Acknowledgment

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.
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Summary of findings

The Urban Development Program Reports provide an annual analysis of the supply and up-take for: major residential redevelopment sites in the established parts of Melbourne, Broadhectare residential land on the fringe of Melbourne and industrial land across metropolitan Melbourne. In effect, it monitors and measures where Melbourne is growing.

This report provides an overview of the redevelopment component of the Urban Development Program. The main findings are:

- As at December 2018, there were around 203,200 dwellings in major residential redevelopment projects that were either under construction or in the development pipeline across metropolitan Melbourne.

- The vast majority (83%) of dwellings proposed for major redevelopment sites are expected to be constructed in buildings of four or more storeys.

- The inner and middle ring municipalities continue to be the dominant regions for the supply of anticipated dwellings on major redevelopment sites.
1 Introduction

The Urban Development Program Reports provide an annual analysis of the supply and up-take for: major residential redevelopment sites in the established parts of Melbourne, Broadhectare residential land on the fringe of Melbourne and industrial land across metropolitan Melbourne. In effect, it monitors and measures where Melbourne is growing.

The Urban Development Program consists of three components:

**Major residential redevelopment projects** - information on residential projects of 10 or more dwellings on non-broadhectare land that is either planned or considered in the longer-term development pipeline.

**Broadhectare residential land** - information on the supply of englobo (i.e. green fields land) through to its subdivision into retail lots for people to build dwellings. The method for the data collection has been revised to use administrative data from titles information to provide a more robust, reliable and timely release of information.

**Industrial land** - information on the supply and consumption of industrial land across metropolitan Melbourne, as well as indicators on the zoning changes of industrial land. The industrial land component is now collected on a calendar year basis to provide more timely data than was previously released.

This report outlines the main findings of the 2018 redevelopment monitoring program. Comprehensive data is also available from the planning portal, at [www.planning.vic.gov.au](http://www.planning.vic.gov.au).

1.1 What the redevelopment sites report measures

The Urban Development Program monitors and reports on major residential redevelopment projects across metropolitan Melbourne. Data is collected through analysis of aerial imagery, planning permits and commercial data sources.

Development within the established parts of Melbourne takes the form of minor infill development (less than 10 dwellings in a project) as well as major redevelopment sites with more than 10 dwellings in a project. The supply of these major redevelopment sites are the subject of this report. The supply of minor infill is not monitored in the same way as major redevelopment sites are, however, they are identified when they are built and reported in DELWP’s *Housing Development Data*.

Figure 1 provides an overview of the redevelopment pipeline. Projects within the pipeline can move between stages (forward or backward) or can be abandoned. Over the last two years, DELWP has gone through a process to clean up the redevelopment database to remove sites where there has been no activity to provide a more accurate picture of the supply through redevelopment.
Figure 1: Urban Development Program redevelopment sites development pipeline.

Supply of Redevelopment Sites

- Possible
- Likely
- Firm

What it is showing
- Early indicator of the location of future major redevelopment sites.

Source Data
- DELWP

Development of Redevelopment Sites

- Under Construction

What it is showing
- Major redevelopment sites that have been approved and/or taken through sales enquires and registrations.

Source Data
- Core Logic
- Urban Melbourne
- LGA planning registers
- PPAS (DELWP)

Dwellings

- Completed

What it is showing
- Location and number of dwellings that are being built on major redevelopment sites.

Source Data
- Address points (DELWP)
- Cadastre (DELWP)
- Aerial Photography (DELWP)

What it is showing
- Location and number of completed dwellings on major redevelopment sites.

Source Data
- Address points (DELWP)
- Cadastre (DELWP)
- Aerial Photography (DELWP)
2 Major Residential Redevelopment

As at December 2018, there were around 203,200 dwellings in major residential redevelopment projects that were either under construction or in the development pipeline. The vast majority (83%) of dwellings proposed for major redevelopment sites are expected to be built in buildings of four or more storeys. Figure 2 compares the residential redevelopment pipeline as of December 2018 to data with previous years, by built form.

Figure 2: Annual major residential redevelopment pipeline of dwellings by built form.

Over the last two years, DELWP has gone through a process to clean up the redevelopment database to remove sites where there has been no activity to provide a more accurate picture of the supply through redevelopment. This partially accounts for the decline in the total amount of supply in Figures 2 and 3.

The inner and middle ring municipalities continue to be the dominant regions for the supply of anticipated dwellings on major redevelopment sites (43% of dwellings in each of these rings) (Figure 5).

**Figure 3: Residential redevelopment pipeline by region**

![Residential redevelopment pipeline by region](image)

**Source:** Department of Environment, Land, Water and Planning 2018.
The majority (85%) of current and anticipated major development activity in inner Melbourne are in apartment projects of ten storeys or greater. In the middle ring, redevelopment projects are more diverse in height and dwelling type (Figure 4). Apartment projects ten storeys or greater make up 36% of the middle ring dwelling pipeline, while projects of between four and nine storeys make up 46%. In the middle ring, townhouse and low scale apartment projects make up a relatively minor share of redevelopment supply at 9%.

**Figure 4:** Residential redevelopment pipeline by region and built form

![Residential redevelopment pipeline by region and built form](image)


Across the metropolitan region, 25% (50,950) of anticipated major redevelopment activity is in the Melbourne LGA and mainly consists of apartments greater than ten storeys. As can be seen in figure 5, Port Phillip, where opportunities exist for larger apartment buildings, has the second highest number of anticipated dwellings followed by Maribyrnong where there are some large redevelopment sites. The remaining Inner and Middle Ring LGAs have a mix of development types, with four to nine storey development common in most of these municipalities.
Figure 5: Residential redevelopment pipeline by LGA and built form, 2018.

Source: Department of Environment, Land, Water and Planning
3 Major redevelopment sites in context

Victoria is the fastest growing state in Australia, with an annual population increase of 2.2 per cent. Ensuring that there is an adequate supply of residential land and housing to meet increasing demand driven by population growth is a key challenge for the Victoria.

3.1 Fifteen years of land supply

Clause 11.02-1S of the Planning Policy Framework of the planning scheme identifies the need to “Plan to accommodate projected population growth over at least a 15 year period and provide clear direction on locations where growth should occur.” Supply from major redevelopment sites is one element of the land required to provide dwellings to service population growth. Supply is also provided through development in the Growth Areas and infill development.

Unlike the location of future broadhectare development, which has been identified through a range of strategic planning documents, the horizon for major redevelopment sites is more short term. Given the short-term nature of identifying major redevelopment sites, an assessment of the number of years of supply for major redevelopment sites cannot be made using this site specific information. However, monitoring of major redevelopment sites over a number of years (Figure 2) indicates that the market identifies new opportunities.

3.2 Plan Melbourne 70:30 aspiration

The Government’s population projections Victoria in Future estimates that between 2016 and 2056, 67% of additional dwellings will be located in the established parts of Melbourne, while 33% of additional dwellings are anticipated to occur in one of Melbourne’s growth areas. Policy 2.1.2 of Plan Melbourne set an aspirational scenario where 70% of net additional dwellings are located within established Melbourne and 30% in the growth areas.

The Department’s Housing Development Data (Figure 6) measures the share of net additional dwellings between Established Melbourne and Growth Areas. In some years, the share of net additional dwellings in the established areas of Melbourne has approached 70% while in other years it was as low as 60%. The 70:30 aspirational scenario is designed around a sustained change over a long-term future. It is anticipated that the share of dwelling growth in the Growth Areas will decrease as land for development becomes limited and development switches, to a greater degree, to the established parts of Melbourne.
The Housing Development Data is used to track the net additional dwellings, however it is a complex dataset to assemble and the most recent data available up to 2016. Australian Bureau of Statistics building approvals data provides more timely data, however, it has limitations that make it difficult to use as a measure for the 70:30 split. Building approvals data provides a count of new dwellings approved. However, in the established parts of Melbourne, a large share of building activity occurs as the demolition of a single dwelling followed by the construction of a new single dwelling. This situation leads to no net additional dwellings. As a result, dwelling approvals over estimate the number of net additional dwellings in Established Melbourne while fairly representing the number of net additional dwellings in the Growth Areas. Therefore, dwelling approvals should be used as a rough guide for tracking the 70:30 aspiration. Between 2017 and 2018 the number of approvals in the inner and middle parts of Melbourne have decreased while approvals in the growth areas increased slightly. Using the rough guide of dwelling approvals, the ratio between Established Melbourne and the Growth Areas in 2018 was 62% to 38%.

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Source: Department of Environment, Land, Water and Planning