



# Suburbia on the Rise

## A New Opportunity

**The Suburban Alliance**

**Victoria**

November 2020

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***The Suburban Alliance is a not for profit collaboration of people and businesses who believe that opportunities for greater suburban quality of life, business opportunity and economic expansion could get more attention and support than they currently do.***

***The Suburban Alliance is not a lobby group, its intent is to promote leading ideas, world class thinking, and local issues through quality urban research.***

[www.suburbanalliance.com.au](http://www.suburbanalliance.com.au)

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## **Our Mission:**

To promote a better understanding of the important role of the suburban economy in the life of our cities, through shared insights, information and analysis.

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## **Our Vision:**

Progressive cities where quality social and economic infrastructure is equitably distributed across both suburban and inner urban locations.

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## **Our Goal:**

Equitable quality of life for suburban residents by facilitating greater employment, leisure and retail choices closer to where people live.



# Suburbia Evolving

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**Suburbia has and will continue to play a fundamentally important role in supporting the evolution of Melbourne as profound social, demographic and economic changes take effect in coming years.**

## A Changed Outlook

Following a decade of unprecedented development activity during which time Melbourne was awarded the World's Most Liveable City no fewer than seven times, the outlook for the 2020s could not be more different.

In coming years, the critical challenge will be ensuring that Melbourne's suburbs can deliver what matters most to the people that live here.

## Seeking an Equitable Approach

Our suburbs will provide an important and dynamic backdrop against which this next chapter will be written.

The Suburban Alliance will be seeking to ensure that an equitable policy approach towards Melbourne's suburbs is provided to create opportunity, support aspiration and accommodate the change required for the many who live and work here, both now and into the future.



*Melbourne's outer suburbs have long been the poor cousin of the inner city when it comes to opportunity. But Covid-19 has levelled the jobs playing field by demonstrating to employers that office workers don't need to commute into the CBD every day. Suddenly, suburbs are the focal point for a new localism and housing choices are no longer dominated by a finely balanced trade-off between affordability and commuting time.*

*Development in the suburbs presents an opportunity to level the liveability playing field too, with greater housing diversity offering options for first-home buyers and downsizers alike, and greater density supporting a wider range of local amenities. The real question is whether we can overcome our obsession with neighbourhood character to allow this more equitable metropolis to emerge.*

Mark Sheppard, The Suburban Alliance

# Opportunities in a Suburban Future

**Following the onset of COVID 19, three decades of economic growth came to an abrupt halt as the nation nose-dived into recession, the consequences of which will be both complex and long-lasting.**

## Uncertainty Ahead

The full impacts of the pandemic are yet to be understood, and the future of Melbourne remains unknown.

The effects of significantly reduced population growth, economic contraction, high unemployment and changes to where and how people live and work, will present both challenges and opportunities for suburban Melbourne as it comes to terms with a future otherwise unexpected.

*“Without strategies to provide more housing choice, Melbourne will become less affordable and liveable – risking social equity and cohesion, and slowing economic growth”, .....*

*“For Melbourne to become more equitable an accessible, local residents need to have a choice of housing within their neighbourhood”.*

Plan Melbourne

Substantially reduced overseas migration means that Melbourne’s population will have approximately 400,000 fewer people by the end of 2022 than previously forecast.

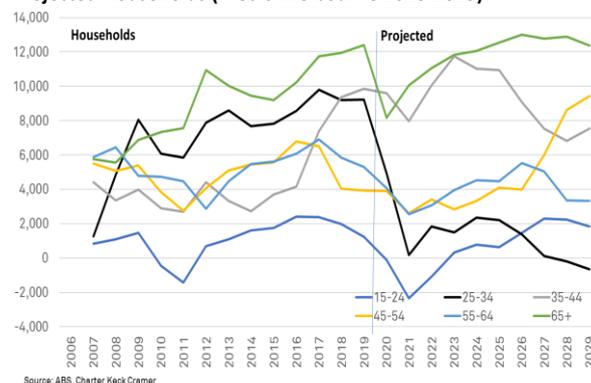
Without overseas migration, widespread negative impacts will continue to be felt across the Victorian economy, particularly those segments related to tourism, hospitality, retail and the international student market.

A key driver of economic growth, the sudden end to overseas migration has eliminated a significant source of ongoing demand for residential properties, with underlying demand in Melbourne now less than half of what was forecast in early 2020.

## Changing Housing Needs

In coming years, significant demographic changes, characterised by an ageing population and the shift of the vast millennial cohort into family forming life-stage, will underpin demand for suburban housing.

Projected Households (Metro Melbourne 2020-2029)



For the rapidly growing number of older Melburnians, downsizing will be a strong preference - for some by choice, others by necessity, as housing needs across Melbourne’s suburbs continue to change.

# The Suburban Economy

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**Melbourne's suburbs are the real engine of the city's employment base, yet the dominant economic role that they play is often grossly understated.**

The impact of COVID 19 indicates that the economic function of the suburbs is likely to go from strength to strength in the coming years.

## Rise of the Suburban Workplace

The evolution in where and how Melburnians work is evident in the rise of different workplace arrangements, configurations and locations in recent years. Expected to continue, suburban Melbourne will play a significant role in supporting this change as

companies seek locations that not only provide an attractive environment for staff to work, socialise, and in some cases live, but which also address the challenges posed by the rising costs of doing business.

The rapid expansion of co-working space, the increasing popularity of suburban strata offices, and the growing appetite for contemporary, high amenity business parks, reflect the ever-increasing diversification of where, and how Melburnians are choosing to work.

Partly due to the effects of COVID 19, these trends are likely to accelerate as new workplace preferences demand further flexibility and choice.



*Prior to COVID 19, co-working workspaces (also known as flexible workspaces) increased their share of office space in Australia from less than 1% of total office floor space in 2012 to around 3% of total office floor space in 2019.*

*In excess of 320,000 sqm of Melbourne's office floor space is occupied by co-working spaces. Notably, Melbourne has a significantly higher amount of its co-working space located across the metropolitan area than either Sydney or Brisbane.*

*With a total of 210 co-working spaces spread across the metropolitan area, over 70% of Melbourne's co-working space is located outside of the CBD.*

Rob Burgess, The Suburban Alliance

# An Emerging Suburban Identity

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**Central to its identity, Melbourne’s high-profile suburban retail strips have entered a new chapter, challenged by the rise of e-commerce which continues to attract a growing portion of retail expenditure.**

## The Changing Face of Retail

With the popularity of online shopping expected to continue, the threat posed to Melbourne’s much-loved retail precincts is such that many are unlikely to return to the traditional function that once made them so popular.



*Anyone that genuinely understands retail leasing dynamics outside of our CBDs knows that in many, if not most cases, the modern retail leasing deal is just not economically viable. Especially now.*

*So for me it’s pretty simple.*

*I can’t think of anything that solves as many problems and creates as many benefits as the sensible, considered conversion of suburban retail shops to offices. It’s a critical piece in the holy grail of urban life: the 20-minute neighbourhood.*

Simon D’Arcy, The Suburban Alliance

## A Strategy for Suburban Strips

Suburban shopping strips and neighbourhood centres nonetheless remain important locations for interaction and increasingly as locations for service provision and hospitality.

Opportunities will arise despite the broader challenges. However, for these to be achieved, ambitious strategies built on a bold vision, combined with the knowledge of contemporary retail models and an understanding of complementary, viable land use solutions, will be required.

# Suburbia for All

**Suburban Melbourne has historically supported upward social and economic mobility. However, in the last two decades, Victoria has experienced a greater decline in home ownership than any other state. This is despite the vast majority of people still aspiring to own their own home.**

## Declining Economic Mobility

In recent years, while the city has revelled in the accolades of its world’s most liveable city title, inequality, social division, congestion and productivity costs have continued to grow.

The erosion of upward mobility is perhaps no more evident than in the long-term decline in housing affordability and home ownership. This is particularly so amongst younger age cohorts who are at greater risk of falling into poverty than almost all of their peers in other advanced countries<sup>1</sup>.

Either ownership needs to become much more affordable, or government needs to create products that enable households greater access to ownership.<sup>2</sup>

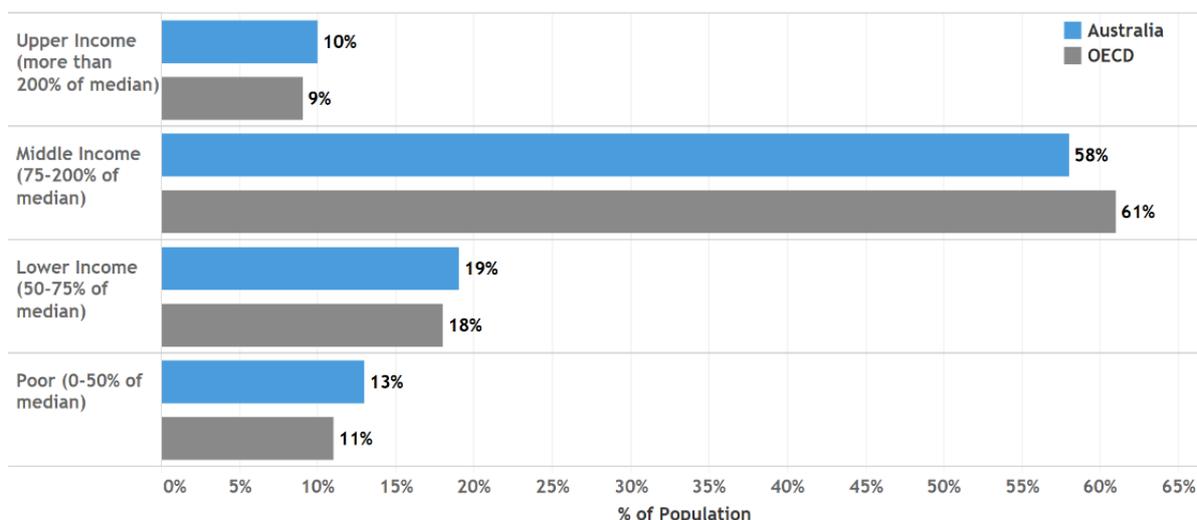
*All of Melbourne’s residents will have affordable and reliable access to jobs, services and infrastructure, no matter where they live.*

Suburban Development Statement – Office of Suburban Development 2017

## Providing for all Melburnians

Confronted by circumstances unforeseen only months ago, the coming decade presents a series of challenges and opportunities for our suburbs. Ensuring that they accommodate and provide for the needs and aspirations of all Melburnians, will be essential if a fairer and more equitable city is to be achieved.

Size of Australian Middle Class (compared to OECD Average)



<sup>1</sup> <http://www.oecd.org/australia/Middle-class-2019-Australia.pdf>

<sup>2</sup> AHURI-Final-Report-337-The-housing-aspirations-of-Australians-across-the-life-course-closing-the-housing-aspirations-gap

# The Suburban Alliance (Victoria)

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## Rob Burgess - Director



Rob is the National Director of Research & Strategy at Charter Keck Cramer. With over 25 years of experience, Rob has developed a wide range of skills and expertise, having worked in several roles across the property and planning industry. With a strong interest in urban and spatial economics, demographics, strategic planning and property markets, Rob regularly publishes insights and articles and is often called on to present on these subjects in a variety of forums. Rob has a particular interest in the changing role of the suburbs and the need for them to support liveability by enabling opportunity and aspiration for all those who choose to live there.

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## Mark Sheppard



Mark is the Founder and a Principal of kinetica (formerly DLA). He has practised urban design in Melbourne since 1998, consulting to State and local government, developers, landowners and community members. Before that, he spent seven years studying and working in the UK. Mark is the author of 'Essentials of Urban Design' (CSIRO Publishing, 2015) and a contributor to 'Urban Design Practice - An International Review' (RIBA Publishing, 2012). He is a Recognised Urban Design Practitioner (Urban Design Group, UK) and a Fellow of the Victorian Planning and Environmental Law Association. Mark is passionate about improving the liveability, sustainability and resilience of established urban areas.

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## Jennifer Cunich



Jennifer is a property industry leader and high-profile figure in Melbourne's business community. She has more than 25 years' experience in both industry associations and professional organisations, 20 of these at the CEO and Executive Director level. Jennifer is a trusted and well-known advisor to government, a policy heavyweight on all matters relating to planning and property. Having served on numerous Boards, Councils and Committees, Jennifer is highly experienced and extremely well-versed in matters of governance and reform.

Jennifer is currently a serving Board Member of the Victorian Planning Authority (VPA), Chair of the VPA's Risk and Audit Committee, Monash University's Estates Committee and former Chair of Wood Solutions Mid-Rise Program and more recently appointed as the Mid-Rise Lead Program Development Manager.

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## Simon Micmacher



Simon is a skilled urban analyst with an overriding interest in the intersection of government policy, property, employment and housing. Simon currently works in the Research and Strategy unit of Charter Keck Cramer specialising in urban research, economic development, strategic planning and data and analytics. For Simon, Melbourne's suburbs are its soul. Suburban lifestyles, amenity and economic opportunity are central to the Melbourne's well-being and prosperity. Prior to joining Charter Keck Cramer Simon was the Manager of Land Use & Population at the Department of Environment, Land, Water & Planning (DELWP).

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## Simon D'Arcy



For over 25 years, Simon has created solutions for buildings and those that own and occupy them. He has a blend of funds, development and transaction management experience for groups including Mirvac, Newmark Capital & Salta Properties, as well as a decade in office leasing with Knight Frank across all Melbourne markets. In 2019 he established Cucumber Offices. They are offices made easy for tenants & landlords, and it's called grow-working. In business, Simon is passionate about respectful plain-speaking, without the buzzwords.

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## Andrew Rodda



Andrew Rodda is a town planner with 40 years experience gained working within Victorian local government, and for the last 30 years, as a consultant. Andrew is a Director of Contour Consultants and advises a range of clients on proposals which often involve significant change to the existing urban areas around metropolitan Melbourne. He understands that people need places to work, shop, do business, socialise and live. He has been the principal town planning advisor on many large multi-use urban renewal developments and continues to provide strategic approval guidance on a range of innovative projects for private clients.