

25 August 2021

Dear Dennis,

Subject: Economic Benefits of 136 - 148 New South Head Road, Edgecliff

Anka engaged HillPDA to assess the economic benefits to accompany a Planning Proposal for a proposed mixed-use development at 136-148 New South Head Road, Edgecliff (subject site).

The Planning Proposal seeks an increase in the FSR to 5:1 which will facilitate the development of an 11 storey building comprising ground floor retail space with podium commercial office space above. Residential apartments are located from levels 3 to 11.

A total of around 8,730sqm of mixed-use gross floor area (GFA) would be developed comprising of:

- 490sqm GFA of retail plaza at the ground floor
- 2,261sqm GFA of commercial office to support a broad range of market requirements, and
- Around 41 apartments.

This letter provides an assessment of economic benefits that would arise from the realisation of the proposed development.

Economic impacts

Method

In determining the economic impacts in the construction stage of the project, we adopted the estimated hard construction cost of \$85 million as indicated by ANKA group.

In determining the economic impacts in the operation stage, a forecast of Full Time Equivalent (FTE) jobs onsite using industry benchmark data was used to calculate the expected demand change by ABS industry category required to satisfy this job count. These calculations were then carried forward to yield additional jobs, revenue and gross value added from site operation.

The economic impact assessment is carried out using national input-output tables and location quotients, to develop region-specific multipliers. These multipliers illustrate the level of additional economic activity generated by a source industry, at the Hawkesbury local government area level.

There are two types of effects captured by multipliers:

Type I - Production Induced Effects: which is made up of:

- *Direct effect:* which constitutes all outputs and employment required to satisfy the direct demand change in a given industry, and

- *Indirect effect*: which accounts for the extra output and employment from all industries required to support this increase in demand.

Type II - Consumption Induced Effects: which include the effects listed in the Type I multiplier, along with the:

- *Induced effect*: which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

The source of the multipliers adopted in this report is ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0). HillPDA's internal modelling has determined Woollahra LGA specific metrics for evaluation.

Project assumptions

Table 1: Proposed yield

	Units	Unit size	Mix	GFA (sqm)
Existing				
Residential	7	-	-	629
Commercial	-	-	-	1,233
Carparking	8	-	-	-
Proposed				
1 bedroom	9	85	22%	765
2 bedroom	18	112	44%	2,016
3 bedroom	12	130	29%	1,560
Penthouse	2	305	5%	610
Commercial	-	-	-	1,984
Retail	-	-	-	430
Carparking	81	-	-	-
Total				7,365

Estimated economic impacts

This section examines the economic contribution that the subject site currently generates. This is referred to as the “base case”. The economic contribution under the base case is then compared to that predicted to be generated if the proposed development is to proceed. Economic impacts include employment generation, wages and gross value added. The economic impacts during construction are also assessed.

An economic impact snapshot of the proposed development is as follows.

Table 2: Economic benefits

		Base case	Site	Above base case
During construction (1)				
	Gross output	Nil	\$270.8 mil (\$130 mil Woollahra LGA)	+ \$270.8
	Jobs years onsite (2)	Nil	65	+ 65
	Total jobs years created (2)	Nil	852 (212 Direct Jobs)	+852
	Wage revenue generated	Nil	\$270.8 mil (\$130 mil Woollahra LGA)	+ \$4.6 mil
Post-construction (3)				
	Jobs onsite (2)	49	152 per annum	+ 102 Jobs
	Onsite staff remuneration	\$2.9 mil	10 mil per annum	+ \$7.1 mil
	Gross value added	\$5.1 mil	\$12.7 mil	+ \$7.6 mil
	Residents on site (4)	23	76	+ 53

1. Based on an estimated construction cost of \$85 million (\$2020)

2. One job year equals one full-time job for one year. Jobs per land use: Commercial 124, Retail 15.

3. Performance indicators are per annum levels during operations (\$2021)

4. ABS 2016, Woollahra LGA by BEDRD

Other economic benefits include:

- Provide a catalyst for further investment in the locality

- Providing jobs closer to home and meet local employment targets
- Providing additional local commercial floorspace
- Contribute to Transit Orientated Development (TOD) objectives by concentrating more people near the train station and commercial services, thereby reducing the reliance on private motor vehicle travel and increasing the use of public transport; and
- Contributing to Sydney achieving the 30-minute city concept.

Yours sincerely,

Signed by



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Associate

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