From:	Matthew Hughes
To:	andrea.harwood@delwp.vic.gov.au; planning.panels@delwp.vic.gov.au; Deborah Payne; Robyn Hellman; jPitt@besthooper.com.au; dscally@besthooper.com.au; simon.mitchell@gmail.com; Lriordan@tract.net.au; marshall@rewine.com.au; kate@affordabledevelopmentoutcomes.com.au; cwall@propertycouncil.com.au; mitchells@ratio.com.au; nicholas.kennedy@epa.vic.gov.au; tsobel@urbis.com.au; hwood@sjbplanning.com.au; jseyedi@graypuksand.com.au; antony@echelonplanning.com.au; gerard.rodgers3003@gmail.com; giovanni@gattini.com.au; Colin Charman
Cc:	Nick Sutton; Mark Naughton; Paul Little; Juliet Forsyth; Alexandra Guild
Subject:	Melbourne Planning Scheme Amendment C309 Panel
Date:	Friday, 21 June 2019 5:17:46 PM
Attachments:	190621_circulation_of_economic_evidence.pdf West Melbourne Economic Witness Statement June 2019 .pdf

Dear Ms. Harwood

We continue to act for Spencer Street West Melbourne Pty Ltd, Fort Knox Self-Storage Pty Ltd, Holder East Pty Ltd and Multifield Constructions Pty Ltd in respect of the above.

Please find our correspondence and the expert evidence statement of Mr. Rhys Quick **attached**.

We can confirm that all parties to the Distribution List have been included into this correspondence.

Should the Panel have any questions concerning the above please contact me on the details below.

Yours faithfully

Matt Hughes

PLANNING & PROPERTY **PARTNERS**
LAWYERS & CONSULTANTS

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Planning & Property Partners Pty Ltd
13/1 Collins Street,
Melbourne VIC 3000.

21 June 2019

Attention: Ms Andrea Harwood
Planning Panels Victoria
1 Spring Street
MELBOURNE VIC 3000

By email only: planning.panels@delwp.vic.gov.au

Dear Ms. Harwood

MELBOURNE PLANNING SCHEME AMENDMENT C309 PANEL

We continue to act for Spencer Street West Melbourne Pty Ltd, Fort Knox Self-Storage Pty Ltd, Holder East Pty Ltd and Multifield Constructions Pty Ltd in respect of the above.

Further to the Directions of the Panel dated 6 June 2019, we **enclose** the expert witness statement of Mr. Rhys Quick (economics) for filing.

Should the Panel have any questions regarding this correspondence, please contact Matt Hughes on 8626 9082 or the undersigned.

Yours faithfully

NICK SUTTON
Planning & Property Partners Pty Ltd

Cc: Parties to the Amendment C309 Panel, by way of service

Planning & Property Partners Pty Ltd
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CITY OF MELBOURNE PLANNING SCHEME AMENDMENT C309: WEST MELBOURNE STRUCTURE PLAN

ECONOMIC WITNESS STATEMENT

URBIS

21 JUNE 2019

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INTRODUCTION

PLANNING PANELS EXPERT WITNESS STATEMENT

1.   This report has been prepared by Rhys Matthew Quick, Director, Property Economics & Research, Urbis Pty Ltd, 12th Floor, 120 Collins Street, Melbourne.

2.   My qualifications and experience include a Bachelor of Economics (Honours) from Monash University, together with more than 20 years' experience in Property Economics and Research consulting, with my specialisation being the preparation of Economic Impact and Supply and Demand Assessments relating to the development of property. My Curriculum Vitae is attached as Appendix A.

3.   Assistance in undertaking some of the analysis in this report has been provided by Lily Havers, Consultant at Urbis.

4.   My instructions in this matter have been provided by Mr. Nick Sutton of Planning & Property Partners dated 18 June 2019. They were to

   - *Review the material supplied to you in relation to this Panel Matter:*

   - *Consider and formulate your own opinions with respect to the following matters, within the limits of your expertise:*

      - *Planning Authority's economic justification for the Melbourne Planning Scheme Amendment C309;*

      - *Projected population and employment forecasts for West Melbourne and the broader Central City area; and*

      - *Economic consequences of the proposed Amendment considering the above.*

   - *Prepare a report which sets out the conclusions you have reached, and clearly states the basis upon which you have arrived at those conclusions, including any facts you have relied upon or assumptions which you have made which form part of the reasoning by which you reach your conclusions.*

5.   I, Rhys Matthew Quick, hereby adopt this Expert Witness report as my evidence and state as follows:

   - the factual matters stated in this report are, as far as I know, true;

   - I have made all the inquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have to my knowledge been withheld from the Panel;

   - the opinions stated in this statement of evidence are genuinely held by me;

   - the statement of evidence contains reference to all matters that I consider significant; and

   - I understand the expert's duty to the Panel and have complied with that duty.

Rhys Quick   Signed:
Director, Property Economics & Research
Urbis Pty Ltd   Dated: 21 June 2019

SUMMARY OF OPINIONS

6. Based on the analysis presented in this statement, the following points represent the summary of my opinions in this matter:

- **West Melbourne is strategically located** between the CBD, Parkville NEIC and planned urban renewal in Arden Macaulay and is well-serviced by public transport with access to employment and amenity. This unique location should not be overlooked in planning for the precinct's future. The City of Melbourne's proposed Structure Plan appears to have only considered West Melbourne almost in isolation from its surrounding context.

- The application of the mandatory controls proposed in the Structure Plan will not allow West Melbourne to be effectively developed as an important urban regeneration precinct located immediately adjacent to Melbourne's CBD. **Restrictive development conditions will fail to optimise the opportunity** presented by the renewal of West Melbourne.

- The "forecasts" of residents and jobs referred to in the Structure Plan are in fact **targets** set by the Council which are **substantially lower than any expectation** of what would result if the suburb is allowed to respond to demand. The **use of these targets as the premise for the Structure Plan is flawed** with the imposition of mandatory built-form controls only sufficient to support the low targets or population and employment but little more.

- Compared to **existing density in similar locations** around Melbourne and Sydney, the future density of **West Melbourne as per the Structure Plan will under-deliver** on the potential of the suburb given its locational attributes, and the need for West Melbourne to accommodate flow-over demand from surrounding precincts reaching capacity in the short-term.

- The **total building area capacity** in West Melbourne is estimated to be around at most 1.3 million sq.m under proposed controls. This is **only 37% higher** than the current floorspace level.

- In total, to achieve even the low-level resident and job forecasts presented in the Structure Plan, West Melbourne will need an additional 310,000 sq.m of floorspace at least. Against a maximum development capacity of just over 340,000 sq.m., there is **little room to accommodate any more growth based on the proposed controls**.

- To achieve even the low employment forecasts adopted in the Plan, a **substantial increase in office floorspace will be required**. The controls influencing built-form and use outcomes must therefore be flexible enough to allow commercial development that users want to occupy. The **proposed mandatory controls do not provide this flexibility**.

- In terms of development feasibility of various uses:

  – SGS established that **standalone commercial developments will not be viable** under the proposed floor area ratios. My analysis confirms this with the mandatory controls eliminating the potential for any major office development.

  – Residential-only developments are identified as being feasible in most precincts of West Melbourne. However, most areas, due to the minimum retail and commercial space requirements, **preclude the development of residential-only buildings**.

  – Mixed use projects are identified by SGS under their base case as being feasible in most precincts of West Melbourne. However, once sensitivity analysis is undertaken for a wider range of likely scenarios, **mixed use developments are likely to be rendered unfeasible**.

  – Minimum retail/commercial floor area controls proposed will likely result in an oversupply of retail facilities, further **undermining the viability of mixed use projects**.

- In summary, the proposed controls detailed in the West Melbourne Structure Plan are **expected to make development of any form very difficult**. In effect, the controls will **lock the suburb down** and not allow it to even achieve the very modest projections of residential and employment growth that underpin the Structure Plan.

- Given the **uncertainty of the future needs of the central city** area and West Melbourne as an important part of it, planning for the future of the area should maintain a **high degree of flexibility** to adapt and allow development to respond. While increasing employment levels and rebalancing the focus away from residential development are **appropriate broad goals** for the area, the **imposition of strict and mandatory controls is an inappropriate response** to an economic challenge.

SOURCES OF INFORMATION

7.   This statement draws on a variety of information and sources available to this office, the most important of which are:

- SGS Economics and Planning, West Melbourne Economic and Employment Study – Stage 1 & 2, November 2016 & June 2017

- SGS Economics and Planning, City of Melbourne Employment Forecast 2036, August 2016

- City of Melbourne, Employment and Floorspace Forecasts by Small Area (https://data.melbourne.vic.gov.au/Economy/Employment-and-floor-space-forecasts-by-small-area/gb88-t7zc)

- City of Melbourne, Census of Land Use and Employment, 2017

- Forecast.id Population Projections prepared for the City of Melbourne, April 2019 (https://forecast.id.com.au/melbourne)

- Statistical information provided by the ABS, including the 2011 and 2016 Censuses of Population and Housing.

- Victoria Department of Environment, Land, Water and Planning, Plan Melbourne 2017-2050

- Development Victoria, Docklands Masterplan, 2015

- Urbis, Unlocking Melbourne's CBD, 31 October 2018

ABBREVIATIONS

ABS	Australian Bureau of Statistics
CBD	Central Business District
CLUE	Census of Land Use and Employment
DDO	Design and Development Overlay
ERP	Estimated Resident Population
FAR	Floor Area Ratio

1. WEST MELBOURNE STRUCTURE PLAN 2018

8. In this section I summarise the key elements of the West Melbourne Structure Plan 2018 as they relate to an assessment of the economic issues arising from its implementation into the City of Melbourne Planning Scheme.

1.1. STRUCTURE PLAN AREA

9. The suburb of West Melbourne comprises both residential and industrial areas (along Footscray and Dynon Roads through the Port precinct). The study area for the Structure Plan only includes the West Melbourne residential area, bounded by Victoria Street to the north, Peel Street and William Street to the east, La Trobe Street to the south and Adderley Street and Railway Place to the west.

10. The Structure Plan identifies five precincts within West Melbourne. These five precincts are referred to as Spencer, Flagstaff, Adderley, Station Precinct and Historic Hilltop (see Map 1.1).

West Melbourne Study Area   Map 1.1
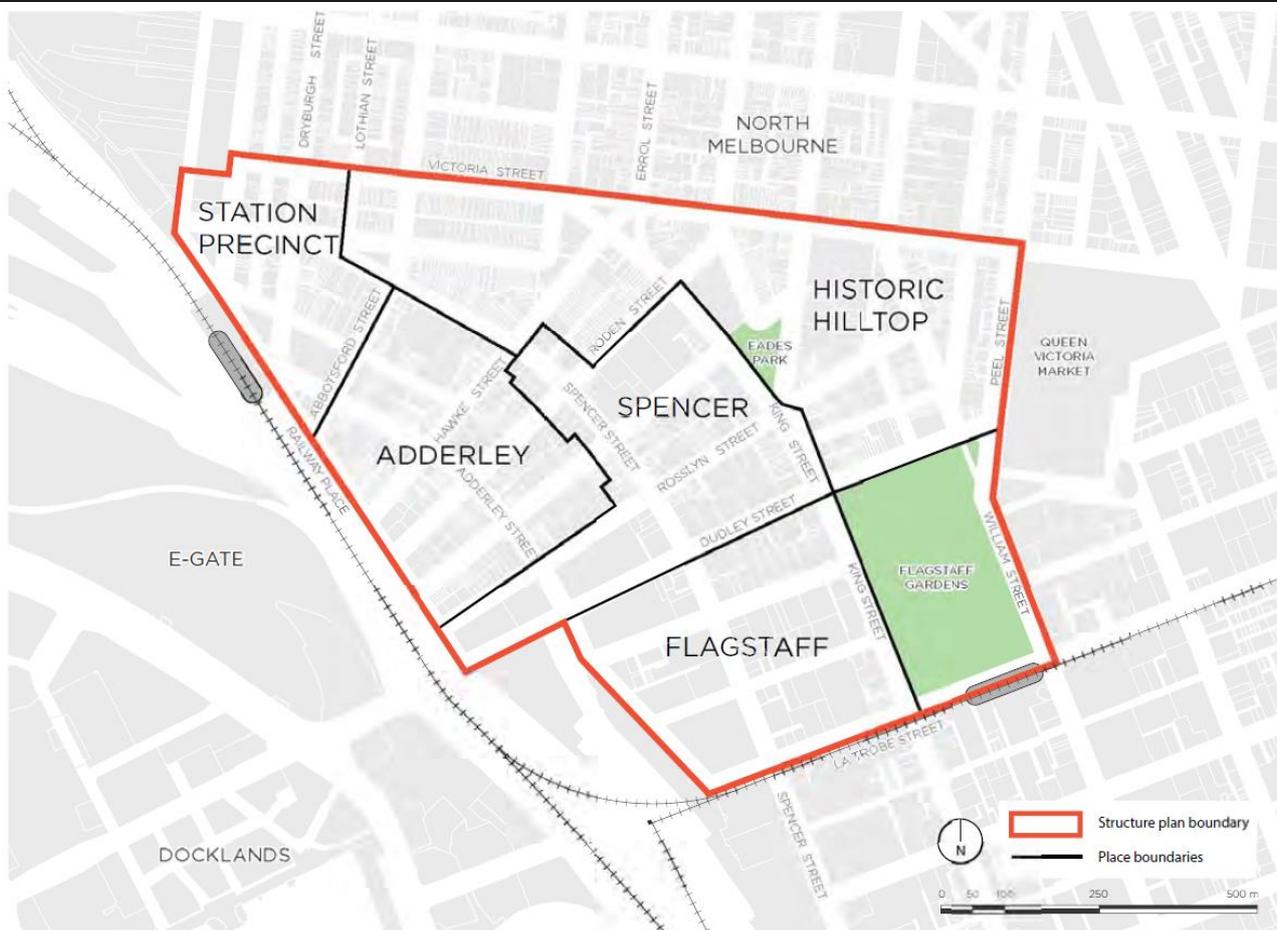
1.2. PLAN OBJECTIVES

11.   The West Melbourne Structure Plan 2018 details 18 objectives:

- *Objective 1: Introduce floor area ratio controls and accompanying built form controls that celebrate West Melbourne's diverse character*

- *Objective 2: Improve the climate change adaptation and mitigation performance of new and existing buildings*

- *Objective 3: Recognise and celebrate the valued heritage and character of West Melbourne*

- *Objective 4: Support mixed use development to facilitate a range of business and employment opportunities*

- *Objective 5: Establish a new local activity centre along Spencer Street and enhance North Melbourne (future West Melbourne) Station with active uses*

- *Objective 6: Ensure good access to community and creative infrastructure within and around West Melbourne*

- *Objective 7: Help deliver affordable housing in West Melbourne*

- *Objective 8: Transform Spencer Street to become a local centre and high mobility street at the heart of West Melbourne*

- *Objective 9: Improve walking safety, access and amenity*

- *Objective 10: Expand and upgrade the cycling network*

- *Objective 11: Advocate for, and help deliver, public transport that meets the needs of the West Melbourne population*

- *Objective 12: Update the supply and management of on-street parking spaces to meet the changing needs of residents, workers and visitors*

- *Objective 13: Update off - street private car parking requirements to support a less car dependent transport system*

- *Objective 14: Create linear open spaces through West Melbourne to enhance connectivity with surrounding areas*

- *Objective 15: Deliver new open spaces in Flagstaff, Spencer and Adderley to meet the different needs of the growing community*

- *Objective 16: Create high quality green streets*

- *Objective 17: Ensure Integrated Water Management (IWM) is incorporated into West Melbourne to support a resilient and liveable neighbourhood*

- *Objective 18: Help ensure delivery of public realm and community infrastructure*

12.   In broad terms, I agree that most of these objectives are appropriate goals for the precinct, including more economic-related objectives such as encouraging a mix of uses beyond residential and increasing employment levels given the recent decline in job numbers in the precinct. As discussed further in this statement, West Melbourne offers several attributes that make it an appropriate location to again play a larger role in supporting the economic base of Melbourne's central city.

13.   In this statement, I will primarily focus on the effects of the floor area and built-form controls referenced in Objective 1 (noting these controls are a mechanism to achieve an outcome rather than an objective as such) and Objective 4 relating to mixed use development being used to facilitate a range of business and employment opportunities. Factors relating to Objective 5 (a new activity centre) and Objective 7 (affordable housing) will be touched upon.

14.   The Structure Plan and the controls contained within it have been developed around West Melbourne supporting:

- 8,000-9,000 residents by 2037

- 10,000 jobs by 2036[1].

15.   These figures are derived in part through the economic background studies prepared by SGS Economics and Planning (SGS). However, I note the resident population level above is well below the West Melbourne population forecast by SGS, while the employment outcome is the lower base case figure which implies local level employment generation only.

1.3.   FLOOR AREA RATIOS

16.   The Structure Plan introduces new floor area ratios (FAR) and other built form controls. In combination, these controls will act to limit the density of development. They have supposedly been designed to deliver enough capacity to meet the level of population and employment growth projected to occur in West Melbourne, while protecting the character and employment role West Melbourne should play in future.

17.   Two separate ratios are put forward in the Structure Plan that will impact on development outcomes on sites:

- A maximum built-form floor area ratio which limits total building area to a multiple of the site area.

- A minimum ratio for the provision of retail and commercial uses (i.e. excluding residential) in some precincts.

18.   The floor area ratios adopted are mandatory requirements with no opportunity for flexibility in development.

1.3.1.   Built-Form Floor Area Ratio

19.   The proposed FAR controls relating to the maximum building area on a site, along with mandatory maximum building heights in precincts where controls are not to change are shown in Table 1.1 overleaf. The following table of controls is as shown in the Structure Plan.

---

[1] West Melbourne Structure Plan 2018, Page 28

Proposed Changes to the Design and Development Overlays

West Melbourne   Table 1.1

		EXISTING CONTROL	**PROPOSED floor area ratio* AND HEIGHT CONTROLS** All floor area ratio controls are proposed to be mandatory and all height controls are proposed to be preferred maximum (discretionary) in the planning scheme amendment.
	DDO28 (Station Precinct)	• Maximum building height 5 storeys (preferred maximum)	• **Maximum floor area ratio of 5:1** • Preferred maximum building height 8 storeys
	New DDO (Spencer)	• Maximum building height 4 storeys (preferred maximum)	• **Maximum floor area ratio of 4:1** • Preferred maximum building height of 10 storeys fronting Dudley Street • Preferred maximum building height of 8 storeys fronting Spencer Street and King Street • Preferred maximum building height of 6 storeys elsewhere
	DDO29 (Adderley)	• Maximum building height 4 storeys (preferred maximum)	• **Maximum floor area ratio of 3:1** • Preferred maximum building height of 4 storeys • Preferred maximum building height of 6 storeys fronting Adderley Street between Hawke Street and Dudley Street
	DDO32 (parts of Station Precinct, Adderley and Historic Hilltop)	• Maximum building height 14 metres (mandatory)	• No change from existing
	DDO33 (Flagstaff)	• Maximum building height 40 metres (around 12 storeys) (preferred maximum)	• **Maximum floor area ratio of 6:1** • Preferred maximum building height 16 storeys • Minimum front, side and rear setbacks above podiums of 6 metres (mandatory)
	DDO31/34 (parts of Historic Hilltop)	• Maximum building height 10.5 metres (mandatory)	• No change from existing
	General Residential Zone (parts of Historic Hilltop and Adderley)	• Maximum building height 11 metres (mandatory)**	• No change from existing

Source: West Melbourne Structure Plan 2018

1.3.2.   Retail/Commercial Floor Area Ratios

20.   The Structure Plan controls in the Spencer, Flagstaff, Adderley and Station Precincts also include a specific requirement for a proportion of development for non-residential uses.

21.   A proportion of the floor area is be dedicated to retail and other commercial uses. These ratios are minimum requirements for non-residential use and must be delivered within the maximum building area ratio described above.

22.   The applicable minimum ratios for non-residential use are:

- *A floor area ratio of 1:1 in Spencer, Station Precinct and Flagstaff.*

- *A floor area ratio of 0.5:1 in Adderley.*

23.   This implies that every new development in each of these precincts must be either entirely non-residential, or at least be mixed use in nature including a combination of retail, commercial and residential space. There can be no developments consisting of exclusively residential floorspace.

1.4. IMPLICATIONS OF STRUCTURE PLAN CONTROLS

24.   As explored through the subsequent sections of this statement, the application of the mandatory controls proposed in the Structure Plan will not allow West Melbourne to be effectively developed as an important urban regeneration precinct located immediately adjacent to Melbourne's CBD. The opportunity presented by the transformation of West Melbourne will be limited due to constrictive development conditions.

25.   I will establish in this statement that:

- the "forecasts" of residents and jobs referred to in the Structure Plan are in fact targets set by the Council;

- these targets are lower than any expectation of what would result if the suburb is allowed to respond to demand;

- the use of these targets as the premise for the Structure Plan is flawed; and

- the imposition of mandatory built-form controls, which are aimed to accommodate these low targets for population and employment but little more, will not allow the necessary flexibility for development in the suburb to respond to an uncertain future nor fulfil the role West Melbourne needs to play in the broader central city context.

2. CENTRAL CITY CONTEXT

26.   In this section I provide some context within which I believe the future development of West Melbourne should be considered. This includes the role West Melbourne can play in supporting an expanding central city, the capacity issues in some precincts of the city that are creating a need for greater than expected development in nearby areas in the short-term, and the attributes of West Melbourne as an important urban regeneration opportunity.

2.1. IMPORTANCE OF MELBOURNE'S CENTRAL CITY

27.   Population and employment growth for Melbourne has been profound and sustained over a long period - so great that Melbourne has been the fastest growing capital city in Australia for over a decade.

28.   Metropolitan Melbourne's growth patterns are being influenced by the macroeconomic phenomenon of urban concentration and agglomeration economies[2] which are driving the clustering of high value knowledge-based employment into the CBD and surrounds.

29.   The growth of central Melbourne has been achieved in large part due to the availability of well-connected urban regeneration opportunities, including Southbank and Docklands. However, these precincts are filling up and new outlets need to be found.

30.   There is good reason for this concentration of growth and activity, which complements the broader macroeconomic context highlighted earlier. The central city has certain enabling factors, such as the greatest concentration and focus of transport infrastructure (both legacy and planned investment), a planning framework that prioritises density, development sites of scale, demand for high rise development and a diverse mix of higher order uses and amenity.

31.   Melbourne's central city also offers one of the strongest concentrations of high-value employment in the country. Many businesses provide knowledge-intensive and specialised services such as funds management, insurance, design, engineering and international education. These businesses and institutions depend on the most skilled workers, and by locating in the heart of Melbourne it enables employers to access the largest possible supply of labour. Proximity to suppliers, customers and partners also helps businesses to work efficiently, to generate opportunities and to come up with new ideas and ways of working.

32.   Consequently, the value of each job supported in the central city is greater than the equivalent job in an outlying area. The central city is the driver of the State's economy and its growth must be supported.

2.2. EXPANDED CENTRAL CITY

33.   Plan Melbourne 2017-2050, as the primary Victorian Government metropolitan planning strategy, recognises the important role played by the central city of Melbourne. The Plan therefore includes a variety of policies focussed on the employment role of the Central City (Policy 1.1.1), the importance of major urban renewal precincts around the Central City (1.1.2) and the need for growth in knowledge-sector jobs supported by the National Employment and Innovation Clusters (NEICs) (1.1.3), including those close to the CBD such as Parkville and Fishermans Bend.

34.   A large share of both Melbourne's population and job growth is anticipated to be accommodated in the inner region of Melbourne, focussed on the Hoddle Grid and adjoining precincts. An expanded Central City growth area is identified in Plan Melbourne. This area and the component precincts are shown in Map 2.1, with the West Melbourne Structure Plan area outlined in red.

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[2] Economies of agglomeration refers to the productivity benefits that firms within some industries (typically those in service or knowledge-based industries) receive by locating near each other. The benefits are associated with generation of economies of scale and network effects from increased (and shared pool) of suppliers and customers.

35. Looking at this map, it is difficult not to feel, visually at least, West Melbourne is the forgotten piece of the future growth puzzle. The future of West Melbourne should be considered in light of the growth directed to surrounding precincts and virtually all other areas that adjoin the Hoddle Grid. West Melbourne enjoys this connectivity to the CBD but is also surrounded by precincts where intensive urban regeneration is proposed, including Parkville, Arden and Docklands.

36. Despite its strategic location, West Melbourne has to date not been considered a major urban renewal precinct. In failing to identify West Melbourne as such, and then restricting development to meet extremely low population and employment targets (see the following section), the West Melbourne Structure Plan is limiting the potential of the area and the significant role it could play in the future of the central city. This is an imperative once considered in light of the constraints emerging in other precincts, as identified in the next sub-section.

Key Features in and around Melbourne's Central City	Map 2.1

2.3.   CAPACITY CONSTRAINTS IN KEY PRECINCTS

2.3.1. Modelling Central City Capacity

37.   Over recent years, Urbis has developed a detailed methodology for determining the capacity of a site to be developed, and in turn, the overall physical capacity of Melbourne's central city precincts. Factors that influence the nature and scale of future development on a particular site include:

- **Site size** – Small sites are more difficult to develop given planning controls relating to factors such as setbacks or plot ratios.

- **Current land use** – The presence of some uses on a site may mean that site is unlikely to be developed intensively (e.g. existing open space, certain public buildings).

- **Current level of floorspace** – Some sites have been developed to an extent that would not be possible if redevelopment was to be considered under current planning controls and therefore there is no potential for additional floorspace on those sites.

- **Age of the building** – Recently developed buildings of any scale are unlikely to be demolished in the short-term.

- **Number of owners** – If a building is strata-titled, the chances of gaining agreement of all owners to redevelop is significantly reduced.

- **Development controls** – The existence of any planning controls may restrict development (including heritage controls or other development-limiting measures).

- Any other factor that may render that property otherwise undevelopable (e.g. it sits under a freeway overpass)

38.   Against each of these factors, we have made an assumption or set of assumptions that will determine if a site is developable or not, applying this methodology to every property in the central city. For example:

- Significant buildings of less than 15-20 years old are unlikely to be developed over the next 30 years or so. New developments undergoing construction or have since commenced construction and are expected to be completed soon are also excluded as recent development.

- Properties that are already developed at or above their maximum floorspace potential as determined by the current planning context are unlikely to be redeveloped. Even if they were, it would not add to the overall floorspace capacity of the central city as the replacement buildings would have less floorspace.

- If a building is strata-titled, we have assumed if a building has more than 15 owners, it is undevelopable.

- If a site has a heritage control over it, it is less likely to be developable (although this is considered on a case-by-case basis as some heritage designations only apply to part of a site such as one building or part of a building).

- If land is used currently as open space, it is assumed this will remain in order to maintain at least the current level of open space.

39.   Having determined which sites will be available for development, Urbis then estimated the floorspace yield that can be generated on each site. Again, a range of factors have been applied to determine this yield, including existing planning controls such as height limits, set-backs, plot ratios and the like.

40.   The result of this process combined with the existing floorspace gives an estimate of the total floorspace capacity.

41.   It is estimated that the CBD has capacity under current controls of around 17 million sq.m of floorspace. Docklands, Southbank and Parkville NEIC have capacity of 3.9, 6.2 and 4.2 million sq.m,

respectively. This capacity needs to accommodate all future development, including commercial office space, residential, retail, community uses etc.

42.   When this capacity is compared against the current floorspace provision for each precinct (for all uses), a floorspace uplift potential for each precinct can be calculated (Table 2.1). This uplift in each precinct is the additional floorspace that could be physically accommodated in that precinct given the developable sites, over and above the current level.

43.   It should be noted that these floorspace capacity estimates should be considered to be absolute maximum capacities. Urbis have assumed the full build-out of floorspace that is possible under the relevant controls on every site. However, there are a variety of reasons why that floorspace level is unlikely to be achieved in practice:

- Increasing prevalence of restrictive planning controls (e.g. heritage and urban design) that will limit development of certain sites and locations;

- Employment floorspace (university, hospital, office etc.) generally requires larger sites that are not readily available (i.e. they can't be developed on every site that might show floorspace capacity);

- Disaggregated ownership patterns are making the amalgamation of sites increasingly difficult;

- Ongoing competition for development sites between residential and employment uses - in my opinion, residential has an inherent advantage because it can utilise smaller sites (as compared to commercial and institutional uses) with often better financial returns.

44.   Furthermore, experience in Australia and overseas points to the fact that constraints on a city's ability to grow and change start to appear before full build-out is reached. As cities approach their floorspace capacity, the market responds to the level of scarcity. Sites available for development become few and far between. This forces up land prices, discouraging development, while rents on existing stock increase causing tenants to look elsewhere for accommodation. Urbis research indicates the ability to accommodate an increasing population and worker base becomes constrained when a precinct reaches approximately 80% of its maximum capacity it.

45.   Parkville NEIC is at that point now, with development sites difficult to find as a result. The precinct reached 80% capacity in 2018/19. Melbourne CBD and Southbank are likely to hit 80% capacity around 2025. Docklands is nearing Masterplan capacity and is therefore past the 80% threshold also.

Central City Floorspace

Million sq.m   Table 2.1

	Existing Floorspace	Capacity	Remaining Floorspace	Floorspace Consumed
CBD	11.16	17.05	5.89	65%
Docklands	3.30	3.92	0.62	84%
Southbank	3.59	6.23	2.64	58%
Parkville NEIC	3.11	4.19	1.08	74%

Source: City of Melbourne Census of Land Use and Employment; Docklands Masterplan; Urbis

2.3.2. Accommodating Growth

46.   Table 2.2 shows the additional floorspace required to support population and employment growth out to 2036. Under current controls, and considering the extent of constrained land, only the CBD and Southbank are theoretically capable of accommodating the required floorspace growth - but only just. This analysis implies very little growth potential for the CBD beyond 2036, while it should also be recognised it assumes all available sites are developed to their maximum potential; a highly unlikely outcome.

47.   Under the master plan for Docklands, there is now very little capacity to accommodate the growth in population and employment that is forecast by the City of Melbourne. Development may well exceed the master plan controls in time, but as it is, Docklands will reach full build out within the next 5 years or so.

48.   Despite being designated as a NEIC, with an expectation of supporting future growth, my analysis indicates that Parkville is already heavily constrained and will not be able to accommodate forecast growth in floorspace. Parkville NEIC is forecast to require additional floorspace of 2.48 million sq.m, against only 1.08 million sq.m of floorspace capacity remaining. The projected population and employment growth will need to shift elsewhere.

Central City Growth

2016-2036   Table 2.2

	Change 2016-2036		Additional Floorspace Required to Accommodate This Growth (million sq.m)
	Population	**Jobs**	
CBD	+56,500	+127,700	+5.70
Docklands	+28,200	+26,300	+2.60
Southbank	+30,700	+20,400	+2.67
Parkville NEIC	+15,100	+33,400	+2.48

Parkville NEIC extends across parts of Parkville and Carlton – Population and employment #'s taken sub-part of Parkville and Carlton growth
Source: City of Melbourne Census of Land Use and Employment; Docklands Masterplan; SGS; forecast.id; Urbis

49.   The ability of central city precincts to accommodate projected future floorspace growth will be heavily constrained well prior to 2036. What happens after that point and these precincts can no longer accommodate any growth? Where will the forecast population and employment locate?

50.   Arden and Fishermans Bend are urban renewal precincts with great potential. However, they are long-term development opportunities that will see limited development over the next 10 years or so. Development in Arden won't really increase substantially until Melbourne Metro opens in 2025, while Fishermans Bend is not expected to support major increases in employment until the area is serviced by a train line which could be 20 years away.

51.   Parkville NEIC and the CBD need an outlet in the short-medium term. The following sub-section establishes that West Melbourne is well-placed to be that outlet.

2.4.   WEST MELBOURNE ATTRIBUTES

52.   West Melbourne is strategically located between the CBD, Parkville NEIC and planned urban renewal in Arden Macaulay. This unique location should not be overlooked in planning for its future. The City of Melbourne's proposed Structure Plan appears to have only considered West Melbourne almost in isolation from its surrounding context.

53.   West Melbourne exhibits key characteristics that make it appropriate as an urban renewal area of some density:

- **Public transport accessibility** – Flagstaff and North Melbourne station. The proposed tram extension Spencer Street will further enhance accessibility through the precinct.

- **Proximity to jobs and amenity** – West Melbourne is directly adjacent to the CBD, creating high levels of synergies for businesses wishing to service the activity generated in the CBD without paying CBD rents, while providing workers and residents with high levels of access to the services and activities they desire.

- **Available land/large sites through renewal of industrial sites.**

- **Potential to leverage health and education facilities in nearby Parkville and the City North precinct.**

54.   West Melbourne is one of the few locations directly adjacent to the CBD capable of accommodating significant population and employment growth in the short to medium term. This opportunity should be recognised and reflected in the Structure Plan by maintaining flexibility to respond to higher levels of residential and employment density in time.

2.4.1. Opportunities for Employment Growth in West Melbourne

55.   SGS' Stage 1 report suggested three opportunities for employment growth in West Melbourne:

- Supporting the significant metropolitan tourism, arts and culture activities that are located in proximity to West Melbourne

- Building capacity to support and leverage the health and research functions in Parkville

- Developing a business-oriented precinct to accommodate administrative support and back of house functions for the CBD, as well as supporting the growth of small and new businesses.

56.   In the Stage 2 report, for each opportunity, SGS identify the types of activities, their floor space requirements and preferred locations within the precincts.

57.   Most uses associated with supporting health and research functions in Parkville and back of house functions require an office space typology. Therefore, any controls applied through the Structure Plan should be flexible and support the development of office space. The requirements for office development are considered later in Section 5.

Opportunities: Uses, Built Form and Preferred Locations

West Melbourne   Table 2.3

Opportunities	Land uses and activities	Built form/floor space requirements	Preferred locations in West Melbourne
"Supporting the significant metropolitan tourism, arts and culture activities that are located in proximity to West Melbourne"	Short term accommodation	Hotel/serviced apartments – requires larger sites	Key nodes, activity centres and on main roads
	Retail/hospitality	Retail/café/restaurant – can be accommodated across a range of site sizes	Key nodes or activity areas
	Entertainment venues	Bars/larger entertainment venues	Key nodes or activity areas; away from sensitive residential areas
"Building capacity to support and leverage the health and research functions in Parkville"	Consulting rooms	Office format	Perhaps towards Parkville, although no locations that are not suitable
	Labs (e.g. pathology)	Office format and/or specialised facilities	
	Research facilities	Office format and/or specialised facilities	
"Developing a business oriented precinct to accommodate administrative support and back of house functions for the CBD, as well as supporting the growth of small and new businesses."	Offices; shared offices	Office format	Key nodes and activity centres
	Retail and hospitality	Ground floor retail; first floor suitable for some hospitality uses	Key nodes or activity areas
	By implications, office accommodation that offer lower rents that in other central city locations.		Throughout the precinct

Source: SGS West Melbourne Structure Plan – Stage 2 Report

3. POPULATION AND EMPLOYMENT PROJECTIONS

58. In this section, I consider the residential population and employment levels that underpin the West Melbourne Structure Plan, comparing them to: the forecasts prepared by SGS through their background reports that informed the Plan; forecasts prepared more recently on behalf of the City of Melbourne; as well as actual observed growth in recent years.

3.1. POPULATION PROJECTIONS

59. The Structure Plan indicates the population of West Melbourne is forecast to reach around 8,000-9,000 people by 2037. I believe this is a population target NOT a forecast as it is inconsistent with historic growth and not in line with more recent forecasts or even the SGS Stage 1 report.

60. Chart 3.1 below shows the population (adopting the mid-point of 8,500 residents) stated in the Structure plan alongside historic population growth and other forecasts.

61. The ABS's Estimated Resident Population (ERP) provides an indication of the rate of growth in West Melbourne over recent years. The population of West Melbourne increased by almost 2,000 people between 2011-2016, representing growth of 8.4% per annum. Since 2016, West Melbourne's population has grown even further, increasing by 470 residents between 2016-2017.

62. While past growth is not a perfect indicator of future growth, it does provide an indication of underlying demand conditions that have been in place in West Melbourne in recent years.

63. Looking forward, there are a variety of wide-ranging projections that have been put forward as to the likely future growth of West Melbourne. As depicted in Chart 3.1, these disparate forecasts represent very different potential futures for West Melbourne:

- **City of Melbourne 2015** – In 2015, Geografia prepared population forecasts on behalf of Council for all the City precincts, including West Melbourne. These forecasts were presented at Table 3 (pg. 51) of SGS's Stage 1 report. As identified by SGS, these projections "*did not take into account the significant number of recently approved dwellings and potential for significantly more residential developments to continue to occur*". Hence this original set of forecasts are at the low end of the range.

- **SGS Low and High Range** - In the SGS Stage 1 report, reflecting their view of the understated population forecasts prepared in 2015 suggested the following at pages 51 and 52 respectively:

    A more realistic dwelling estimate for the precinct would be 7,000 to 10,500 dwellings by 2036 (compared with around 5,100 dwellings)

    Using a household size of 2.0 (rather than a declining rate) *a more realistic population estimate for the precinct would be 14,000 to 21,000 people by 2036*

    Consequently, this more realistic range of 14,000 to 21,000 residents is shown on Chart 3.1.

- **West Melbourne Structure Plan 2018** – Despite engaging SGS as the economic expert informing the development of the Structure Plan, the City of Melbourne appear to have ignored the more realistic population projections they have prepared, instead adopting a range of 8,000-9,000 people. This is claimed to be a forecast, although I have not seen evidence of its derivation. It appears to be a target set by Council for West Melbourne which represents a significantly reduced rate of growth for the suburb compared to recent years, and other forecasts.

- **City of Melbourne 2019** – The City of Melbourne has now engaged a new population forecasting group, *forecast.id* to prepare their latest city-wide forecasts. The City of Melbourne population forecasts page on their website directs you to these forecasts (https://forecast.id.com.au/melbourne). Forecast.id's more recent forecasts indicate West Melbourne's population will grow to almost 19,500 people by 2037, more than double the range adopted in the Structure Plan, but within the range forecast by SGS.
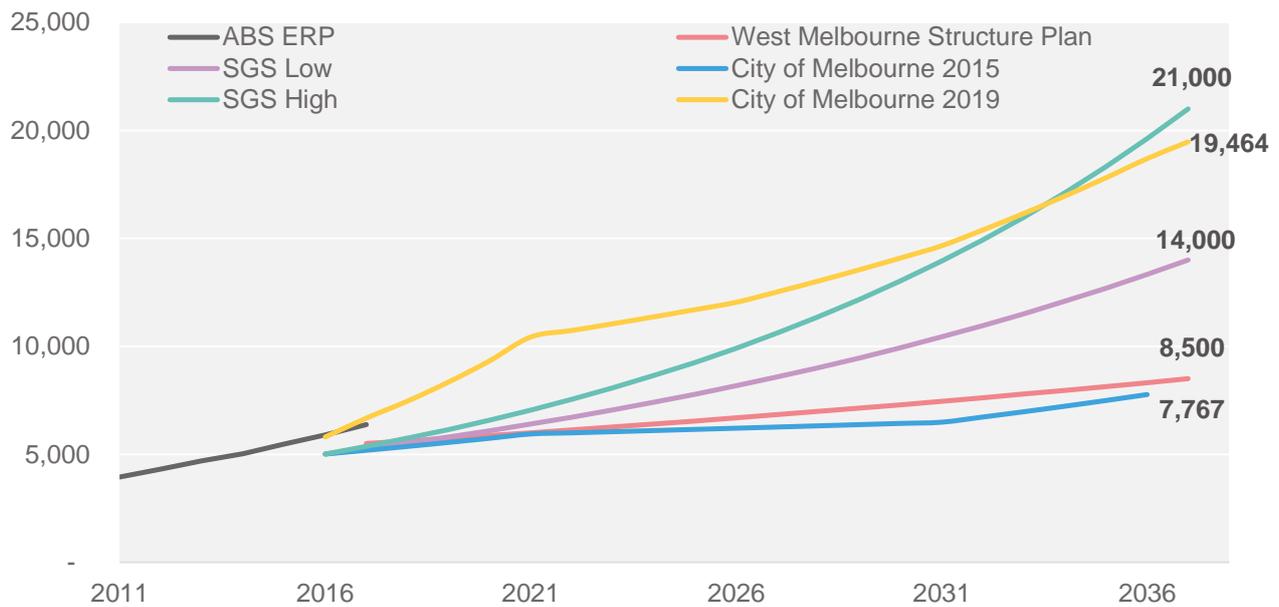
Source: ABS; West Melbourne Structure Plan; SGS West Melbourne Employment and Economic Study Stage 1; forecast.id; Urbis

64.   It appears the population figures that are the foundation of the West Melbourne Structure Plan have been targeted by the City of Melbourne in the 8,000 to 9,000 resident range, contrary to the forecasts prepared by SGS as background to the Plan and less than half the level forecast most recently by forecast.id on behalf of Council.

65.   **As discussed through subsequent sections of this report, this very low population target does not optimise the urban regeneration potential of West Melbourne given its strategic location and constraints on other areas. The floor area ratios applied in the Structure Plan controls have been designed to accommodate the 8,000-9,000 people, along with employment. However, they will severely restrict the ability to support the higher level of growth that other demographic experts (on Council's behalf) have forecast and that I believe West Melbourne can and should accommodate.**

3.2.   EMPLOYMENT PROJECTIONS

3.2.1. Historic Change in Employment

66.   Table 3.1 overleaf shows the change in employment within West Melbourne between 2005 and 2017 by industry of employment. This data is derived from the City of Melbourne's Census of Land Use and Employment (CLUE).

67.   Between 2010 and 2015 West Melbourne lost close to 2,500 jobs according to this data. The City of Melbourne through the West Melbourne Structure Plan have highlighted the loss of employment in West Melbourne. They attributed this trend primarily to the increase in residential development in the suburb displacing employment uses.

68.   However, the loss of jobs is on closer inspection is not as dramatic as the 2010 to 2015 decline might indicate. The SGS Stage 1 report highlights that approximately 1,000 of the jobs lost was a direct result of an office building that was vacated in 2014 and has since been occupied by Haileybury College. It was not the result of residential development.

69.   Prior to 2010, employment levels were shown to be growing steadily. And again from 2015 to 2017, growth in employment in West Melbourne has returned, although the increase is relatively modest.

70.   The supposed continued loss of jobs seemingly underpinned the West Melbourne Structure Plan and resulted in the proposed imposition of minimum retail and commercial floor area requirements in conjunction with maximum building floor area ratios. However, the loss of jobs has not continued, despite an increase in residential development activity, in part because new residents create demand for population services.

71.   The industry level data also shows that while industrial type employment (particularly manufacturing, wholesale trade and transport) has been in decline, it is **being replaced by new knowledge-based industries such as Health Care and Education and Training, along with creative jobs that West Melbourne is becoming recognised for in Arts and Recreation**. This is a typical trend experienced in former industrial areas undergoing transition.

3.2.2. Forecast Employment Growth

72.   According to the Structure Plan the number of jobs in West Melbourne is forecast to increase to around 10,000 by 2036, growing from around 5,500 in 2016. This growth of 4,500 jobs over the 20-year period is in line with base case for West Melbourne presented in SGS's City of Melbourne Employment Forecast 2036.

73.   The SGS forecasts are prepared for the entire municipality of Melbourne and area updated on an annual basis. It is apparent that the base case employment forecast prepared by SGS in 2016[3] has informed the estimated population growth in the West Melbourne Structure Plan.

74.   However, the SGS City of Melbourne Employment Forecast 2036 presented multiple employment scenarios. One of those scenarios involved an assumption that West Melbourne would evolve as an outlet for institutional employment (education and health) due to its proximity to Parkville. This scenario involved transferring around 2,400 jobs that were curiously previously allocated to the CBD rather than Parkville, to West Melbourne.

75.   Therefore, there are two employment outcomes considered in SGS's employment forecasts for West Melbourne – a base case resulting in 9,965 jobs in the suburb compared to a higher employment scenario of 12,380 jobs.

76.   However, despite the Structure Plan expressing a desire for increased employment in West Melbourne, **the Plan and the controls within it have been designed to target the lower employment figure of around 10,000 jobs only**.

77.   Analysis of SGS's industry level employment forecasts in Table 3.2 highlights the expectation of a continued transition of the nature of commercial activity in West Melbourne. The job growth is expected to predominantly derive from continued growth in institutional employment, along with white collar support services given the proximity to the CBD. The top industries for growth in volume terms are:

- Health care and social assistance

- Education and training

- Business services

- Admin and support services

- Finance and insurance services

- Arts and recreation services.

78.   The former industrial businesses are still expected to be replaced over time with declines in the following areas:

- Transport, postal and storage

---

[3] City of Melbourne Employment Forecast 2036, SGS Economics and Planning, August 2016

- Wholesale trade

- Manufacturing

- Construction

79.   Of course, the transition of employment type requires West Melbourne to be able to be redeveloped to deliver the type of floorspace required for the new employment sectors. While former factories and warehouses are replaced, the key growth sectors need a different building form. Most of the jobs in institutional employment and white-collar support services will ultimately be accommodated in some sort of office format.

80.   As a result, even based on SGS's lower-case employment forecasts that is used to underpin the Structure Plan, **a substantial increase in office floorspace will be required to accommodate the uplift in workers**. The controls influencing built-form and use outcomes must therefore be flexible enough to allow commercial development that users want to occupy.

81.   For institutional and larger commercial office users, the required space will typically be larger floorplate office space, potentially in campus-style buildings. They will not be suited to low-rise space that can result from commercial space being used to activate a street environment.

82.   The discussion in Section 5 of this report will highlight that application of the FAR controls as proposed in the Structure Plan will not allow the necessary flexibility to support this employment growth to any great extent.

Employment by Industry 2005-2017

West Melbourne | | | | | | | | | | | | | Table 3.1

	2005		2010		2015		2017		2005-2015		2015-2017	
	#	%	#	%	#	%	#	%	#	% p.a.	#	% p.a.
Agriculture, Forestry and Fishing	0	0%	0	0%	0	0%	0	0%	0	-	0	-
Mining	0	0%	0	0%	1	0%	0	0%	1	-	-1	-100%
Manufacturing	340	5%	330	4%	245	4%	180	3%	-95	-3%	-65	-14%
Electricity, Gas, Water and Waste Services	10	0%	92	1%	0	0%	0	0%	-10	-100%	0	-
Construction	196	3%	192	2%	166	3%	231	4%	-30	-2%	65	18%
Wholesale Trade	398	5%	440	5%	290	5%	211	4%	-108	-3%	-79	-15%
Retail Trade	424	6%	217	3%	200	4%	214	4%	-224	-7%	14	3%
Accommodation and Food Services	298	4%	283	4%	321	6%	277	5%	23	1%	-44	-7%
Transport, Postal and Warehousing	501	7%	462	6%	275	5%	92	2%	-226	-6%	-183	-42%
Information Media and Telecommunications	320	4%	152	2%	177	3%	181	3%	-143	-6%	4	1%
Financial and Insurance Services	1,308	18%	2,127	26%	138	3%	100	2%	-1170	-20%	-38	-15%
Rental, Hiring and Real Estate Services	56	1%	73	1%	57	1%	77	1%	1	0%	20	16%
Professional, Scientific and Technical Services	1,336	18%	1,702	21%	1,193	22%	1,230	22%	-143	-1%	37	2%
Administrative and Support Services	478	6%	409	5%	365	7%	404	7%	-113	-3%	39	5%
Public Administration and Safety	457	6%	406	5%	373	7%	398	7%	-84	-2%	25	3%
Education and Training	180	2%	404	5%	445	8%	390	7%	265	9%	-55	-6%
Health Care and Social Assistance	310	4%	220	3%	617	11%	697	13%	307	7%	80	6%
Arts and Recreation Services	382	5%	161	2%	309	6%	460	8%	-73	-2%	151	22%
Other Services	414	6%	393	5%	346	6%	431	8%	-68	-2%	85	12%
Total	**7,408**	**100%**	**8,063**	**100%**	**5,518**	**100%**	**5,573**	**100%**	**-1,890**	**-3%**	**55**	**0%**

Source: City of Melbourne; SGS Economics and Planning; Urbis

Employment by Industry Forecast 2015-2036

West Melbourne   Table 3.2

	2015		2021		2026		2031		2036		2015-2036	
	#	%	#	%	#	%	#	%	#	%	#	% p.a.
Agriculture and Mining	1	0%	0	0%	0	0%	0	0%	0	0%	-1	-100%
Manufacturing	273	5%	498	7%	373	5%	293	3%	128	1%	-145	-4%
Electricity, Gas, Water and Waste Services	0	0%	0	0%	0	0%	0	0%	0	0%	0	-
Construction	166	3%	128	2%	115	1%	92	1%	81	1%	-85	-3%
Wholesale Trade	288	5%	198	3%	198	3%	141	2%	141	1%	-147	-3%
Retail Trade	200	4%	206	3%	212	3%	220	2%	228	2%	28	1%
Accommodation	25	0%	144	2%	182	2%	253	3%	320	3%	295	13%
Food and Beverage Services	296	5%	305	4%	312	4%	321	4%	331	4%	35	1%
Transport, Postal and Storage	275	5%	233	3%	153	2%	85	1%	26	0%	-249	-11%
Information Media and Telecommunications	158	3%	186	3%	207	3%	238	3%	278	3%	120	3%
Finance and Insurance	138	3%	236	3%	343	4%	411	5%	489	5%	351	6%
Rental and Hiring Services	15	0%	10	0%	5	0%	5	0%	5	0%	-10	-5%
Real Estate Services	42	1%	68	1%	88	1%	107	1%	125	1%	83	5%
Business Services	1,214	22%	1,352	19%	1,487	19%	1,760	20%	2,032	22%	818	2%
Admin and Support Services	365	7%	554	8%	713	9%	919	10%	1,151	12%	786	6%
Public Administration and Safety	373	7%	465	7%	534	7%	602	7%	657	7%	284	3%
Education and Training	417	8%	688	10%	922	12%	1,076	12%	1,238	13%	821	5%
Health Care and Social Assistance	607	11%	887	13%	1,095	14%	1,315	15%	1,540	16%	933	5%
Arts and Recreation Services	309	6%	396	6%	486	6%	540	6%	653	7%	344	4%
Other Services	356	6%	419	6%	446	6%	466	5%	543	6%	187	2%
Total	**5,518**	**100%**	**6,973**	**100%**	**7,871**	**100%**	**8,844**	**100%**	**9,423**	**100%**	**3,905**	**3%**

Source: City of Melbourne; SGS Economics and Planning; Urbis

3.3.   DENSITY OF POPULATION AND EMPLOYMENT

83.   I have calculated the density of population and employment relative to land area for West Melbourne in 2016 and 2036 using Census figures and the population and employment projections from the Structure Plan.

84.   Charts 3.2 and 3.3 below show West Melbourne population and employment density compared to suburbs in Sydney and Melbourne as at 2016. More detailed tables can be found in Appendix A.

85.   West Melbourne's population density at 2016 was 6,869 residents per sq.km, making it the 12th most densely populated suburb in Greater Melbourne. This is a similar level of density to St Kilda, North Melbourne and Richmond.

86.   In terms of employment, West Melbourne ranks 13th in Melbourne, at 6,078 jobs per sq.km. In terms of job density, West Melbourne currently sits between East Melbourne and Abbotsford.

87.   Based on 8,500 residents in 2036 (given the 8,000-9,000 population target underpinning the Structure Plan), the population density in West Melbourne would reach 9,302 residents per sq.km. This is comparable to Fitzroy, Balaclava and South Yarra at 2016. None of these suburbs would be considered overly densely populated areas, and all will become denser over time.

88.   Employment density in West Melbourne by 2036, adopting the 10,000 job estimate from the Structure Plan, will be 11,628 jobs per sq.km. This is broadly comparable to what South Melbourne was in 2016.

89.   This level of job density is would still be well below the current level in a comparably located area such as Cremorne (15,591 jobs/sq.km), as well as examples close to the CBD in Sydney such as Pyrmont (21,077 jobs/sq.km) and Surry Hills (22,657 jobs/sq.km) in 2016.

90.   I note that SGS identified Pyrmont and Surry Hills as comparable "business incubators" in their Stage 2 report:

There are likely to be precedents in other cities for variety in employment precincts in the central city provided important accommodation for service industrial, support services, incubators for new and emerging business, and unique business to business interactions. Surry Hills and Pyrmont in Sydney are relevant comparators in the Australian context.

SGS Economics & Planning West Melbourne Employment and Economic Study, Stage 2, pg.10

91.   If West Melbourne is to fulfil a similar role, density of development could be increased to be in line with what is observed currently in other areas of our major capital cities.

92.   Maps 3.1-3.4 show the density of West Melbourne compared to other City of Melbourne small areas at 2016 and 2036. West Melbourne population at 2036 is per the Structure Plan, while the forecast.id. projections (prepared on behalf of the City of Melbourne) are used for other precincts. Employment projections are from the City of Melbourne Employment Forecast 2036 prepared by SGS.

93.   In 2016, CBD and Southbank were the most densely populated suburbs. West Melbourne sits between North Melbourne and South Yarra. By 2036 Carlton, North Melbourne and Docklands will all be denser than West Melbourne if population is restricted to the level in the Structure Plan. The lack of density in West Melbourne seems somewhat incongruous given all surrounding areas will accommodate a materially higher residential density per sq.km.

94.   In terms of employment, the CBD, Southbank, Docklands and East Melbourne all denser than West Melbourne currently. West Melbourne is in line with Parkville and Carlton, however, the employment concentration of Parkville is understated as the land area includes Royal Park. I estimate the employment density of the Parkville National Employment and Innovation Cluster to be in the order of 13,000 jobs/sq.km in 2016, substantially higher than the implied West Melbourne density in 2036.

95.   Given the comparisons to existing density in comparable locations around Melbourne and Sydney, the future density of West Melbourne as per the Structure Plan will under-deliver on the potential of the suburb given its locational attributes, and the need for West Melbourne to accommodate flow-over demand from surrounding precincts reaching capacity in the short-term. The population and employment estimates are not market forecasts, but rather targets. These targets are too low.

Population Density 2016

Selected Melbourne and Sydney Suburbs, (residents/sq.km)   Chart 3.2
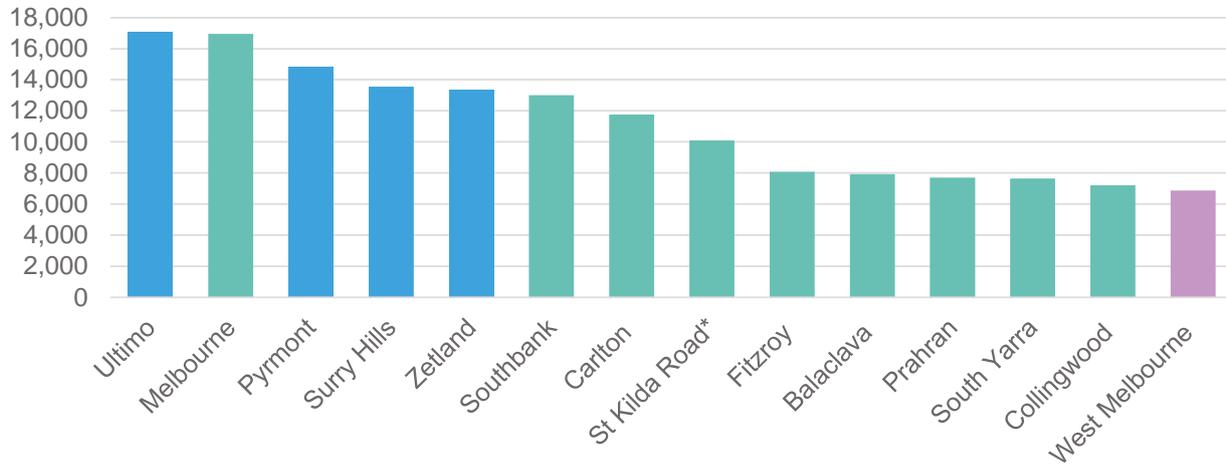
Suburb of Melbourne has been split into Hoddle Grid (Melbourne) and St Kilda Road
Source: ABS; Urbis

Employment Density 2016

Selected Melbourne and Sydney Suburbs, (jobs/sq.km)   Chart 3.3

Suburb of Melbourne has been split into Hoddle Grid (Melbourne) and St Kilda Road
Source: ABS; Urbis

Population Density
2016

- Over 15,000/km²
- 10,000/km² to 15,000/km²
- 5,000/km² to 10,000/km²
- Fewer than 5,000/km²
- ● Future Metro Station
- ── Future Metro Tunnel
- ● Railway Station
- ── Railway Line

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2 KM

Population Density
2036

- Over 15,000/km²
- 10,000/km² to 15,000/km²
- 5,000/km² to 10,000/km²
- Fewer than 5,000/km²
- ● Future Metro Station
- — Future Metro Tunnel
- ● Railway Station
- — Railway Line

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2 KM

Parkville

Carlton

PRINCES ST   ALEXANDRA PDE

EASTERN FWY

Kensington

North
Melbourne

BALLARAT RD

GEELONG RD

ELLIOTT AVE

500m

West Melb. Station

West
Melb.

500m

Flagstaff Station

West Melbourne
(Industrial)

FOOTSCRAY RD

East
Melbourne

HODDLE ST

Melbourne
(CBD)

Docklands

Southbank

Melbourne
(Remainder)

WEST GATE FWY

CITYLINK

Port
Melbourne

WEST GATE BRG

MONTAGUE ST

CITY RD

KINGS WAY

PUNT RD

South
Yarra

BAY ST

QUEENS RD

PRINCES HWY

ST KILDA

**Employment Density
2016**

■ Over 30,000/km²
■ 20,000/km² to 30,000/km²
■ 10,000/km² to 20,000/km²
■ Fewer than 10,000/km²
● Future Metro Station
— Future Metro Tunnel
● Railway Station
— Railway Line

2 KM

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Employment Density 2036
- Over 30,000/km²
- 20,000/km² to 30,000/km²
- 10,000/km² to 20,000/km²
- Fewer than 10,000/km²
- ● Future Metro Station
- — Future Metro Tunnel
- ● Railway Station
- — Railway Line

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2 KM

4. CAPACITY OF WEST MELBOURNE

96.   In this section I consider the capacity of West Melbourne to accommodate an increase in floorspace, whether that be through residential, commercial or community uses.

4.1. DEVELOPMENT CONSTRAINTS

97.   In 2015, based on the analysis presented in the SGS Stage 1 report prepared as background to the proposed Structure Plan, West Melbourne had 930,000 sq.m metres of floorspace. Some 650,000 of this accommodates employment and residential uses. Reviewing the 2017 CLUE data, West Melbourne contains a slightly higher 938,800 sq.m of total floorspace.

98.   SGS's Stage 1 report assessed the development potential of West Melbourne and identified available and constrained sites. Constraints that can impact on the development potential of a site include building age (new buildings are unlikely to be replaced in the short-term), heritage overlay areas, small lots where development is often not feasible and lots which have recently been developed or are under construction.

99.   This is a similar to the approach adopted by Urbis to estimate the potential of inner-city areas to accommodate growth by establishing the capacity of sites that are available for redevelopment, as described in Section 2.

100.   As at this stage the detailed property data available to SGS from CLUE has not been made available to me. Therefore, in considering the validity of the capacity analysis of SGS, I have simply adopted their assessment of which sites are developable or not using the map provided at Figure 27 of SGS's Stage 1 report. Once the available or constrained sites are identified, I have been able to analyse the size of each parcel and then aggregate up to total available land.

101.   There is a total of 933 lots across West Melbourne, excluding three larger parks. Chart 4.1 shows the number of developable lots and the land area those developable sites occupy. Only 14% of all sites are available for development. This is in part due to the large number of standard residential lots in the northern parts of West Melbourne that are considered constrained because of their small lot size.

102.   Developable sites account for 40% of the total land area, or around 173,500 sq.m in site area.

103.   It is worth noting here that without the ability to undertake an independent assessment, I adopt SGS's assessment of which sites are developable or not, despite some anomalies evident in the classification of some sites.

104.   For example, St James Anglican Old Cathedral is marked as an available and developable site. As is the Melbourne Assessment Prison. Sites such as this are unlikely to be redeveloped within the forecast period to 2036. Furthermore, new heritage constraints have been introduced in West Melbourne since SGS's analysis was conducted.

105.   As a result, if anything, the SGS analysis as to what is developable may be further overstated.

*Source: SGS Economics & Planning West Melbourne Employment and Economic Study Stage 1; Urbis*

Development Opportunities and Constraints

West Melbourne   Chart 4.1
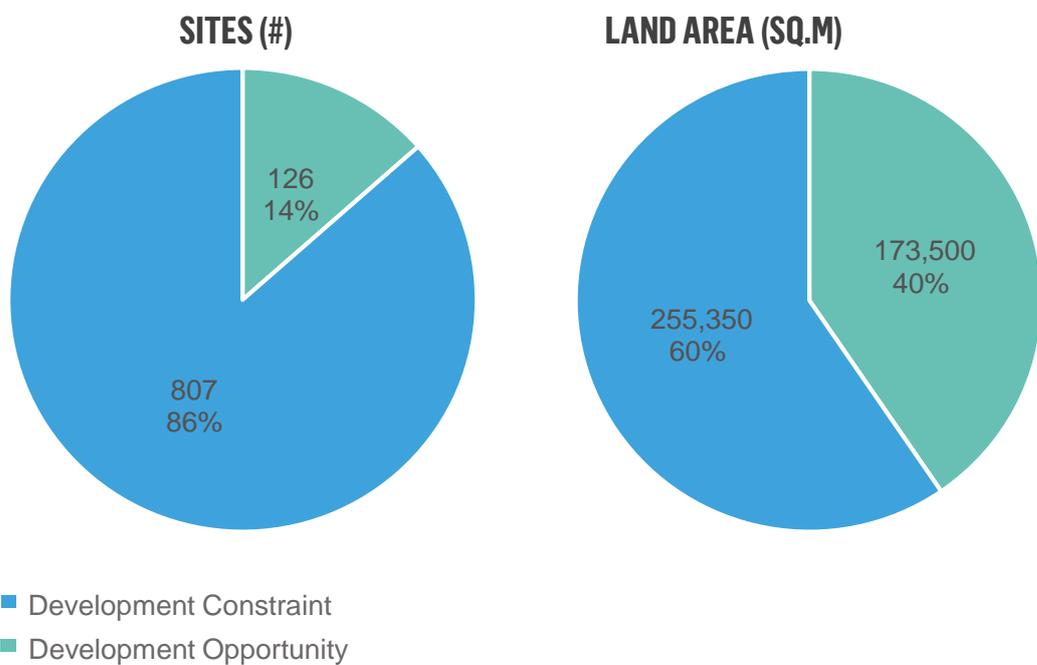

Source: SGS Economics & Planning West Melbourne Employment and Economic Study Stage 1; Urbis

106. Chart 4.2 shows the size of those sites with development potential. Some 54% of developable sites are less than 1,000 sq.m in size and will therefore generate very modest development outcomes once floor area ratios and other built-form controls such as setbacks are applied. Just 12 sites are over 2,500 sq.m which is considered the minimum size necessary to support a sizeable office development.

107. The two largest sites identified are the Melbourne Assessment Prison which may not be developable in the foreseeable future, and the old Australia Post site bordered by Rosslyn, Adderley and Dudley Streets which is being developed as the West End Apartments. The project is currently under construction and will comprise 357 residential units and an Adina Hotel with 92 serviced apartments across five buildings. It too is therefore not likely available for further redevelopment.

Land Area of Developable Sites

West Melbourne (Share by Sq.m Range)   Chart 4.2
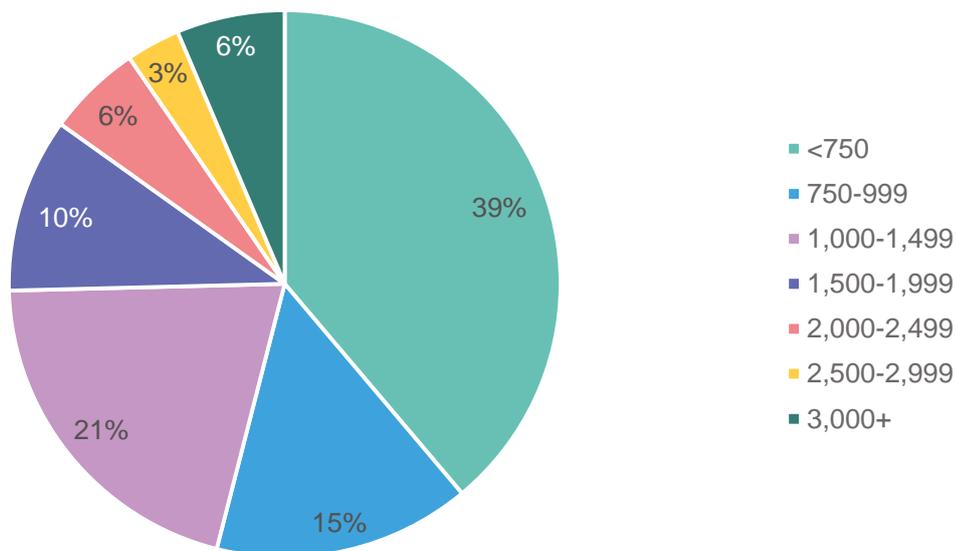
Source: SGS Economics & Planning West Melbourne Employment and Economic Study Stage 1; Urbis

4.2.   FUTURE CAPACITY

108. Total building area capacity across West Melbourne is the result of:

    Existing total floorspace *less* ***Existing floorspace on developable lots*** *plus* ***Potential floorspace on developable lots***.

109. As detailed above, existing total floorspace in West Melbourne is around 940,000 sq.m.

110. Given I do not have access to the property level floorspace data as SGS did, I have assumed existing floorspace on developable lots (the space that could be deleted to allow new development) is equivalent to the proportion of land that is developable at 40% or 376,000 sq.m.

111. Finally, I have attempted to estimate the maximum allowable floorspace on developable sites by applying the relevant floor area ratio (FAR) to each DDO or other zoning area. Note that because some precincts are proposed to maintain mandatory height limits, I have not been able to precisely calculate the developable floorspace in those areas based on land area. Instead I have made assumptions around the potential development outcomes under those height limits relative to the amount of space that is developable in each precinct. I have in effect assumed a FAR for these areas.

112.   The result of the calculation shown in Table 4.1 is therefore as follows:

Existing total floorspace (930,000 sq.m) *less* **Existing floorspace on developable lots (376,000 sq.m)** *plus* **Potential floorspace on developable lots (718,000 sq.m)**

Equals **1.3 million sq.m of total building area capacity in West Melbourne**.

113.   The total increase in building area possible under the proposed built-form controls is only 37% higher than the current floorspace level. It must be recognised however that the total building area capacity is an **absolute maximum**. It is unlikely this level could be achieved in the forecast period to 2036. There will always be sites that owners choose not to develop for a variety of reasons.

114.   I consider further below if this increase in floor area is sufficient to accommodate the projected employment and population levels.

Capacity of Developable Sites

West Melbourne   Table 4.1

DDO (Precinct)	Maximum Floor Area Ratio*	Land Area (sq.m)	Maximum Floorspace Developable (sq.m)
DDO28 (Station Precinct)	5:1	9,700	48,600
New DDO (Spencer)	4:1	55,200	220,600
DDO29 (Adderley)	3:1	20,700	62,200
DDO32 (parts of Station Precinct, Adderley and Historic Hilltop)	3:1	33,600	100,700
DDO33 (Flagstaff)	6:1	40,900	245,700
DDO31/34 (parts of Historic Hilltop)	3:1	2,000	6,000
General Residential Zone (parts of Historic Hilltop and Adderley)	3:1	11,400	34,100
Total		**173,500**	**717,900**

* Implied if mandatory floor height limit applicable.
Source: West Melbourne Structure Plan; SGS; Urbis

4.3.   FLOORSPACE REQUIREMENT

115.   In Table 7 of the SGS Stage 1 report, estimates are provided of the floorspace required to accommodate the base case employment forecasts of just under 10,000 jobs, and then the floorspace needed for the number of dwellings based on the Geografia 2015 forecast of just over 5,100 dwellings (capable of accommodating 8,000-9,000 people as adopted in the Structure Plan). The results of this assessment were a need for:

•   An additional 93,000 sq.m of employment floorspace, up from an estimated 307,000 sq.m in 2016 (30% increase)

•   An additional 227,000 sq.m of residential floorspace, up from an estimated 302,000 sq.m in 2016 (75% increase).

116.   The employment floorspace required could be even greater than 93,000 sq.m. In the City of Melbourne Employment Forecast 2036, SGS indicates West Melbourne would require between 100,000-200,000 sq.m of employment floorspace.

117.   In total, West Melbourne will need an additional 310,000 sq.m of floorspace *at least*. Having calculated the maximum development capacity to be around 342,000 sq.m., there is little room to accommodate any more than 8,000-9,000 residents and 10,000 jobs.

118.   There will certainly not be enough capacity to accommodate any more residents and jobs in West Melbourne over and above the Structure Plan targets, as is likely required given constraints in other areas. The use of FAR sets a hard cap on the capacity of West Melbourne which allows little flexibility to adapt to the future needs of residents and workers in the Central City.

5. DEVELOPMENT FEASIBILITY UNDER FLOOR AREA RATIO CONTROLS

119.   This section considers whether the proposed floor area ratio controls will enable feasible development. This is considered first from the perspective of the financial development decision approach adopted by SGS in their Stage 2 background report, and then from the point of view of delivering office and retail space that will be necessary to support any material increase in employment in West Melbourne.

5.1.   SGS FEASIBILITY ANALYSIS

120.   In their Stage 2 report, SGS prepared a feasibility assessment of development of different use outcomes across the precincts of West Melbourne using average land values, testing the viability of development for a range of floor area ratio assumptions.

121.   The feasibility testing at Table 24 on Page 27 of the Stage 2 report appears to most closely represent the floor area control ratios now proposed in the West Melbourne Structure Plan in each precinct. Allowance is also made for the minimum commercial and retail use floor area ratios at 1:1, testing a mixed retail, commercial and residential outcome and a commercial and residential outcome (with no retail).

122.   Before testing some alternative scenarios, I make the following comments in relation to the approach adopted by SGS:

- The methodology of considering average land values based on past observations and calculating a residual land value (RLV) is a very simplified approach that is unlikely to properly reflect the more detailed feasibility considerations faced by developers. Nonetheless, it does provide a framework for assessing broadly the impact of the application of floor area ratios in West Melbourne.

- Based on average land value in each precinct at a point in time which is now potentially out of date. No consideration or extensive testing of the impact on results of the variation in land values across a precinct has been undertaken.

- The analysis does not take into account site sizes. Values on a per sq.m rate can vary from site to site quite considerably, impacting feasibility.

- The sensitivity testing has been limited. It has included scenarios for lower land values, higher sales rates/revenues and costs associated with delivering affordable housing and development contributions. However, this ignores other quite possible outcomes that must be tested for:

    i.   **Higher land values** – with West Melbourne identified as an area that is in demand as an emerging renewal precinct, land values could quite conceivably increase at a rate faster than the broader Melbourne market.

    ii.   **Increased development costs** – increasing costs can have a crippling impact on the ability for a property development to be delivered. Cost increases can come from influences such as the rising cost of materials and construction, or interest rate increases (noting SGS's calculations were completed during an almost record low interest rate environment).

    iii.   **Various combinations of scenarios** – it is highly unlikely that only one assumption in the modelling will vary from the adopted value. It is therefore worth considering the impact on the feasibility calculations of multiple sensitivities at the same time. This is particularly relevant when considering the additional impact on development return that will be introduced through the requirement in the Structure Plan for affordable housing delivery. The sensitivity that SGS used to test this should in some ways be the base case from which to assess feasibility as it will be a given.

123. It is also worth recapping on the key findings of SGS under their **base case** scenario (see the top lines of Table 5.1):

- **Residential** development as the only use on a site is feasible in each precinct with the exception of the North (predominantly within the now defined Historic Hilltop). However, with the adoption of the minimum retail/commercial ratio in most precincts, **this is not a potential development outcome** in most parts of West Melbourne under the Structure Plan.

- **Commercial development as the only use on a site is not feasible anywhere in West Melbourne under the proposed FAR.**

- A **Mixed-Use** building with some allowance for **retail** space is **feasible in the South (Flagstaff), Central (Spencer) and Station precincts, but not the West (Adderley).** I note however that the minimum floorspace is based on 0.5:1 ratio for both retail and commercial space. As discussed further in this section when I consider the need for retail space in West Melbourne, it is unlikely that such a high allocation of space to retail across every development site can be sustained. As retail generates higher returns (based on SGS's data), this high weighting to retail potentially overstates the likely return from a mixed outcome including retail space.

- A **Mixed-Use** building with commercial space but **no retail** is also considered **feasible in the South, Central and Station precinct**s, but the exclusion of retail makes the development equation **more marginal**.

124. As residential-only developments will not be possible in most parts of West Melbourne under the Structure Plan, and commercial-only developments have been established by SGS as unviable in any location given the controls applied, I have excluded them from the additional sensitivity testing shown in Table 5.1.

125. I have attempted to use the information available through the SGS feasibility assessment to test some further sensitivities that have not been considered and I believe warrant attention. The results of these tests are shown in Table 5.1 with the outcomes described here:

- *Higher land values* – mixed use developments remain viable in the same precincts as the base case, however the likely return is reduced quite considerably to the extent where mixed use development without retail space is **close to a borderline opportunity**.

- *Increased development costs* – even a 10% increase in costs will impact on the viability of many developments. Under this scenario, **mixed use development without retail space is unlikely to be viable** anywhere with the possible exception of the Station precinct, while development with retail space is marginal given the expectation retail space won't always be possible at 0.5:1.

- *Higher Land Values & Affordable Housing allowance* – the imposition of a requirement to turn over residential stock to affordable housing combined with the possibility of higher land values makes **any mixed use development unlikely on most sites.** Only in the Station precinct is any development close to viable.

- *Increased development costs & Affordable Housing allowance* – this combination clearly makes **development of any type unviable across West Melbourne**.

126. This analysis shows that based on the controls proposed in the West Melbourne Structure Plan, development viability in the area in future is in fine balance. Residential-only development will not be allowed in most precincts. Commercial-only development is not viable under any circumstances tested. Mixed-use outcomes can be undermined by a small change in one or two assumptions.

127. **The imposition of floor area controls as proposed will make development in West Melbourne very difficult. Under some realistic scenarios, development could be precluded all together. The proposed Structure Plan will lock down West Melbourne and prevent any of the broader objectives of the precinct from being realised. Given the FAR controls are to be mandatory, the proposed Plan will not be flexible enough to respond to demand.**

Urbis Sensitivity Testing

West Melbourne Feasibility by Character Area – Based on SGS Results					Table 5.1
	South (2)	**Central (3)**	**West (4)**	**Station (5)**	**North (6)**
Floor area ratio	**6.0**	**4.0**	**3.0**	**5.0**	**3.0**
Ratio of RLV to existing value - Base Case					
Residential only	1.68	1.90	1.42	2.37	1.02
Commercial only	0.88	1.00	-0.15	-0.25	-0.11
Mixed use (ret/com/res)*	1.72	1.90	1.20	1.89	0.67
Mixed use (com/res)**	1.54	1.67	0.90	1.85	0.64
Ratio of RLV to existing value - Urbis Test 1: 20% higher land values					
Mixed use (ret/com/res)*	1.43	1.58	1.00	1.78	0.71
Mixed use (com/res)**	1.28	1.39	0.75	1.54	0.53
Ratio of RLV to existing value - Urbis Test 2: 10% increase development costs					
Mixed use (ret/com/res)*	1.27	1.39	0.84	1.52	0.60
Mixed use (com/res)**	1.10	1.18	0.57	1.27	0.40
Ratio of RLV to existing value - Urbis Test 3: 20% higher land values & 6% affordable housing requirement					
Mixed use (ret/com/res)*	1.13	1.24	0.74	1.37	0.53
Mixed use (com/res)**	0.98	1.06	0.49	1.12	0.35
Ratio of RLV to existing value - Urbis Test 4: 10% increase development costs & 6% affordable housing requirement					
3. Mixed use (ret/com/res)*	0.83	0.91	0.52	0.97	0.38
Mixed use (com/res)**	0.70	0.75	0.31	0.77	0.22

*0.5:1 retail FAR; 0.5:1 commercial FAR; balance of floor space residential.
** 1.0:1 commercial FAR and balance of floor space residential.
Source: SGS Economics and Planning; Urbis

5.2. ABILITY TO DEVELOP OFFICE SPACE

128. Putting aside the fact that the feasibility assessment has shown commercial-only development is not feasible and that it is a borderline opportunity even in mixed use development, I consider here the impact of the proposed Structure Plan controls on delivering the format of office space required by most users.

129. Given the feasibility analysis finds standalone commercial developments are not viable, the only option for delivering employment floorspace is within a mixed-use building, generally at the lower levels. As discussed below, this results in the space not being suitable for larger employers that would really push employment forward.

130. It also means West Melbourne is immediately precluded from being a potential location for secondary office tenants looking for non-CBD accommodation. This point is further amplified by the unsuitable form of floorplate that will result from application of the FAR and setback detailed in the Structure Plan, as discussed further below.

5.2.1. Requirements for Office Development

131. Office development in particular, but also other employment-generating uses, need a particular set of circumstances to be in place for a development to be attractive to tenants and in turn developers. The key elements tenants are seeking which are influencing where and how office space is delivered are:

- Accessibility to public transport, in particular train stations;

- Access to a large white-collar population living nearby or able to reach the location easily;

- High levels of amenity, both within the tenancy, the building and nearby;

- Large floorplates to accommodate modern office fitouts (e.g. open plan);

- The ability to respond to a desire for greater workplace efficiency (less floorspace per worker) and flexibility to use the space in a variety of ways and for a variety of tenants.

5.2.2. West Melbourne Suitability for Office Development

132.   Locational attributes (public transport, access to workforce etc.) are met in many parts of West Melbourne, particularly the Flagstaff precinct and to some extent near North Melbourne station. Map 5.1 below overlays a walkable 500m catchment from Flagstaff and the future West (currently North) Melbourne train stations. It identifies that a large share of West Melbourne is within 500m of a train station, with most points within 800m of a station. Locations such as this are typically where principal office concentrations should be directed.

133.   Should the Structure Plan be able to be realised then the amenity aspects will also be delivered. A regeneration of West Melbourne will bring retail, entertainment and access to necessary services and facilities for workers. West Melbourne has the potential to be an attractive and appealing secondary office location close to the CBD.

134.   However, site attributes are going to be far more problematic under the proposed combination of floor area ratio/setbacks. The floor area ratios will limit the amount of floorspace able to be developed, while the setbacks will squeeze developments into a small footprint, at least above any podium level. Consequently, **there is limited ability to deliver enough critical mass to make a commercial office project viable** (reflected in the findings of SGS), **while the floorplates on most sites will be too small to be suitable for dedicated office space**.

135.   The lack of development of office space if conditions aren't met is not only due to developers not making sufficient profit. The banks will not lend the necessary capital if they query the ability to lease the space and will often require a major pre-commitment of the space. This is highly unlikely for the structure of office space that will be possible in West Melbourne under the Structure Plan controls.

West Melbourne Train Station Accessibility   Map 5.1

5.2.3. Developable Sites of Scale Limited

136.   While the Floor Area Ratios will constrain the total building area and therefore the critical mass of space able to be delivered, the proposed setbacks will limit the number of sites where any sizeable commercial development can proceed.

137.   An office floorplate of at least 1,000 sq.m is required for most new dedicated office buildings. Larger floorplates at a podium level might be possible on sites of over 1,000 sq.m. However, for office development to proceed above the podium, a 1,000 sq.m floorplate would require a land area of around 2,000 sq.m based on the setbacks proposed in the Plan.

138.   Only 15% of West Melbourne's developable sites, less than 20 in total, are over 2,000 sq.m in size. Opportunities for any sizeable increase in office space will be very limited. **Placing further restrictions on the potential for these sites through restrictive floor area ratios will virtually eliminate the potential for West Melbourne to achieve the stated aim of increasing employment opportunities in health and research; administration, support and new business; and any other use requiring a larger format or office-typology.**

5.3.   RETAIL FLOORSPACE CONSIDERATIONS

139.   The SGS Stage 2 analysis presented an assessment of the retail floorspace requirement to support the forecast resident population and local workers. It was concluded that one to two supermarkets would be required, along with 4,800-7,800 sq.m of hospitality and services space and 11,900-20,550 sq.m of other retail space. In total this amounted to a required range of around 20,000-35,000 sq.m.

140.   However, these forecasts were based on SGS's forecast population of between 14,000 and 21,000 people by 2036, not the 8,000-9,000 population now adopted as the basis for the Structure Plan. Consequently, the retail floorspace estimates could be overstated by at least 2 to 3 times.

141.   In my experience, the resident population of 8,000-9,000 along with workers of 10,000 will only support one full-line supermarket, which in turn will support some additional specialty space. I estimate that the total retail floorspace requirement on this basis for the whole of West Melbourne will be only 10,000-15,000 sq.m.

142.   Other factors to consider when analysing the feasibility of outcomes that will emerge for retail development through the application of the minimum floor area ratio applying across whole precincts include:

- The minimum FAR applies to any development site in the nominated precincts, with no consideration of the location of that site and the suitability of retail (or commercial) space in that location – **retail facilities cannot be supported on every street** of these precincts as the extent of pedestrian/shopper activity will vary greatly.

- My estimate of 10,000-15,000 sq.m of retail floorspace in total is **not enough to support the development of a local centre along Spencer Street** as proposed in the Structure Plan. The space will be dispersed along the length of the street due to lack of contiguous developable sites. This lack of continuous activity will impact performance.

- Application of the minimum FAR as a mandatory requirement will see **too much space developed** to meet demand. Every new development will be forced into delivering new space, leading to an oversupply.

- The combination of dispersed retail activity and over supply will **impact heavily on the performance of retailers and is likely to lead to extensive vacancies**.

- The expected under-performance of retail space will translate into lower returns from retail development. This will **further undermine the feasibility of the development** of mixed use projects (noting the stronger returns for retail identified by SGS were critical in making mixed use outcomes feasible in their testing).

5.4. FEASIBILITY SUMMARY

143.   The analysis in this section, supported by the research in previous sections, leads to the following key findings in relation to the impact of the proposed West Melbourne Structure Plan on the ability to deliver feasible development outcomes:

- SGS has previously established that **standalone commercial developments will not be viable** under the proposed floor area ratios. This is further supported by analysis in this statement indicating a combination of controls proposed, including the maximum building FAR, the minimum retail/commercial area requirement and setbacks will **ensure office development of a scale demanded by larger tenants will be virtually non-existent**. Critical mass cannot be achieved, while required floorplates cannot be delivered.

- Residential-only developments are identified as being feasible in most precincts of West Melbourne. However, most areas, due to the minimum retail and commercial space requirements, **preclude the development of residential-only buildings**.

- Mixed use projects are identified by SGS under their base case as being feasible in most precincts of West Melbourne. However, once sensitivity analysis is undertaken for a wider range of likely scenarios, this conclusion is questionable. If land prices or development costs increase, the feasibility of developments decline. If multiple scenarios were to coincide (e.g. increased land prices with the need to allow for affordable housing), then **mixed use developments are almost certain to be rendered unfeasible**.

- The feasibility of the mixed use developments in SGS's assessment was heavily influenced by data indicating a higher return from retail uses. However, the minimum retail/commercial floor area controls proposed will likely result in an oversupply of retail facilities dispersed across most parts of the suburb rather than concentrated, resulting in vacancy and lower retail returns. This will **undermine the viability of mixed use projects**.

144.   In summary, the proposed controls detailed in the West Melbourne Structure Plan are expected to make development of any form very difficult. In effect, the controls will lock the suburb down and not allow it to even achieve the very modest projections of residential and employment growth that underpin the Structure Plan.

145.   This would be a highly undesirable economic outcome for West Melbourne and will not allow the suburb to fulfil an important role as an outlet for mixed development outcomes given its strategic location adjacent to the CBD and close to other precincts such as Parkville, serviced by multiple train stations.

146.   Given the uncertainty of the future needs of the central city area and West Melbourne as an important part of it, planning for the future of the area should maintain a high degree of flexibility to adapt and allow development to respond. While increasing employment levels and rebalancing the focus away from residential development are appropriate broad goals for the area, the imposition of strict and mandatory controls is an inappropriate response to an economic challenge.

APPENDIX A   POPULATION & EMPLOYMENT DENSITY

Most Densely Populated Suburbs in Melbourne and Sydney 2016

Residents/sq.km and Jobs/sq.km

	Residents per square kilometre				Jobs per square kilometre			
	Melbourne		Sydney		Melbourne		Sydney	
1	Melbourne	16,961	Elizabeth Bay	22,662	Melbourne	93,346	Sydney	94,323
2	Southbank	13,009	Chippendale	19,988	St Kilda Road	30,186	The Rocks	52,171
3	Carlton	11,767	Rushcutters B	17,299	Southbank	22,103	Barangaroo	46,752
4	St Kilda Road	10,092	Ultimo	17,061	Docklands	18,484	Haymarket	38,807
5	Fitzroy	8,079	Potts Point	16,472	Cremorne	15,591	Ultimo	30,773
6	Balaclava	7,921	Haymarket	15,615	South Melbourne	11,886	North Sydney	29,263
7	Prahran	7,695	Pyrmont	14,810	South Wharf	11,418	St Leonards	26,308
8	South Yarra	7,635	Darlinghurst	14,237	Fitzroy	10,000	Surry Hills	22,657
9	Collingwood	7,217	Waterloo	13,775	Collingwood	9,149	Pyrmont	21,077
10	Windsor	6,987	Surry Hills	13,557	Carlton	8,951	Milsons Point	16,436
11	St Kilda	6,906	Zetland	13,378	Parkville	6,969	Darlinghurst	14,065
12	West Melbourne	6,869	Bondi	12,679	East Melbourne	6,866	Dawes Point	13,234
13	North Melbourne	6,850	Rhodes	12,437	West Melbourne	6,078	Potts Point	12,136
14	Richmond	6,805	Redfern	12,133	Abbotsford	5,663	Bondi Junction	11,937
15	St Kilda West	6,461	Milsons Point	11,677	Richmond	5,173	Rhodes	10,956
16	Elwood	6,360	Forest Lodge	11,208	Box Hill	4,694	Lavender Bay	10,447
17	Travancore	6,256	Erskineville	10,691	North Melbourne	4,245	Woolloomooloo	10,060
18	St Kilda East	6,142	Woolloomoolo	10,592	Windsor	4,049	Millers Point	9,298
19	Seddon	6,065	Hillsdale	10,568	South Yarra	4,038	Parramatta	9,178
20	Glen Huntly	5,951	Allawah	10,557	Prahran	3,890	Camperdown	8,533

Source: ABS; Urbis