

Flight to quality

How growth is set to soar at Melbourne Airport

By Dan Fitzpatrick
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With a third runway now approved, and significant retail and leisure development in the pipeline, Melbourne Airport's contribution to growth in Victoria is set to surge both on and off the runway.

Over the next decade, Victoria's population is projected to increase by an average of around 125,000 per year, at an annual growth rate of 1.7%. This growth is above the Australian average and contributes to the projection that Melbourne Airport will service 83 million passengers annually by 2046, more than double current figures.

The airport currently operates on a cross-runway system, with capacity limited by the intersection, and it's expected that by 2026 the increased demand would regularly exceed capacity.

Through the new dual runway, as used at Sydney and Brisbane, an extra 23 million passengers will be able to use the airport each year, with 43% more aircraft movements following its scheduled completion in 2031.

Future growth opportunities realised

Currently almost half of Melbourne Airport's revenue comes from aviation. And whilst the increase in population and passengers will provide a boost, it's the expansion into a multi-use precinct incorporating retail, entertainment and leisure that is expected to add more than \$200 million annually to the Victorian economy and over 2,000 jobs above and beyond the economic benefits from the third runway.

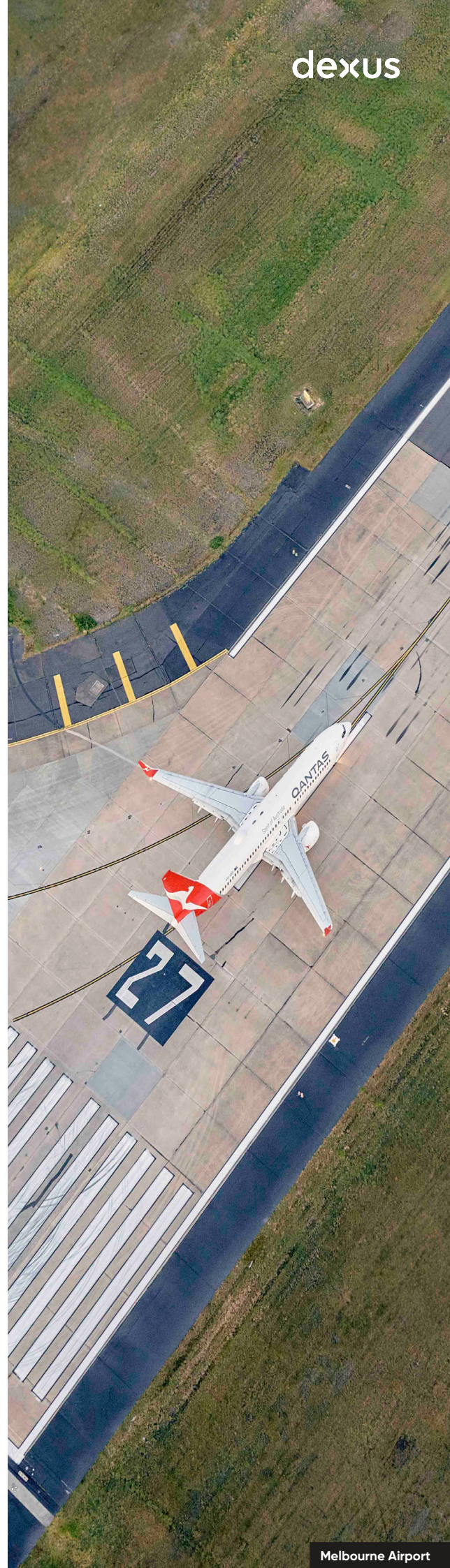
APAC revenue mix

Actual Revenue

45-50% Aviation	13-16% Retail
19-25% Landside	11-15% Property



Sources:
[Melbourne Airport Annual Reports 2022-24](#)



Having just received approval for the third runway in September, the airport management team continues to explore growth opportunities, lodging a major [development plan](#) for the new precinct – Elite Park.

Scheduled to complete in 2034, Elite Park will support the airport's 20-year growth plan bringing significant socio-economic benefits and supporting Melbourne's emergence as a major tourist destination.

The currently vacant 32-hectare site will be transformed with new commercial tenants, such as Topgolf, who will join URBNSURF and Essendon Football Club, turning the site into a premium entertainment and recreation destination, for both Victorians and visitors.



Leveraging deep sector expertise

Dexus's asset management expertise, combined with local area knowledge and direct experience at Melbourne Airport – managing the largest combined shareholding in the airport on behalf of clients – allows us to collaborate between our industrial development team, airport management, and other stakeholders to optimise how the land is developed and how it's priced to the market.

Managing a \$10.6 billion industrial portfolio across the platform and leasing 82,100 square metres of space across 10 industrial developments, Dexus is well placed to work with the asset management team to unlock its economic potential.

Our ability to accelerate the area's development is enhanced by our broad cross-sector expertise, in this case infrastructure, providing insights and guidance that make a real difference on the ground.

This work is focused on delivering a step change in growth at the airport, including the third runway, as well as aeronautical negotiations and funding strategy, and leveraging the land and property adjacent, as seen with Elite Park.

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