Community regeneration in Melbourne’s west

PRIVATE SECTOR-LED URBAN DEVELOPMENT IN CERTAIN SUBURBS IN MELBOURNE’S WEST HAS PRODUCED POSITIVE SOCIO-ECONOMIC AND HOUSING OUTCOMES. BUT THERE IS NO EVIDENCE, AT THIS EARLY STAGE, THAT ADJOINING SUBURBS HAVE BENEFITED FROM THESE GAINS.

KEY POINTS

- Industrial regeneration has occurred in Melbourne’s west, associated with relatively favourable industrial land prices, and is due to businesses responding to metropolitan-wide economic trends and processes rather than a phenomenon that is unique to the west.

- Labour markets in the west have recovered from the high unemployment period of the early 1990s, but remain weaker than the broader metropolitan labour market.

- Housing markets in the west have moved in accordance with metropolitan housing market trends, with western inner city suburb median house prices generally experiencing higher compound growth than western middle and outer suburbs.

- People living in new housing estates in the outer west of Melbourne, such as Caroline Springs, have high incomes and low unemployment when compared to those in adjacent suburbs.

- To date, socio-economic regeneration in Melbourne’s west has been concentrated in a small cluster of relatively advantaged new suburbs and has bypassed the most disadvantaged areas.

Based on research by Jago Dodson and Mike Berry, AHURI RMIT-NATSEM Research Centre. The research used Census data and interviews to assess the impact of private sector-led urban renewal (master planned communities) on recent economic and social changes in Melbourne’s western municipalities.
**BACKGROUND**

Melbourne's western suburbs have historically been centres of industrial activity. This industrial concentration left the west vulnerable to shifts in the economic relationships between firms, markets and governments that characterised the period from the late-1960s to the early 1990s. By the late-1980s, the west was regarded as an area of relative socio-economic 'disadvantage' with high unemployment and lower incomes than the remainder of metropolitan Melbourne.

Since the mid-1990s, there has been a renewed level of industrial activity within the west in conjunction with new private sector-led housing estate development. The extent to which this ‘resurgence’ has generally conferred positive economic effects on the populace of the west was the focus of this research.

**FINDINGS**

**UNEMPLOYMENT**

Unemployment in the west remains higher than the overall rate for Melbourne, despite almost 10 years of steady falls. Further, since the mid-1990s, the unemployment rates for both the west and for metropolitan Melbourne have remained higher than the benchmark 1989 rate. These findings suggest that despite recent industrial investment, and the construction of the Western Ring Road, the west has not overcome a history of disadvantage. The relative status of the region compared to broader Melbourne suggests that it is more vulnerable to adverse economic changes.

Despite a high overall rate, unemployment levels for individual suburbs throughout the west are extremely variable.
For example, an arc of low unemployment levels extends across the northern suburbs of the west to the new suburbs of Melton East. These new suburbs are contributing to new patterns of socio-economic differentiation in the west, when compared with the older industrial suburbs, particularly those in south Brimbank/west Maribyrnong.

**HOUSING**

Housing development activity in the western region of Melbourne since the mid-1990s has been strong, and is visible through the new large outer-suburban greenfields developments in the region. Those areas that experienced the largest gains in new dwellings were the fringe municipalities, namely Wyndham, Melton and Brimbank.

House prices and rents throughout the west appear to have risen in accordance with patterns observed in the broader metropolitan market where inner city suburbs have experienced high levels of house price and rent inflation. As distance from the Melbourne CBD increases, house price and rent inflation generally decreases. Some exceptions to this pattern are the areas to the north of Brimbank, which has seen moderate to high house price growth. Some areas, which also suffer from relatively higher levels of disadvantage, such as central and southern Brimbank, have experienced more modest house price increases.

**REGENERATION**

During the late-1990s a larger proportion of new industrial investment in Melbourne was directed to the west than to any other region during the period. This was due to (a) the availability of vacant industrial land and (b) the relatively cheaper pricing of industrial land compared to other industrial locations in Melbourne. The presence of the new ring road (the Western Ring Road) adjacent to this industrial land has added to the region’s favourable industrial trends.

The new housing estates that have been built by private-sector developers in Melbourne’s west since the mid-1990s have begun to alter the locational and socio-economic patterns of the region. These estates are generally of good to high quality in terms of urban design and provision of community services. As a result, they are able to command a strong position in the housing market. This strong supply-side position in the housing market has intersected with a high level of demand from higher socio-economic status households in the west. As an example of such a new estate, the Delfin-constructed Caroline Springs in the outer west, has housing prices which are in the middle range for the western region, but whose resident population has a higher average socio-economic status than both the west, and Melbourne generally.

Overall, there is little evidence to suggest that master-planned communities such as Caroline Springs are having any substantive spill-over effect on the neighbouring areas of the western region. This was found to be the case for unemployment rates and in relation to the proportion of households with low or high incomes. If there have been any spill-over effects from Caroline Springs, then they appear to have been overshadowed by general metropolitan trends.

Less socio-economically advantaged areas of the west continue to exhibit extremely high levels of disadvantage and exclusion when compared to Melbourne overall.

**METHODOLOGY AND CAVEATS**

The specific methodology used in the project was a combination of three complementary forms of data and analysis. These included a review and assessment of reports on economic change, labour markets and housing outcomes in Melbourne’s west, an analysis of quantitative data sources, and 18 in-depth interviews with key informants within the western region.

Caroline Springs is not an isolated development in the Melton East area. As such, any assessment of spill-over effects based on Census data should note the other estates in Melton East that were constructed during the 1996-2001 period, including Burnside and Taylors Hill. As well, at the time of the analysis, the population of Caroline Springs was still small when compared to the adjacent areas.
Taking all of these factors into account emphasises the difficulty of drawing firm conclusions about the magnitude of spill-over effects from these new estates.

Lastly, as Caroline Springs is a relatively recent land development, and yet to be completed, the full benefits of the development may only be evident in the longer term.

**POLICY IMPLICATIONS**

There are early signs that private sector led urban regeneration, such as in Caroline Springs, can result in positive outcomes and it is timely for governments to investigate the conditions under which the private sector is likely to take up opportunities to develop communities in a range of urban settings. However, as the extent to which surrounding areas are advantaged or disadvantaged by the development of new estates is not yet understood, ways of assisting the positive spill-over of labour market and economic gains into adjacent suburbs could be considered when these communities are planned.

**FURTHER INFORMATION**

The project on which this report is based is entitled *Community Regeneration in Melbourne’s West*. To see a summary of the project and its associated research reports, search on [www.ahuri.edu.au](http://www.ahuri.edu.au)

Papers available:

- positioning paper;
- final report.

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