



City of Melbourne Population, Jobs and Land Use Forecasts 2023-2043

Summary report 2024

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Introduction

Forecasts

Forecasts provide an informed guide to what may occur in the future. They help us answer questions such as how many people may live within the city or how many jobs may be within the city, and where these may be located. Having an understanding of the expected level of growth is essential to allocating sufficient resources and services to support our fast-growing city.

The City of Melbourne commissions population and jobs forecasts from an independent, specialist agency which are periodically revised when new information is released or material changes occur in the external environment. In January 2024, SGS Economics and Planning were engaged to provide Council with updated forecasts.

This summary report highlights forecasts prepared between January 2024 and August 2024 relating to the population, jobs, and floor space demand (required to accommodate population and jobs) within the City of Melbourne municipality from 2023 to 2043.

Summary

The City of Melbourne is forecast to reach around 292,100 people and 675,300 jobs (on-site) by 2043, accommodating an additional 114,700 residents and 180,000 ('on-site') jobs between 2023 and 2043. By 2043, there are expected to be an additional 223,500 total jobs¹.

By 2043, the City of Melbourne is forecast to reach 134,900 households, accommodating an additional 37,100 households between 2023 and 2043.

Floor space demand is expected to grow by over 6.7 million square metres between 2023 and 2043, of which 2.1 million square metres is residential.

Melbourne municipality: Forecasts 2023, 2033 and 2043

Summary	2023	2033	2043	Change 2023-2043	Avg. Annual Growth Rate 2023-2043
Population	177,400	246,600	292,100	114,700	2.5%
Households	97,800	113,900	134,900	37,100	1.6%
Jobs (On-Site)	495,400	610,800	675,300	162,700	1.4%
Jobs (Total)	622,000	763,500	845,500	223,500	1.5%
Floor space ('000 sqm)	28,200	31,700	34,900	6,700	1.1%

Source: SGS Economics and Planning, 2024. Tables show rounded figures.

Accessible data tables can be viewed at Appendix 1 at the end of this document.

¹ Where **on-site jobs** are associated with a fixed commercial location, **total jobs** include no fixed place i.e. home-based, office-based, transient workers, construction jobs etc.

Population and jobs growth

- The population has recovered to pre-COVID levels, and the City is expected to grow by an additional 114,700 residents (or 65 per cent) over the next two decades, reaching a total of 292,100. In 2043, the City is forecast to account for 9.5 per cent of Greater Melbourne's population. Between 2023 and 2043 the municipality will grow at 2.5 per cent per annum, faster than the forecast growth rate for Greater Melbourne of 1.7 per cent per annum (between 2021 and 2036). The growth will be largely driven by overseas migration which has been at peak levels over the past two years.

Forecast Population, City of Melbourne 2006-2043

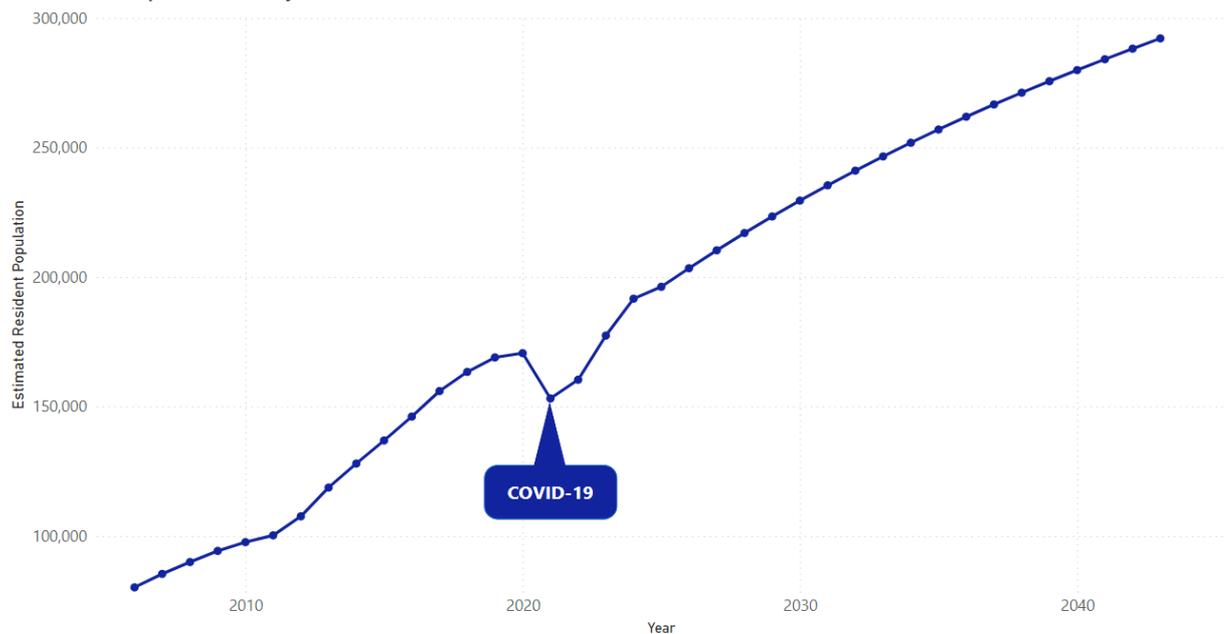


Figure 1: Forecast population across City of Melbourne 2006-2043

- Melbourne (CBD) will continue to be the most attractive location for residential and employment growth, adding 32,500 residents and 76,400 jobs by 2043. This will see it capture 43 per cent of 179,900 additional jobs across the municipality over the next 20 years.
- Between 2023 and 2043, the City's renewal precincts pick up 21 per cent of the forecast growth (approximately 24,000 residents), with the largest share of this falling in Arden, City North and Macaulay at seven, six and five per cent respectively, once supporting investments eventuate.

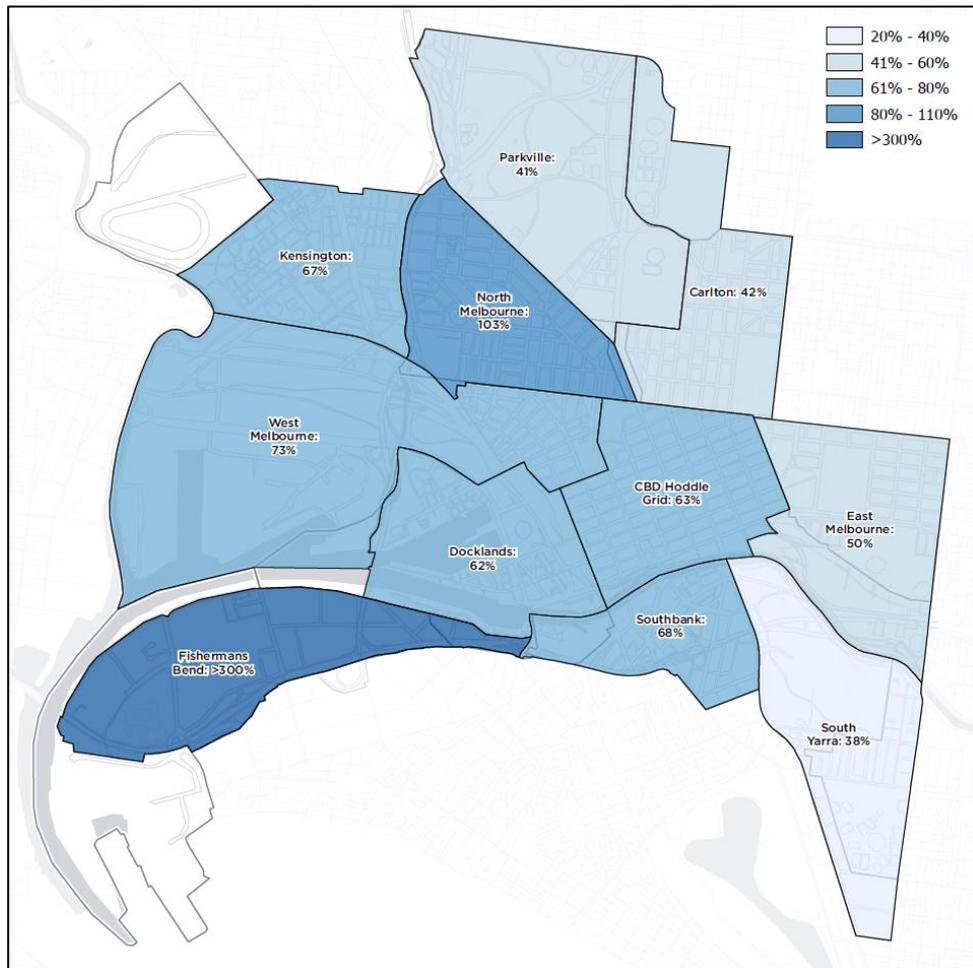


Figure 2: Population growth (%) between 2023-2043 by neighbourhood

- The suburbs of Docklands and Southbank, which are highly accessible locations, will also experience rapid residential and employment growth out to 2043. Docklands will add 12,700 residents and 21,300 jobs, while Southbank is anticipated to increase with 18,000 residents and 20,100 jobs.
- North Melbourne and West Melbourne (residential) suburbs will also see significant population and employment growth, largely driven by major urban renewal areas, with an additional 18,100 and 7,000 residents respectively, and 14,000 and 3,000 jobs respectively. Port Melbourne (precinct) will largely be commercial in nature, with strong growth in institutional jobs associated with anchors such as the University of Melbourne engineering and design campus.
- The municipality remains attractive to students and young couples. While still expected to be an important component of our population, recent surging growth in international students has been forecast to plateau in the coming decade. Similarly, the City is expected to attract and retain an increasing share of families.

Share of Population by Age, City of Melbourne 2023-2043

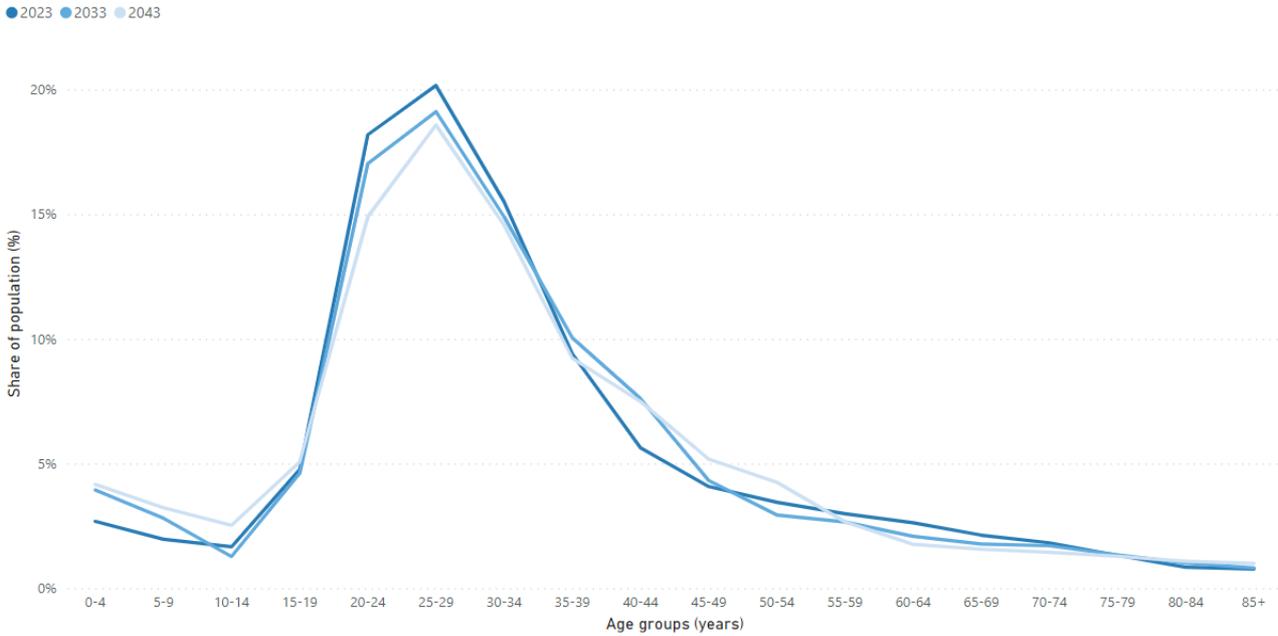


Figure 3: Percentage of population growth between 2023-2043 by neighbourhood

Forecast age structure - 5 year age groups

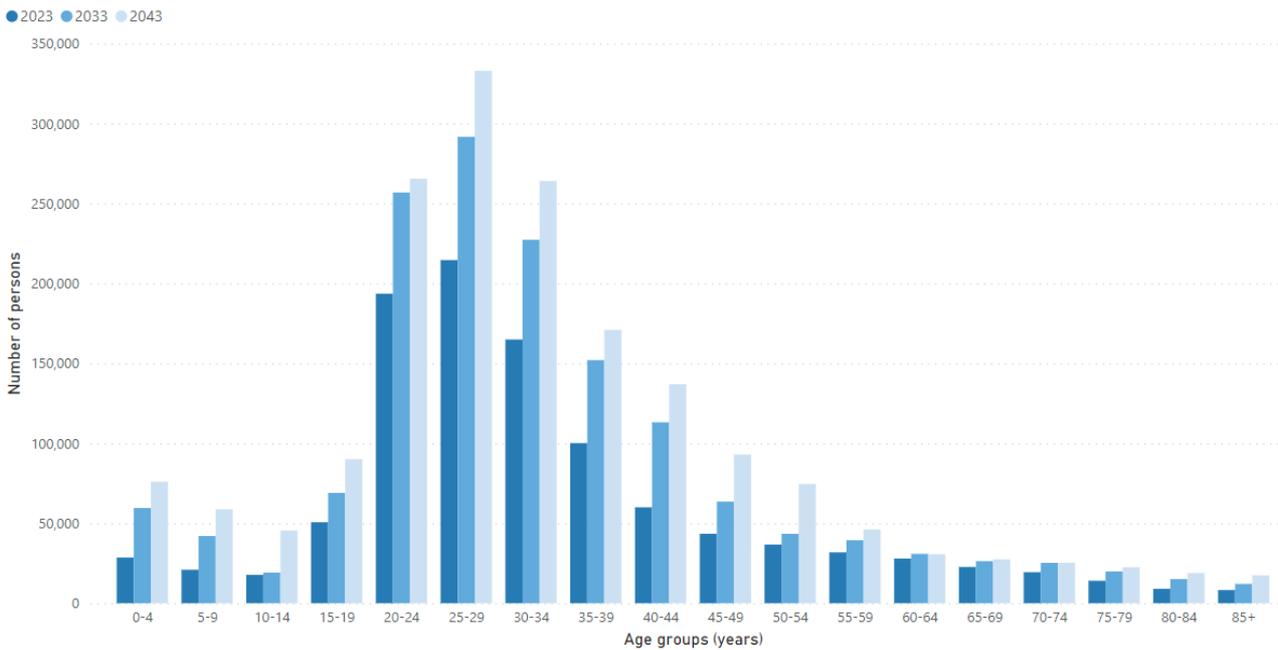


Figure 4: Number of persons per 5-year age group from 2023-2043

Jobs by industry

- The fastest growing industries will be business services (25%), health care and social assistance (15%), food and beverage services (10%) and education and training (9%). Collectively representing 60 per cent of all employment growth across the municipality between 2023 and 2043.
- Education and training, retail trade and health care and social assistance will have the biggest average growth across all sectors, making up of 66, 62 and 57 per cent respectively across the next

20 years, contributing to 56,000 additional jobs. Manufacturing is the only industry expected to decline by nine per cent in the same time frame.

- Like the population, employment has recovered to pre-COVID levels, and the City is expected to add 162,600 'on-site' jobs (at 32 per cent of growth) between 2023 and 2043 reaching a total of 675,200 jobs. Looking more broadly at jobs in the City (including home-based, no fixed place of work and construction jobs) in the municipality is expected to add 223,500 jobs to reach 845,000 total jobs.
- Over the next two decades, 'on-site' jobs will grow at 1.4 per cent annually and broader jobs across the City at 1.6 per cent annually.

Jobs by Industry, City of Melbourne 2023 - 2043

● Commercial ● Entertainment ● Industrial ● Institutional ● Retail

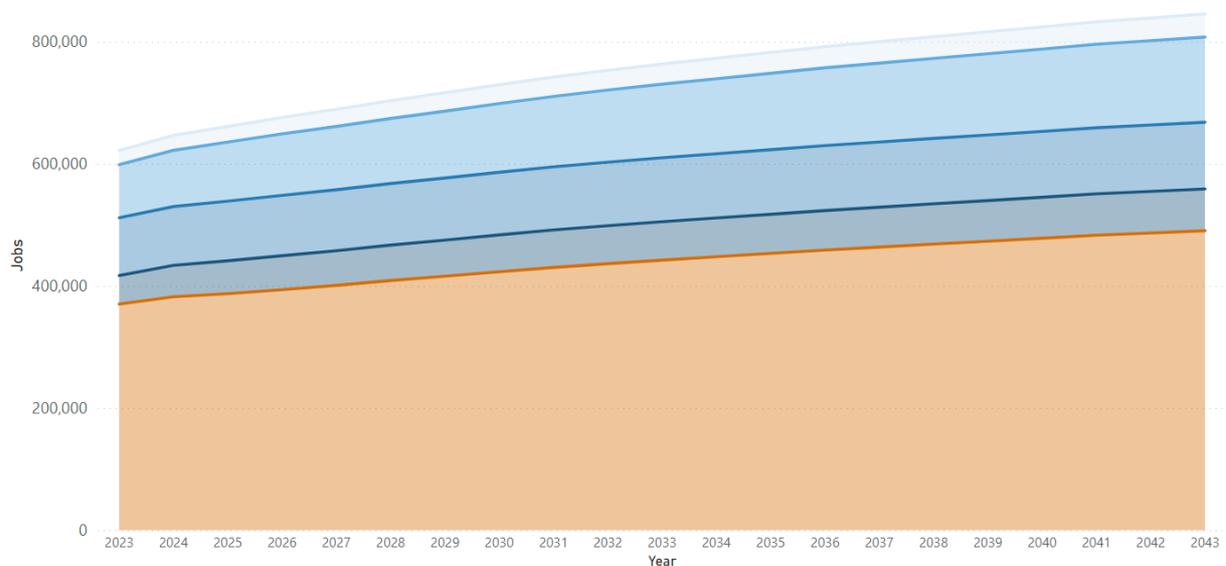


Figure 5: Percentage of population growth between 2023-2043 per neighbourhood

Floor space (employment)

Notably employment floor space demand will grow at a slower rate than jobs. This is the result of declining floor space ratios which are driven by two factors:

- a changing industry composition towards sectors which have lower space requirements; and
- more intensive existing space use stemming from trends such as increasing remote work, utilisation over longer hours of the day, and more efficient processes (e.g., cloud vs paper storage).

A list of industries and space use categories is provided in Appendices 2 & 3 at the end of this document.

Method

Forecasts were prepared by SGS Economics and Planning (SGS) between January 2024 to August 2024. A combined top-down (i.e., macroeconomic trends and drivers) and bottom-up (i.e., development supply and local attractiveness factors) approach was used to forecast all variables in an integrated environment.

Below summarises the overall forecasting approach:

- The City of Melbourne Census of Land Use and Employment (CLUE) data, along with Australian Bureau of Statistics Census and regional Estimated Resident Population (ERP) data, are used to determine a base year estimate for all variables and to model trends in floor space type preferences and usage. Specifically, CLUE 2022 and 2023 and ERP 2022 data, current at 30 May 2024, were used for the base year (2023) estimates. Note these may be superseded by updated data after the release of this publication.
- Macroeconomic forecasts of population demographics and employment by industry, are forecast through a population cohort-component model and SGS' State-wide employment model.
- Development capacity and known redevelopment, at a building level, is estimated using data from the City of Melbourne's Development Activity Model (DAM) and Development Capacity Model (DCM). For renewal areas, this is supplemented with structure plan guidance on future development controls and timing.
- Area development attractiveness is estimated through a range of datasets to proxy various factors that drive growth for different land use types. Base development trends are calibrated to historical attractiveness. This means if attractiveness did not change land use would continue to be distributed in line with past trends. However, as attractiveness changes (e.g., a new train station), so too do development patterns.
- A two-step allocation model distributes the LGA-level forecasts to areas. This process is driven by the estimated attractiveness of each area (to individual types of land use) and simultaneously considers both residential and employment floor space. Capacity constraints also ensure that total development does not exceed plausible bounds.
- Floor space forecasts are translated to estimates of dwellings, population, and jobs which align with the LGA-wide estimates calculated previously, while also reflecting the expected industry composition of local areas, which is particularly relevant for renewal areas undergoing transformation.

Forecast assumptions

Victoria and Greater Melbourne context

The resident population and employment within the City of Melbourne are both strongly linked to the outcomes in Victoria and, more importantly, Greater Melbourne. At the macro level, The City of Melbourne population forecasts are aligned to Victoria in Future 2023 (VIF23) state population forecasts (accessible here: [Victoria in Future²](#)). Key assumptions underlying this include:

- Net overseas migration will be the primary driver of growth into Victoria, contributing approximately 80,000 new residents to Victoria annually in the long term.
- Net internal migration is also assumed to remain stable into the long term, contributing approximately 5,000 additional residents to Victoria per year.
- VIF23 has assumed a total fertility rate (the number of children a woman is likely to have over her lifetime) of 1.5 into the long term (post 2036).
- Assumptions around births and deaths used in the model are **not directly aligned to VIF23**, and instead **capture specific trends in the City of Melbourne**. Latest ABS data on fertility and mortality rates have been carried forward along the forecast horizon, with changes in the magnitude of births and deaths being driven by demographic changes in the City.

² [Victoria in Future \(planning.vic.gov.au\)](https://planning.vic.gov.au)

The structure of the economy is forecast to alter over time, with a move towards the knowledge economy. Past trends and forecast changes in the industrial composition of Greater Melbourne sets the broader context for the City of Melbourne.

Over the past decade, the provision of professional services in Greater Melbourne has provided the metropolis with a clear competitive advantage. This trend will continue, with professional services increasing total share of employment. Conversely, the past decades have seen an ongoing decline in the share of manufacturing employment as it becomes more capital intensive and advanced/automated. Employment in this industry is forecast to contract.

With an ageing population and increased research, expectations and awareness of health and wellbeing more broadly, the provision of health services will continue to grow and see a significant increase in the share of employment in the health care and social assistance sector over the 2023 to 2043 period.

More detailed forecasts results by single year and [CLUE small areas](#)³ within the municipality are available on City of Melbourne's [Open Data Platform](#)⁴.

Acknowledgements

The content in this document was taken from reports provided by SGS Economics and Planning to the City of Melbourne.

Disclaimer

This document is for information and communication purposes only. While care is taken to ensure the information is accurate and reliable, the City of Melbourne cannot guarantee this. Content may not be free from errors, omissions or inconsistencies. It is recommended that users exercise care with its use. The City of Melbourne takes no responsibility for inaccurate information and does not accept any liability whatsoever for any direct or indirect loss, damage or injury suffered as a result of reliance on this information.

³ <https://www.melbourne.vic.gov.au/about-melbourne/research-and-statistics/city-economy/census-land-use-employment/Pages/clue-small-area-and-block-maps.aspx>

⁴ <https://data.melbourne.vic.gov.au/explore/?q=forecasts&sort=modified>

Appendix 1: Accessible data tables

Population by small area 2023, 2033 and 2043

CLUE small area	2023	2033	2043	Change 2023-2043	Avg. Annual Growth Rate 2023-2043
Carlton	20,000	28,000	28,300	8,300	1.8%
Docklands	18,200	25,500	30,900	12,700	2.7%
East Melbourne	5,400	7,400	7,500	2,100	1.7%
Kensington	12,300	16,300	20,100	7,800	2.5%
Melbourne (CBD)	51,800	71,500	84,400	32,600	2.5%
Melbourne (Remainder)	3,200	4,300	4,300	1,100	1.5%
North Melbourne	17,700	24,900	35,800	18,100	3.6%
Parkville	8,600	11,400	12,200	3,600	1.8%
Port Melbourne	12	160	1,900	1,888	28.8%
South Yarra	4,100	5,700	5,800	1,700	1.7%
Southbank	26,500	38,400	44,500	18,000	2.6%
West Melbourne (Industrial)	-	-	-	-	0.0%
West Melbourne (Residential)	9,500	13,200	16,500	7,000	2.8%
Total (City of Melbourne)	177,400	246,600	292,100	114,700	2.5%

Source: SGS Economics and Planning, 2024. Table shows rounded figures.

Households by small area 2023, 2033 and 2043

CLUE small area	2023	2033	2043	Change 2023-2043	Avg. Annual Growth Rate 2023-2043
Carlton	12,600	15,000	15,100	2,500	0.9%
Docklands	9,400	10,900	13,000	3,600	1.6%
East Melbourne	2,900	3,400	3,400	500	0.8%
Kensington	5,300	5,900	7,900	2,600	2.0%
Melbourne (CBD)	32,200	37,200	44,200	12,000	1.6%
Melbourne (Remainder)	1,300	1,500	1,500	200	0.7%
North Melbourne	8,600	10,300	14,900	6,300	2.8%
Parkville	2,800	3,000	3,000	200	0.3%
Port Melbourne	2	56	800	798	34.9%
South Yarra	2,400	2,700	2,800	400	0.8%
Southbank	14,900	18,000	20,900	6,000	1.7%
West Melbourne (Industrial)	-	-	-	-	0.0%
West Melbourne (Residential)	5,300	6,000	7,400	2,100	1.7%
Total (City of Melbourne)	97,800	113,900	134,900	37,100	1.6%

Source: SGS Economics and Planning, 2024. Table shows rounded figures.

Jobs (On-Site) by small area 2023, 2033 and 2043

CLUE small area	2023	2033	2043	Change 2023-2043	Avg. Annual Growth Rate 2023-2043
Carlton	15,100	24,600	26,500	11,400	2.9%
Docklands	77,300	91,000	98,600	21,300	1.2%
East Melbourne	21,400	25,000	25,500	4,100	0.9%
Kensington	7,500	10,800	12,200	4,700	2.5%
Melbourne (CBD)	237,700	289,400	314,000	76,300	1.4%
Melbourne (Remainder)	22,200	25,600	26,100	3,900	0.8%
North Melbourne	9,500	18,800	24,100	14,600	4.8%
Parkville	34,600	36,600	36,600	2,000	0.3%
Port Melbourne	13,500	16,600	29,900	16,400	4.1%
South Yarra	1,200	1,300	1,400	200	0.8%
Southbank	47,100	59,700	67,200	20,100	1.8%
West Melbourne (Industrial)	3,900	4,800	5,500	1,600	1.7%
West Melbourne (Residential)	4,600	6,600	7,600	3,000	2.5%
Total (City of Melbourne)	495,400	610,800	675,300	37,100	1.6%

Source: SGS Economics and Planning, 2024. Table shows rounded figures.

Floor space ('000 sqm) by small area 2023, 2033 and 2043

CLUE small area	2023	2033	2043	Change 2023-2043	Avg. Annual Growth Rate 2023-2043
Carlton	1,876	2,296	2,336	460	1.1%
Docklands	2,933	3,295	3,731	798	1.2%
East Melbourne	1,056	1,165	1,166	110	0.5%
Kensington	1,460	1,679	1,887	421	1.3%
Melbourne (CBD)	8,203	9,420	10,400	2,197	1.2%
Melbourne (Remainder)	746	791	791	45	0.3%
North Melbourne	1,366	1,825	2,393	1,027	2.8%
Parkville	2,155	2,224	2,224	69	0.2%
Port Melbourne	1,975	2,040	2,337	362	0.8%
South Yarra	459	475	482	23	0.2%
Southbank	2,863	3,361	3,787	924	1.4%
West Melbourne (Industrial)	2,393	2,308	2,335	-58	-0.1%
West Melbourne (Residential)	702	837	1,005	303	1.8%
Total (City of Melbourne)	28,187	31,715	34,868	6,681	1.1%

Source: SGS Economics and Planning, 2024. Table shows rounded figures.

Jobs ('on-site') by industry 2023, 2033 and 2043

Industry	2023	2033	2043	Change 2023-2043	Contribution to Growth 2023-2043
Business services	87,000	111,800	131,500	44,500	24.7%
Health care and social assistance	48,500	63,900	76,000	27,500	15.3%
Food and beverage services	34,500	49,500	53,100	18,700	10.4%
Education and training	25,000	37,300	41,500	16,500	9.2%
Finance and insurance	69,500	79,200	82,800	13,200	7.4%
Retail trade	19,400	27,300	31,400	12,000	6.7%
Arts and recreation services	28,300	34,300	38,400	10,200	5.7%
Information media and telecommunications	24,100	29,200	32,100	8,000	4.4%
Public administration and safety	57,700	60,100	62,800	5,100	2.8%
Admin and support services	12,200	15,600	17,300	5,000	2.8%
Other services	12,600	15,700	17,500	4,900	2.7%
Accommodation	10,100	13,600	14,600	4,500	2.5%
Real estate services	9,700	12,400	13,600	3,900	2.2%
Construction	8,500	9,900	10,500	2,000	1.1%
Transport, postal and storage	14,000	15,400	15,600	1,600	0.9%
Electricity, gas, water and waste services	13,300	14,100	14,900	1,600	0.9%
Wholesale trade	4,900	5,700	6,000	1,100	0.6%
Agriculture and mining	2,900	3,100	3,500	600	0.3%
Rental and hiring services	300	500	600	300	0.2%
Manufacturing	12,900	12,100	11,700	-1,100	-0.6%
Total (City of Melbourne)	495,400	610,800	675,300	179,900	100.0%

Source: SGS Economics and Planning, 2024. Table shows rounded figures.

Floor space ('000 sqm) by space use 2023, 2033 and 2043

Space use	2023	2033	2043	Change 2023-2043	Contribution to Growth 2023-2043
Residential	9,392	9,951	11,522	2,130	31.9%
Office	5,687	5,884	6,136	449	6.7%
Accommodation - Commercial	1,662	2,463	2,654	992	14.8%
Other - Employment	1,467	2,081	2,439	972	14.5%
Education	1,467	2,080	2,306	839	12.6%
Entertainment - Other	2,405	2,858	3,186	781	11.7%
Health	718	959	1,150	432	6.5%
Entertainment - Hospitality	526	752	809	283	4.2%
Retail	713	869	944	231	3.5%
Industrial	4,150	3,818	3,724	-426	-6.4%
Total (City of Melbourne)	28,187	31,715	34,868	6,683	100%

Source: SGS Economics and Planning, 2024. Table shows rounded figures.

Appendix 2: Industry categories

The following presents the list of broad industry categories used in the forecast model which come from CLUE. These broad categories roughly map to level one of the [Australian New Zealand Standard Industrial Classification \(ANZSIC\)](#)⁵ developed by the ABS.

More information about CLUE industries can be found in the [CLUE Definitions \(PDF\)](#)⁶ on City of Melbourne's Open Data Platform.

ABS ANZSIC1	Forecast model industries
Accommodation and Food Services	Accommodation
Administrative and Support Services	Admin and Support Services
Agriculture, Forestry and Fishing	Agriculture and Mining
Mining	Agriculture and Mining
Arts and Recreation Services	Arts and Recreation Services
Professional, Scientific and Technical Services	Business Services
Construction	Construction
Education and Training	Education and Training
Electricity, Gas, Water and Waste Services	Electricity, Gas, Water and Waste Services
Financial and Insurance Services	Finance and Insurance
Accommodation and Food Services	Food and Beverage Services
Health Care and Social Assistance	Health Care and Social Assistance
Information Media and Telecommunications	Information Media and Telecommunications
Manufacturing	Manufacturing
Other Services	Other Services
Public Administration and Safety	Public Administration and Safety
Rental, Hiring and Real Estate Services	Real Estate Services
Rental, Hiring and Real Estate Services	Rental and Hiring Services
Retail Trade	Retail Trade
Transport, Postal and Warehousing	Transport, Postal and Storage
Wholesale Trade	Wholesale Trade

⁵ <https://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/1292.0>

⁶ <https://www.melbourne.vic.gov.au/SiteCollectionDocuments/clue-definitions.pdf>

Appendix 3: Space use categories

The following presents the list of space use categories used in the forecast model which correspond to space use codes and industries in CLUE.

More information about CLUE industries and CLUE space use codes can be found in the [CLUE Definitions \(PDF\)](#)⁷ on the City of Melbourne's Open Data Platform.

CLUE space use codes	Forecasts model space use
Commercial Accommodation	Accommodation - Commercial
Common Area	Other - Non Employment
Community Use	Other - Employment
Educational/Research	Education
Entertainment/Recreation - Indoor	Entertainment – Hospitality / Entertainment – Other*
Equipment Installation	Other - Employment
Hospital/Clinic	Health
House/Townhouse	Residential
Institutional Accommodation	Residential
Manufacturing	Industrial
Office	Office
Park/Reserve	Other - Non Employment
Parking - Commercial Covered	Other - Employment
Parking - Commercial Uncovered	Other - Employment
Parking - Private Covered	Other - Employment
Parking - Private Uncovered	Other - Non Employment
Performances, Conferences, Ceremonies	Entertainment – Hospitality / Entertainment – Other*
Private Outdoor Space	Other - Non Employment
Public Display Area	Other - Employment
Residential Apartment	Residential
Retail - Cars	Retail
Retail - Shop	Retail
Retail - Showroom	Retail
Retail - Stall	Retail
Sports and Recreation - Outdoor	Entertainment – Hospitality / Entertainment – Other*
Square/Promenade	Other - Non Employment
Storage	Industrial
Student Accommodation	Accommodation - Commercial
Transport	Other - Employment
Transport/Storage - Uncovered	Industrial

* Forecasts split into 'Entertainment - Hospitality' and 'Entertainment - Other' based on CLUE industry (e.g. 'Food and Beverage Services' and all other industries respectively)

⁷ <https://www.melbourne.vic.gov.au/SiteCollectionDocuments/clue-definitions.pdf>

CLUE space use codes (continued)	Forecasts model space use (continued)
Unoccupied - Under Construction	Vacant
Unoccupied - Under Demolition/Condemned	Vacant
Unoccupied - Under Renovation	Vacant
Unoccupied - Undeveloped Site	Vacant
Unoccupied - Unused	Vacant
Wholesale	Industrial
Workshop/Studio	Office

* Forecasts split into 'Entertainment - Hospitality' and 'Entertainment - Other' based on CLUE industry (e.g. 'Food and Beverage Services' and all other industries respectively)