
Australia's best regional towns for first home buyers^{me}

Uncovering Australia's top 20 towns for city dwellers to escape to for housing affordability and a lifestyle boost after the COVID-19 pandemic.

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About this report.

Industry super fund-owned bank ME commissioned independent research firm Ethos Urban to design, develop and produce this research project, which provides in-depth and critical insights into ideal property markets for first home buyers in regional Australia based on quantitative and qualitative analysis.

About ME.

ME is 100% owned by Australia's leading industry super funds.

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1.0 Executive summary.

ME, the bank owned by industry super funds, has crowned the top 20 regional towns in Australia for first home buyers looking for an affordable lifestyle boost after the COVID-19 pandemic.

The national winner is Nairne, South Australia, a 7-minute drive to local hub Mount Barker (which also ranked highly) and a 40-minute commute to Adelaide. Nairne has a vibrant and growing community expected to reach 6200 by the year 2036; good access to hospitals, schools and fast internet; spectacular surrounds in wine-growing country; and heritage streets that give it a 'lost to time' quality. A boom in new property developments in the town mean affordable modern housing is available for first home buyers.

ME commissioned the research from Ethos Urban, a national planning and urban economics firm with expertise in regional Australia. The report was prompted by a ME survey in June 2020 that found two-thirds (60%) of first home buyers were more likely to consider buying in a regional area due to COVID-19, to save money and improve their lifestyle.

The research involved two rounds of filtering. Towns that were too small, too big or with demographics less suited to first home buyers were excluded. A shortlist of 83 towns were then ranked on categories most relevant to someone working from home, such as internet quality, health and education facilities, and proximity to a major population centre. Housing affordability was given a double weighting.

THE FULL RESULTS ARE:

1. Nairne, SA.	11. Kilmore, VIC.
2. Bungendore, NSW.	12. Byron Bay, NSW.
3. Margaret River, WA.	13. Tanunda, SA.
4. Mount Barker, SA.	14. Nuriootpa, SA.
5. Kiama, NSW.	15. Mansfield, VIC.
6. Woodend, VIC.	16. Airlie Beach – Cannonvale, QLD.
7. Beechworth, VIC.	17. Wangaratta, VIC.
8. Dunsborough, WA.	18. Port Fairy, VIC.
9. Tatura, VIC.	19. Mullumbimby, NSW.
10. Lennox Head, NSW.	20. Castlemaine, VIC.

ME's consulting demographer Chris McNeill from Ethos Urban said the definitive list of Australia's top 20 regional towns would help first home buyers narrow their property search and find their ideal home in the bush or by the beach.

"We did a thorough national search right around the nation, looking for towns with just the right mix of lifestyle, amenities, housing market and natural beauty," Mr McNeill said.

"Like many Australians, I spent hours during the pandemic trawling through property websites, daydreaming of a rural getaway and a regional lifestyle. This list can help make those dreams reality. With working from home on the rise, now is a perfect time to escape to the country.

"All the towns in our top 20 are ideal for first home buyers, in different ways. Some are cheaper for the bargain hunters, others have the ideal beach lifestyle for those with bigger budgets."



2.0 How did we calculate the winners?

2.1 Research parameters

In order to refine the approach to the task, Ethos Urban and ME adopted the following parameters for a prospective first home buyer:

- The first home buyer (buyer) is presently a resident of a major metropolitan area. They are likely to presently reside in a capital city.
- The buyer wishes to re-locate to a regional town. The town should be of a critical mass such that it has basic infrastructure including a town centre, and ideally contain some level of educational and health infrastructure. That said, the town should be a genuine town, rather than a major regional city.
- Remaining connected to a capital city, or major regional centre is likely to remain important to the buyer. Although the buyer may work locally, they may also wish to travel to a larger centre for work, or for cultural, social or support reasons.
- Although it is not critical, it is assumed the buyer is more likely to be seeking work in a white-collar profession than in a blue-collar role.
- The town's character, vibrancy and physical surroundings are likely to be of importance to the buyer.
- Affordability is important to the buyer, though in most cases, housing affordability in regional areas will be more attractive than in major metropolitan areas. Even where this differential may be limited, it is noted that purchasing power (value for money) is generally better in regional towns than in capital cities.

Research such as this requires a significant number of assumptions to be applied to evaluate towns. The outcome of such an exercise changes based on the evaluation criteria applied and the weighting afforded the different criteria. Although some evaluation criteria are objective (sourced, for example, from ABS data), other criteria such as town character or the attractiveness of the physical landscape is a more subjective exercise.

2.2 Preliminary filtering

In order to provide an initial list of towns on which to apply a detailed level of evaluation, the following evaluation criteria were applied:

- A search was undertaken of regional Urban Centres/Localities with a residential population of between 3,000 persons and 20,000 persons. This range was determined using 2019 ABS estimated residential population data. The lower end of the range (3,000 persons) represents a threshold population for which a town generally has a critical mass of services and infrastructure. The upper end (20,000 persons) is considered to be a level at which the urban area ceases to be 'town' and begins to take the form of a more significant urban area or 'city'.
- A second layer of filtering was undertaken that selected towns within 200 kms distance of a capital city or within 50 kms of a major regional centre of 30,000 or more persons. A very limited number of 'iconic' Australian towns located beyond this distance filter were retained if they were believed to represent a location of economic substance (i.e. not reliant on one industry only, or of such iconic substance as to warrant additional evaluation).

The application of these two filters produced a list of approximately 275 towns. The towns in this list were sense checked to ensure they complied with the criteria outlined above and that they represented genuine towns rather than satellite residential areas of larger urban agglomerations. Towns that in reality act as part of a broader metropolitan area were also excluded. This reduced the list to 114 towns.

2.3 First round evaluation

The first-round evaluation criteria provided a series of filters based on datasets measuring occupational, educational attainment, age profile and income. These criteria were applied with equal weighting and ranked from 1 to 114. Their purpose was to establish towns likely to appeal to the demographic established in the research parameters.

FIGURE 1 – FIRST ROUND CRITERIA

First Round Criteria	Measure Type	Weight	Rationale
Share of White Collar Occupations	Quantitative	1	These criteria provide an indication of the characteristics of the community that first home buyers find attractive.
Share of Pop with Bachelor Degree or Higher	Quantitative	1	
Share 65 yrs+	Quantitative	1	
Share of Labour Force earning >\$1,000 (Weekly)	Quantitative	1	

Source: ABS, Census of Population and Housing 2016, Ethos Urban

The lowest ranking towns were then excluded from further analysis, while a list of 80 towns were determined to warrant a more thorough assessment.

2.4 Second round evaluation

Second round evaluation criteria looked at each town in more detail and assessed the more important characteristics for the target demographic; these included housing affordability, internet accessibility, town character and vibrancy, etc. Housing affordability was determined to be of significant importance and was provided double the weighting of all other factors. To establish final results, the four criteria from the first round assessment were retained and the additional eight evaluation criteria outlined in the following table were retained.

FIGURE 2 – SECOND ROUND CRITERIA

Second Round Criteria	Measure Type	Weight	Rationale
Accessibility to capital city or major regional centre	Qualitative	1	Towns needed to be within commuting distance to major employment areas.
Accessibility to health and educational facilities	Qualitative	1	Indicates availability of critical infrastructure to residents.
Town character and vibrancy	Qualitative	1	These indicate the desirability of the area, first home buyers looking in regional areas are generally looking for a tree change/sea change.
Physical geography of the area	Qualitative	1	
Housing affordability	Quantitative	2	Affordability is a key consideration for first home buyers.
Internet accessibility and quality	Qualitative	1	The ability to work from home is a key factor in the post-COVID-19 economy and first home buyers will be looking for areas where the internet access/quality supports this.
Recent population growth	Quantitative	1	An indicator of an active property market.
Unemployment Rate, Census 2016	Quantitative	1	Reflects the health of the local economy.

Source: ABS, Census of Population and Housing 2016, Pricerfinder, Department of Communications and the Arts, Ethos Urban

3.0 Research results.

3.1 National findings

The historic town of Nairne, nestled in the Adelaide Hills was the overall 'winner', followed by Bungendore, just east of Canberra, and Margaret River, in Western Australia's famous wine region.

FIGURE 3 – NATIONAL TOP 20

Town	State	Rank	Town	State	Rank
Nairne	South Australia	1	Byron Bay	New South Wales	12
Bungendore	New South Wales	2	Tanunda	South Australia	13
Margaret River	Western Australia	3	Nuriootpa	South Australia	14
Mount Barker	South Australia	4	Mansfield	Victoria	15
Kiama	New South Wales	5	Airlie Beach - Cannonvale	Queensland	16
Woodend	Victoria	6	Wangaratta	Victoria	17
Beechworth	Victoria	7	Port Fairy	Victoria	18
Dunsborough	Western Australia	8	Mullumbimby	New South Wales	19
Tatura	Victoria	9	Castlemaine	Victoria	20
Lennox Head	New South Wales	10			
Kilmore	Victoria	11			

Source: Ethos Urban

A number of regions feature quite prominently with several towns represented in the top 20 list. These include:

- both Woodend and Kyneton (ranked 25th nationally, just outside the top 20) in Victoria's Macedon Ranges Shire;
- Nairne and Mount Barker in the Adelaide Hills, which are very near to each other;
- Lennox Head, Mullumbimby and Byron Bay, which are both located in the far north coast of New South Wales;
- Tanunda and Nuriootpa, which are both located in South Australia's Barossa Valley.

A number of towns lower down in the top 20 (such as Byron Bay) have higher median house prices. With housing affordability carrying double weighting, this contributed to their lower rankings. However, second place Bungendore managed to score highly despite a median house price above \$700,000. This illustrates that while some areas may not be a 'bargain' for first home buyers, they do represent good regional lifestyle for those who can afford it and certainly at a price well below inner urban metropolitan areas, where lifestyle is a key determinant of house prices.

A significant number of towns in the top 20 are within the orbit of capital cities and readily commutable. Others are relatively near to major regional centres (e.g. at 1.5 hours drive to Melbourne, Castlemaine is beyond the commuter belt for most persons. However, the town is only a half hour drive from Bendigo, a major regional city of 100,000 persons).

Several towns in the top 20 are beyond the preferred distance from a capital city or major regional centres. These include:

- Wangaratta, which is a 45-50 minute drive from the major regional centre of Albury-Wodonga but was retained on the list due to its proximity to multiple significant towns and cities, and central location within a broad-based economic region.
- Mansfield, an iconic Australian town and a gateway to Victoria's high country. Although it was marked well down on the accessibility measure, it is situated within 200km of Melbourne and was therefore retained on the list.
- Airlie Beach/Cannonvale was the top ranked Queensland town. Located 145 kms north of Mackay, it was retained on the list due to its iconic status and strong lifestyle attributes.

Several towns surprised with the strength of their ranking. The town of Tatura, for example, 19 kms west of Shepparton, is not renowned as a lifestyle destination (locals will undoubtedly disagree). The town centre's neat appearance, situated within dairy and orchard country, along with its proximity to the services and facilities of a major regional centre (Shepparton) worked strongly in its favour.

3.2 State findings

The following table details the 'winners' in each state who made it into the national top 20.

FIGURE 4 – STATE WINNERS

State	Winner	National Rank
South Australia	Nairne	1
New South Wales	Bungendore	2
Western Australia	Margaret River	3
Victoria	Woodend	6
Queensland	Airlie Beach - Cannonvale	16

Victoria, New South Wales, South Australia and Western Australia are well represented in the top 20 list. Queensland, with just one entry, ACT, Tasmania and Northern Territory, with no entries, are not so well represented. This does not for one moment suggest these states are lacking in idyllic regional townships in which a first home buyer may find a perfect location. Rather, the results can be seen as simply anomalies of the statistical approach used.

For example, the use of the ABS Urban Centre/Locality measure rather than the Suburb measure (which often includes a rural hinterland around a small regional town) would have drawn a larger base population and triggered the appearance of a number of stunning Tasmanian towns within the broader orbit of Hobart and Launceston.

Similarly, in Queensland, a number of beautiful towns in the Sunshine Coast hinterland were deemed to be so close to more significant urban areas they were excluded, while several others just missed the top 20.

Most towns in the Northern Territory have populations less than 3,000 persons and the remainder (Katherine, Nhulunbuy and Tennant Creek) are considerably more than 200 km from Darwin or 50 km from Alice Springs (the only major regional city with 26,400 persons). Canberra and the ACT have the same boundary, so there are no 'regional towns', however nearby towns in regional NSW are more relevant to first home buyers from Canberra than Sydney (i.e. Bungendore and Yass).

Below is a full breakdown by state of the number of towns that made it through preliminary filtering and into the second round.

FIGURE 5 – FULL BREAKDOWN BY STATE

State	No. Townships
New South Wales	29
Victoria	21
Queensland	13
South Australia	9
Western Australia	5
Tasmania	6
Total second round entrants	83

3.3 Detailed analysis of individual towns

The following table details the rankings for each of the second-round criteria and the overall rank (which includes first-round criteria). A close reading of these rankings for the national top 20 towns may enable first home buyers to determine if a particular town lower or higher on the list is better suited to their needs and preferences. Each of the ranks are out of a total of 114, with the exception of housing affordability which is out of 228.

FIGURE 6 – RANKINGS BY CATEGORY OF TOP 20

Town	State	Accessibility to capital city or major regional centre	Accessibility to health and educational facilities	Town character and vibrancy	Physical geography	Housing affordability	Internet accessibility and quality	Recent population growth	Low unemployment	Overall Rank
Nairne	SA	7	3	9	65	120	36	20	17	1
Bungendore	NSW	30	16	34	47	214	22	6	2	2
Margaret River	WA	42	24	9	7	142	54	5	19	3
Mount Barker	SA	7	2	5	65	128	89	3	42	4
Kiama	NSW	1	16	22	7	224	3	52	20	5
Woodend	VIC	1	65	22	15	218	33	14	40	6
Beechworth	VIC	42	24	1	15	164	16	43	11	7
Dunsborough	WA	30	24	70	15	200	46	2	8	8
Tatura	VIC	11	3	22	87	56	17	73	29	9
Lennox Head	NSW	30	65	34	15	226	28	48	18	10
Kilmore	VIC	1	3	34	65	150	40	8	38	11
Byron Bay	NSW	7	65	9	1	228	73	33	37	12
Tanunda	SA	11	24	9	47	112	104	79	4	13
Nuriootpa	SA	11	24	9	47	84	50	18	14	14
Mansfield	VIC	79	24	9	7	168	24	35	1	15
Airlie Beach - Cannonvale	QLD	84	74	9	1	140	47	17	54	16
Wangaratta	VIC	30	3	22	65	76	66	62	28	17
Port Fairy	VIC	42	16	1	1	208	62	59	9	18
Mullumbimby	NSW	11	24	9	15	220	5	51	53	19
Castlemaine	VIC	11	16	5	65	170	77	30	30	20

Source: Ethos Urban and ME Bank



4.0 Research team.

ME commissioned this research from Ethos Urban, a multi-disciplinary firm based in Sydney, Melbourne and Brisbane with services including planning, urban economics, urban design, and social strategy and engagement.

The Ethos Urban project team was led by:



Chris McNeill, Director (Economics)

B Economics

Chris is an urban and regional economist with 25 years of professional experience. He is armed with a deep knowledge of Australia's demographic and economic landscape and has worked across a wide range of economic matters relating to residential planning and development, including demand and supply analysis, highest and best use assessments, conceptual feasibility assessments, and policy analysis. He served as a sessional member at Planning Panels between 2005 and 2013, and is an established and respected expert witness in matters relating to urban planning and development.