

Annexure 10

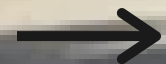
Economic Benefit Snapshot Report

ECONOMIC BENEFIT SNAPSHOT

Prepared for TRUENORTH Properties



BROOKLYN ON MAIN 10 MORLEY DRIVE TUART HILL.



MARCH 2021

Contents:

Purpose of report
Key findings
Construction phase benefits
Ongoing benefits
Additional benefits
Methodology
Definitions and Assumptions
Data tables



Purpose of report.



This independent Economic Benefit Assessment has been prepared for TRUENORTH Properties by TNA Urban Advisory for a proposed mixed-use development at 10 Morley Drive, Tuart Hill.

The assessment draws from REMPLAN modelling and is supplemented by the TNA Urban Advisory in-house tools and team. The intention of this report is to identify the key employment and economic benefits that will be created from the development, both during the construction phase and on an ongoing basis.

Details of proposed development.

This proposed development is broken down into residential & commercial elements. The residential component consists of 68 apartments including one, two and three bedroom products. There is 420 sq.m of commercial floorspace provided over four areas plus allocation for a gym. The construction phase is estimated to be 18 months.

Assumptions

The analysis presented in this report has been created using total project construction & development costs provided by SMATS Group and JCM Property Group of \$28.5m which includes construction costs, construction services, consultants fees and contingency fees.



Key Findings - Summary.

This development will provide significant economic benefits to the local & regional economy generating an estimated \$18.7 million in total Gross Value Added (GVA) during the construction phase. It will create 96 full-time equivalent jobs (directly and indirectly) during the development's construction and provide an additional 21 direct ongoing jobs.

The development will provide accommodation for approximately 120 residents, who will contribute \$1.8 million per year in retail spending.

The flow on effects from the development also include:

- Tax and rates contributions to government from new residents and workers
- An increase in visitation to the City of Stirling
- Training and employment opportunities (including apprenticeships) and employment diversity
- The potential for further development investment in the area.

Key Findings - Construction phase benefits.



Costs.

\$28.5m

Total development cost (including GST) inclusive of 10% contingency

Jobs.

96

Total FTE construction jobs.

Economy.

\$18.7m

Total economic value added to the WA economy.



Key Findings - Ongoing benefits.



Space.

420 sq.m

Employment
floorspace.

Jobs.

38

Jobs supported
per year directly
and indirectly.

Economy.

\$15.9m

Economic value
added per year to
the WA economy.

Spending.

\$1.8m

Total resident
retail spend.





In more detail.

Findings explained.



Construction phase benefits.

The project will provide a significant economic boost to the local & regional economy. The total development costs of the project is \$28.5m which is inclusive of construction management services, design works, and a 10% development contingency.

It is forecast that the development will create 64 FTE construction jobs on an annualised basis, resulting in an estimated 96 FTE construction jobs over the course of the development project - directly and indirectly. This will include training and apprenticeship opportunities.

The overall economic benefit to the State economy is estimated to average \$12.5 million Gross Value Added (GVA) per annum over the development construction period.

FTE = Full-Time equivalent. GVA = Gross Value Added.

Indirect benefits are Supply Chain effects, not consumption effects.

Costs are inclusive of GST.

Source: REMPLAN, JCM Property Group





Construction phase benefits.

Jobs.

24

direct FTE

39

indirect FTE

Gross Value.

\$4.7m

direct GVA

\$7.7m

indirect GVA

Average annual direct FTE jobs during construction.

Average annual indirect FTE jobs during construction.

Average annual direct GVA to State economy.

Average annual indirect GVA to State economy.

FTE = Full-Time equivalent. GVA = Gross Value Added.
Indirect benefits are Supply Chain effects, not consumption effects.
Costs are inclusive of GST.
Source: REMPLAN, JCM Property Group





Ongoing benefits.

It is forecast that the commercial and gym floorspace provided by this development will facilitate a total of 37 FTE jobs (direct & indirect) which will be on-going over the life of the asset.

It is estimated that **\$15.9 million** in direct and indirect GVA per annum will be contributed to the WA economy through the operation and management of the development.

Additional employment such as cleaning, maintenance and strata management will also be created.

FTE = Full-Time equivalent. GVA = Gross Value Added.

Indirect benefits are Supply Chain effects, not consumption effects.

Costs are inclusive of GST.

Source: REMPLAN, JCM Property Group





Ongoing benefits.

Jobs.

21

direct jobs

16

indirect jobs

Gross Value.

\$11.6m

direct GVA

\$4.2m

indirect GVA

Average direct jobs at capacity on an ongoing basis.

Average indirect jobs at capacity on an ongoing basis.

Annual direct GVA to State economy.

Annual indirect GVA to State economy.

FTE = Full-Time equivalent. GVA = Gross Value Added.
Indirect benefits are Supply Chain effects, not consumption effects.
Costs are inclusive of GST.
Source: REMPLAN, JCM



Additional benefits.



- **120 new residents**

Will be accommodated by the development.

- **\$1.8m retail revenue**

Is expected to be generated from the development's residents each year.

- **Tax and rates**

Will increase to all levels of government from the new residents and workers.

- **More visitors**

Will flow into the City of Stirling's local businesses as a result of the development.

- **Employment**

There will be an increased number of employment opportunities for skilled workers and apprentices.

- **More Development**

This development is likely to attract additional development investment in the area.





Methodology.

Methodology, definitions and 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.
- TNA Urban Advisory 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

Area Summary – SMATS Group 17/10/2021

Costs – JCM Property Group 18/12/2020



Definitions



Construction cost is the estimated investment value for each development over the anticipated delivery period, measured in constant 2021 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 2021 dollar (i.e. excluding inflation) excluding 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 for this analysis uses the Finance, Insurance and Real Estate Services PLUC code for Commercial floorspace (21 sqm per worker), and for the Gym floorspace the Entertainment/Recreation/Cultural PLUC code has been used (87 sqm per worker).

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





Data tables.

Construction Phase (p.a)

Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$\$19.02	\$20.78	\$39.8
Employment (FTE jobs)	24.3	39.3	64
Wages and salaries (\$M)	\$2.52	\$4.22	\$6.75
Value-added (\$M)	\$\$4.75	\$\$7.70	\$12.45

Ongoing Impacts

Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$18.83	\$8.15	\$26.99
Employment (FTE jobs)	21.09	16.5	37.59
Wages and salaries (\$M)	\$3.37	\$2.4	\$5.77
Value-added (\$M)	\$11.66	\$4.21	\$15.9

FTE = Full-Time equivalent. GVA = Gross Value Added.
Indirect benefits are Supply Chain effects, not consumption effects.
Source: REMPLAN, JCM Property Group



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All surveys, forecasts, projections and recommendations contained in or made in relation to or associated with this report are made in good faith and on the basis of information supplied to TNA Urban Advisory at the date of this report. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which TNA Urban Advisory has no control.

TNA Urban Advisory has made all reasonable inquiries that it believes is necessary in preparing this report but it cannot be certain that all information material to the preparation of this report has been provided to it as there may be information that is not publicly available at the time of its inquiry.

This report has been prepared with due care and diligence by TNA Urban Advisory and the statements and opinions given by TNA Urban Advisory in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading bearing in mind the necessary limitations noted in the previous paragraphs. Further, no responsibility is accepted by TNA Urban Advisory or any of its officers or employees for any errors, including errors in data which is either supplied by the Instructing Party, supplied by a third party to TNA Urban Advisory, or which TNA Urban Advisory is required to estimate, or omissions arising in the preparation of this report, provided that this will not absolve TNA Urban Advisory from liability arising from an opinion expressed recklessly or in bad faith.





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