A tale of two cities

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Work and life in cities: City strategy in Australia

Melbourne Economic Forum

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Shifts in consumption are driving jobs towards higher end services in the centre of cities

- These services tend to be produced towards the centre of large cities
- City geography reflects these trends, with more jobs, and higher value added towards the centre
- These trends may have intensified after 2008
- Big cities are dividing geographically

Residential, planning and transport policies had not adjusted until recently

- Additional housing has primarily been built on the periphery
- Up to 2011, density in the middle ring barely moved
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Wishful thinking may be part of the problem

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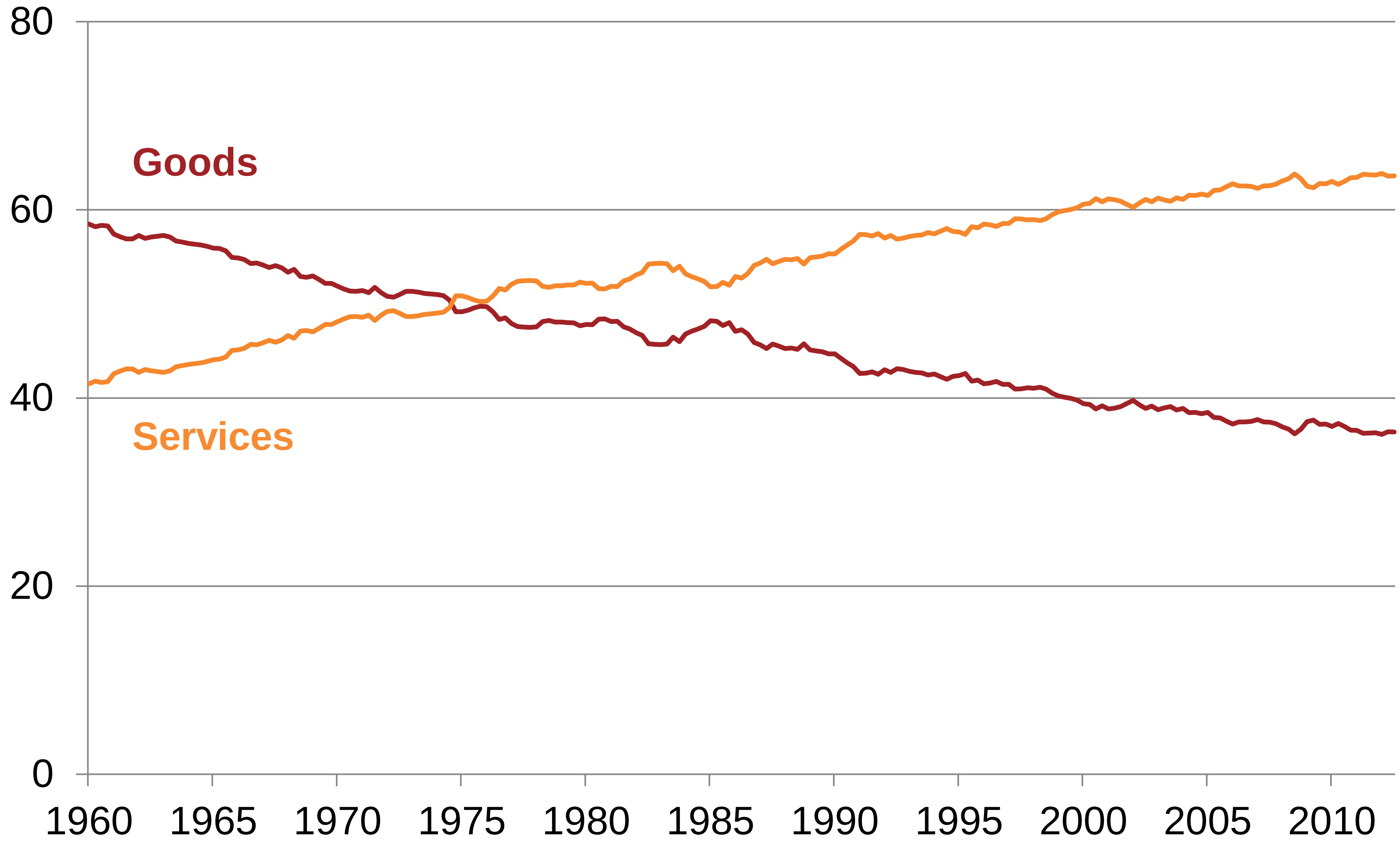
People are consuming more services

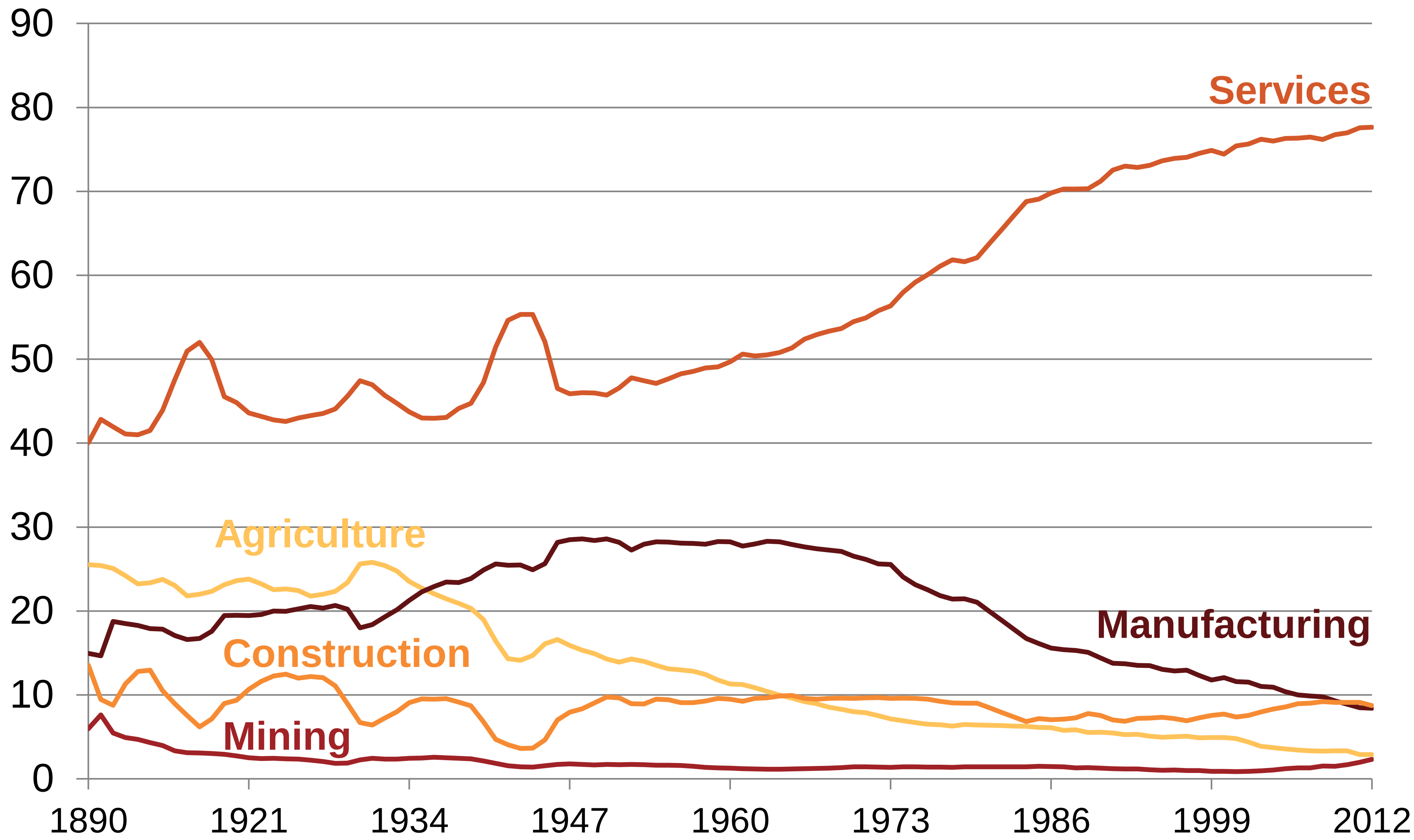
Share of total nominal household expenditure



Source: ABS5206 table 8
Notes: Excludes “rents and dwelling costs” and “other goods and services”. Based on seasonally adjusted current prices data

Consequently, more people are working in services

Per cent of workforce, Australia



Sources:
1. 1890-1980 Australian Historical Statistics: Labour Statistics, by G.Withers, T.Endes, L.Perry
2. 1984-2012: ABS6291.0.44.003, table 4

Note: 1981-1983 are interpolated using 1980 and 1984 data

Services growth accelerated in the last 5 years

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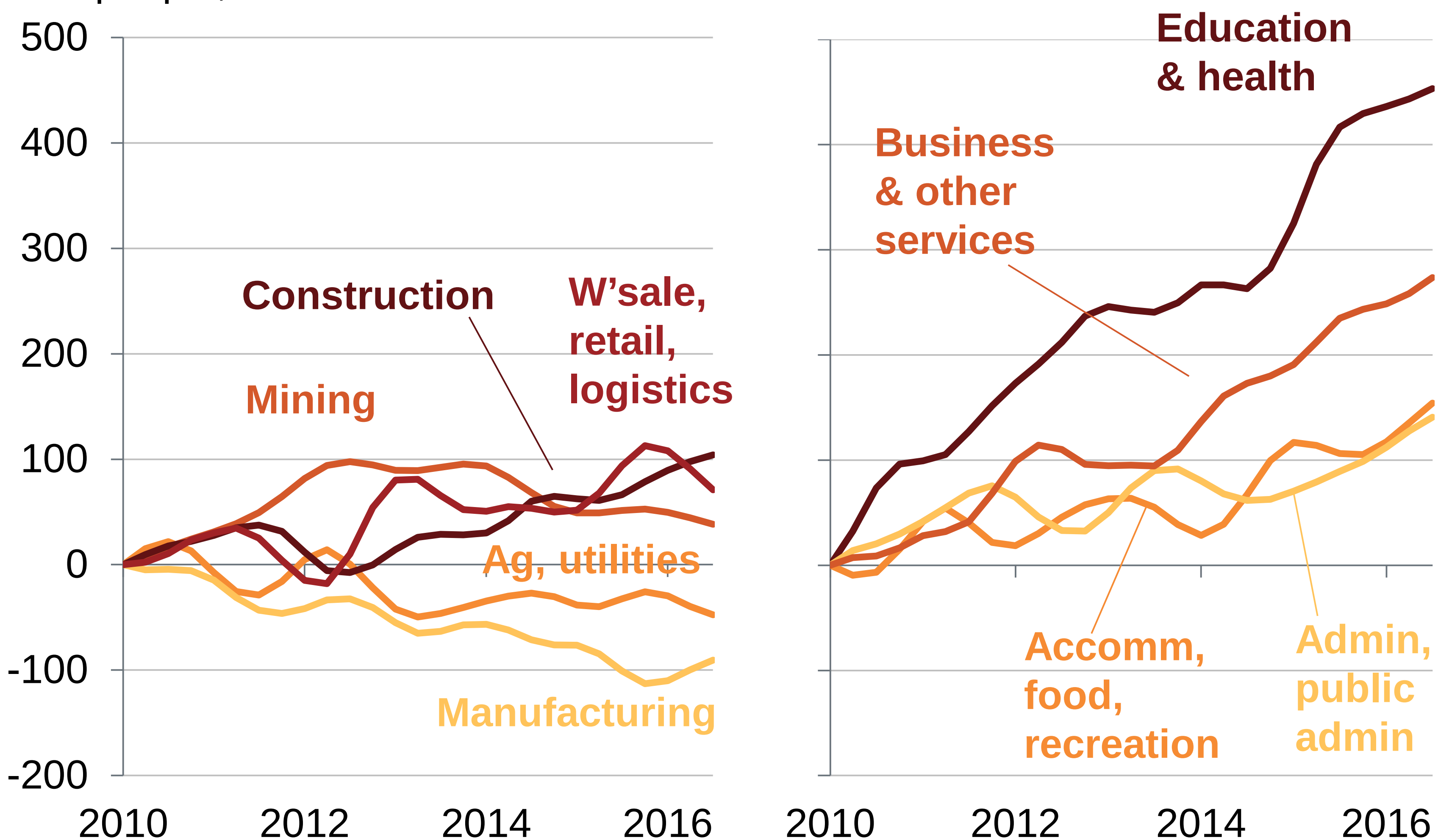
Cumulative employment growth since 2010

000 people, trend



Source: ABS 6291

Total economic activity is most intense in inner cities

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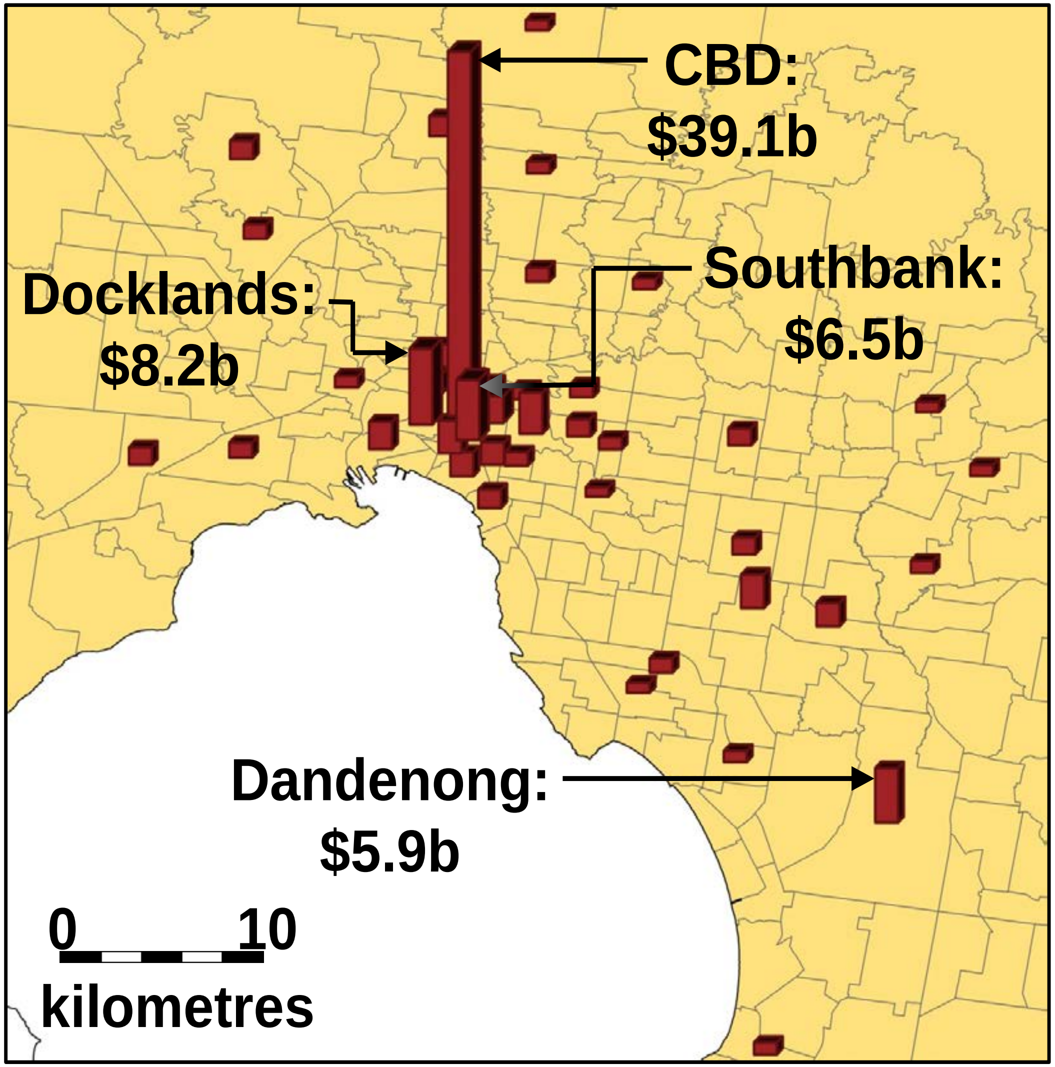
Economic activity by location, 2011-12, Melbourne

Height of bar indicates total economic activity

Bar not shown for economic activity less than $1 billion



The Melbourne economy is highly centralised –except Caulfield and the airport

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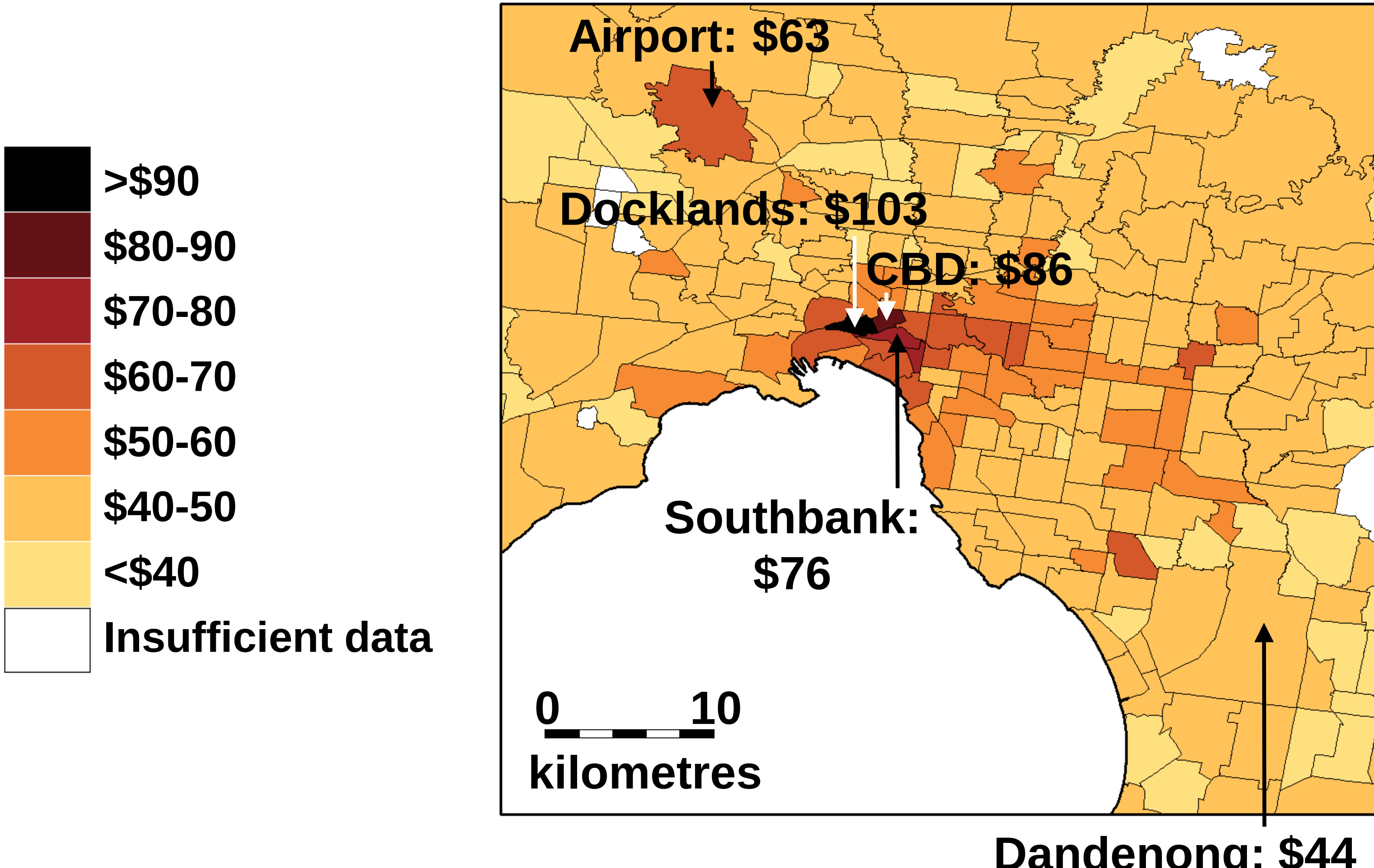
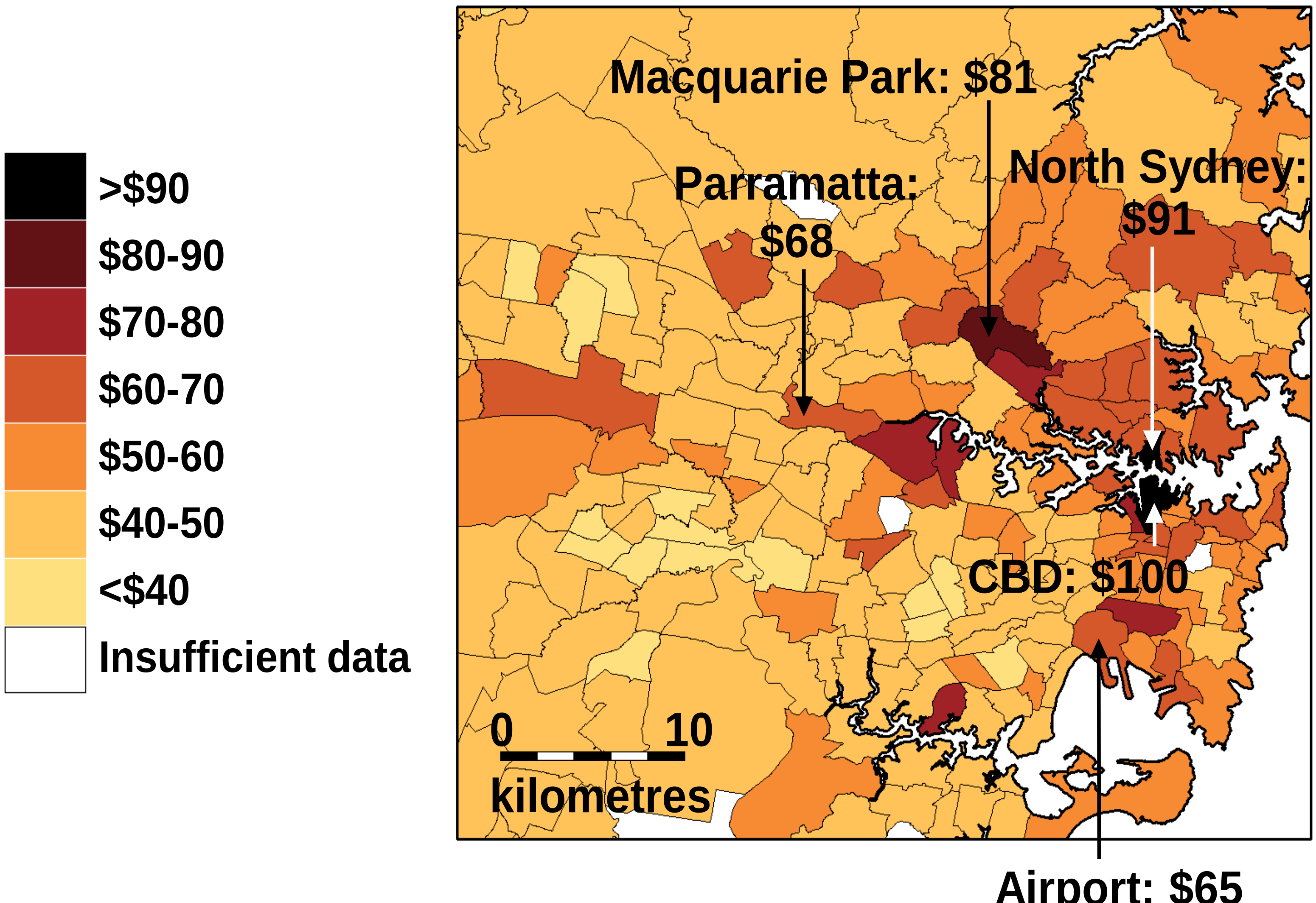
Economic activity per working hour, 2011-12, Melbourne



Sydney has more economic centres

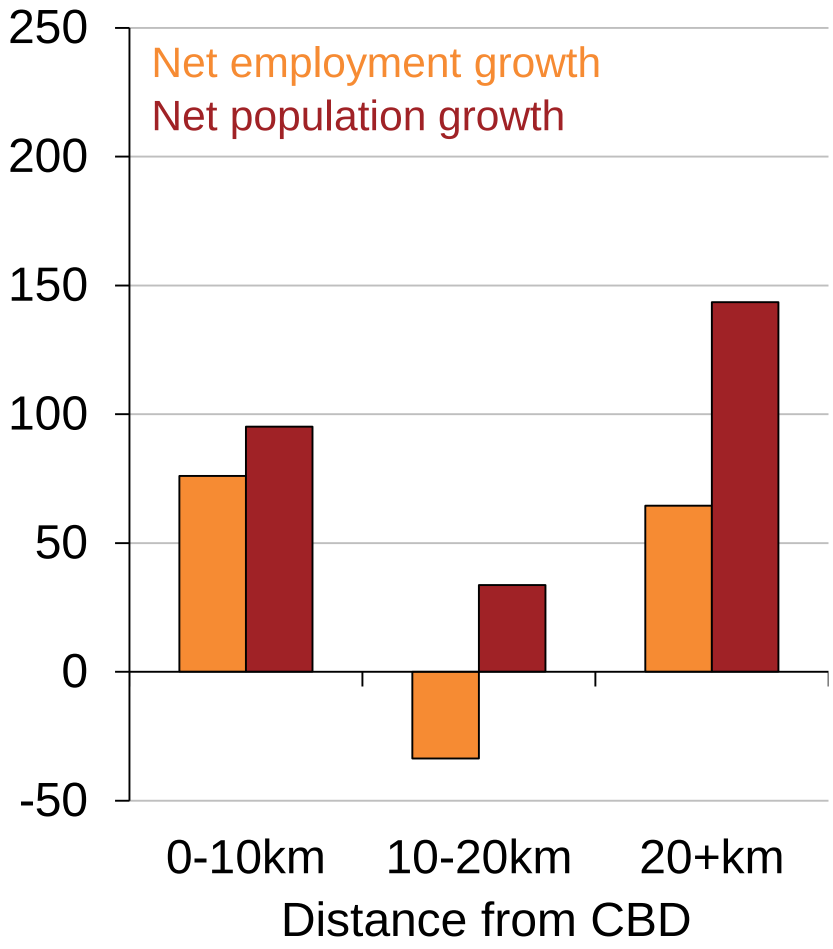
Economic activity per working hour, 2011-12, Sydney



Melbourne has grown more housing at its edge – but not more jobs

Employment and population growth, Sydney, 2006-11

‘000



Employment and population growth, Melbourne, 2006-11

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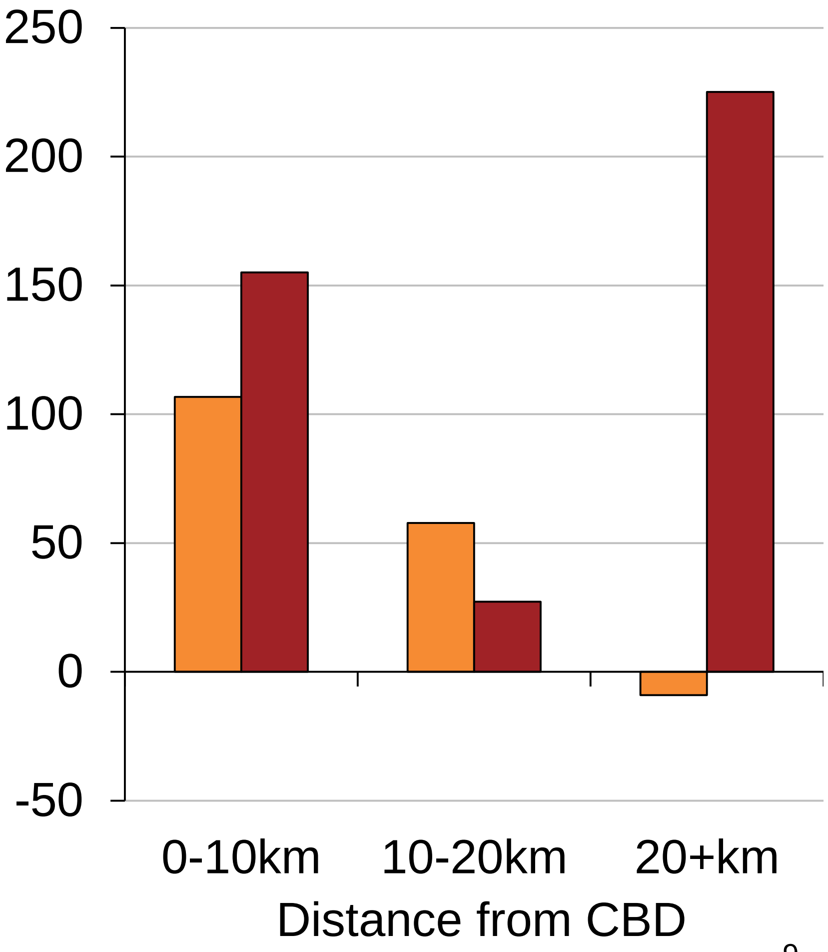
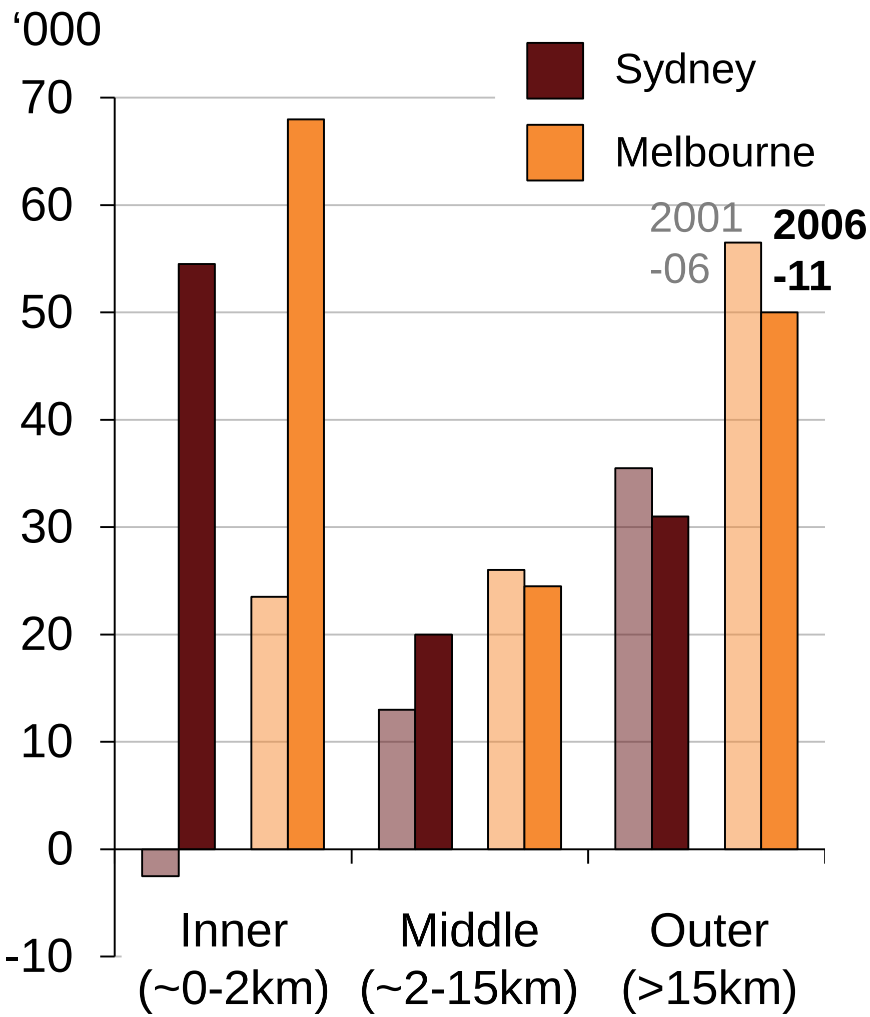


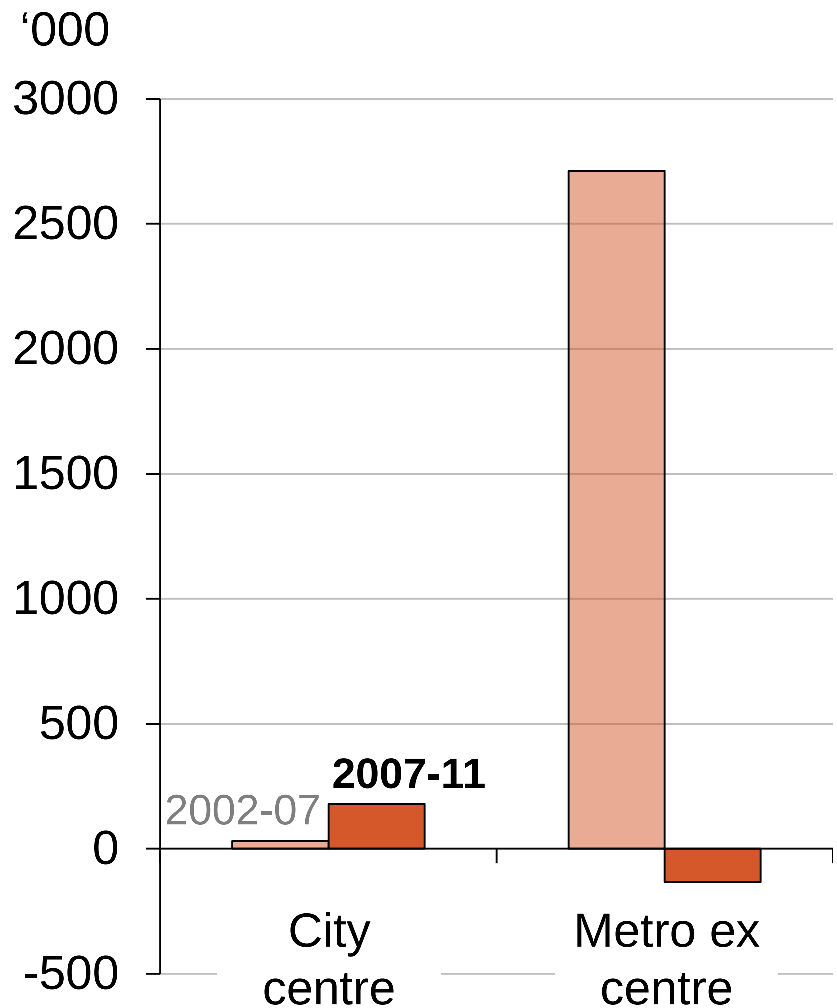
The geography of job growth changed about 2008

Employment growth, Sydney and Melbourne



BITRE

Employment growth, United States



City Observatory, *Surging city centre job growth*

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Population density has increased, but not much in the middle ring

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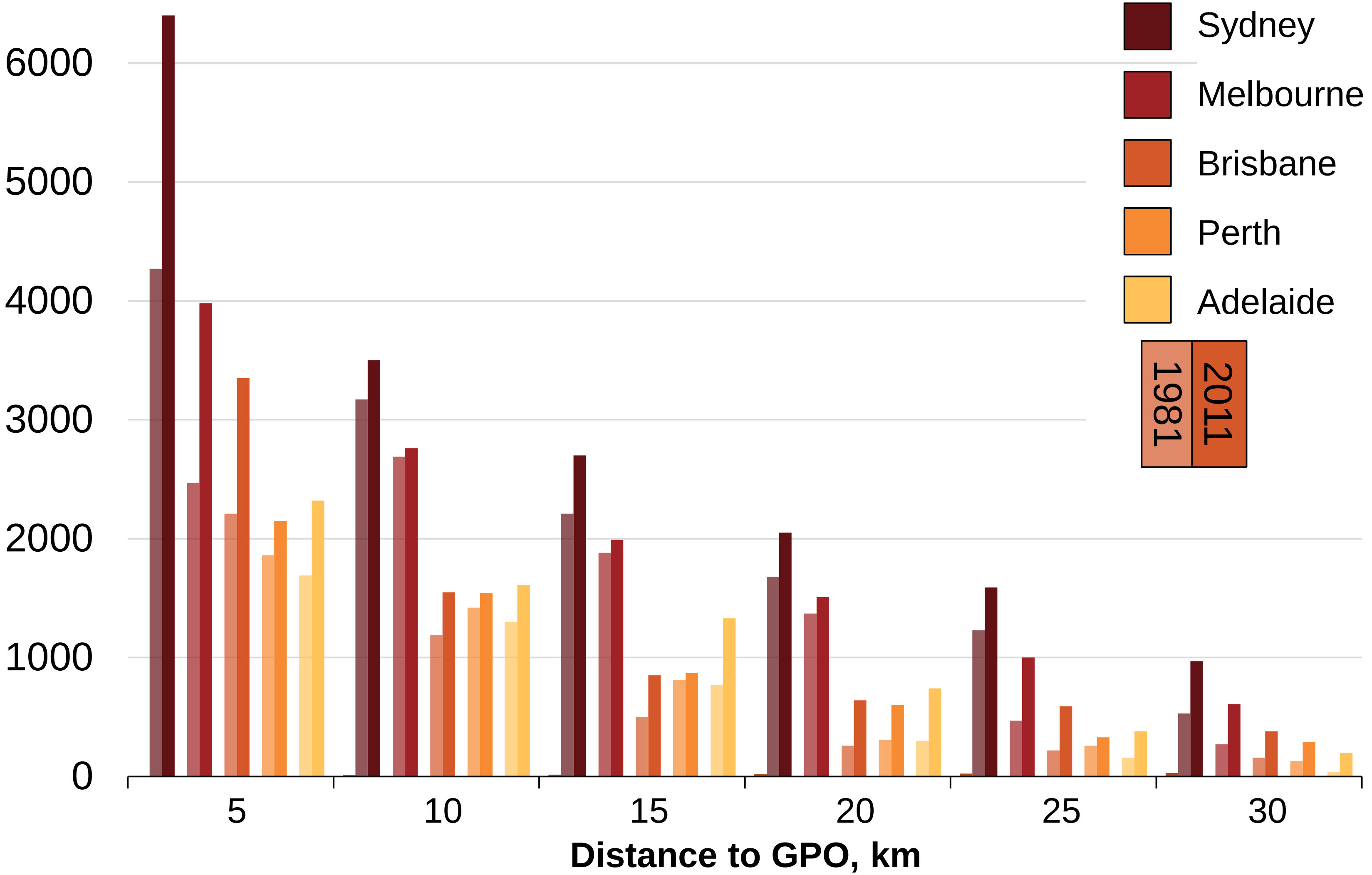
Population density, 1981 and 2011

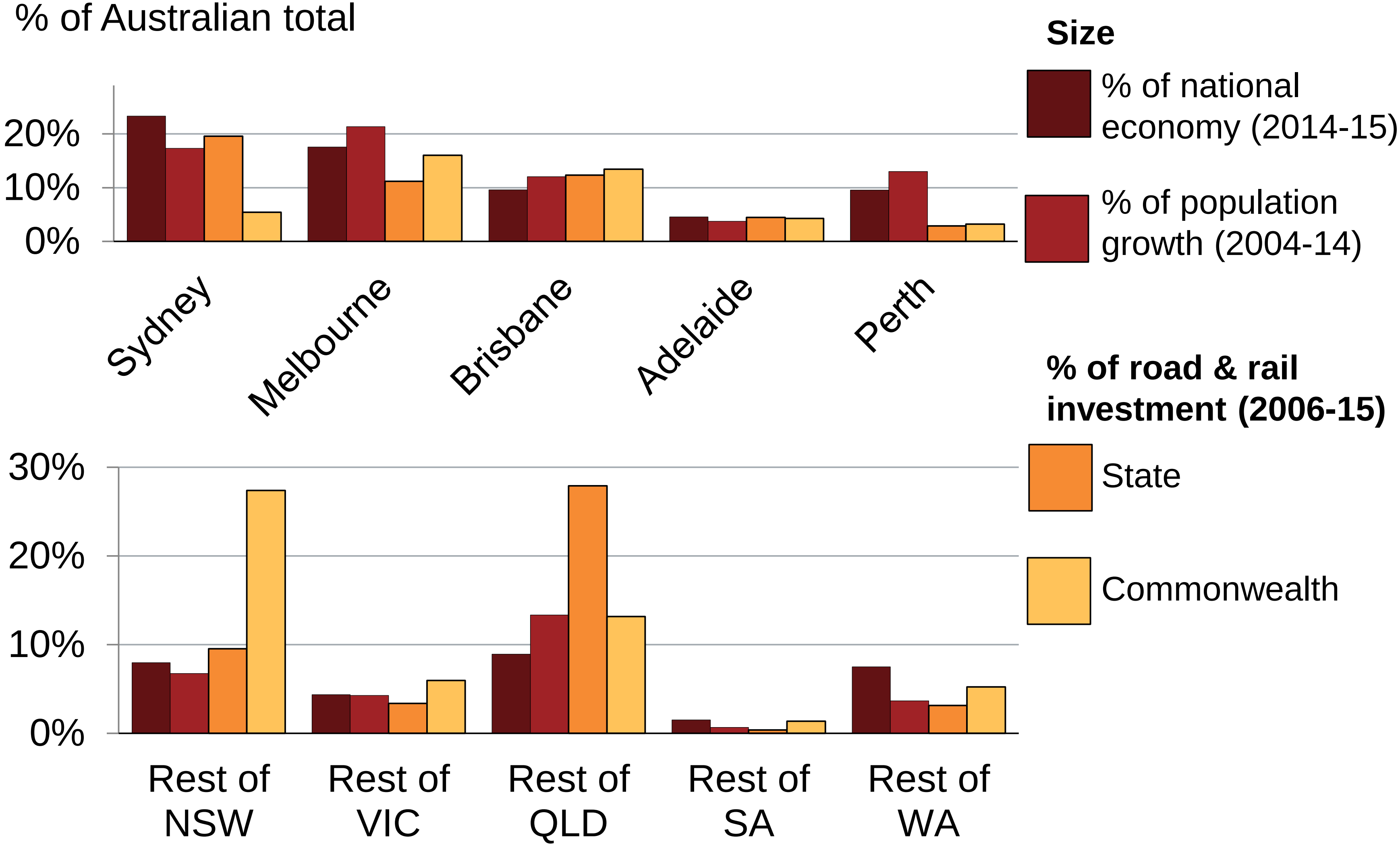


Source: Coffee et al, "Visualising 30 Years of Population Density Change"

Government transport spending did not reflect growth in economy or population

Size and transport infrastructure spending

% of Australian total



Source: Grattan Institute, *Roads to Riches*

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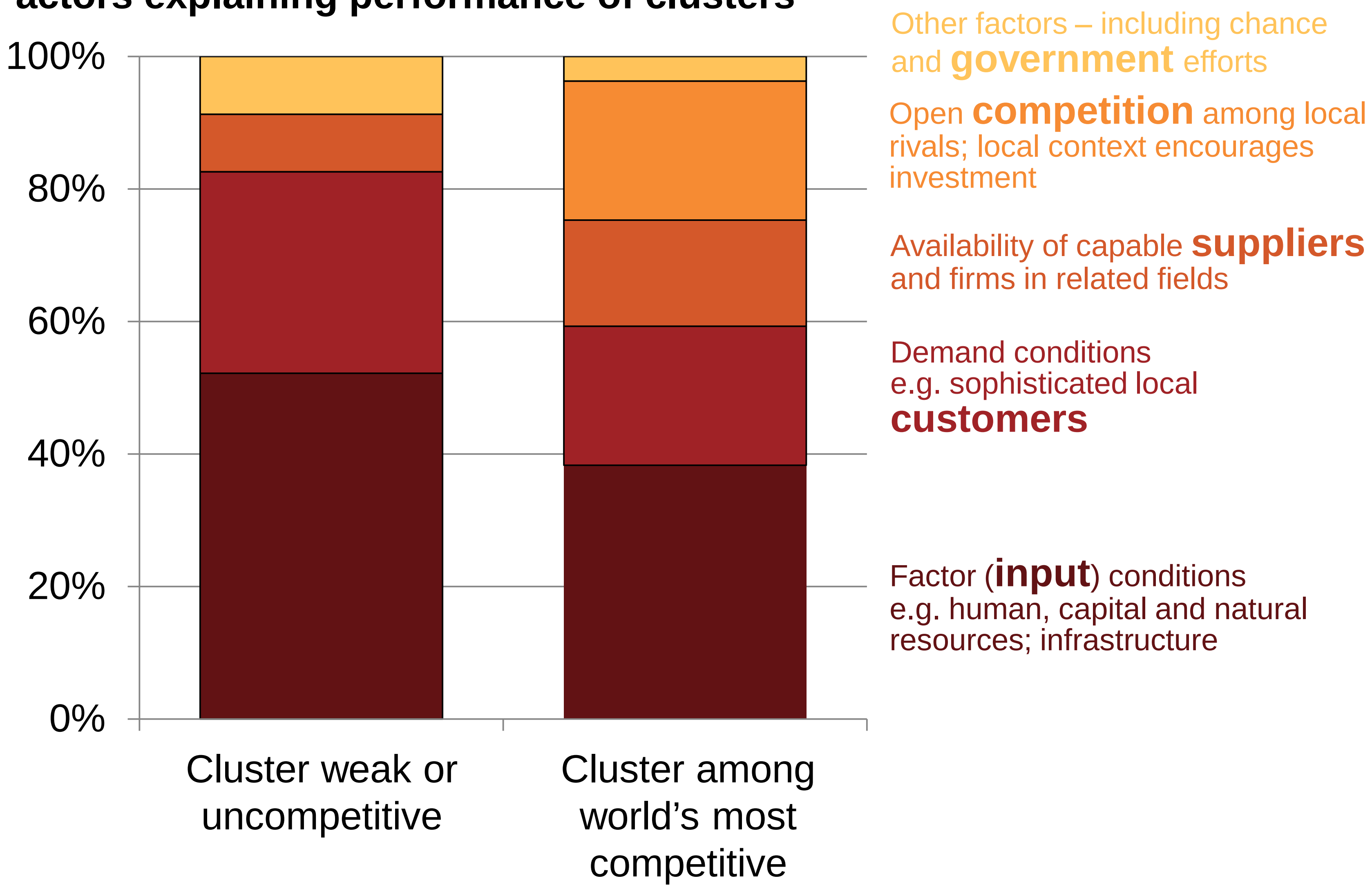
Government efforts to encourage clusters have a mixed record

Factors explaining performance of clusters



Van der Linde (2003)

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