



State of Australian Cities 2012

National Summary

Key findings

- The gap between population increase and housing supply in Australian cities is now the largest and most sustained in a century.
- A decline in the number of housing lots produced per capita is occurring across the capital cities but is particularly severe in Sydney. Block size has fallen and the price per square metre has risen sharply.
- There has also been a marked rise in the premium for living near the CBD of cities. In Sydney and Melbourne, a dwelling close to the CBD has increased more than five-fold in real terms since 1986, while one 50 kilometres from the city centre has only doubled in value.
- Housing occupancy rates (the average number of people living in a dwelling) plateaued in the mid-2000s, after having fallen steadily for nearly a century.
- Most of the industry sectors that are experiencing rapid growth economically are located in CBDs and other dense centres. These industry sectors rely on increasing job densities to drive their productivity.
- Cities may be beginning to economically shrink in on themselves, reversing the dispersing forces, especially associated with manufacturing, that have been dominant since the end of World War II.
- The number of kilometres travelled per person in Australian capital cities has declined markedly since peaking in 2005.
- The per capita freight task in cities is increasing substantially and is likely to become the major driver of urban transport systems.
- Fare recovery in Australian urban mass transit systems continues to decline, raising questions about the sustainability of current financial structures associated with public transport capital investment and operations.
- Age distribution in our major cities shows that under 25s have declined proportionally, while there has been a small increase in working age population and a large increase in over 65s.
- The average labour force participation rate across major cities is 64.8 per cent; however there are significant differences between cities.
- Major cities have experienced increases in female participation in the paid workforce since 2000, some by more than five per cent.
- A growing proportion of older people are working past the traditional retirement age in major cities.

Population and Settlement

- There are now 280 cities with over one million people in the greater Asian region. By 2025, it is expected that there will be at least 750 cities of over half a million people in size in the region.
- Australia's resident population in December 2011 was around 22,485,300 people, an increase of 2.95 million people or around 15 per cent over the last ten years. More than 75 per cent of the population lived in our 18 major cities - cities with more than 100,000 people.
- The proportion of the population living in the capital cities of most states and territories has steadily increased over the past 40 years. Sydney and Melbourne have absorbed nearly 40 per cent of the population growth since 2001.
- In 1996, 60 per cent of major city home owners owned their dwelling outright, compared to 46 per cent in 2011.
- New houses in Australia are possibly the largest in the world, eclipsing the United States. However, there has been little or no growth in their size for a decade and the size of units has fallen.
- While there has been net growth in government-provided dwelling stock since 2006, it has fallen as a proportion of total stock across all major cities, apart from Cairns and Toowoomba.
- Real rental income per dwelling has increased virtually without interruption since rental controls were lifted in 1949.
- Rental vacancy rates remain very low across all capitals but are particularly severe in Perth, Darwin and Canberra.
- In the year to March 2012, Australians spent 279 million nights away, of which 50 per cent were spent in the major cities. Australians made 7.8 million short-term trips overseas, up from 7.1 million in 2008 and more than doubling since 2001.
- Australia hosted 5.5 million international tourists in the year to March 2012, up one per cent from 2011 and five per cent from 2008. Of the 197 million nights these visitors spent in Australia, 82 per cent were spent in our major cities.

Productivity

- The morning travel peak in cities has significantly increased in the last 30 years, greatly increasing the pressure on transport networks. This appears to be driven in part by an increase in discretionary travel in the morning peak period.
- The sea ports of coastal major cities, particularly Sydney and Melbourne, are experiencing a significant increase in container (TEU) volumes. More than 80 per cent of containers are discharged and loaded within the urban boundary.
- In 2011, Australia's major city airports had 97,033,481 domestic passengers and 28,872,843 international passengers.

Sustainability

- Most Australian cities, except for those located in the far north, have experienced declines in annual rainfall over the last 60 years.
- Since 1952, Australia's major cities experienced increases in average maximum temperatures of up to 2°C.
- The number of very high and extreme fire weather days is estimated to increase by between 15 and 60 per cent by 2020 and double to quadruple by 2050. This may increase the risks of property loss from bushfire in our capital cities, given the close proximity of up to 750,000 houses to substantial bushland.

- Fresh food production on the fringes of our cities is under threat from the outward expansion and economic pressures of our cities.
- Our cities continue to place pressure on urban waterways and estuarine environments, many of which contain sites of international heritage significance.
- Total open space in and around our cities can amount to 60 per cent of the urban area.
- Local, state and territory governments are moving to better manage natural and urban systems and are addressing challenges such as the urban heat island effect, cleaning waterways and more sustainable buildings.

Liveability

- Melbourne has been ranked first on the global 2012 *Economist Intelligence Unit Global Cities Liveability Index* and Adelaide has retained its top ranking in the Australian My City Survey.
- The proportion of families with children living in higher density residential dwellings has increased in major cities.
- The proportion of the population that is Aboriginal or Torres Strait Islander is largest in Darwin (9.2 per cent) and smallest in Melbourne (0.5 per cent). However, Sydney's Aboriginal or Torres Strait Islander population (54,747 people) is the largest in the country.
- The cost of living for the residents of Australia's capital cities has been relatively stable for over two decades.
- Of the capital cities, Hobart has the highest proportion of people who walk to work whilst Perth has the lowest. Darwin has the highest proportion of people who cycle to work whilst Sydney has the lowest.

Governance

- The Council of Australian Governments (COAG) Reform Council *Review of Capital City Strategic Planning Systems* was released in April 2012. It highlighted the need for ongoing intergovernmental co-operation on cities issues to help all levels of government implement effective strategic planning systems.
- An Infrastructure Finance and Funding Reform report, prepared by the Infrastructure and Finance Working Group, was released in June 2012. It stressed the importance of improved planning, a deeper pipeline of projects and funding reform.
- In June 2012 the Productivity Commission released the first national study of the regulatory role of local government. Its key message is that implementing and enforcing state laws, rather than local laws, is dominating local governments' regulatory workload.
- The 2012-13 Federal Budget included a framework for the second phase of the Nation Building Program (NB2) which will run from 2014-19 and help deliver on the goals and objectives of the National Urban Policy.