



10-40 BAY VIEW TERRACE, CLAREMONT

Economic Benefit Study

Prepared for JJLeach Group
September 2023



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KEY FINDINGS

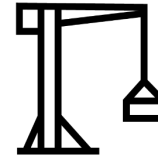
The proposed mixed use development at 10-40 Bay View Terrace, Claremont is anticipated to provide new retail and commercial offerings alongside Built to Rent apartments and a hotel.

The project will provide 1,925 sq.m of retail floorspace, 2,035sq.m of commercial floorspace, 30 fully self-contained hotel rooms and 46 Built to Rent apartments.

Construction of the entire development will support a total of **243 FTE direct & indirect job years** during construction of the development, with many accruing locally. This equates to **\$42.5 million in total value added** in the WA economy.

Once construction is completed, and during the operational phase, the project is expected to support **283 ongoing jobs (directly and indirectly)**. There will be an estimated **\$43.1 M per annum direct and indirect value-added** contribution generated from the daily operation and management of the project to the Western Australian economy.

CONSTRUCTION PHASE BENEFITS



\$68.8 M

Total development cost (inc. GST) for all components



243

Total FTE construction job years supported (directly and indirectly)



\$42.5 M

Total value added in the WA economy over the construction phase

ONGOING EMPLOYMENT & ECONOMIC BENEFITS



283

Ongoing jobs supported per annum (directly and indirectly)



\$43.1 M

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



\$1.5 M

Total Estimated Resident Retail Expenditure



~ 82

New Residents

Note: Ongoing employment figures presented are the gross number of jobs supported by the development (i.e. not net of existing use on the subject site).



Report Purpose

Urbis has been engaged by JJLeach Group to conduct an independent Economic Benefit Report for the proposed development at 10-40 Bay View Terrace, Claremont.

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 operational 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

According to information received from JJLeach Group, the Bay View Terrace development is anticipated to see the delivery of the following uses:

- 2,189 sq. m (NLA) of retail;
- 2,537 sq. m (NLA) of commercial;
- 30 fully self-contained hotel rooms; and
- 29 two-bedroom apartments, 8 two-bedroom plus study, and 9 three-bedroom apartments Build to Rent apartments.

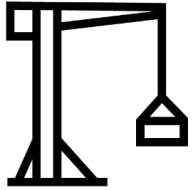
These components will be developed simultaneously, with a total anticipated **construction timeframe of 24 months.**

Assumptions

Urbis has been provided with construction costs and timing by JJLeach Group:

- The construction cost is estimated to be **\$63.6 (inc GST).**
- There is an additional cost of **\$5.2 million (inc GST)** in documentation and other related costs.

CONSTRUCTION PHASE BENEFITS



The proposed development is estimated to have a total construction cost of around **\$63.6 million (inc GST) with an additional cost of \$5.2 million (inc GST) in documentation and other related costs** over an assumed construction timeframe of 24 months. This results in an **annualised cost of \$34.4 million inclusive of GST during the construction phase.**

On average, **121 FTE direct & indirect** construction job years are likely to be created for the State on an annualised basis during construction of the development (totalling to **243 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 **\$42.5 million per annum** over the construction period of the development in constant 2023 dollars.

Annual Average full-time equivalent jobs supported



63

DIRECT FTE* JOBS

Avg. direct FTE jobs per year during construction



59

INDIRECT FTE* JOBS

Avg. indirect FTE jobs per year during construction

Annual Gross value added to the State economy



\$11.1 M

DIRECT GVA*

Avg. annual direct GVA to the State economy



\$10.2 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; JLeach Group; Urbis

ONGOING EMPLOYMENT & ECONOMIC BENEFITS



Upon completion, the proposed development will support around **212 direct jobs** (full-time, part-time and casual) across the commercial, retail and hotel space. While there are existing retail and other uses on the subject site, the new development is expected to support a net gain in jobs as a result of expanded floorspace and new uses. Figures presented are the gross number of jobs supported by the development (i.e. not net of existing use on the subject site).

The jobs supported by the proposed development 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 **71 additional indirect jobs** within Western Australia as a result of flow-on effects.

There will be an estimated **\$43.1 M** per annum in direct and indirect GVA contribution generated from the daily operation and management of the development to the WA economy.

Total on-going jobs supported by on-site operations



212
DIRECT JOBS

Total direct jobs on an ongoing basis at capacity



71
INDIRECT JOBS

Total indirect jobs supported by on-site employment

Gross value added to the State economy



\$30M
DIRECT GVA*

Avg. annual direct GVA to the State economy



\$13.1M
INDIRECT GVA*

Avg. 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.

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; JLeach Group; Urbis

OTHER BENEFITS OF DEVELOPMENT

Revenue Generated by Development

The proposed development mix is estimated to support a resident population of ~82 people. This is based on the expected number of residents for 29 two-bedroom apartments, 8 two-bedroom plus study, and 9 three-bedroom apartments Build to Rent apartments.

The population is expected to be supported by additional amenity in the Claremont Town Centre location with substantial retail, population service and transport offerings.

These residents are anticipated to add an additional \$1.5M of retail expenditure to the area after completion of the development, which is expected to continue on an annual basis going forward. This estimate is expected to be conservative, as additional spending by new residents in the premium quality apartment development are likely to have higher than average levels of retail spending.



~ 82

New Residents



\$1.5 M
PER YEAR

Estimated 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:

- Providing additional employment opportunities to residents in the Claremont area;
- Bringing additional residents to the area to support the existing retailers and activate the precinct;
- Bringing a new tourist market to the Claremont Town Centre with the first hotel in the precinct;
- Providing new accommodation with a diversity of tenure;
- Providing opportunities for people to downsize within the local area;
- Providing businesses with the opportunity to occupy new, modern, well-serviced and fit-for-purpose dining establishments;
- Attract further investment to the precinct; and
- Provide additional rates and taxes to federal, state and local government from new residents and workers in the development.

Source: MarketInfo spending profile for Greater Perth; REMPLAN; Urbis

METHODOLOGY, DEFINITIONS & ASSUMPTIONS



DEFINITIONS & ASSUMPTIONS

Definitions

Construction cost is the estimated investment value for the project over the anticipated delivery period, measured in constant 2023 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 the project. GVA is measured in constant 2023 dollar (i.e. excluding inflation) including GST.

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

Data Sources

Costs and Timeframes – JJLeach Group 06/09/2023
Plans – Hames Sharley 04/08/2023

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
Retail	27.8	Shop / retail
Hotel	176.5	Hotels / motels licensed
Commercial	21.9	Office / business

The number of separate house residents has been determined by number of people per separate house by bedroom type, based on the ABS 2021 Census across the Greater Perth region in four- to eight-storey apartment buildings. We have assumed a ratio of 1.7 for a two bedroom apartment and 2.1 people per dwelling for a three bedroom apartment.

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 2020/21 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*'.

DATA TABLES

Construction Phase - Total			
Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$68.8	\$54.0	\$122.8
Employment (FTE Jobs)	125	117	243
Wages and Salaries (\$M)	\$12.1	\$11.5	\$23.6
Value-added (\$M)	\$22.2	\$20.3	\$42.5

Ongoing Employment – p.a.			
Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$57.5	\$28.1	\$85.6
Employment (Jobs)	212	71	283
Wages and Salaries (\$M)	\$21.0	\$7.9	\$28.9
Value-added (\$M)	\$30.0	\$13.1	\$43.1

* 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; JLeach Group; Urbis

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.

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, has and continues to cause considerable business uncertainty which in turn materially impacts market conditions and the Australian and world economies more broadly.

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.

The data and information that informs and supports the Report Content is current as at the date of this report and (unless otherwise specifically stated in the Report) does not necessarily reflect the full impact of the COVID-19 Outbreak on the Australian economy,

the asset(s) and any associated business operations to which the report relates. 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 and the various programs and initiatives governments have adopted in attempting to address its impact. 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 has been, and may be further, materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a longer lasting impact than we have assumed. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

Where 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.

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.

This report is dated **15/09/2023** 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 **JJLeach Group** (Instructing Party) for the purpose of a **Economic Benefit Assessment** (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 acknowledges the important contribution that Aboriginal and Torres Strait Islander people make in creating a strong and vibrant Australian society.

We acknowledge, in each of our offices, the Traditional Owners on whose land we stand.

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.

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