

# Residential Development Review

A monitor of housing development,  
land supply and transport infrastructure

---

**Melbourne Edition**

July-December 2019

# Directors' Highlight



In this new edition of the Residential Development Review, we continue to compare dwelling approvals over the past six months with the five-year average and examine take-up in Melbourne's growth areas.

The key finding from our review of the second half of 2019 is that dwelling approvals started to rise across the metropolitan area. This is encouraging but the total number approved in 2019 is still lower than anticipated demand, while the revised estimated resident population is greater than the previously forecast.

The growth areas have continued to produce a high proportion of new dwellings at about 42% of the metropolitan figure. Eight of the 31 metropolitan councils approved more than the five-year average compared with only three achieving that in the first half of the year. This saw above average development in the inner- and middle-ring LGAs of Maribyrnong, Brimbank, Whitehorse, Maroondah and Port Phillip. The City of Melbourne continues to dominate the supply of apartments; approving 1,444 in the second half of 2019, despite this figure being 399 lower than in the first half.

It will be interesting to watch the impact of the major infrastructure roll-out on the development in the middle-ring LGAs particularly as the details of Suburban Rail Loop project begin to emerge. We also anticipate COVID-19 having an impact on the planning and development industry and we will monitor government response toward ensuring the industry continues to make a substantial and positive contribution to the Victorian economy.

We trust that this publication is of interest to you and provides insight into the growth trends across Melbourne and is helpful when considering future development in Victoria. Should further detail be sought, please contact our office and we would be happy to discuss.

**Ben Hendriks**  
Managing Director

**Sophie Handley**  
Practice Director (VIC)

## DISCLAIMER

The data from this document has been collated by Mecone from various government sources. While care has been taken in preparing the document, Mecone takes no responsibility for the accuracy of any of the information contained within this document. This document is for informational purposes only and should not be relied upon for any reason without first independently verifying the data.

## Contents

04

### Recent Dwelling Approvals

Planning approvals of dwellings per local government area across metropolitan Melbourne over the first half year of 2019

06

### Dwelling Approval Trends

Planning approvals of dwellings across metropolitan Melbourne over the past five years total

08

### Growth Area Development Capacity

The status of Precinct Structure Plans and development capacity in Melbourne's urban growth areas (in the Urban Growth Zone).

10

### Infrastructure pipeline

An overview of the current transport infrastructure projects under planning or construction in Melbourne's metropolitan area

## About Mecone

Mecone is a leading urban planning, policy and development advisory consultancy with offices in Sydney, Western Sydney, Brisbane and Melbourne. Favouring balance between human needs and the natural environment, Mecone provides practical, economically viable and sustainable advice and development services to private sector and government clients.

Mecone is highly experienced in the provision of statutory and strategic planning services, policy advice, urban graphics and mapping in New South Wales, Victoria and Queensland. Mecone is a leader in Urban Analytics and Policy, having worked on some of the largest and highest profile projects in Australia.

Our highly skilled team provide urban planning services across numerous sectors in the property development industry including residential, retail, and mixed use, industrial and commercial, transport and infrastructure, tourism and recreation.

Mecone's Mosaic mapping tool for property and planning info is available for free at [mecone.com.au/mosaic](https://mecone.com.au/mosaic).

For more information on Mecone, visit [mecone.com.au](https://mecone.com.au) or contact [info@mecone.com.au](mailto:info@mecone.com.au).

## About the Urban Land Institute

The Urban Land Institute is a non-profit education and research institute supported by its members. Its mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

Established in 1936, the institute has more than 45,000 members worldwide representing all aspects of land use and development disciplines, including more than 2,300 in the Asia Pacific Region.

A multidisciplinary real estate forum, ULI facilitates an open exchange of ideas, information and experience among industry leaders and policy makers dedicated to creating better places.

ULI Australia operates District Councils in Sydney, Brisbane and Melbourne, delivers regular content-rich events, forums and study tours (including two international study tours), participates in and contributes to global advisory panels and summits, and delivers the internationally recognised Urban Innovation Ideas Competition.

For more information on ULI, visit [australia.uli.org](https://australia.uli.org) or contact [australia@uli.org](mailto:australia@uli.org).

# Growth Outlook

## Melbourne to 2031

The latest *Victoria in Future* data released in July 2019 estimates the State's population growth to 11.2 million by 2056 from 6.5 million in 2018. The additional population includes 1.6 million net natural increase, 2.9 million net overseas migration and a net increase of 300,000 from interstate movements. The vast majority of this growth is expected to be housed in metropolitan Melbourne, creating the need of another 1.6 million dwellings for around 8.4 million Melbournians by 2051.

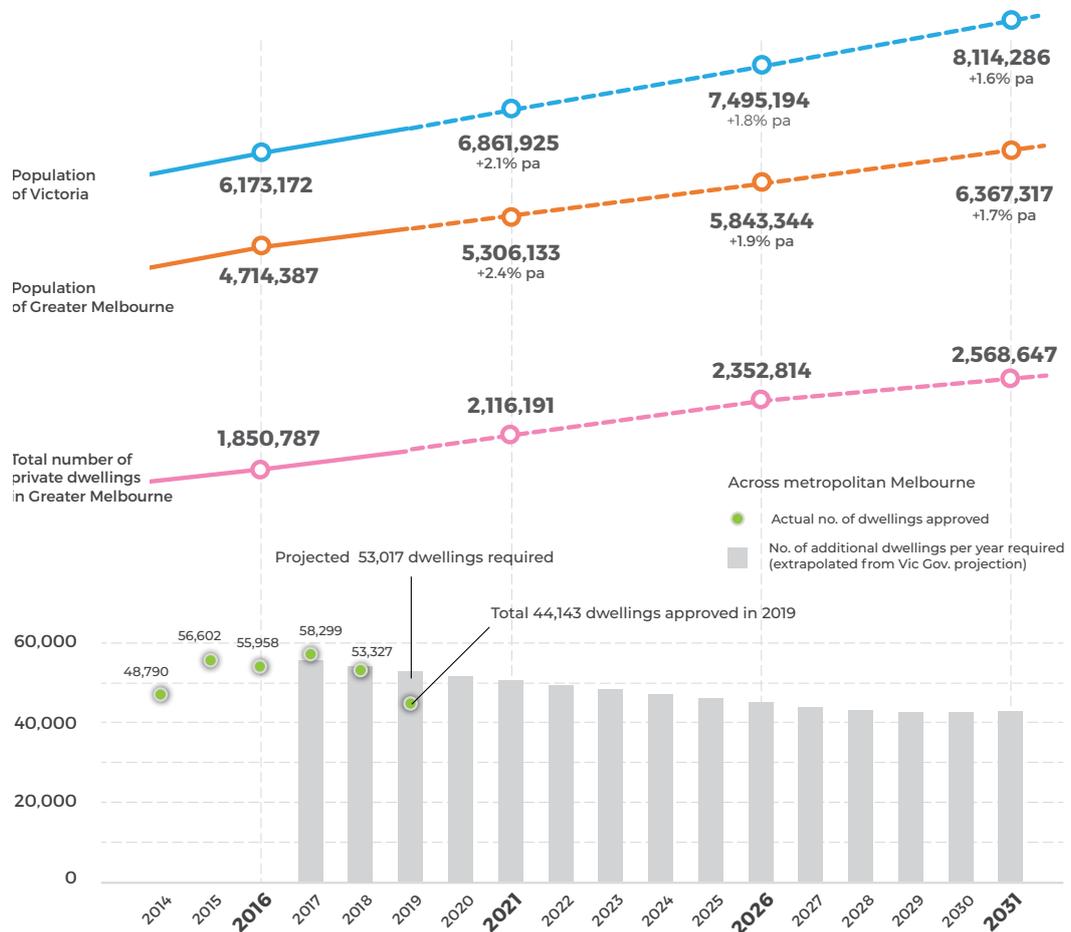
The second half of 2019 saw almost 23,000 new dwellings approved across metropolitan Melbourne, slightly more than in the first half. But the total number of dwellings approved in 2019 was lower than the projected demand by over 10,000. With 44,143 dwellings approved, this was the lowest over the past six years, which was 48,790 in 2014. Yet during this time, Melbourne continues to be the fastest growing city in Australia, measured at 2.3% for 2018/19 (ABS ERP).

In previous periods, there were more approvals than what the forecasts suggested were required. However, the actual population figures clearly show greater growth than was expected. We now find ourselves in a position where an increase in supply is greatly needed to ensure there is sufficient housing

to meet the growing population. The flow-on implications for housing affordability cannot be underestimated and that explains the increased interest the State and local governments are showing in the affordable housing sector.

Change in the age cohorts continues toward an ageing population. The 60+ age groups are the only ones estimated to increase their share of the population, meaning housing types and community infrastructure will need to continue to adapt to those needs. This does not mean that the demand for other developments is reduced as the overall pie continues to grow. As the recent *Plan Melbourne* update confirms, families with children are expected to continue being the most common household type, and Melbourne's school-age population is projected to grow by almost 500,000 by 2051.

Overall, the need to meet the ever growing demand for new dwellings present our industry with opportunities to increase output across all types of housing – and we should continue to seek the support and encouragement of authorities in face of this challenge.



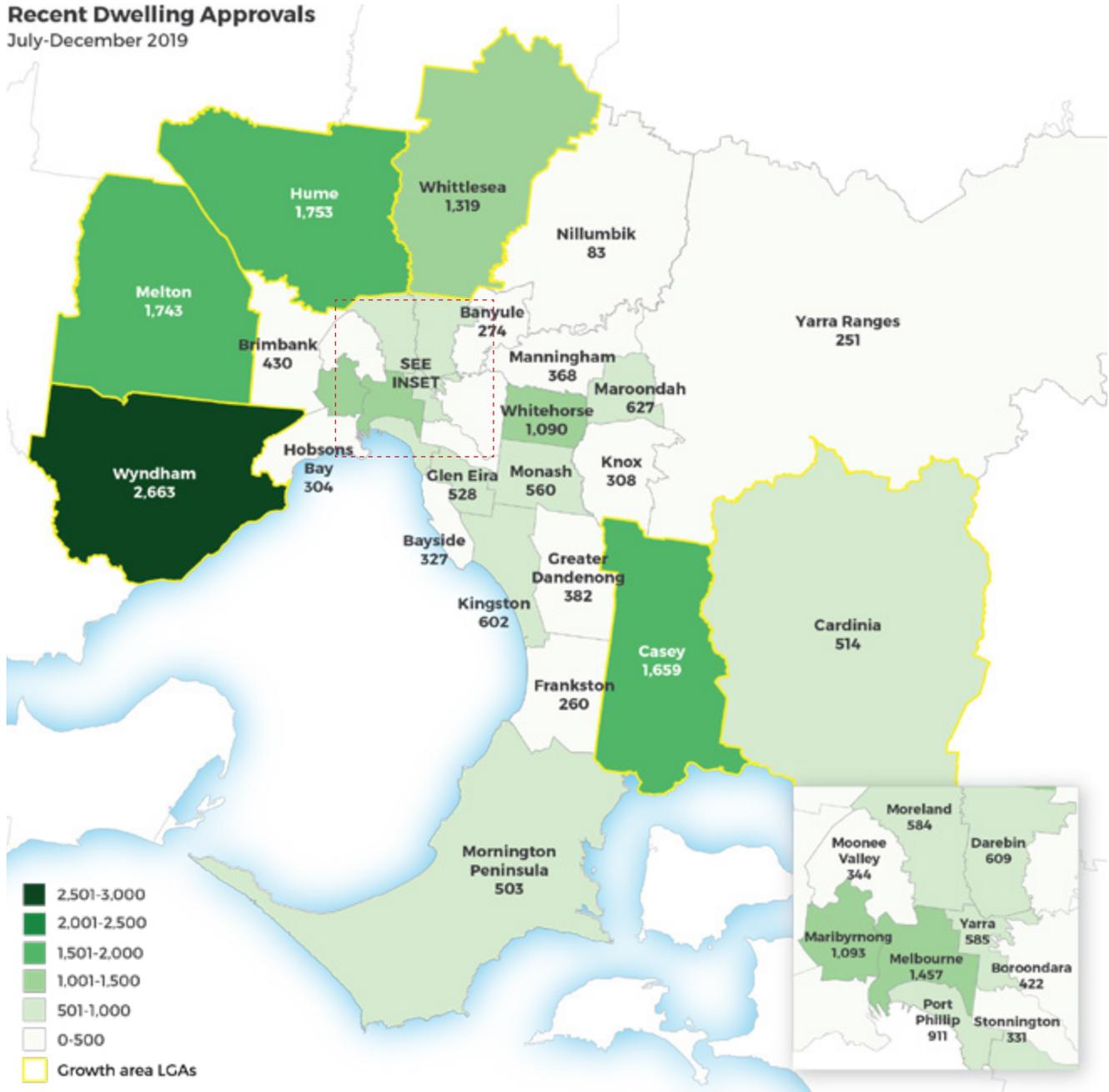
**Source:** State Government of Victoria, *Victoria in Future 2016*, updated in July 2019

# Recent Dwelling Approvals

Planning approvals of dwellings per local government area across metropolitan Melbourne over the second half year of 2019

Source: ABS Building Approvals (8731.0), December 2019

## Recent Dwelling Approvals July-December 2019



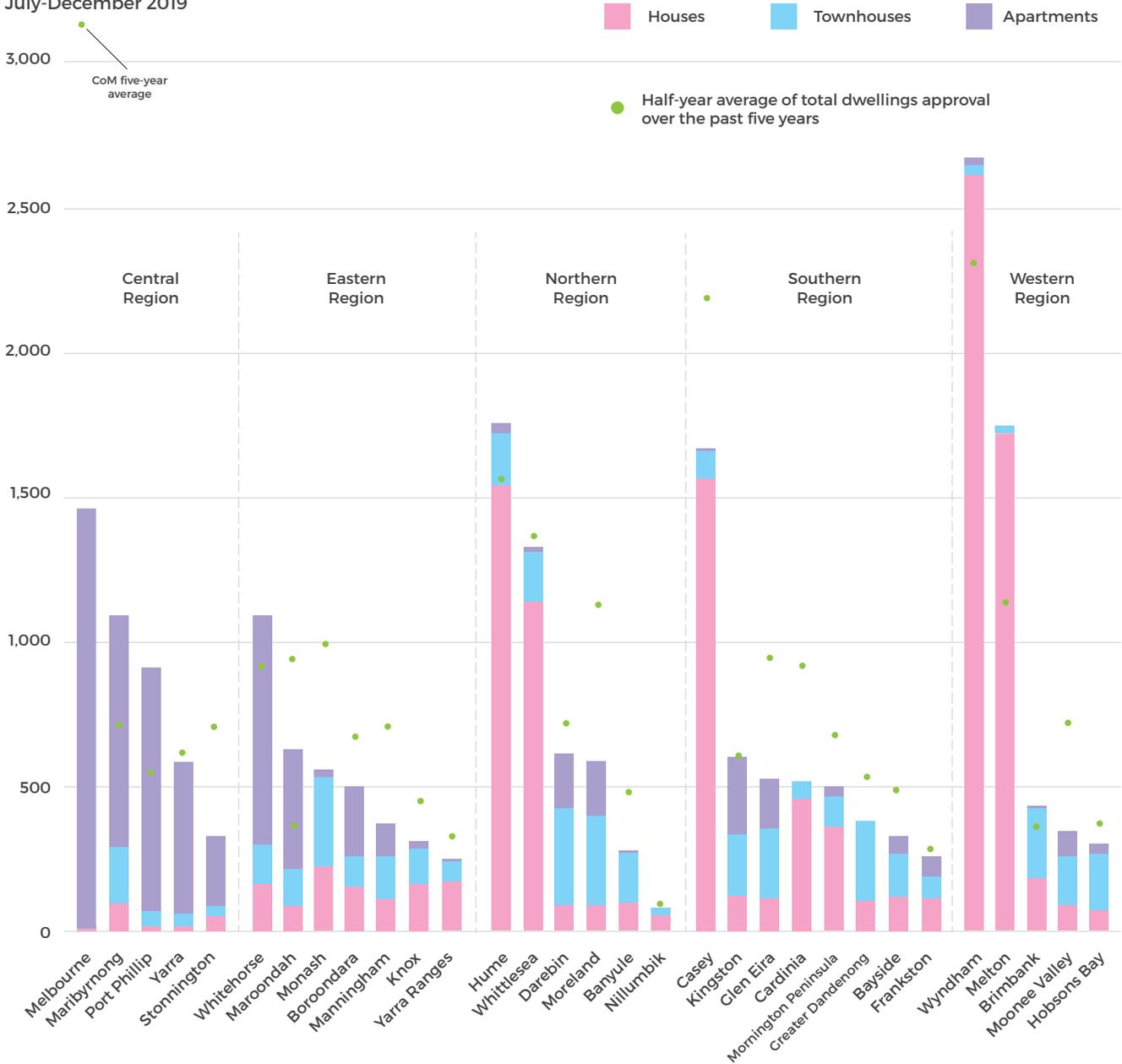
Melbourne's growth areas continue to represent the highest increase in total number of dwelling approvals. The City of Melbourne which had the biggest increase in the first half of 2019, has had 399 fewer approvals for the second half of the year. This is the third highest reduction, behind Monash (656) and Cardinia (409) with reduction in approvals compared to the previous period. The other two highest approvals in first half of 2019 both performed differently for the second half of the year, where Wyndham increased by 367 (+16%) from the previous period and Casey a reduction of 177 (-9.5%). Wyndham continues to increase considering they were down 20% from second half of 2018 to first half 2019. For other

growth areas, Melton (+39%), Whittlesea (+20%) and Hume (+16%) all had steady increases.

For the inner-city municipalities, their growth is consistent with their previous half yearly results. In the south-east, Stonnington, Glen Eira, Bayside and Boroondara barely differed, unlike Yarra and Port Phillip which saw increases of 188 and 590 respectively. To the west and north, two municipalities were down and two were up, creating effectively a net change of zero across the board. The change in inner-city municipalities is reflective of the existing built form, land uses, land values, PSPs and overarching objectives

## Recent Dwelling Approvals

July-December 2019



of *Plan Melbourne* and the reported numbers are not alarming and consistent with what we would expect when looking at the entire year as a whole.

With the Metro Tunnel and West Gate tunnel project under construction and Suburban Rail Loop in the pipeline, there is some uncertainty in how such infrastructure projects will affect existing and future land values and land use, and the development potential for sites near new stations. Now that two of the three projects have commenced, we may see the development community react to the investment made by State government and begin the process to pursue

development approval, especially for sites near the new underground stations in the north (Arden and Parkville).

Outside the City of Melbourne, most municipalities are below their five-year average but the mix of housing typology being approved is consistent with what has previously been approved and with what is expected for that area. The changes in growth areas is often related to the timing of Precinct Structure Plans and their approval and other development projects that are currently under construction and require immediate infrastructure works.

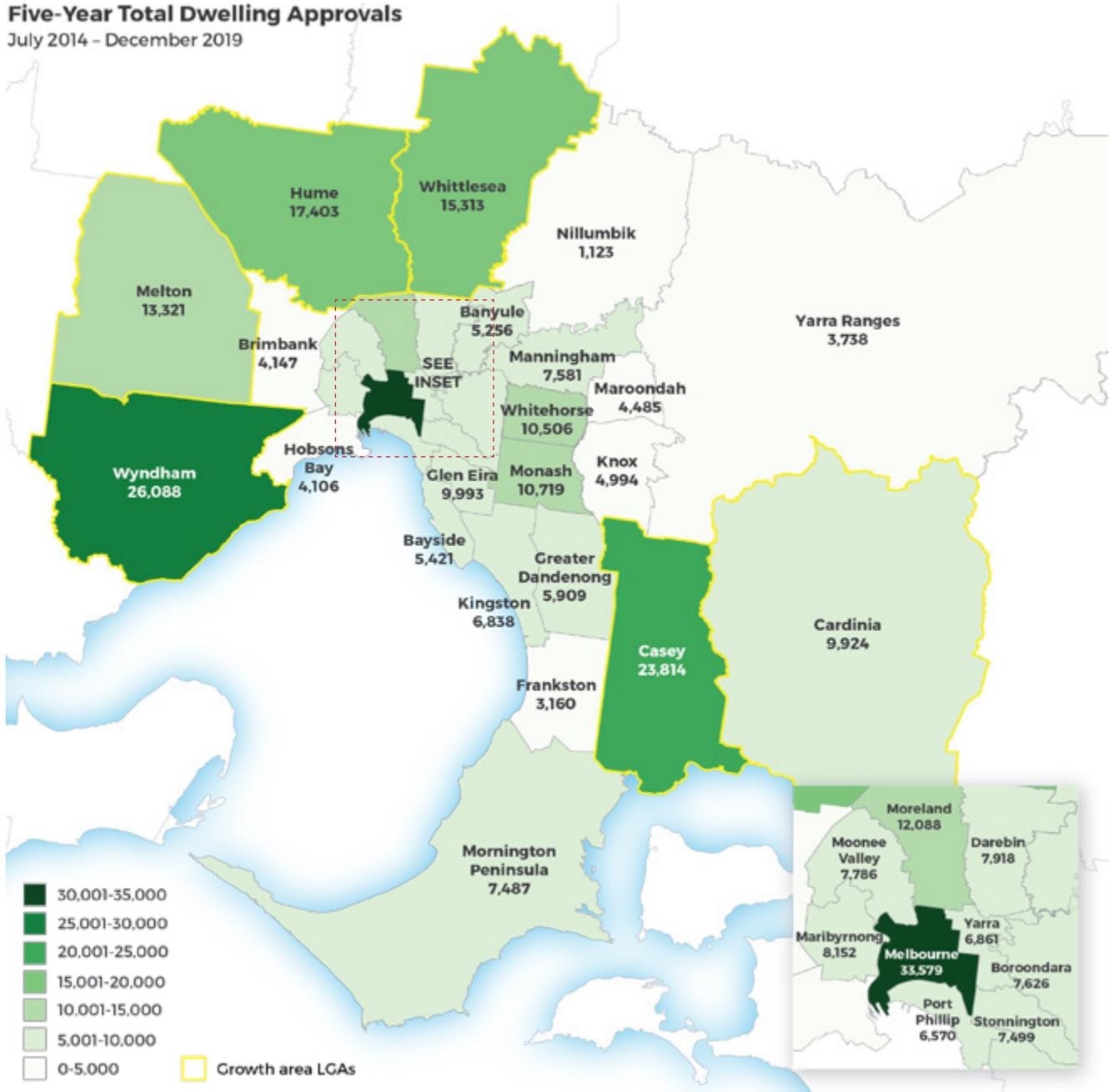
# Dwelling Approval Trends

Planning approvals of dwellings across metropolitan Melbourne over the past five years total

Source: ABS Building Approvals (8731.0), 2013/14 - 2019/20

## Five-Year Total Dwelling Approvals

July 2014 - December 2019



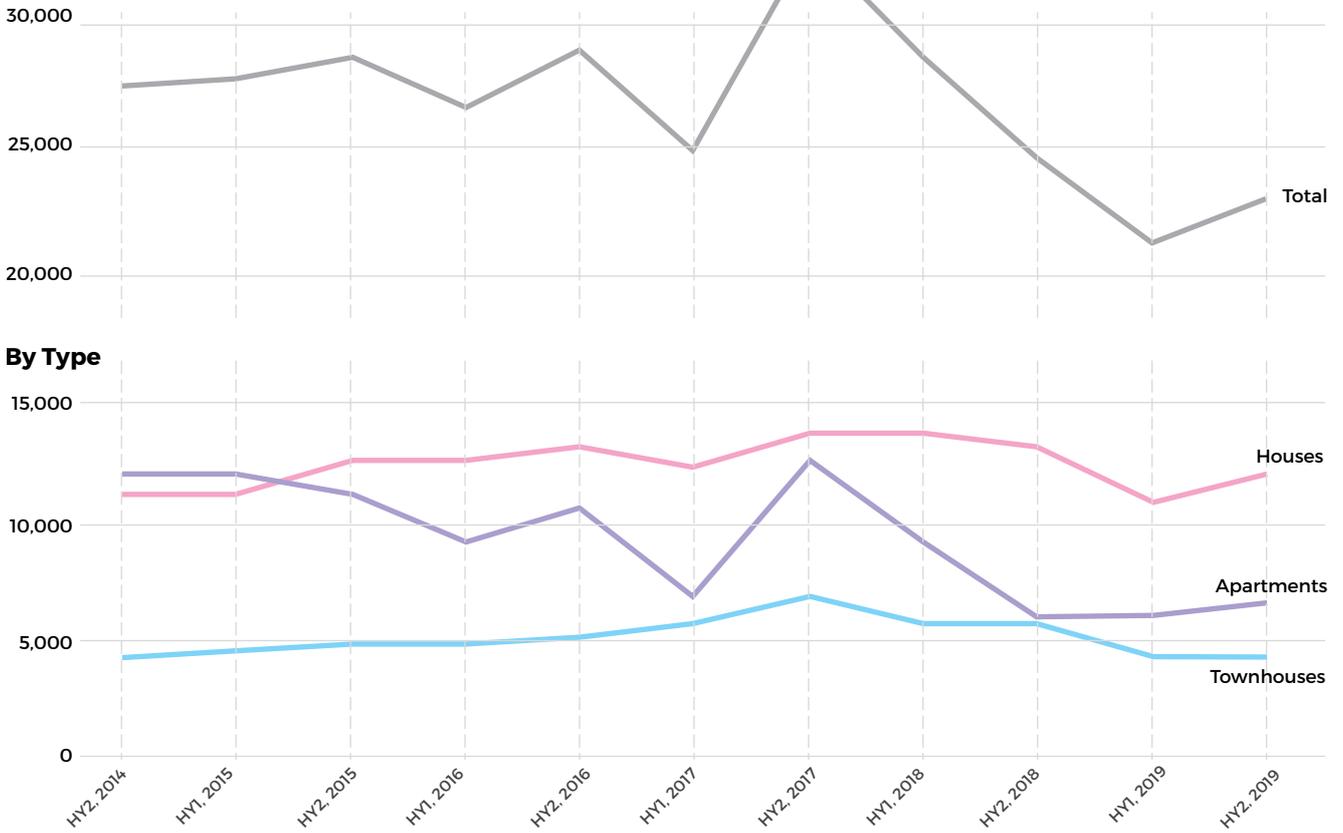
When comparing the state as whole, there has been steady growth across the year which is very encouraging. The first half of 2019 saw 21,184 approvals and second half, 22,959 approvals, for an overall total of 44,143 dwellings for 2019.

There has been an overall decline in dwelling approvals since 2017, and for the first time in a two-year period, we are seeing the graph trending upward. The higher growth experienced between 2014-2017 of above 25,000 biannually, is above the

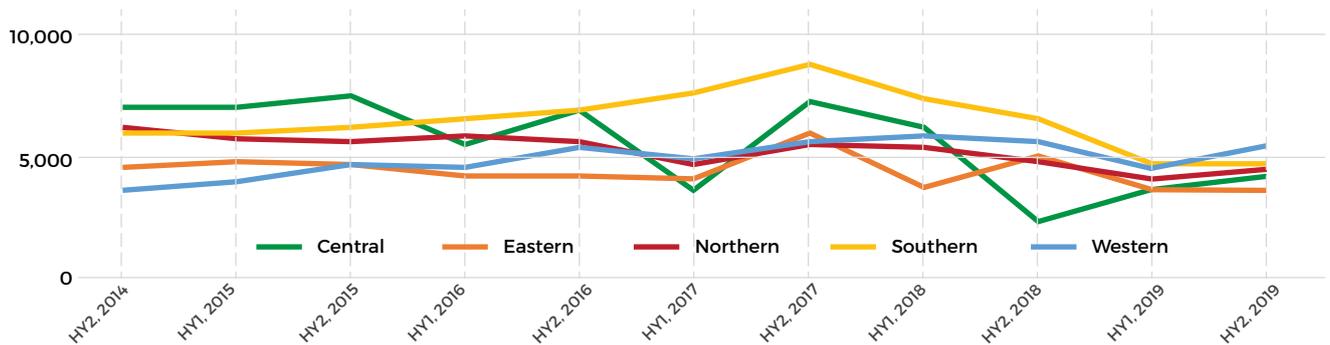
required rated of 47,000 to meet housing demand as projected and envisioned by *Plan Melbourne 2017-2050*. As of March 2020, the world and its economy is put on hold in face of COVID-19. It is not yet clear what economic and development impacts the pandemic will have on existing and future dwelling approvals. The higher approval rates of over 25,000 of earlier years may assist in balancing out the overall growth, should we expected a slight downturn due to COVID-19.

## Five-Year Total Dwelling Approvals

July 2014 – December 2019



## By Region



When looking at the dwelling approvals by type, as usual and consistent with the growth areas and their respective PSPs, the leading development type is, and will continue to be detached houses. As inner-city land becomes scarcer in time, townhouse development is expected to continue to hover around the 5,000 mark. When looking at approvals by region, the evenness across the regions for second half of 2019 continues the trend that occurred for the first half of 2019. It is an encouraging sign

considering the previous disparity of development between regions. It is important that development approvals across regions occurs evenly to ensure the availability and affordability of housing, housing choice and there is an even distribution of population, and in turn, minimise pressure on infrastructure and certain services.

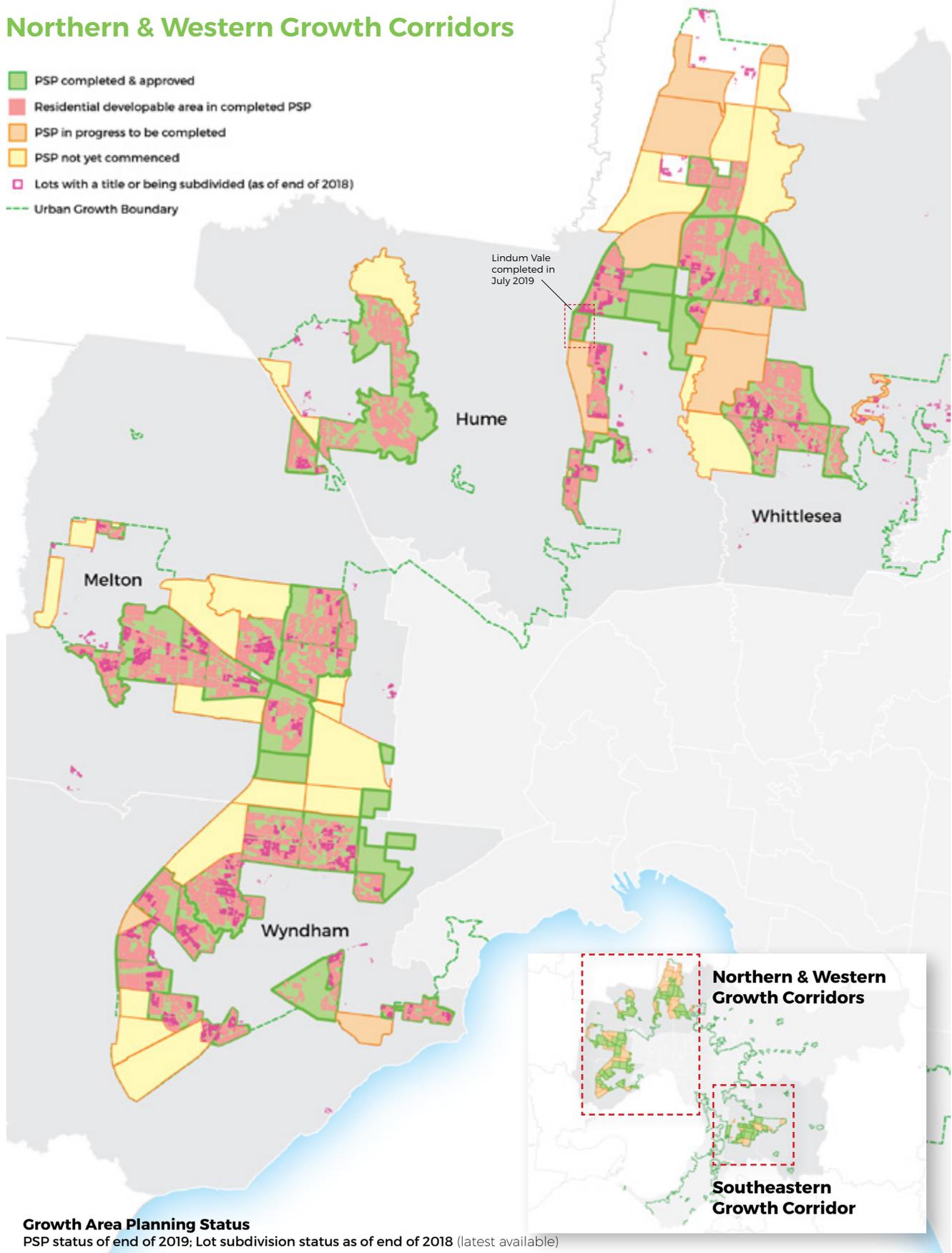
# Growth Area Development Capacity

The status of Precinct Structure Plans and development capacity in Melbourne's urban growth areas (in the Urban Growth Zone)

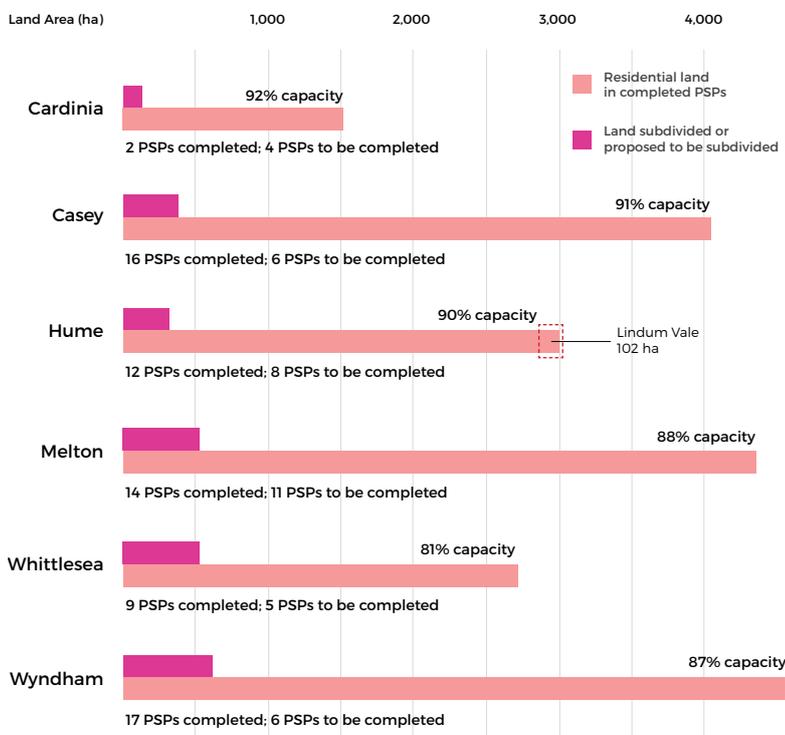
Source: PSP status from Victorian Planning Authority, Precinct Structure Plans (by end of December 2019); Lot subdivision from Department of Environment, Land, Water and Planning, Urban Development Program 2018 (latest available)

## Northern & Western Growth Corridors

- PSP completed & approved
- Residential developable area in completed PSP
- PSP in progress to be completed
- PSP not yet commenced
- Lots with a title or being subdivided (as of end of 2018)
- Urban Growth Boundary



**Growth Area Planning Status**  
 PSP status of end of 2019; Lot subdivision status as of end of 2018 (latest available)

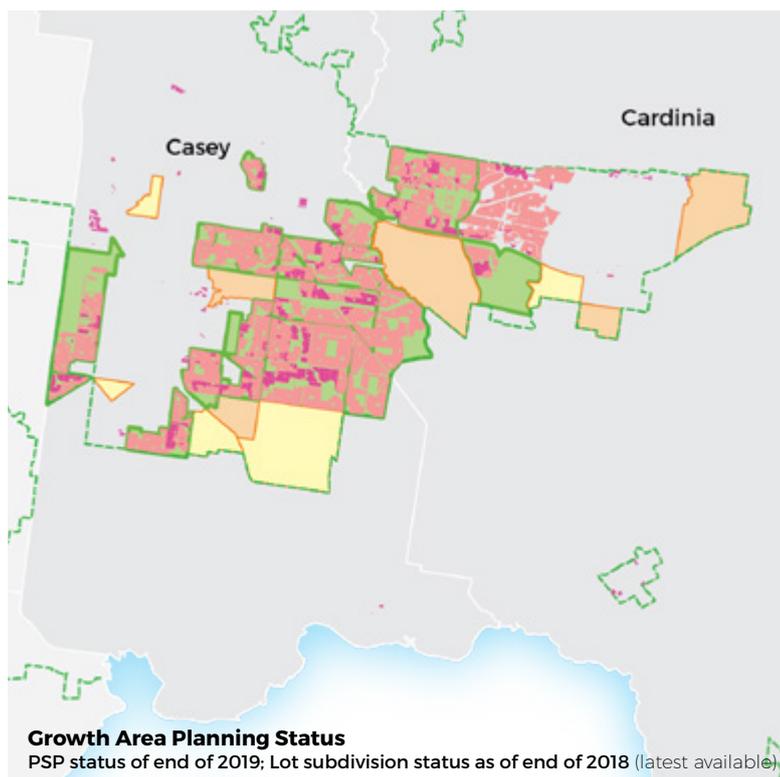


Precinct Structure Plans (PSPs) are developed to ensure growth areas are developed in an orderly manner offering high quality housing, open space, transport and services and facilities. Often the PSPs need to be re-visited and amended to better promote development and growth of the PSP area. The Officer PSP, first approved in 2011, includes a town centre and has since struggled to attract private investment in the additional services and facilities required for the growing community. The PSP was recently amended to be simplified to provide better clarity to guide the future use and development of the town centre. Time will tell how effective the revised PSP is and what development will take place in the future.

Since the last edition, the Lindum Vale PSP in the City of Hume has been completed as of July 2019. The 144-hectare precinct will accommodate 1,700 dwellings with an expected density of 16.5 dwellings per Net Developable Hectare. A local convenience centre will be provided. The cultural and natural heritage of the land will be retained.

There are a total of 12 PSPs in progress to be completed, while the preparation of 28 PSPs has not yet commenced.

## Southeastern Growth Corridor



The Pakenham East PSP was submitted to the Minister for approval via Amendment C234 in October 2018 by the VPA. The Panel for this amendment was due to commence 23 March 2020, with the Minister to make a decision on the amendment following the recommendations of the panel being provided.

The draft Pakenham South Employment PSP was adopted by the Council meeting in March 2020. The Council now seek authorisation from the Minister to prepare Amendment C265 to the Cardinia Planning Scheme. They also seek authorisation to give notice of the amendment, and if authorised, to occur in April/May 2020 for four weeks.

For Shenstone Park PSP, Amendment C241 was prepared by the VPA was onto public exhibition in November 2019. Submissions are currently being reviewed.

For Quandong PSP - The Wyndham Planning Scheme amendment C219 was adopted by the Council in May 2019. It has since been submitted to the Department for assessment.

# Infrastructure Pipeline

An overview of the current transport infrastructure projects under planning or construction across metropolitan Melbourne

Sources: Australian Government, Build Our Future; 2020 Infrastructure Priority List. State Government of Victoria, Victoria's Big Build; Plan Melbourne 2017-2050 Addendum

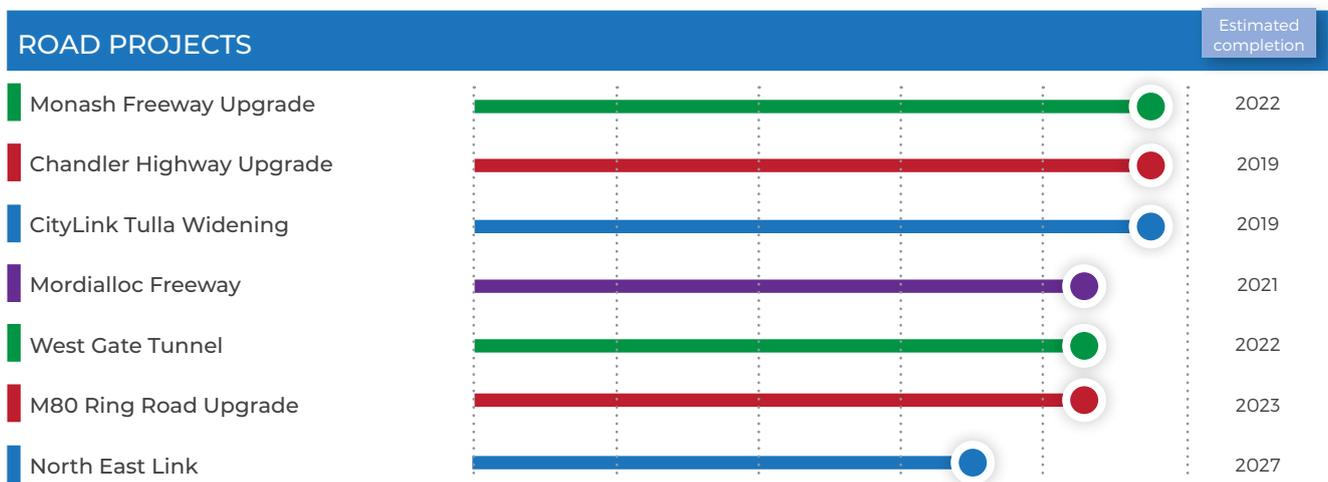
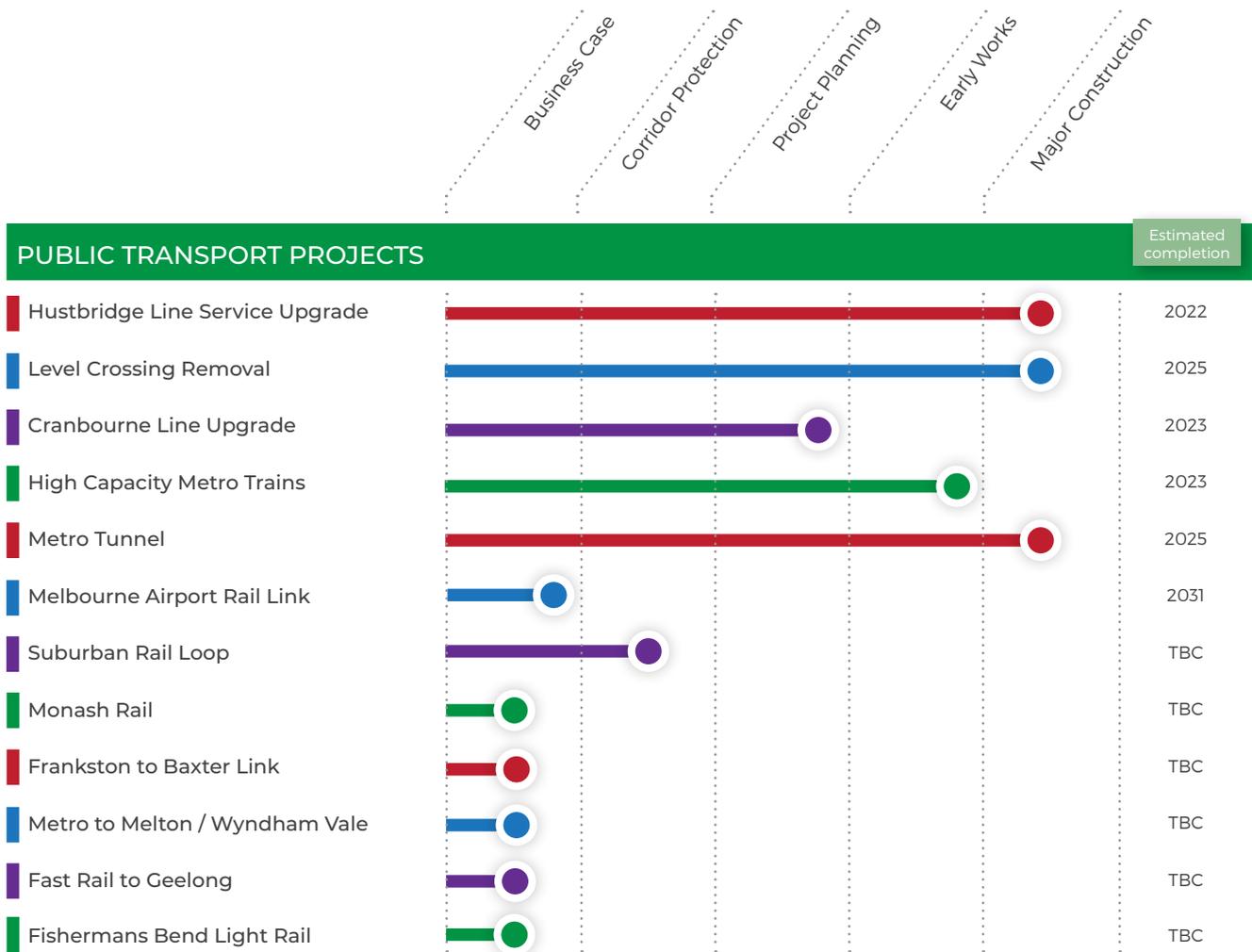


With the population of Victoria expected to grow as faster rates than previously projected, the need for a stronger integrated transport network must be met. Governments' commitment to transport infrastructure investment continues to be reinforced with the recently released policy documents.

*Plan Melbourne 2017-2050 Addendum* gazetted in February 2020 has put Suburban Rail Loop on the map. Technical, planning and design work, and stakeholder consultation is well underway to inform the detailed alignment and station location options along the Suburban Rail Loop corridor. Pre-construction

work on Stage One is gathering pace with geotechnical drilling underway at locations between Box Hill and Cheltenham. This program of work was planned to ramp up from early 2020 with approximately 100 boreholes to be drilled by mid-2020. Development work is progressing with initial construction works on Stage One to commence in 2022.

The planning for the Melbourne Airport Rail Link is expected to run concurrently with the Suburban Rail Loop. The Government has given the green light to progress the detailed Business Case having selected the Sunshine Route as the preferred route. Next



step is the detailed business case for the Sunshine Route, to be completed by 2020. Construction set to commence by 2022 and will take up to nine years to complete.

The Federal Government's 2020 Infrastructure Priority List has a total of 12 projects for Victoria. These include a lot of projects that have been identified and progressed by the State Government, including the Level Crossings Removal, Melbourne Airport Rail Link, Melton Rail Line upgrade, Cranbourne Line upgrade, and Hurstbridge Line upgrade.

Newly added infrastructure projects include the potential light rail extension from the CBD to Fishermans Bend, cycling access around Melbourne CBD, Frankston public transport connectivity improvement. In addition, Melbourne Airport has been masterplanning for a third runway for consideration by the Federal Government and that has also be included in the Infrastructure Priority List.



Committed to the creation of **better urban environments.**



Urban Analytics  
and Policy



Strategic  
Planning



Statutory  
Planning



Urban Graphics  
and Mapping

---

### Sydney

Level 12  
179 Elizabeth Street  
Sydney NSW 2000  
(02) 8667 8668

### Brisbane

Level 23  
127 Creek Street  
Brisbane QLD 4000  
(07) 3556 4005

### Western Sydney

Level 2  
3 Horwood Place  
Parramatta NSW 2150  
(02) 8073 4677

### Melbourne

Level 7  
333 Collins Street  
Melbourne VIC 3000  
(03) 8547 9510

---

**[mecone.com.au](http://mecone.com.au)**

[info@mecone.com.au](mailto:info@mecone.com.au)

#### Discover **Mosaic**

Mecone's latest online mapping  
tool of planning information

[mecone.com.au/mosaic](http://mecone.com.au/mosaic)

Clear thinking  
**Smarter** solutions  
**Better** outcomes