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The Housing Market Impacts
of the
Inner City Labour Market:
A case study of Melbourne 1986-1996

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Kevin O'Connor and Ernest Healy, The Housing Market Impact of the Inner City Labour Market: A case study of Melbourne 1986-1996

The Inner City: New Economy, New Society and New Geography?

BACKGROUND

Much of the change associated with economic restructuring, involving globalisation, corporate and social change has been felt in the inner city - that collection of older residential and industrial areas surrounding the CBD.

Some of the change has been policy driven as metropolitan areas seek to achieve or maintain global city status.

That effect has been expressed in a change in the number of jobs in producer services, as finance and business services and media become more prominent in the workforce, along with rapid growth in tourism and entertainment and other aspects of accommodation associated with international students and other short and long stay visitors.

Those changes have occurred as the inner city housing market has attracted very substantial demand, which has driven up price as well as induced new forms of supply, primarily higher density buildings.

Taken together, these outcomes have been interpreted as a break with the past, as a new high density form with special attributes associated with social and economic networks (around what has come to be called "café society") facilitates the re-urbanisation of the older parts of cities.

A RESEARCH QUESTION

Broadly: to what extent have the changes in the economic character of the inner city been linked to its new social character?

More specifically: What links exist between the changes in the inner city job market and the inner city housing market?

The Approach to the Analysis

Identify regions in the metropolitan area..isolate a "core" region (See map)

Using journey to work data for 1986, 1991 and 1996 identify the geographical links between the change in employment in the core region and the change in residential location of these workers.....have core region workers looked to the core area as a place to live?

THE ANALYSIS

1. The Core Region in Context: Table 1.

Core regional change in a metropolitan context.

Observation: residential growth appears to be more significant than job growth but the residential change has occurred on a very small base

The core's share of job growth is much more significant than its share of new residential growth.

Superficially it seems the residential response has been slow?

2. The Local Job Link: Table 2

Have core residents looked to the local area for work?

Observation: Shares working locally have not changed in ten years. That outcome could mask occupational and industrial change however, as the core region traditionally employed a lot of its own residents.

3. Occupational and Industrial Differences?: Table 3 (1996)

Observation: very small differences between occupational and industrial groups in the tendency to work locally.

Labourers and *Mass recreation* (Accommodation, Sport and Recreation) actually more self contained than the higher status *managers* and the *new economy* (business services plus media, high tech manufacturing).

Not an expected outcome?

4. Where does the Labour Come From?: Table 4

Observation: main supply comes from adjoining regions

Varies by social status

Core labour market has a sub-regional effect rather than a local or a metropolitan effect.

72% come from Core, Inner east and inner north and west.

5. Where do Core Residents Work?: Table 5

Main destinations are adjoining regions once again
Social/Occupational differences.

Observation: the work-in-core effect is strongest for middle skill clerical rather than higher skilled admin/managerial workers.

**6. The CBD as a Workplace: Residential location of Three Different groups:
Table 6**

Very detailed occupation-by-industry cross tabulation, 1996, showing ten most important home locations of these workers (plus the CBD itself).

Observations: the CBD itself is not significant as a residential site for these employees...in fact locations outside the metropolitan area (ie very long distance commuting) actually account for a larger share of employees than the CBD itself.

The majority of the workforce still comes from the rest of the metropolitan area.

Although inner city suburbs are important (St Kilda, Yarra, Prahran) which supports the idea of a new inner city job-inner city residence outcome, other traditional commuter and high status areas like Manningham West, Camberwell, Brighton, Waverley and Caulfield figure as equally important home locations.

The high status older suburbs are also the main home location of the lower skilled workers in the accommodation industry.

SOME CONCLUSIONS

Two broad outcomes:

- Long established high status middle suburban areas are still significant residential locations for inner city workers
- Labour market –housing market links span a larger sub-region surrounding the inner city, rather than the inner city itself.

Two implications:

- The very local links between inner city jobs and inner city residential development that are associated with modern interpretations of urban revival are not as strong as popular interpretations suggest, and have not changed as much as might be expected.
- The inner city is a less significant destination for the middle and outer suburban commuter than it was in the past.

Perhaps a more accurate interpretation of the evolution of the inner city is that it is now part of a larger sub-region that includes it along with a ring of established middle suburbs. This larger sub-region has a high level of self containment due to complex daily cross movements, and has less contact with the rest of the middle and outer suburbs than was the case in the past. In this world the CBD is a special centre, but not as dominant as in the past.

If that is so the metropolitan area is now made up of several large relatively self contained economies rather than a core and suburban rings.

Assuming most high quality jobs favour parts of this larger core sub-region the potential for greater spatial inequality within the metropolitan area is substantial.

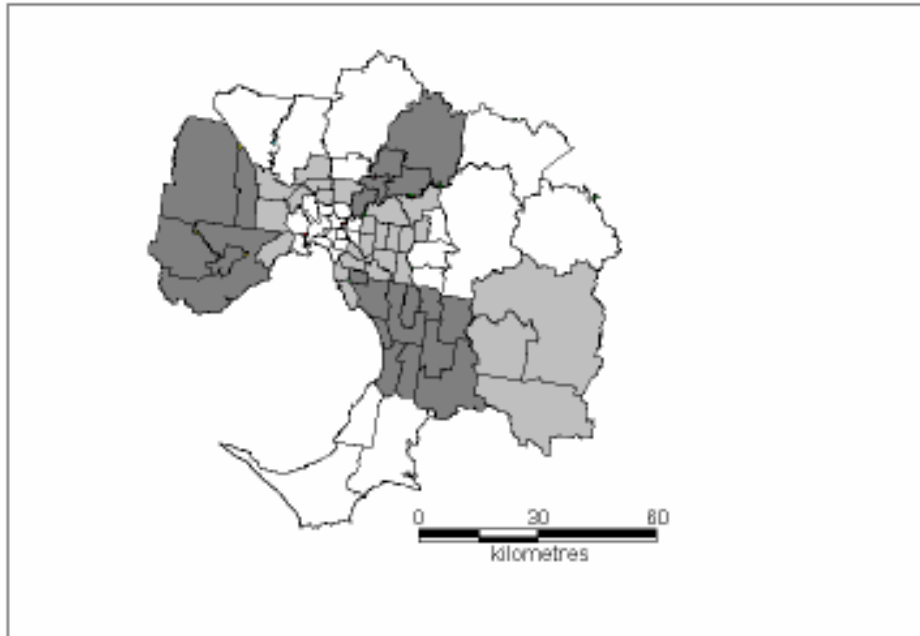
Two Provisos:

The high status part of Melbourne's inner area labour market may have been weaker during the period under study so that the local *café society* type outcome may simply have been delayed.....results for Sydney may be different?.

The analysis relates to the period up to 1996. It is possible that local self containment may have become stronger in a following period.

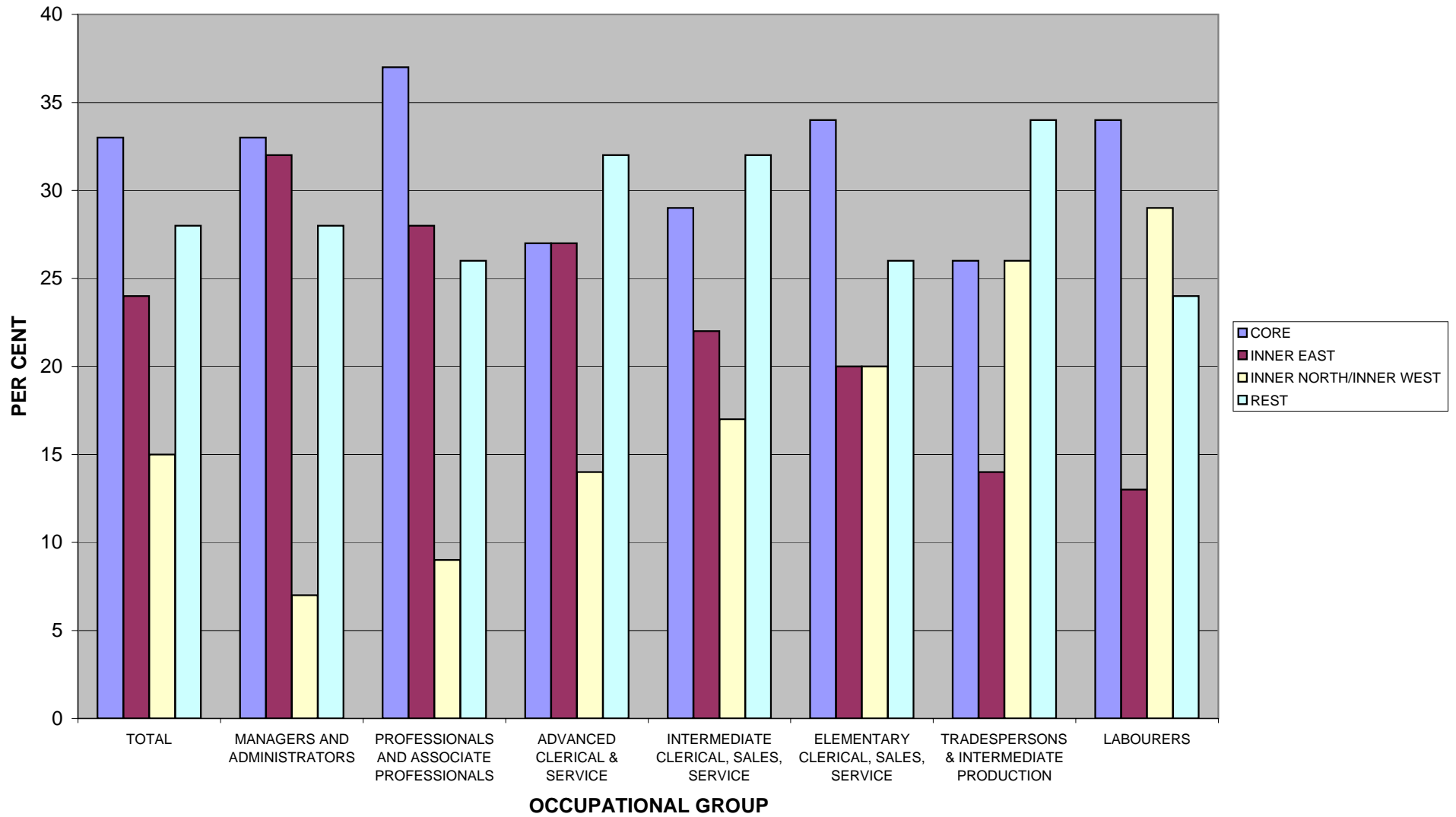
MELBOURNE METROPOLITAN AREA

CUSTOMISED REGIONS



Based on 1996 Statistical Local Area Boundaries
Source: ABS, COATAG6
Produced by: produced by Centre for Population and Urban Research
at the University of Western Australia

CHART 1. MAIN SOURCES OF CORE LABOUR -- 1996



Source data: Table 4b.

TABLE 1. RESIDENTIAL GROWTH AND JOB GROWTH 1986-1996 *

	RESIDENTIAL GROWTH %	JOB GROWTH %	CORE'S SHARE OF MELBOURNE'S ADDITIONAL RESIDENTS %	CORE'S SHARE OF MELBOURNE'S ADDITIONAL JOBS %
CORE	24% (41396/171835*100)	19% (77952/401832*100)	16% (41396/263124)	30% (77952/263124)

Source: ABS, Customised 1996 Census Journey to Work matrix

* Persons 15 + years who both live and work in Melbourne MSD

TABLE 2a. CORE JOBS TAKEN BY CORE RESIDENTS *	
1986, 1991 AND 1996	
YEAR	%
1986	33
1991	31
1996	34

Source: ABS, Customised 1986, 1991 and 1996 Journey to Work Matrices

* Persons 15+ years who reside and work in MSD only

TABLE 2b. PROPORTION OF CORE RESIDENTS WORKING IN CORE *	
1986, 1991 AND 1996	
YEAR	%
1986	76
1991	76
1996	76

Source: ABS, Customised 1986, 1991 and 1996 Journey to Work Matrices

* Persons 15+ years who reside and work in MSD only

TABLE 3. CORE JOBS* TAKEN BY CORE RESIDENTS BY OCCUPATION AND INDUSTRY GROUP 1996			
OCCUPATION GROUP	%	INDUSTRY GROUP	%
MANAGERS AND ADMINISTRATORS	33	NEW ECONOMY	31
PROFESSIONALS AND ASSOCIATE PROFESSIONALS	37	DISTRIBUTION AND TRANSPORT	27
ADVANCED CLERICAL & SERVICE	27	OLD ECONOMY	27
INTERMEDIATE CLERICAL	29	MASS GOODS AND SERVICES	
ELEMENTARY CLERICAL	34	PROVISION	35
TRADEPERSONS & INTERMEDIATE PRODUCTION	26	CONSTRUCTION	25
LABOURERS & RELATED WKRS	34	MASS RECREATION	44
		OTHER	31
TOTAL	32	TOTAL	32

Source: ABS Customised 1996 Census Journey to Work Matrix

* Jobs performed by persons 15+ years who reside within or outside of the MSD

TABLE 4a. MAIN SOURCES OF CORE LABOUR 1986*, 1991 AND 1996			
	1986*	1991	1996
CORE	33	31	33
INNER EAST	26	25	24
INNER NORTH/INNER WEST	18	16	15
REST	23	28	28
TOTAL	100 (401,832)	100 (457,882)	100 (495,007)

Source: ABS 1986, 1991 and 1996 Census Journey to Work Matrices

* 1986 data does not include Core workers who reside outside MSD

TABLE 4b. MAIN SOURCES OF CORE LABOUR* BY OCCUPATION 1996**

	MAN./ ADMIN.	PROF., ASSOC. PROF.	ADV. CLERICAL, SERV.	INT. CLERICAL, SALES, SERV.	ELEM. CLERICAL, SALES, SERV.	TRADES., INTERM. PROD.	LAB. & REL.
CORE	33	37	27	29	34	26	34
INNER EAST	32	28	27	22	20	14	13
INNER NORTH/INNER WEST	7	9	14	17	20	26	29
REST	28	26	32	32	26	34	24
TOTAL	100 (43362)	100 (189736)	100 (28759)	100 (93870)	100 (38613)	100 (69706)	100 (24998)

Source: ABS 1996 Census Journey to Work Matrix

* Includes persons who reside outside the MSD

**Occupation count does not include 'not stated'.

TABLE 5. WHERE DO CORE RESIDENTS GO TO WORK?										
WORK PLACE DESTINATIONS OF CORE RESIDENTS 1986, 1991 AND 1996*, AND FOR OCCUPATIONAL GROUPS 1996 **										
FROM CORE TO:	1986	1991	1996	1996						
				MAN./ ADMIN.	PROF., ASSOC. PROF.	ADV. CLER./ SERV.	INT. SALES, SERV.	ELEM. CLERICAL, SALES, SERV.	TRADES., INTERM. PROD.	LAB. & REL.
CORE	76	76	76	72	72	79	77	72	59	65
INNER EAST	7	8	8	8	9	5	7	9	6.4	6
INNER NORTH/ INNER WEST	11	10	9	7	8	5	6	7	14	12
REST	6	6	7	13	11	11	10	12	20.6	17
TOTAL	100	100	100	100	100	100	100	100	100	100

Source: ABS 1986, 1991 and 1996 Census matrices

* Core residents who work in Melbourne MSD only

** 1996 Occupation data includes persons who work outside of Melbourne MSD

TABLE 5. WHERE DO CORE RESIDENTS GO TO WORK?										
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FROM CORE TO:	1986	1991	1996	1996						
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CORE	76	76	76	72	72	79	77	72	59	65
INNER EAST	7	8	8	8	9	5	7	9	6.4	6
INNER NORTH/ INNER WEST	11	10	9	7	8	5	6	7	14	12
REST	6	6	7	13	11	11	10	12	20.6	17
TOTAL	100	100	100	100	100	100	100	100	100	100

Source: ABS 1986, 1991 and 1996 Census matrices

* Core residents who work in Melbourne MSD only

** 1996 Occupation data includes persons who work outside of Melbourne MSD

TABLE 6a. MANAGERS AND ADMINISTRATORS WHO WORK IN BUSINESS SERVICES		
PLACE OF RESIDENCE	PLACE OF WORK	
	Melbourne (C) - Inner N	Melbourne (C) - Inner %
Melbourne (C) - Inner	4	0.2
Stonnington (C) - Prahran	84	4.8
Port Phillip (C) - St Kilda	73	4.2
Yarra (C) - North	71	4.1
Manningham (C) - West	69	4.0
Port Phillip (C) - West	67	3.9
Bayside (C) - South	67	3.9
Boroondara (C) - Camberwell S	65	3.7
Bayside (C) - Brighton	65	3.7
Melbourne (C) - Remainder	64	3.7
Stonnington (C) - Malvern	63	3.6
Rest of Melbourne Statistical Division	983	56.5
Rest of Victoria	58	3.3
Rest of Australia	6	0.3
Total	1739	100.0

Source: ABS Customised 1996 Census Journey to Work Matrix

TABLE 6 b. MANAGERS AND ADMINISTRATORS WHO WORK IN FINANCE AND INSURANCE AND SERVICES TO FINANCE AND INSURANCE (1996)		
PLACE OF RESIDENCE	PLACE OF WORK	
	Melbourne (C) - Inner Nos	Melbourne (C) - Inner %
Melbourne (C) - Inner	5	0.2
Stonnington (C) - Malvern	126	4.2
Manningham (C) - West	125	4.2
Stonnington (C) - Prahran	120	4.0
Boroondara (C) - Camberwell S	119	4.0
Glen Eira (C) - Caulfield	113	3.8
Monash (C) - Waverley East	94	3.2
Melbourne (C) - Remainder	91	3.1
Port Phillip (C) - St Kilda	91	3.1
Boroondara (C) - Camberwell N	91	3.1
Boroondara (C) - Hawthorn	82	2.8
Rest of Melbourne Statistical Division	1827	61.4
Rest of Victoria	86	2.9
Rest of Australia	10	0.3
Total	2980	100.0

Source: ABS Customised 1996 Census Journey to Work Matrix

TABLE 6c. CLERICAL, SALES & SERVICE WORKERS IN THE ACCOMMODATION, CAFES AND RESTAURANTS INDUSTRY (1996)		
Place of residence	PLACE OF WORK	
	Melbourne (C) - Inner Nos	Melbourne (C) - Inner %
Melbourne (C) - Inner	33	0.9
Boroondara (C)	301	8.4
Stonnington (C)	278	7.7
Moreland (C)	255	7.1
Yarra (C)	255	7.1
Port Phillip (C)	238	6.6
Melbourne (C) - Remainder	191	5.3
Moonee Valley (C)	176	4.9
Manningham (C)	175	4.9
Darebin (C)	169	4.7
Glen Eira (C)	149	4.2
Rest of Melbourne Statistical Division	1321	36.8
Remainder of the Vic JTW Study Area	47	1.3
Total	3588	100.0

Source: ABS Customised 1996 Census Journey to Work Matrix