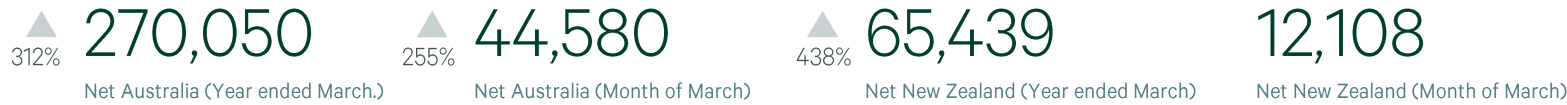


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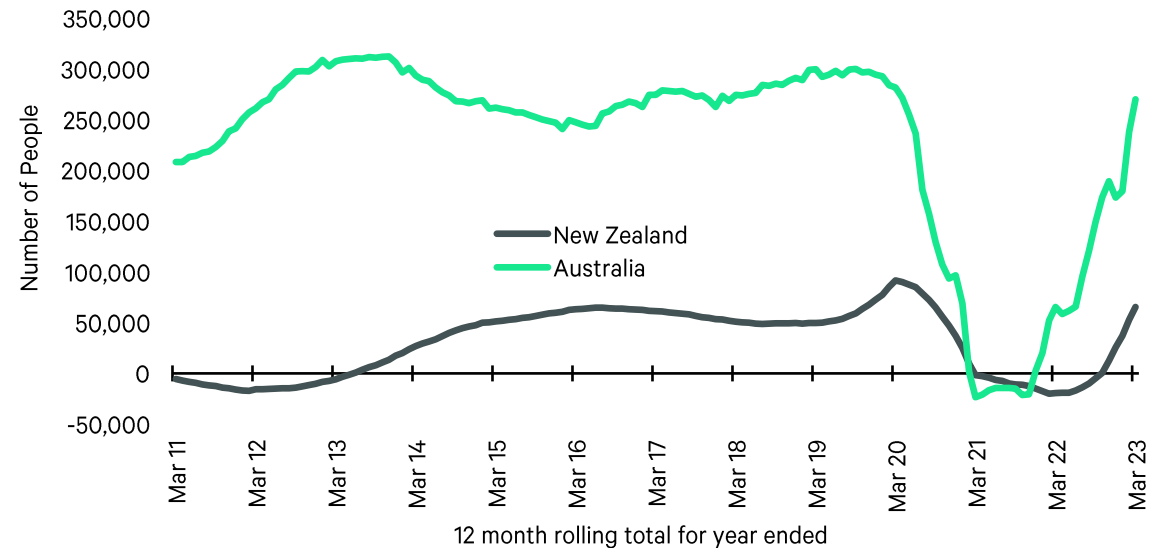
Australian and New Zealand International Migration Trends



Note: Arrows and percentages indicate change from previous year

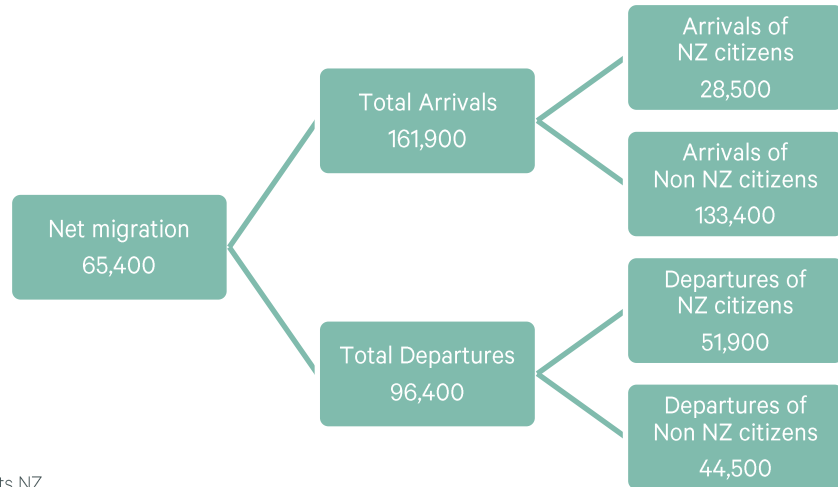
- Net migration in both Australia and New Zealand continues its strong post Covid rebound. While New Zealand’s rebound has lagged Australia’s by about 6 months, now it is also experiencing a very significant turnaround.
- Pro immigration policy settings and the ability of both countries to attract migrants have been the key ingredients with non-residents/citizens dominating migration flows.
- In New Zealand, annual arrivals on work visas have reached pre-covid peaks. Australian student visas are only 29% below the pre-covid peak but New Zealand has more ground to make up, remaining 38% below.
- The current trajectory of arrivals and visa approvals in both Australia and New Zealand indicate that there is potential for further strong growth, with net migration forecasts for 2023/2024 in both countries being revised up and expected to reach historic highs.
- CBRE’s estimate of 975,000 net migration into Australia, and 210,000 into New Zealand, during 2023-2025 will create significant demand across the spectrum of property sectors. It will add pressure in some already tight markets with additional demand for circa 408,000 and 77,000 dwellings, and 4.46 million and 0.95 million sqm of logistics space respectively across the two countries.

FIGURE 1: Net International Migration - Permanent and Long-Term Overseas Arrivals and Departures



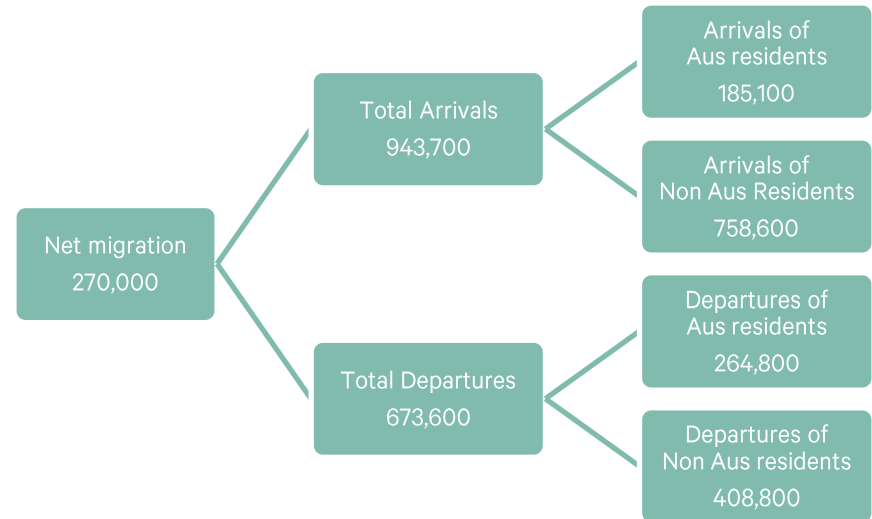
Source: Stats NZ, ABS

FIGURE 2: New Zealand Migration Components (for year ended March 2023)



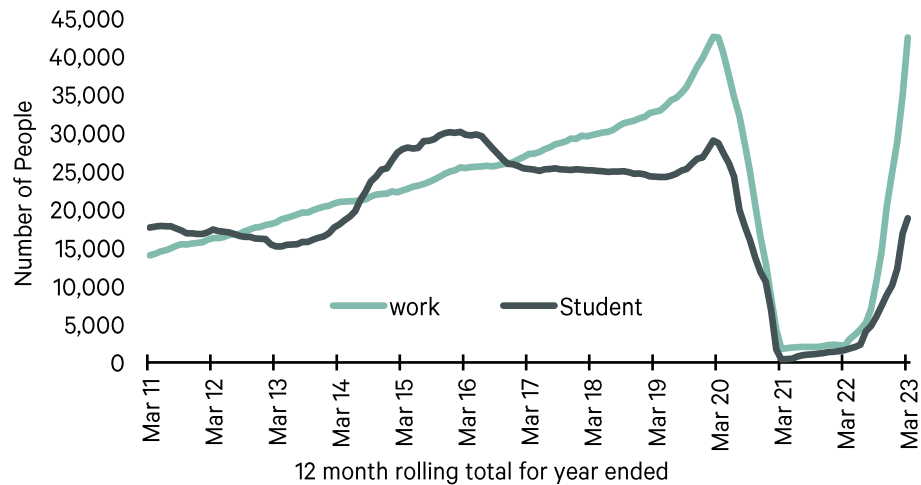
Source: Stats NZ

FIGURE 3: Australian Migration Components (for year ended March 2023)



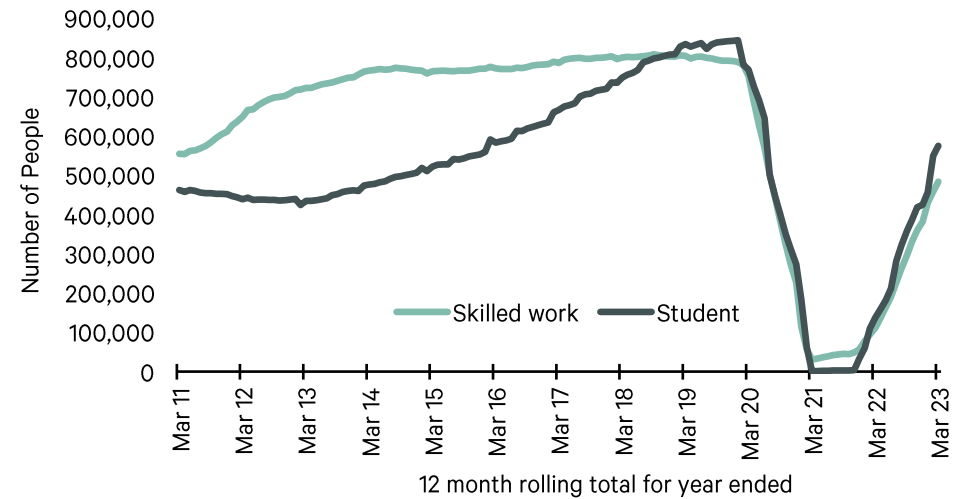
Source: ABS

FIGURE 4: Work and Student International Arrivals into New Zealand



Source: Stats NZ

FIGURE 5: Skilled Work and Student International Arrivals into Australia



Source: ABS

Migration Outlook and Population Growth

The migration upswing is placing Australia and New Zealand towards the top of the global league table for developed country population growth. In Australia, over the decade prior to Covid, net overseas migration averaged just over 218,000 per annum, peaking at 252,000 in 2018, and accounted for 59% of the nation’s population growth. The recovery post-covid has been remarkable, with pent-up demand resulting in a record quarterly result of 100,869 in March quarter 2022 and an even higher 106,202 in the September quarter. The recent federal budget has significantly increased the net migration outlook for the three years 2022-23 to 2024-25 from 705,000 just six months earlier to 975,000.

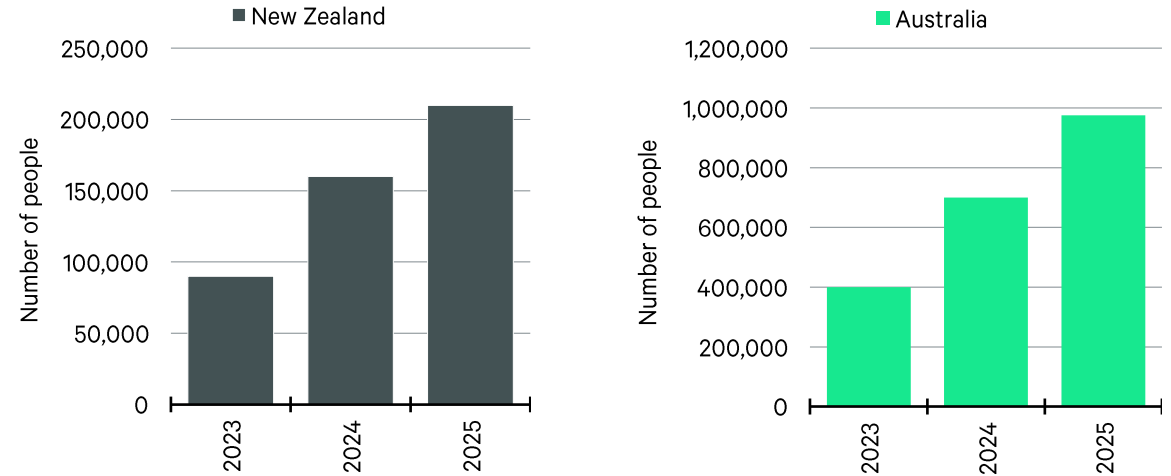
In New Zealand, even with slowing monthly net gains as the current flow of pent-up migration arrivals passes, and emigration to Australia increases due to the recently announced improvements for NZ migrant pathways, we expect a historic peak of 90,000 net migrant gains this year and an aggregate 210,000 to 2025. Between 2018 and 2020, population growth was tracking above Statistics New Zealand’s high growth scenario. Even with the impact of Covid, growth currently tracks above the medium growth scenario. The expected influx of migrants will push population growth back towards the high growth scenario which implies population growth approaching circa 650,000 or 13%, this decade.

Real Estate Impacts

Migration will flow through to improving demand conditions. There is also likely to be an inflationary element to this degree of demand boost which may impact how quickly reducing inflation targets will be reached and how monetary policy evolves. Of greater significance, however, will be the impacts on the residential markets, rental markets in particular. Australia’s current national vacancy remains at a near record low of 1.4% with the major capitals all in severe undersupply. This has resulted in double digit annualised rental growth. The higher net migration forecast for 2023-2025 alone suggests demand for an additional 408,000 dwellings nationally. With the supply outlook remaining constrained it is difficult to envision any relief to these tight conditions over the next few years at least.





Immigration levels mean that New Zealand’s net housing supply/demand balance is heading into a deficit again, which, just as construction volumes are contracting, will likely intensify during 2024 and 2025. Retail spending should benefit to the tune of \$4.3 billion which will provide a handy c4% boost to total sale volumes. It is more difficult to estimate demand impacts on office and industrial space as these are indirect effects, but rule of thumbs metrics indicate material benefits to underlying demand for both sectors.

FIGURE 6: Cumulative Net Migration Outlook



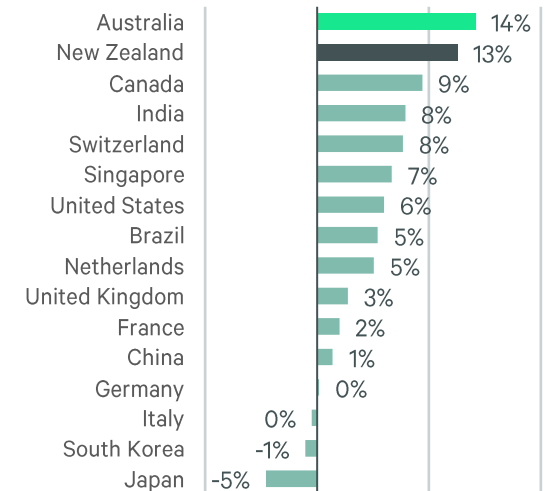
Source: CBRE

FIGURE 7: Migration Related Underlying Real Estate Demand Estimates (for 2023-2025)

	Australia	New Zealand
	4,460,000 sqm	950,000 sqm
	1,810,000 sqm	380,000 sqm
	408,000	77,000
	\$13.3bn	\$4.3bn

Source: CBRE

FIGURE 8: Population growth 2021-2030



Source: Centre for Population Projections (May 2023), OECD, CBRE Research

Definitions

Australian data relies on the Australian Bureau of Statistics on international travel arriving and departing Australia in the permanent and long-term categories. It presents statistics on all overseas arrivals and departures, which is not strictly the same as overseas migration statistics although it acts as a good proxy and provides a timelier picture of trends than migration data releases. The skilled work visas cover both permanent and temporary visas, with the temporary visa providing an ability to work in nominated occupations for an approved sponsor for up to four years. The student visas cover arrivals with a visa for full-time study in a recognised educational institution.

New Zealand data relies on Statistics New Zealand's International migration data series. There are detail differences in comparison to the Australian data such as using citizenship rather than resident status as a determinant of source and a broader definition of work visas.

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