

Extend Melbourne's trams to encourage more new homes nearby

Increase services on key tram routes in activity centres that the government selected for more housing development. Extend trams in Melbourne's established suburbs in areas that can support more new homes. Rezone land around the extended tram lines so more homes can be built.

Trams can support more homes in inner and middle Melbourne

The Victorian Government wants to build 800,000 homes over the next decade, with 70% in established suburbs.²⁹⁹ Building in these areas can improve access to jobs, schools, shops and services.³⁰⁰ It can also make better use of Victoria's existing infrastructure.³⁰¹ Yet only half of new homes approved between 2022 and 2024 were in established suburbs.³⁰²

In the activity centres that the government selected for more housing development, some tram routes are already crowded.³⁰³ Adding more tram services can encourage more homes and help reduce crowding, road congestion and transport emissions.³⁰⁴

The government should add around 300 peak hour services every week on key routes. It should add them where more homes are planned and trams are already very busy, like routes 86, 96 and 109.³⁰⁵ It should also run more evening and weekend tram services so people who live near tram lines depend less on cars and new housing developments need fewer parking spaces.³⁰⁶

Extending tram lines in established suburbs can make the most of Melbourne's tram network and encourage more development.³⁰⁷ Expanding the tram network can also complement the government's plan for network reform to redistribute trams and routes. This helps to increase capacity on the busiest parts of the tram network and improve services to established suburbs.³⁰⁸

Improving tram services and extending the network to the government's priority precincts and activity centres can also encourage residential, institutional and commercial development. Tram services do not reach some of these places, like Fishermans Bend, Moorabbin and Chadstone.³⁰⁹

The government should deliver priority tram extensions to encourage new homes

The Victorian Government should complete a detailed assessment of tram extensions in Melbourne's established suburbs. It should prioritise extensions that can encourage new homes, improve access to jobs and increase public transport use. We propose 8 tram extensions for the government to start building by 2030 based on their potential to meet these needs (see Figure 5):

- Arden trams:
 - Swanston Street to Kensington
 - Spencer Street to Flemington Bridge
- Fishermans Bend trams:
 - Anzac train station to Fishermans Bend North
 - Southern Cross Station to Fishermans Bend South
- Middle suburbs trams:
 - East Malvern to Hughesdale via Chadstone
 - East Brighton to Moorabbin
 - Melville Road to Batman train station in Coburg
 - Wattle Park to Burwood East.

The 4 middle suburbs tram extensions can support around 32,000 new homes in these areas and increase daily public transport trips by 17,500.³¹⁰ By encouraging new homes in established suburbs instead of growth areas, these projects can save over \$1 billion in public infrastructure costs.³¹¹ We estimate that they can return \$1.10 to \$1.90 for every dollar invested.³¹²

These projects will connect people to trains at East Malvern, Moorabbin, Batman and the future Burwood station on the Suburban Rail Loop. They can improve access to other activity centres in middle suburbs by up to 9%.³¹³ Residents would travel up to 5% more quickly and reach nearly 15,000 more jobs in 45 minutes.³¹⁴

The government plans for 80,000 people to live in Fishermans Bend by 2050.³¹⁵ In Arden, it is planning for 15,000 residents by 2051.³¹⁶ We modelled tram extensions that make the most of the Metro Tunnel's new stations and capacity by redirecting some St Kilda Road trams to these precincts.³¹⁷ The Fishermans Bend tram extensions could allow 19% more people to reach the precinct within 45 minutes.³¹⁸ They could return \$1.30 to \$3.10 for every dollar invested.³¹⁹ The Arden tram extensions can increase daily public transport trips by 17,000.³²⁰

These extensions can give developers the confidence to build more homes in these precincts rather than outer suburbs.³²¹ They can also help the government save on infrastructure costs compared to building more homes in outer suburbs.³²²

We identified 2 more tram projects for the government to consider delivering from the mid-2030s, once it has delivered the first 8 projects. These include an extension from Airport West to Melbourne Airport and a new route from Highpoint to Sunshine.³²³ These projects would support more new homes in Melbourne's inner west. Residents could reach up to 52,000 more jobs in 45 minutes.³²⁴ A tram connection would make all public transport journeys to Melbourne Airport 10% faster.³²⁵

Extending tram lines will only encourage development if supported by planning rules. The government should update local planning schemes to enable more homes around the new tram extensions and at the end of the existing tram lines (see [recommendation 7](#)).

Cost range, timing and funding

We estimate it will cost \$4 billion to \$5.7 billion over 5 years to extend the 8 priority tram lines. General government revenue can fund this work. The Victorian Government can also seek additional funding from the Australian Government. The Australian Government has funded similar projects, such as the Canberra and Gold Coast light rail projects.³²⁶

Our cost estimates cover all infrastructure and additional trams, and include:

- \$1 billion to \$1.5 billion for 2 tram extensions in Fishermans Bend
- \$1 billion to \$1.6 billion for 2 tram extensions in Arden, including level crossing removals and an upgraded bridge across Moonee Ponds Creek
- \$1.5 billion to \$2 billion for 4 tram extensions in Melbourne's middle suburbs
- \$450 million to \$600 million for additional trams and power upgrades on tram routes 86, 96 and 109.

Each tram line can be extended separately, and costs range between \$200 million and \$1 billion each. Delivering all the extensions in middle Melbourne can save over \$1 billion in public infrastructure costs compared with building in new outer suburbs.

We have provided a broad cost range as the projects can be delivered in various ways to provide best value for money. This requires further analysis by the Victorian Government. Our cost estimates are approximate for each upgrade.

Extended tram lines will then cost the government \$30 million to \$40 million each year to operate.³²⁷ This includes asset renewal of the tram corridor and rolling stock. It also includes maintenance costs. Running

more services on existing tram routes and extra evening and weekend trams where more homes are planned will cost another \$40 million to \$60 million each year. The extra public transport fares can help offset the operating costs.

Figure 5: Tram extensions can make the most of Melbourne’s tram network, and support priority precincts and activity centres



Tram routes with extensions	Additional weekday public transport boardings	
	Year 2031	Year 2041
Arden tram extensions (Routes 3, 5)	14,600	17,000
→ Route 3 (west) – Kensington to Malvern East	4,900	5,200
→ Route 5 – Malvern to Flemington Bridge Station	9,700	11,800
Fishermans Bend tram extensions (Routes 11, 67)	13,100	33,000
→ Route 11 – West Preston to Fishermans Bend South (Plummer Street)	3,900	15,500
→ Route 67 – Carnegie to Fishermans Bend North (Turner Street)	9,200	17,500
Middle suburbs tram extensions	16,100	17,500
→ East Malvern to Hughesdale via Chadstone (route 3 (south) – Melbourne Uni to Hughesdale via Chadstone)	4,800	5,600
→ Melville Rd to Batman Station in Coburg (route 58 – Toorak to Batman)	1,800	2,000
→ East Brighton to Moorabbin (route 68 – Kew to Moorabbin)	4,500	4,700
→ Wattle Park to Burwood East via Burwood SRL train station (route 70 – Docklands Stadium to Burwood East Tally Ho)	5,000	5,300

Source: Infrastructure Victoria.