



WESTFIELD BOORAGOON REDEVELOPMENT

Economic Benefits Statement

Prepared for Scentre Group
September 2021

CONTENTS

Key Findings	3
Proposed Development	4
Construction Phase Benefits	5
Ongoing Employment & Economic Benefits	6
Other Benefits of Development	7
Appendices: Methodology, Definitions & Assumptions	9

KEY FINDINGS

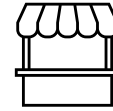
The proposed redevelopment and expansion of the Westfield Booragoon shopping centre at the corner of Marmion & Riseley Streets in Booragoon will provide a major upgrade to the retail, entertainment and dining offer at the centre. Close to 45,000 sq.m of additional leasable floorspace will be provided, increasing total floorspace to around 117,000 sq.m.

In addition to the benefits to the community from access to a better range of shopping and leisure activities, the proposed development is expected to have a significant positive impact on the Western Australia (WA) economy through new employment generation and greater economic activity.

Construction of the proposed development is estimated to add \$372 million in total (\$186 million per annum) to the WA economy and support a total of 2,076 job-years on a full-time equivalent (FTE) basis over the anticipated 24-month construction period.

It is estimated that the proposed new shops and services will support 1,597 additional FTE direct, and a further 433 indirect jobs within WA as a result of flow-on effects. There is an estimated \$208 million per annum direct and \$95 million indirect value added contribution to the WA economy generated from the daily operation and management of the development.

In addition, the development would support the continued evolution and improvement of the Melville City Centre through the provision of new and modern retail, entertainment and dining space.



+44,970 SQ. M

New leasable floorspace



954

Total direct FTE job-years created during construction



1,122

Total indirect FTE job-years created during construction



2,076

Total direct and indirect FTE job-years created during construction

CONSTRUCTION PHASE BENEFITS



\$166 M

Cumulative direct value added to the WA economy during construction



\$206 M

Cumulative indirect value added to the WA economy during construction



1,597

Additional ongoing direct FTE jobs supported on site for the new shops and facilities



433

Additional ongoing indirect FTE jobs supported through multiplier effects



2,030

Additional ongoing direct and indirect FTE jobs attributable to operations on site

ONGOING OPERATIONAL PHASE BENEFITS



\$208 M

Total direct value added to the WA economy per annum attributable to operations on site



\$95 M

Total indirect value added to the WA economy per annum attributable to operations on site

Report Purpose

Urbis has been engaged by Scentre Group to prepare an independent assessment of the economic benefits that are expected to be generated from the proposed expansion and upgrade of Westfield Booragoon shopping centre.

The assessment considers impacts such as employment generation, Gross Value Added (GVA) and other economic benefits.

This analysis is based on data supplied by Scentre Group in terms of the scale and composition and changes proposed for Westfield Booragoon and application of the REMPLAN modelling tool to quantify the potential additional employment and economic benefits to be generated by the expansion. These benefits will accrue during both the construction phase and the ongoing operational phase. The methodology is explained in more detail later in this report.

Proposed Development

The proposed development comprises redevelopment and expansion of the existing centre over two stages:

- **Stage 1** – Redevelopment and expansion of the north west precinct of the centre, including a new ELP, fresh food precinct, and a range of new mini major and specialty shop tenancies.
- **Stage 2** – A new southern mall, including a relocated and larger David Jones store and new mini major and specialty shops.

Upon completion, a total of close to 45,000 sq.m of floorspace will be added to the shopping centre. More detail of the components of the proposed development is provided in the Appendix to this report.

Key Assumptions

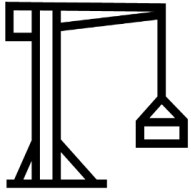
The key assumptions factored into the assessment of economic benefits are as follows:

- The construction cost associated with the proposed development is approximately \$550 million including GST.
- The anticipated construction timeframe is 24 months.

The number of direct total employment for the proposed development is estimated by referring to industry benchmarks, based on the floorspace of each of these proposed uses. These total jobs are then converted to a Full-time Equivalent or FTE basis having reference to the conversion ratio between FTE and total jobs sourced from REMPLAN. It is estimated 1,597 FTE on-going direct jobs (from the operation / management of the new retail, entertainment and dining tenancies) will be created by the proposed development.

These direct jobs are entered into REMPLAN to produce an estimate of indirect jobs and direct and indirect GVA contributions from the proposed development.

CONSTRUCTION PHASE BENEFITS



The proposed development is estimated to have a total construction cost of around **\$550 million** inclusive of GST over an assumed construction timeframe of 24 months. This results in an **annualised construction cost of \$275 million inclusive of GST.**

Approximately **1,038 FTE direct and indirect jobs** are likely to be created for the State annually during the expected two year construction period, with many accruing locally. Total job-years over the two year construction period would therefore be an estimated **2,076 FTE jobs.**

Total direct and indirect Gross Value-Added to the State economy is estimated at **\$186 million per annum** on average over the two year construction period in constant 2021 dollars.

** FTE = Full-Time Equivalent, GVA = Gross Value Added, Indirect benefits refer to Supply Chain effects, but not Consumption Effects. See page 9 for more information.*

** GVA = Gross Value Added, Indirect benefits refer to Supply Chain effects, but not Consumption Effects. See page 9 for more information.*

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.

Source: REMPLAN; Scentre Group; Urbis

Average full-time equivalent jobs created



477
DIRECT FTE* JOBS

Avg. direct FTE jobs per year during construction



561
INDIRECT FTE* JOBS

Avg. indirect FTE jobs per year during construction

Gross value added to the state economy



\$83 M
DIRECT GVA*

Avg. annual direct GVA to the State economy



\$103 M
INDIRECT GVA*

Avg. annual indirect GVA to the State economy

OPERATIONAL PHASE (ONGOING) BENEFITS



Upon completion, the proposed development will support around **1,597 additional FTE jobs** on site across the expanded shopping centre. These jobs will be ongoing over the life of the asset with that activity in turn creating permanent jobs elsewhere through the economy. Multiplier effects are estimated to induce a further **433 additional jobs** within Western Australia as a result of flow-on effects.

Total jobs annually, through direct and indirect effects, is an estimated **2,030 additional FTE jobs**.

There will be an estimated **\$303 million** per annum in direct and indirect GVA contribution generated from the daily operation and management of the development to the WA economy.

** FTE = Full-Time Equivalent, GVA = Gross Value Added, Indirect benefits refer to Supply Chain effects, but not Consumption Effects. See page 9 for more information.*

** GVA = Gross Value Added, Indirect benefits refer to Supply Chain effects, but not Consumption Effects. See page 9 for more information.*

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.

Source: REMPLAN; Scentre Group; Urbis

Total on-going jobs supported by on site operations



1,597
DIRECT FTE* JOBS

Avg. annual direct FTE jobs on an ongoing basis at capacity



433
INDIRECT FTE* JOBS

Avg. annual indirect FTE jobs on an ongoing basis at capacity

Gross value added to the state economy



\$208 M
DIRECT GVA*

Avg. annual direct GVA to the State economy



\$95 M
INDIRECT GVA*

Avg. annual indirect GVA to the State economy

OTHER BENEFITS PROVIDED BY THE PROPOSED DEVELOPMENT

Other Benefits

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

- Supporting the strategic development and improvement of the Melville City Centre and a key Secondary (activity) Centre in the southern suburbs of Perth.
- Retaining more resident retail and entertainment expenditure within the local area would be expected to have flow-on economic benefits to other uses, in the form of access to a larger customer base, increased trading activity and a potential catalyst for further new investment and development in the Melville City Centre.
- The community will benefit from access to new and modern retail space and enhanced experiences for shopping, dining and entertainment activities.
- The new entertainment and dining precinct will also establish a stronger night economy which will provide social benefits for the community, particularly through providing a more active and safer environment in the evenings.
- The investment would also contribute to the economic recovery post the impacts of the Covid-19 pandemic.
- Increasing taxation revenue for both local and state governments.

APPENDICES



PROPOSED WESTFIELD BOORAGOON DEVELOPMENT

Additional Floorspace for the Proposed Development by Tenant / Category

	Total Additional Floorspace (sq.m)
Department Stores	+193
Discount Department Stores	+0
Supermarkets	+2,297
Cinemas	+1,110
Other Majors	+2,666
Total Majors	+6,266
Total Mini-Majors	+11,650
Total Specialty Shops	+24,174
Other Uses	+2,880
Total Property	+44,970

Source: Scentre Group

METHODOLOGY

The REMPLAN Methodology

Analysis presented here uses REMPLAN economic modelling to assess current and potential economic impacts. REMPLAN provides a modelling tool that is accepted and used by various government bodies in Australia. It uses an Input-Output model that captures inter-industry relationships within an economy, based on the ABS 2016/17 National Input Output Tables (I/O Tables). 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. The approach Urbis adopts in accounting for this is presented adjacent. 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*.

Reporting of Impact Modelling Results

Urbis have adopted a conservative approach to estimating and reporting economic and employment benefits using the REMPLAN modelling tool so as to not overstate the likely effects. Key areas where Urbis' approach is designed to not overstate the effects include:

- While REMPLAN defines the supply chain linkages between local industries and allows the assessment of multiplier effects as a result of a direct input into an industry, the nature of the ABS I/O Tables and indeed the set-up of the model suggests there is likely some double-counting therefore overstatement of the flow-on effects.
- More specifically, REMPLAN defines 'Indirect Effect' as consisting of both the 'Supply-chain Effect' and 'Consumption Effect'. However, Urbis believe that the consumption effect (i.e. workers with more income spend elsewhere in the economy) has already been counted to an extent as part of the supply-chain effect in the modelling process and is a more tenuous link to the direct effects. As such, Urbis have only excluded consumption effect from benefit reporting and consider supply-chain effect as the only indirect effect generated from the direct input.
- Construction-related jobs are reported as FTE jobs for the period of one year, rather than the number of workers who might work on a site over the construction period which building contractors might report. For example, a project might have 200 workers on-site over the course of a two-year construction, but that may only equate to say 50 FTE jobs per year. Each trade is not onsite for the whole time (e.g. plumbers, joiners, painters etc. all come on site at different stages). Therefore, FTE for one year accounts for the total hours required by workers over the year and avoids the potential to overstate or misinterpret job figures that relate to part time workers. It also allows for direct comparison of jobs with different construction timeframes, as the jobs accrue each year over the length of construction.
- Wherever applicable, Urbis have chosen to report *Gross Value Added (GVA)* rather than '*Output*' as the economic benefit of a certain development project or activity, as it is considered a more accurate, albeit conservative, estimate of benefit which excludes items such as tax and subsidies which are included in '*Output*'.

DEFINITIONS & ASSUMPTIONS

Definitions

Construction cost is the estimated investment value for the proposed 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. GVA is measured in constant 2020 dollars (i.e. excluding inflation) including GST.

Assumptions

On site employment has been estimated using **gross lettable area** (GLA). An average employment density is applied to the additional GLA of each proposed use to calculate on site direct employment, having reference to floorspace to employment densities derived from the latest Perth Land Use Survey data. These estimates of jobs are then converted to a full-time equivalent (FTE) basis, applying a conversion ratio from industry data compiled by REMPLAN. These employment density and conversion ratio assumptions are summarised below.

Tenancy	Total Additional Floorspace (sq.m) (1)	Employment Density (sq.m/job) (2)	Total Additional Jobs (3) = (1) / (2)	FTE Conversion Ratio (4)	Total Additional FTE Jobs (5) = (3) x (4)
Department Stores	+193	71	3	0.84	2
Supermarkets	+2,297	32	72	0.84	60
Cinemas	+1,110	90	12	0.85	10
Other Majors	+2,666	90	30	0.85	25
Mini-Majors	+11,650	40	291	0.84	245
Specialty Shops	+24,174	21	1,151	0.84	967
Other Uses	+2,880	10	288	1.00	288

Source: ABS; Perth Land Use Survey (PLUC); REMPLAN; Urbis

DATA TABLES

Construction Phase

Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$275	\$273.7	\$548.7
Employment (FTE Jobs) Per Year of Construction	477	561	1,038
Value-added (\$M) Per Year of Construction	\$83	\$102.5	\$185.5

Operation Phase

Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Employment (Jobs)	1,597	433	2,030
Value-added (\$M)	\$207.9	\$95.5	\$303.4

This report is dated 8 September 2021 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of Scentre Group (Instructing Party) for the purpose of a Economic Benefit Statement (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events including wars, civil unrest, economic disruption, financial market disruption, business cycles, industrial disputes, labour difficulties, political action and changes of government or law, the likelihood and effects of which are not capable of precise assessment.

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 Urbis 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 Urbis has no control.

Urbis 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.

In preparing this report, Urbis may rely on or refer to documents in a language other than English which Urbis will procure the translation of into English. Urbis is not responsible for the accuracy or completeness of such translations and to the extent that the inaccurate or incomplete translation of any document results in any statement or opinion made in this report being inaccurate or incomplete, Urbis expressly disclaims any liability for that inaccuracy or incompleteness.

This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis 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 Urbis 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 Urbis, or which Urbis is required to estimate, or omissions howsoever arising in the preparation of this report, provided that this will not absolve Urbis from liability arising from an opinion expressed recklessly or in bad faith.

Urbis staff responsible for this report were:

Director	Jeff Armstrong
----------	----------------

Associate Director	Mike Zhang
--------------------	------------

Project code	P0029382
--------------	----------

© Urbis Pty Ltd

ABN 50 105 256 228

All Rights Reserved. No material may be reproduced without prior permission.

You must read the important disclaimer appearing within the body of this report.

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our 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.

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, is causing a material impact on the Australian and world economies and increased uncertainty in both local and global market conditions.

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. 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.

The Report Content and the data and information that informs and supports it is current as at the date of this report and (unless otherwise specifically stated in the Report) necessarily assumes that, as at the date of this report, the COVID-19 Outbreak has not materially impacted the Australian economy, the asset(s) and any associated business operations to which the report relates and the Report Content. However, it is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong could be (or has been) materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a lasting impact. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

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.

To the maximum extent permitted by law, Urbis (its officers, employees and agents) expressly disclaim all liability and responsibility, whether direct or indirect, to any person (including the Instructing Party) in respect of any loss suffered or incurred as a result of the COVID-19 Outbreak materially impacting the Report Content, but only to the extent that such impact is not reflected in the data and information used to support the Report Content.

