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**The disappearing doughnut:  
A review of middle suburban demographics and  
residential price change**

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**Keywords:** suburban, reinvestment, residential development

*This paper is a review of annual median house price change in Adelaide, South Australia (Dept. of Environment & Natural Resources, SA) over a 20 year period between June 1979 and June 1999. It compares inner suburban price change to that of the middle and outer suburbs and the metropolitan area as a whole. The study attempts to identify real price change across these areas within the context of a suggested slow down in the revitalization of Australian inner suburbs, a significant back filling of middle suburbs and the threat of negative equity in fringe residential developments. This introductory paper builds upon extensive work on Adelaide's inner city transformation by Badcock (1995, 1998) and Badcock and Browett (1992) and gives consideration to the notion of consumption landscapes. The study acknowledges the implications of change in demographic patterns to suburban infilling and to the modernisation of middle suburban homes which in exchange are GST free and may in due course show increasing capital gains.*

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## 1 Introduction

This paper is an introductory study of the relatively understudied middle suburbs in terms of demographics and house price for the Adelaide Statistical Division (ASD) of South Australia (SA). Adelaide, the state capital of South Australia has a metropolitan population of 1 million. The study suggests that the middle suburbs that have suffered lately from poor press and the doughnut syndrome, may be showing signs of new life in terms of population growth and residential reinvestment.

The study begins by considering certain population changes which have occurred over two intercensal periods (Australian Bureau of Statistics (ABS) Census of Population and Housing) between 1986 and 1996 for a selection of Statistical Local Areas (SLA). The SLAs approximate local government areas (LGA) and were selected to represent what are typically understood in Adelaide as inner, middle and outer LGAs. The study also includes a preliminary review of annual median house price change for suburbs within these SLAs (Sales History File, SA Dept. of Environment, Heritage & Aboriginal Affairs) over a 14 year period between 1985 and 1998. It compares inner suburban price change to that of the middle and outer suburbs and the metropolitan area as a whole.

## 2 Background

The study attempts to identify real price change across selected areas within the context of a suggested slow down in the revitalization of Australian inner suburbs, a significant back filling of middle suburbs and the threat of negative equity in fringe residential developments. It builds upon the extensive work on Adelaide's inner city transformation by Badcock (1995, 1998) and Badcock and Browett (1992) and gives consideration to the notion of consumption landscapes. The main premise of the study is that the reinvestment, transformation and growth which has typified inner city areas in Australia over the last 25 years may now be visiting the middle ring of suburbs. The revitalization and gentrification of the inner suburbs was signaled by price change and more lately by demographic change. In other words population trends tended to lag the shift in residential investment. This paper attempts to signal the possible implications of change in demographic patterns for sustained middle suburban infilling and redevelopment. These population changes are following on from capital investment in new construction as well as in the modernisation of middle suburban homes, which in exchange are GST free and may in due course show increasing capital gains (Badcock 1998).

The figures which follow seek to illustrate that the middle suburbs which have so often been typified by the doughnut syndrome of being vacant, empty, without life may yet see something of the revitalization which has characterised the inner suburbs of Australian capital cities. This feel for residential change has been taken up by a number of writers though mainly in the context of a post gentrification era. Studies in North America (Ley 1992; Bourne 1993; 1994; Frey 1990) suggest that inner city living is becoming less popular. Reasons for this include far less employment growth, reduced investment in the built environment, fewer new households, shrinkage of the middle income cohort, reduced public sector employment and down sized institution (Bourne 1993).

*We are entering a post gentrification era that will witness, at least in the inner cities of North America far less employment, reduced investment ... fewer new households.*

Bourne 1994

In North America there may be signs of significant counter urbanization as people leave the central cities and the suburbs to move into the rural urban fringe known as “exurban” (Davis et al 1994). Some writers believe that this new urban form reflects a fundamental shift in household location preferences. By 1990 the US exurban population had increased from 39.9 million in 1960 to 58.7 million. The move to semi rural environments reflects a preference for larger blocks, a more rural environment and a move away from the negative externalities of city life but without loss of job or recreational opportunities. Almost twenty years ago Blumenfeld wrote that this could “result in a new urban form which may dominate the American landscape by the first part of the next century” (Blumenfeld 1982). Shifts by residential buyers to Sydney’s peri or exurban areas have also been observed (Burnley & Murphy 1995) with households exhibiting considerable heterogeneity in terms of income and demographics.

In the UK there has also been a shift to village and semi rural living with inner city disinvestment and even talk of abandonment particularly in northern cities such as Newcastle, Glasgow, Leeds Liverpool, even Manchester (Keena, Lowe & Spencer 1999). On the other hand demand for inner city housing remains strong in cities such as London and the latest boom town, Dublin. The north south divide remains. Keenan *et al* write that in the UK “collapse of manufacturing industry, population loss, suburbanization and a spirally decline in the fiscal and social viability of some inner city communities is comparable in a scaled down way to some American cases” (Keenan, Lowe & Spencer 1999). In the UK the decline in inner city housing is closely related to economic restructuring, which job losses in the north underpin, and has resulted in the emergence of housing abandonment particularly in areas of public housing stock.

However inner city housing has continued to be popular in Australia throughout the 1990’s and in Adelaide, based on economic recovery and government support, development in city apartments and high value town housing is approaching boom proportions. Figures 1 and 2 seek to illustrate the popularity of inner city living in Adelaide up to 1996 and increased demand for non separate dwellings. Increased spending power in the inner suburbs such as Norwood and North Adelaide has prompted new retail and restaurant development; so called “consumption” landscapes. While the residential densities, housing stock and physical externalities of Australian inner suburbs may not be compared with the central city neighbourhoods of the US (Badcock 1995) or even the UK, it will be of interest to see how long this trend continues and whether, in Australia we prove to be different or just behind the rest.

Figure 1

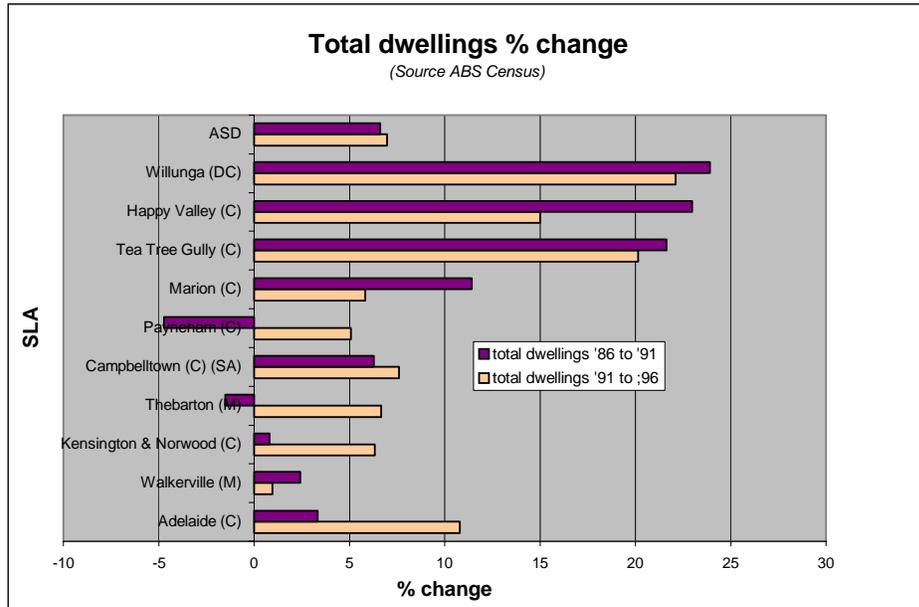
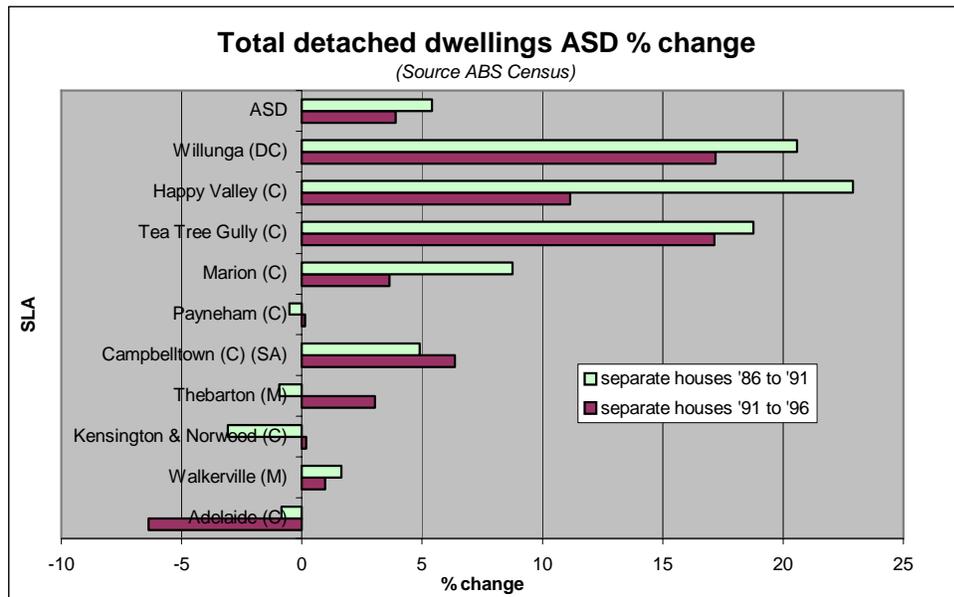


Figure 2



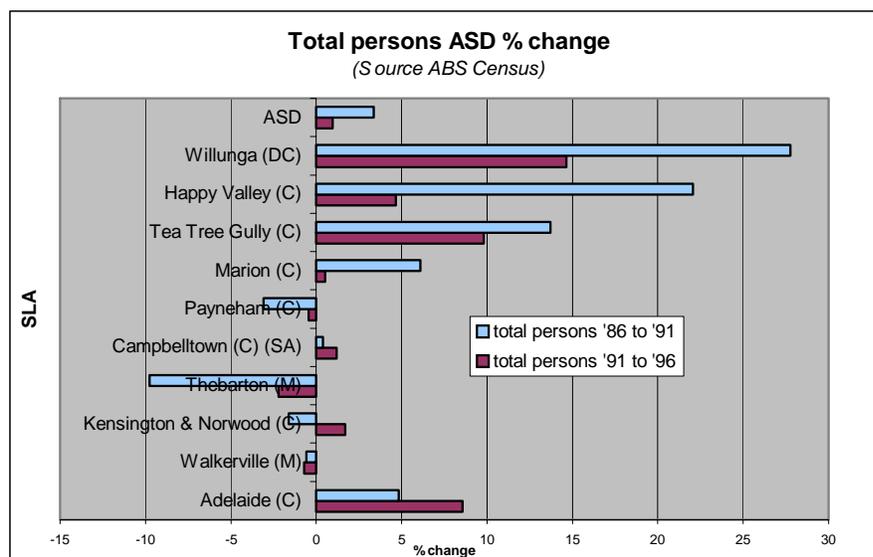
### 3 Methodology

The analysis of population change is based on the ABS Census of Population and Housing using percentage changes over a ten-year period for particular items. The analysis of residential price change is based on market sales over a 15 year period taken from the Sale History File as produced by the SA Dept. of the Environment, Heritage & Aboriginal Affairs. The SLAs selected represent what are commonly understood in Adelaide to be “inner, middle and outer” LGAs, including the City of Adelaide, North Adelaide, Walkerville, Kensington & Norwood, and Thebarton (inner), Campbelltown, Payneham and Marion (middle) and Tea Tree Gully, Happy Valley and Willunga (outer). This selection has been purely intuitive and is by no means rigorous in terms of population makeup, housing stock, distance from the CBD, size, physical characteristics or any other proper criteria. This methodology is preliminary only and needs considerable refinement. Much the same approach was taken in the selection of suburbs to show percentage change in house price. As far as possible suburbs were taken from already selected SLAs. Thus inner SLAs are represented by the City of Adelaide, North Adelaide, Walkerville, Kensington Park & Norwood. Middle suburbs include Campbelltown, Magill, Payneham Rostrevor and Plympton. The outer SLAs represented by the suburbs of Salisbury, Holden Hill, Seaford and McLaren Vale. For each figure comparison is made with the average for the Adelaide Statistical Division (ASD) or with the Adelaide Metropolitan District (Metro Area).

### 4 Results

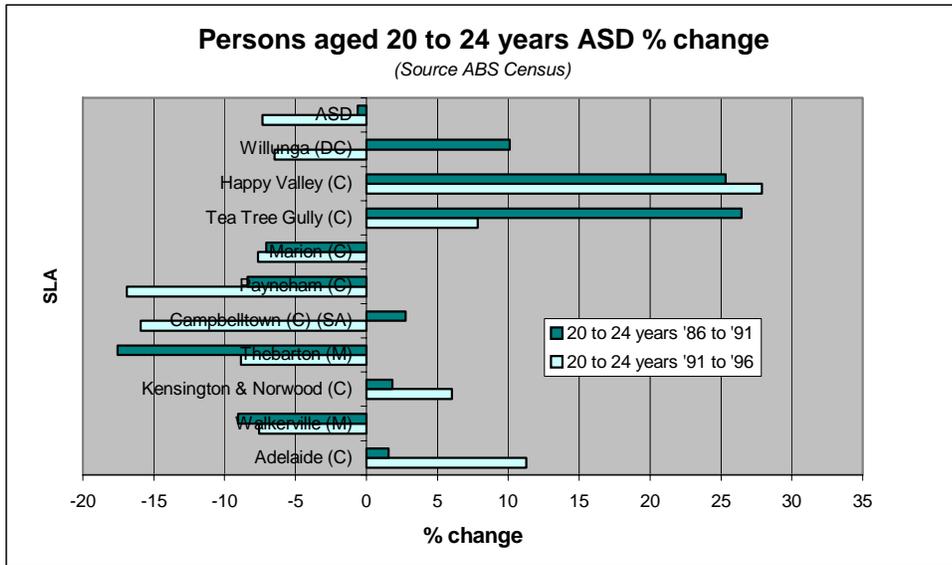
Over the last three decades population growth in Australian state capitals such as Adelaide has been predominantly in the outer suburbs with the middle and inner city areas waning in population. Figure 1 above shows a demographic pattern typical of the middle suburbs over the last twenty years i.e. low to negative population growth as exhibited by the SLAs of Marion, Payneham and Campbelltown. However the pattern of post war growth in Metropolitan Adelaide may have reached a turning point. The outer suburbs of Willunga, Happy Valley and Tea Tree Gully now show slower levels of population growth while the inner City of Adelaide appears to have turned a corner and is growing in population. Figure 3 shows that the middle suburbs continue to lose persons in their twenties which typifies the ASD overall. However the inner City of Adelaide shows significant gain.

Figure 3



Figures 4,5 & 6 support the notion of population decline, aging of the population, and loss of the plus twenties in the middle suburbs as of 1991. However between '91 and '96 such decline appears to be reversing while the outer suburbs show change in terms of population growth and the percentage of plus twenties. The middle suburbs offer opportunity for the purchase of a GST free home, easy access to the city as well as suburban shopping and local services, lower densities than outer broad acre developments, easy transport to the city and homes which have the capacity for renovation.

**Figure 4**



**Figure 5**

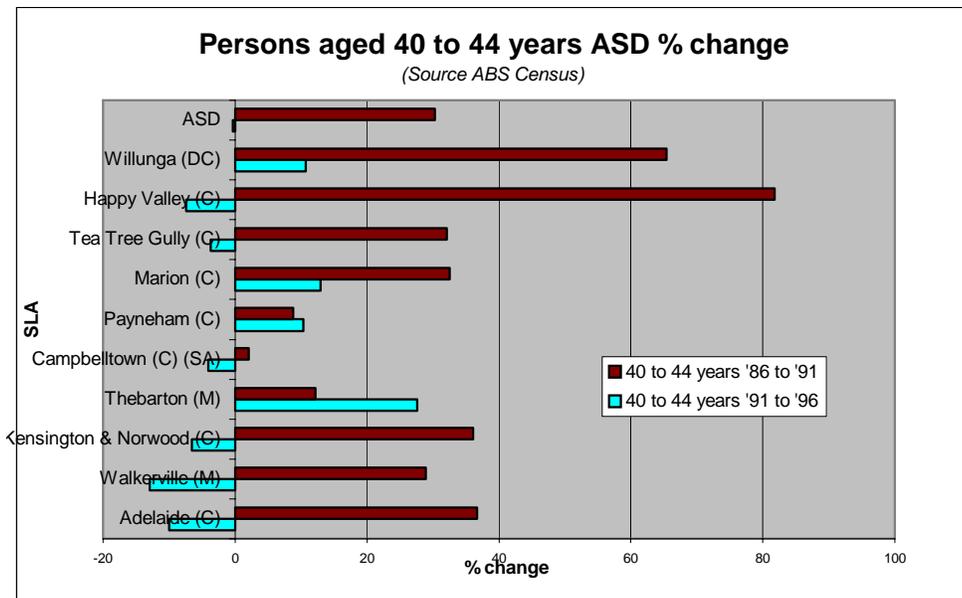


Figure 6 shows an increase in the number of plus 60s in the middle and inner suburbs. Writers such as Badcock (1998) suggest that the process of back filling in the middle suburbs can only be expected to intensify over the next decade or so as the 60 to 70 year old cohort of home owners, 11.9% of the population move into support accommodation. This will release substantial quantities of established dwellings in need of modernization onto the market.

**Figure 6**

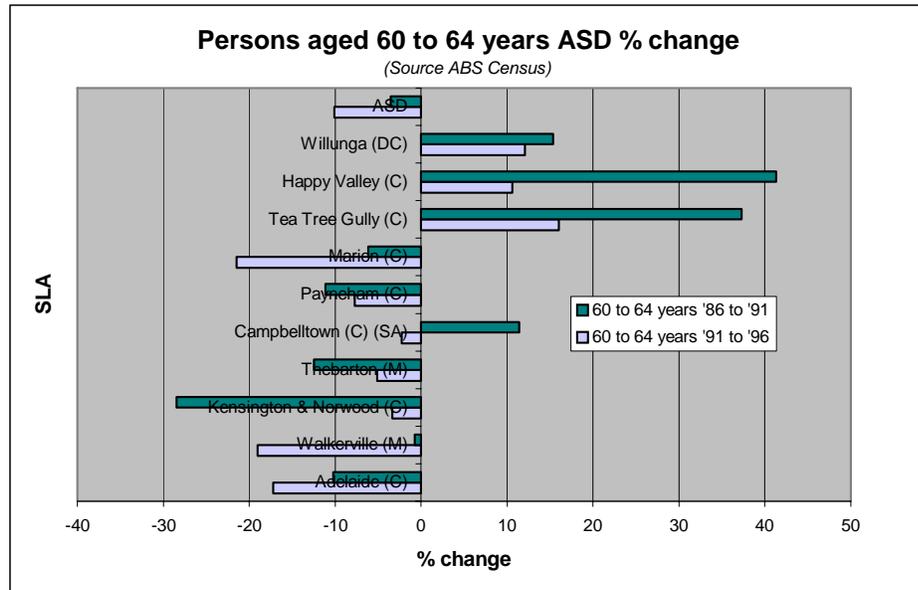
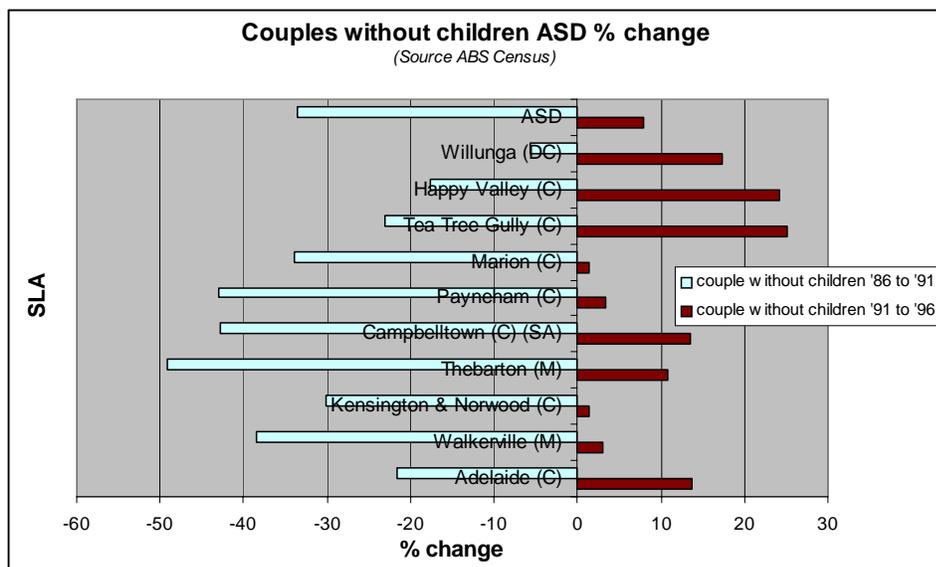


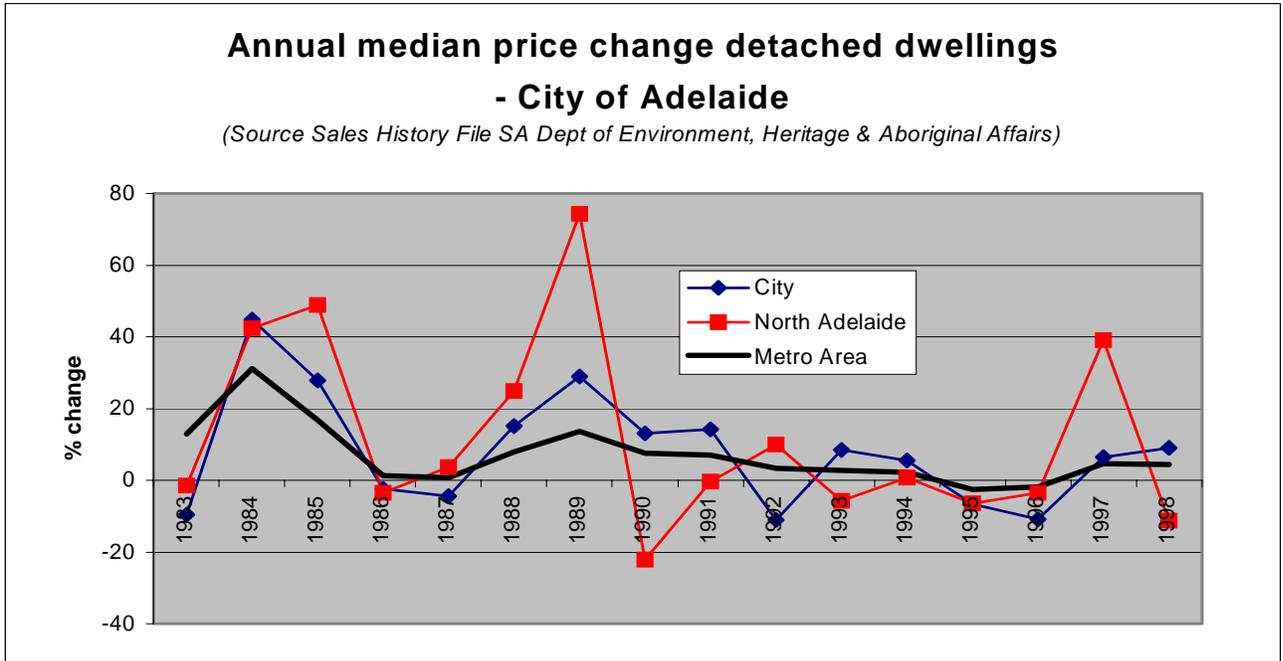
Figure 7 shows a significant increase over the last ten years in the number of childless couples for all selected SLAs.

**Figure 7**



The Sales History figures reveals that while inner Metro house prices have risen with the revitalization of inner suburbs over the last 25 years middle suburbs such as Colonel Light Gardens, Magill Plympton may be taking off in terms of price. While the middle suburbs continue to be outpaced by the City and by inner suburbs such as North Adelaide and Walkerville they are showing significant capital growth when compared to the outer suburban area where demand for serviced allotments has declined and housing starts have been reduced.

**Figure 8**



**Figure 9**

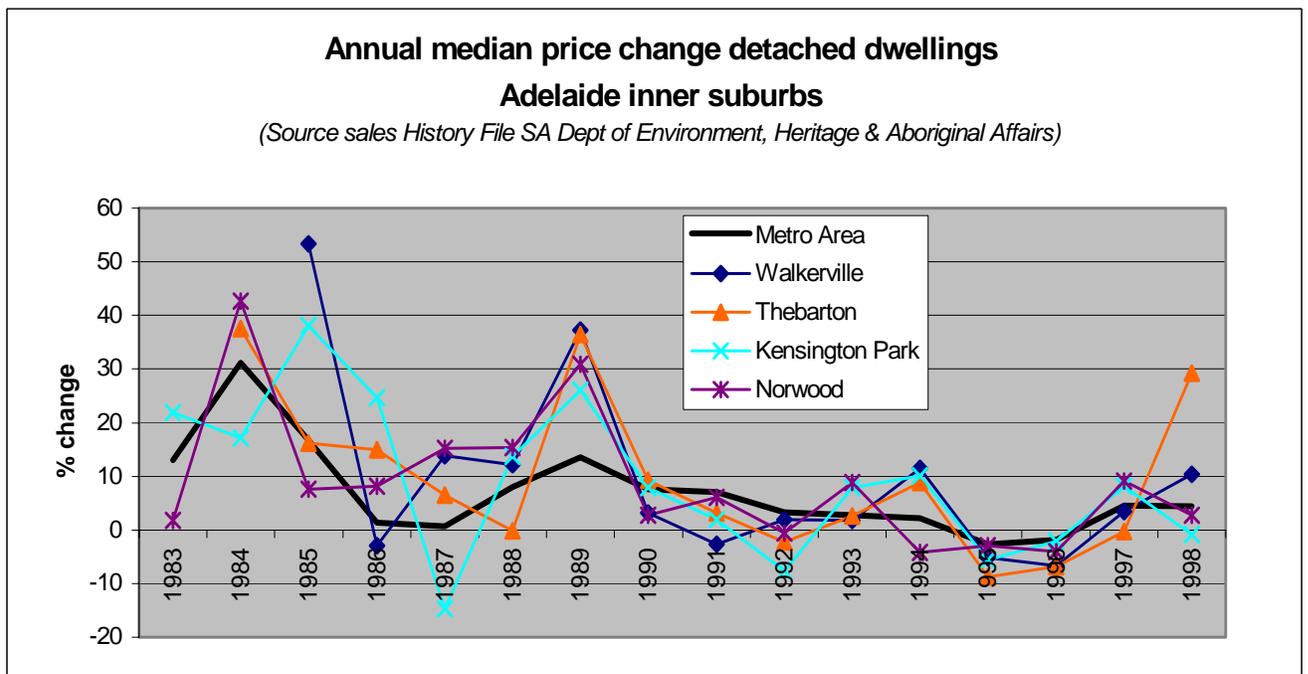


Figure 10

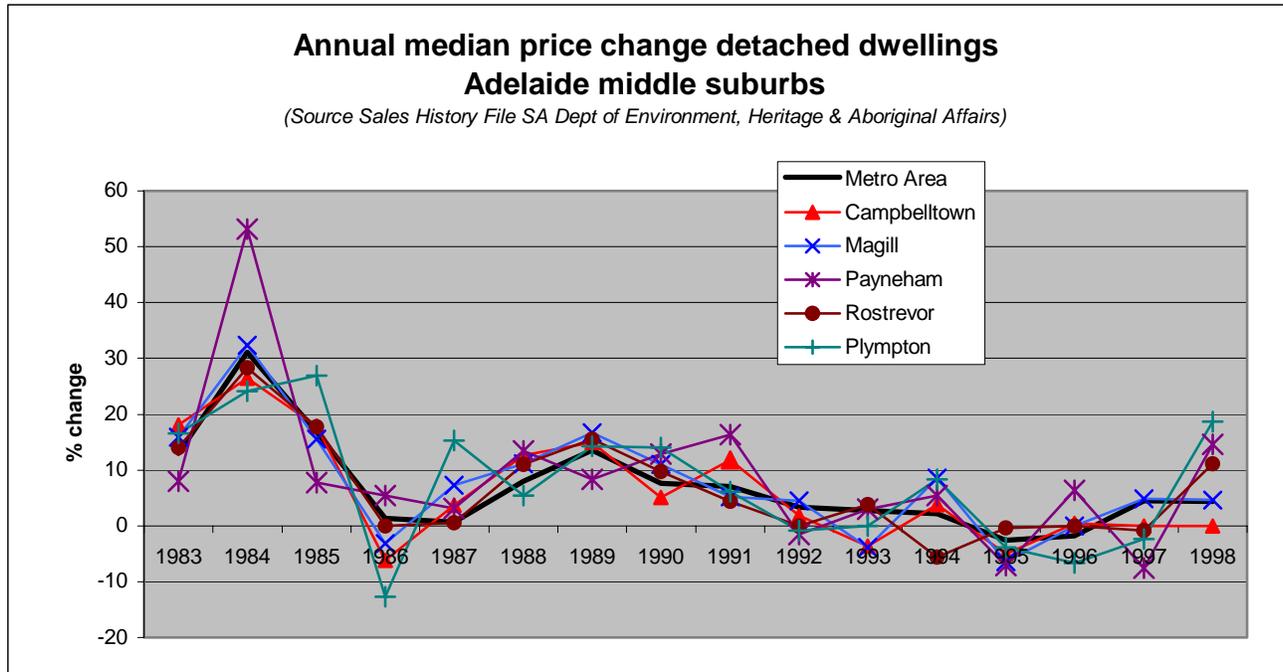
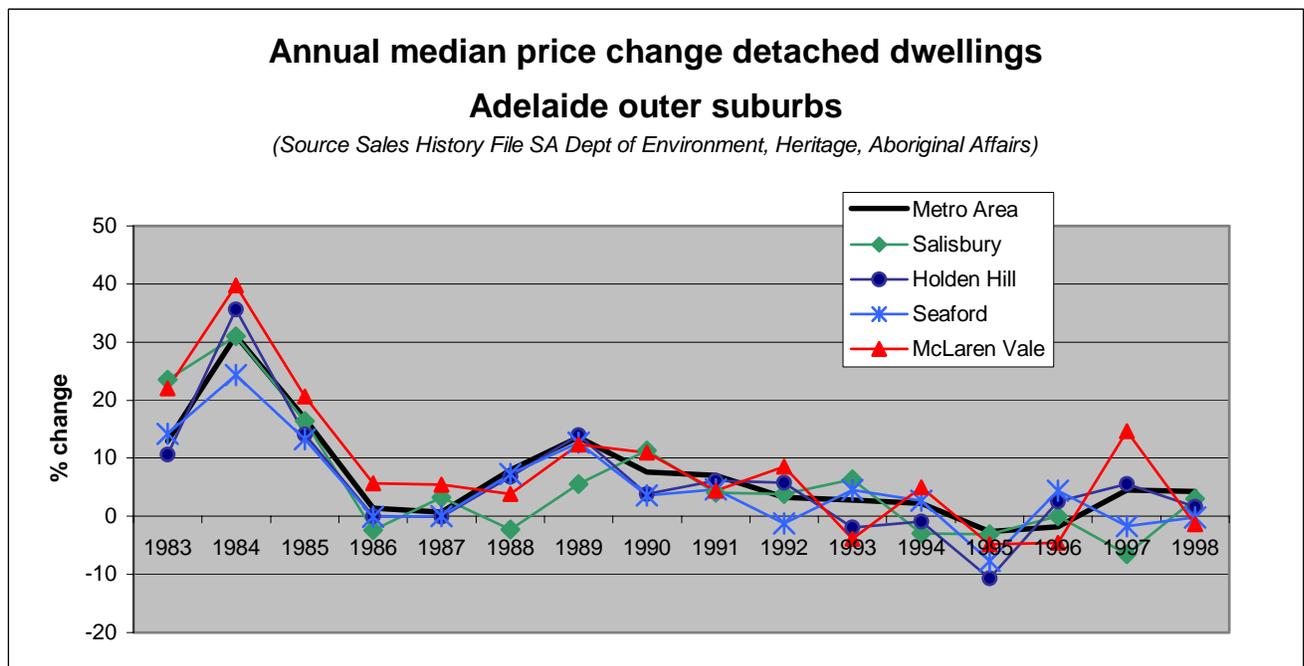
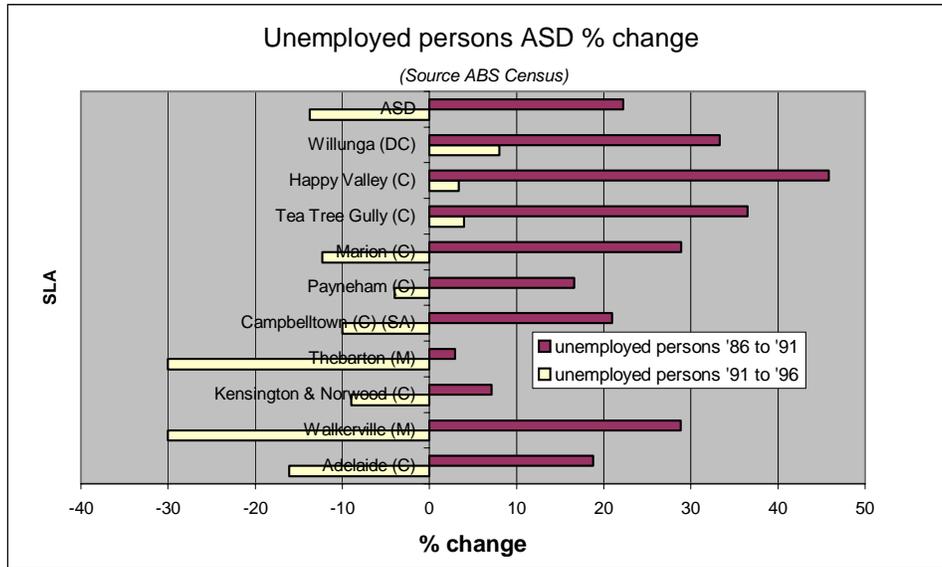


Figure 11



The slowing of suburban development at the fringe is almost certainly a product of the overall reduction in growth of Metropolitan Adelaide during the 1990s (Badcock 1998). This is a function of economic restructuring with consequent job losses as well as an ageing population and discernible out migration. Figures 12, 13 & 14 reveal the areas of increased unemployment, where there has been a loss in trade and related occupations. The figures also show those areas where increasing percentages of the population are employed in managerial and administrative jobs.

**Figure 12**



**Figure 13**

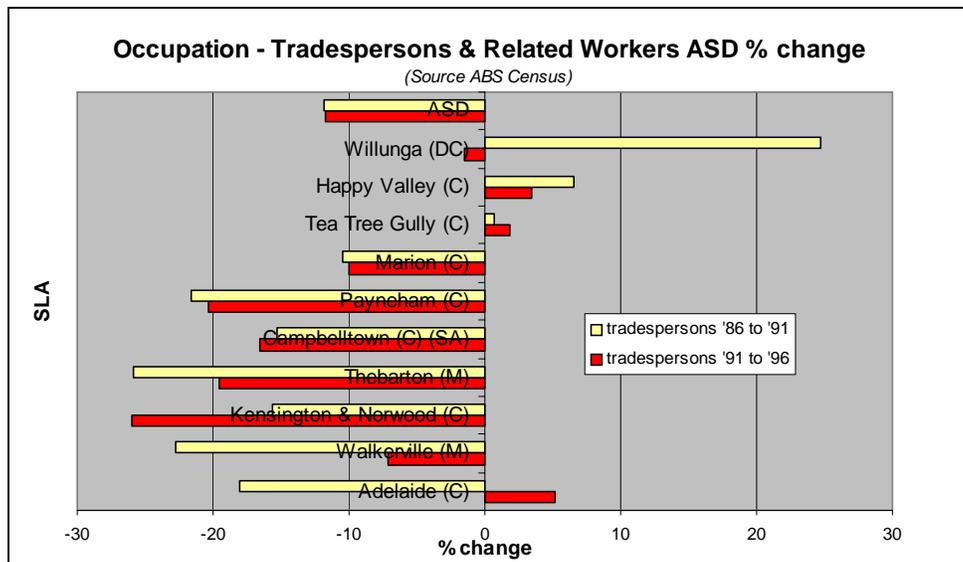
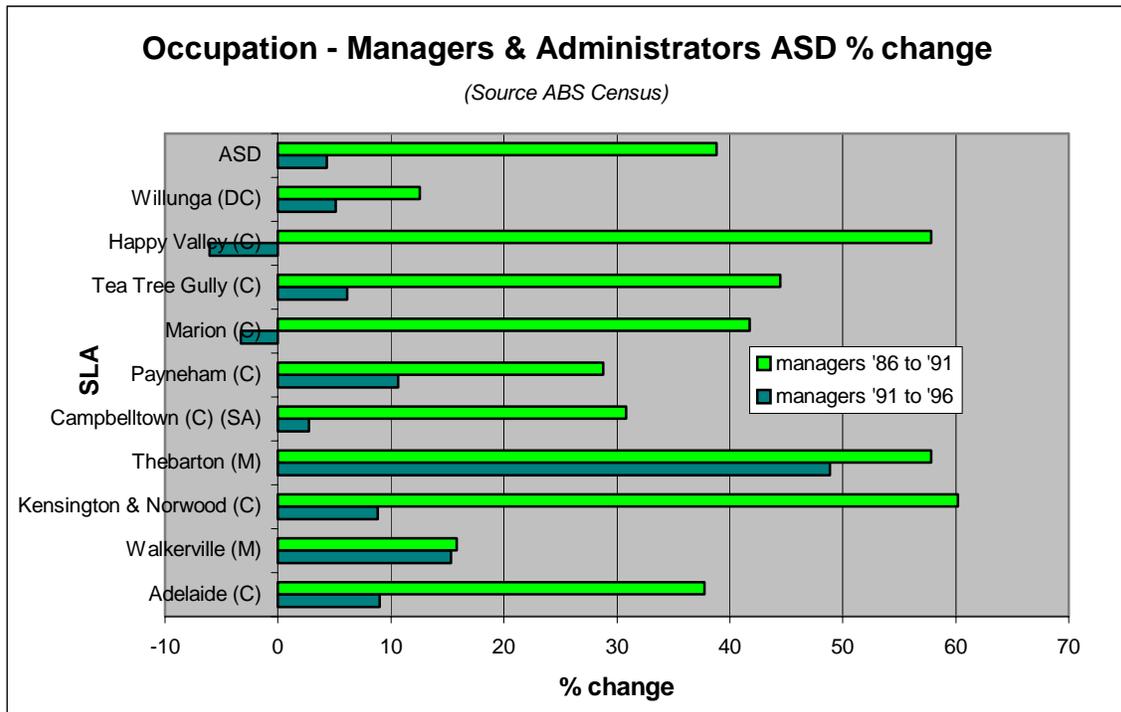


Figure 14



Middle suburban residential investment in SLAs such as Campbelltown and Marion has also been promoted by local and state government with the selling of public rental stock and the disposing of surplus government land including school ovals, reserves and transport depots.

Figure 15 gives median price change for 1997 and 1998 for selected suburbs. It shows continued capital growth for most inner suburbs though for some at a reduced rate. It also shows increased capital growth for the selected middle suburbs as compared to the ASD. The outer suburbs show little or no capital growth over the two-year period. Figure 16 provides a constant quality price index over a 15-year period. Again the middle suburbs have strengthened significantly in terms of capital growth over the 15 year period in contrast to outer areas.

Figure 15

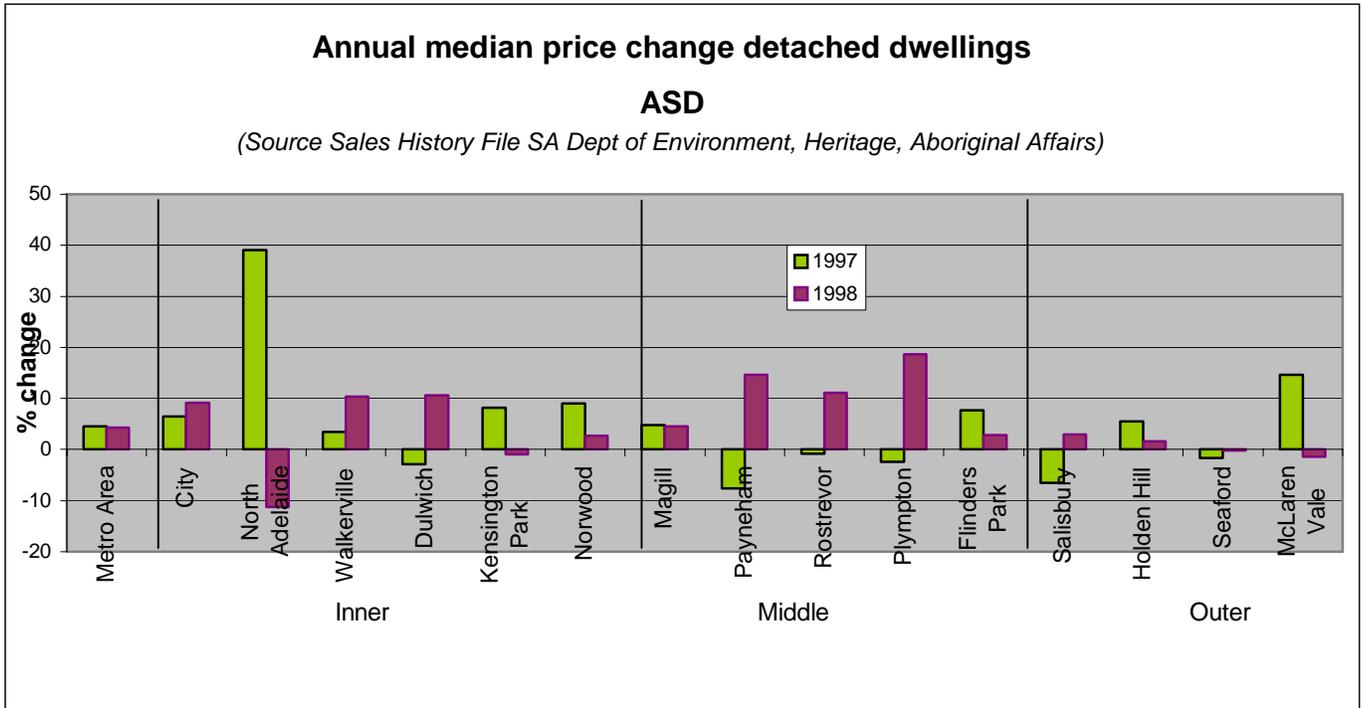
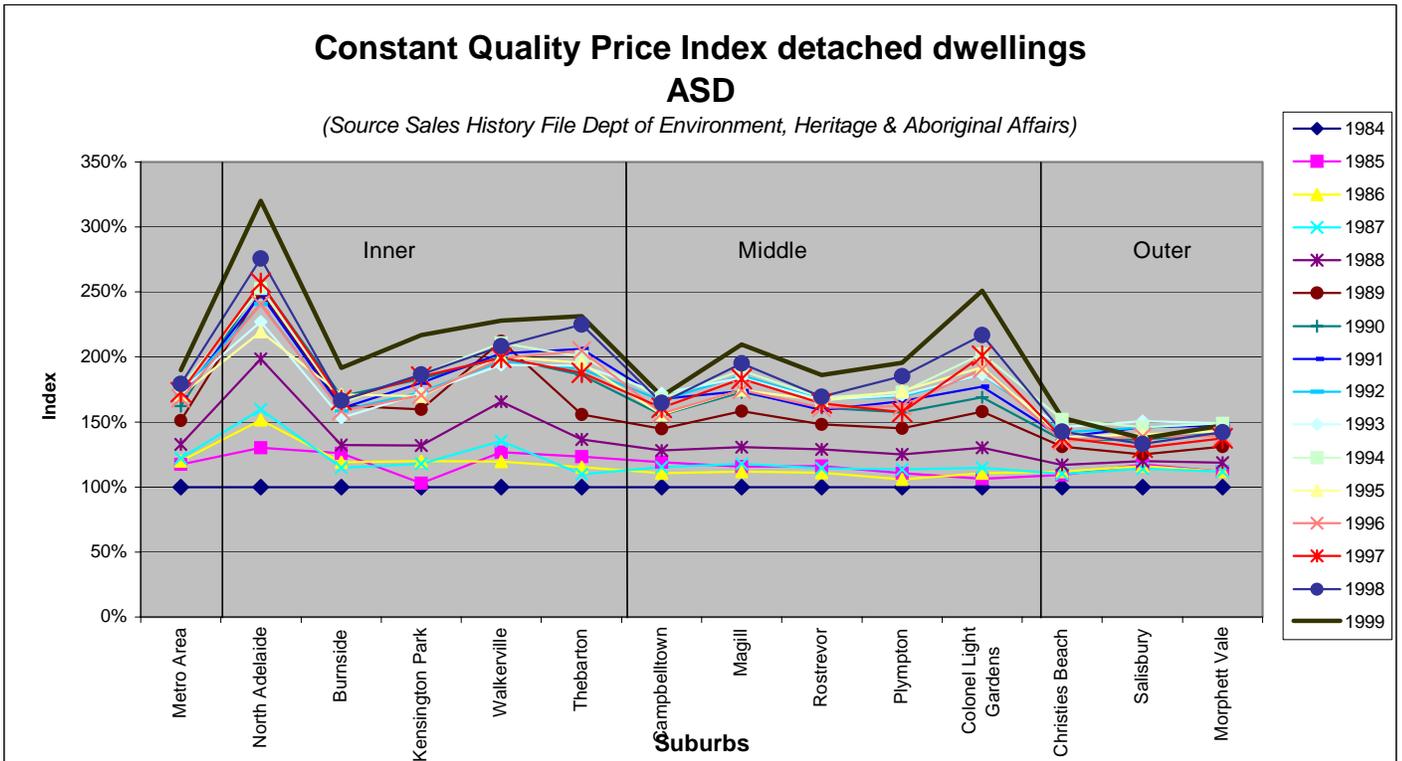


Figure 16 (CQP Index thanks to Peter Rossini UniSA)



## 5 Conclusion

These results are indicative only and the discussion is by now means conclusive. A much longer time span is required with greater parity in terms of selected SLAs and suburbs. However interesting times are ahead and it will be worth watching middle suburban demographics and housing prices. Demand may do for the middle suburbs what it did for the inner ring, upgrade the housing market, boost spending power, reinvigorate local shopping and improve the quality of public space.

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