



ECONOMIC BENEFIT ASSESSMENT

311 South Street, Marsden Park

Prepared for Dexus
April 2022

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,

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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.

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BENEFITS AT A GLANCE

Key Findings

1. **Key Finding:** The construction phase of the proposed development will create 342 total jobs over the one-year construction period.
2. **Key Finding:** The one-year construction period will generate \$54.4 million in Gross Value Add.
3. **Key Finding:** The ongoing operation will create 552 direct and indirect jobs.
4. **Key Finding:** The ongoing operations will deliver \$92.3 million in Gross Value Add per annum.



\$92.3 MILLION

Additional Gross Value Add Annually



342

Jobs over construction period



552

Additional ongoing direct and indirect jobs

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INTRODUCTION AND METHODOLOGY

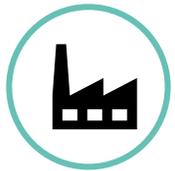


THE PROPOSED DEVELOPMENT WILL DELIVER 43,000 SQ.M OF GROSS FLOOR AREA

Overview

The development proposed by Dexus is located on 311 South Street, Marsden Park within Blacktown Local Government Area (LGA). The site is within Marsden Park Industrial Precinct located in the North West Growth Area. The site has a total area of 10.3 hectares.

The proposed development comprises a total gross floor area (GFA) of 43,000 sq.m and will include six warehouses with accompanying offices.



40,900 SQ.M
WAREHOUSE GFA



2,100 SQ.M
WAREHOUSE OFFICE GFA



\$67.3 MILLION
TOTAL CONSTRUCTION COST*



MID 2022 – 2023
ESTIMATED PROJECT TIMEFRAME

Note: * excluding GST

Subject Site



Source: Dexus

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's 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.

EMPLOYMENT AND ECONOMIC BENEFITS



THE CONSTRUCTION PHASE WILL SUPPORT 342 JOBS DURING CONSTRUCTION PERIOD

Key Findings

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

The proposed development is estimated to require project expenditure of **\$67.3 million** (excluding GST) over a one-year period starting mid 2022.

Based on economic modelling using REMPLAN, the construction of the proposed development would generate a **total of 342 jobs over the one-year construction period**, including:

- Direct jobs = 139 jobs over one year
- Indirect jobs = 203 jobs over one year

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 ANNUM)



Source: Dexus; REMPLAN Economy; Urbis
Note: *excluding GST

THE CONSTRUCTION PHASE WILL GENERATE \$54.4 M GVA INTO THE ECONOMY

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.

We have used the REMPLAN model to assess the potential economic contributions of the construction of the proposed development in terms of Gross Value Added (GVA).

The construction phase will generate a **total Gross Value Added (GVA) of \$54.4 million to the NSW economy during the one-year construction period.**

- Direct GVA = \$21.7 million
- Indirect GVA = \$32.8 million.

Construction Phase

PROJECT EXPENDITURE (\$M)*

←
→
\$67.3M



\$67.3M



GROSS VALUE ADDED (\$M)

←
→
\$21.7M
DIRECT GVA



\$32.8M
INDIRECT GVA



\$54.4M
TOTAL GVA

Source: Dexus; REMPLAN Economy; Urbis

Note: *excluding GST

THE DEVELOPMENT WILL SUPPORT 552 JOBS DURING OPERATION

Key Findings

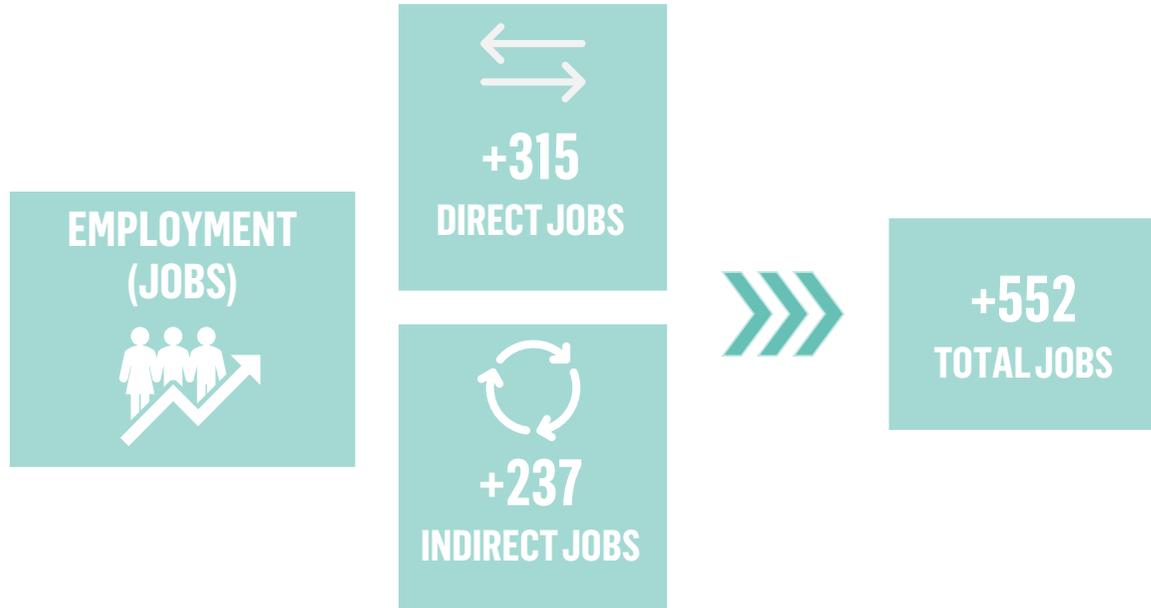
Upon completion of the development, the ongoing operations will support new jobs and generate value added to the economy.

The ongoing phase will generate a **total net increase of 552 jobs**.

- Direct jobs = 315 jobs
- Indirect jobs = 237 jobs

Direct jobs are associated with the future intended uses on the subject site. Using job density of 175 and 26 GFA sq.m per job for warehouse and office, the 43,000 sq.m development will support 315 jobs in the warehousing industry.

Operational Phase



Source: Dexus; REMPLAN Economy; Urbis

THE DEVELOPMENT WILL SUPPORT 237 INDIRECT JOBS DURING OPERATION

Key Findings

The development will generate 237 indirect jobs during the operational phase.

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

- Transport, Postal and Warehousing
- Professional, Scientific and Technical Services
- Administrative and Support Services.

Operational Indirect Job Distribution

INDUSTRY	INDIRECT JOBS (NO.)	INDIRECT JOBS (%)
Agriculture, Forestry & Fishing	1	1%
Mining	0	0%
Manufacturing	13	6%
Electricity, Gas, Water & Waste Services	3	1%
Construction	14	6%
Wholesale Trade	9	4%
Retail Trade	15	6%
Accommodation & Food Services	8	3%
Transport, Postal & Warehousing	45	19%
Information Media & Telecommunications	5	2%
Financial & Insurance Services	11	5%
Rental, Hiring & Real Estate Services	11	5%
Professional, Scientific & Technical Services	41	17%
Administrative & Support Services	27	11%
Public Administration & Safety	10	4%
Education & Training	1	0%
Health Care & Social Assistance	0	0%
Arts & Recreation Services	1	0%
Other Services	20	9%
Total Indirect Jobs	237	100%

Source: REMPLAN Economy; Urbis

THE DEVELOPMENT WILL GENERATE \$92.3M ANNUAL GVA TO THE ECONOMY

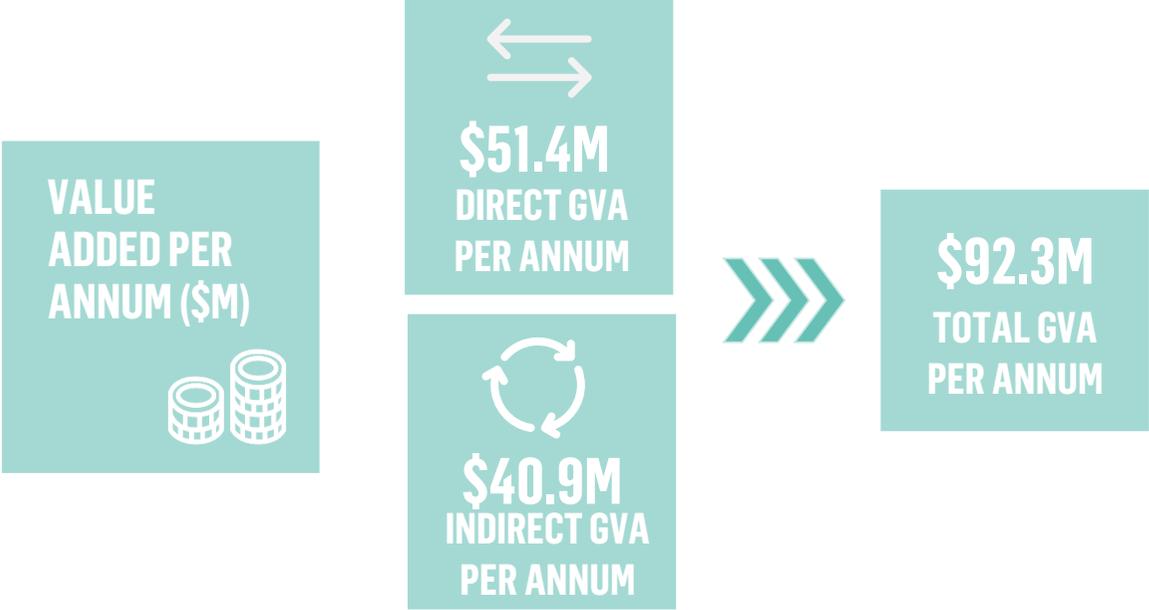
Key Findings

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

The operation of the proposed development also has the potential to deliver **\$92.3 million in direct and indirect annual gross value added** to the economy comprising:

- Direct annual GVA = \$51.4 million
- Indirect annual GVA = \$40.9 million.

Operational Phase



Source: Dexus; REMPLAN Economy; Urbis

