, it is important to note that while Port Lincoln itself boasts the highest per capita number of millionaires in Australia, the City has much larger numbers of low and moderate income earners.

Fisheries, agriculture, tourism and regional centre functions are the key industries in the region. Port Lincoln badges itself as the 'Seafood Capital' of Australia. The fisheries industry in the region has weathered turbulent times over the last decades (including near collapse of the

tuna industry in the region in the late 1980s-mid 1990s [Debelle, 2006; Treadgold, 2006])<sup>6</sup> and prices within particular fisheries have been relatively flat for the last three years.<sup>7</sup> Despite these challenges, the industry remains highly profitable, held up in some ways by diversification of the industry into aquaculture. The City has long been one of the key ports in South Australia and these facilities support other activities in the region including grain, wool and livestock.<sup>8</sup>

Port Lincoln's housing market has typified house price movements across regional South Australia over the last 10 years. Housing affordability is a serious local concern and analysis of 2006 Census data reveals that 18 per cent of households (owners and renters) are in housing stress. Consequently, social support services in the town note continuing high demand for affordable accommodation and there are rough sleepers in the area. Social housing is in high demand and some of the stock in the town is in need of major refurbishment. A handful of properties have been built under recent housing policy, but not enough to meet underlying demand. The lack of traditionally 'affordable' properties for first and lower income home owners (priced under \$250,000) is seen by many local stakeholders as a brake on local economic development.

Median house prices and rents for the City have strongly trended upward for the best part of the last 10 years, flattening off significantly since late 2008. Local agents express concerns that there is now minimal movement within the market, and particularly movement of middle and higher income households (families) into 'better' housing locally. Such movement would free up homes for lower income earners and first entrants. Investors were present in the market prior to the GFC but have been absent since then, as have first homebuyers who disappeared from the market with the reduction in the FHOG. Informants

attribute this to the tighter lending conditions being imposed by financial institutions<sup>9</sup> and the much higher price of entry level housing in the market. Building in the town is expensive, primarily because of the uneven topography of the town (adding an estimated 30 per cent to building costs) and this hinders the supply of housing.

The City faces future challenges in terms of land supply for housing (and commerce) because of geography and topography. The City limits include a tract of national park on one perimeter with the coast also limiting further expansion of the town. One notable new development on the outskirts of the Port Lincoln City boundary has just been released, and stage three of the popular Lincoln Cove Marina (at the upper end of the price scale) is proceeding through the approval process, but aside from these projects development potential is minimal. Some blocks are available within the town limits in the \$100-120,000 price range, but these have been slow to sell lately and first home buyers are seeking land priced at under \$100,000s. Critically, the housing footprint of the town has reached its geographical maximum.

#### ***Lismore, New South Wales***

Lismore is situated in northern New South Wales just inland from the coast. Lismore City Council had a population at Census 2006 of 42,210 persons, with an estimated population in 2008 of 42,225. Of that total, 27,067 were enumerated as living in the Lismore urban area in 2006 and 4.2 per cent (1,140 individuals) living in the urban centre were Indigenous (Lismore City Council 2008).

Lismore serves as a major regional centre for the Northern Rivers region and is also emerging as a major educational centre, with the Southern Cross University

adding to both population growth and the demand for housing. In the past dairying was a major industry, as was beef production, but much of Lismore's current growth reflects the consequence of population growth at a regional scale with substantial numbers of seachange arrivals stimulating growth. While much of the seachange in-migration is focussed on the nearby towns of Ballina, Evans Head, and Coffs Harbour, ancillary employment spills over to Lismore. In this sense Lismore serves as the focus for a broader regional housing market, with the city offering more affordable housing than that available on the coast. One consequence is large scale commuting, with low income earners living in Lismore and working along the coast travelling out of the city in the mornings and back in the afternoons, while higher income earners working in Lismore live on the coast and travel into and out of the city on a daily basis. As several informants in the region noted, this pattern is not sustainable in a social or environmental sense.

Housing in Lismore may be more affordable than housing closer to the coast but it is not by any objective measure affordable. At the 2006 Census 23 per cent of households in the urban area were in housing stress, with 1,221 low income renting households and 267 low income home purchasers paying more than 30 per cent of gross household income for accommodation. Students have a significant presence in the low cost rental market, with individuals renting rooms in houses that have been partitioned specifically to supply accommodation for this group. House prices rose by 18 per cent between 2007 and 2010, with the average price of a house rising from \$284,000 to \$347,000.

The Indigenous population of Lismore is confronted by significant challenges with respect to their housing. In common with virtually all of Australia, it is a significantly

younger population—median age of 19 compared to the city average of 39—and incomes are much lower. The median household income for Lismore in 2006 was \$769 per week compared with \$6111 for Indigenous households, but this gap was much more profound for individuals, with weekly median individual incomes of \$272 per week for the Indigenous population and \$381 per week for the non-Indigenous population (Lismore City Council 2008). Indigenous people are much more likely to be unemployed than the non-Indigenous population with 25 per cent out of work amongst the former, and 9.2 per cent for the non-Indigenous population. The disadvantaged labour market position of Indigenous Australians affects their engagement with the housing market and local stakeholders suggest there is both discrimination against Indigenous households, especially in the private rental market and a ‘crowding out’ of Indigenous households by those with a greater capacity to pay. Students in particular look to occupy similar housing at the lower end of the rental market. Perhaps inevitably, some 17 per cent of Indigenous households occupied government owned public housing in 2006 (ABS, 2007a) but demand for such accommodation far outstripped supply.

### **Sustainability and Lessons for Public Policy**

Sustainability is a term that has come to have many meanings within policy, public debate and in academic research. Commonly, scholars in this area identify four dimensions of sustainability: environmental, economic, social and cultural. Housing touches upon all four aspects of sustainability: it is an important conduit for the transmission of social and cultural values; its construction and use has implications for the generation of waste and the use of natural resources; it is an important component of local economies; and, it is a social asset that adds the liveability of a locality. In some respects questions of social



sustainability are of most acute interest. Researchers such as King (2008) on the one hand, and Littig and Griessler (2005) on the other argue that social sustainability is fundamental to the satisfaction of basic human needs and the continuation of culture. McKenzie (2004, p. 120) defined social sustainability as ‘a life-enhancing condition within communities’, that includes equity of access to key services (including health, education, transport, housing and recreation), as well as equity between generations, meaning that future generations are not impoverished by the decisions and actions of the present generation. This perspective is critical as the three case studies have shown that housing is not sustainable in many of Australia’s country towns: much of the housing is simply unaffordable; many low income earners are forced to meet the expense—and cost to the environment—of extended commuting for employment; housing markets are vulnerable to perturbations in the global economy and their consequent knock-on effects regionally; and, that in some instances the housing stock simply does not meet basic human needs.

The high cost of housing in many country towns is one of the ways in which many housing markets in country towns are simply unsustainable. The level of housing stress was calculated for 500 rural and regional Statistical Local Areas (SLAs) across Australia for the 2006 Census. As Table 1 demonstrates, slightly more than one in five SLAs across non metropolitan Australia recorded rates of housing stress in excess of 20 per cent of the population. In more than 60 per cent of instances, the rate of housing stress ranged between 10 and 20 per cent of all households, a rate comparable with many metropolitan regions. High house prices and unaffordable housing undermine the sustainability of country towns in a number of ways: first they erode the competitive advantage of rural

centres and their capacity to attract new industries; second they reduce the quality of life within communities and may contribute to both higher levels of mobility and greater levels of social exclusion; and, they reduce discretionary expenditure that might otherwise sustain additional employment. As the Lismore case study showed, competition for housing can be acute, especially in the lower end of the housing market and it is those who are already disadvantaged who are most likely to miss out on affordable and appropriate accommodation.

**Table 1. Housing Stress by SLA, 2006 Census.**

<b>Proportion in housing stress</b>	<b>Number of SLAs</b>	<b>Examples</b>
0-9.9 per cent	61	Port Headland, Roxby Downs, King Island
10-19.9 per cent	334	Wakool, Naracoorte and Lucindale, Bourke, Katanning
more than 20 per cent	105	Lismore, South Gippsland, Horsham, Cowra

The weakening of communities is a second way in which the social sustainability of country towns is undermined by contemporary housing market processes. The processes of ‘seachange’ and ‘treechange’ migration limits the capacity of a region’s established population to buy into the housing market and maintain their community links. The Lismore case study noted that seachange migration to the North Coast had profoundly reshaped the regional housing market. Two of the SLAs in that region were recorded as having amongst the highest levels of housing stress in rural and regional Australia, with both Byron SLA and Clarence Valley Part A (Coast) having 26 per cent of households in housing stress. Rapidly escalating house prices exclude many segments of the regional population who often have more limited resources than the incoming population and in the case of the Northern Rivers, the new arrivals are affecting an area with a profoundly developed

sense of 'village life' where kinship and friendship ties are keenly developed.

The physical inadequacy of housing in some country towns is a third dimension to the limited sustainability of some country towns. While there is no clear evidence of a relationship between housing and health for non-Indigenous Australians, we must suspect that in some country towns in poorer regions that are either damp, or affected by extreme heat or winds, individuals suffer adverse health because of their housing. Zeehan and Queensland exemplify this set of processes, with a poor quality and older housing stock unable to provide accommodation that meets contemporary standards. Key questions should be asked about the rate of respiratory illnesses within this housing, as well as the impacts on mental health. The fact that those who can afford to live elsewhere leave their families in other regions with better housing clearly flags the limitations of this stock and these are shortcomings that are not addressed by government policies. Somewhat perversely, Zeehan and Queenstown's 'affordable' housing stock is seen as an asset for the region rather than as an indicator of a structural deficiency.

The inability of the housing supply system to keep pace with demand is a further indicator of the challenges to social sustainability within the housing markets of Australia's country towns. In Lismore, Queenstown, Zeehan and Port Lincoln the processes of housing supply were unable to meet demand and supply affordable housing. On the West Coast of Tasmania, a shortage of investment was the greatest difficulty, and this problem had been exacerbated by a tightening of credit conditions following the GFC. In Lismore and Port Lincoln the challenge was finding sufficient land for low to moderately priced housing, with both social and physical barriers to supply ultimately affected price. In Zeehan and Port

Lincoln the cost of construction was also prohibitive, with relatively few builders bidding for work.

The growing extent of regional labour markets and the need for long distance commuting to find work presents additional challenges for the sustainability of housing in country towns. In and around Lismore the labour markets and housing markets have bifurcated, with low skilled employment available on the coast but the housing they can afford available in Lismore. Extended community patterns carry an environmental cost, but also a social cost in terms of higher travel expenditures, additional stress and less time for discretionary activities. In Zeehan and Queenstown the challenge is even more acute: with the key industry in the region partly dependent upon flying in personnel, and the region overall, a captive to the vagaries of world commodity prices. Perhaps more fundamentally, we would suspect that the mining industry would be able to secure its labour force needs locally if the region had an effectively operating housing market.

The inadequacy of services in many country towns is the final aspect of social sustainability to be examined here. In all of the case studies considered in this paper, there were profound gaps in the provision of infrastructure and social services, including aged care, health, community support, Indigenous services, disability support and family services. Even in Port Lincoln, a relatively wealthy country town, low and moderate income households outnumbered those on high incomes, and did so by a considerable margin.

There is a clear and on-going need for greater governmental direction of the housing markets in country towns. This should include an enhanced level of attention from planning authorities, strategic investment by social housing providers, the development and implementation of regional infrastructure plans, and targeted actions to

improve housing affordability in these centres. There is some evidence that governments and political leaders are becoming aware of these issues. Prime Minister Gillard commenced her campaigning for the 2010 Federal election with a commitment to provide \$200m for housing related infrastructure in regional cities across the nation (ABC News Online, 2010a). While only certain centres would be invited to apply (ABC News Online, 2010b), this pledge indicates a fundamental shift in both regional development and housing policies.<sup>10</sup> We can only hope that this is the start of a more comprehensive policy engagement with housing in country towns.

### **Conclusion**

This paper has shown some of the important changes in some housing markets across Australia over recent times. The discussion is an important and timely contribution to regional literature given the dearth of analysis of such markets generally, and particularly over the last decade. Investigation of housing markets over this period is particularly important because of rapid house price boom, continued economic restructuring and diversification in regional Australia, and major changes in both government policies and global and regional economic markets, with implications for regions and their labour markets and housing markets.

The discussion shows the need for more investment in Australia's country towns—in local labour market development, as well as housing. The reality is that the former will be deficient if the local housing market is not balanced and properly functioning. Addressing the current crisis in regional housing markets is crucial if county towns are to be sustainable into the future and to avoid the situation which we know anecdotally is occurring in some places (such as Deniliquin in NSW) where the housing market (and indeed the township) is facing collapse as a

result of challenges to local industry and economic development brought about by anthropogenic climate change.

Balanced and properly functioning housing markets are crucial for the survival of settlements of all types and, as such, must be more closely monitored over the coming decade.

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<sup>1</sup> More exemplars of the diversity of regional housing markets in Australia are provided in a forthcoming report by the authors and colleagues for the Australian Housing and Urban Research Institute.

<sup>2</sup> The WCC is the second smallest LGA in Tasmania in population, and at June 30 2009 had a population of 5,242 (ABS, 2010). The population of the area has been basically stable at around this level since the mid 2000s, however, population decline has been an ongoing concern for the region most recently since the early 1990s (ABS 2002; see also discussion paper by the Cradle Coast Population Taskforce (Cradle Coast Authority 2003)).

<sup>3</sup> Both Zeehan and Queenstown were the third largest towns in Tasmania in the late 1890s and early 20<sup>th</sup> Century respectively—Zeehan with a peak population of 8-10,000 people and Queenstown with around 5,000 (Harman 2006; Alexander 2006).

<sup>4</sup> Additionally, it is difficult to find a local builder with capacity to build.

<sup>5</sup> See <http://www.royaltiesforregions.wa.gov.au/Content/MajorProjects/RGS/Default.aspx>.

<sup>6</sup> When (voluntary and then compulsory) quotas were introduced to wild Southern Bluefin Tuna catches in Australia (the vast majority of which occurs off Port Lincoln), Japan and New Zealand—formalised with the establishment of the Convention for the Conservation of Southern Bluefin Tuna in 1994 (CCSBT n.d.). These measures were introduced to counter stock depletion due to over fishing,

<sup>7</sup> Due to such effects as the higher Australian dollar (affecting the price and attractiveness of exports regionally and nationally), as well as the impact of the closure of some local canning and processing facilities, new limits on some seafood catches imposed at the state level (e.g. lobster) and decreased demand from key international markets such as Japan.

<sup>8</sup> Agriculture was traditionally the main stay of the Port Lincoln economy.

<sup>9</sup> Including stricter requirements for deposits, length of service in employment, and only financing housing in certain areas and not others.

<sup>10</sup> Newcastle; Wollongong; Tweed Heads; Wagga Wagga; Albury; Coffs Harbour; Queanbeyan; Tamworth; Port Macquarie; Orange; Dubbo; Nowra; Bathurst; Ballina; Cessnock; Maitland; Gosford; Wyong; Lismore; Gold Coast; Sunshine Coast; Townsville; Cairns; Toowoomba; Mackay; Rockhampton; Bundaberg; Hervey Bay; Gladstone; Geelong; Ballarat; Bendigo; Wodonga; Mildura; Shepparton; Warrnambool; Traralgon; Mandurah; Bunbury; Kalgoorlie/Boulder; Geraldton; Mount Gambier; Launceston; Devonport; Burnie; and Palmerston