



22 ST QUENTIN AVENUE, CLAREMONT

Economic Benefit Snapshot

Prepared for Kuraland
August 2021

DEPARTMENT OF PLANNING, LANDS AND HERITAGE	
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CONTENTS

Key Findings	3
Report Purpose & Proposed Development	4
Construction Phase Benefits	5
Ongoing Employment Benefits & Other Benefits	7
Methodology, Definitions & Assumptions	9

KEY FINDINGS

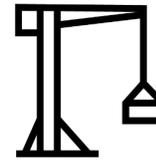
The 22 St Quentin Av development will provide a substantial volume of employment floorspace, and service the community by providing **536 sq.m of retail and food and beverage space and 1,216 sq.m commercial floorspace.**

Construction of the entire development will support a total of **349 FTE direct & indirect job years** on during construction of the development, with many accruing locally. These job estimates will add approximately **\$34.4 million in gross value added (GVA)** to the WA economy on an annual basis.

The development will provide a total of **1,752 sq.m (NSA) of employment floorspace**, which can support **107 ongoing jobs (directly and indirectly)**, at standard workspace ratios for relevant industries. There will be an estimated **\$20.8 million per annum direct and indirect value-added** contribution generated from the daily operation and management of the development to the Western Australian economy.

In addition, this development will bring an additional **150 new residents** in the area and generate **\$3.5 million per annum in retail expenditure.**

CONSTRUCTION PHASE BENEFITS



\$108.9 M

Total development cost for all components (inc. GST)



349

Total FTE construction job years supported (directly and indirectly)



\$34.4 M

Value added in the WA economy per annum over the construction phase

ONGOING EMPLOYMENT & ECONOMIC BENEFITS



107

Ongoing jobs supported per annum (directly and indirectly)



\$20.8 M

Value added in the WA economy per annum attributable to operations on-site



150 +

New residents from 86 apartments proposed



\$3.5 M

Total resident and worker spend





Report Purpose

Urbis has been engaged by Kuraland to conduct an independent Economic Impact Report for the proposed development in Claremont.

This analysis supplements Urbis' in-house knowledge with data from the REMPLAN modelling tool to quantify the potential employment and economic benefits likely to be generated by the development. These benefits will accrue during both the construction phase and on an ongoing operation basis. The methodology is explained further later in this report.

Potential employment and economic benefits are presented for each individual component of development, as well as aggregated contributions generated from the entire project at the completion of the construction phase for the entire development.

Proposed Development

The proposed development will be made up of Retail, Commercial, Food and Beverage and Residential components as sited below:

- Retail / Food & Beverage (536 sq.m)
- Commercial (1,216 sq.m)

The Residential component of this development is made up of 86 apartments.

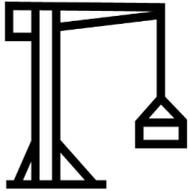
These components are expected to be developed simultaneously, with the anticipated completion year being 2024 subject to approval.

Assumptions

Urbis has been provided with construction costs and timing by Kuraland, based on costs estimated by Pennock Architects:

- The construction cost is estimated to be **\$96.8 million (inc. GST)**. There is an additional cost of **\$12.1 million (inc. GST)** in professional, documentation, admin and financial fees.
- The construction timeframe is **24 months**.

CONSTRUCTION PHASE BENEFITS



The proposed development is estimated to have a total construction cost of around **\$108.9 million inclusive of documentation, admin and other financial costs of the development** and inclusive of GST over an assumed construction timeframe of 24 months. This results in an annualised cost of \$54.5 million inclusive of GST.

On average, **174 FTE direct & indirect** construction jobs are likely to be created for the State on an annualised basis during construction of the development, (totalling to **349 FTE construction job years, directly & indirectly** over the development timeframe) with many accruing locally.

Total direct and indirect Gross Value-Added to the State economy is estimated at **\$34.4 million per annum** on average over the construction period of the development in constant 2021 dollars.

Average full-time equivalent jobs created (p.a)



73
DIRECT FTE* JOBS

Avg. direct FTE jobs per year during construction



102
INDIRECT FTE* JOBS

Avg. indirect FTE jobs per year during construction

Gross value added to the state economy (p.a)



\$13.3 M
DIRECT GVA*

Avg. annual direct GVA to the State economy



\$21.2 M
INDIRECT GVA*

Avg. annual indirect GVA to the State economy

* FTE = Full-Time Equivalent, GVA = Gross Value Added, Indirect benefits refer to Supply Chain effects, but not Consumption Effects. See Definitions in the Appendix for more information.

Source: REMPLAN; Kuraland; Urbis

ONGOING EMPLOYMENT & ECONOMIC BENEFITS



Upon completion, the total development will support around **75 jobs** (full-time and part-time) on site. This includes 19 retail and food and beverage jobs, and 56 jobs within the commercial use. These jobs will be ongoing over the life of the asset with that activity in turn creating permanent jobs elsewhere through the economy.

The direct jobs are estimated to induce a further **32 additional jobs** within Western Australia as a result of flow-on effects.

There will be an estimated **\$20.8 million** per annum in direct and indirect GVA contribution generated from the daily operation and management of the development to the WA economy.

Total on-going jobs supported by on-site operations



75

DIRECT JOBS



32

INDIRECT JOBS

Total direct jobs on an ongoing basis at capacity

Total indirect jobs supported by on-site employment

Gross value added to the state economy



\$13.2 M

DIRECT GVA*



\$7.6 M

INDIRECT GVA*

Annual direct GVA to the State economy

Annual indirect GVA to the State economy

* GVA = Gross Value Added, Indirect benefits refer to Supply Chain effects, but not Consumption Effects. See Definitions in the Appendix for more information.

Source: REMPLAN; Kuraland; Urbis

Note: Ongoing jobs may not be new to the state economy as there may be some transfer from other locations. However in the absence of the proposed investment, they would unlikely be provided elsewhere in the short-term, and in that respect are considered additional.

OTHER BENEFITS OF DEVELOPMENT

Revenue Generated by Development

The proposed development mix is estimated to support a resident population of approximately 150 persons.

A diverse population is expected to be supported by the delivery of developments with varying facilities / amenities, dwelling characteristics and price points.

These additional residents are anticipated to add an additional \$3.5 million of retail expenditure to the area after completion of the development, which will continue on an annual basis going forward.



New Residents



Estimated Total Retail
Expenditure Generated by
New Residents

Other Benefits

Beyond the quantification of economic contributions already identified, the proposed investment also presents broader benefits to the local area, including, but not limited to:

- Provide a landmark new building to the Claremont Town Centre which has not seen any significant new development for 11 years.
- New development in this precinct has the potential to attract further investment to the precinct as other developers see the potential.
- Supporting additional visitation to Claremont and supporting the existing retail and food and beverage in the area.
- Providing businesses with the opportunity to occupy new, modern, well-serviced and fit-for-purpose dining establishments. This will benefit local businesses who may want to upgrade or expand their operations and could attract more visitation from around the state.
- Provide employment diversity to the Claremont area.
- Provide additional rates and taxes to federal, state and local government from new residents and workers in the building.
- Increase the safety and security of the Claremont Town Centre via passive surveillance from the workers and residents in the building.
- Bring new community spaces to Claremont Town Centre.
- Increase health and wellbeing in the Claremont area with a provision of new medical services.
- Provide a market leading level of sustainability within the building.

Source: MarketInfo spending profile for Claremont, REMPLAN; Kuraland; Urbis

METHODOLOGY, DEFINITIONS & ASSUMPTIONS



METHODOLOGY, DEFINITIONS & ASSUMPTIONS

The REMPLAN Methodology

Analysis presented here uses REMPLAN economic modelling to assess current and potential economic impacts. REMPLAN is an Input-Output model that captures inter-industry relationships within an economy. It can assess the area-specific direct and flow-on implications across industry sectors in terms of employment, wages and salaries, output and value-added, allowing for analysis of impacts at the State of Western Australia level.

Key points regarding the workings or terminology of the model are as follows:

- REMPLAN uses either the value of investment or employment generation as the primary input. For this analysis, the value of total upfront investment has been used as the key input to assess the benefits of the construction phase.
- Outputs from the model include employment generated through the project and economic Gross Value Added (GVA) at the State level
- Outputs from the model include employment generated through the project at both the local and the state level.
- Employment generated is calculated over the life of the construction phase; or in terms of the on-going operations, total on-going jobs generated.
- Both the direct and indirect employment are modelled:
 - *Direct* refers to the effect felt within the industry as a result of the investment. For example, the construction phase will directly result in the creation of construction jobs.
 - *Indirect* effects are those felt within industries that supply goods to the industries directly affected.
- It should be noted that the results presented in this report are estimates only based on the existing state of economic activity in the area. Due to the static nature of input-output modelling, they have the potential to overstate the actual effects. Nonetheless, the analysis still reflects the fact that employment growth will be positive for the State and the local area.
- Urbis consider that in the absence of the investment package it is unlikely that similar projects would be undertaken within the same period, and therefore the investments can be considered *additional*.

Data Sources

Plans - Pennock Architects Revision C 01/07/2021

Costs – Kuraland construction cost estimates 01/07/2021

Definitions

Construction cost is the estimated investment value for each development over the anticipated delivery period, measured in constant 2020 dollar (i.e. excluding inflation) including GST.

Gross Value Added or **GVA** is a measure of the value of goods and services produced in an area, industry or sector of an economy during a certain period of time. In this case, GVA represents the total economic contribution of the investment in each of the resorts. GVA is measured in constant 2020 dollar (i.e. excluding inflation) including GST.

Construction job years is a measurement of the volume of output required to support a construction job for a 12 month period.

Assumptions

Average workspace ratios for this analysis have been taken from the results of the Perth Land Use and Employment Survey, published in 2017. The relevant ratios used for this analysis by each component are the WASLUC and PLUC Codes as per the following:

Component	Ratio	PLUC Code	WASLUC Code
Retail / Food & Beverage	37.6	Shop/Retail	-
Commercial	21.9	Total	Finance, Insurance and Real Estate Services

The number of apartment residents has been determined by number of people per apartment by bedroom type, based on the ABS Census across Greater Perth. We have assumed a ratio of **1.4** people per dwelling for a 1 bedroom apartment, **1.8** for a 2 bedroom apartment, **2.2** for 3 bedroom 2 bathroom apartment and **2.4** people per dwelling for a 3 bedroom 3 bathroom apartment and **2.8** people per penthouse.

DATA TABLES

Construction Phase			
Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$52.80	\$56.20	\$109.00
Employment (FTE Jobs)	72.66	101.75	174.41
Wages and Salaries (\$M)	\$6.15	\$11.73	\$17.88
Value-added (\$M)	\$13.25	\$21.18	\$34.43

Ongoing Employment Impacts			
Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$26.19	\$16.03	\$42.23
Employment (FTE Jobs)	75	32.22	107.22
Wages and Salaries (\$M)	\$9.37	\$4.50	\$13.87
Value-added (\$M)	\$13.23	\$7.56	\$20.8

* FTE = Full-Time Equivalent, GVA = Gross Value Added, Indirect benefits refer to Supply Chain effects, but not Consumption Effects. See Definitions in the Appendix for more information.

Source: REMPLAN; Kuraland; Urbis

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The effects (both directly and indirectly) of the COVID-19 Outbreak on the Australian real estate market and business operations is currently unknown and it is difficult to predict the quantum of the impact it will have more broadly on the Australian economy and how long that impact will last. As at March 2020, the COVID-19 Outbreak is materially impacting global travel, trade and near-term economic growth expectations. Some business sectors, such as the retail, hotel and tourism sectors, are already reporting material impacts on trading performance now and potentially into the future. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a high proportion of international visitors.

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