



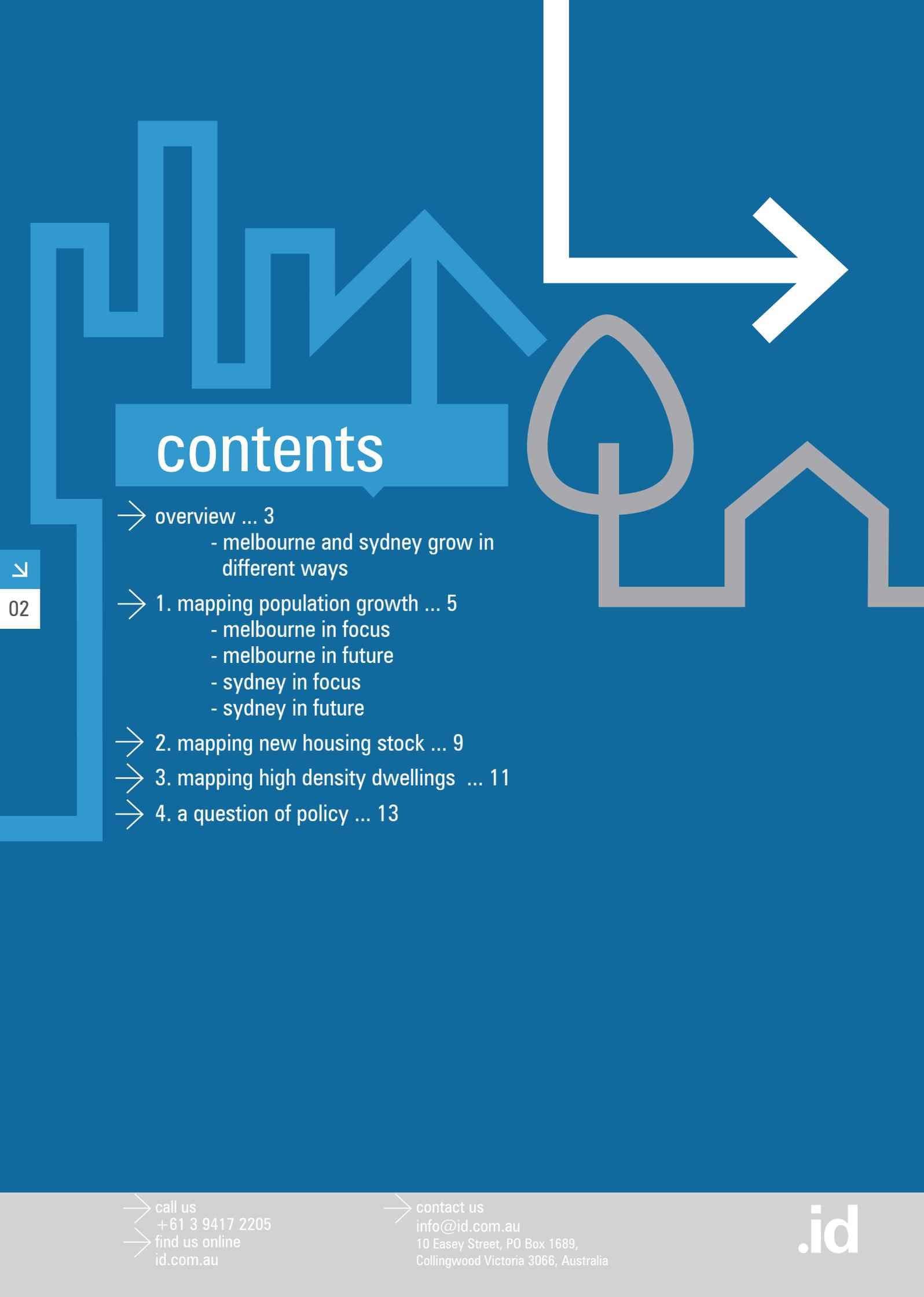
# predicting the growth suburbs of the future



## Maps of growth



In this paper we map growth in our two biggest cities over the past 20 years, and in doing so, highlight which suburbs currently contain the hottest areas of growth. We consider population growth and housing construction, and also the prevalence of high-density housing. Heat-maps of population growth will be particularly useful to businesses trying to anticipate the evolution of our major metropolitan markets.



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# overview

As cities grow, they either grow out or they grow up.

That is, they grow out as new residents move to settle the fringes, and the fringes themselves expand; or they grow up, as infill development and urban consolidation increase the population densities of existing suburbs.

In Sydney and Melbourne, planning policy in recent years has sought to place greater emphasis on urban consolidation, but greenfield development remains a major driver of growth. Growth is always a mixed bag.

Running side by side then, the balance of these two growth dynamics determines which metropolitan areas will be home to the biggest growth markets of the future – where people will live, require services and shop.

At .id we specialise in helping companies anticipate these changes. Utility companies, education providers, retailers, sports organisations and property developers all need to know not just how much a city like Sydney or Melbourne is growing, but where that growth will be focused.

This is the analysis that is presented here.

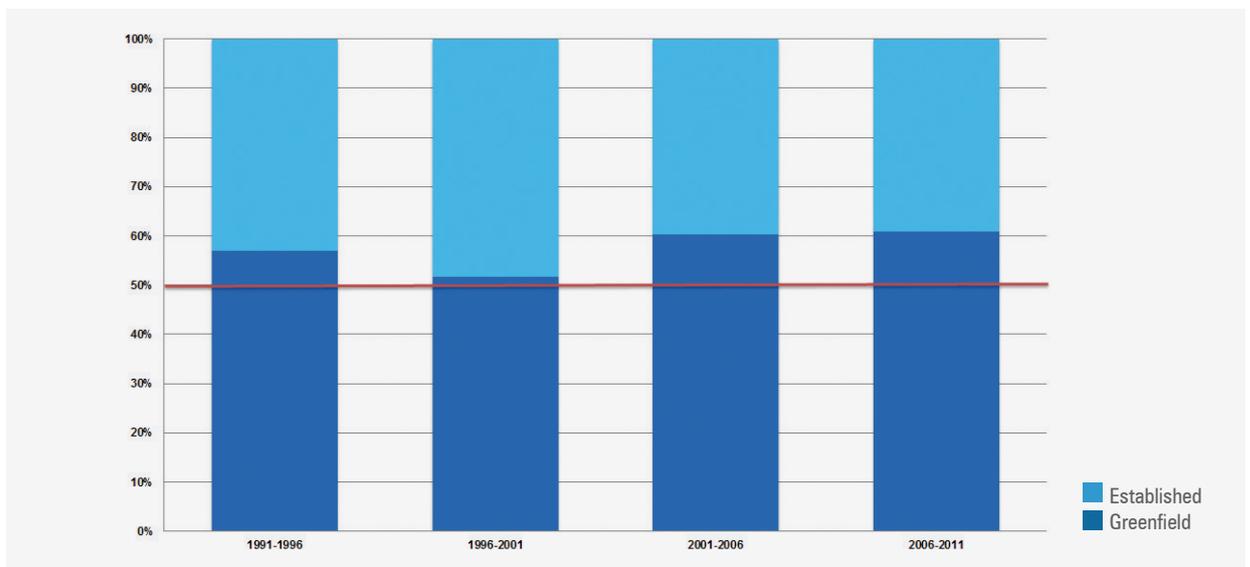
We cut it up in three ways. First of all, we look at which suburbs have absorbed the bulk of recent population increases (Section 1). Then we look at where new housing development is occurring (Section 2). Finally we consider where high-density housing is becoming most prevalent (Section 3).

## Melbourne and Sydney grow in different ways

Broadly speaking, while Sydney and Melbourne face many similar challenges, there are important differences in the spatial compositions of growth. History and geography have made them very different cities.

For example, when we mapped the development of Melbourne suburbs over the past 20 years, what we found is that the share of greenfield development was actually increasing (Figure 1).

Figure 1: New Housing Development, Melbourne, 1991 - 2011



There was some improvement between 1996 and 2001, when the share of new development occurring in established areas pushed towards 50%, but those gains were retraced, and in the two most recent Censual periods, greenfield sites had risen to account for 60% of new development.

(A detailed picture of how .id see this evolving over the next 20 years can be found [here](#), at our [interactive map of Melbourne's population growth](#).)

Sydney on the other hand has been able to increase the share of new housing going into inner city areas. However, it is not clear that Sydney is actually producing enough new houses, regardless of where they're located, and Sydney may simply be pushing the work back on to future generations.

In the following sections we present detailed maps of where growth in Melbourne and Sydney is occurring, and these maps should be an important first port of call for any business trying to anticipate where the growth markets of the future will be. More detailed and geographically-specific projections for your own key markets, are available from .id.

(Note: The analysis presented in this paper builds principally off research conducted by .id demographer Simone Alexander, and presented to the State of Australian Cities Conference in 2013<sup>1</sup>.)



<sup>1</sup> Alexander, S (2013) 'A Tale of Two Cities - Patterns of Population Growth and Change in Sydney and Melbourne' SOAC Conference

# 1. mapping population growth

In population terms, between 2006 and 2011, Melbourne and Sydney grew at similar rates (though those with a close eye on the scoreboard will note that Melbourne posted somewhat higher and faster growth in this period).

However, there were significant differences in the spatial patterns of growth. The bulk of Melbourne's growth occurred on the urban fringe, while the fastest growing areas in Sydney tended to be in established areas, particularly to the west of the CBD.

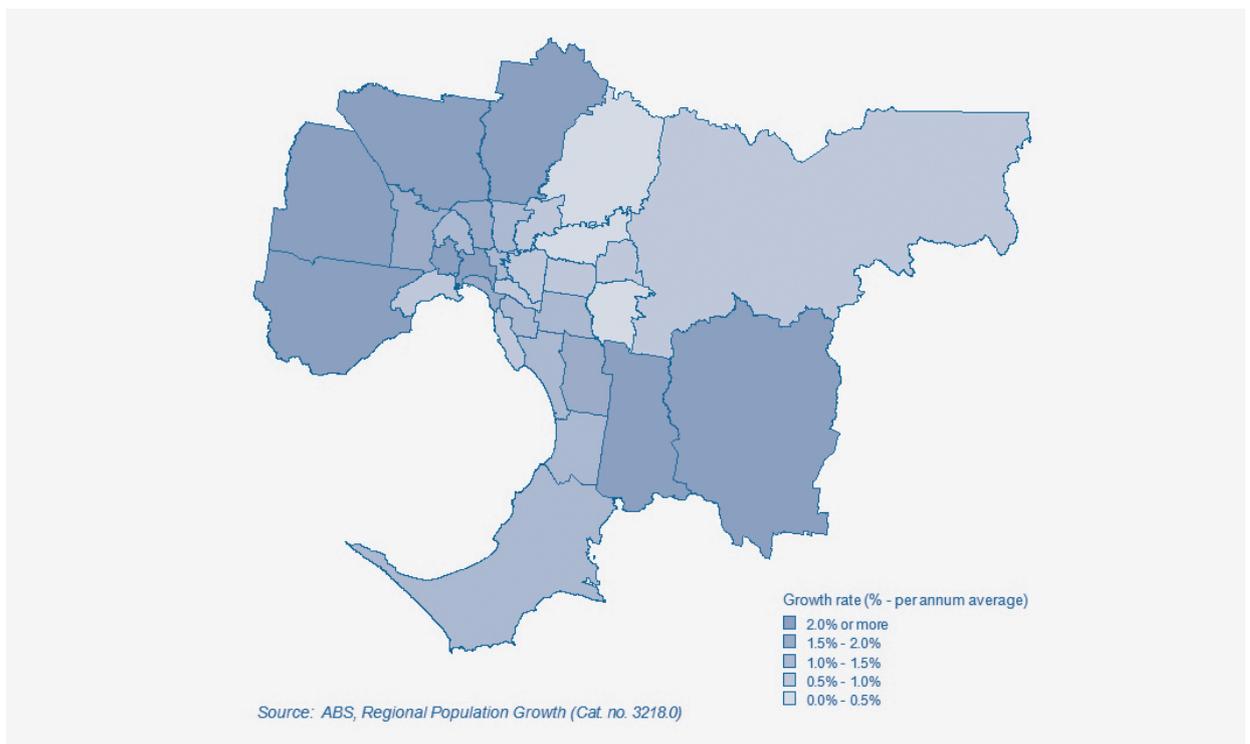
While greenfield growth is occurring in Sydney, it is not at the rate and volume recorded in Melbourne.

## Melbourne in focus

Between 2006 and 2011, the strongest annual growth rates in Melbourne were recorded on the urban fringe (Figure 2), specifically Wyndham (7.7%) and Melton in the west (6.9%), Casey (3.5%) and Cardinia (5.5%) in the southeast, and Whittlesea (4.6%) in the north.

These areas are growing as a result of new housing estates that offer affordable housing opportunities primarily for young couples and families.

Figure 2: Population growth rate, LGAs in metropolitan Melbourne – 2006-2011



Closer in to the city, the City of Melbourne itself also grew strongly (4.6% per annum) but the only other inner city local government area (LGA) to record strong growth was Maribyrnong (2.8%). Growth here was attributable to dwelling growth on brownfield sites and some apartment construction in Footscray.

The drivers of growth in inner Melbourne are significantly different as the housing stock is less affordable and mostly consists of high-density apartments. These are attractive to young professionals and students (particularly from overseas) who seek rental accommodation close to employment and/or education institutions.

Many high-rise apartments in Melbourne, particularly along the top end of Swanston Street, were built specifically for the overseas student market, due to their proximity to both RMIT and the University of Melbourne.

As this new apartment supply has come on line, the City of Melbourne has been growing rapidly. In fact, in 2013 – the latest data available – the City of Melbourne recorded the highest growth rate of any LGA in Australia – 10.3%. This is a very rapid pace of growth and is almost twice the ten year average of 5.9%. However growth remains contained to the CBD and adjacent suburbs.

## Melbourne in future

Looking ahead, .id have completed population forecasts for both Victoria and NSW, at a micro-geographic level, based on migration and region specific birth and death rates, as well as detailed land availability assumptions.

According to our forecasts, Melbourne's population will be about 5,860,000 in 2036, a growth of 1.75 million, or about 42% in 25 years.

The distribution of this growth will continue to be dominated by fringe areas with the top 5 fastest growing LGAs being Wyndham (+220,000) and Melton (+210,000) in the West, Casey (+193,000) in the Southeast and Whittlesea (+ 145,000) and Hume (+138,000) in the North.

The only urban consolidation LGAs featured in the top 10 are Melbourne (+108,000) and Moreland (+42,200) – although Monash, Darebin, Maribyrnong and Yarra all rank highly, with growth in the high 30,000s. Interestingly the satellite regional cities of Greater Geelong (+84,000), Greater Bendigo (+46,000) and Ballarat (+40,000) are all forecast to grow by more in absolute numbers.

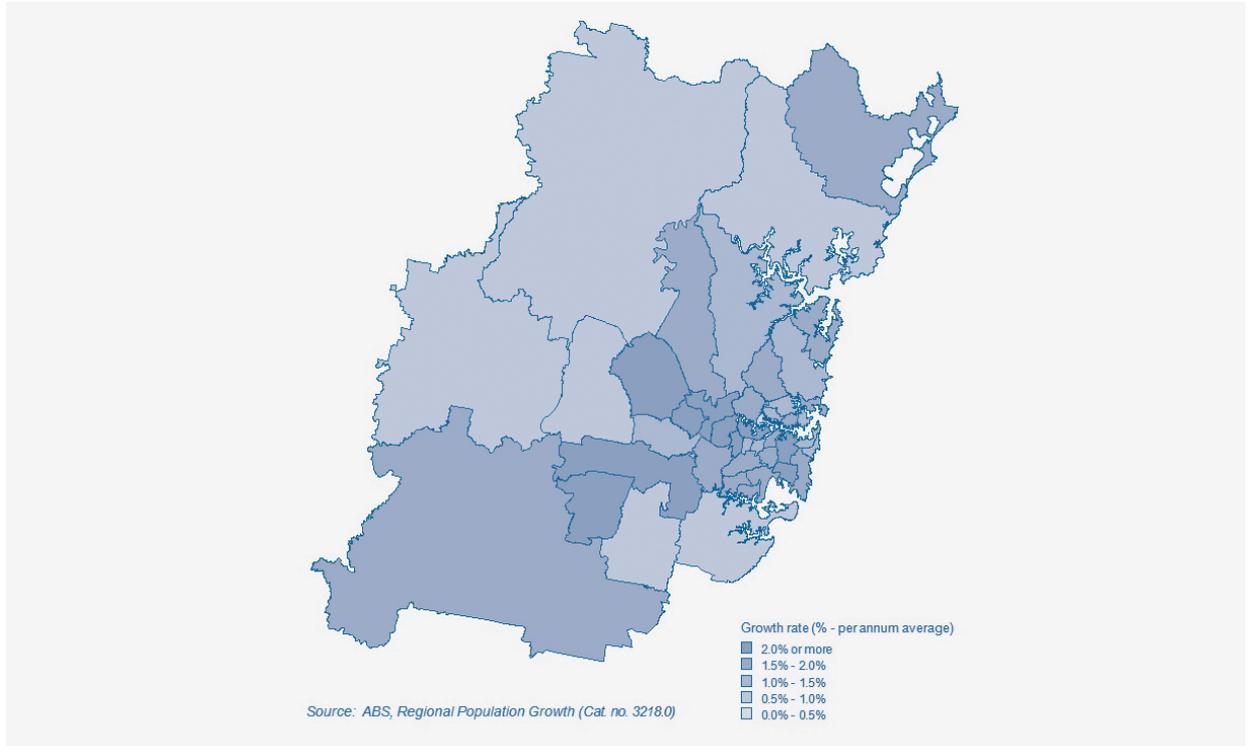
(A detailed picture of how .id see this evolving over the next 20 years can be found here, at our [interactive map of Melbourne's population growth.](#))



## Sydney in focus

In contrast, no LGAs in Sydney had the kind of growth rates posted in outer Melbourne (Figure 3). That is not to say there are no pockets of greenfield growth. Camden, for example, located on the southwest urban fringe, recorded one of the strongest annual growth rates (2.9%) in the Sydney metropolitan area. The drivers of growth here are similar to outer Melbourne i.e. young couples and families seeking relatively affordable housing.

Figure 3: Population growth rate, LGAs in metropolitan Sydney – 2006-2011



While there is no Wyndham or Melton in Sydney, there is a Blacktown. While growth rates in percentage terms in Blacktown have lagged behind some LGAs in recent years, this largely reflects Blacktown's size – over 300,000 persons. If you were to compare actual levels of population growth, Blacktown would move towards the top of the leader board, and there are several major development fronts in the northern part of the Blacktown LGA (e.g. Kellyville Ridge).

Where Sydney clearly sets itself apart though is in the population growth rates recorded in inner city suburbs. Canada Bay, encompassing suburbs in the inner west such as Drummoyne, Five Dock and Concord, recorded the highest annual average growth rate in the Sydney metropolitan area (3.2%).

Other LGAs in this part of Sydney also recorded strong growth – Auburn (2.8%), Parramatta (2.7%) and Strathfield (2.4%). Housing construction on brownfield sites is the key driver of growth in this part of Sydney, epitomised by the Rhodes Peninsula in Canada Bay and Wentworth Point in Auburn. However, infill and other housing construction (small sites, conversions, knock down and replace) are also contributing factors.

## Sydney in the future

Looking ahead, detailed .id projections see these trends characterising growth over the next 20 years, though Sydney is steadily approaching the limits of infill development and running out of greenfield land.

Sydney's population will grow to around 6,140,000 in 2036, a growth of 1.5 million, or about 32% in 25 years.

Based on our analysis, by 2036 most of the greenfield land reserves will have been developed in Blacktown, The Hills, Penrith, Campbelltown, Wyong, Wollondilly and Pittwater. It is likely that only Liverpool and Camden will have any significant opportunities new greenfield opportunities beyond 2036.

Despite this we expect the distribution of growth to shift towards the fringe, as the bigger infill sites (eg. Olympic Park) fill up. Population growth in Camden will remain strong, but growth in Canada Bay for example tails right off. (For a fuller description of [.id's projections for Sydney, see here.](#))



## 2. mapping new housing stock

Mapping the location of new housing stock paints a similar picture. We classify Sydney and Melbourne LGAs into three broad regions: inner, middle and outer metropolitan. This gives us a way to broadly track the evolution of the housing stock over time. This is presented in Figure 4.

Figure 4. New Housing Stock, Sydney and Melbourne, 1996 – 2011



These results show that housing growth has become more concentrated in the inner areas of Sydney over the past few decades. 55% of the dwellings built between 1996 and 2001 were in outer Sydney LGAs. However, between 2006 and 2011, that share had fallen to 40%.

The reverse is true in Melbourne, where the outer LGA share of dwellings built actually increased from 43% to 57% across the Census periods.

However, the relative shares hide an interesting story in the absolute number of dwellings. That is, while Melbourne produced more dwellings in each subsequent Census period, Sydney produced less. Between 2006 and 2011, Sydney only produced 72,000 dwellings, half as many as Melbourne.

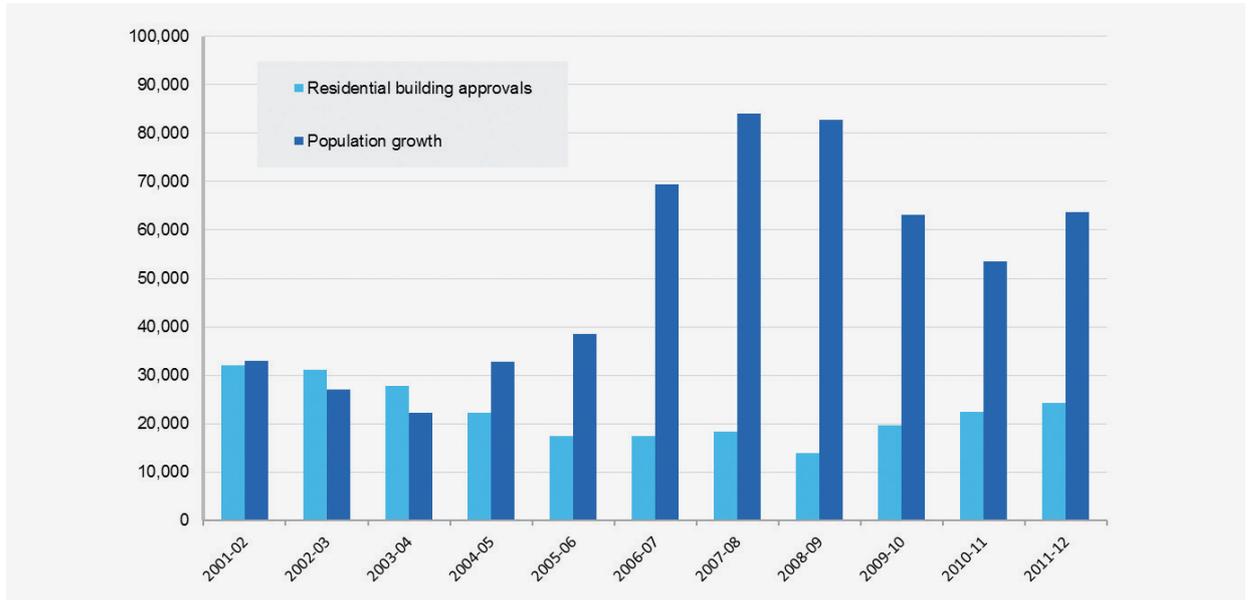
In fact, when you consider absolute levels, Melbourne actually produced more inner-city dwellings in the last Census period (22,820) than Sydney did (15,330)

So while Sydney might be getting the relative mix right and increasing urban consolidation, it is not clear that it is producing enough dwellings to accommodate its growing population.

This is evident when we compare population growth with the dwellings approvals data (Figure 5). In the second half of the 2000s, there was a clear mismatch, with the population increasing and the number of new dwellings approved each year declining.

At some point, this will have to give. If Sydney then finds it needs to rapidly expand its housing stock, it may find recent success difficult to emulate.

Figure 5. Sydney Population Growth vs Dwelling Approvals



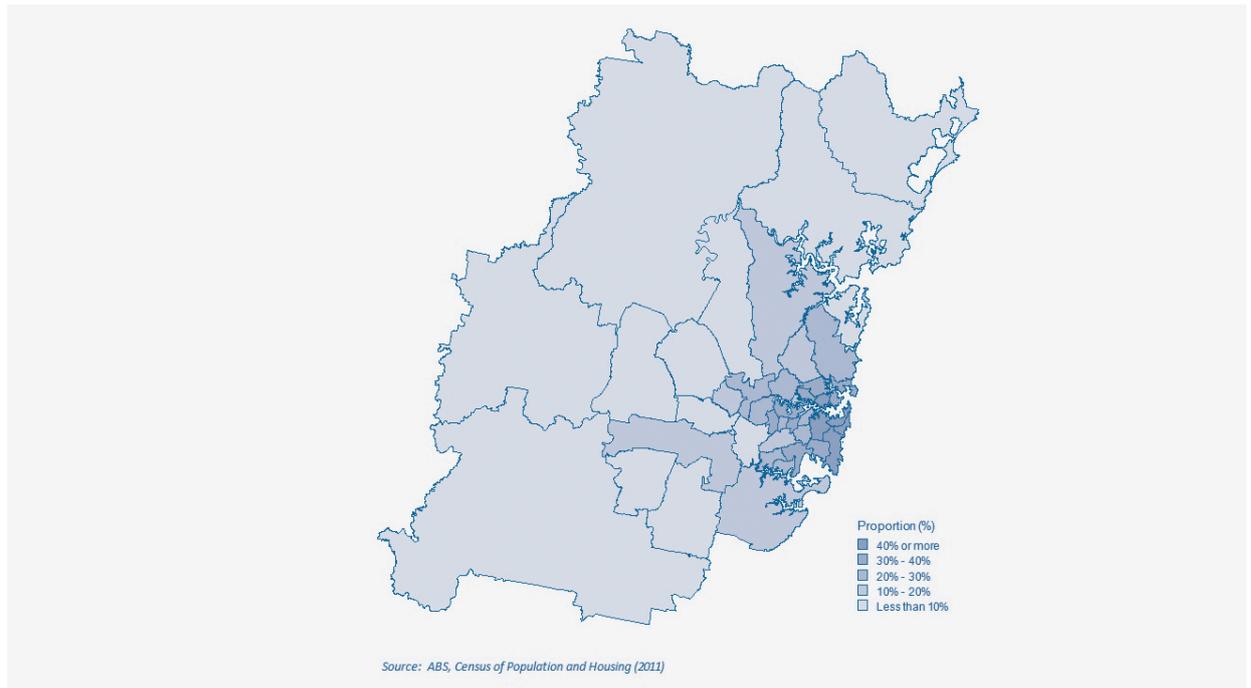
# 3. mapping high density dwellings

It is interesting to also consider the evolution of high-density housing in both cities. For the purposes of this paper we define high-density as flats, units and apartments with three or more storeys.

Sydney's dwelling stock is far denser than Melbourne and it embraced apartment living relatively early. Many inner suburbs contain examples of apartment buildings dating back to the 1930s and the stock has increased steadily since.

In 2001, one in seven (15.7%) of dwellings in Sydney were classified as high density, and by 2011 this proportion had increased to 20.7%. Unsurprisingly, the highest proportions were located in the City of Sydney (70.2%), followed by North Sydney (60.8%), Waverley (49.0%) and Woollahra (47.4%).

Figure 6. Proportion of high-density dwellings, LGAs in metropolitan Sydney – 2011



Sydney has successfully become a “city of cities”, as there are a number of large, high-density suburban centres in Sydney, such as Parramatta, Auburn, Bankstown, Bondi Junction and Chatswood. No other city in Australia has such major satellite centres in its compass.

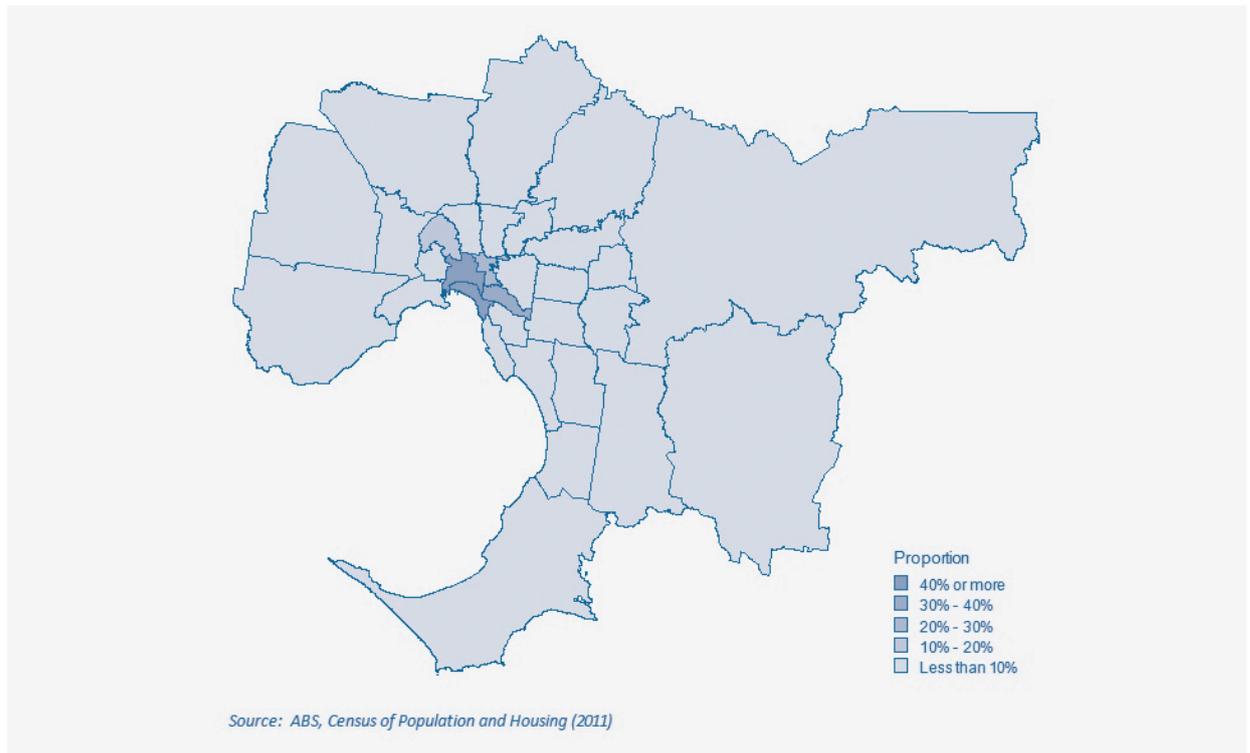
This primarily reflects Sydney's geographic size. The urban fringe is generally located a long way from the CBD (Kellyville is still 40km from Sydney's CBD, where as there are some fringe areas just 20km west of Melbourne.) These far-urban population centres can help promote and sustain alternative business centres, which in turn tend to nurture denser population clusters under their wings.

In contrast, Melbourne has a much lower proportion of high-density dwellings. In 2001, just 5.2% of dwellings were classified as high density, increasing to 7.2% in 2011. Like Sydney, the highest proportion of high-density dwellings was recorded in the CBD – the City of Melbourne (73.4%), followed by Port Phillip (47.7%) and Stonnington (30.6%).

Melbourne also has early examples of apartments, particularly in St Kilda (Port Phillip), but in the last decade or so the apartment boom has been spatially concentrated in the inner core. Apart from the LGAs mentioned above, only Yarra (26.2%) and Moonee Valley (10.9%) had more than 10% of dwellings in the high-density category.

The outer suburbs are dominated by low-density single dwellings with very low percentages of high-density dwellings. In fact, 11 LGAs in Melbourne had less than 1% of their dwelling stock classified as high density, compared to just four in Sydney.

Figure 7. Proportion of high-density dwellings, LGAs in metropolitan Melbourne – 2011



## 4. A question of policy

Both Sydney and Melbourne would like to be doing more to encourage greater urban consolidation, and it does seem that current efforts are lagging behind the lip-service paid to containing urban expansion.

However, reshaping our suburbs, and the urban landscapes that residents have a deep attachment to, is often easier said than done. There are no quick-fixes as far as urban consolidation is concerned.

As such, the recent past remains the best guide to the immediate future. Over a longer-term horizon however, we anticipate that city-planners will have greater success focussing growth on existing suburbs, and this is built into the .id projections.

Anticipating where future efforts in urban consolidation will work best, requires the kind of street-by-street analysis that has made the .id projections so valuable.



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