

# Mixed Use Development

## (Cary St Toronto)

### Executive Summary

The proposed development for the vacant plot of land at Cart St Toronto involves a capital investment of circa \$40 million and would deliver moderately priced medium density accommodation in close proximity to Toronto town centre, direct access to renewed pedestrian and cycle always and more 2,700sqm off lettable commercial office/business space ideally suited to medical and health services. The resulting total economic impact is \$129 million and 205 jobs during construction and an ongoing annual impact of \$22 million and 63 Jobs, inclusive of:

- **Direct effects.** Result from expenditures associated with constructing and operation (i.e. labour, materials, supplies, and capital).
- **Industrial effects.** Result from the suppliers of the project purchasing goods and services and hiring workers to meet demand (these “2nd round” impacts would not occur but for the proposed development).
- **Consumption effects.** Result from the employees of the proposed development purchasing goods and services at a household level.

Table 1: Construction Phase summary

Construction Impact Summary	Direct Effect	Industrial Effect	Consumption Effect	Total Effect
Output (\$M)	\$40	\$38.7	\$9.1	\$87.83
Wages and Salaries (\$M)	\$3.87	\$8.00	\$2.11	\$13.98
Value-added (\$M)	\$8.40	\$13.55	\$5.18	\$27.14
				<b>\$129M</b>
Employment (Jobs)	77	96	32	<b>205</b>

Operations Impact Summary	Direct Effect	Industrial Effect	Consumption Effect	Total Effect
Output (\$M)	\$6.06	\$1.45	\$3.01	\$10.52
Wages and Salaries (\$M)	\$3.54	\$0.37	\$0.70	\$4.61
Value-added (\$M)	\$4.23	\$0.61	\$1.71	\$6.54
				<b>\$21.67M</b>
Employment (Jobs)	48	5	10	<b>63</b>

### Disclaimer

All figures and data presented in this document are based on data sourced from the Australia Bureau of Statistics (ABS), and other government agencies. Using ABS datasets, the regional economic modeling software REMPLAN, developed by REMPLAN has been applied to generate industrial economic data estimates. This document is provided in good faith with every effort made to provide accurate data and apply comprehensive knowledge. However, DANTIA does not guarantee the accuracy of data nor the conclusions drawn from this information. A decision to pursue any suggestions mentioned in the report is wholly the responsibility of the party concerned. DANTIA advises any party to conduct detailed feasibility studies and seek professional advice before proceeding with any action and accept no responsibility for the consequences of pursuing any of the findings or actions discussed in the document.

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## 1 Introduction

### 1.1 Purpose

This report has been undertaken in response to a request to identify the potential economic impact for the Lake Macquarie City regional economy of construction and operational phases of the proposed development:

- I. Output / Revenue (\$M)
- II. Employment (Jobs)
- III. Wages and Salary (\$M)
- IV. Value Add (\$M)

Economic analysis in this report has been undertaken using REMPLAN – regional economic modeling and analysis system. This study applies REMPLAN economic data for the region of Lake Macquarie City Council, incorporating data sourced from the ABS 2011 Census, 2012/2013 ABS National Input / Output Tables, and ABS Gross State Product (June 2014).

For ease of understanding and interpretation the total economic impact is comprise of direct and indirect impacts. These impacts are defined as:

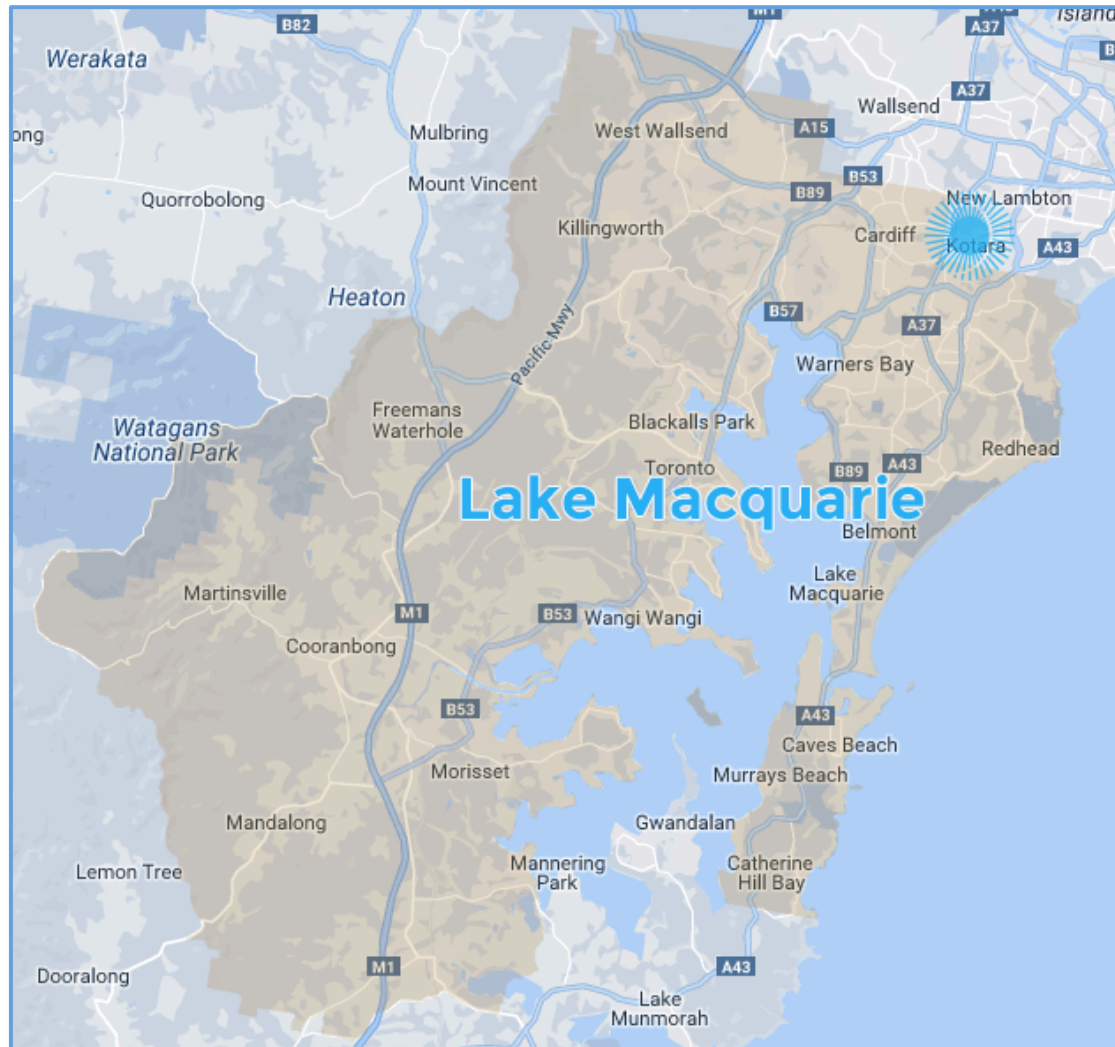
- I. **Direct effects.** Result from expenditures associated with constructing and operation – labour, materials, supplies, and capital.
- II. **Industrial (indirect) effects.** Result from the suppliers of the project purchasing goods and services and hiring workers to meet demand – these “2nd round” impacts would not occur but for the proposed development.
- III. **Consumption (indirect) effects.** Result from the employees of the proposed development purchasing goods and services at a household level.

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## 1.2 Region

The impact analysis will be undertaken in the context of the Lake Macquarie City Local Government Area.



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## 2 Proposed Development

### 2.1 Background

In 2008 a DA was approved for a mixed-use development on the site. The DA has since lapsed, and the site acquired by its current owner in 2016.

Situated at the Northern end of Toronto town centre (next to McDonalds) between Cary St and the Toronto Cruising Motor Yacht Club, the site is adjacent to a Public Reserve and the re-purposed Toronto-Fassifern rail line now servicing as a cycle/walking track.

### 2.2 Scope

The proposed development would incorporate:

- 2 levels of basement car parking;
- 2,700 sqm Ground level commercial space accessible from all streets and public reserve;
- approx. 120 apartments within two building forms above the commercial spaces;
  - 6 storey building fronting Cary St; and
  - 5 storey building fronting Arnott Ave and the yacht club
- Incorporates large landscaping and communal outdoor space; podium level garden; roof garden; deep soil zones at ground floor commercial; plus upgrade of 1,400 sqm of the public reserve.

## 3 Construction phase

Capital investment of \$40 million across construction and construction services sectors will be made during the construction phase.

### 3.1 Output

From a direct increase in output of \$40.000 million it is estimated that the demand for intermediate goods and services would rise by \$38.701 million. This represents a Type 1 Output multiplier of 1.968. These industrial effects include multiple rounds of flow-on effects, as servicing sectors increase their own output and demand for local goods and services in response to the direct change to the economy.

The increases in direct and indirect output would typically correspond to the creation of jobs in the economy. Corresponding to this change in employment would be an increase in the total of wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are estimated at \$9.125 million.

Total output, including all direct, industrial and consumption effects is estimated to increase by up to **\$87.827 million**. This represents a Type 2 Output multiplier of 2.196.

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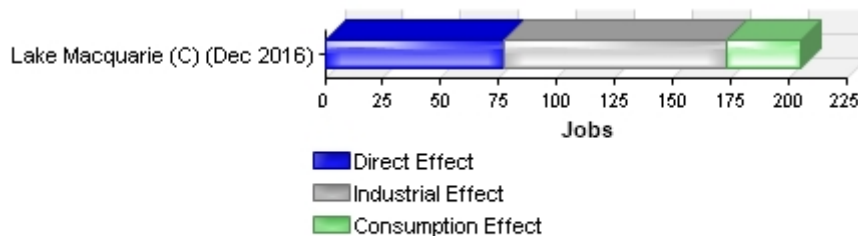
REMPPLAN

## 3.2 Employment

From a direct increase in output of \$40.000 million the corresponding creation of direct jobs is estimated at 77 jobs. From this direct expansion in the economy, flow-on industrial effects in terms of local purchases of goods and services are anticipated, and it is estimated that these indirect impacts would result in the gain of a further 96 jobs. This represents a Type 1 Employment multiplier of 2.247.

The increase in direct and indirect output and the corresponding creation of jobs in the economy are expected to result in an increase in the wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are estimated to further boost employment by 32 jobs.

Total employment, including all direct, industrial and consumption effects is estimated to increase by up to 205 jobs. This represents a Type 2 Employment multiplier of 2.662.



REMPPLAN

## 3.3 Wages and Salaries

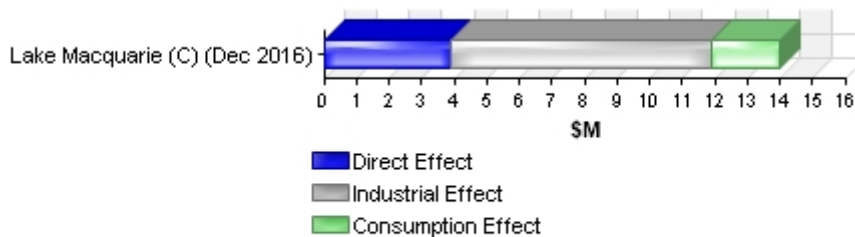
From a direct increase in output of \$40.000 million it is estimated that direct wages and salaries would increase by \$3.866 million. From this direct expansion in the economy, flow-on industrial effects in terms of local purchases of goods and services are anticipated, and it is estimated that these indirect impacts would result in the gain of a further 96 jobs and a further increase in wages and salaries of \$8.009 million. This represents a Type 1 Wages and Salaries multiplier of 3.072.

The increase in direct and indirect output and the corresponding creation of jobs in the economy are expected to result in an increase in the wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects

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under this scenario are expected to further boost employment in sectors such as retail therefore further increasing wages and salaries by \$2.110 million.

Total wages and salaries, including all direct, industrial and consumption effects is estimated to increase by up to **\$13.985 million**. This represents a Type 2 Wages and Salaries multiplier of 3.618.



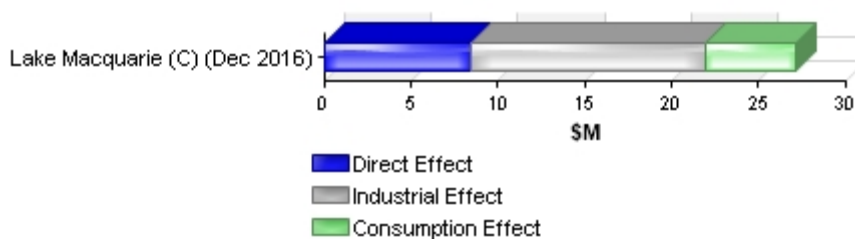
REMPPLAN

## 3.4 Value Add

From a direct increase in output of \$40.000 million the corresponding increase in direct value-added is estimated at \$8.404 million. From this direct expansion in the economy, flow-on industrial effects in terms of local purchases of goods and services are anticipated, and it is estimated that these indirect impacts would result in a further increase to value-added of \$13.550 million. This represents a Type 1 Value-added multiplier of 2.612.

The increase in direct and indirect output and the corresponding boost to jobs in the economy are expected to result in an increase in the wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are expected to further boost value-added by \$5.182 million.

Total value-added, including all direct, industrial and consumption effects is estimated to increase by up to **\$27.136 million**. This represents a Type 2 Value-added multiplier of 3.229.



REMPPLAN

## 3.5 Construction Summary

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<b>Value-added (\$M)</b>	\$8.40	\$13.55	\$5.18	\$27.14
				<b>\$129M</b>
<b>Employment (Jobs)</b>	77	96	32	<b>205</b>

## 4 Operations

The proposed development will deliver more than 2,700 square meters of commercial office space at ground level and across three street frontages. Given the proximity of aged care facilities and existing demand for family medical services it is anticipated that the majority of this commercial space will be taken up by the medical and health services sector, with some ancillary support businesses such as a café. Conservatively this is forecast to employ 40 health sector and 8 hospitality sector workers. The resulting annual economic impact is summarised below.

Table 2: Annual Operation phase impacts

<b>Construction Impact Summary</b>	<b>Direct Effect</b>	<b>Industrial Effect</b>	<b>Consumption Effect</b>	<b>Total Effect</b>
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<b>Wages and Salaries (\$M)</b>	\$3.54	\$0.37	\$0.70	\$4.61
<b>Value-added (\$M)</b>	\$4.23	\$0.61	\$1.71	\$6.54
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## 5 Summary

Table 3: Construction Phase summary

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				<b>\$129M</b>
Employment (Jobs)	77	96	32	<b>205</b>

As detailed in table 1 & 2 above the proposed project is forecast to result in a significant economic impact to the local economy. The **total economic impact** is forecast to be:

- \$129 million and 205 jobs during the construction phase; and
- \$22 million and 63 jobs during each year following completion.

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