



GILMORE
ADVISORY

DEPARTMENT OF PLANNING, LANDS
AND HERITAGE

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130 WELLINGTON STREET, MOSMAN PARK

Economic Benefit Study

Prepared for Australian Development Capital Pty Ltd
March 2021

CONTENTS

Key Findings	3
Report Purpose & Proposed Development	4
Construction Phase Benefits	5
Ongoing Employment Benefits & Other Benefits	6
Other Benefits of the Development	7
Additional Project Value	8
Methodology, Definitions & Assumptions	9

KEY FINDINGS

The proposed mixed-use development at 130 Wellington Street, Mosman Park development will provide a substantial volume of employment floorspace, and service the community by providing **1,639 sq.m of general retail, 418 sq.m of Food and Beverage retail, and 398 sq.m of amenities and health & wellness space.**

Construction of the entire development will support a total of **140 FTE direct & indirect job years per annum** during construction of the development, with many accruing locally. These job estimates will add approximately **\$29.0 million in gross value added (GVA)** to the WA economy on an annual basis.

The development will provide a total of **2,352 sq.m of employment floorspace** (excluding public and residential space) which can support **117 ongoing jobs (directly and indirectly)**, at standard workspace ratio for the various types of retail and commercial operations. **On top of the existing 74 jobs at the centre, this represents a net gain of 43 ongoing jobs.** This net increase in employment is likely to support an estimated **\$7.5 million per annum direct and indirect value-added** contribution generated from the daily operation and management of the development to the Western Australian economy.

Additionally, the estimated 162 additional residents moving into the new dwellings constructed as part of this development are likely to generate **\$3.2m of retail expenditure** (exclusive of GST), and there is a high likelihood that a substantial volume of this expenditure will be captured by businesses in the local area.

ONGOING EMPLOYMENT & ECONOMIC BENEFITS

\$75.7 M

Total development cost for all components (incl. GST, excl. land purchase)

140

Total FTE job years supported during construction phase per annum (directly and indirectly)

\$29.0M

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

CONSTRUCTION PHASE BENEFITS

2,352 SQ.M

Employment Floorspace

43

New ongoing jobs supported per annum (direct employment, net of previous development)

\$7.5 M

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

162

Additional Residents

\$3.2 M

Resident Retail Expenditure Generated per annum

REPORT PURPOSE

Gilmore Advisory has been engaged by Australian Capital Development Pty Ltd to conduct an independent Economic Impact Report for the proposed development on 130 Wellington Street, Mosman Park.

This analysis supplements Gilmore Advisory's 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

Located on Wellington Street in Mosman Park, the proposed Australian Development Capitals mixed-use Apartments will incorporate both retail and residential use.

The components of this development is made up of the following:

- Retail & Commercial (2,352sq.m);
- Residential (83 Dwellings);
- Associated parking

These components are expected to be developed simultaneously, with the anticipated completion year being 2023.

ASSUMPTIONS

Gilmore Advisory has been provided with construction costs and timing by Australian Development Capital Pty Ltd:

- The construction cost is estimated to be **\$61.6 million**, with a cost of **\$7.4 million** in professional fees during the planning phase, and **\$6.7 million** in financing, fees, and marketing costs (representing a total development cost of **\$75.7 million**).
- The construction timeframe is **22 months**.

Other assumptions are stated in the Methodology, Definitions and Assumptions section of this report.

CONSTRUCTION PHASE BENEFITS

The proposed development is estimated to have a total construction cost of around **\$61.6 million** with an additional **\$7.4 million** of consultancy, and an additional **\$6.7 million** of marketing, financing, and statutory fees over an assumed construction timeframe of 22 months, representing a total development cost of **\$75.7 million**. This results in an annualised construction cost of **\$41.3 million** (inclusive of GST).

An estimated **140 FTE direct & indirect** construction jobs are likely to be created for the State on an annualised basis during construction of the development, (totalling to **257 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 **\$29.0 million per annum** on average over the construction period of the development in constant 2021 dollars inclusive of GST.

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

69

**DIRECT FTE*
JOBS**

Avg. direct FTE jobs per year during construction

71

**INDIRECT FTE*
JOBS**

Avg. indirect FTE jobs per year during construction

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

\$14.7 M

DIRECT GVA*

Avg. annual direct GVA to the State economy

\$14.4 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; Australian Development Capital Pty Ltd; Gilmore Advisory

ONGOING EMPLOYMENT & ECONOMIC BENEFITS

Upon completion, the total development will support around **116 jobs** (full-time and part-time) on site. Given the existing retail on the site supports employment for approximately **74 people**, this will create a net gain to **43 additional direct jobs** for the community.

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 **25 additional jobs** within Western Australia as a result of flow-on effects. The existing retail space has created **13 indirect jobs** leaving a net gain of **12 new indirect jobs**.

There will be an estimated **\$7.4 million** per annum in direct and indirect Net Gross Value Added contribution generated from the daily operation and management of the development to the WA economy in constant 2021 dollars, inclusive of GST.

Net gain in on-going jobs supported by on-site operations

43

DIRECT JOBS

Total direct jobs on an ongoing basis at capacity

12

INDIRECT JOBS

Total indirect jobs supported by on-site employment

Net gross value added to the state economy

\$5.3 M

DIRECT Net GVA*

Annual direct GVA to the State economy

\$2.1 M

INDIRECT Net 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; Australian Development Capital Pty Ltd;

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

Visitors and Revenue Generated by Development

This development is largely comprised of retail and residential development, but also includes a public space component, with a landscaped podium, and landscaped internal connections.

The 76 apartments, and 7 townhouses in this development are anticipated to bring approximately 162 new residents to the area, who are likely to generate approximately \$3.2m (exclusive of GST) of additional retail expenditure annually, which can be spent in the catchment (in constant 2021 dollars).

In addition to this, the new ongoing workers are likely to spend money at their place of work.

Social Benefits

The new direct ongoing jobs created by this development will support improved employment outcomes in the Town of Mosman Park:

- The 43 additional direct jobs will support increased workforce participation in the area, particularly for women, who see lower levels of workforce participation in Greater Perth (69% of males compared to 59% of women).
- Women also make up a high proportion of retail (58%) and accommodation & Food Service (54%) employment across Perth, and the majority of retail floorspace in this development is comprised of retail and food service jobs.
- A high proportion of retail employees across Greater Perth are also relatively young, aged between 15 and 34 (55%). This development will support employment opportunities for this age group, who see higher levels of unemployment across Greater Perth, relative to the total workforce.

Other Economic Benefits

162

New Residents in new dwellings

\$3.2 M

Annual Retail Spending Generated by Residents

Source: Marketinfo; ABS,; Australian Development Capital Pty Ltd; Gilmore Advisory

ADDITIONAL PROJECT VALUE

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:

- Providing more diverse employment opportunities to residents in the Mosman Park area.
- Bringing additional residents to the area to support the existing main street retailers and activate the precinct.
- Providing a new high amenity retail development which includes a diverse range of uses, without compromising the provision of supermarket floorspace and other convenience retailers that previously existed on the site.
- New landscaped podium with significant portion open to the public, allowing for more public space for visitors to dwell in the precinct.
- Improved connections within the precinct, allowing for more convenient transitioning between existing main street amenity on Wellington Street, and the retail stores centred around the existing supermarket, which was previously separated by a low amenity laneway.
- Provide passive surveillance from the residents living in the apartments which will help to reduce crime and anti social behaviour in the area.
- Provide additional rates and taxes to federal, state and local government from new residents and workers in the development;

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.
- Gilmore 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*.
- The number of residents per dwelling was calculated based on the number of bedrooms provided, with 1 bed dwellings supporting 1.5 residents, 2 bed dwellings supporting 1.8 residents, and 3 bed dwellings supporting 2.4 residents, in line with the Mosman Park average household.

Data Sources

Plans – Australia Development Capital’s ‘ASK-22[DRAFT]_DEV SUM.pdf’

Costs – Australian Development Capital Pty Ltd construction cost estimates as of 23/03/2021

Definitions

Construction cost is the estimated investment value for each development over the anticipated delivery period, measured in constant 2020 dollars (i.e. excluding inflation) inclusive of 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) inclusive of GST and other taxes.

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

Full-time equivalent (FTE), is a unit that indicates the workload of an employed person in a way that makes workloads comparable. Unless stated jobs in this report are not based on FTE’s.

Goods and services tax (GST) – all dollar figures are inclusive of GST unless otherwise noted.

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
F&B	18.9	Shop/Retail	Retail Trade - Eating and Drinking
Grocer	20.7	Shop/Retail	Retail Trade - Food
Retail Specialty	20.7	Shop/Retail	Retail Trade - Food
Commercial/Health	21.9	Office/Business	Office/Business

DATA TABLES

Construction Phase – Annual			
Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$41.3	\$36.3	\$77.5
Employment (FTE Jobs)	69.1	71.2	\$140.2
Wages and Salaries (\$M)	\$7.3	\$8.0	\$15.3
Value-added (\$M)	\$14.7	\$14.4	\$29.0

Ongoing Employment Impacts - Total			
Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$23.6	\$12.3	\$35.8
Employment (FTE Jobs)	116	25	141
Wages and Salaries (\$M)	\$9.4	\$2.9	\$12.3
Value-added (\$M)	\$14.4	\$5.8	\$20.1

Ongoing Employment Impacts – Net of Existing Employment			
Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$8.7	\$4.6	\$13.3
Employment (FTE Jobs)	43	9	52
Wages and Salaries (\$M)	\$3.5	\$1.1	\$4.6
Value-added (\$M)	\$5.3	\$2.1	\$7.5

* 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. Output, Wages & Salaries, and Value-added is inclusive of GST.

Source: REMPLAN; Australian Development Capital Pty Ltd; Gilmore Advisory

DISCLAIMER

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