



19 March 2021

## COVID-19 Economic Impact Report

### Development Application for 109-113 Robert Street and 469-471 Canning Highway, Como WA 6152

The proposed development project as outlined in the development application for the above site will provide for the following:-

Use	Area	Number of Units/Location
<b>Early Learning Centre</b>	450 sqm	1 – Ground Floor (East)
<b>Church/Community Facilities</b>	1,900 sqm	Ground and Level 1 (West)
<b>Heritage Chapel Space</b>	55 sqm	(West)
<b>Retail/Cafe</b>	120 sqm	(East)
	310 sqm	(West)
<b>Medical/Commercial</b>	530 sqm	(West)
<b>Wellness Centre</b>	345 sqm	Level 2 (West)
<b>Apartments</b>	87 units	(East)
	137 units	(West)
<b>Residential Community Facilities</b>	300 sqm	(East)
	500 sqm	(West)
<b>Parking</b>	80 spaces	(East)
	178 spaces	(West)
<b>Public Open Space</b>	2,100 sqm	Ground Plaza

The project specifically responds to the present COVID-19 crisis by providing a significant economic stimulus which is ready to progress subject only to achieving a planning approval and relevant building permits. This project was being planned prior to the COVID-19 crisis to be progressed as quickly as possible to meet the current needs of the Como Baptist Church to redevelop and enhance its church facilities and programs. This is a current and pressing need. We understand the church is keen to progress this project as soon as planning approval is achieved and BFS together with its development arm, Baptist Development Australia Pty Ltd, is actively supporting and sponsoring this project. This is a key national strategic

initiative for BFS and BDA to help build and create better communities and this is a very important project for us to progress in a timely manner.

## **Economic Outcomes**

This project will provide a direct investment of \$120M to the State of WA and specifically the City of South Perth in the form of the proposed development outlined in the development application which will be undertaken in 2 stages.

Stage 1 - \$36 Million - East, namely 469-471 Canning Highway, Como; and  
Stage 2 - \$84 Million - West, namely 109-113 Robert Street, Como

This investment is significant with major direct economic and social benefits for the local area and more broadly for Perth and the State of WA. Importantly the church will remain on site and this development will help it to continue and to further expand its community programs which should also reduce demand on government social services.

The direct investment comprises construction costs and associated fit out, consultant and professional services, furnishings and capital equipment, government fees and charges and utility & infrastructure contributions. This will result in direct jobs during design and the construction phases with current expenditure on consultant services already exceeding \$1M.

The flow on economic benefits relate to the creation of long-term permanent jobs and the provision of facilities for ongoing viable businesses located in the development, together with housing located close to Perth CBD, existing transport and infrastructure. As such this project as a mix use development, has the ability to create much broader and long-term economic benefits compared to most traditional or standard residential developments.

## **Job Creation**

### **Design & Construction Phase**

- Stage 1 East - 150 direct jobs for the period of 18 months (with a conservative 2x multiplier this is 300 indirect jobs).
- Stage 2 West - 350 direct jobs for a period of 24 months (with a conservative 2 x multiplier this is 700 indirect jobs).

### **Operating Phase**

- Stage 1 East - 20 FTE long term direct jobs (with a conservative 2x multiplier this is 40 long term indirect jobs).
- Stage 2 West - 50 FTE long term direct jobs (with a conservative 2x multiplier this is 100 long term indirect jobs).

## **Public Benefits**

This project delivers substantial public benefits as a community project aimed at delivering direct local community benefits:

These public benefits include:-

1. A public plaza and open space (2,100 sqm) at a cost well exceeding \$1M.
2. Retention of the original 1931 Hall/Chapel at an estimated cost between \$250,000 and \$500,000.
3. Retention of heritage Tuart tree.
4. A significant public art strategy and expenditure of at least \$500,000.
5. Providing public community spaces via church facilities that the community can access and use.
6. Linking and responding to the key public infrastructure hub between bus & rail. This provides for and helps facilitate the Cassey Street bus interchange links and bus access to Canning Highway.
7. Significantly improved pedestrian access and linkages.
8. Addressing amenities and local services which are quite lacking in the immediate locale.
9. Improved pedestrian covered pathways and colonnade on Canning Highway.
10. Effective and tangible ESD outcomes.

## **Social Outcomes**

These are hard to assess but building better community significantly reduces many social issues helping to support better mental health and well being but also making communities more livable. The church actively engages with the disadvantaged, indigenous peoples, those with disabilities, children and seniors and those who just need a friend. Building community helps reduce reliance on other more structured forms of services and government interventions which are generally costly to deliver.

Part of the objectives of this development is to make living easy, with more local access to day to day needs reducing travel trips, enabling greater pedestrian activation and reduced reliance on motor vehicles and enhances utilisation of both bicycles and public transport. Overall, when amenities and services can be accessed locally this also creates better connected community based on social contact and people building a sense of belonging. This is important at addressing well-being holistically.

It is important to consider social outcomes that cannot always be fully valued alongside pure economic outcomes.

## **Shovel Ready**

This project is shovel ready pending planning approval and completion of construction documentation and building permits. Construction documentation cannot be progressed until there is a final planning DA approval to avoid significant abortive work and costly rework.

Once Planning DA approval is achieved then concurrently it is possible to progress and finalise tender and construction documentation for stage 1 and to market relevant apartments to obtain pre sales.

There is no set presale requirement for the project to proceed as:-

- (a) BFS is able to fully fund the construction; and
- (b) BFS and BDA are able to assist the church to hold completed apartments and sell these according to market conditions. Rental returns remain attractive with less than 1% rental vacancy rates. ie longer term funding is possible as these represent very attractive assets to hold.

Nevertheless we will progress to sell an appropriate level of units according to market demand.

Various components of the project will be retained by the Church and other affiliated groups which include:-

- (a) The ELC and some units held for affordable rental (at a minimum Level 1) in the East Stage.
- (b) The Church facilities, some commercial/retail space and some units for affordable rental in the West Stage.

As the project has to be undertaken in stages for practical and logistical reasons to maintain the ELC and church operations as a going concern, there are only 87 units being completed in the first phase of which less than 70 will be sold. Market prices continue to improve with good demand anticipated – refer to PRD letter attached re market interest.

This project directly addresses the lack of housing and rental accommodation available where vacancy rates are currently less than 1%. Apart from units retained by the church and affiliated organisations, it is projected that purchaser will comprises 50% investors who will make units available for rental.

## **Project Funding**

BFS has the full capacity to fund stage 1 without any presale requirement with total assets exceeding \$500M and current liquidity of well over \$100M. BFS has a long track record in funding church projects, including other development projects,

which is part of BFS core operations and purpose. This project is not dependent on bank funding or pre-conditions, although such funding could also be accessed.

BFS is supported by over 800 Baptist Churches across Australia, Australian Baptist Ministries (the National body) and the WA State Baptist Association, known as Baptist Churches WA.

## **Program Post DA Approval**

### **Stage 1**

#### **Construction tender and marketing** 6 months

This is determined by the period to obtain a building permit and engage the final builder and is not dependent on pre sales or marketing period.

#### **Construction** 18 months

This is determined by the final builder's program and will commence as soon as the builder tender is finalised.

### **Stage 2**

#### **Construction tender and marketing** 8 months

This can be concurrent with stage 1 construction.

#### **Construction** 24 months

This is determined by the final builders program.

## **Project & Site Constraints**

All relevant site issues and constraints have been researched in detail with a full consultant team and geotechnical investigations, detailed mapping of the Tuart tree roots and detailed engineering input and QS project costing. Over \$1M has already spent on design, consultant and engineering input to ensure the project can proceed in a timely manner.

The project issues have been identified and comprehensively researched.

## **Road Closure**

An application has been submitted for the Road Closure of Robert Street access to Canning Highway, which will be required in any event in the longer term for bus access from Cassey Street to Canning Highway. The road closure application is supported by traffic reports and we understand this is also supported by the Council with no adverse community representations received. Whilst this will be required to complete the public plaza, it is not required, and is not a necessary step to commence construction or the completion and occupancy of stage 1. It therefore is not an impediment to commencement of stage 1 with an initial investment of \$36M.

We are pleased to be supporting this significant investment and to be able to provide significant public infrastructure to support both the local economy and significantly improve local public amenity. We and the Como Baptist Church remain keen to proceed with this project as soon as possible. We are happy to respond to any specific questions as required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Slinn', followed by two short horizontal strokes.

**David Slinn**  
**Chief Executive Officer**



#### TO WHOM IT MAY CONCERN

PRD Real Estate Perth are experienced project marketers selling apartments off the plan and on completion throughout the Perth metropolitan area. Recent projects include The Towers at Elizabeth Quay and Perth Hub for Far East Consortium and the new design for 3 Oceans Scarborough. It is our contribution to assess the market for a particular location and consider demand from investors and owner occupiers, budget, size, finishes and floorplans and rate of sale.

Our objective is to assist Developers create projects which work in the market and can be delivered.

We are pleased to have been able to advise on plans for the redevelopment of the Como Baptist Church site.

The site's masterplan creates some great amenity and facilities for residents, on the ground plain and within the buildings. We believe this will be very attractive to apartment buyers, who have become more discerning and appreciative of these aspects of apartment living. This is particularly well evidenced by the market success of projects like Blackburne's ONE Subiaco. Buyers are wanting more than an apartment tower with a pool and gym.

The site has extensive river views from a range of apartments but also more challenging components such as the lower levels fronting Canning Highway. 2 and 3 bedroom Apartments that attract interest from owner occupiers with more substantial budgets have been placed where river views are available or facing quiet streets, and smaller apartments providing an affordable rental or first home buyer option have been placed on more challenging frontages. This will allow the project to be pitched at highly competitive price points on the one hand whilst appealing to a wide range of down-sizer budgets on the other. This apartment mix de-risks the sales process by appealing to alternative market segments.

The proximity of the Canning Bridge Train Station has also been well considered in these plans. There is a very high demand for rental properties in Perth, especially in locations where access to the City, Airport and Universities are simple and convenient. We expect this demand for rental properties to continue to rise as more resource companies require their staff to base themselves in Perth. The location is also convenient for overseas Curtin University students, who we expect will be targeted by State and Federal Governments as Australia seeks to recover from the Covid period. Not all of these residents will need a car bay as the public transport options are so convenient.

It is critical at this time to add to Perth's rental supply. We are experiencing higher demand from apartment investors as the State has offered rebates for off the plan stamp duty and banks offer highly attractive interest rates.

It is important that we get the launch timing right for the first stage which is the East Building on the vacant land. The stamp duty rebate expires for pre-construction contracts on 23<sup>th</sup> October 2021, so it is critical that this project is approved in a timely manner and pre-sales targets achieved well before the rebate expires.

This project is being undertaken by a not for profit organisation who are experienced in property development and have a substantial balance sheet. We understand that the profit margin required for the project will not be at the same level required by traditional developers. This leads to attractive pricing which will drive off the plan sales. The level of pre-sales required is lower than usual and project managers with extensive experience in residential projects have been engaged. This gives us confidence on project delivery.

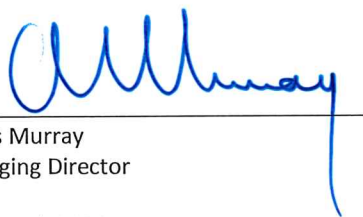
The drivers for this development include the development of new assets for the church. Often projects try to provide community benefit and these benefits are hard to deliver and maintain because no-one remains behind to drive it once the developer moves on. In this case the community use is very real and delivers a tremendous community asset and foot traffic for businesses which are established in the building. We see this as a key selling point and point of difference for the project.

The retention by the church of part of the development, being the early childhood centre and a limited number of apartments in stage 1 (East Building), leaves less of the project to be sold. Importantly part of the 1<sup>st</sup> level will be used temporally by the church until later stages of the development are built. We are advised that the current church site needs to be vacated before construction on that site can commence, and so the East Building needs to be completed to allow transition of the church use as soon as possible.

Sales of apartments in Stage 1 will be no more than 70 in total which in our view is very manageable, in the context where 100% pre-sale debt cover is not required.

The architecture of the buildings is also very attractive. Buyers want to be proud of where they live or invest so it is important the project appeals on the outside and is well thought through on the inside. We want to offer a practical living space with a highly desirable façade. This project delivers on these aspects.

PRD are very confident this project can be successful in the current market.



Angus Murray  
Managing Director

19<sup>th</sup> March 2021