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'More growth going forward': Why now is the right time to invest regionally

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A $60 million spend by the NSW government on regional racing infrastructure and more housing estates, more than $4 billion invested in Victoria's Regional Rail Revival program, and $300 million poured into Australia's first 'smart city' in Queensland's Maroochydore: if there was ever a better time to invest in housing in regional Australia, not many people can imagine it.

"Also, as tree and sea changes become more popular than ever, Australians are moving to non-metropolitan lifestyles in greater numbers than ever before," said John McGrath, the chief executive of McGrath, which has just assessed the growing strength of the regions in its annual *McGrath Report*.

"This has already driven up prices significantly in many areas, but I predict more growth going forward as work-from-home becomes part of the new landscape. So, from an investment and capital gain perspective, I can see many lifestyle areas performing as well as, or better than, their city counterparts over the next decade."

The appeal of a sea change is increasing popularity in regional areas. Photo: Getty

The report details an extra 70,000 migrants in 2021 and another 100,000 last year, with soaring property values as a result.

And, it seems, more and more of us are recognising a good bet when we see it. The average distance between where investors live and where they spend their money is now 875 kilometres, according to MCG Quantity Surveyors, compared to 559 kilometres the year before, and 294 kilometres pre-COVID.

"Our research tells us that one in five people would now like to move to regional Australia," said Liz Ritchie, the chief executive of the Regional Australia Institute. "A big attraction is the job growth, which is three times what it is in metro Australia.

"We now have over 90,000 jobs available and, with a recent survey showing us that 50 per cent of regional recruiters aren't advertising because they're not finding what they need, that actual number could be as high as 180,000. So, with so many people coming in, and a lot more about to, as well as a 1.5 per cent rental vacancy rate, it's the perfect time to invest in housing."

The latest Domain statistics also cast a warm shine on the regional housing market for investors. With the median house rent in the combined regionals rising 6.1 per cent over the past year, and units rents 12.5 per cent, there are still great rental returns on offer.

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While prices have softened recently, that's little compared the mega-growth they experienced during COVID – in the year to March 2022 up to 26.4 per cent in regional NSW, and up to 25.3 per cent in regional Victoria.

“Growth is slowing in the regions, but we expect it to continue at a healthy rate,” said Domain chief of research and economics Dr Nicola Powell. “Prices are still very affordable when compared to the cities.”

Among the strongest performers in terms of price have been NSW’s Coffs Harbour, Murray and Mid North Coast, the South Australian outback and Tasmania’s Launceston area.

As for McGrath, he favours investment, in particular, in areas within two hours of the cities, like NSW’s South Coast, Central Coast, Hunter and Blue Mountains, Victoria’s Mornington Peninsula and Queensland’s Sunshine Coast.