

FACTBase Fremantle

Bulletin 3, July 2015

Where's the boom? Unpacking Fremantle's Socioeconomic Structure

Kirsten Martinus & Paul J. Maginn

Introduction

This FACTBase explores Fremantle's socio-economic structure within the broader context of the Perth and Peel Metropolitan Region. Such analysis is critical in order to develop a measure of community stability, resilience and dynamics in the face of economic restructuring and uncertainty. As noted in previous FACTBases (Martinus, 2014a, 2014b), whilst there has been an increase in the overall mean income across Perth and Peel this has not been evenly spread. Indeed, there is a growing divide between the richest and poorest Statistical Local Areas (SLAs). This pattern of income inequality looks set to intensify in the context of Perth and Peel's rising living costs and an increasing number of SLAs falling below the mean income level of \$86,017.

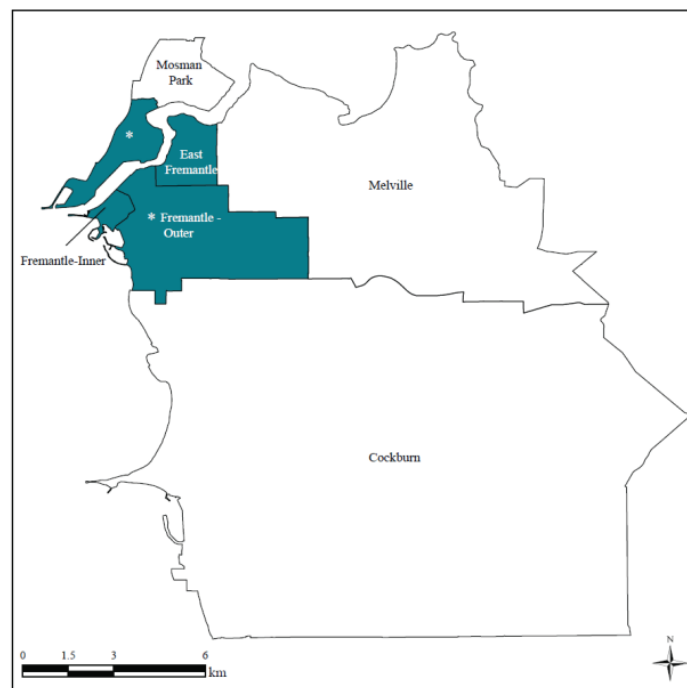
In addition to the broader socio-economic changes taking place in Perth and Peel, this FACTBase also examines more localised patterns of socio-economic inequality and stress, welfare dependence and support, as well as housing structure and ownership within the Greater Fremantle area

(see Figure 1). In short, despite the relative wealth of Fremantle, not all residents enjoy the same access to social and economic opportunity. A dual economy appears to be emerging within Fremantle.

As Perth's mining boom slows, the ability for disadvantaged households and groups to deal with rising socio-economic stress and risk will arguably have

negative effects throughout the community and local economy. Developing a better understanding of the nature of Fremantle's local socio-economic structure is a key step in developing better targeted policies to build stronger social and economic infrastructure and to assist disadvantaged groups adapt to changing socio-economic conditions.

Figure 1: Statistical Local Areas of Greater Fremantle



Socio-economic inequality and stress

Socio-economic inequality and stress are measured here using several indicators: (i) mean personal income data sourced from the Australian Taxation Office; (ii) Centrelink data on the Newstart Allowance and Single Parenting payment ratios; and (iii) small area labour market unemployment data from the Department of Employment. The data for the period 2005-2012 is used to construct a stress index at the SLA level (see Martinus, 2014c). This provides a comparative analysis for both Greater Fremantle and Perth and Peel, highlighting trends preceding and following the Global Financial Crisis (GFC) of 2007/08.

Figure 2 provides an overview of Greater Fremantle's spatial inequality relative to Metropolitan Perth and Peel - the lower the index value the greater equality in income distribution between its SLAs. Hence, it can

be seen that index scores ranged from a low of 0.09 in 2005 to a high of 0.14 in 2008, before returning to their 'normal' levels. Spatial inequality rose slightly in Fremantle between 2006 and 2008, falling dramatically in 2009 after the GFC. Despite these fluctuations, wealth distribution has remained relatively steady at around 0.08 across the years 2005, 2009 and 2012.

Table 1 illustrates the mean income adjusted for inflation (i.e. real income) for the three Fremantle SLAs – East Fremantle; Fremantle-Outer; and Fremantle-Inner – and the 'top 5'/'bottom 5' earning SLAs within the wider Metropolitan Region for the period 2004/05-2011/12.

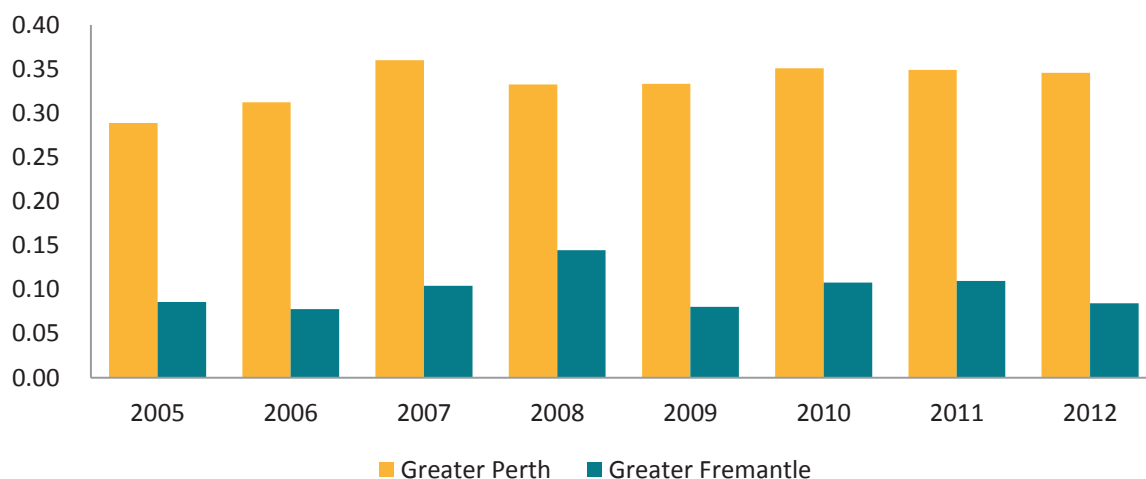
Whilst the Metropolitan wide 'top 5' income SLAs have remained the same, there has been some change at the other end of the income spectrum. Mean income in the 'top 5' SLAs increased by between 46.6% (Nedlands – up from \$96,724 to \$141,768, or +\$45,044) and 69.6%

(Peppermint Grove – up from \$105,705 to \$179,248, or +\$73,543) for the period 2004/05-2011/12.

Strong income growth was also evident across the three Fremantle SLAs with an average increase of 45.7%. East Fremantle had the greatest absolute increase in income up \$29,895 from \$65,865 to \$95,760 – an increase of 45.4%. Fremantle-Outer has the largest percentage increase in income, up 46.7% from \$57,199 to \$83,900.

Nonetheless, the gap between the Greater Fremantle average and Peppermint Grove (highest Metropolitan earner) is substantially greater than its gap with Wanneroo South (lowest Metropolitan earner). The real incomes of both Fremantle Outer and Inner lie below the Perth and Peel Metropolitan mean, indicating relative disadvantage in these SLAs.

Figure 2: Value of Spatial Inequality Index, Greater Fremantle and Metropolitan Perth and Peel



FACTBase Fremantle

Bulletin 3, July 2015

Table 1: Mean Real Income 2004-05 and 2011-12, Fremantle SLAs Compared to Metropolitan Lowest and Highest Income Earners

2004-05 Mean Real Income (\$)		2011-12 Mean Real Income (\$)		Percent Change		
1	Peppermint Grove	105,705	1	Peppermint Grove	179,248	69.6
2	Cottesloe	105,215	2	Cottesloe	177,979	69.2
3	Nedlands	96,724	3	Nedlands	141,768	46.6
4	Claremont	86,310	4	Mosman Park	140,989	63.4
5	Mosman Park	83,810	5	Claremont	128,679	53.5
9	East Fremantle	65,865	8	East Fremantle	95,760	45.4
15	Fremantle - Outer	57,199	15	Fremantle - Outer	83,900	46.7
16	Fremantle - Inner	56,709	18	Fremantle - Inner	82,302	45.1
36	Kwinana	45,190	36	Armadale	64,652	43.1
37	Bassendean	45,042	37	Kwinana	64,018	42.1
38	Armadale	44,922	38	Bassendean	63,722	41.9
39	Gosnells	44,666	39	Gosnells	62,363	39.6
40	Wanneroo - South	41,793	40	Wanneroo - South	60,509	44.8
Greater Perth/Peel average		58,444			86,016	47.2
Greater Fremantle average		59,924			87,320	45.7
Gap between Highest Perth SLA and Gtr Fremantle Ave		45,780			91,927	
Gap between Lowest Perth SLA and Gtr Fremantle Ave		18,131			26,811	

Table 2: Stress Ranking and Index Value 2008-2012, Fremantle SLAs Compared to Perth and Peel Metropolitan Top and Bottom Performers

2008		2010		2012				
1	Perth - Inner	61.42	1	Perth - Inner	54.08	1	Kwinana	52.29
2	Fremantle - Inner	44.78	2	Kwinana	50.69	2	Perth - Inner	48.04
3	Kwinana	44.01	3	Fremantle - Inner	42.75	3	Stirling - Central	40.46
4	Perth - Outer	39.26	4	Perth - Outer	39.47	4	Fremantle - Inner	38.84
5	Stirling - Central	36.56	5	Wanneroo - NorthWest	35.04	5	Wanneroo - South	38.74
7	Fremantle - Outer	35.30	11	Fremantle - Outer	33.85	15	Fremantle - Outer	30.83
34	East Fremantle	16.00	32	East Fremantle	15.70	32	East Fremantle	14.95
36	Cambridge	14.68	36	Subiaco	12.02	36	Cambridge	10.08
37	Claremont	13.20	37	Claremont	11.55	37	Claremont	8.13
38	Nedlands	9.75	38	Nedlands	6.86	38	Nedlands	5.56
39	Cottesloe	4.52	39	Cottesloe	4.78	39	Cottesloe	2.27
40	Peppermint Grove	4.43	40	Peppermint Grove	4.29	40	Peppermint Grove	2.15

Table 2 details the stress index value and ranking of the three Fremantle SLAs relative to the 'top5'/'bottom 5' SLAs within the Perth and Peel metropolitan region which is made up of a total of 40 SLAs. A higher index value denotes greater stress levels.

It can be seen that Fremantle-Inner and Fremantle-Outer were located within the bottom quartile of SLAs in 2008, with stress index values of 44.78 (2nd) and 35.30 (7th) respectively. Although the stress index values in both of these SLAs has decreased over time, Fremantle-Inner remains firmly within the bottom quartile. Fremantle-Outer has witnessed a significant reduction in its stress index value having moved into the 50-75% quartile range.

East Fremantle has remained significantly less stressed than its neighbouring SLAs with its index score falling from 16.00 in 2008 to 14.95 in 2012.

The slight decline in stress ranking demonstrated across all Fremantle SLAs is most likely the result of the mining boom and its knock-on effects in absorbing a larger portion of the unemployed and single parents back into the workforce.

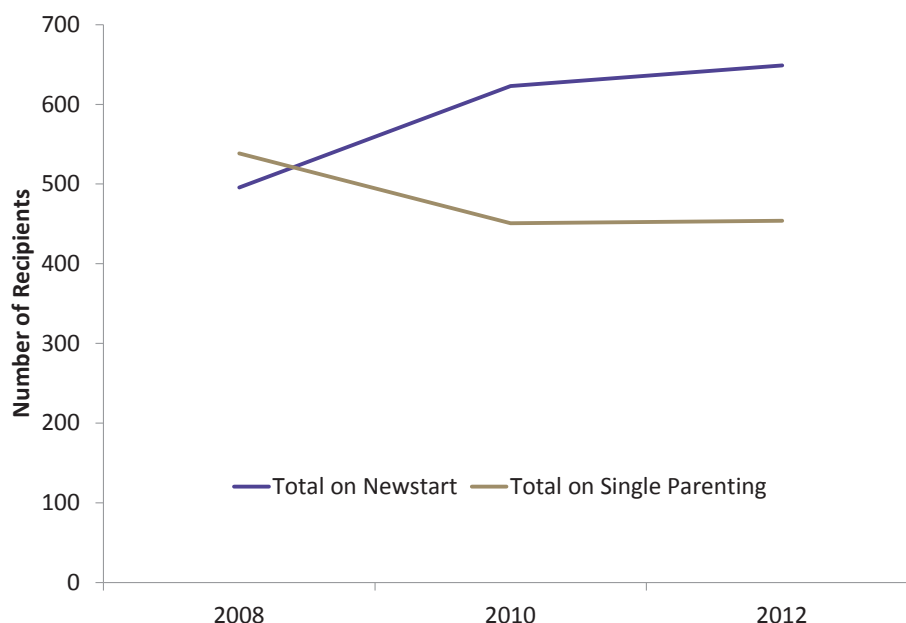
Welfare dependence and support

Unemployment levels in Fremantle remain slightly higher than across the Perth and Peel region (Martinus and Tonts, 2015). This raises questions in relation to the extent of welfare dependence and support across the Fremantle SLAs. One way of measuring welfare support is to ascertain the number/proportion of people in receipt of welfare benefits such as (i) Newstart Allowance, an income-tested benefits provided to unemployed persons over 15 years old, and (ii) the Single Parenting Payment which is provided to the primary care giver of a child(ren) not living with a partner.

Figure 3 outlines the total number of recipients of the Newstart Allowance and Single Parenting Payment in Greater Fremantle 2008-2012. Whilst the overall trend in the number of people receiving the Single Parenting Payment has been a downward one, falling from 538 to 454 people (-15.6%), there has been a corresponding upward swing in the number of people claiming the Newstart Allowance, increasing from 496 to 648 people (30.6%). The net effect of this has been a 6.5% increase in the number of people claiming these two welfare benefits.

Table 3 provides a more detailed spatial and temporal overview of the number of people claiming these two welfare benefits. It can be seen that Fremantle-Outer has accounted for the majority of people claiming the Newstart Allowance (76.4% and 76.5%) and Single Parenting Payment (76.6% and 76.4%) in 2008 and 2012 respectively.

Figure 3: Total Number of Persons by Allowance Type across Greater Fremantle



FACTBase Fremantle

Bulletin 3, July 2015

Figure 4 shows the proportion of people in Greater Fremantle and the Perth and Peel metropolitan region in receipt of Newstart and the Single Parenting Payment. Although the overall proportion of people on these welfare

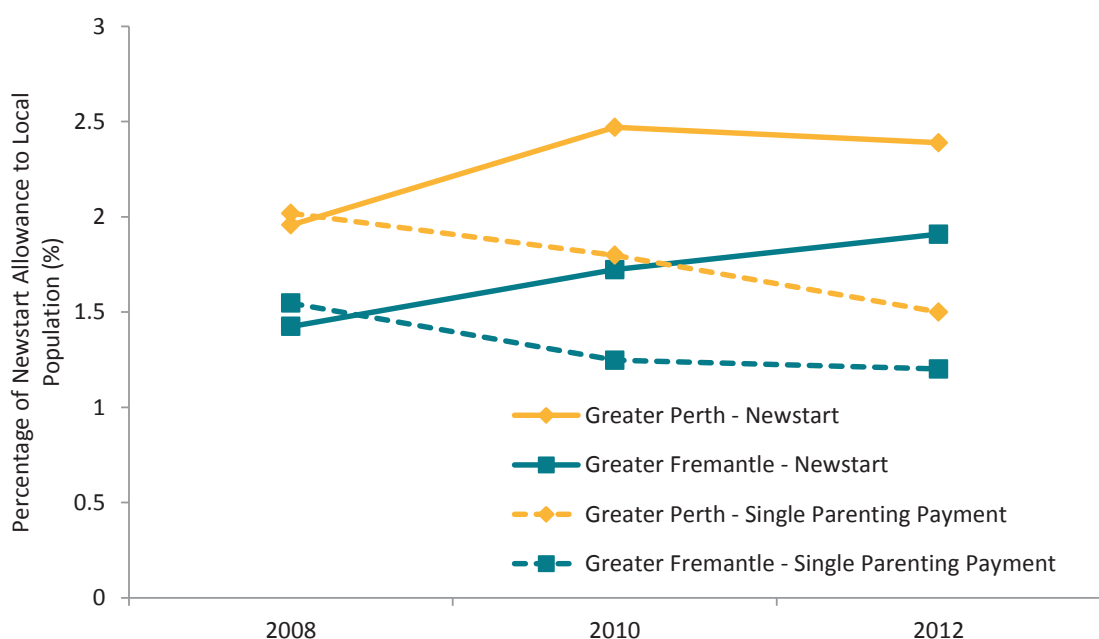
benefits has been relatively small, especially in Greater Fremantle, there has been a noticeable increase in the proportion of people receiving Newstart payments. In contrast, there has been a decrease in the

proportion of people receiving the Single Parenting Payment, with Perth and Peel showing a more pronounced decrease than Fremantle.

Table 3: Breakdown of Total Recipients by Allowance Type, by Fremantle SLA

	2008	2010	2012	Absolute change	% change
Newstart Recipients					
East Fremantle	104	130	135	31	29.8
Fremantle - Inner	13	17	17	4	30.7
Fremantle - Outer	379	477	496	117	30.8
<i>Sub total A</i>	496	624	648	152	30.6
Total Single Parenting Recipients					
East Fremantle	112	94	95	-17	-15.1
Fremantle - Inner	14	12	12	-2	-14.2
Fremantle - Outer	412	345	347	-65	-15.7
<i>Sub-Total B</i>	538	451	454	-84	-15.6
Total (A+B)	1034	1075	1102	68	6.5

Figure 4: Percentage of Allowance Type per Total Local Population, 2008-2012



Housing Structure and Ownership

Housing affordability, ownership and dwelling stock can also be used as indicators of emerging or changing social inequality and stress and general well-being (Rowley and Ong, 2012).

Changes in the composition and mix of the housing stock provide an indication of changes in the broad housing market as well as demographic change in the local population. This section investigates this for Greater Fremantle and its SLAs using ABS TimeSeries data (ABS, 2011).

Figure 5 shows the distribution of different dwelling types across the three Fremantle SLAs. The majority of the overall housing stock is located within Fremantle-Outer where separate

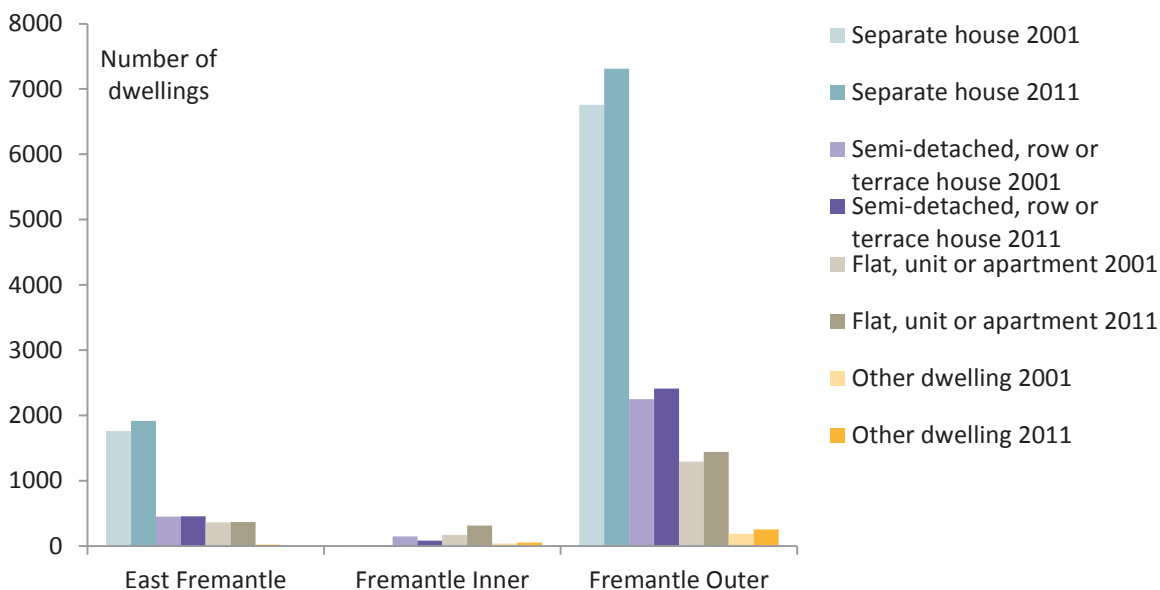
houses dominate the dwelling landscape. This SLA remains a predominantly low-density suburban area although there are signs of densification with the number of semi-detached/row/terrace houses and flats/units/apartments increasing between 2001 and 2011. East Fremantle remains firmly suburban in character.

While only a small number of residential dwellings are located in Fremantle-Inner, the stock profile has changed significantly with a decrease in separate houses and in flats/units/apartments. This is a clear indication of the further gentrification of this part of Fremantle – a process that has been ongoing for over two decades, but appears to have gathered momentum in the last 5-10 years.

The overall desirability of Fremantle is reflected in median property values. Whereas the Perth median house price was \$490,000 in 2011 (REIWA, 2015), median house prices within Fremantle suburbs were 1.7 to 2.2 times higher than this: (i) Inner Fremantle (\$830,000); (ii) North Fremantle (\$905,000); (iii) South Fremantle (\$949,000); and (iv) East Fremantle (\$1,100,000) (NB: REIWA prices are given by postcode).

Median houses prices at these levels plus gentrification processes invariably make it more challenging for low-income households and first-time home buyers to get a foot on the housing ladder and realise the great Australian dream of home ownership.

Figure 5: Number of Dwellings across Fremantle SLAs 2001-2011



FACTBase Fremantle

Bulletin 3, July 2015

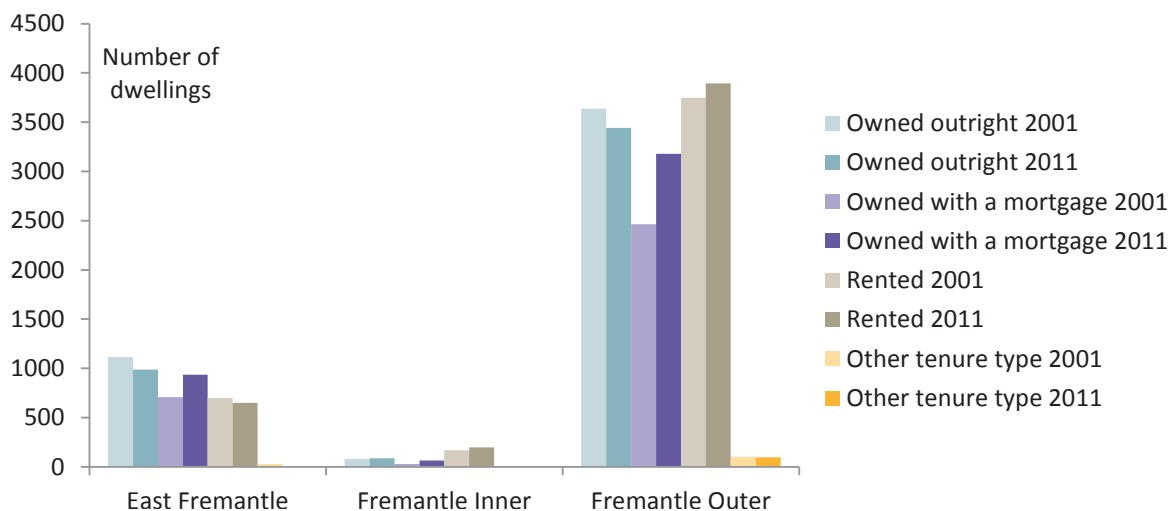
Figure 6 breaks down the distribution of housing stock by ownership status for each Fremantle SLA. Although the number of people who own their home outright fell in East Fremantle (from 1,113 to 987 dwellings) and Fremantle-Outer (from 3,638 to 3,442 dwellings) between 2001 and 2011, this was offset by the increase in the number of people in home ownership with a mortgage (up from 708 to 937 dwellings in East Fremantle and 2,464 to 3,180 in Outer Fremantle). Given the mean income levels relative to median house prices across Fremantle, the data suggests that those with a mortgage may be carrying significant debt

burden. Whilst current low interest rates may make it affordable to service this debt, future increases in interest rates will arguably increase housing stress for those with a mortgage. This will further exclude low to middle income earners from home ownership.

Any increase in interest rates are also likely to be passed on to renters by their landlords, especially 'mum and dad' landlords. As Figure 6 shows, the rental market accounts for a significant component of the overall housing market, especially in Fremantle-Outer where renters outnumber those who own their home outright and mortgage holders.

The high number of renters in Fremantle is a further indicator of the desirability of the area. This will place upward pressure on rents thereby making it more difficult for low income households in this sector to remain in their accommodation and local neighbourhood.

Figure 6: Distribution of Housing Stock 2001-2011, by Spatial Unit and Dwelling Type



Conclusion

Economic stress, spatial equality, welfare dependence and housing analysis provide insight into the socio-economic structure of an economy. This FACTBase finds that whilst economic stress generally declined as Perth's economic boom progressed, Fremantle Inner and Outer SLAs were slightly more disadvantaged compared to Greater Perth and Peel based on median incomes. Nevertheless, the overall proportion of welfare recipients to total population was relatively less in Fremantle than in Perth and Peel.

Fremantle has significantly higher house prices than the Perth and Peel median. This has meant a change in the housing structure of Fremantle, with signs of gentrification occurring in the shift toward denser housing types. This may have been driven by Fremantle's relatively accessible and high level of amenities, such as public transport, good schools, medical facilities and range of shopping and entertainment.

The housing stock changes and price increases in Fremantle have generated rises in mortgages and rents compared to outright home ownership, particularly in Outer Fremantle. This indicates that a greater number of residents may be living beyond their means, placing low socio-economic groups at risk of further financial hardship during an economic downturn.

Linked to housing affordability, socio-economic disadvantage is unevenly distributed across regions (Pawson et al., 2012). As such, understanding spatial inequality of a region is critical to the provision of effective local planning policy. In the case of structural poverty and disadvantage, particular groups find it difficult to break out of the poverty cycle. As a result, there is a need to directly address spatial inequalities, for example through improvements in the connectivity and coordination of transport services to employment opportunities, services and facilities.

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About the authors



Kirsten Martinus is an Assistant Professor at The University of Western Australia's School of Earth and Environment. Her research interests lie in urban and economic development, social capital formation, innovation and globalisation studies.



Paul Maginn is an Associate Professor and Coordinator of The University of Western Australia's Urban and Regional Planning programs. His research is focused on planning policy, local government and governance, and the social and cultural dynamics of cosmopolitan cities.



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