

Darebin Housing Demand Update 2023

Darebin City Council

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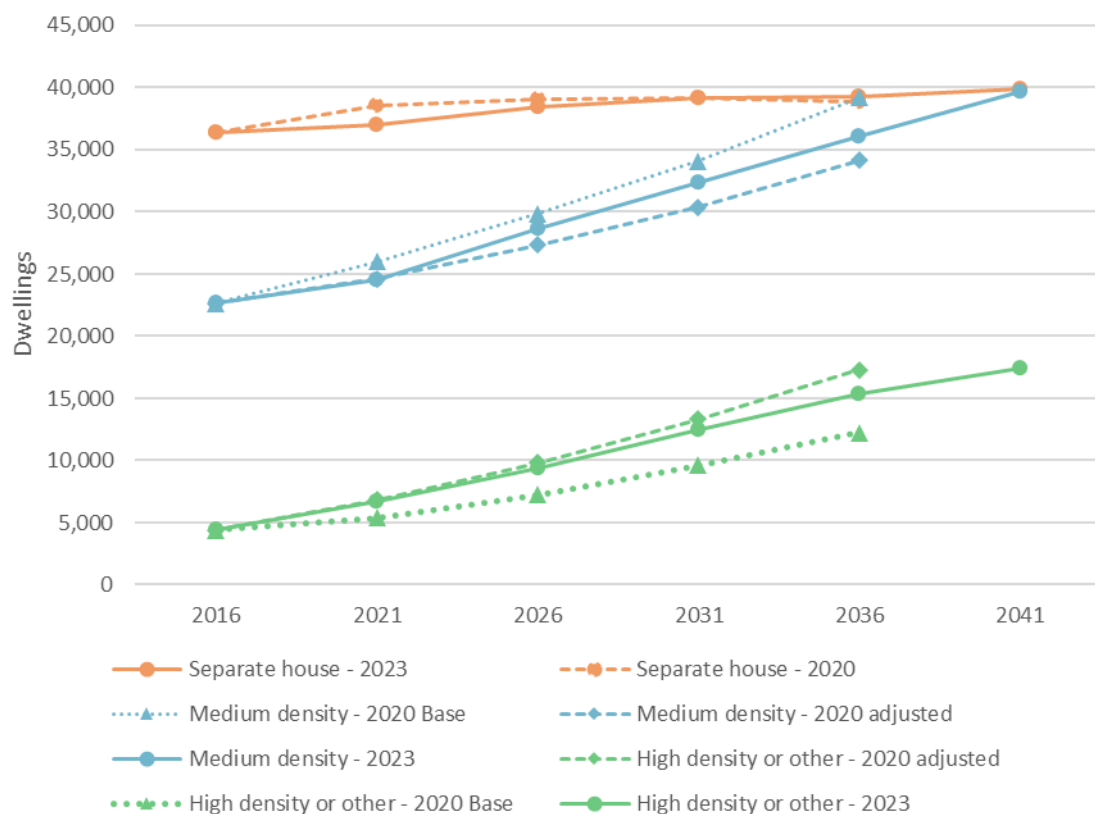
Executive Summary

SGS Economics and Planning (SGS) complete the Darebin Housing Demand and Supply Analysis Report in August 2020. That work provided detailed analysis of housing supply, demand, and affordability of housing in Darebin. Since August 2020 the Darebin municipality has gone through a housing shock because of the COVID-19 pandemic. This shock resulted not only in a shift in population but also a shift in how and what kinds of dwellings families were buying. The following report provides an update to the Housing demand results from the original study and an extension of the forecast period by 5 years from 2036 to 2041. This report should be read in conjunction with the original report.

The COVID pandemic and associated restrictions caused a pause in overseas migration along with other shifts to residential settlement behaviours, which significantly impacted population trends in Darebin and much of the country. Total population in Darebin drop between 2016 and 2021. However, it is anticipated to largely bounce back over the next 3-5 years creating demand for additional housing.

Dwelling demand by type can be seen in the figure below, with comparisons to the August 2020 report.

HOUSING DEMAND BY DWELLING TYPE – DAREBIN LGA



Source: SGS Economics and Planning

In the August 2020 report, two different dwelling type scenarios were created:

- a **base scenario** where trends in housing propensities from the census continued,
- an **adjusted scenario** which shifted some development from medium to high density to try to match 2011-16 dwelling development trends and the development pipeline more closely.

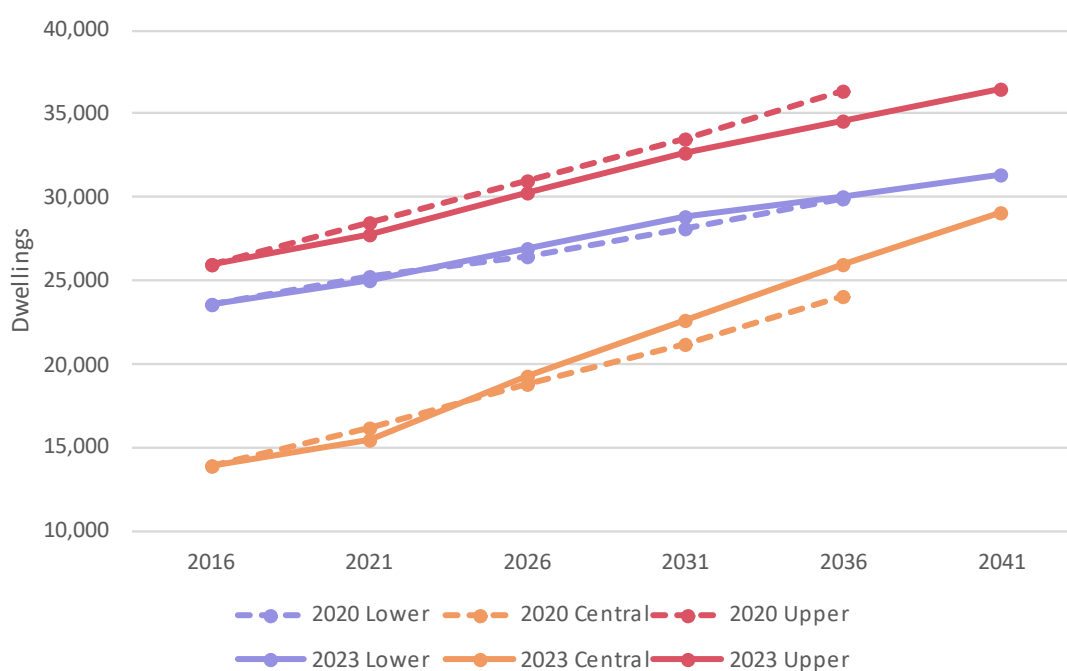
The updated demand forecast lies between the two previous scenarios. Medium density continues to make up a large proportion of the development market, and separate houses has had little shift.

Generally the housing profile for Darebin looks largely similar with some slight shifts into medium density out of high density when compared to the previous results.

The division of these dwellings across the different subareas can be seen in the figure below. Between the previous results and these results, the population shifts indicate a trend towards Central Darebin and away from Upper Darebin. Similar levels of housing demand are forecast for Lower Darebin.

The overall pattern of growth modelled is similar to the original study, with Upper Darebin remaining the subarea with the most dwellings, followed by Lower Darebin and then Central Darebin.

HOUSING DEMAND COMPARISON – DAREBIN BROAD AREAS



Source: SGS Economics and Planning

1. Introduction

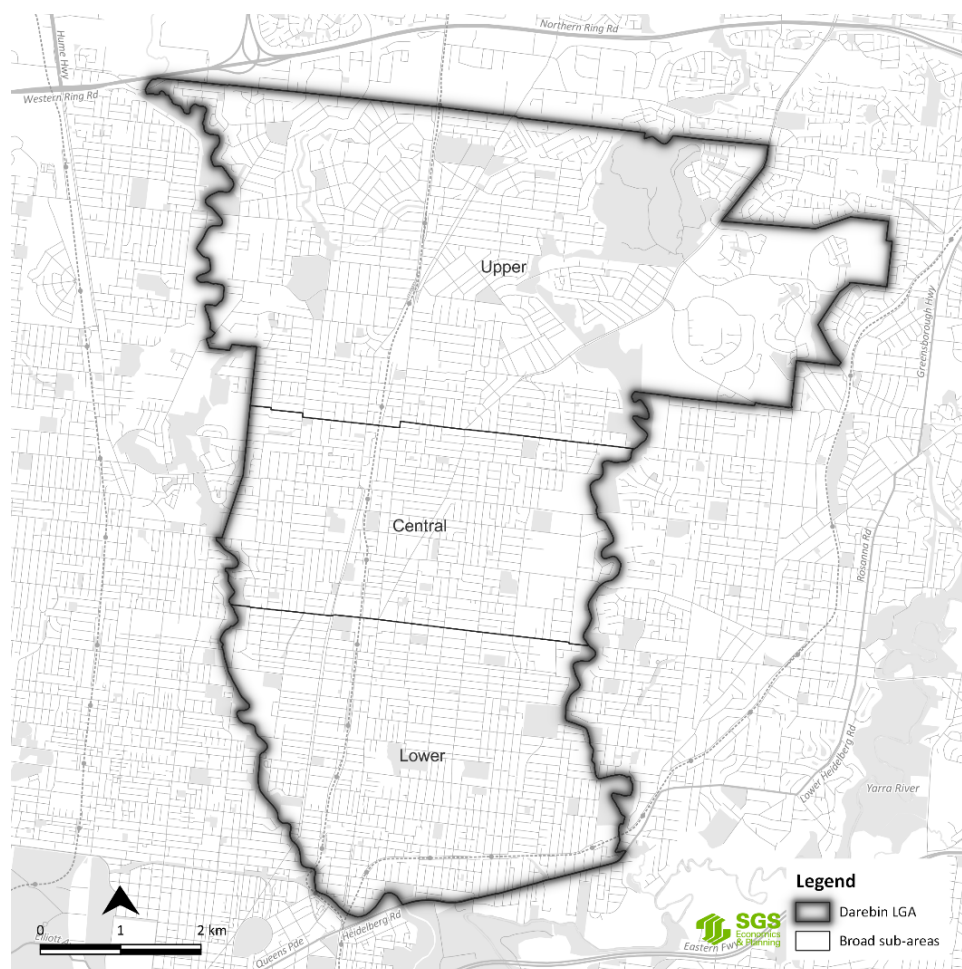
SGS was commissioned by Darebin City Council (Council) to analyse the supply, demand, and affordability of housing in Darebin, with the report completed in August 2020. This report is an update to the housing demand modelling for the Darebin Local Government Area (LGA).

The updated analysis aims to understand the impacts of COVID-19 and the new 2021 census on housing needs. The results are summarised by the whole LGA, as well as the three broad areas outlined in the previous report. The results include forecasts for dwellings by type and size.

The Broad areas for Darebin are as follows:

- **Upper Darebin** – Reservoir, Kingsbury, and Bundoora
- **Central Darebin** – Preston
- **Lower Darebin** – Thornbury, Northcote, Alphington, and Fairfield

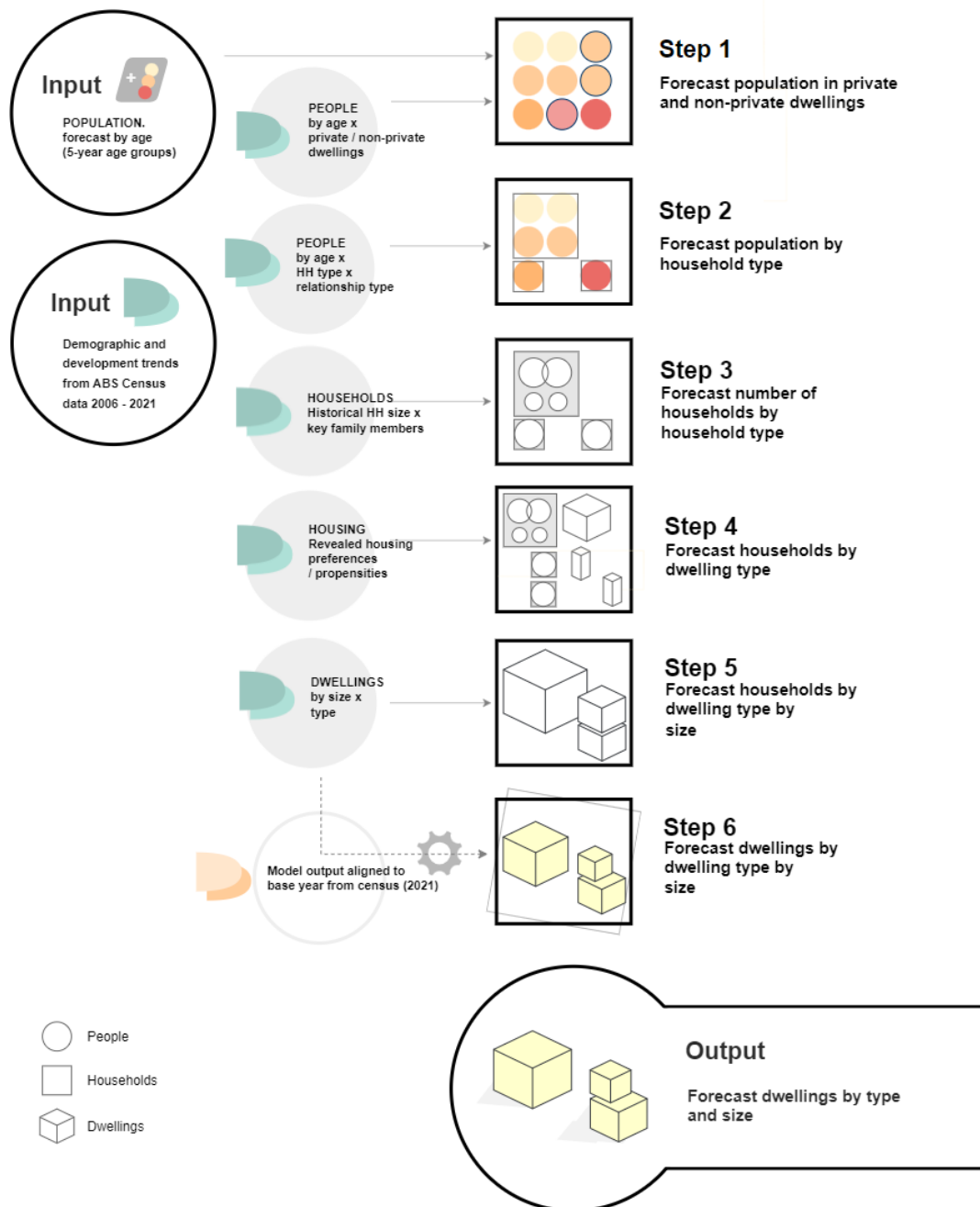
FIGURE 1: DAREBIN BROAD AREAS



2. Housing Demand Model

SGS's housing demand model was used to create the housing demand forecasts for Darebin city council. The model's operation has been summarised in the figure below.

FIGURE 2: SGS HOUSING DEMAND MODEL



Source: SGS Economics and Planning (2023)

SGS's housing demand model produces an estimate of number of dwellings needed by type and size to house the future community in a given area. The model synthesises population projections, local demographic trends and local trends in the revealed housing preferences for different household types (i.e. what proportion of households live in each kind of dwelling).

Population by age groups is first translated into family members using trends observed in the 1996 to 2021 ABS Census. This captures gradual changes in the formation of families (for example, an increase in lone person households and more complex family structures in general) and shifts in population demographics (such as an ageing population).

Family members are then translated into households by family type.

Finally, households by family type are translated into underlying demand for dwellings by structure type based on trends evident in the 1996 to 2021 ABS Census. This approach captures changes in implied consumer preferences such as a shift in preference towards higher density forms as households trade-off dwelling size for higher accessibility and amenity.

2.1 Definitions

Dwelling types

In this report, dwellings are categorised into four types which are based on definitions used by the Australian Bureau of Statistics (ABS) in the Census and other data sources. These categories are:

- **Separate house** means a dwelling which is not attached to any other dwelling.
- **Medium density dwellings** include attached dwellings (such as semi-detached, terraced houses and townhouses), as well as two storey apartments buildings.
- **Higher density dwellings** are flats and apartment buildings with three or more storeys.
- **Other dwellings** includes caravans and cabins, improvised dwellings (for example sheds, tents or humpies), houseboats and flats attached to shops.

Another common categorisation of housing type is between separate houses; attached dwellings (in which each dwelling shares one or more walls with another and no dwelling is above another); and apartments (which share vertical as well as horizontal walls). In this report one and two storey attached dwellings have been combined with apartments to generate the medium density category due to the similarity in these development forms and the associated discrepancies in the Australian Bureau of Statistics data categorisations between different census periods.

The above refers only to private dwellings, in which individual households occupy self-contained dwellings which do not share bathrooms, kitchens or similar. The Darebin LGA also contains non-private dwellings which includes student accommodation, aged care facilities and various other dormitory style or not self-contained housing forms. This distinction refers to the living arrangements in dwellings rather than their ownership, and so social housing, while mostly owned by the government, would be counted in the categories listed above as long as each dwelling is self-contained.

Granny flats and other similar forms of secondary dwelling (for example tiny houses on a property containing a larger house) are inconsistently classified in the ABS census. They are sometimes counted as separate houses, or in some cases may be counted as part of the primary dwelling.

Household types

The following household types have been used in this report, aligned with those used in the ABS Census:

- **Couple family with children** means a family with two adults and one or more children.
- **Couple family without children** means a couple in a long term-relationship without children. This includes both young couples and older couples whose children have moved out. In housing demand results, couple families without children are split into people aged 0-44 and 45+.
- **One parent family** means one parent living with one or more children.
- **Other family** includes other kinds of households containing related people living together, such as siblings living together.
- **Multi-family household** means two or more families (from the categories above) living together in the same dwelling.
- **Lone person household** means a single person living by themselves.
- **Group household** means two or more unrelated people living together, for example a shared house.
- **Other non-classifiable household** means a household which does not fall into the above categories, or for which insufficient information was available in the ABS census to accurately categorise the household.

As defined by the ABS, and in this report, a family can have unrelated people living with them. For example, a couple sharing a dwelling with another person would count as a couple family with children rather than a group household.

3. Population Forecasts

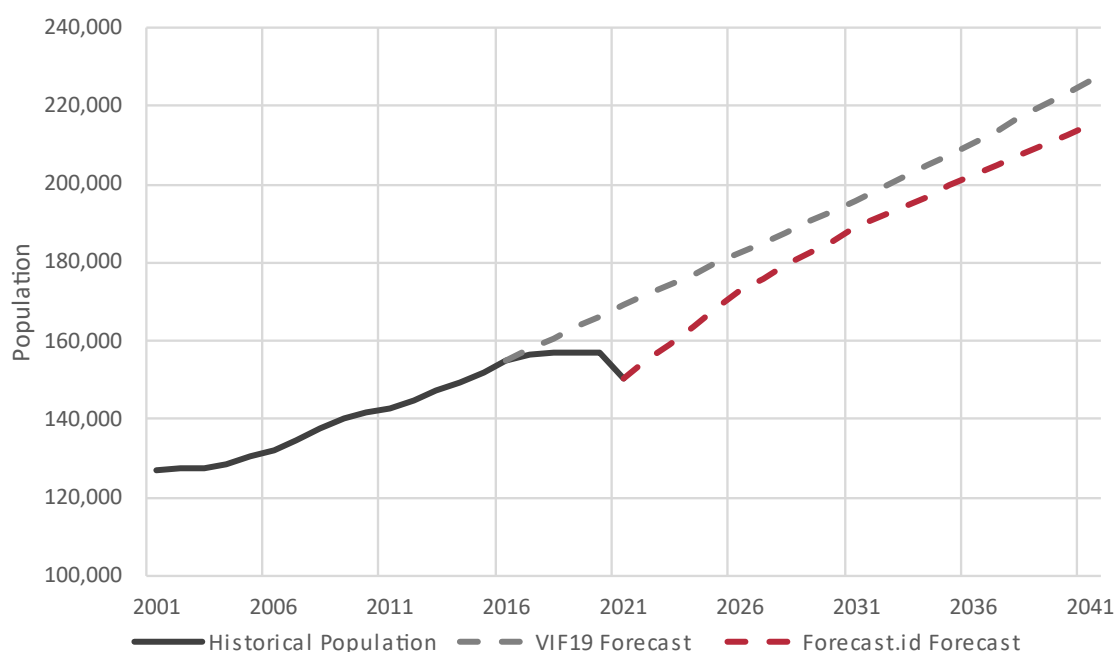
3.1 Comparison Between VIF19 and Forecast ID

Future population forecasts for the Darebin LGA are shown in the figure below. Two population forecasts are shown: Victoria in Future (2019) and Forecast.id (2023).

The Victoria in Future 2019 (VIF19) forecast is produced by the Victorian Government and provides planning assumptions with a common approach across Metropolitan Melbourne and other parts of the state. The most recent forecasts from VIF are the ones used in the previous report, and do not consider the impacts of Covid 19 or reflect the results of the 2021 census.

Forecast.id uses more detailed estimation of local development capacity and development trends to provide a bottom-up estimate of future population. This forecast is used as the basis for modelling in the rest of the report.

FIGURE 3: RECENT AND FORECAST TOTAL POPULATION - DAREBIN LGA



Source: Victoria in Future (2019), Forecast.id (2022)

The population for the different forecasts can be found in Table 1 below. Darebin's population was initially forecast to grow by 13,900 people between 2016 and 2021 according to VIF19. However as a result of COVID-19 it fell by 4,800 to 150,300. Forecast.id predicts somewhat of a rebound in growth rates, with the population growing to by 57,300 to 215,400. By contrast, VIF19 predicted that the population would be 226,400 by 2041.

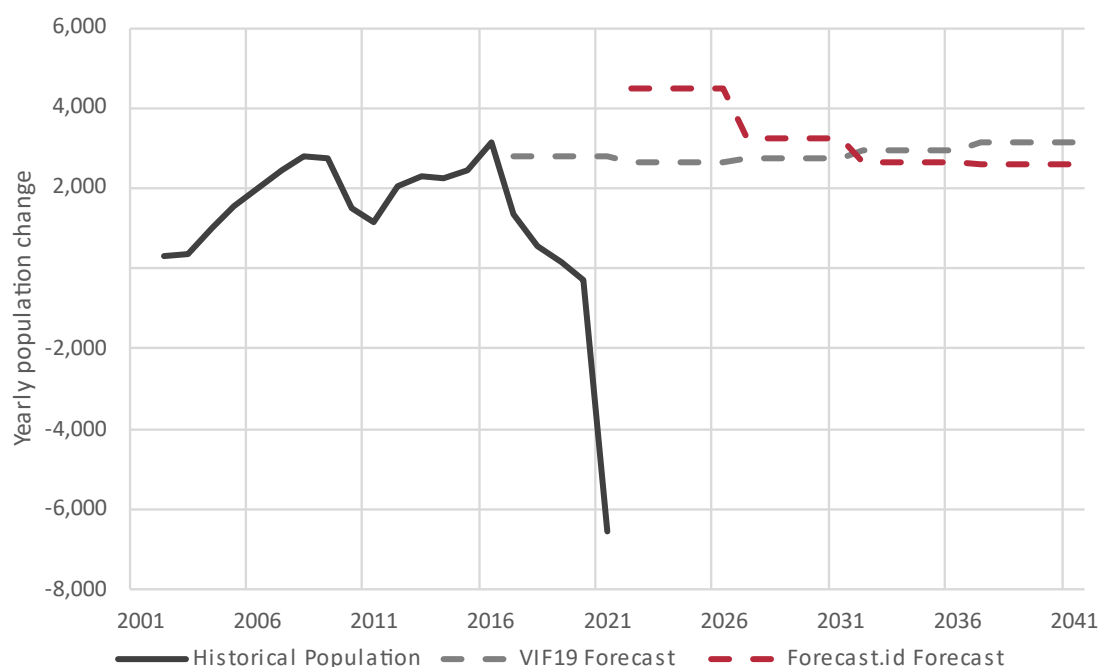
TABLE 1: TOTAL POPULATION – DAREBIN LGA

Forecast	2021	2031	2041	Change (16-21)	Average annual growth rate
VIF19 (Jun21)	169,100	196,000	226,400	57,300	1.5%
Forecast ID (Dec22)	150,300	189,000	215,400	65,000	1.8%

Source: – Victoria in Future 2019 (June 2021), Forecast ID population Projections – Darebin City Council (December 2022)

During COVID-19, there were increasing restrictions on Australian residents and major restrictions of overseas migration into Australia. These factors led to decreased migration into Darebin. At the same time many people moved from inner-city locations like the southern parts of Darebin to larger dwellings elsewhere. Both factors led to a short-term decline in population in Darebin. Since then, international migration has recovered and the population has increased, leading to a substantial increase in demand for housing leading to a spike in rental prices.

The effects of these forces on population growth can be seen in the following chart, which displays the yearly change in Darebin's population. VIF19 predicted a continuation of relatively high growth rates in Darebin up to 2016. Forecast.id was completed after COVID-19 and shows a high rate of growth up to 2026 (a partial rebound in growth to account for pent up-demand), before growth rates decline to similar levels to those predicted by VIF-19. Over the longer term, each forecast predicts population growth of between 2,600 – 3,200 per year.

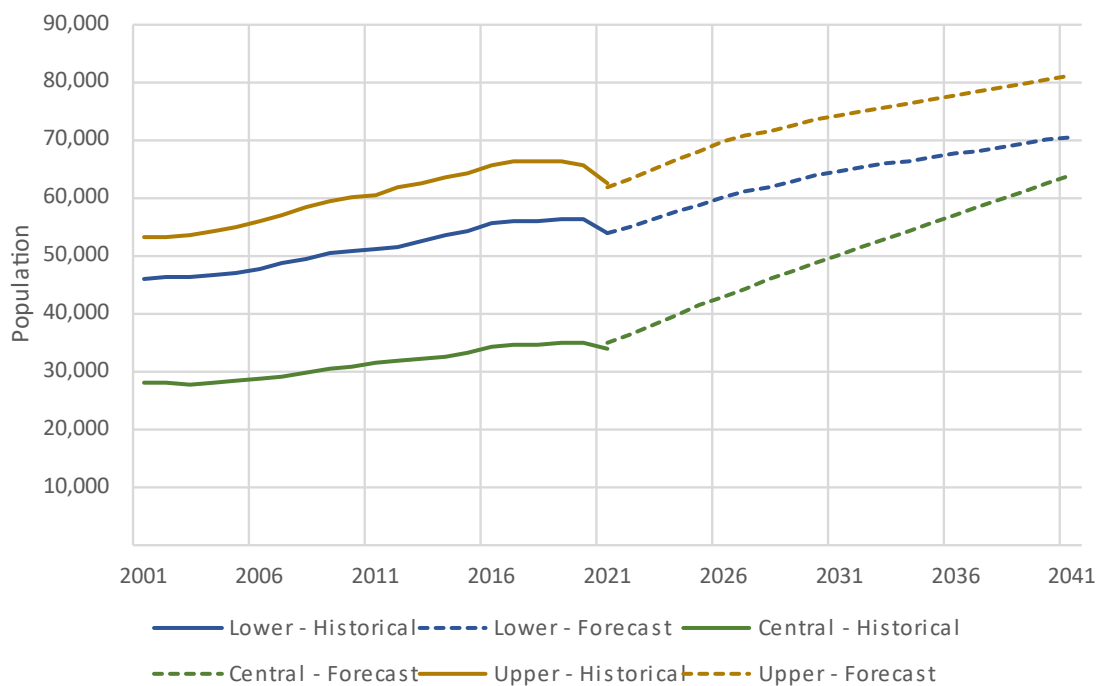
FIGURE 4: RECENT AND FORECAST POPULATION CHANGE- DAREBIN LGA

Source: Victoria in Future (2019), Forecast.id (2022)

3.2 Population in Broad Areas

Population forecasts for each of the subareas in the Darebin LGA have been compiled from Forecast.id and are shown in the following chart and table. The most population growth is expected in the Darebin Central area, followed by the Upper Area and then the Lower Area. The Central area has by far the highest forecast population growth rate, more than double the Upper or Lower areas. This likely reflects Forecast.id's expectation of large amounts of development around Preston, and is a deviation from past growth shares which saw the most growth go to the Upper Area (the largest areas) and similar long-term population growth rates in each area of between 0.8% - 1.0%.

FIGURE 5: RECENT AND FORECAST POPULATION – DAREBIN BROAD AREAS



Source: Forecast.id 2022

TABLE 2: SUBAREA POPULATION FORECASTS

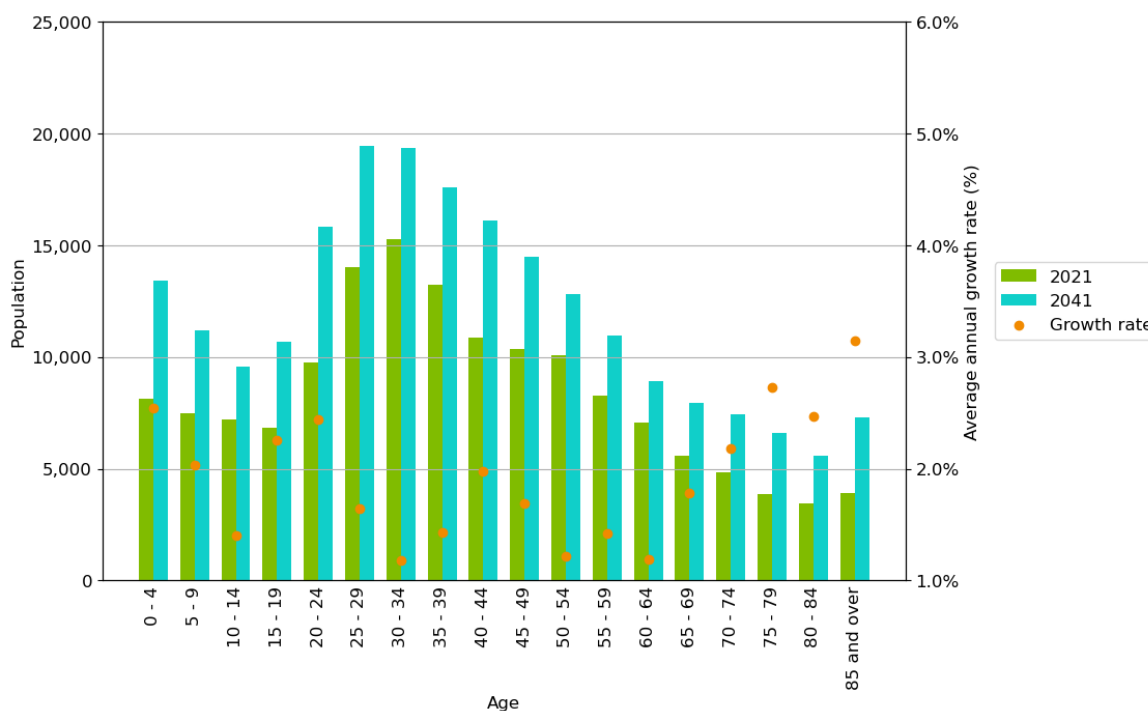
Forecast	2021	2031	2041	Change	Ave. annual growth rate	Share of growth (21-41)	Share of growth (01-21)
Central	33,800	50,000	63,700	29,900	3.2%	46%	26%
Lower	53,900	64,600	70,500	16,700	1.4%	26%	33%
Upper	62,600	74,400	81,100	18,500	1.3%	28%	41%
Darebin Total	150,300	189,000	215,400	65,000	1.8%		

Source: Forecast.id 2022

3.3 Population Age Profiles

The current and forecast population age profile (from Forecast.id) for Darebin is shown in the figure below. The population in each age group is forecast to grow between 2021 and 2041, with the largest growth rates forecast for the age groups above 75 and high (above 2 per cent per annum) growth rates also seen for under 25-year-olds.

FIGURE 6: POPULATION BY AGE AND GROWTH RATES - DAREBIN LGA



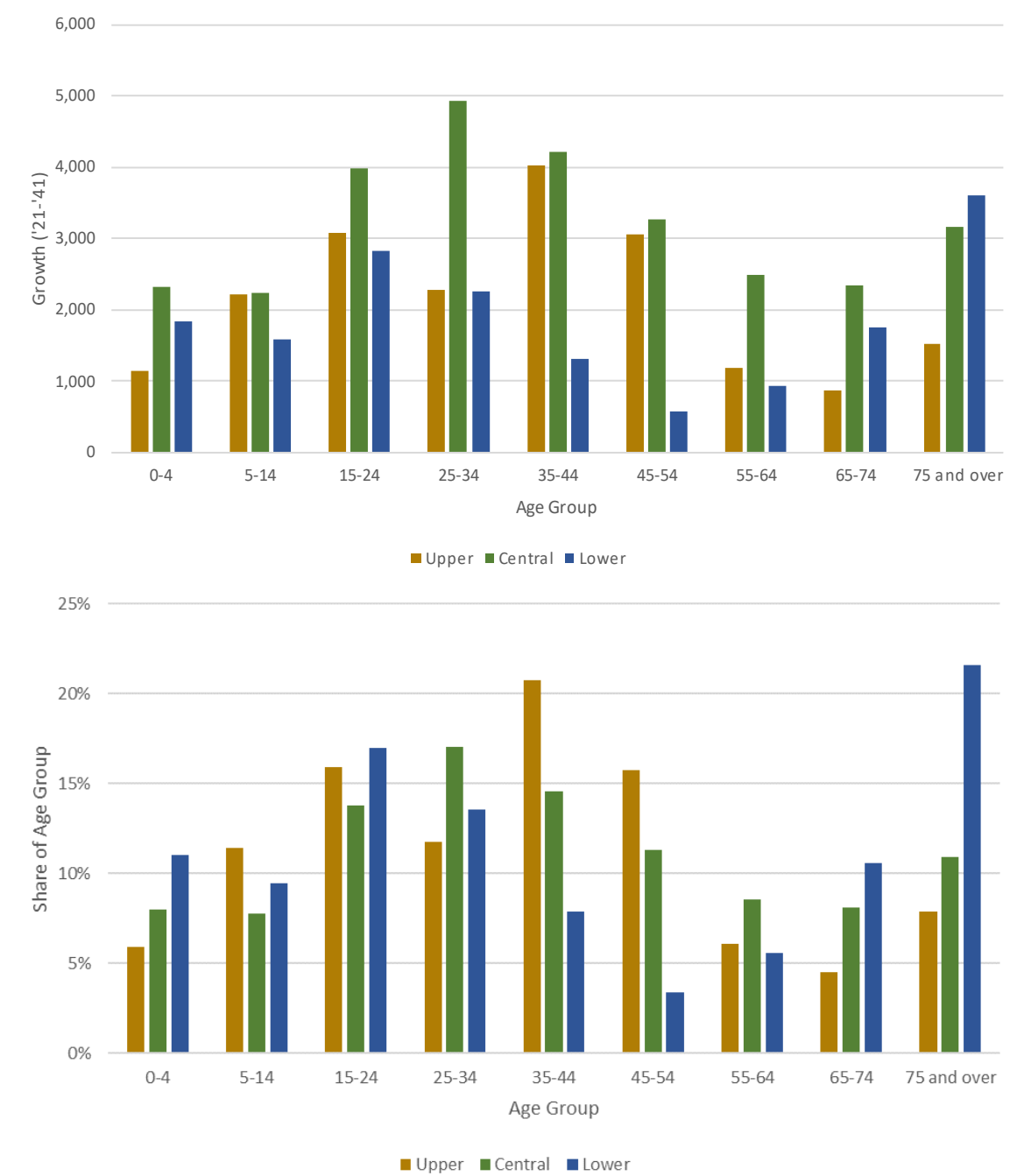
Source: Forecast.id (2022)

The variation in forecast population growth rates by age reflect several key demographic groups:

- **Older people** – Darebin’s population is aging, leading to very high growth rates for those aged 70+. Although they have the highest growth rates, these age groups make up a relatively small proportion of the overall population, even in the future.
- **Young people** – Darebin has historically attracted a high number of young people aged 20-35, who are more likely to live in apartments, contributing to a large part of recent development. This leads to the age brackets between 25-39 being the largest ones in Darebin. Growth is forecast to continue in these age brackets, but to fall below other age ranges in terms of annual growth rate.
- **Families and established adults** – Forecasts expect many younger people who previously moved to Darebin to continue to live in the LGA, leading to moderate growth rates for the 35-49 year old age ranges. Many of these people are likely to start families, leading to relatively high population growth rates for children aged 0-10. Ensuring that there is housing appropriate for families at a range of price points (for example townhouses) will be key to this demographic group.

The forecast population growth between 2021 and 2041 for each age group are displayed in the figure below separated into the different broad areas of Darebin. This is followed by a chart showing the percentage breakdowns into age groups, allowing comparison of the age profile for population growth given that different amounts of growth are expected in each area.

FIGURE 7: POPULATION GROWTH AND AGE BREAKDOWN (2021 - 2041) - DAREBIN BROAD AREAS



Source: SGS 2023 using Forecast.id (2022)

People in every age bracket live in each part of Darebin, and the population in each age bracket is forecast to grow in each part of Darebin, highlighting the need for dwelling diversity throughout the LGA. However, there are different demographic characteristics in the population growth of each broad area, which tie into the three key groups discussed above.

The population in **Upper Darebin** is forecast to grow by around 19,400 and is weighted towards the 35-44 and 45-54 age brackets, with moderate growth also in the 5-14, 15-24 and 25-34 age brackets. This is the most affordable part of the LGA and is likely to accommodate people moving from suburbs closer to the city seeking a larger dwelling or a more affordable dwelling. People in the 35-54 age range are likely to move for this reason as they start a family or seek more space for an existing family. This demographic pattern is likely to favour predominately larger dwellings (potentially larger apartments or medium density dwellings) over smaller and higher density dwellings, in line with past development patterns.

Central Darebin takes the most overall growth of any broad area with a forecast of 29,000 additional people. Its population growth also has the most even distribution across ages, with the population in all age groups growing and with less of a skew towards a single demographic group. The high level of development in Central Darebin is likely to reflect high anticipated levels of development in and around Preston, contributing to the peak in the growth profile in the 25-34 age range.

Lower Darebin has the lowest absolute level of population growth forecast at 16,700 additional people (although this is still a reasonable level of growth). Population growth here is more weighted towards people aged 65+, likely reflecting existing residents aging in place and some downsizers. There are also high levels of growth forecast for younger people between 15-24 and 25-34, likely reflecting the high-density development profile of this area. There are lower levels of population growth in the 35-54 age ranges, reflecting low levels of affordability and people likely moving further north as they seek more space (as discussed above).

4. Housing Preferences and Household Formation

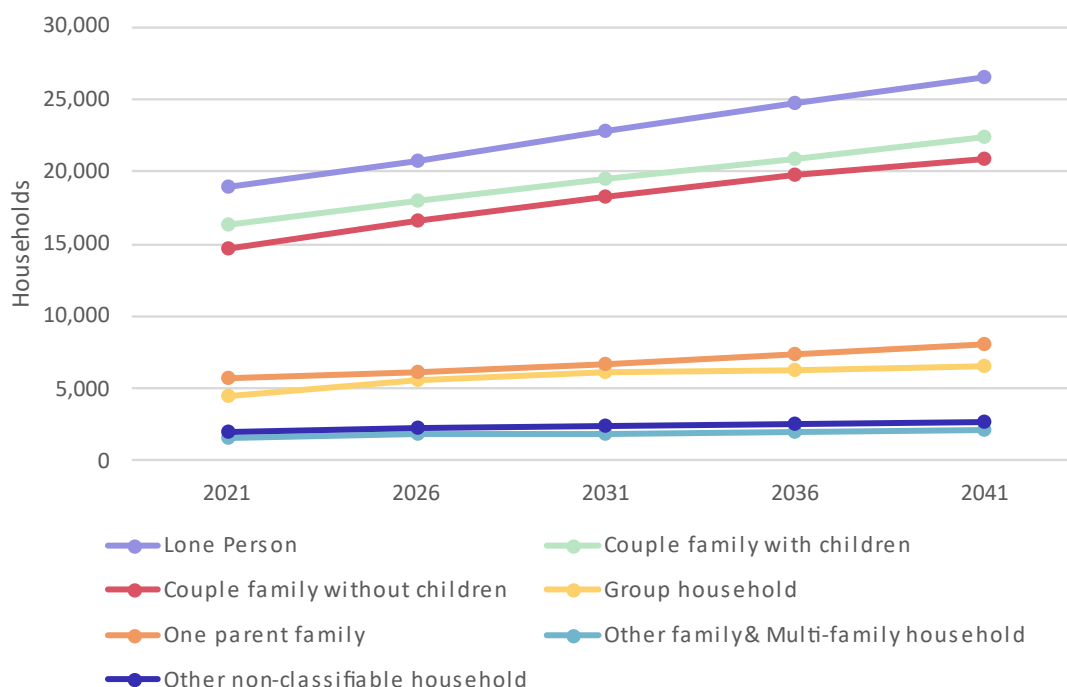
4.1 Household Composition

Forecasts for the number of households have been created from the Forecast.id population by age forecast as part of the housing demand modelling process. This conversion uses trends in historical census data on living arrangements and household sizes, which have been checked to isolate data outliers in 2021 due to COVID-19. Where 2021 census data points are clear outliers from earlier trends, they have not been used.

The forecast number of people each type of household is shown below. Overall, the number of households has been forecast to increase by around 19,800 from 63,700 to 89,100. The highest levels growth is expected in people in lone person households (5,800) followed by couple with children households (4,300). However, the highest proportional rates of growth are expected in group households (46% change vs 40% for lone person households).

Lone person households are the most common household type (30% of all households in 2021) followed by couples with children (26%) and couples without children (23%). This is forecast to remain the case in 2041, with the number of households of each type growing.

FIGURE 8: HOUSEHOLDS BY HOUSEHOLD TYPE – DAREBIN LGA

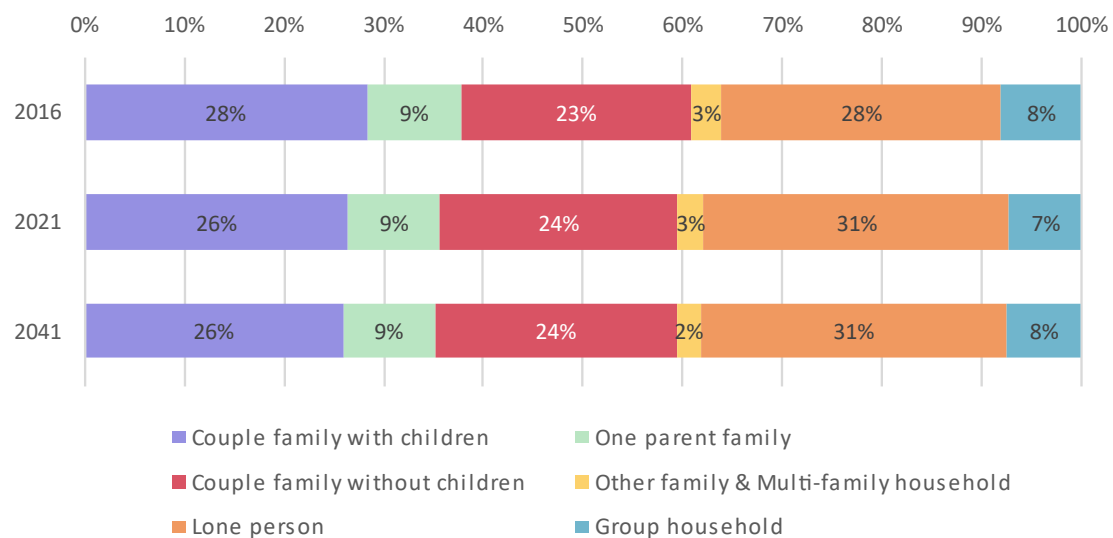


Source: SGS Economics and Planning 2021

The current (2021) and forecast household composition resulting from this household forecast is shown in the figure below, along with the 2016 household composition according to the census.

Household composition shifted between 2016 and 2021, with lone person households becoming more common and several other household types (in particular couples with children and group households) becoming slightly less common. This is likely a result of increased housing affordability during the COVID pandemic, leading people to move out and form new households at an increased rate. Minimal change in the household composition is forecast from 2021 to 2041.

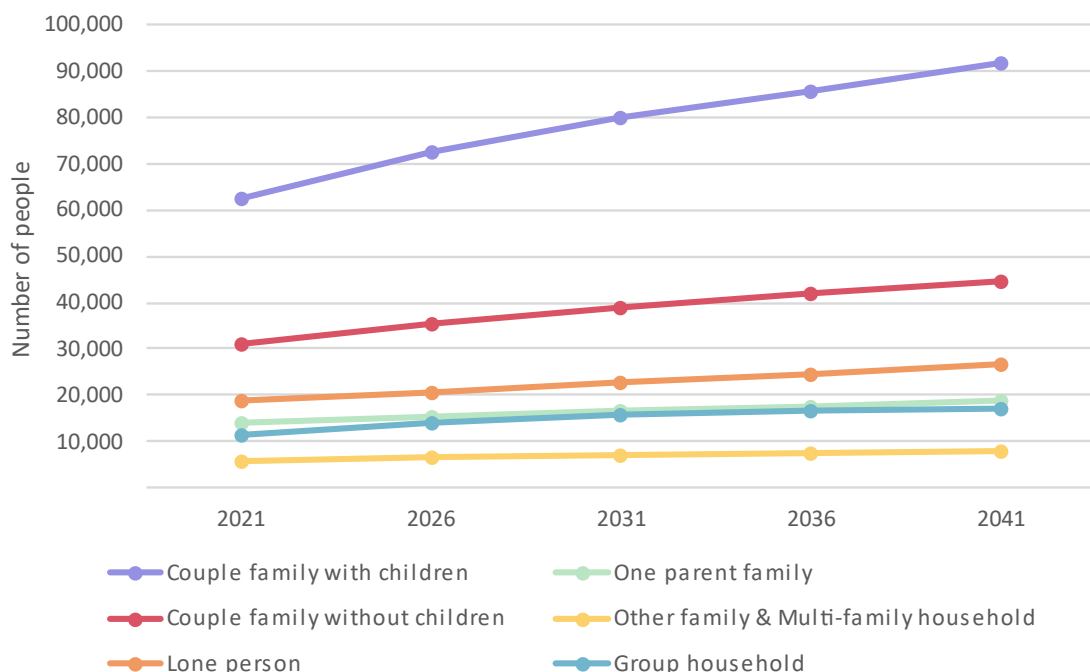
FIGURE 9: HISTORICAL AND FORECASTED HOUSEHOLDS BY HOUSEHOLD TYPE - DAREBIN LGA



Source: SGS Economics and Planning

The following chart shows the forecast breakdown of *people* in Darebin by household type (as opposed to *households* by household type, which is shown above). While lone person households are the most common household types, they each house only one person compared to at least three people in each couple family with children for example. As a result, by far the largest number of people live in couple family with children households (44%), followed by couples without children (21%) and lone person households (only 13%). As with the number of households, this composition is forecast to change only marginally between 2021 and 2041.

FIGURE 10: POPULATION BY HOUSEHOLD TYPE – DAREBIN LGA



Source: SGS Economics and Planning 2023

4.2 Housing propensities

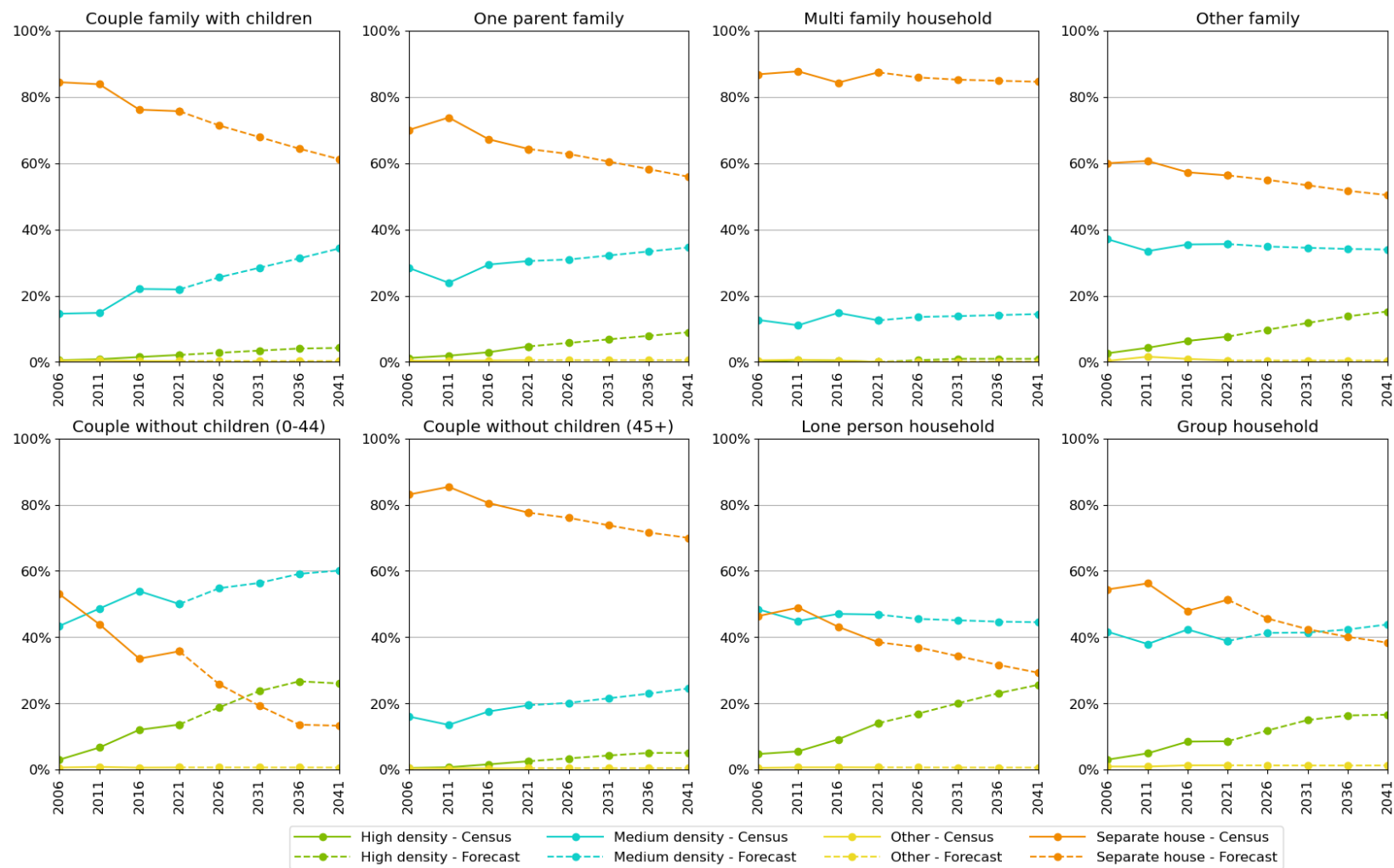
To calculate what kinds of housing will be needed to accommodate the forecast community, an assumption is required about housing needs and preferences (that is, what kind of housing a given household type will choose or needs).

The proportion of each household type who lives in each dwelling type is commonly referred to as *revealed housing preferences* or *housing propensities*. As people are constrained in the kinds of housing available and affordable and so must make trade-offs when choosing where to live, revealed preferences can differ from people's ideal (unconstrained preferences). People may also wish to stay in their current dwelling, even if it differs from their ideal preference.

Factors which influence revealed preferences include what kinds of dwellings households would like to live in, what kinds of dwellings are available and how affordable those dwellings are. Revealed preferences evolve over time as these variables change, as well as in response to shifts in local demographics.

To forecast housing demand by dwelling type, trends in housing propensities by household type from the ABS census are used. Unless there is a failure in the local development market meaning that the housing being built does not match local needs and preferences, these trends provide a robust baseline for understanding what kinds of housing may be needed to house the community in the future (although propensities may shift further than anticipated in response to changes in the housing market or to strategic planning). This historical census data and these forecasts are shown on the figure overleaf.

FIGURE 11: REVEALED AND FORECASTED HOUSING PROPENSITIES – DAREBIN LGA



Source: SGS Economics and Planning (2023)

The following observations can be made for specific household types:

- **Couple families with children** households are most likely to live in a separate house (76% of households), and very few live in high density dwellings (2%). There is an increasing preference for medium density over time.
- **Multi-family households** are uncommon in Darebin, making up only 1% of all households. This household type is most likely to live in separate housing (87% of households) and have relatively static housing propensities over time.
- **One parent households** have housing propensities resembling couple families with children, but with a higher proportion of households living in both medium and high density housing, reflecting the higher need for affordable housing in this group than in couple families with children.
- There is substantial variation in housing propensities between younger and older **couple families without children**. Older couples predominately continue to live in separate houses they previously lived in, although there are some minor signs of downsizing, while younger couples are highly likely to live in medium or high density and becoming much less likely to live in a separate house over time as housing affordability declines. If current trends continue, young couples will be more likely to live in a high density dwelling than a separate house by 2041.
- Similarly to younger couples with children, **lone person households** are very likely to live in housing of high density (14% of all households) or medium density (47% of all households).
- **Group households** commonly live in a variety of different housing types although separate housing is still just the most common (51% of households). Over time, separate housing is forecast to remain a common housing choice, but medium density is forecast to become the most common by 2041.

5. Housing Demand results

5.1 Darebin Housing demand

The following table and chart show the housing demand results for the Darebin LGA. These have been created by combining the household results and forecast housing propensities discussed in Chapter 4.

Under this forecast, around 28,700 additional dwellings will be needed between 2021-2041, or around 1,440 per year. This would be an increase in total housing supply of 42% or twenty years, requiring an average annual growth rate across the period of 1.9%. Medium density housing makes up the largest portion of this growth, with 15,100 additional dwellings needed, followed by high density with 10,500. However, as there are currently more medium density than high density dwellings, modelled growth rates in housing need are by far the highest for high density (5.9%, over twice the 2.6% for medium density).

This modelling predicts a small increase in demand for separate houses between 2021-2041. Given that Darebin is an established area, it is unlikely that additional separate houses could be accommodated. As a result, any modelled increase in need or demand for separate housing could likely be accommodated by development of substitutable housing types like larger townhouses.

As shown in Section 3.1, population growth rates are projected to be highest between 2021-2026. As a result, housing demand is modelled to increase most quickly between 2021-2026 (1,670 dwellings per year), with a gradual tapering of number of dwellings per year until 2036-2041 (1,360 dwellings per year). In reality occupancy rates and average household sizes changed during COVID-19 leading to a drop in population while the number of dwellings increased. How quickly this change reverts is uncertain and would change the variation in demand over time, and so limited weight should be placed on the variation in dwelling need over the period.

TABLE 3: DWELLING DEMAND BY TYPE – DAREBIN LGA

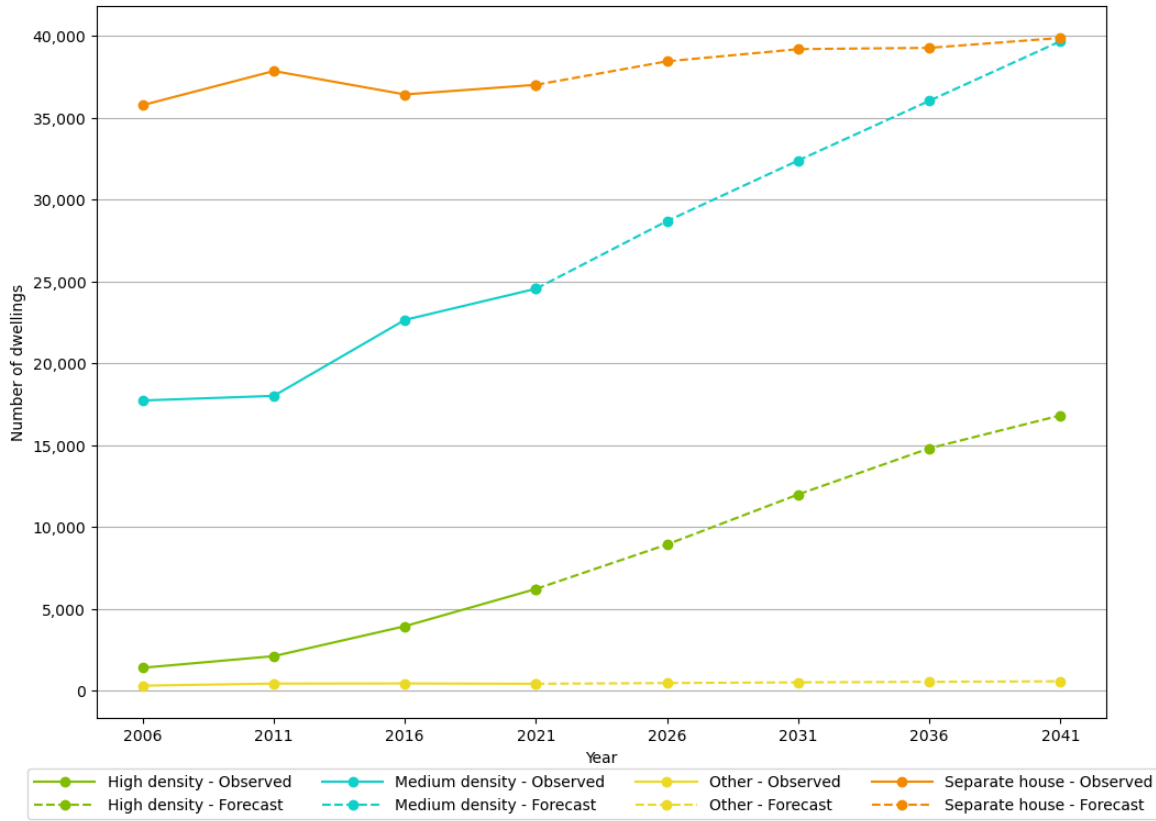
Dwelling type	2021	2026	2031	2036	2041	Change	AAGR
Separate house	37,000	38,500	39,200	39,300	39,900	2,900	0.4%
Medium Density	24,600	28,700	32,400	36,000	39,700	15,100	2.6%
High Density	6,200	8,900	12,000	14,800	16,800	10,600	5.9%
Other	400	500	500	600	600	200	1.6%
Total	68,200	76,600	84,100	90,700	97,000	28,700	1.9%

Source: SGS Economics and Planning (2023)

The figure below shows the modelled housing demand along with historical dwelling supply data for Darebin from the ABS Census.

There have been changes in the ABS dwelling classification method between 2006-2021, meaning that some dwellings have been classified different ways in different censuses. This is likely to be the part of the reason for some of the variation in rates of change of separate houses and medium density over time. Nonetheless, it is clear that the housing forecasts are a continuation of existing trends which see relatively flat demand for separate housing (in keeping with Darebin’s status as an established area where additional separate housing cannot be built), and increasing demand for medium and high density housing.

FIGURE 12: TOTAL DWELLING DEMAND



Source: SGS Economics and Planning (2023)

Housing demand by number of bedrooms

The following table and chart provide housing demand results for Darebin broken down by number of bedrooms. The most growth demand is expected to be for two bedroom dwellings, making up 50% of the total increase. This is followed by three, one and four bedroom dwellings, which are all expected to have a moderate increase in demand.

Three bedroom dwellings are currently the most common in the LGA. As more two bedroom dwellings are built over time, this is expected to change, with two bedroom becoming the most common size of

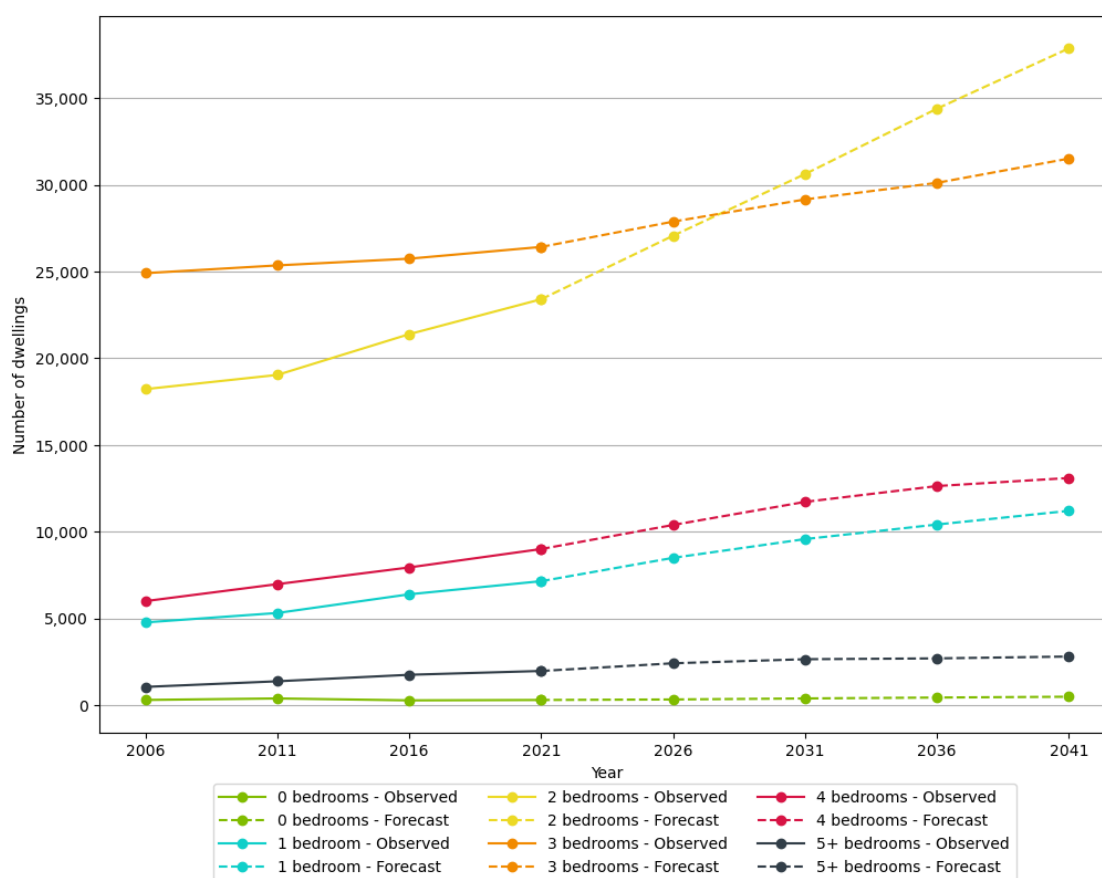
dwellings between 2026 and 2031. As shown in the figure overleaf, this modelled result is a continuation of existing development trends that have occurred over the last 15 years.

TABLE 4: DWELLING DEMAND BY NUMBER OF BEDROOMS – DAREBIN LGA

Number of bedrooms	2021	2026	2031	2036	2041	Change	AAGR
0	300	300	400	400	500	200	2.5%
1	7,100	8,500	9,600	10,400	11,200	4,100	2.3%
2	23,400	27,100	30,600	34,400	37,900	14,500	2.4%
3	26,400	27,900	29,200	30,100	31,500	5,100	0.9%
4	9,000	10,400	11,700	12,600	13,100	4,100	1.9%
5 +	2,000	2,400	2,600	2,700	2,800	800	1.8%
Total	68,200	76,600	84,100	90,700	97,000	28,700	1.8%

Source: SGS Economics and Planning (2023)

FIGURE 13: TOTAL DWELLING DEMAND

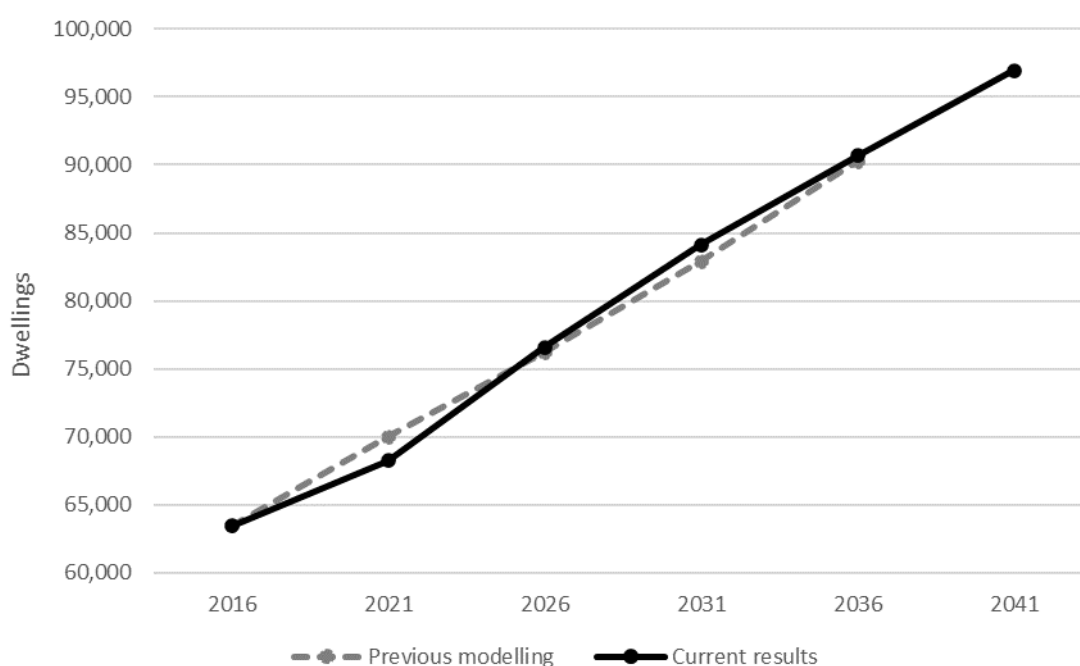


Source: SGS Economics and Planning (2023)

Comparison with previous results

Current total housing demand results do not differ markedly from those created as part of the previous modelling completed, as shown in the following figure. Development to 2021 has slightly lagged behind previously modelled demand (around 4,800 dwellings compared to 6,500 modelled previously), which is not surprising given the impacts of COVID-19 and of the slowdown in construction in 2019-20 leading into COVID-19. However, the current results predict housing to catch up to previously modelled values by 2026, and to be at similar levels in 2031 and 2036.

FIGURE 14: CURRENT VS PREVIOUS TOTAL DWELLING DEMAND – DAREBIN LGA



Source: SGS Economics and Planning (2023)

As part of the previous modelling, two different dwelling type scenarios were created: a base scenario based on trends in housing propensities from the census, and an adjusted scenario which shifted some development from medium to high density to try to match 2011-2016 dwelling development trends and the development pipeline more closely (in both of which high density made up a greater share of growth).

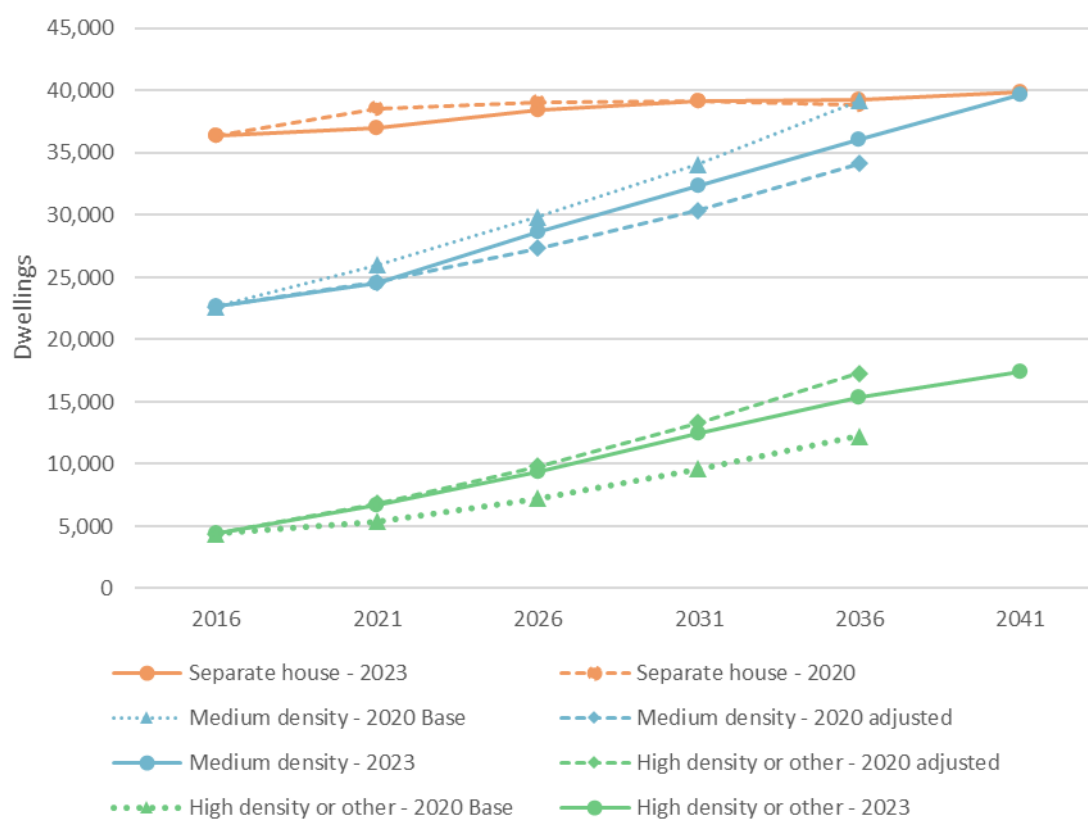
The following chart and table compares currently modelled dwelling demand by dwelling type to each of these previous dwelling type scenarios. The current result lies between the two previous scenarios. This is reasonable given that the base scenario previously was deemed to allocate too small a proportion of development to high density, but that medium density housing continues to make up a large part of the development market.

There is little difference between the modelled demand and the adjusted scenario for both high density dwellings (170 less than previous results) and medium density dwellings (30 less than previous results). While the total dwellings in 2036 is close to previous results in the adjusted scenario (420 more), there

has been a shift in the dwelling types from high density and into medium density by around 1,900 dwellings.

There has been very little shift in modelled demand for separate houses, with 440 more dwellings in 2036 compared to the previous demand forecasts created in 2020.

FIGURE 15: HOUSING DEMAND BY DWELLING TYPE – DAREBIN LGA



Source: SGS Economics and Planning

TABLE 5: DWELLING DEMAND BY TYPE AND DIFFERENCE TO 2020 ADJUSTED DEMAND RESULTS – DAREBIN LGA

Housing type	2021	2026	2031	2036
Separate House	37,000 (-1,540)	38,500 (-650)	39,200 (-10)	39,300 (+440)
Medium Density	24,600 (-30)	28,700 (+1,380)	32,400 (+2,020)	36,000 (+1,920)
High Density or Other	6,700 (-170)	9,400 (-400)	12,500 (-800)	15,400 (-1,940)
Total	68,200 (-1,740)	76,600 (+340)	84,100 (+1,210)	90,700 (+420)

Source: SGS Economics and Planning (2023)

Demand by subarea

Dwelling demand results are broken down into subareas in the LGA in the table below. These results broadly follow trends observable in the population projections discussed in Section 3.2, with the Central Area having by far the most growth and highest growth rate likely driven by anticipated development around the Preston Centre. Nonetheless, substantial amounts of housing demand have been modelled for each subarea in the LGA.

TABLE 6: DWELLING DEMAND BY SUBAREA – DAREBIN LGA

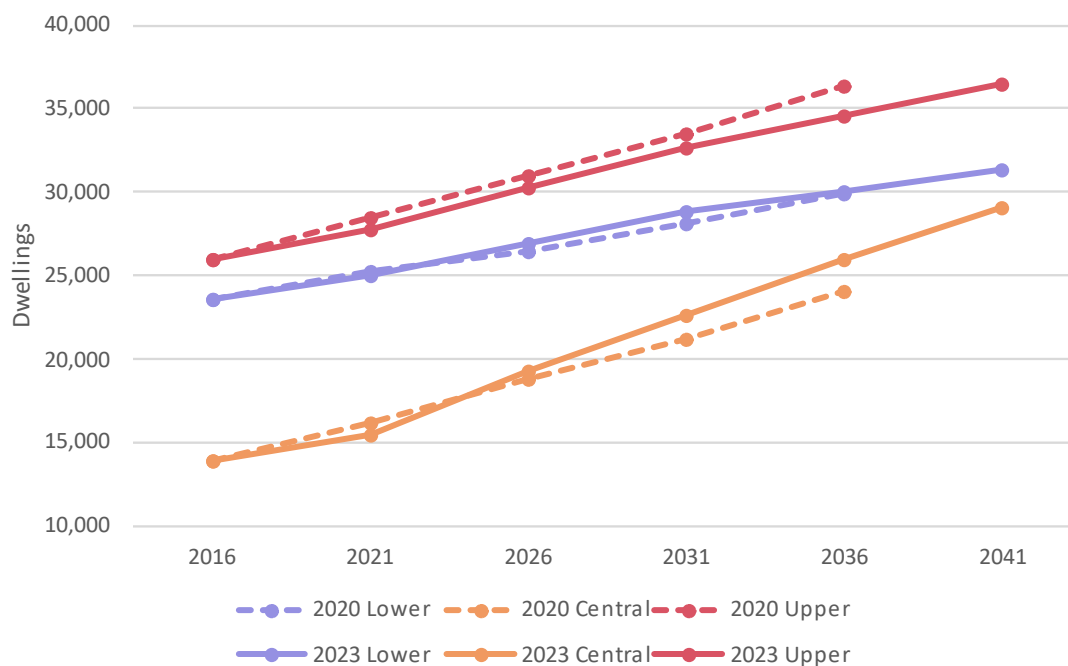
Location	2021	2031	2041	Change	AAGR
Darebin - Lower	25,000	28,800	31,400	6,400	1.1%
Darebin – Central	15,500	22,700	29,100	13,700	3.2%
Darebin – Upper	27,800	32,600	36,500	8,700	1.4%
Total	68,200	76,600	84,100	28,700	1.8%

Source: SGS Economics and Planning (2023)

The Division of these dwellings across the different broad areas can be seen in the table and figure below, with comparisons to the previous demand results. Between the previous results and these results, the population shifts indicate a trend towards Central Darebin and away from Upper Darebin (with Upper Darebin decreasing by 1,700 dwellings in 2036 and Central Darebin increasing by 1,900). Similar levels of housing demand are forecast for Lower Darebin.

Despite the differences in expected growth, the overall pattern of growth modelled is similar, with Upper Darebin remaining the subarea with the most dwellings, followed by Lower Darebin and then Central Darebin.

FIGURE 16: HOUSING DEMAND COMPARISON – DAREBIN BROAD AREAS



Source: SGS Economics and Planning

TABLE 7: DWELLING DEMAND BY SUBAREA AND DIFFERENCE TO 2020 ADJUSTED DEMAND RESULTS – DAREBIN LGA

Subarea	2021	2026	2031	2036
Darebin - Lower	25,000 (-300)	27,000 (+500)	28,900 (+700)	30,100 (+300)
Darebin – Central	15,500 (-800)	19,300 (+500)	22,600 (+1,400)	25,900 (+1,900)
Darebin – Upper	27,800 (-700)	30,300 (-600)	32,700 (-900)	34,600 (-1,700)
Total	25,000 (-300)	27,000 (+500)	28,900 (+700)	30,100 (+300)

Source: SGS Economics and Planning (2023)

5.2 Detailed subarea results

Upper Darebin

Dwelling demand results for Upper Darebin are shown below. Upper Darebin is the subarea furthest from the Melbourne CBD. It has the smallest high-density housing market and separate houses make up the highest share of any subarea (60% in 2021 compared to 54% in Central Darebin and 48% in Lower Darebin). The vast majority of modelled additional demand (80%) is for separate houses or medium density dwellings. Only 20% of modelled demand is for high density or other dwellings, although given their low baseline high density and other dwellings still have by far the highest yearly growth rate.

This growth profile is consistent with the demographic forecasts discussed in Section 3.3, which noted that dwelling diversity is needed in all areas, but Upper Darebin is likely to have the most demand for larger dwellings which cater to families, those seeking more space or those seeking increased affordability.

FIGURE 17: HOUSING DEMAND BY DWELLING TYPE – UPPER DAREBIN

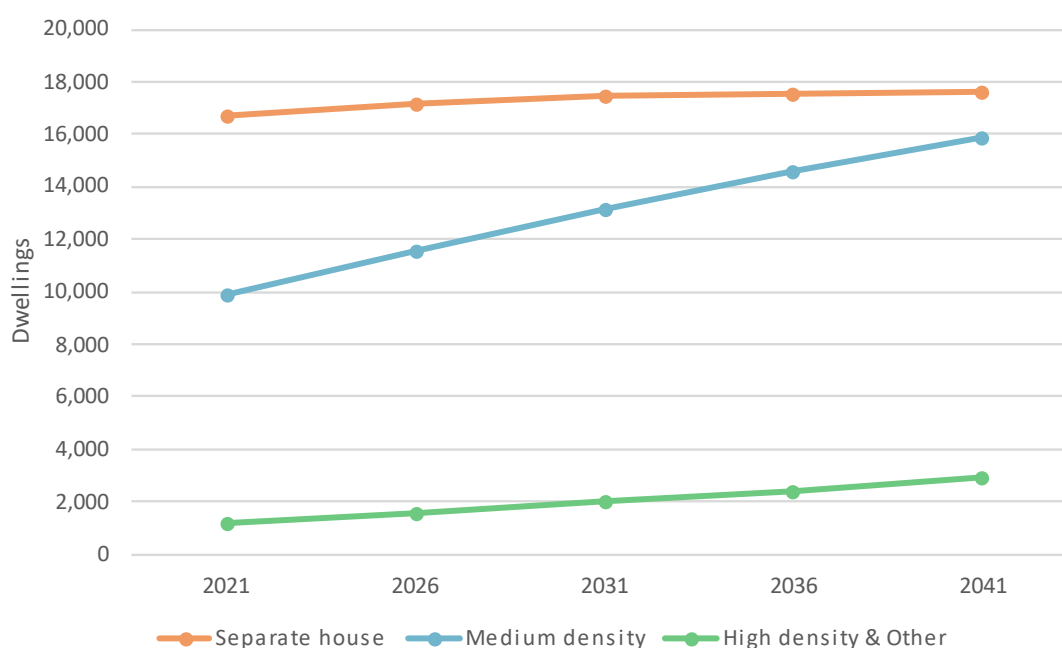


TABLE 8: HOUSING DEMAND BY DWELLING TYPE – UPPER DAREBIN

Dwelling type	2021	2031	2041	Change	AAGR
Separate house	16,700	17,500	17,700	1,000	0.3%
Medium density	9,900	13,100	15,900	6,000	2.4%
High density & other	1,200	2,000	3,000	1,700	4.5%
Total	27,800	32,600	36,500	8,700	1.4%

Source: SGS 2023

Central Darebin

Central Darebin starts with a similar housing profile to the LGA as whole in 2021. However, modelled results show a substantial increase in overall housing density between 2021 and 2041, with separate housing declining from 54% to 38% of dwellings and high density increasing from 17% to 31%. The largest component of modelled demand is for high density and other dwellings, which make up 44% of all additional demand. Separate housing and medium density together make up 55% of additional modelled demand (noting additional demand for separate housing would likely need to be met through medium density development or in some cases large apartments).

FIGURE 18: HOUSING DEMAND BY DWELLING TYPE – CENTRAL DAREBIN

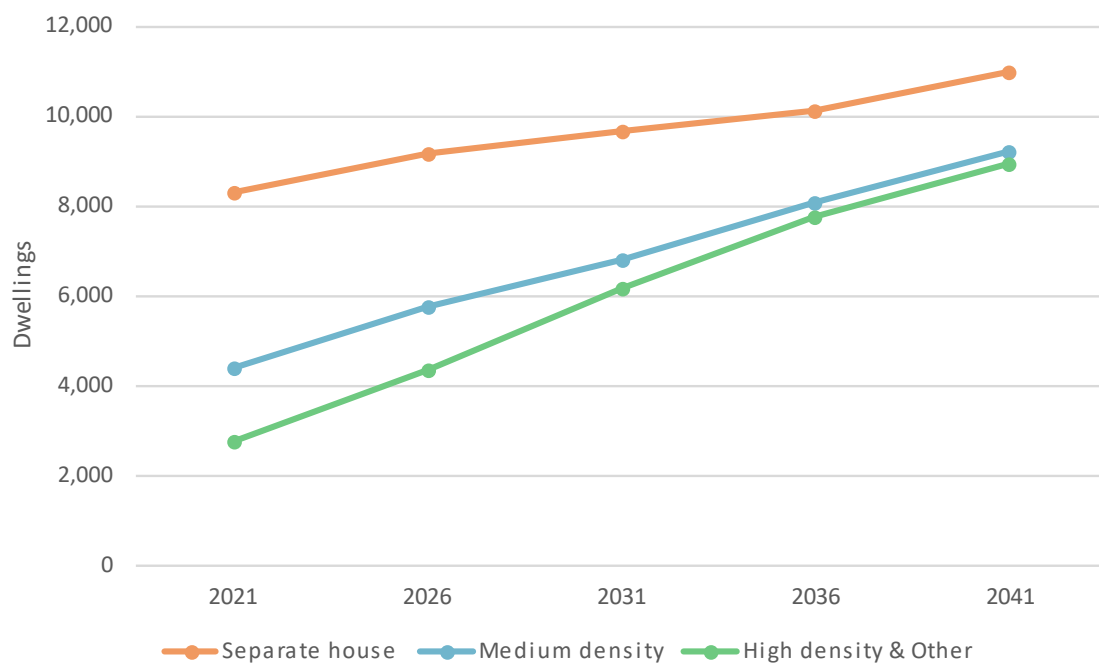


TABLE 9: HOUSING DEMAND BY DWELLING TYPE – CENTRAL DAREBIN

Dwelling type	2021	2031	2041	Change	AAGR
Separate house	8,300	9,700	11,000	2,700	1.4%
Medium density	4,400	6,800	9,200	4,800	3.8%
High density & other	2,800	6,200	8,900	6,200	6.0%
Total	15,500	22,700	29,100	13,700	3.2%

Source: SGS 2023

Lower Darebin

Lower Darebin has a much lower proportion of separate housing than other areas, and a higher proportion of medium density housing. Medium density is modelled to make up the largest component of additional demand between 2021-2041 at 60%. High density development is also modelled to make up a large part of additional demand (40% of the modelled increase).

Dwellings and properties are on average smaller in Lower Darebin than other parts of the LGA. This makes it more difficult to accommodate a significant amount of medium density housing through infill development than in other parts of the LGA. In addition, housing is more expensive in Lower Darebin, requiring people to trade off housing price or size against the convenience and amenity offered by living in Lower Darebin. This means some people may be more willing to compromise on their preferred dwelling type. As such, some of the modelled demand for medium density may be able to be met through high density development, if apartments delivered provide suitable amenity for a diverse range of household types. Nonetheless, these results demonstrate the need for delivering a diversity of housing products here, as in other parts of the LGA.

FIGURE 19: HOUSING DEMAND BY DWELLING TYPE – LOWER DAREBIN

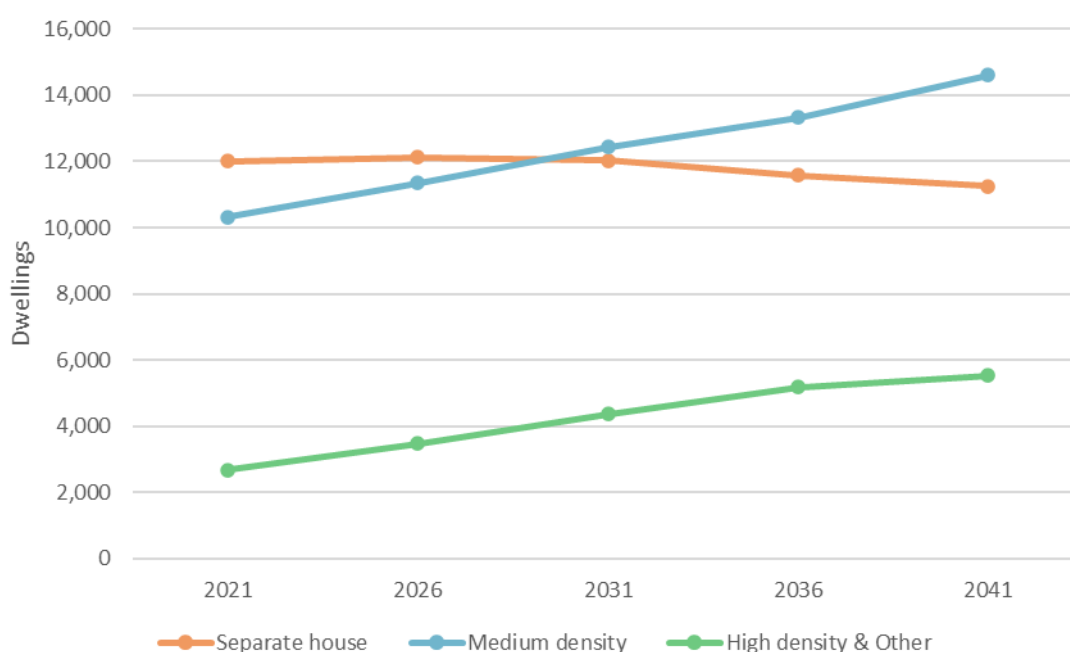


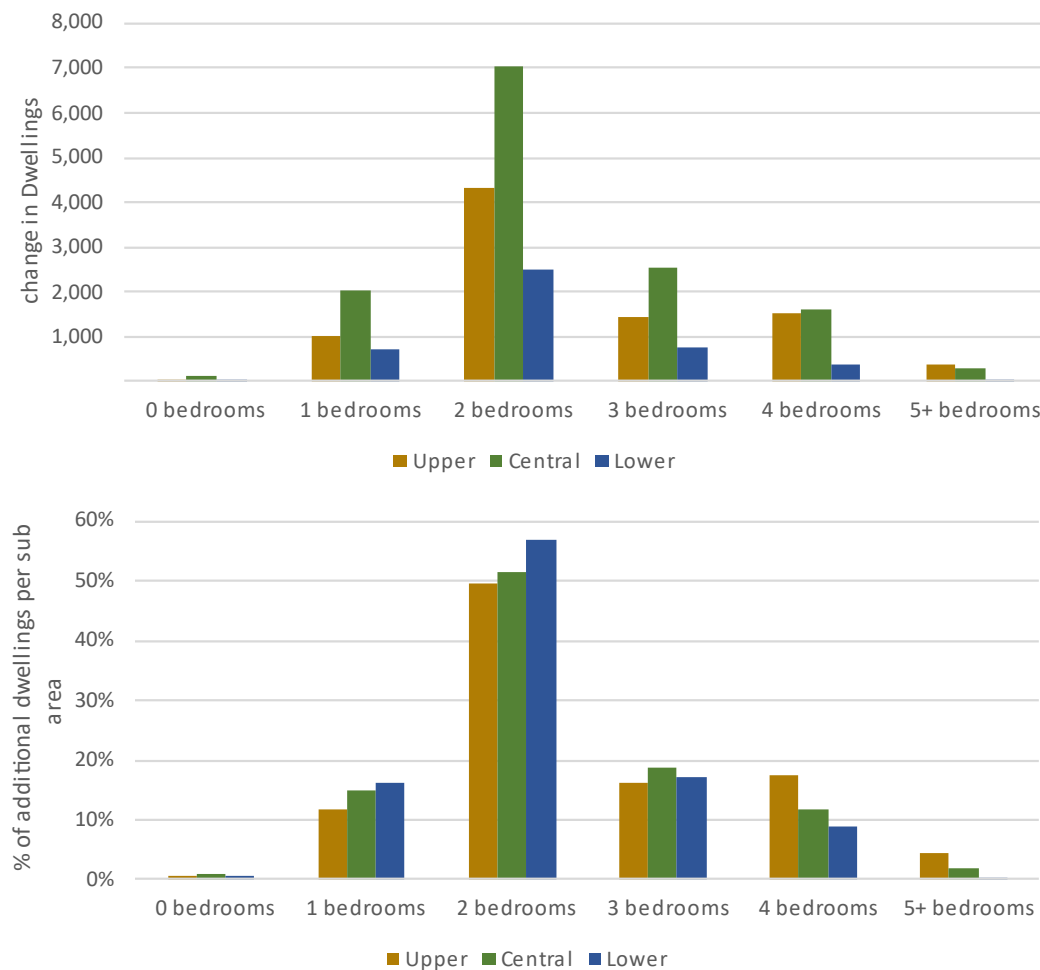
TABLE 10: HOUSING DEMAND BY DWELLING TYPE – LOWER DAREBIN

Old results	2016	2021	2026	2031	2036	2041
Separate house	12,000	12,000	11,200	-800	-0.3%	12,000
Medium Density	10,300	12,400	14,600	4,300	1.8%	10,300
High Density	2,700	4,400	5,500	2,800	3.7%	2,700
Total	25,000	28,800	31,400	6,400	1.1%	25,000

Subarea results by dwelling size

Additional housing demand (i.e., the modelled increase between 2021 and 2041) for each subarea is broken down by number of bedrooms in the figure below. Note that these results reflect renovations and changes to existing dwellings as well as development of new dwellings (for example, much of the increase in 4 and 5+ dwellings is likely to be driven by renovation of existing separate houses).

FIGURE 20: ADDITIONAL DWELLING DEMAND BY DWELLING SIZE (2021-41)– DAREBIN BROAD AREAS



Source: SGS Economics and Planning (2023)

As noted elsewhere, Central Darebin receives by far the most growth. However, the proportional breakdown of additional modelled demand profile number of bedrooms displays much less variation between subareas than the breakdown by dwelling type. This again underlines the diversity of household types, and so housing need, in each part of the LGA.

While the vast majority of demand for new dwellings in the Upper Darebin area is for medium density dwellings or separate houses, two-bedroom dwellings still make up almost 50% of the modelled increase in demand. This is a result of many of the medium density dwellings being delivered having two bedrooms. Nonetheless, Upper Darebin does have the lowest proportion of new dwellings having one bedroom and the highest proportion having 4 or more bedrooms.

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