

---

# Appendix 13: Economic Benefits Statement

DEPARTMENT OF PLANNING, LANDS  
AND HERITAGE

DATE  
08-Dec-2020

FILE  
SDAU-010-20



# 120 MARINE PARADE, COTTESLOE

---

**Economic Benefit Snapshot**

Prepared for Gary Dempsey  
Developments  
November 2020

# CONTENTS

---

Key Findings	3
Report Purpose & Proposed Development	4
Construction Phase Benefits	5
Ongoing Employment Benefits & Other Benefits	7
Methodology, Definitions & Assumptions	9

---

## KEY FINDINGS

Construction of the development is estimated to support a total of **69 full-time equivalent direct & indirect jobs** during construction of the development, with many accruing locally. The development is estimated to add approximately **\$10.4 million in gross value added (GVA)** to the WA economy on an annual basis.

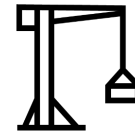
The development will provide a total of **115 sq.m of employment floorspace** for a café, which can directly support **8 ongoing jobs**. There will be an estimated **\$1.0 million per annum direct and indirect value-added** contribution generated from the daily operation and management of the development which will support further employment and economic activity in Western Australia.

In addition, this development will accommodate approximately **34 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



**\$22.75 M**

Total development cost for all components



**69**

Total FTE construction job years supported (directly and indirectly)



**\$10.4 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



**115 sq.m**

Employment Floorspace



**8**

Ongoing jobs supported per annum (directly)



**\$1.0 M**

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



**\$620 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 115 sq.m on the ground floor.

The residential component of this development is made up of 16 apartments, including one bedroom, three bedroom and four bedroom apartments.

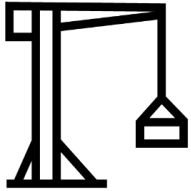
These components are expected to be developed simultaneously, with the anticipated construction period of 18 months.

## Assumptions

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

- The construction cost is estimated to be **\$22 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 **\$22 million (excluding GST)** over an assumed construction timeframe of 18 months. This results in an annualised construction cost of \$15.4 million. A further **\$750,000** is estimated for consultancy costs to deliver this project.

On average, **46 FTE direct & indirect** construction jobs are likely to be created for the State on an annualised basis during construction of the development (totalling to **69 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 **\$10.4 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.)



**20**

**DIRECT FTE\* JOBS**

Avg. direct FTE jobs per year during construction



**26**

**INDIRECT FTE\* JOBS**

Avg. indirect FTE jobs per year during construction

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



**\$5.7 M**

**DIRECT GVA\***

Avg. annual direct GVA to the State economy



**\$4.8 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 **8 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 **\$1.0 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



**8**

**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.)



**\$0.6 M**

**DIRECT GVA\***

Annual direct GVA to the State economy



**\$0.4 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 34 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 \$620K 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 20/10/2020

**Costs** – Gary Dempsey Developments 20/10/2020

## 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)	\$15.42	\$11.97	\$27.38
Employment (FTE Jobs)	20	26	46
Wages and Salaries (\$M)	\$2.96	\$2.69	\$5.65
Value-added (\$M)	\$5.65	\$4.75	\$10.40

## Ongoing Impacts

Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$1.40	\$0.82	\$2.22
Employment (FTE Jobs)	8	2	10
Wages and Salaries (\$M)	\$0.40	\$0.18	\$0.58
Value-added (\$M)	\$0.60	\$0.36	\$1.0

\* 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

This report is dated November 2020 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 Gar (Instructing Party) for the purpose of a Economic Benefit Snapshot (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	Tim Connoley
----------	--------------

---

Consultant	Yashwini Halai
------------	----------------

---

---

Project code	P0028605
--------------	----------

---

Report Version	Version 2 (13/11/2020)
----------------	------------------------

---

© 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 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.

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.

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.

