



**AUSTRALIAN CONSTRUCTION INSIGHTS**  
Research powered by HIA Economics

# Research Snapshot

2 July 2015

## Scratching Below the Surface of Population Growth

### Key Points:

- ABS statistics released last week confirmed Australia's population growth decelerated in 2014, but there was variation around the states.
- Demographic developments in New South Wales and Victoria imply strengthening demand conditions.
- NSW recorded improvements in net interstate and net overseas migration flows in 2014.
- Victoria recorded strong net overseas migration and record growth from net interstate migration.

### Update:

The figures show Australia's population reached 23.63 million at the end of 2014. This was an increase of around 330,000 people over the year and amounts to 1.4 per cent growth.

After reaching a peak rate of 1.8 per cent in 2012 (when the population increased by 400,500 people), the pace of population growth subsequently slowed throughout 2013 and 2014. The deceleration in growth has been a focal point of commentary following the ABS population release last Thursday. Much has been written about this aggregate profile – we are not going to revisit that here, rather, we're considering the internal migration and population dynamics currently at play.

The picture portrayed by the national-level figures is not representative of population growth and migration patterns in individual jurisdiction around the country. The states and territories had quite divergent experiences with regard to overseas migration, and when delving down below the national level there is the added complication of interstate migration flows.

Population growth in New South Wales and Victoria has performed particularly strongly during 2014. In contrast, Western Australia and Queensland are in the midst of a post-mining boom economic adjustment and these saw the rate of population growth slow. As a smaller and less diversified economy than WA or Queensland, the Northern Territory is more susceptible to population shocks and the post mining boom adjustment appears to have arrived in the form of an exodus.

Demographic development in South Australia and Tasmania reflect their status as the nation's two most underperforming state economies. These two states experienced significant population losses as a relatively large number of residents moved interstate. SA and Tasmania also experienced a lower net contribution to their respective populations from overseas migration.

Similarly, the Australian Capital Territory recorded relatively significant losses through interstate migration, although this was partially offset by a slight lift in net overseas migration.

### Drivers of Population Growth in 2014

Source: HIA Economics, ABS



### Insight:

The magnetism of a buoyant economy and the associated economic opportunities it provides is what ultimately drives population movements. People and business gravitate towards the locations where they have the greatest opportunities. In terms of migration trends in the current cycle, the two states of most prominence are NSW and Victoria.

The population of NSW increased by 1.4 per cent (103,011 people) in 2014. While this was a slightly slower pace than in the previous year, it is still a relatively strong rate of growth for the state when compared with a 25 year average of around 1.1 per cent per annum. There are two key drivers of the strong performance. Firstly, there was a significant improvement in the balance of interstate migration. While the state still recorded a net annual loss in population due to interstate migration (as it has for more than 20 years), the size of the loss more than halved in 2014. Secondly, while the national rate of overseas migration slowed in 2014, this was not the case in NSW. Net overseas migration in NSW increased in 2014, recording 1.9 per cent more migrants than the previous year.

The population of Victoria increased by 1.8 per cent (101,521 people) in 2014, which made it the fastest growing state in the country last year. While this pace was still slightly slower than in the year prior, it is still a strong rate of growth for the state when compared with a 25 year average of around 1.2 per cent per annum.

While strong growth from net overseas migration provided the lion's share of the latest growth (albeit by a smaller amount than the previous year), beneficial developments in the balance of interstate migration provided the cream on top. The net inflow of migrants from other states to Victoria in 2015 increased by 24.0 per cent compared with the previous year, and this took the level of interstate migration to a record high.

Population movements in WA are prominent for another reason. The waning of the mining boom has contributed to a significant change in the state's migration flows and population growth during 2014. The contribution from overseas migration essentially halved during the year. Net overseas migration contributed around 18,901 people in 2014, down from over 36,000 in 2013. Interstate migration to WA had all but dried up by the

end of 2013 but 2014 saw further deterioration. The state recorded a net annual outflow of residents to other states for the first time since 2003.

**Want to know more?**

Modelling of the impact of current and future demographic changes under varying economic conditions is an area of ongoing research for ACI.

Recent modelling of housing demand is presented in the Housing Australia's Future report which is available for purchase. In addition, quantitative results from a comprehensive set of scenarios generated by ACI's model are available in Excel format, at a national and/or state and territory level, at a competitive market rate. For further information please contact Stuart Hylton-Cummins or Kirsten Lewis at [info@aciresearch.com.au](mailto:info@aciresearch.com.au).

Components of Population Growth in 2014

		Australia	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Natural Increase	Last 12 months	146,067	38,731	36,181	34,362	7,100	21,616	1,457	2,856	3,739
	Annual Change (%)	-7.8%	-19.8%	-5.8%	-3.1%	0.6%	4.2%	-8.7%	-3.1%	-3.2%
	Contribution to annual growth	0.6%	0.5%	0.6%	0.7%	0.4%	0.9%	0.3%	1.2%	1.0%
Net Overseas Migration	Last 12 months	184,135	69,852	56,004	24,235	10,403	18,901	1,205	1,461	2,060
	Annual Change (%)	-14.8%	1.9%	-4.2%	-30.9%	-9.0%	-47.6%	-2.9%	-56.0%	4.1%
	Contribution to annual growth	0.8%	0.9%	1.0%	0.5%	0.6%	0.7%	0.2%	0.6%	0.5%
Net Interstate Migration	Last 12 months	NA	-5,572	9,336	5,598	-2,744	-400	-1,278	-3,392	-1,548
	Annual Change (%)	NA	-50.3%	24.0%	-18.8%	-30.4%	-108.3%	-12.5%	52.5%	309.5%
	Contribution to annual growth	NA	-0.1%	0.2%	0.1%	-0.2%	0.0%	-0.2%	-1.4%	-0.4%
Total	Last 12 months	330,202	103,011	101,521	64,195	14,759	40,117	1,384	925	4,251
	Annual Change (%)	1.4%	1.4%	1.8%	1.4%	0.9%	1.6%	0.3%	0.4%	1.1%

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