

Section 3

Demand

Trends in the City of Bankstown: Population

How many people live in the City of Bankstown today?

Populations are counted and estimated in various ways. The most comprehensive population count available in Australia is derived from the Population and Household Census conducted by the Australian Bureau of Statistics every 5 years.

However, the Census count is not the official population of an area. To provide a more accurate population figure, the Australian Bureau of Statistics produces an "estimated resident population" number. The estimated resident population takes into account people who missed the count on Census night, people who were temporarily overseas, and people who did not complete a Census form.

Based on the 2006 Census, the City of Bankstown has an estimated resident population of 176,817. This is the 4th largest population compared to the 41 councils in Sydney, greater than many greenfield councils.

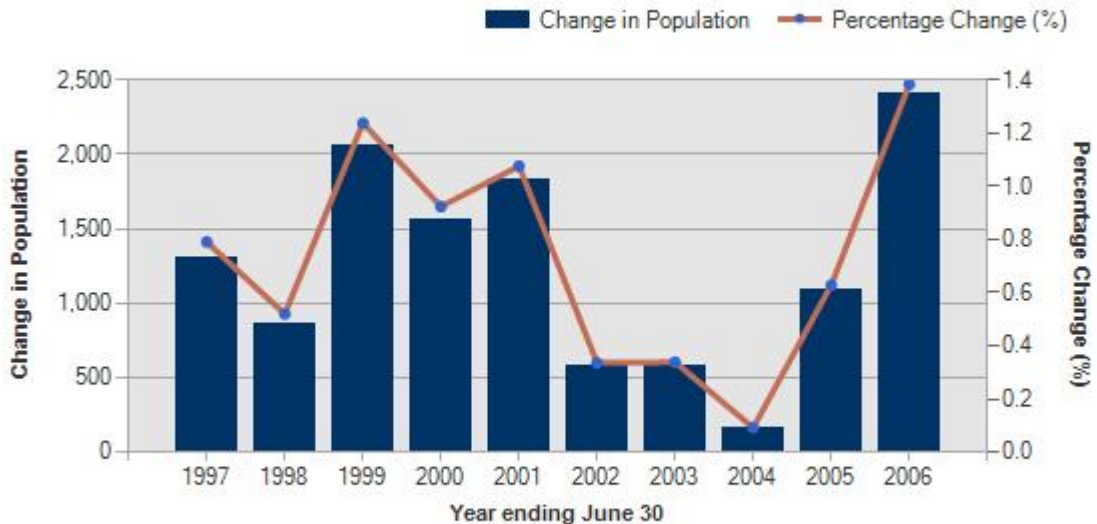
Council		Top 10 Populations
1	Blacktown	279,759
2	Sutherland	212,813
3	Fairfield	186,414
4	Bankstown	176,817
5	Penrith	176,661
6	Liverpool	170,607
7	Baulkham Hills	165,931
8	Sydney City	164,547
9	Hornsby	157,387
10	Parramatta	154,158

However, the rate of growth has declined from 4.54% between 1996 and 2001 to 3.28% between 2001 and 2006. This means the City of Bankstown is growing at a slower rate compared to Sydney at 3.98%. This is largely due to the established nature of the City of Bankstown and the close alignment of the home unit market with the boom–bust investment cycle.

Bankstown City Council

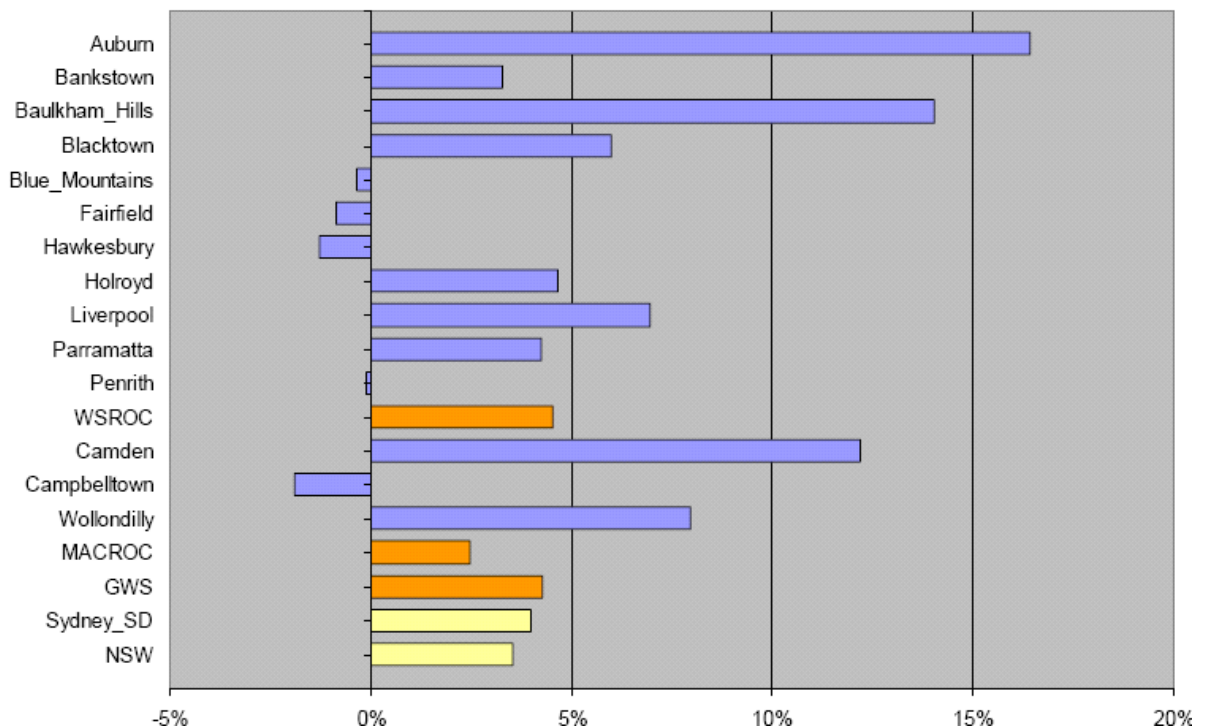
This graph shows the changing growth rates in the City of Bankstown over the last 10 years, ranging from 0.1% to 1.4%.

Change in Estimated Resident Population, Bankstown City Council



Source: Australian Bureau of Statistics, Estimated Resident Population Cat. No. 3218.0.55.001 Regional Population Growth, Australia

This graph shows population changes in Western Sydney between 2001 and 2006. Although the City of Bankstown is fully developed, it experienced significant growth compared to greenfield councils like Campbelltown and Penrith.



Source: Australian Bureau of Statistics, Estimated Resident Population

How many people are likely to live in the City of Bankstown by 2031?

In 2005, the Department of Planning released the NSW Statistical Local Area Population Projections 2001–2031 to support the Metropolitan Strategy. The projection for the City of Bankstown is 205,780 people by 2031, which would require around 10,307 new dwellings to accommodate population growth.

The Department of Planning later released an alternative projection based on the METRIX Planning Tool. The projection for the City of Bankstown is 250,000 people and 26,105 new dwellings by 2031. It is not known whether the METRIX Planning Tool takes into account the NSW Statistical Local Area Population Projections.

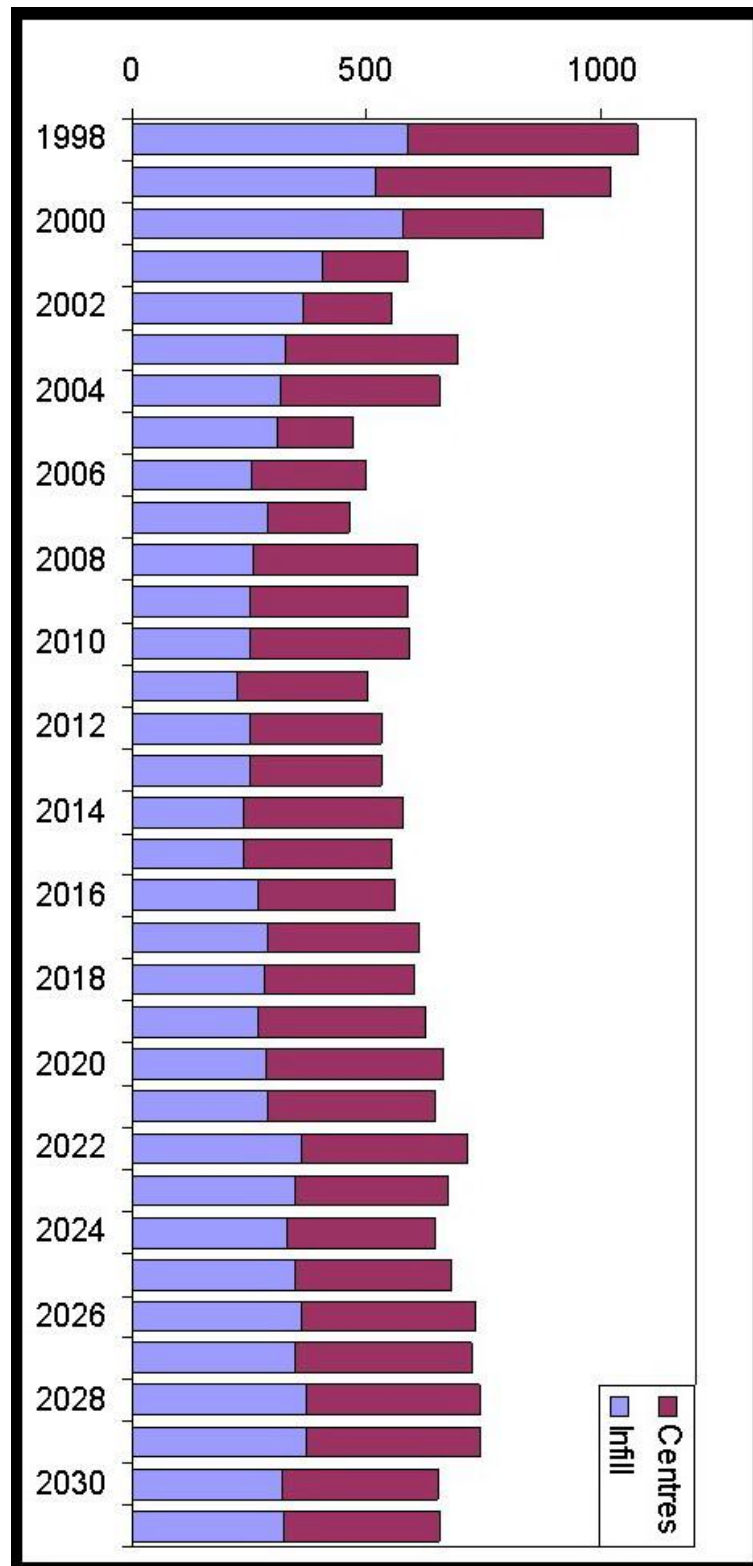
Due to the differences in the Department of Planning's projections, Council commissioned its own population projections to inform the Residential Development Strategy of population and demographic changes to 2031. The forecasts are based on the Australian Bureau of Statistics 2006 census.

The population forecasts estimate the City of Bankstown will reach 210,055 by 2031. This is a reasonable estimate as it takes into account key factors such as birth rates, death rates, migration, development trends, land availability and building cycles. Council's population forecasts are more optimistic over the longer term than the government projection.

The population forecasts indicate a demand for 15,705 new dwellings to 2031.

All areas in the City of Bankstown are expected to increase in population with key drivers being redevelopment opportunities in the Bankstown CBD and infill development in the older suburbs such as Yagoona, Padstow and Revesby.

This graph shows Council's dwelling forecasts from 2007–2031. The forecasts are based on historic trends, settlement patterns and demographic changes. Around half of the future dwellings will be in centres (namely the Bankstown CBD) and the remaining half will continue to be infill development in neighbourhood areas.



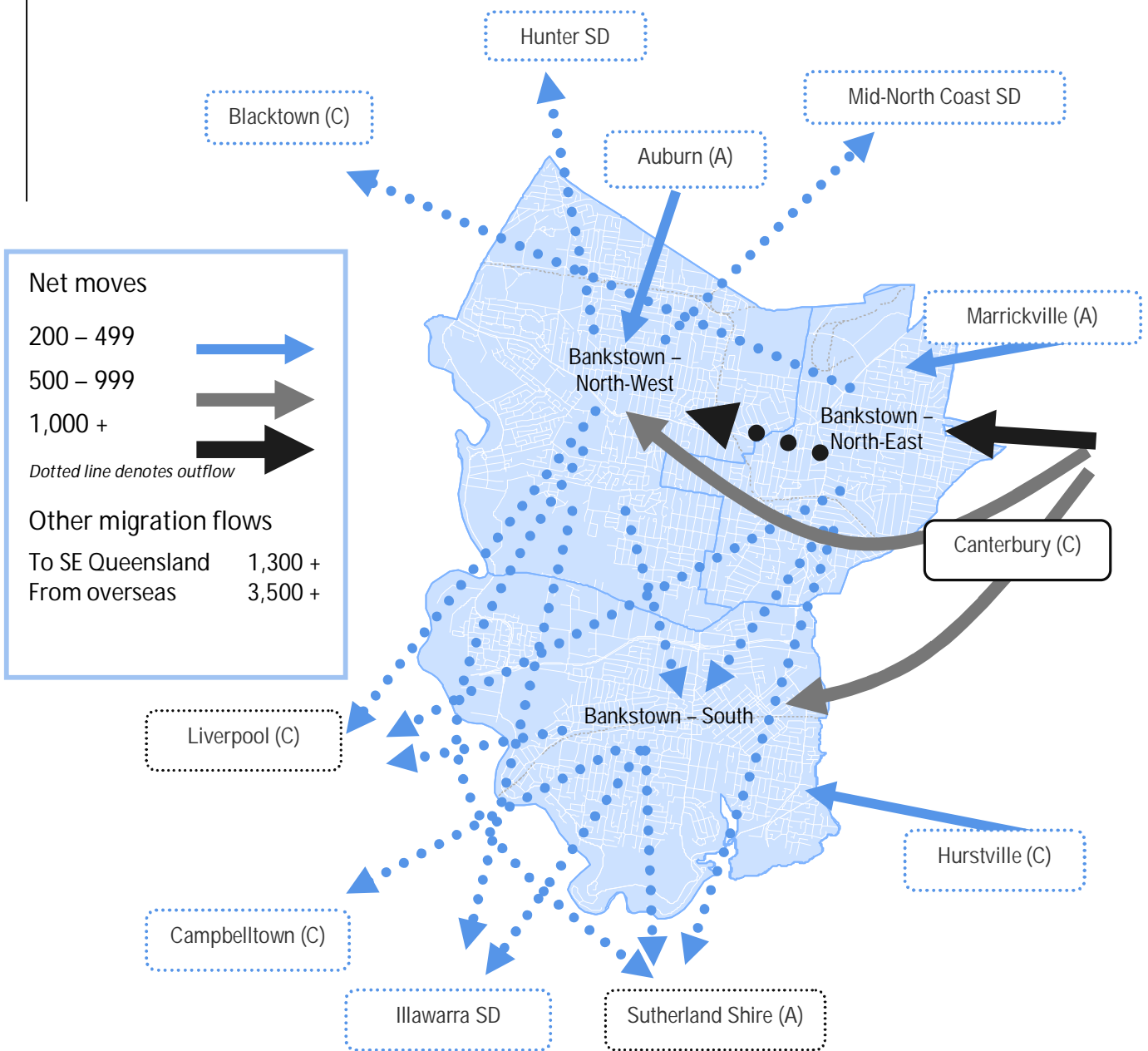
Source: ID Consulting Population & Household Forecasts 2008

How do births, deaths and migration influence housing needs?

The rate of births in the City of Bankstown is expected to decline from 2.17 in 2006 to 2.13 in 2031, while people will live longer in all age groups.

The City of Bankstown will continue to attract migration flows from Sydney's Inner West, such as Canterbury and Marrickville, and act as an entry point for overseas immigration. This means the net migration rate should remain consistent over the next 25 years as the number of young couples and families moving into the City of Bankstown will replace a similar number of young adults and retirees leaving the area to find new housing and lifestyle opportunities.

The diagram below shows migration moves from 2001 to 2006





Source: ID Consulting Population & Household Forecasts 2008

How does household size influence housing needs?


Household size generally follows the lifecycle of families. Households are usually small at the stage of relationship formation (early marriage), and then increase in size with children. Households later reduce in size again as these children reach adulthood and leave home. Overseas migrants may also influence household size as many have a tradition of living with extended family members or with other families.

Household size is an indicator of an area's residential role (relating to the types of housing markets attracted to an area). It is usually indicative of the area's era of settlement and the likely level of demand for services and facilities.



An analysis of households in the City of Bankstown in 2006 shows there is a higher proportion of large families compared to the Sydney average, specifically:

-  52.7% of households are couples with children compared to the Sydney average of 49.3%; and
-  7% of households have 6 or more people compared to the Sydney average of 3.9%.

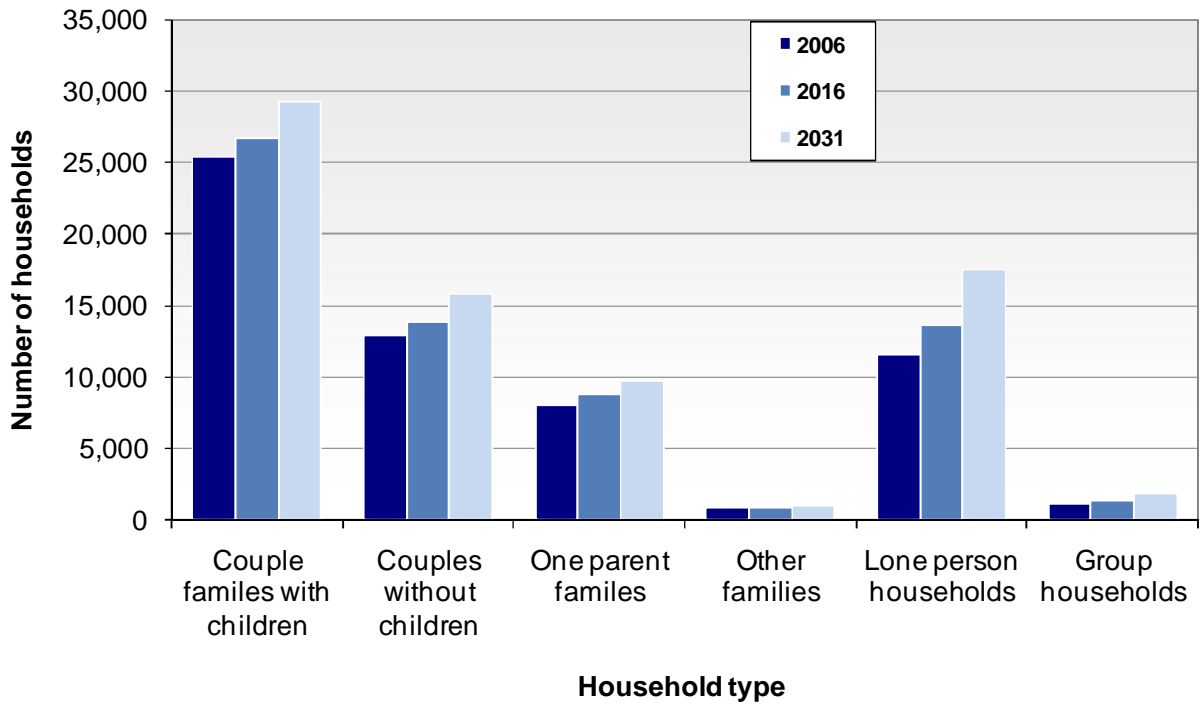
While the population of the City of Bankstown is projected to grow at an annual rate of 0.7% over the next 25 years, the average household is projected to decline from 2.92 in 2006 to 2.77 in 2031. However, this remains higher than the projected Sydney average of 2.36. The population forecasts suggest:

-  The number of couples with children is likely to decline to 38.9% in 2031. Areas such as Chester Hill, Greenacre, Padstow, Panania, Punchbowl and Sefton have been (and are expecting to continue to) lose young adults as children leave home to find new housing opportunities outside of the area.

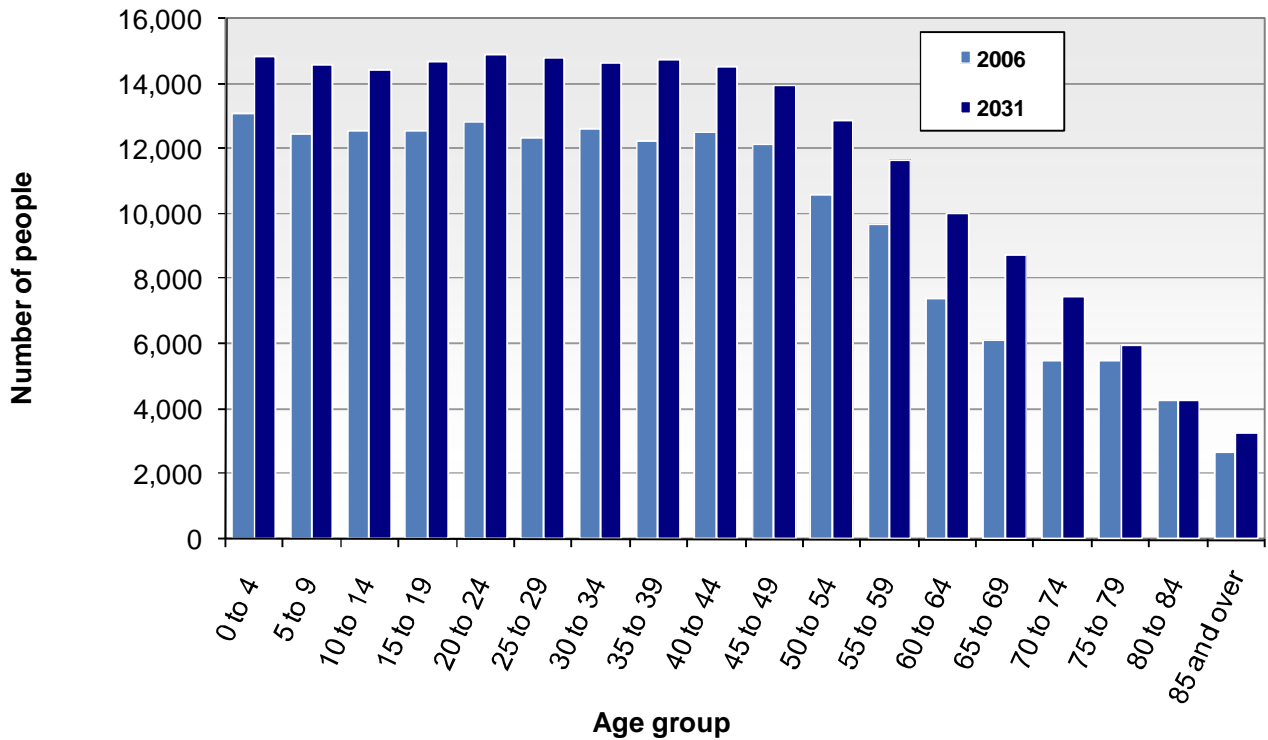
However, Bankstown may experience a significant increase in this group due to the in-migration of young adults and young families attracted to the medium density residential stock that cater for a range of households like families, singles and couples.

-  The number of couples without children is likely to experience a small increase. This group is likely to increase in Picnic Point, Milperra, Panania, East Hills and Villawood as a significant number of older families mature over the period becoming 'empty nesters'.
-  Changing households may lead to an 'older' City of Bankstown, with a significant increase in the number of single people to 23.4% in 2031. This change is largely a result of ageing with concentrations expected in Villawood, and to a lesser extent Chester Hill, Panania, East Hills and Sefton.

This graph shows projected changes in household types for the period 2006–2031.



This graph shows projected changes in age groups for the period 2006–2031.









Source: ID Consulting Population & Household Forecasts 2008

How does age influence housing needs?

The age structure of a population is an indicator of an area's residential role and how it is likely to change in the future. It is usually indicative of the area's era of settlement and the likely level of demand for services and facilities.

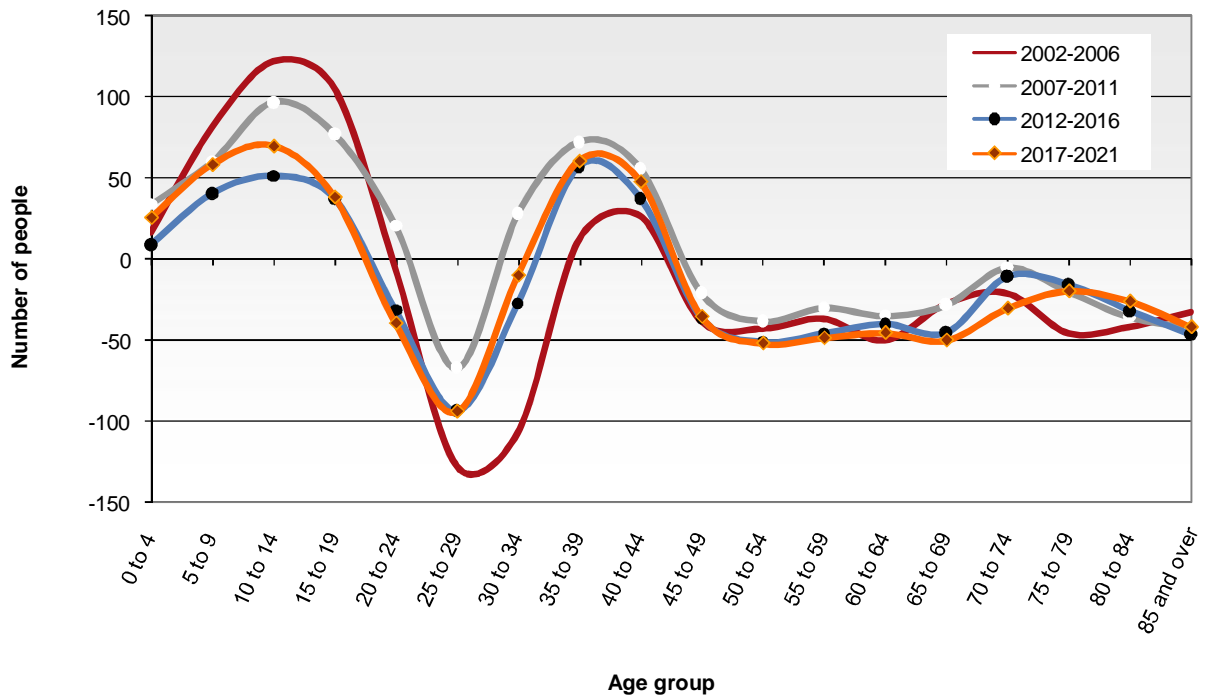
An analysis of the age structure in the City of Bankstown in 2006 shows there is a higher proportion of children (0–17 years) and a higher proportion of older people (60 years or more) compared to the Sydney average.

The population forecasts suggest:

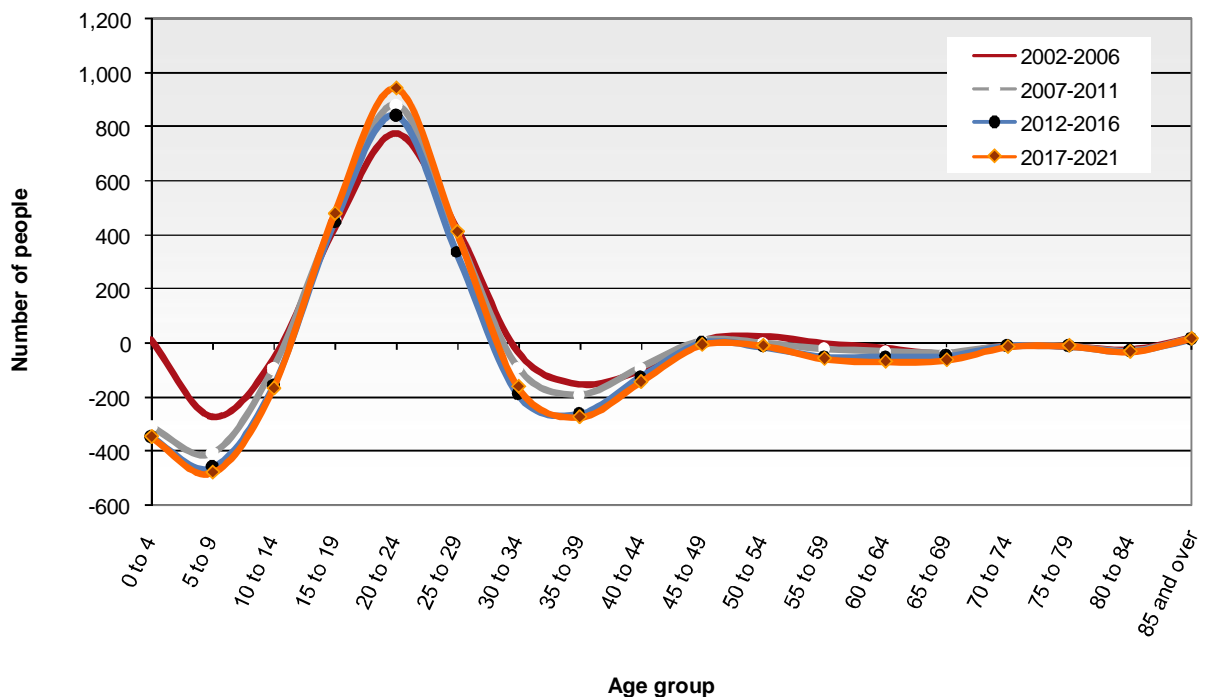
-  The 0 to 4 age group is likely to decline from 7.4% in 2006 to 7.1% in 2031. A concentration of pre-schoolers is likely to continue in Bankstown, Greenacre and Punchbowl. This pattern may be attributable to areas that have affordable housing for young families.
-  The 5 to 11 age group is likely to decline from 9.9% in 2006 to 9.7% in 2031. A concentration of primary school children is likely to emerge in Bankstown, Greenacre and Punchbowl due to recent housing development. Areas with low redevelopment activity such as Milperra and Villawood may experience a net fall in the number of primary school children.
-  The 25 to 34 age group is likely to remain at 14% in 2031. Bankstown is the most urban part of the City as it attracts young adults to high density housing stock. However, areas such as Panania, Punchbowl, Greenacre and Sefton will continue to lose young adults as children leave home in search of jobs and establish households elsewhere. Bass Hill and Padstow may experience a net in-migration of all younger age groups.
-  The 35 to 49 age group will remain the largest age group at 20.6% by 2031. This is consistent with the current median age of residents in the City of Bankstown at 35 years, which is younger compared to the national median age (37 years).
-  The 60 to 69 age group is likely to experience the greatest growth from 7.6% in 2006 to 8.9% in 2031. Concentrations of this age group are likely to emerge in areas that generally developed during the 1950s and 1960s with many residents being original settlers in the area. The areas include Condell Park, Milperra and Villawood.
-  The population in general is expected to age more rapidly compared to Sydney largely due to the established nature of the area. The median age in the City of Bankstown is expected to increase to 40 years in 2031.

Bankstown City Council

This graph shows the areas that are likely to experience growth, but lose older adults and families (Bankstown, Birrong, Chester Hill, East Hills, Georges Hall, Greenacre, Panania, Picnic Point, Punchbowl, Revesby and Yagoona).

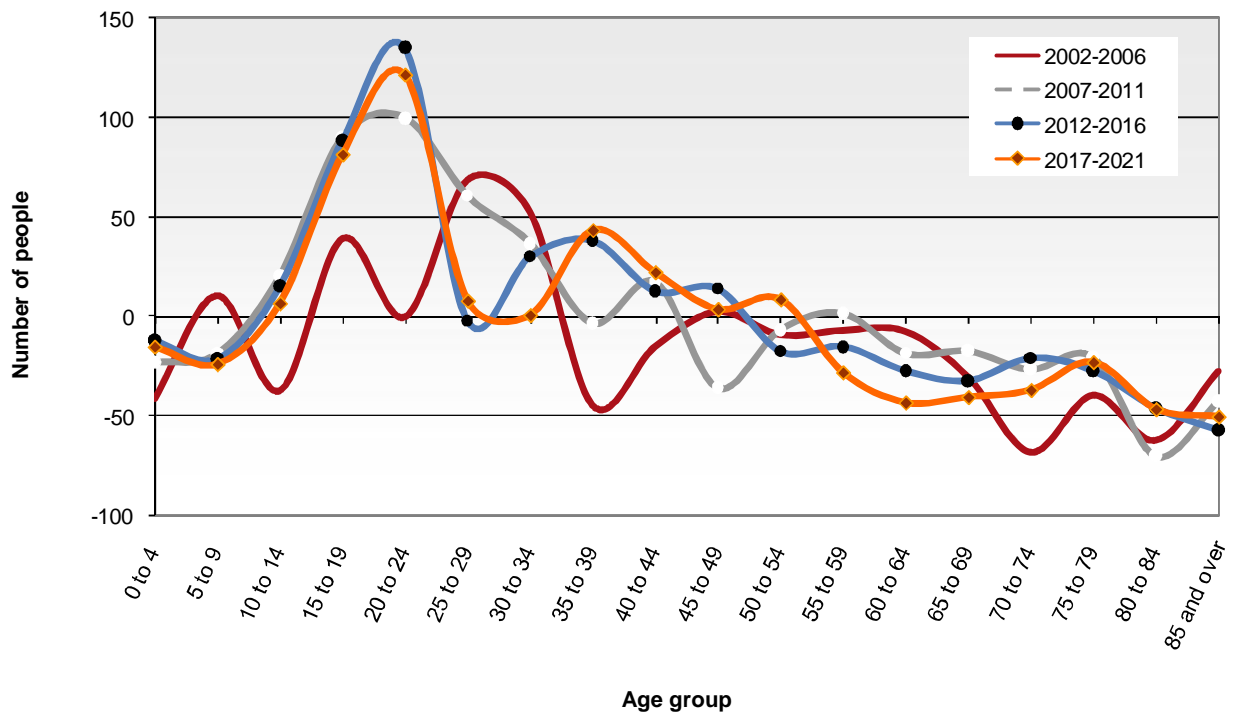


This graph shows the urban areas that are likely to attract the young adult market (Bankstown CBD and Bass Hill).

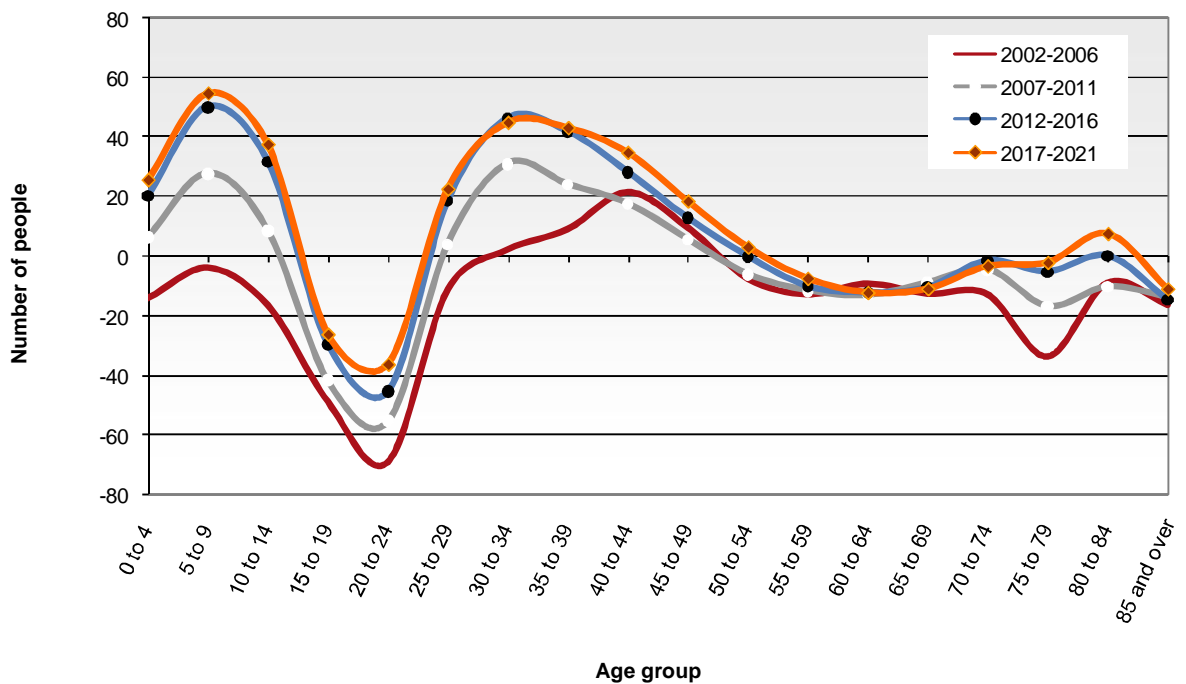


Bankstown City Council

This graph shows the areas that are likely to have a mix of age markets including young adults and families (Padstow and Padstow Heights).



This graph shows the established areas that are likely to have mature families (Condell Park, Milperra and Villawood).




Source: ID Consulting Population & Household Forecasts 2008

How does income influence housing needs?


Income is an indicator of the socio-economic status of the population and helps to evaluate economic opportunities of an area.

An analysis of household incomes in the City of Bankstown in 2006 shows there is a higher proportion of low income households (those earning less than \$400 per week) compared to the Sydney average. There is also a higher proportion of lower skilled workers and one in ten of the economically active population is unemployed, well above the regional average.

This relatively disadvantaged population is a primary driver of decreasing housing affordability in the City of Bankstown, as the gap between actual weekly income and the weekly income needed to purchase a home continues to widen. For example:

 In 2001 the median price for a house in the City of Bankstown was \$299,500, 7.2 times the median household income. By 2005 the median price increased to \$425,000, 8.4 times the median household income. The median priced house in Sydney is \$467,000.

A household would need to earn \$2,161 per week to affordably purchase without equity. However, this is 2.21 times the median household income in the City of Bankstown (\$978 per week).

 In 2001 the median price for a home unit in the City of Bankstown was \$215,000, 5.1 times the median household income. By 2005 the median price increased to \$292,000, 5.7 times the median household income. The median priced home unit in Sydney is \$375,000.

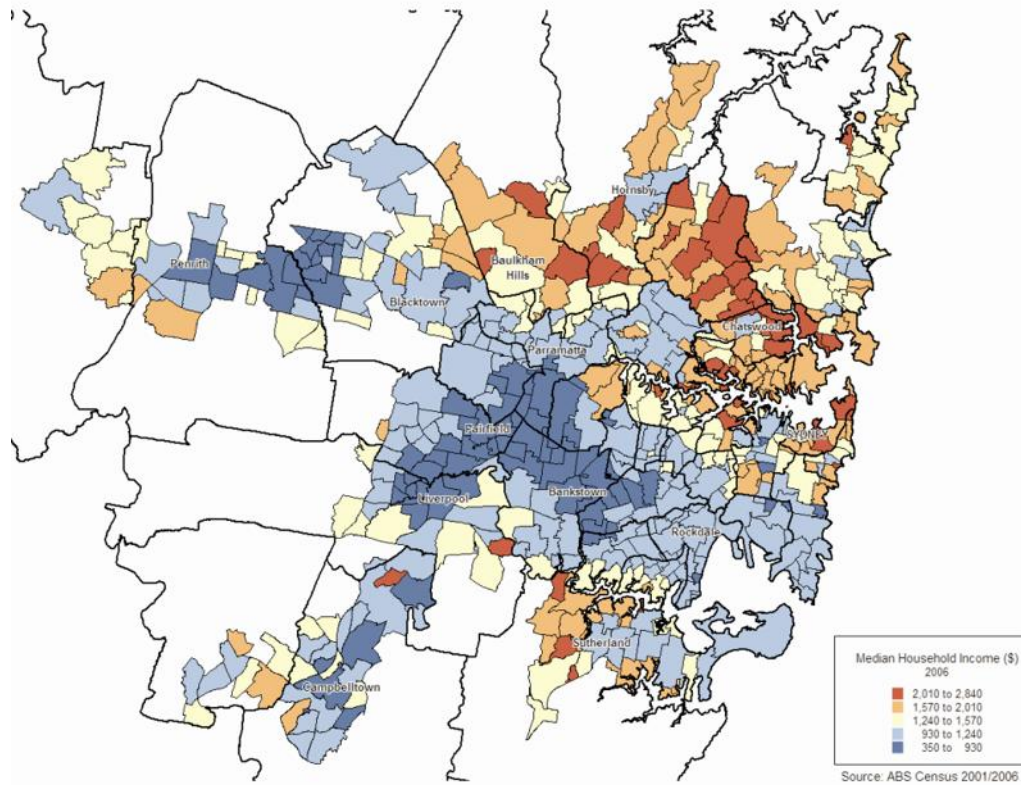
A household would need to earn \$1,485 per week to affordably purchase without equity. However, this is 1.52 times the median household income in the City of Bankstown (\$978 per week).

There is a strong connection between household incomes and dwelling types.

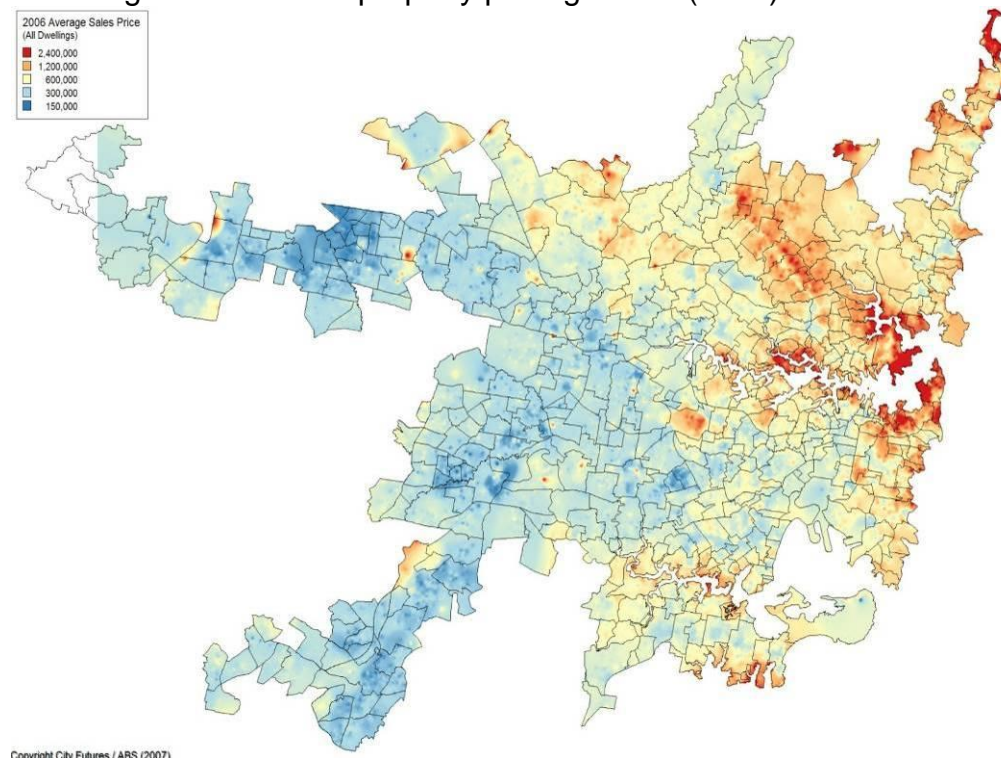
In the neighbourhood areas, upwardly mobile households are choosing to buy or redevelop new houses and dual occupancies within the suburbs where they live.

In the local shopping centres, there is an absence of higher income households. This has led to a market gap, which undermines the feasibility of home units outside of the Bankstown CBD. This market gap may continue if the City of Bankstown cannot offer sufficient tertiary employment, tertiary education or high amenity facilities to attract potential buyers.

This diagram shows median household income levels by suburb in Sydney (2006).



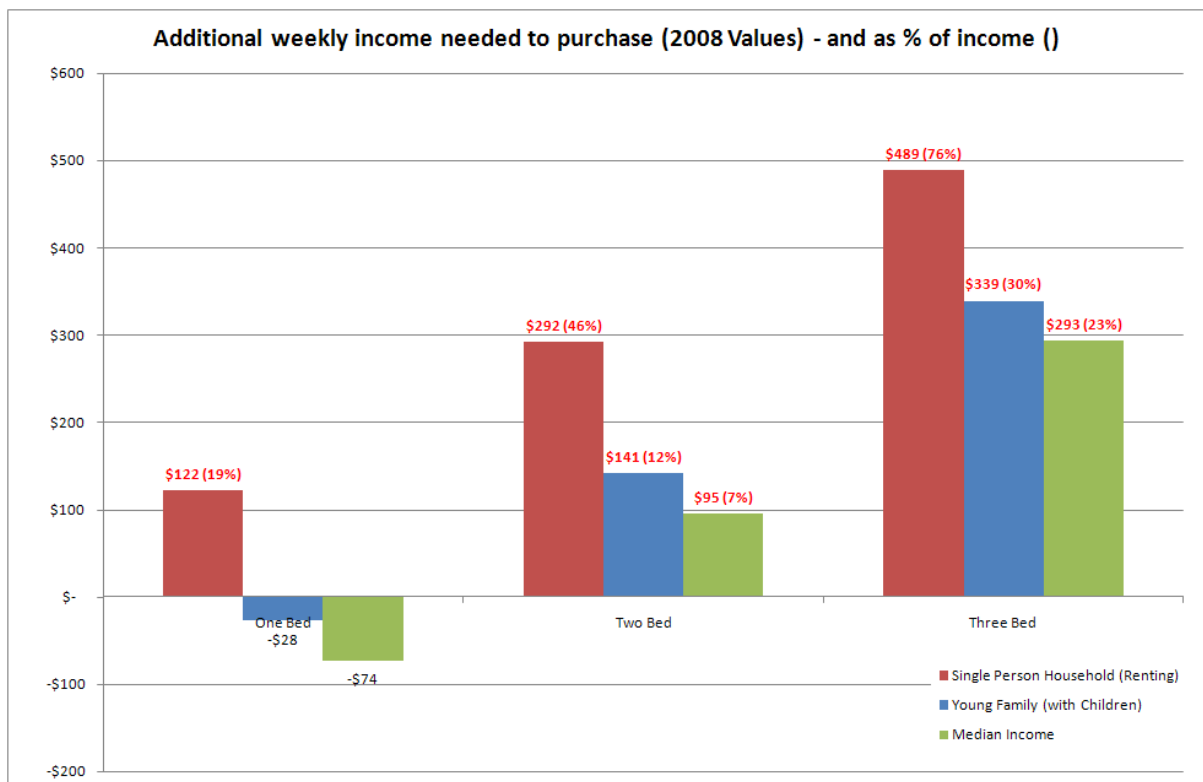
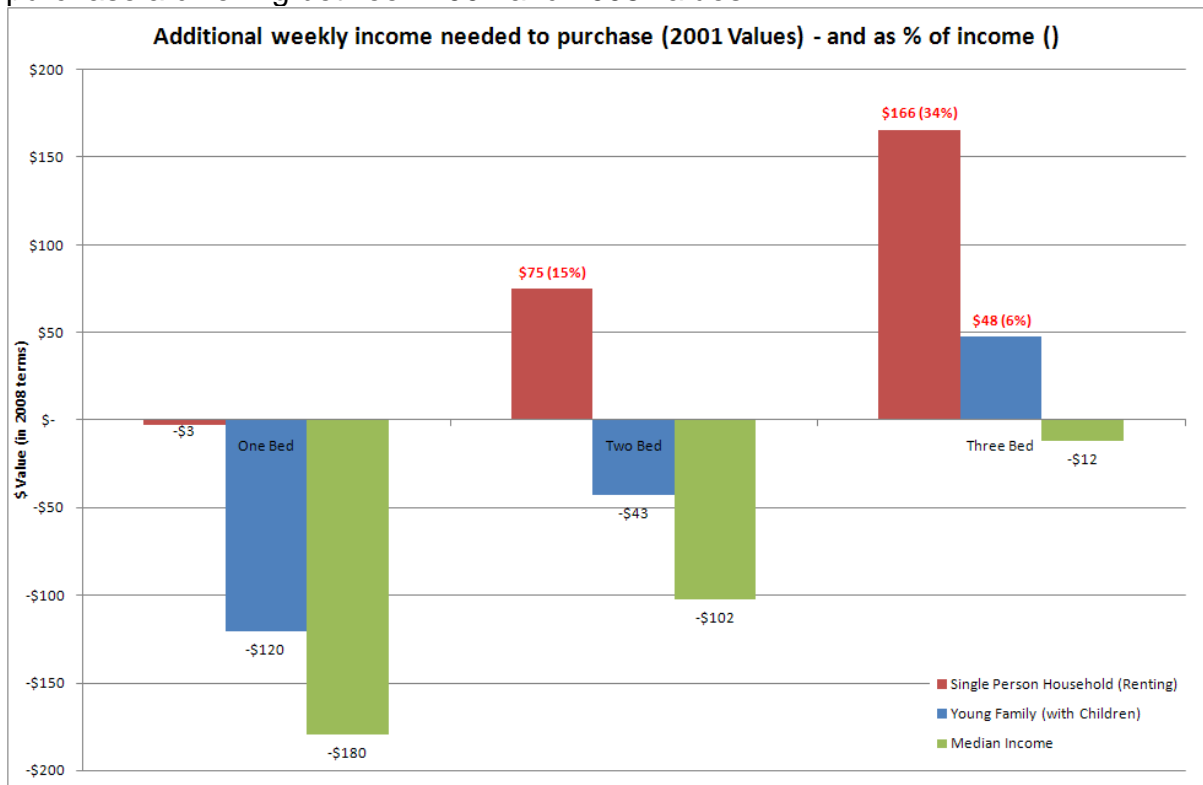
This diagram shows the property price gradient (2006).



Source: City Futures Research Centre of the University of New South Wales

Bankstown City Council

The graphs below show an increase in the additional weekly income needed to purchase a dwelling between 2001 and 2008 values.



Source: City Futures Research Centre of the University of New South Wales

Trends in the City of Bankstown: Housing Demand

What will the City of Bankstown look like in 2031?

The City of Bankstown is moving towards the end of its initial lifecycle as the original population ages and more diverse communities move in. Sub-markets are emerging in the form of older communities, empty nesters, a low cost rental market, and relatively affordable housing (such as fibro houses and ageing walk-up home units) for low and moderate income home buyers.

However, the City of Bankstown will remain suburban in nature.

The Housing Market Analysis predicts the urban form and function of the City of Bankstown will look largely the same in 2031 as it does today, as the majority of housing stock needed to meet future demand already exists.

Where multi-unit development does occur, it is likely to be through dual occupancies and villas in the neighbourhood areas. This trend is sufficient to allow residents the opportunity to move up, progress, consolidate and downsize over the next 25 years.



What is the likely demand for houses over the next 25 years?

The strong demand for houses will remain, and houses in low density suburban areas will continue to be the predominant built form in the City of Bankstown.

At present, the characteristics of residents living in houses are mainly couples with children (47%), managers and professionals, and Australian born residents (75%). Houses have the highest level of outright ownership (75%).

The majority of houses have three or more bedrooms (79%) and two or more car spaces (48%).

As changing household profiles lead to an 'older' Bankstown (45–64 age group), the preferred housing option for older residents is to remain in their home for as long as possible. Ageing in their home allows residents to maintain their network of friends and family, and to access services they are familiar with such as a family doctor, clubs, local shopping centre and public transport.

What is the likely demand for dual occupancies and villas over the next 25 years?

The development of dual occupancies and villas in the neighbourhood areas will play a fundamental role to providing new housing stock in the City of Bankstown and add variety to housing choice. Allotment size is currently the only location criteria.

At present, the characteristics of residents living in dual occupancies and villas are mainly couples with children (32%) followed by single people (27%), and Australian born residents (51%). A recent trend is an increase in residents born in Asia (20%) and the Middle East.

The majority of dual occupancies and villas have three or more bedrooms (64%) and two or more car spaces (30%), although the analysis does not assume a growing need for one and two bedroom dwellings based on household size trends.

Residents like to live in dual occupancies and villas as it meets their desire to live a suburban life. They like to feel they are living in a house but without the need to maintain a large place with big yards.

Residents feel safe being close to other people and within view of neighbours.

The close proximity of dwellings within dual occupancies and villas tends to create a strong sense of comradeship among residents. It is an opportunity for single people to maintain social contact with other people, and often encourages a group mix (such as young parents with children living alongside single elderly residents) that may not be normally found in a typical street.

Other features that residents like are the opportunity for Torrens Title subdivision to make it feel like they own their own home, and convenient access for the elderly and people with disabilities (for example the single storey villas at street level).

What is the likely demand for home units over the next 25 years?

In line with recent trends, home units will continue to increase as a proportion of new dwellings entering the market and provide an entry level destination for people arriving to Sydney.

At present, the characteristics of residents living in walk-up units are mainly couples with children (23%) while residents living in high-rise units are mainly single people (30%) and couples with children (29%).




The ethnicity of families is changing with a significant decrease in the number of Australian born residents living in home units (37% total, with only 1% in high-rise units). At the same time, there has been an increase in the number of Asian and Middle Eastern families. Asian born families have increased to 23% in walk-up units and 27% in high-rise units. Middle Eastern families have increased to 13% in walk-up units and 11% in high-rise units.

Contemporary high-rise units in the Bankstown CBD do appear to be attracting a growing market of younger professionals in the 25–34 age group. This mobile household will act as the principal driver of home unit development in the core area of the Bankstown CBD.

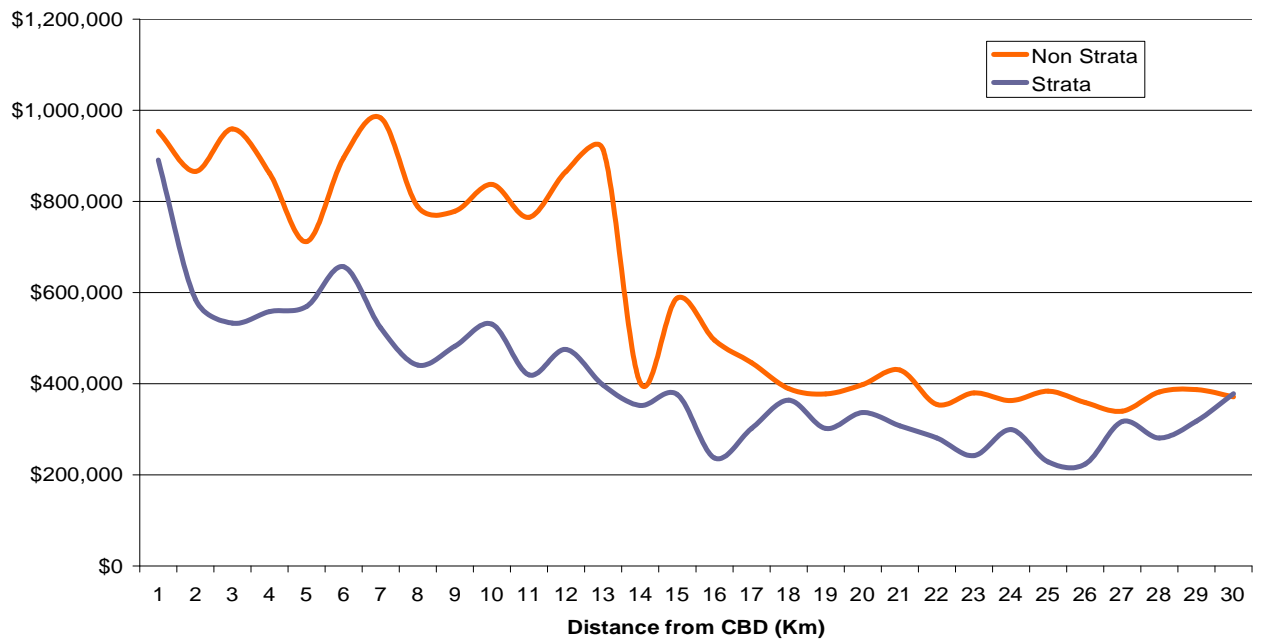
However, the home unit market is closely aligned with the boom–bust investment cycle. Future development will depend on the continued (or indeed revival of) interest by investors in the local housing market.

The boom–bust cycle is evident in past development patterns. Despite generous zoning and density changes, experience has shown it is beyond the State Government or Council's capabilities to influence the production rate of home units. One reason is that small investors continue to dominate the local housing market. Small investors are less likely to get involved in the complexity of home unit development. This explains the widespread popularity of simple and low risk development such as houses, dual occupancies and villas.

The home unit market is likely to remain weak to 2031 as:

-  The cost of land consolidation may inhibit home unit development. The City of Bankstown displays the highest median sales price for all dwellings in the West Central Subregion. The rents and sales prices for homes are generally higher in the southern part of the City compared to the north, and this trend is likely to continue over the next 25 years.
-  There is a market gap (high income residents holding professional qualifications and tertiary education), which undermines the feasibility of home units outside of the Bankstown CBD. This market gap may continue if the City of Bankstown cannot offer access to tertiary employment, education and other facilities to potential buyers.
-  Unwillingness of apartment purchasers to pay commercially viable prices.

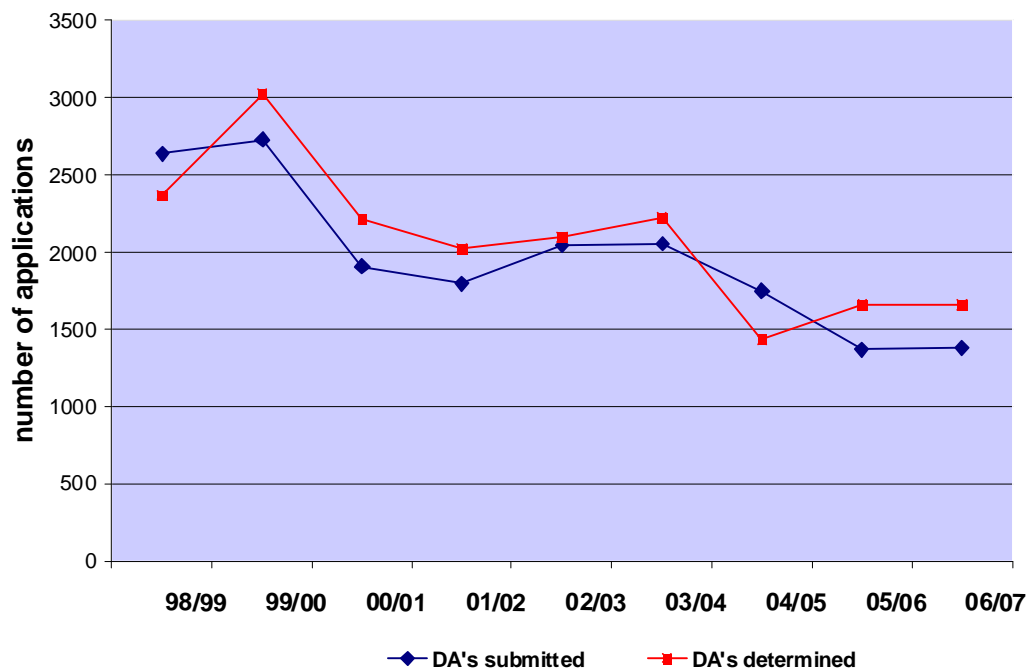
This graph indicates the average sales price (2006/7) west of Strathfield significantly declines, to the point where developers cannot achieve a desired 20% profit margin for the development to be viable.



Source: City Futures Research Centre of the University of New South Wales

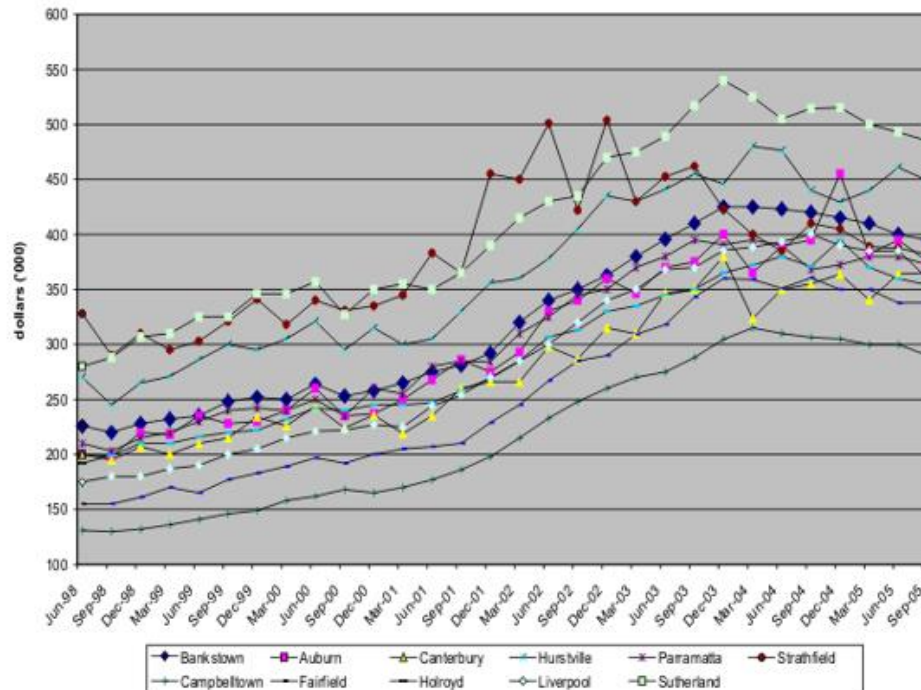
This graph shows development activity in the City of Bankstown is closely aligned with the boom–bust investment cycle. Since 2004, Council has seen a drop in the number of development applications submitted for home units and mixed use development.

Development Applications 1998 - 2007

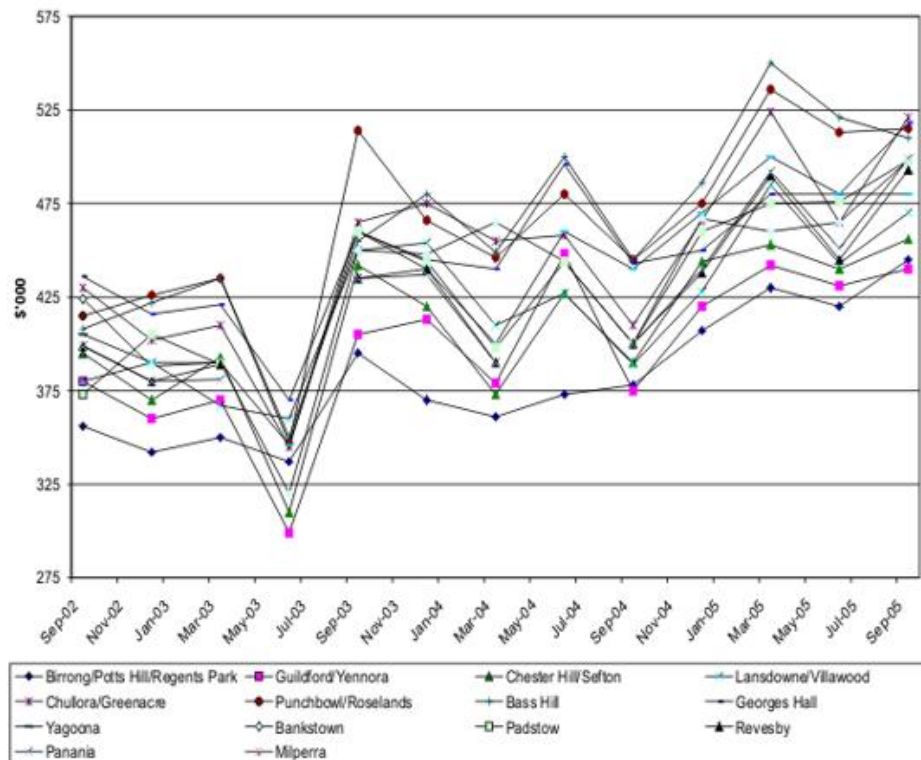


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This graph shows the City of Bankstown has the highest median price for dwellings in the West Central Subregion (Auburn, Bankstown, Fairfield, Holroyd, Parramatta).



This graph shows the different median sales price for houses depending on location, which may affect the ability to consolidate land.



Source: Department of Housing, Rent and Sales Reports

What is the likely demand for aged housing over the next 25 years?

The City of Bankstown offers a range of retirement villages, residential aged care facilities and care services.

Suburb	Residential Aged Care Facility	Retirement Village
Bankstown	1 (45 low care places)	–
Bankstown CBD	1 (63 low care places & 30 ILUs)	–
Bass Hill	2 (78 high care places, 45 low care places & 36 ILUs) + 120 approved places	–
Chester Hill	2 (100 low care places & 10 ILUs)	1 (141 independent living units)
Georges Hall	1 (50 high care & 101 low care places) and 1 approved facility (114 places)	–
Greenacre	2 (90 low care & 201 high care places)	2 (15 independent living units)
Padstow– Padstow Heights	2 (184 high care & 56 low care places)	3 (210 independent living units)
Revesby– Revesby Heights	3 (70 high care & 142 low care places) + 60 approved places	–
Yagoona	1 (150 high care places)	2 (106 independent living units)

At present, around 80% of residents in retirement villages would have previously lived within a 10km–15km radius of the facility. The majority of residents entering a residential aged care facility lived within a 5–6km radius of the facility. These types of development may see an increase in Australian born residents as non–Australian families are more likely to care for and support the elderly members of their family.

Market forces drive the growth of retirement villages (optimum size is 100 to 200 units) although a limiting factor is the availability of suitable land and competition for such land from traditional residential developers.

The Commonwealth Government regulates the supply of residential aged care facilities through the allocation of low care and high care places. According to the Department of Health and Ageing, the benchmarks are 108 places per 1000 population aged 70 years and over (40 high care, 48 low care, 20 community care).

The land requirement for a residential aged care facility is considerably smaller (average 6,000–10,000m²). However, competition for land still applies and the high cost of land often diminishes the economic viability of a residential aged care development. The optimum size for a new residential aged care facility ranges between 80–120 places depending on the levels of care being provided.

Due to the high cost and shortage of land in the City of Bankstown, high–rise retirement villages may become an option although the low–rise retirement village continues to be the popular form of development. Facilities that co–locate with clubs, churches and hospitals may also become more common in the future.

Will the City of Bankstown have affordable housing in 2031?

The City of Bankstown offers relatively affordable housing due to its spatial position in Sydney. It is relatively cheaper than the suburbs to the east and south (such as Hurstville, Strathfield and Sutherland) while expensive compared to the suburbs to the west (such as Campbelltown, Auburn, Parramatta, Fairfield, and Liverpool).

However, a complex mix of affordability issues characterises the City of Bankstown.

Firstly, affordability is not distributed equally across the City. The rent and sale prices for dwellings are generally higher in the southern part of the City than in the north, with the exception of the Bankstown CBD which has higher rent prices for home units.


Secondly, there is a strong connection between household incomes and dwelling types. The City of Bankstown has one of the highest proportions of low income households in Sydney who mainly rent as an affordable option. A majority of households expect to eventually purchase a house, but there is a significant group which is expected to remain as renters in the future.

The vast majority of walk-up units currently represent a core element of affordable stock for the private rental market and for entry into home ownership.

There is a tendency for a relatively disadvantaged population (high unemployment rates, low household incomes, and low home ownership) to concentrate in walk-up units. Many low income households have limited options or ability to rent more suitable accommodation or move into home ownership. The low rents and purchase prices will also continue to attract people unable to find housing in other parts of Sydney.

A relatively disadvantaged population in an 'older' Bankstown may also impact on the ability for residents to pay the accommodation bonds and charges in residential aged care facilities and the ongoing contributions to a retirement village. Most residents in aged care facilities will be pensioners and a high percentage entering a retirement village will need to sell their family home to fund the move.

Affordability is an important issue as the Metropolitan Strategy is looking to replace houses with more home units in the City of Bankstown. The following issues may emerge:

 There are more families with children moving into home units. Households may experience overcrowding (given that units generally have fewer bedrooms than houses and dual occupancies) and may substantially increase the demand for parks, public recreation facilities and community services.



A renewed focus on centres may see high quality home units displace a significant number of low income families living in old houses (often built of asbestos fibro sheeting which was a popular and affordable building material). The residents are forced to relocate away from social and support networks or at risk of homelessness.

An increased demand for housing assistance may result. Although the Department of Housing currently provides 6,471 public housing dwellings (representing 10% of all dwellings in the City of Bankstown), this number will decline as the Department is committed to breaking up large holdings of public housing.



A renewed focus on centres may increase rents and reduce the discretionary income of households in housing stress. This will impact on their ability to pay for other essential items (such as health, transport and utility bills) and could lead to social problems in areas other than housing.



New home units must comply with the high quality construction standards of State Government guidelines (such as SEPP 65 and BASIX) and may impact on the ability for residents to pay ongoing strata contributions.

In addition, home unit development appears to be closely aligned with a boom–bust investment cycle. The increasing affordability of home units in 2001 follows numerous years of high building approvals for multi–unit development, and this in part may have helped suppress price inflation above and beyond general market trends at that time.

While this may suggest that increasing home unit construction is a way to ensure affordability, this assumption may increase the concentration of a disadvantaged population. It can also lead to a gap between residents living in houses and dual occupancies versus those in walk–up units. There is already a trend emerging that may split the Bankstown CBD into two household types:



Disadvantaged households who are mostly confined to ageing walk–up units on the fringe.



Households with professional qualifications, tertiary education and high incomes moving into new, high–rise units in the business core.

While existing walk–up units will remain in 2031, the boom–bust cycle of the residential investment market will continue to directly influence the provision of new home units and rental stock. There are around 2,000 approved units not yet constructed in the City of Bankstown due to poor market demand.

The analysis suggests the debate on affordable housing should not be about providing additional cheap homes for particular income brackets or household sizes. The debate should focus on a strategic approach that takes into account market responses and changing drivers, such as interest rates.