



DEPARTMENT OF PLANNING, LANDS AND HERITAGE	
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120 MARINE PARADE, COTTESLOE

Economic Benefit Snapshot

Prepared for Gary Dempsey
Developments
April 2021

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KEY FINDINGS

Construction of the development is estimated to support a total of **65 full-time equivalent direct & indirect jobs** during construction of the development, with many accruing locally. The development is estimated to add approximately **\$9.9 million in gross value added (GVA)** to the WA economy on an annual basis.

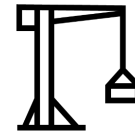
The development will provide a total of **110 sq.m (GFA)** of **employment floorspace** for a café, which can directly support **7 ongoing jobs**. There will be an estimated **\$0.8 million per annum direct and indirect value-added** contribution generated from the daily operation and management of the development which will support further employment and economic activity in Western Australia.

In addition, this development will accommodate approximately **29 residents** in the area.

This development will additionally:

- Attract further investment to the precinct;
- Support additional visitation to Cottesloe and existing businesses in the area;
- Provide employment diversity to the Cottesloe area, including training and apprenticeship opportunities; and
- Provide additional rates and taxes to federal, state and local government from new residents and workers in the development.

CONSTRUCTION PHASE BENEFITS



\$22.08 M

Total development cost for all components



65

Total FTE construction job years supported (directly and indirectly)



\$9.9 M

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



300+

Construction workers anticipated to be employed on site

ONGOING EMPLOYMENT & ECONOMIC BENEFITS



110 sq.m

Employment Floorspace



7

Ongoing jobs supported per annum (directly)



\$0.8 M

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



\$540 K

Total resident retail spend



Report Purpose

Urbis was engaged by Gary Dempsey Developments to conduct an independent economic benefit assessment for the proposed development in Cottesloe.

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.

Proposed Development

The proposed development will be made up of commercial and residential components.

The commercial component of this development is made up of 110 sq.m (GFA) on the ground floor.

The residential component of this development is made up of 14 apartments, including one bedroom and three bedroom apartments and one penthouse with four bedrooms.

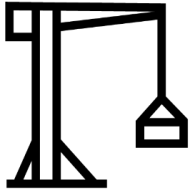
These components are expected to be developed simultaneously, with the anticipated construction period of 18 months.

Assumptions

Urbis was provided with construction costs and timing by Gary Dempsey Developments:

- The construction cost is estimated to be **\$21.3 million (excluding GST)**.
- The construction timeframe is **18 months**.

CONSTRUCTION PHASE BENEFITS



The proposed development is estimated to have a total construction cost of around **\$21.3 million (excluding GST)** over an assumed construction timeframe of 18 months. This results in an annualised construction cost of \$14.72 million. A further **\$750,000** is estimated for consultancy costs to deliver this project.

On average, **43 FTE direct & indirect** construction jobs are likely to be created for the State on an annualised basis during construction of the development (totalling to **65 FTE construction job years, directly & indirectly** over the development timeframe) with many accruing locally. This will include training and apprenticeship opportunities.

Total direct and indirect Gross Value-Added to the State economy is estimated at **\$9.9 million per annum on average** over the construction period of the development in constant 2020 dollars.

According to Gary Dempsey Developments, over 300 tradespersons are anticipated to be employed on site at various times. During the busiest period, personnel on site would peak between 50-70. The number of personnel employed by contractors working off site supplying products for the project could be as high as 300 to 400.

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



19
DIRECT FTE* JOBS

Avg. direct FTE jobs per year during construction



25
INDIRECT FTE* JOBS

Avg. indirect FTE jobs per year during construction

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



\$5.4 M
DIRECT GVA*

Avg. annual direct GVA to the State economy



\$4.5 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.

Costs are exclusive of GST.

Source: REMPLAN; Gary Dempsey Developments; Urbis

ONGOING EMPLOYMENT & ECONOMIC BENEFITS



Upon completion, the café will support around **7 jobs** (full-time and part-time) on site. 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 **2 additional jobs** within Western Australia as a result of flow-on effects.

There will be an estimated **\$0.8 million** per annum in direct and indirect GVA contribution generated from the daily operation and management of the development to the WA economy.

The development will additionally support employment associated with strata management, cleaning and maintenance.

Total on-going jobs supported by café operations



7

DIRECT JOBS



2

INDIRECT JOBS

Total direct jobs on an ongoing basis at capacity

Total indirect jobs supported by on-site employment

Gross value added to the economy by café (p.a.)



\$0.5 M

DIRECT GVA*

Annual direct GVA to the State economy



\$0.3 M

INDIRECT GVA*

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; Gary Dempsey Developments; 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

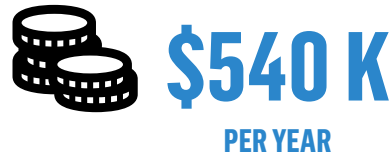
The proposed development mix is estimated to support a resident population of approximately 29 persons.

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 \$540K of retail expenditure to the area after completion of the development, which will continue on an annual basis going forward.



New Residents



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:

- Attracting further investment to the precinct as other developers see the potential;
- Supporting additional visitation to Cottesloe and supporting the existing businesses in the area;
- Providing employment diversity to the Cottesloe area;
- Providing additional rates and taxes to federal, state and local government from new residents and workers in the development; and
- Providing training and apprenticeship opportunities.

* Based on average retail expenditure per person for residents in the Cottesloe LGA (source: Marketinfo 2012, 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

Area Summary – Gary Dempsey Developments 1/04/2021

Costs – Gary Dempsey Developments 1/04/2021

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) excluding 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) 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 is the WASLUC Codes for café space (15 sq.m 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 per dwelling for a 1 bedroom apartment, **2.2** for 3 bedroom apartment and **2.8** people per dwelling for a penthouse.

DATA TABLES

Construction Phase (p.a.)

Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$14.72	\$11.46	\$26.18
Employment (FTE Jobs)	18.67	24.67	43.33
Wages and Salaries (\$M)	\$2.79	\$2.57	\$5.36
Value-added (\$M)	\$5.37	\$4.54	\$9.91

Ongoing Impacts

Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$1.23	\$0.72	\$1.95
Employment (FTE Jobs)	7	2	9
Wages and Salaries (\$M)	\$0.35	\$0.16	\$0.51
Value-added (\$M)	\$0.53	\$0.32	\$0.8

* 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.

Impacts are presented as annual average impacts for 18-month construction phase.

Source: REMPLAN; Gary Dempsey Developments; Urbis

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Urbis staff responsible for this report were:

Director	Tim Connoley
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Consultant	Yashwini Halai
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COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our opinions, estimates, surveys, forecasts, projections, conclusion, judgments, assumptions and recommendations contained in this report **(Report Content)** are predominantly generated over long periods, and is reflective of the circumstances applying in the past. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb and to be reflected in such data and information. In many instances a change in market thinking and actual market conditions as at the date of this report may not be reflected in the data and information used to support the Report Content.

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The uncertainty has and is continuing to impact the Australian real estate market and business operations. The full extent of the impact on the real estate market and more broadly on the Australian economy and how long that impact will last is not known and it is not possible to accurately and definitively predict. Some business sectors, such as the retail, hotel and tourism sectors, have reported material impacts on trading performance. 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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Were we have sought to address the impact of the COVID-19 Outbreak in the Report, we have had to make estimates, assumptions, conclusions and judgements that (unless otherwise specifically stated in the Report) are not directly supported by available and reliable data and information. Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

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