Melbourne Docklands: it’s a class remake but it ain’t classy

If gentrification is defined by the combination of marked revalorisation of land, displacement of the occupants and consequent class transition, how are we to understand the redevelopment of the Melbourne docks? Land uses were transformed from low-value industrial to highest and best office/residential/retail, and sale prices started at twice the metropolitan median. The dock workers are gone, with the massive restructure redeploying some of them downstream. But what to make of the change in class character? One quarter of the apartments at Melbourne Docklands are unoccupied, and others are crammed with students paying exorbitant rents. Drug busts and the occasional dead body are lending the area a distinctly noir feel. Recent efforts by the state development authority, the City of Melbourne and a Docklands developer to ‘activate’ the precinct suggest that the first round of regeneration didn’t deliver quite the desired results. Should the recent initiative be considered a second attempt at state-sponsored gentrification, or is the transformation of Docklands a different process altogether?

Gentrification generalised

The generally accepted, contemporary definition of gentrification is the “production of space for progressively more affluent users” (Hackworth, 2002: 815). Specifically, the process is identified by three features: the revalorisation of land (closure of Smith’s [1979; 1996] rent gap), displacement of its former occupants and/or use values (Marcuse 1985) and a conspicuous transition in class character (Lees et al 2008). The term is applied to residential transformation and its commercial and retail equivalents (Rose 1996; Zukin 1995) and involves adaptive re-use of old buildings and the introduction of new build (Davidson and Lees 2005). Even where there is no direct displacement, regeneration that results in land value increases and higher-return land uses can be considered gentrification. As Smith argued in 2002, the expansion and generalisation of gentrification involves governments assisting private investors into higher-risk quarters where sometimes there are no prior occupants. Redevelopment of public housing estates by constructing private housing on their grounds, for example, or of industrial areas through rezoning to mixed use, significantly increases the exchange value of these areas and changes their socio-economic composition.

Kipfer and Petrunia (2009), Slater (2006) and Davidson and Lees (2005) among others argue that changes such as these absolutely constitute gentrification, notwithstanding the absence of direct displacement. They draw on Marcuse’s (1985) use of the term ‘exclusionary displacement’ to refer to the exclusion of low-income people from a place they might have lived in (or worked or shopped) had the place not become gentrified (see Shaw and Hagemans 2015 for more on this discussion).

In this context, how should we consider Melbourne Docklands and the entirely transformed class character from its former use as working docks? The docks were moved to the mouth of the Yarra River throughout the 1980s, partly because of changing shipping technologies, and partly because the land closer to the city centre was of such high potential value. By the early 1990s the vacated land was still zoned industrial and in public ownership. Sale to the private sector and subsequent rezoning encouraged highest and best use, which was duly delivered in the form of the globally formulaic office/residential/retail mix. The offerings were uniformly high-rent, with commercial and residential sales and rents starting at more than twice the metropolitan median. By any measure, this was a substantial capitalisation on the rent gap.
The dock workers were gone by the time the land sales were transacted, but it’s perhaps not too much of a stretch to think of them as having been displaced in the interests of this recapitalisation. In any event, Marcuse’s notion of ‘exclusionary displacement’, given the land value increases, clearly holds. So the second criterion for judging Docklands as gentrified is satisfied.

It was certainly the intent of the politicians, the development corporation, the developers and the marketers to present Docklands as the very image of a ‘class remake’ (Smith 1996). Promotional literature referred to the “creation of a waterfront spectacular. An urban oasis. A modern marvel” (VicUrban 2005).

Australia’s most ambitious urban renewal project ... has involved the transformation of an industrial wasteland into one of the most stunning city waterfront precincts in the world today. (VicUrban 2005)

But below the shimmering blue waters of the artists’ renditions, something rather darker was going on.

**Docklands described**

Melbourne Docklands is Australia’s largest urban renewal project. It covers an area of 190 hectares and, according to the development authority, will have absorbed $17.5 billion of private investment with 20,000 residents and 60,000 workers on completion (Places Victoria 2015).

The 2011 Australian Bureau of Statistics (ABS) Census counted 5,789 residents at Docklands in 4,006 dwellings. A recent demographic profile by City of Melbourne (2013) showed the median personal weekly income to be $1,060, compared with $711 in the broader municipality. By 2014 there were 5,272 apartments, 756,059 sqm of commercial and retail space, and 53,268 workers (City of Melbourne 2014). The top three industries are finance and insurance, business services, and public administration and safety (City of Melbourne 2014).

Figure 1 shows apartment sale prices at Docklands. Apart from a few exceptions, they maintain a standard minimum of $400,000. In 2002-3, when sales began, the median price was $800,000.

This can be compared to sale prices in other areas of Melbourne. Figure 2 shows apartment sale prices in and around Fitzroy Street, St Kilda, which can be considered one of the more gentrified
parts of the inner city. The standard minimum is $100,000 - $200,000, though it is increasing. Around 2003, the median apartment price was a bit below $400,000 – half that of Docklands.

Figure 2. Apartment sale prices in and around Fitzroy Street, St Kilda, 1992-2014 (source: REIV database)

![Figure 2](image1)

Figure 3 shows the areas in and around Gertrude and Johnston Streets in Fitzroy, both of which are gentrifying. They also maintain a standard minimum of $100,000 - $200,000. Around 2003, the median apartment price was $400,000.

Figure 3. Apartment sale prices in and around Gertrude and Johnston Streets, Fitzroy, 1992-2014 (source: REIV database)

![Figure 3](image2)
Docklands’ revalorisation

In 2003, Docklands apartment sale prices started at twice the price of apartments in two gentrified or gentrifying areas of inner-Melbourne. Unlike in St Kilda and Fitzroy, though, where median prices have maintained a steady upward trajectory, median prices at Docklands, right from the beginning, went into a slow decline. As early as 2004, the Real Estate Institute of Victoria observed that the first re-sales of Docklands apartments were not reaching their original prices. Property advisors began recommending against investment properties at Docklands: “Witness the May resale of a Docklands apartment for $715,000 against a purchase price of about $900,000 in late 2000 – a loss of about 20 percent excluding costs” (Wakelin 2004:3).

Not everyone heeded this advice. In 2013, only 24 percent of the dwellings were owner-occupied. Rental dwellings accounted for 43 percent, with the remaining 33 percent unoccupied (City of Melbourne 2013). Some of these empty apartments were newly constructed and as yet unsold, and because data is not collected on occupancy other than the five yearly ABS census – which is not a particularly reliable measure as it captures only one night in the census year – it is difficult to determine precisely how many investment properties are purchased but mainly unoccupied and not for lease on the rental market. However, methods such as examining water retailers’ usage data allow rates of water consumption to be used as a proxy to determine vacant dwellings. The most recent research on this basis puts the number of unoccupied dwellings at Docklands at 27 percent (Cashmore 2014). The ABS 2011 census put the unoccupied rate at Docklands at 17 percent; the 2006 census had it at 23.4 percent (City of Melbourne 2013; 2008). It seems safe to conclude that up to three-quarters of the apartments at Docklands are investment properties, and that as many as one-third of these are empty or, at best, short term rentals.

Notwithstanding the decline in sale prices, the rental returns on investment properties are high and constant. Figure 4 shows rental data from 2001.

Figure 4. Rental data at Docklands, 2001-2014 (source: REIV database)

With a few exceptions, rents at Docklands maintain a standard minimum of around $400 per week. The median rent is just below $600 per week.

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1 The REIV database relies on real estate agents entering sale price and rental data. We can only presume that the agent who handled the original sale that Wakelin refers to neglected to record it. The database is however the most comprehensive source of property data in Victoria.
This data can be compared with rents in the region of Fitzroy, Collingwood and Abbotsford for the same period (figure 5).

Figure 5. Rental data at Fitzroy, Collingwood and Abbotsford, 2001-14 (source: REIV database)

Again, the pattern is clear: rents in Fitzroy, Collingwood and Abbotsford start at around half that of Docklands, at $200 per week. And again, unlike at Docklands, rents are increasing. In the early 2000s the median rent in Fitzroy, Collingwood and Abbotsford was half that of Docklands, at $300 per week, but the difference is closing.

Clearly the redevelopment of Docklands constitutes a significant revalorisation of the land and delivered substantial profits to the original developers who capitalised on the rent gap. Indeed, the sums paid to the state government by the first developers were in some cases well below even the unimproved value of the land at the time, representing really significant profits for them (for more on that story see Shaw 2012). They were the big winners, pulling off something that no Docklands’ investor since has been able to repeat.

**Displacement from Docklands**

Those who were most disadvantaged by the redevelopment were of course those dock workers who lost their jobs in the restructure of the shipping industry. This cannot be attributed entirely to the revalorisation of Docklands but neither is it unrelated. Other uses in the interim period, between the functioning docks and the redevelopment, included furniture design and manufacture and artists’ studios, circus and theatre performances in the old warehouses, and rave parties. These uses, most of which were informal, and the socially-created use values of the deindustrialised land at that time – alternative uses that tapped into and helped fuel Melbourne’s growing cultural productivity – were also displaced.

Most significant in Marcuse’s (1985) frame are those who are excluded from the new development. Industrial work is long gone – only 3 percent of the workers at Docklands are labourers, and these are on the construction sites (City of Melbourne 2013). Professional/managerial positions count for more than half the new jobs, and another 23 percent are clerical and admin workers.

Of the residents, according to the 2013 City of Melbourne demographic profile, Docklands has the third highest proportion of people earning a personal income of more than $1250 per week (33 percent), behind only East Melbourne (38 percent) and South Yarra (35 percent) – the two richest
suburbs in the municipality. A relatively low 17 percent of Docklands residents earned less than $300 per week (with South Yarra, 14 percent, and East Melbourne, 12 percent, the only suburbs to register lower proportions). Docklands had the third highest proportion (16 percent) of residents in the highest income bracket reported by the ABS of $2000 or more per week, again behind only South Yarra (17 percent) and East Melbourne (19 percent).

Apartment sale prices and rents appear exclusive, and their effect is evident in the demographics. All the above is sufficient to conclude that the redevelopment of Docklands displaced and displaces people in direct, indirect and exclusionary ways.

**Docklands’ class remake**

One of the more surprising findings in the City of Melbourne data is that, while there were 5,789 residents in 4,006 apartments in 2011 (from the ABS Census), a Census of Land Use and Employment (CLUE) report estimated that 6,550 residents were living in 3,820 apartments in 2010 (City of Melbourne 2010). That is, even as the number of apartments increased, the actual number of residents declined. There may be issues with the data collection of course, but other sources of information are indicating that there are layers of reality that the formal data collection methods are not detecting.

In November 2014 a fire in one of the residential buildings spread alarmingly quickly from the 6th to the 21st floor. (The problem was attributed to substandard external cladding – a significantly cheaper product that does not comply with Australian building standards). A subsequent investigation by the Metropolitan Fire Brigade (MFB), with some cooperation from the Victorian Building Authority, revealed that 96 percent of new residential buildings in the City of Melbourne do not have complete or adequate documentation (ABC News 2014a). In the course of the evacuation during the fire, media footage began to focus on huddled groups of young people of Asian and South-Asian appearance. The MFB later reported that firefighters had found “high occupancy rates” in some of the apartments and personal goods and furniture stored on the balconies. The fire had started on one of these balconies. The MFB spokesman said: “In this particular situation the factors that caused this fire to be such an extent were numerous – the discarded cigarette, the poor house-keeping, and the external cladding which didn't prevent the fire from going any further” (ABC News 2014a).

The announcement of an investigation by the City of Melbourne and the Department of Immigration carried the revelation that safety inspectors had found up to eight mattresses crammed into some of the two-bedroom apartments. The *Sunday Age* reported: “A Docklands apartment tower gutted by fire last month was being used by some residents as slum housing for suspected illegal workers and foreign students” (*Sunday Age* 2014). A further report titled “Melbourne’s illegal high-rise rooming houses profit from foreign students” found multiple cases of young students squeezed into small apartments. The latter investigation, which simply followed up listings on well-known websites, said many advertisements “ask for Asian housemates only due to ‘living culture’” (*Sunday Age* 2015a). The report detailed the case of six girls living in a one-bedroom apartment in another building at Docklands – four in the bedroom and two in the living room – each of whom was paying $140 per week. The report observed that this meant the owner was taking $840 per week for an apartment with a market rent of about $400. In another case, three people were paying $99 per week each to share a lounge room.
It can be presumed that the investor-owner or landlords of these apartments are not declaring these arrangements, and safety inspectors reported finding notices on the inside of front doors warning tenants not to talk to people who come unsolicited to the door (Sunday Age 2014). Beyond the official investigation (which has issued no further comment) and the occasional media report, accounts of the informal population at Docklands are anecdotal. Such as they are – though from people who have reason to know: local residents, workers, estate agents and so on – they are consistent in their message that the practices described above are absurdly common and that the only people who are not aware are those in the relevant authorities.

In addition to the unquantified cost-cutting construction practices and housing racket at Docklands, news reports of organised crime and unseemly wealth occasionally break the surface. An ABC News report of a former biker with the Bandidos, who allegedly threatened to kill a man and his daughter if he did not hand over $300,000, mentioned that his arrest took place at his residence in “a property on Harbour Esplanade in Docklands just before midnight on Saturday” (ABC News 2014b). The Herald Sun reported the unrelated finding of a woman’s body in an apartment in a lavish Docklands complex “which boasts a pool and large shared courtyard” (Herald Sun 2014). A man who had lived at the complex “since the beginning”, 12 or 13 years ago, told the Herald Sun it had become a popular place for weekend and holiday accommodation, and that he had assumed when the police arrived that it was to investigate a drug deal “which was not uncommon” (Herald Sun 2014). In April this year The Age reported that “an unemployed ice addict living in a penthouse apartment” was the subject of a surveillance operation on the 40 storey Docklands apartment complex, and that he pulled a gun on police when they nabbed him for stealing luxury cars (The Age 2015). The anecdotal sources say those cases that reach the media are just the tip of the iceberg.

A recent investigation by Age journalists concluded the following:

Originally conceived as a lifestyle destination for inner-city professionals and empty nesters, the gleaming towers of Docklands have instead become a popular haunt for gangland figures, illegal sex workers and slum landlords.

The Sunday Age understands apartments and short-stay hotels in the suburb are increasingly being used as “safe houses” and party spots for those on the wrong side of the law, including a number of the city’s most influential up-and-coming drug dealers.

Criminals worried about safety but still keen to flaunt their rising wealth and power are attracted to luxury apartments in Docklands buildings where secure underground carparks and extensive CCTV systems are standard features. (Sunday Age 2015b)

The regularity of reports such as these and broadly circulating rumours, anecdotes and innuendos are creating quite a noir feel for Docklands. Irrespective of their truth and depth, Docklands is developing a reputation as a not very nice place to live. What does this mean for our class remake? This question of course requires a closer look at contemporary notions and meanings of class, which is beyond the scope of this conference paper. Suffice to say that in the evolution of the meaning of gentrification since Ruth Glass’ observation of class transition in inner-London in 1964, her very time and place-specific element of gentry has also transformed. The transition referred to by most contemporary critical gentrification scholars has less to do with class than with wealth, irrespective of its relative elegance.
Gentrification specified?

What to make of the wealth of the re-makers of Docklands? Should we include the exploited young student tenants, or their exploitative investor landlords (if indeed the investor and landlord are one and the same)? Should we consider the impact of the hoods and thugs, or just factor in their money? Is Docklands gentrified? The answer has to depend on how we define it, but holding to the definition in the opening of this paper, my answer is yes. There are some people profiting obscenely from the redevelopment and revalorisation of the land at Docklands, and others being excluded or exploited, and it is this relation that the concept attempts to capture.

If the intent of the development authority was to create a place of ‘distinction’ in Bourdieu’s (1984) terms, however, it was spectacularly unsuccessful. As if in recognition of this, Places Victoria, the City of Melbourne and Lend Lease, one of the precinct’s largest developers, have engaged the temporary creative uses initiative, Renew Australia, in a project to ‘activate’ the precinct by inviting artists into empty retail spaces. It has been argued elsewhere that arts-led urban regeneration strategies often do not deliver their objects of decreasing vacancy rates and increasing property values, but that where they do, their consequence is by definition gentrification (see Munzner and Shaw 2014 for a summary of that literature). In an exemplary illustration of the former, the temporary arts project, Docklands Spaces, beyond providing cheap space for a handful of creative start-ups, is having minimal effect.

More interesting is the fact of this initiative – it reflects a concern that the initial gentrification of Docklands did not entirely succeed, in class terms at least. The attempt to introduce art and culture into Docklands is an effort to complete the transformation. But perhaps the supporters of Docklands Spaces in Places Victoria, the City of Melbourne and Lend Lease should not worry too much: in a culture where notions of class are complex and increasingly unrelated to wealth, Docklands’ exclusive, exclusionary and exploitative character is assured.

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State of Australian Cities Conference 2015

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