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The Pros and cons of life at the heart of the city (Cover Story)

If choosing a place to call home was based solely on “liveability”, then families should be deserting their suburban McMansions en masse for the high-rises of Melbourne’s central city. On paper, the central city - the CBD, Southbank and Docklands - can tick most boxes on any list of what makes a good place to settle and raise a family.

Healthcare: the City of Melbourne is home to or near 10 major public and private hospitals and dozens of medical, dental and other speciality clinics.

Childcare: there are 10 centres in the CBD, docklands and Southbank alone, with another 18 located in and around the council area - plus there’s a host of play groups, family support and parent assistance services.

Education: three kindergartens, 12 primary schools and 11 high schools - some of which are among the best in the country.

Shopping: the Queen Victoria Market, all the major department stores, and enough supermarkets and convenience outlets that its never far to go to buy nappies or baby food.

Leisure activities: try 120 parks and gardens covering 480 hectares, 20 public playgrounds and several cinemas, libraries and pools.

Then there are the intangible benefits that can come with living in the close proximity to so many diverse people, ideas and cultures. But, putting aside what looks good in theory, how does the central city stack up in reality.

Population: At the time of the 2006 census, there were 1317 couples and single parent families in the CBD, Southbank and Docklands. They made up just 20.61 per cent of all family groups in the area, compared to 63.8 per cent across the Melbourne metropolitan area.

The bulk of the central city population is comprised of singles, couples with no children and students, particularly international students. In fact, while the central city’s overall population increased by 37.82 per cent in the five years to 2006, the number of families and children living in the area has actually declined.

In 2001, couples and single parent families made up 22.78 per cent of family groups, dropping by 2.17 per cent in five years. The number of children aged 0 to 14 dropped from 5.64 per cent of the population in 2001 (1379) to 3.27 per cent (1102) in 2006. By comparison, children in this age group made up 18.9 per cent of the metropolitan population in the last census.

And, judging by City of Melbourne population forecasts, there’s little reason to think the situation is going to change. While the number of children will increase as the overall central city population grows, they are expected to almost uniformly decline as a percentage of the population to 2021.

Why do families and children comprise such a small - and shrinking - part of central city life? It has a lot to do with the following:

The Psychology of Urban Living

Never underestimate the power of tradition - and there are few traditions in property more ingrained than the great Australian dream of home ownership. For generations this has most commonly taken the form of the spacious multi-bedroom house on a big block with room for at least two cars. “Downsizing to a two-bedroom apartment in a high-rise is a very difficult idea for a lot of people to accept,” says Andrew Giles, director of the property advisory group for consultancy firm MacroPlan.

“There’s a tendency to look at it from the perspective of what is lost by leaving the suburbs rather than what is gained by moving into the city.”

Not helping is the area's reputation for alcohol - fuelled trouble after dark, which saw the Victoria Police launch Operation Safe Streets last year in a bid to combat rising violence, noise pollution and the general degradation in public amenity. "While families are choosing to move into the city, its taking a long time for the idea to filter through - and there are still plenty of obstacles," Mr Giles said.

Affordability

The high cost of housing has acted as one of the biggest practical barriers to bringing families into the city, with affordability remaining a serious problem, even with the price declines caused by the past year's sliding property market. The Real Estate Institute of Victoria reports that the median price for an apartment was \$380,000 in the CBD, \$445,000 in Southbank, and \$525,000 in Docklands in 2008.

That's certainly not cheap when you consider the median house price was \$426,000 for metropolitan Melbourne, \$460,000 in the middle suburbs and \$347,000 in the outer suburbs in December 2008. The disparity becomes even more extreme when comparing the prices of the typical size property a family would seek. The median price for a two-bedroom flat in the inner-city area was \$460,000 in the December quarter, compared to \$332,000 to \$499,000 for a two-bedroom house in the middle and outer suburbs.

A three-bedroom inner-city flat has a median price of \$670,000, which is well above the \$383,500 to \$530,000 commanded by even a four-bedroom house in the suburbs. "By virtue of their size, you're talking about such a high price point that it would rule out most families," says **Robert Papaleo, director of strategic research for Charter Keck Cramer.**

"A three-bedroom apartment in the CBD or the surrounding urban area is pretty much a top-end product." But what these straightforward house-to-apartment price comparisons don't account for are the "savings" that can accumulate for those who move into an urban area.

"Housing, of course, is a big component. But there are also the efficiencies that come with this kind of affordable living," Mr Giles says.

"It means the cost of running one car instead of two, or public transport or walking instead of a car. There's both an economic and social value that can be attached to being closer to everything." KPMG demographer Bernard Salt agrees.

"It's a big difference if you are 15 minutes from work as opposed to one hour and 15 minutes. This is 'dead time' spent away from family, away from the children. So it goes beyond just money.

Lack of Stock

Going hand-in-hand with affordability constraints is a serious lack of suitable housing stock for families in the inner city. With singles, childless couples and students forming the vast majority of the central city's residential population, most high-rise residential developments built to date - and currently under way - are targeted directly at these markets.

Consequently, the market is dominated by studio, and one - and two-bedroom units in buildings that often come with pricey owner's corporation fees to operate the building's gym, pool or common areas - which are not a key concern of families.

While many developments can expect to get a fair mix of tenants, owner-occupiers generally tend to steer clear of apartment complexes dominated by rental-orientated investors - and it's these types of housing products that are most often being built in the central city.

Chris Hayton, a principle with architectural firm Rothelowman, says high construction costs also mean many developers are now looking at ways to make apartments smaller, more efficient and more cost-effective.

"There will always be people who prefer space over convenience. But for those who don't, the 'apartment story' has to sell the convenience, to offer designs that can overcome issues that aren't issues for traditional housing."

This means finding ways to maximise what space there is available through multifunctional rooms, providing more storage space and a better use of communal space, and encouraging residents to use local amenities - like pools - instead of putting them in the building, Mr Hayton says.

What the future holds

So, in essence, the central city property market faces a chicken and egg conundrum. Families shy away from the market because it represents too much of a downsize on the suburbs or it's just too expensive, while developers can't really build family-oriented housing products because there's not critical mass in the market and the price point is too high.

The critical mass, when it does occur, is likely to come from those people who decided to make the city home when they still were young - students, professional singles and couples, the generation X and Yers.

"We're now starting to see all these people who spent their early 20s in an urban lifestyle, and they just can't bring themselves to move to the 'burbs' even though they are now married and have one or two kids," says Mr Salt.

"They represent the maturing of this market. "It's not pioneering stuff, there are people doing it here already and the numbers will grow older."

And if you still doubt that the families can make a home - and thrive - in the inner-urban environment, look to New York, Rome or Hong Kong, all places where high-density living has been a fact of life for a good long time.