



# ECONOMIC BENEFITS REPORT

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9-11 Nelson St, Chatswood

Prepared for Strata Group  
December 2020

# COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

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# INTRODUCTION

## Project Background and Purpose

Urbis has been engaged by Strata Group to conduct an independent Economic Benefits Assessment for the proposed mixed-use development at 9-11 Nelson Street, Chatswood.

The purpose of this report is to summarise the potential impact of the development on the State economy and job creation considering:

- The level of employment that can be delivered on the subject site through the construction and ongoing operation of the proposed development
- The broader economic impact associated with the proposed development

The analysis adopts industry standard benchmarks for employment density, and uses the REMPLAN modelling tool in quantifying the potential employment and economic benefits likely to be generated from the construction and ongoing operation of the proposed development. An explanation of the REMPLAN methodology is provided in the Appendix.

A summary of the proposed development and its key economic benefits are presented adjacent.

## Site and Proposed Development

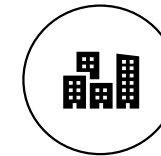
The subject site at 9-11 Nelson Street, Chatswood occupies an area of approximately 4,219 square metres, bounded by Gordon Avenue to the north and Nelson Street to the south. Pacific Highway is within 100m to the west of the subject site, while the North Shore Train Line is adjacent to the east. Chatswood train station and bus interchange is 500m north of the site, with bus services along Pacific Highway also providing public transport options.

The site is currently occupied by a three-storey residential building, containing 45 units.

A 'reference scheme' development has been prepared for the site, which is consistent with the Chatswood CBD Strategy. An 'alternate scheme' has also been prepared following testing that found that a single tower option results in additional benefits in terms of improved ADG performance.

This report assesses the potential economic benefits of the 'reference scheme', which is planned to include two residential towers, to be 18 and 25 storeys high and contain around 258 units. The scheme also includes a two-storey podium featuring 4,635 sq.m of retail, bulky goods and gym floorspace.

## 'Reference Scheme' Development



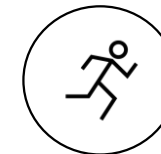
**~258 UNITS**  
**IN TWO RESIDENTIAL TOWERS**



**450 SQ.M**  
**SPECIALTY RETAIL / F&B GFA**



**2,520 SQ.M**  
**BULKY GOODS RETAIL GFA**



**1,665 SQ.M**  
**GYM GFA**

Source: Strata Group; Urbis



# BENEFITS SUMMARY

## Economic Benefits

1. **Key Finding:** The construction phase of the proposed development will create up to 4.81 direct and indirect jobs for every \$1 million spent per annum during the construction period
2. **Key Finding:** The construction of the proposed development will generate around \$753,000 in Gross Value Add per annum for the NSW economy for each \$1 million spent per annum for the duration of the construction period.
3. **Key Finding:** The ongoing operation of podium uses will generate a net uplift of 82 direct and indirect jobs in the economy on an ongoing basis.
4. **Key Finding:** The ongoing operation of podium uses will deliver a net uplift of \$7.74 million in Gross Value Add each year for the NSW economy.



**4.81**

Direct and indirect jobs for every \$1 million spent per annum on construction



**\$753,000**

Gross Value Added annually for every \$1 million spent per annum during the construction period



**82**

Additional direct and indirect jobs as a result of ongoing operations



**\$7.74 M**

Gross Value Added each year on an ongoing basis from when the podium uses begin operating



# 01

## EMPLOYMENT AND ECONOMIC BENEFITS



# THE CONSTRUCTION WILL DELIVER A SIGNIFICANT NUMBER OF JOBS ALMOST IMMEDIATELY

## Key Findings

The construction of the proposed development would require substantial capital investment, which would sustain significant employment in the local economy in the short term.

The adjacent figure provides an indication of the potential number of jobs generated for every \$1 million spent annually during the construction phase of the proposed development.

These figures have been based on economic modelling using REMPLAN, which determines that the construction of the proposed development would generate **a total of 4.81 jobs for each \$1 million spent per annum during the construction phase**, including:

- 1.93 direct jobs (in construction-related industries)
- 2.88 indirect jobs (in supporting and supplying industries).

For example, if construction cost was \$70 million over 10 years. Construction cost would be \$7 million per annum, generating **a total of 33.67 jobs (7 x 4.81) during the construction phase**, including:

- Direct jobs = 13.51 jobs per annum (7 x 1.93)
- Indirect jobs = 20.16 jobs per annum (7 x 2.88)

Most new direct jobs will be in the construction sector, an important focus in the Covid-19 economic recovery.

Indirect jobs associated with the construction are expected to be mostly in manufacturing, accounting for one third of total indirect jobs.

## Construction Phase

PROJECT  
EXPENDITURE  
(\$M)



EMPLOYMENT  
(JOBS)

per \$1M P.A.

1.93  
direct jobs

2.88  
indirect jobs

per \$1M P.A.

4.81  
total jobs

Source: REMPLAN Economy; Urbis



# THE CONSTRUCTION WILL SUPPORT THE ECONOMIC RECOVERY IN NSW

## Key Findings

The significant capital investment required for the construction of the proposed development will create economic value that will help to support the economic recovery in NSW.

The numbers in the adjacent chart provide an indication of the Gross Value Added (GVA) annually for every \$1 million spent per annum during the construction phase of the proposed development.

We have used the REMPLAN model to assess the potential economic contributions of the construction of the proposed development in terms of GVA. The construction phase will generate **a total GVA of \$753,000 per annum to the NSW economy for each \$1 million spent per annum**, including:

- Direct GVA = \$296,000 per annum
- Indirect GVA = \$456,000 per annum.

Using the previous example, a construction cost of \$70 million over 10 years (\$7 million per annum) would result in a total of **\$5.27 million GVA across the NSW economy per annum (7 x \$753,000) during the construction period**, including:

- Direct GVA = \$2.07 million per annum (7 x \$296,000)
- Indirect GVA = \$3.19 million per annum (7 x \$456,000).

## Construction Phase

**PROJECT  
EXPENDITURE  
(\$M)**

per **\$1M P.A.**



**VALUE ADDED  
(\$K, NPV)**

**\$296K**  
direct GVA per  
annum

**\$456K**  
indirect GVA per  
annum

per **\$1M P.A.**

**\$753K**  
total GVA  
per annum

Source: REMPLAN Economy; Urbis

# THE DEVELOPMENT WILL GENERATE 82 JOBS ON AN ONGOING BASIS

## Key Findings

Upon completion, the ongoing operations will support new jobs and generate value added to the economy.

The ongoing phase will generate **a total net increase of 82 jobs**.

- Direct jobs = 64 jobs
- Indirect jobs = 18 jobs

Direct jobs are associated with the future intended uses of the proposed two-storey retail podium at the subject site. As shown in the table opposite, direct jobs within the podium uses are estimated using benchmark workspace ratios for each use, which are derived from the City of Sydney 2017 Floor Space and Employment Survey and the Perth Land Use and Employment Survey. Proposed uses and their corresponding workspace ratio include:

- Food and Beverage: 1 worker per 32 sq.m
- Bulky Goods: 1 worker per 74 sq.m
- Gym: 1 worker per 107 sq.m.

Indirect jobs will be generated in most industry sectors, though mostly relevant to:

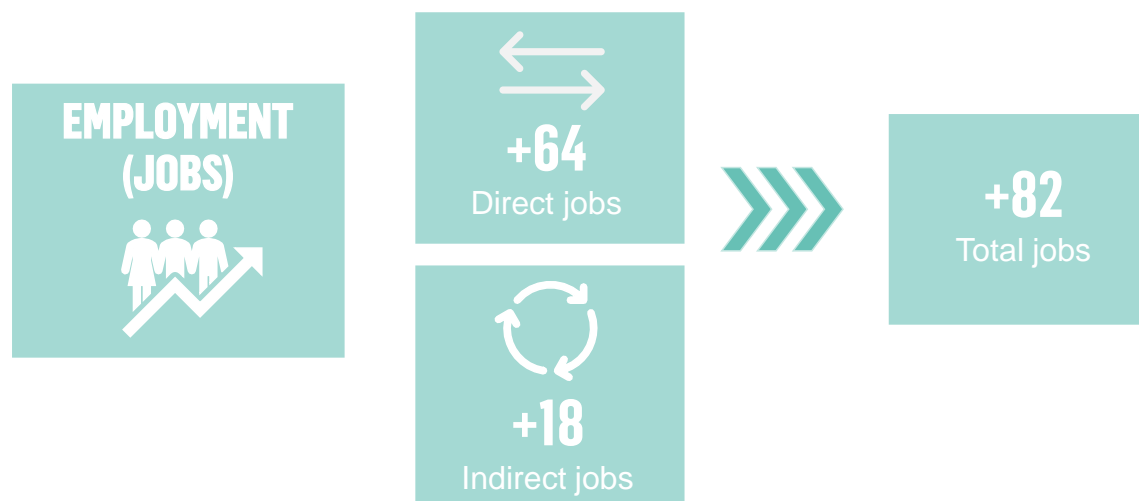
- Manufacturing
- Professional, scientific and technical services
- Rental, Hiring and Real Estate Services
- Administrative and Support Services

## Operational Phase Direct Jobs – Podium Uses

Proposed Use	Scale (GFA)	Workspace Ratio	Jobs
Specialty Retail / F&B	450 sq.m	32 sq.m / job	14
Bulky Goods / Showroom	2,520 sq.m	74 sq.m / job	34
Gym	1,665 sq.m	107 sq.m / job	16
<b>Total</b>			<b>64</b>

Source: City of Sydney Land Use and Employment Survey; Perth Land Use and Employment Survey; Urbis

## Operational Phase Employment



Source: REMPLAN Economy; Urbis

# THE DEVELOPMENT WILL PROVIDE AN ONGOING ECONOMIC CONTRIBUTION

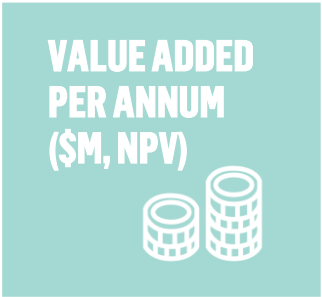
## Key Findings

Upon completion of the development, the ongoing operation of podium uses will generate value for the NSW economy. We have used the REMPLAN model to assess the potential ongoing Gross Value Add (GVA) generated by these uses.

The operation of the proposed development has the potential to deliver **\$7.47 million total GVA** to the NSW economy annually, comprising:

- Direct GVA = \$4.42 million per annum
- Indirect GVA = \$3.06 million per annum.

## Operational Phase



Source: REMPLAN Economy; Urbis





# APPENDIX

# REMPPLAN METHODOLOGY

This Economic Analysis uses **REMPPLAN** to model the potential economic benefits associated with the proposed development. 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 (Gross State Product).

The potential economic benefits of the proposed development have been quantified in terms of value added expenditure generation and employment generation:

- Expenditure Generation – Estimation of the direct and indirect expenditure impacts resulting from the proposed development. This estimates value added expenditure impacts to the regional and state economies during both the development and operating phases
- Employment Creation – Estimation of the direct and indirect employment impacts resulting from the proposed developments. This estimates employment impacts using standard industry jobs per sq.m benchmarks and regional employment multipliers for New South Wales.

Key points regarding the workings and 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, whereas future employment at the centre is the input to assessing the ongoing economic benefits of the operational phase
- Outputs from the model include direct and indirect employment and value added (i.e. economic growth) generated through the project
- Employment generated includes all full-time and part-time jobs created 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 benefits are modelled for employment and value added
- Direct refers to the effect felt within the industry where the investment is being made. For example, during the construction phase, new direct jobs are created within the construction industry
- Indirect effects are:
  - Those felt within industries that supply goods to the industries directly affected (industry effects)
  - Those felt by industries that benefit from the wages that are earned and spent by those employed within the industries directly affected (consumption-induced effects).

For the purposes of this analysis, consumption-induced effects have been excluded. Consumption-induced effects are prone to overstate the benefits of a particular investment as they overestimate the impact of wage and salary increases in the local economy. This is accepted industry practice.

