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International Students and the Changing Character of the Inner Area of a City: A Case Study of Melbourne.

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One of the prominent features of urban change over the past decades has been the rapid expansion in the population and employment in a few sectors of the central parts of major metropolitan areas. This outcome reflects interdependencies between the production needs of advanced services and the income they provide for their staff, shifts in residential preferences and choice, and public policy that has sponsored inner area re-development schemes. These three elements has stimulated developer activity which can be seen in new and renovated commercial and residential buildings. For some researchers this outcome has emerged in large part from the globalization of the economy, especially the advanced services sector. The purpose of the current paper is the provide a refinement of that idea, showing that globalization in another sector associated with changes in the policy of selected institutions has produced a different cluster of inner area residents that in some cases may be more numerous and perhaps even more influential on local city outcomes in housing and retail activity than the workers associated with advanced services.

PART A: BACKGROUND OF THE RESEARCH

The underlying understanding of inner area change as an outcome of the production systems of advanced services draws upon the work of Sassen (1991, 1994) who has studied this sector in detail in a number of the very large cities of the world. It is a small step (via an understanding of residential preferences acknowledged by Sassen) across to the gentrification literature discussed by Ley (1996, 2005) to see that structural shifts in favour of advanced services have a key influence upon the inner city. Very detailed work on "myriad flows between the office blocks that typify world city skylines" (Taylor 2003: 5) can be connected to the generation of high income, which can be transferred into residential purchase or rental, pushing inner city development beyond the income capacity of many other inner area workers, and exposing the inequality of cities

associated with this activity, an aspect explored by Marcuse and van Kempen (2000). That broad framework has a strong currency across a range of cities. It has been enriched in a number of cases by local city planning action designed to stimulate either the supply of office space or the availability of housing through special access to infrastructure (such as old industrial waterfront land) as Fainstein (2001) has shown.

The new emphasis introduced in this paper is the international student, drawn to a city by University and national education policy to extend education beyond the domestic market. International students have long been a part of the enrolment of universities, although initially like most countries the international dimension was felt mainly at the post-graduate level. However, from the late 1980s, Australian educational policy was changed to allow very many more undergraduates to enroll, and numbers rose rapidly. By the middle of the 1990s the international dimension of education broadened to include English language courses, professional and skill training and also secondary education.

O'Connor (2005) has provided a broad overview of the global pattern of this activity which has expanded rapidly in recent years as large numbers of Asian students in particular have traveled to the US, UK, Australia and Canada in particular. Within these countries the location of international students has a particular urban expression. Though there is a strong international student presence in London and New York, much of the demand is felt in the US and UK in university cities outside those that are high on the global city list as can be seen in Table 1. Hence inner city change may be wrought in some places by forces other than advanced services. At the same time the simple inner area re-development thrusts that have been designed to deliver housing for the advanced services worker could be mis-directed; it may be necessary to deliver buildings with lower rent and purchase cost to meet the income level of the majority of international students.

The focus on Melbourne in this paper is significant for a number of the reasons. The advanced services sector, though important, is constrained somewhat by the part at Sydney plays as the nation's global city and gateway (Connell 2000, O'Connor et al 2001), so that the Melbourne experience of globalization has been that of the "second ranked city", an idea explored in more detail by O'Connor (2001). In these terms the Melbourne experience is consistent with themes developed in the case studies explored by Markusen et al (1999) although its stimulus for change has not been manufacturing as was the case in the Markusen et al (1999) sample of cities. Melbourne is also a significant focus for this research has it has been the target of energetic inner city development effort involving substantial reconstruction of commercial and residential space in waterfront locations (outlined by Dovey 2004). Much of that activity, especially the development of the Docklands project, followed a major fall in the commercial office space demand in the late 1980s and early 1990s which drove vacancy rates high (Property Council of Australia 2005) and made residential space an attractive investment alternative (Tsutsumi 2005). At this time too broader metropolitan policy for Melbourne, as well as local municipal policy

established strong support for inner city population growth, the first (Department of Infrastructure 1998) on the grounds of reducing the urban sprawl of the metropolitan region and the second on the benefits of lifting the vitality of the inner city (Melbourne City Council 2005). The latter was reinforced by a building approval policy that allowed a special class of building for students that will be analysed below.

Superficially the broad policy objectives of inner area change have been met as inner city (even CBD) population has begun to grow after many decades of decline, and residential development projects have been sold to interested investors and residents. This outcome has been interpreted as a major shift and re-alignment in residential and community preferences in urban development in favour of the inner city. It is just possible however that the positive outcomes might in fact be attributed largely to the demand created by international students for additional residential space in the inner city.

Hence the paper uses an understanding of the number and location of international students to provide a new conceptual understanding of the way that a form of globalization can change the inner city of a metropolitan area. It does so through a case study of the municipality of Melbourne, a small area at the core of the metropolitan region, made up of the CBD, and a surrounding area with mixed residential and commercial functions. Located within this area are two very large tertiary institutions with the second and third largest number of international students in Melbourne (O'Connor 2005). In additional the City of Melbourne has a wide array of the other elements of international education, with a large number of professional training as well as English language institutions and some secondary colleges.

PART B: CHANGE IN THE CITY OF MELBOURNE: RAPID NEW RESIDENTIAL CONSTRUCTION

A critical element in the change in the inner city of Melbourne has been the construction of residential space. Undoubtedly, oversupply of office space was a major factor in the shift in type of building construction (Tsutsumi, 2005: IGU). The MCC land use survey for 2004 shows that dual purpose 'office and retail' and 'residential and retail' use are now more numerous than the single purpose office use, which was the major type of office use during the early 1990s. Almost a half of the buildings constructed after the mid 1990s are dual purpose.

Table 1 shows the scale of apartment construction in the city of Melbourne since 1995. It illustrates that annual additions varied from 1,000 units a year through to over 2,500 a year in 2001. The data displayed shows that the stock of residential units in the City of Melbourne rose by over 13,000 units in the nine years shown here.

Table 1: Apartment Completions City of Melbourne 1995-2003

	1995	1996	1997	1998	1999	2000	2001	2002	2003
CBD	329	267	649	723	654	882	893	1092	1063
Southbank	20	472	109	358	0	244	1080	771	0
University	317	162	182	133	338	544	550	231	330
Docklands	0	0	0	0	0	0	0	176	928
Total	**666**	**901**	**940**	**1214**	**992**	**1670**	**2523**	**2270**	**2321**

Source: BIS Shrapnel (2003)

At the same time the advanced services sector has been growing in Melbourne over the period of this study. According to the CLUE database (data displayed in figure 1) the number of employed in 2004 in the Melbourne central city area was 206,081, an increase of 60,616 from 1992, although that sectors share of all City jobs fell. The advanced services share (made up of finance and property and business services combined) of that activity rose from 51% in 1992 to 55% in 2004, mainly due to an expansion in the finance sector. The narrow focus of the current research is designed to see the impact of this expanding employment base on local rsidentioal population compared to the impact created by the new globally-driven student population.

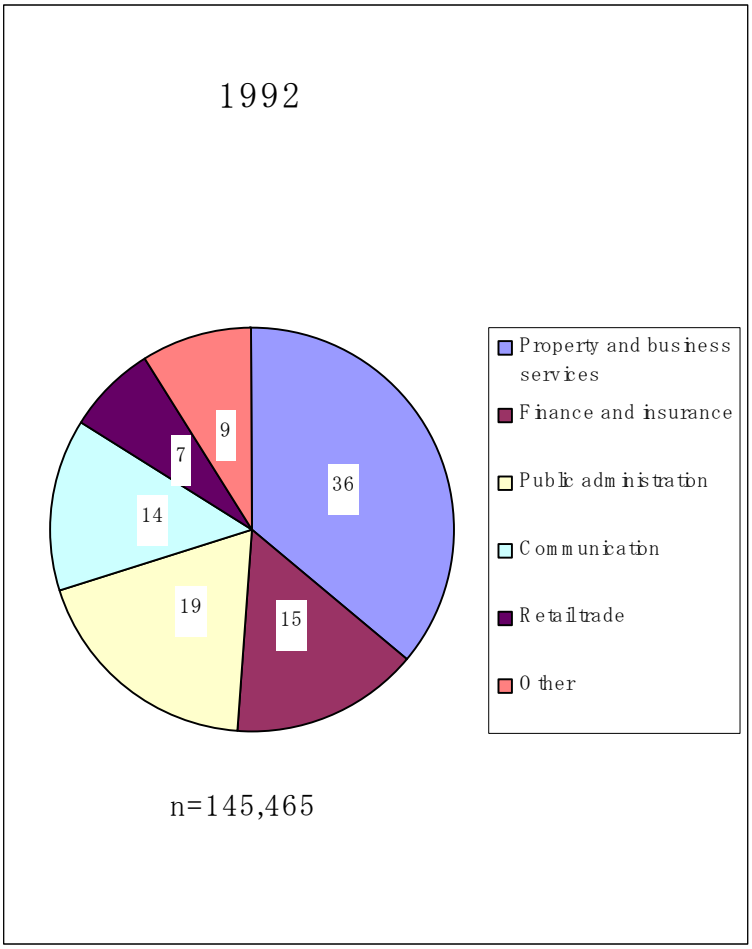

Figure 1: Employment in the City of Melbourne, 1992, 2002

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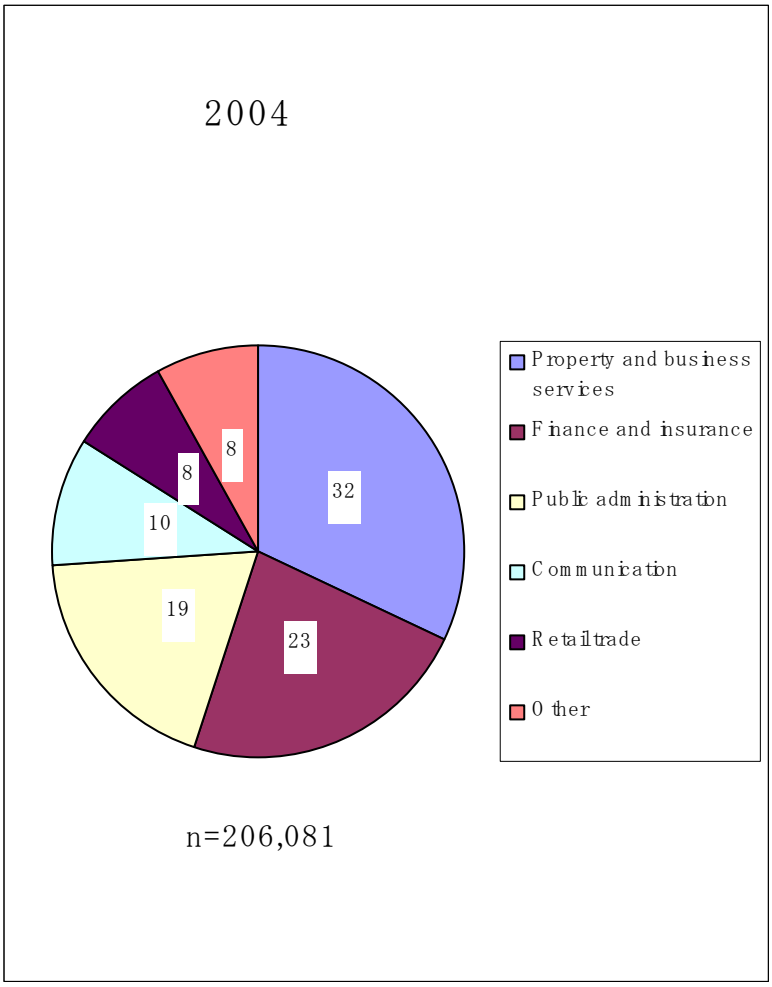

Source: MCC CLUE data base

PART C. INTERNATIONAL STUDENTS IN THE CITY OF MELBOURNE

The metropolitan area of Melbourne is internationally prominent as a destination for international students, as can be seen in table 2. That outcome reflects the way that a number of institutions in the metropolitan area responded to national policy that encourages international enrolment in Australian institutions. The City of Melbourne became a key location to accommodate international students not only because of two large educational institutions but also because of the access it offers to institutions elsewhere in the metropolitan area. As shown in figure 2, the inner city in general and the City of Melbourne in particular are the main focus of student residential location.

Table 2. International Students Enrolled in Institutions in Metropolitan Areas

Metropolitan Area	Number 2002
New York	36,086
London	35,660
Los Angeles-Long Beach (with Orange County**)	35,538
Melbourne	33,061
Sydney	29,781
San Francisco-(with San Jose-Oakland**)	25,761
Boston	24,160
Washington	20,678
Chicago	17,319
Brisbane	15,873

Source: O'Connor (2005)

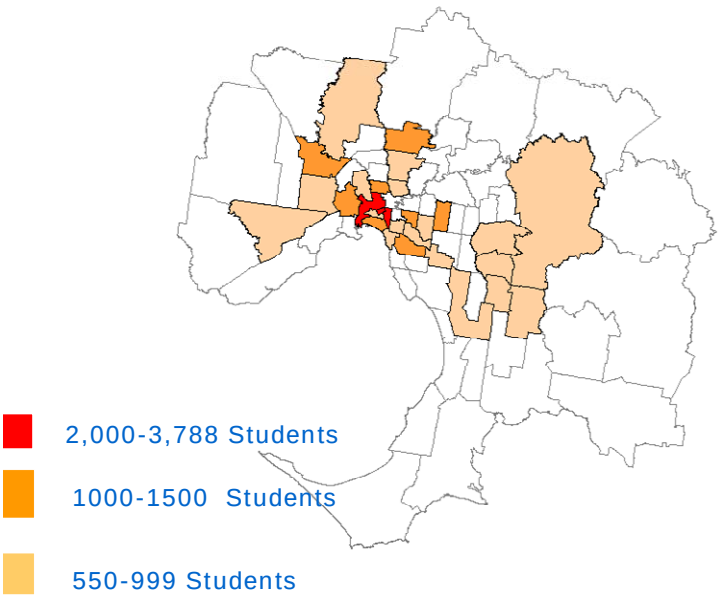

Figure 2: Residential Location of International Students in the Melbourne Metropolitan Area, 2001.

Source: ABS Special Tabulation

The scale of recent growth in the student population within the City of Melbourne can be seen in table 3.

Table 3: Resident Numbers in the City of Melbourne 1991-2001

Year	Population attending an Educational Institution.	Population not attending and Educational Institution	Students as share of Total Population	Persons Born Overseas attending a tertiary institution	Share of population attending an Educational institution who are overseas tertiary students (%)
1991				1770	
1996	13248	35313	20.7	3556	10
2001	18753	49031	23.1	14574	77
Growth 1996-2001	5,505	20,795		11018	
Percentage change 1991-2001	41.5	38.8		309.0	

The data displayed in table 3 shows that students at all levels in the education system have increased in number by over 40% since 1996. That growth has been driven by the international tertiary student who in 2001 accounted for over 70% of all students living in the Melbourne City. Note too that the non student population has also expanded very rapidly, increasing by almost 40 percent between 1996 and 2001. This is consistent with the notion of professional groups moving into the inner city as predicted in the Sassen model. However, the growth in student numbers has been even faster.

The students displayed in table 3 have been distributed across the City of Melbourne as shown in Figure 3 and 4. This shows numbers of university students in 1991 and 2001, based on the data collected for the smallest census spatial unit. These maps show both the share that university students have of the total populations as well as the actual number (with proportional symbol) in each spatial unit. In 1991, high shares were obvious just in the Remainder SLA, the northern part of the CBD where two big universities were located. A very small number of university students were found both in the Inner SLA (CBD) and the Southbank SLA.

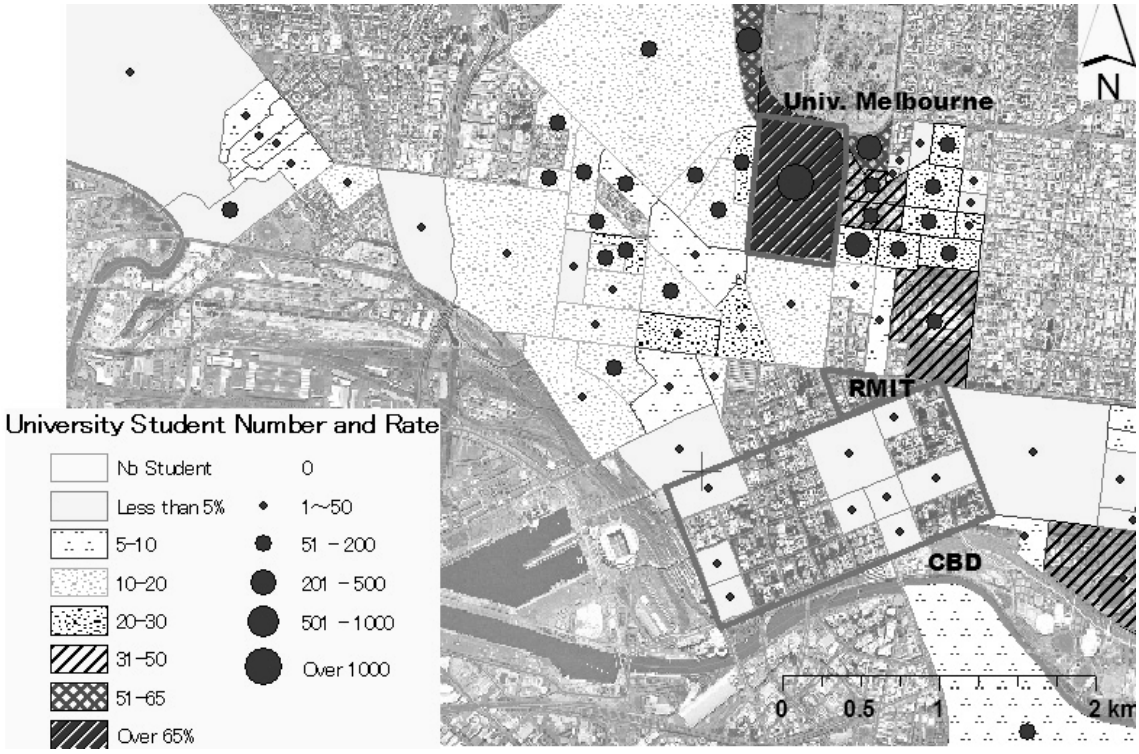

Figure 3: Location of Students in the City of Melbourne: 1991

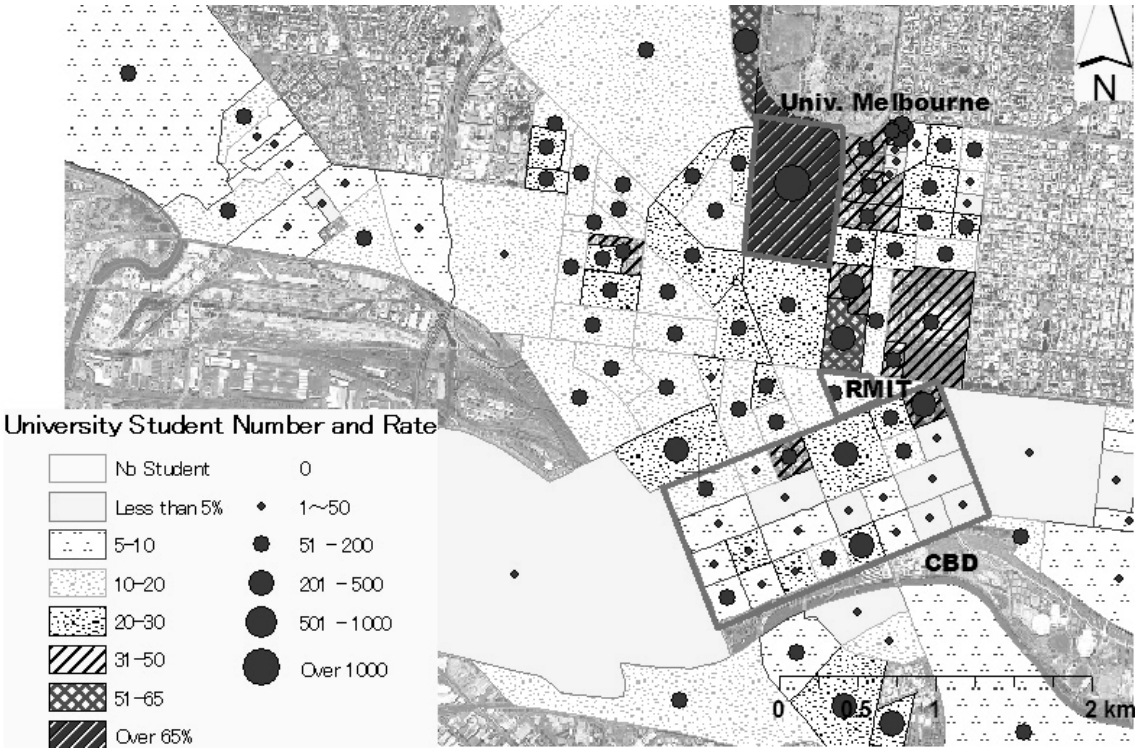

Figure 4: Location of Students in the City of Melbourne: 2001

In 1996, the Remainder SLA was still dominant in terms of university students but with growth in enrolments the number of students has begun to disperse across the City of Melbourne. That effect can be seen in the demographic structure of the three parts of the City of Melbourne.

According to population pyramids shown below, the most striking demographic feature in the three SLA's (identified in the map in an appendix) shown in figure 5-7 is a 'surge' in numbers aged around 20 between 1996-2001, which spreads from the northern area across the whole region over the decade. This group will largely be university students and is especially prominent in the Melbourne Remainder SLA (which includes the Carlton area adjacent to two big universities University of Melbourne and RMIT) where the 20 year-old age group can be seen as the majority of total population throughout the last decade. In fact the eastern part of the Remainder SLA (in a corridor along Swanson street) was a special zone in this overall pattern. In Southbank, there are two age groups prominent: one of 20 year-olds and another of 40-50 year olds. It is likely the older age group can be thought to be high status workers, while the other younger age group will have some international students who have moved into this area around 2001.

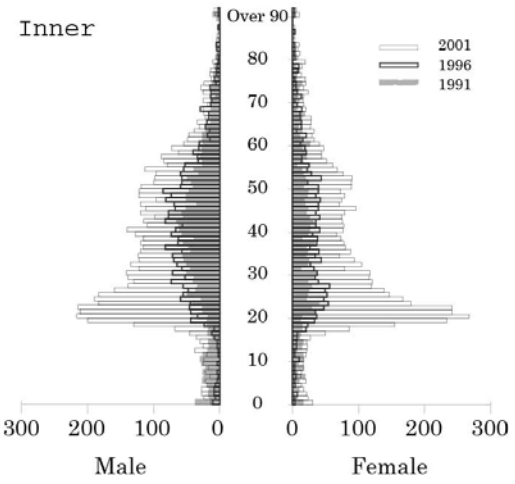

Figure 5: Age Structure City of Melbourne: Inner

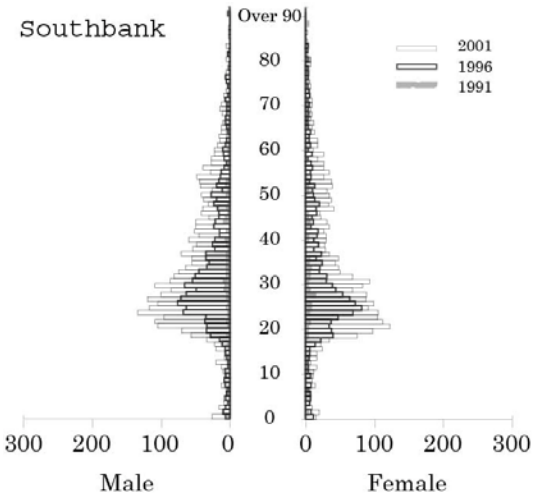

Figure 6: Age Structure City of Melbourne: Southbank

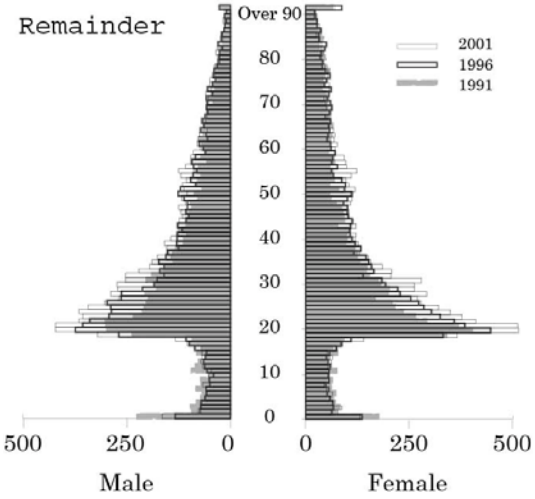

Figure 7: Age Structure City of Melbourne: Remainder area

PART C: THE IMPACT OF STUDENTS ON CHANGE IN THE CITY OF MELBOURNE

Much of the residential construction (and office and other commercial space conversion) identified earlier was investor-driven, seeking rental returns. People who were either renting or boarding occupied 63 % of apartments in the MCC area, with the remaining 37 % being owner occupied The renters could be drawn from a number of groups: the employees in CBD businesses, looking to live close to work, households moving from elsewhere in the metropolitan area in response to the attractions of the inner city (known in local real estate jargon as empty nesters), or they could be students.(O'Connor 2004). Census in formation of types of households give some cluse to the importance of the different types of demand. The category "Single, living in a group or shared household" accounts for nearly half of the total Rental properties. It is likely that accounts nmainly for students, and for some of the younger professionals. To find out accurately the significance of student demand is is necessary to visit each building and identify tenants. That was beyond the capacity of the current study.

However it is possible to establish the proportion of resident populations in the different parts of the MCC area that are made up of students. This is displayed for 2001 in table 4

Table 4: Students in Parts of the City of Melbourne

Area	Proportion of resident population attending Educational Institutions
CBD	52.1
University	55.5
Southbank	37.6
Docklands	29.7

Source: BIS Shrapnel (2003) Table 5.10

In very simple terms it would seem that students account for almost half the demand for residential space across Melbourne city. Their impact extends beyond that effect however, as they are accommodated by a sub set of the market discussed below.

A second measure of the impact of students on the residential development is provided by the construction of special purpose student residences. These are built to different standards of size, car parking spaces and provision of community space within the building and require student enrolment to occupy. These units have also been sold and made available for rent, or in some cases whole buildings are managed by commercial property companies.

The scale of the student accommodation construction can be gauged from the data displayed in table 5 below, which just shows buildings completed since 2000.

Table 5 Student Residences: Completed and Planned 2000-2004. City of Melbourne

	Number of Apartments	**Location**		
		CBD	Carlton	Other
Completed	911	512	399	
Under Construction	1482	210	1153	119
Planning Stage	1535	290	1218	57
Total	3958	1012	2770	176

Source: City of Melbourne Development Approvals Data Base.

This data shows that there were over 2300 apartments completed or under construction in 2004, with a further 1500 planned. This is a very substantial addition to the housing stock of the City of Melbourne which (as shown in table 3 had around 8,000 new apartments added to its stock over the same period). So it would seem that the special student demand accounts for more than one quarter of the apartment construction. The spatial concentration of this form of construction in the Carlton corridor is consistent with the data displayed in figure 2 and illustrates the very local effects of the impact that students have had on inner Melbourne.

PART D: OVERVIEW

The data analysed above illustrates that much of the residential construction that has taken place in the City of Melbourne has been associated with student demand, and in turn much of that is related to the new global linkages of the City of Melbourne created by the national policy on international student enrolment at Universities and schools. To put this change in context, figure 8 compares the change in the number of student, and foreign students to the number of residents hose job is in finance and banking or business services, labeled here as producer services. It is apparent that the student population is lager than the resident worker population, but has grown at around the same rate. The increase in the foreign student numbers is much faster however.

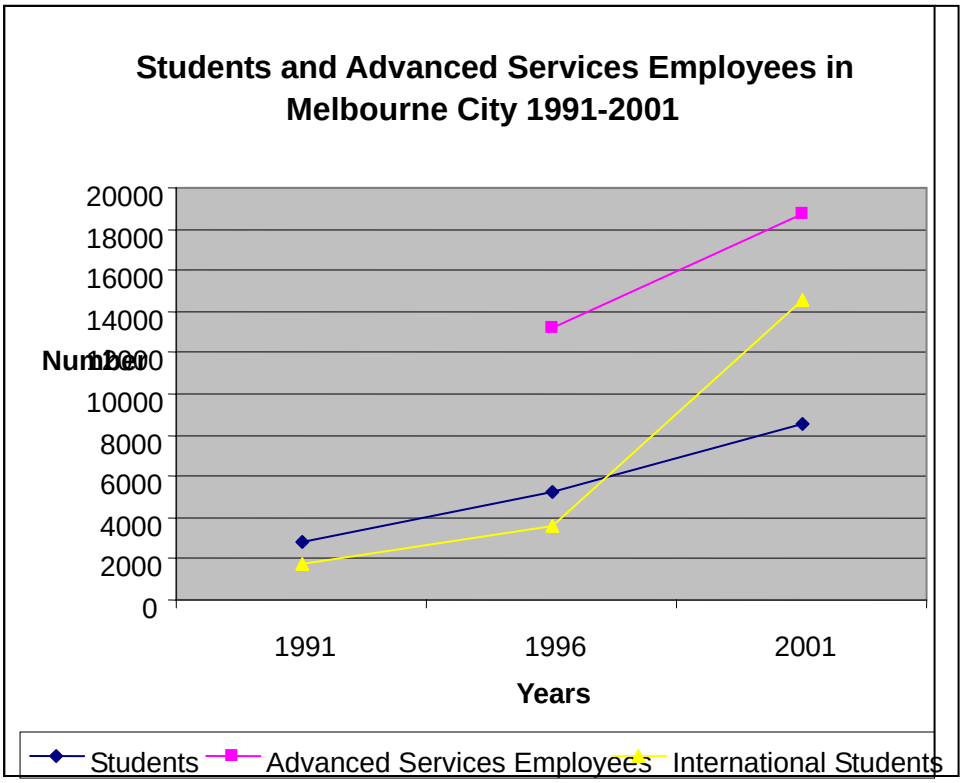

Figure 8: Student Numbers Compared to Advanced Services Employees in the City of

Melbourne

The sheer numbers and the local concentration of the resident student population has created other local impacts seen in additional cafes, travel agencies, clubs and clothing stores in that part of the city with large student numbers. That impact is outside the scope of the current paper but will be the focus of some additional work in this area .

Hence the importance of students to change in the inner city of Melbourne can be seen in their contribution to population growth, their impact on population structure and their contribution to the rental market which has underpinned substantial new residential construction. This illustrates that inner change can be triggered by global connections, but that the connection and the change might be different from that suggested in current thinking on global city development. In fact the change in the inner city may be due as much to its new global links as to any shift in residential preferences in favour of the inner city by the local population. It will be interesting to see what happens as the rate of growth in international student enrolments shows a little, and the source of the students changes. This could slow the changes outlined above and dampen down a little the population gains that have been registered up to now.

One interesting feature of this outcome is the fact that the high levels and spatial concentrations have been achieved with little or no public opposition. This is different to some other planned

efforts to foster increased population density in locations in and around the inner city where new structures are seen as a challenge to existing residential populations. That is also in contrast to some international experience, especially in the UK where student residential use has become to be seen as a problem in the gentrified areas of some UK cities. That particular outcome implies that in the case of Melbourne there was not much alternative or competitive use of much of the land now given over to residential development for student housing. At the same time the student-as-renter of inner city residential buildings was consistent with a public policy initiative designed to encourage increases in inner city population so unlikely to be seen as a problem.

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APPENDIX: AREAS OF SLAS FIGURES 5-7.