



BOX HILL CENTRAL NORTH INCORPORATED DOCUMENT

Employment Growth & Economic Benefit
Assessment

Prepared for Vicinity Centres
June 2022

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KEY FINDINGS

The large scale mixed use development proposed by Vicinity Centres for its Box Hill Central North site is expected to deliver significant economic and employment benefits to the local and state economy.

The proposed master plan for Box Hill Central North includes a total of 1,777 apartments, along with almost 83,203 sq.m of commercial office GFA, and 4,279 sq.m of retail space.

The provision of office space is at the high end of the range of what research undertaken for Council relating to the Box Hill Metropolitan Activity Centre (MAC) indicated was likely over the period to 2036.

It is estimated that the development will support close to 5,510 direct FTE jobs on-site upon completion, including around 5,363 office-based FTE jobs. The higher job density achievable than previously projected for Box Hill will also see the development provide more office based jobs than anticipated for the whole MAC to 2036.

In addition, the development is expected to accommodate an estimated 2,840 on-site residents at full occupancy. Combined with on-site workers, the residents will generate a sizeable level of retail and related spending to be directed to local businesses.

Critically, the redevelopment of the site will support the transformation of the Box Hill MAC into a genuine mixed use precinct, providing more diversity of employment for residents of the broader region.



1,777
apartments



83,200 sq.M
commercial office
GFA



4,280 sq.M
retail GLA



\$1.57 B
total construction
cost inc. GST



850
total FTE jobs
created during
construction per
annum



\$120 M
value added in the
VIC economy
per annum during
construction



8,890
total ongoing FTE
jobs generated
per annum to the
VIC economy



\$1.37 B
total value added in the
VIC economy
per annum during
operation



5,510
Supportable on-site
FTE jobs at
capacity



\$31.6 M
potential annual on-
site worker retail
spending by 2032



2,840
On-site resident
population at
capacity



\$47.5 M
potential annual on-
site resident retail
spending

INTRODUCTION



Report Purpose

Urbis has been engaged by Vicinity Centres to conduct an independent Employment Growth and Economic Benefit Assessment for its proposed Box Hill Central North redevelopment comprising a mix of residential, commercial and retail space.

More specifically, this report provides an analysis of the number and types of jobs that could be supported by the employment uses (i.e. commercial & retail) on-site against the employment growth target for the Box Hill MAC set out in *Review of Strategic Direction, Box Hill Metropolitan Activity Centre, Analysis & Options (June 2019)* prepared by SGS Economics & Planning.

In addition, the economic benefits generated by the proposed master plan are estimated using Urbis' in-house knowledge supplemented by data from the REMPLAN modelling tool to quantify the potential employment and economic benefits. These benefits will accrue during both the construction phase and on an ongoing operation basis. The methodology is explained further later in this report.

Potential employment and economic benefits are presented for the entire master plan, including employment and residential use.

Proposed Development

The proposed mixed use development comprises the following:

- 1,777 apartment units across 5 towers
- 83,203 sq.m gross floor area (GFA) of commercial space, including a dedicated office building of 52,425 sq.m GFA
- 4,279 sq.m of retail net lettable area (GLAR)

Assumptions

- Urbis has been provided with construction costs and timing by Vicinity Centres:
 - The construction cost is estimated to be \$1.57 billion including GST.
 - The anticipated construction timeframe is approximately 10 years (2023-2033).
 - Construction is set to commence at the end of 2023.
- The number of direct jobs for the development was estimated based on Urbis' experience in staffing requirements for the various types of land use proposed:
 - 5,547 total office-based jobs (15 sq.m per job)
 - 143 total retail jobs (30 sq.m per job)
- These total jobs (i.e. full-time, part-time & casual) are then converted into a full-time equivalent basis and entered into REMPLAN to produce an estimate for indirect jobs and direct and indirect GVA contributions.

Urbis recognise that certain statistics presented in this report are pre-COVID hence dated, including the SGS assessment of population and employment targets for Box Hill. While COVID has and will continue to have an impact on population and in turn employment growth in Box Hill, we consider such impact to be short-term. Over the long-term, projected growth for Box Hill is still anticipated to be achieved, with this development responding to a future need that has been identified for office, retail and residential development.

DEVELOPMENT CONTEXT

Key findings

- 1. Box Hill as a Metropolitan Activity Centre:** According to Plan Melbourne, a MAC is to provide a diversity of employment opportunities across a broad range of sectors.
- 2. Central Neighbourhood envisaged as the 'mixed-use heart' of the MAC:** The Strategic Direction sets out the intent for the Central Neighbourhood, the proposed neighbourhood in which the Vicinity site sits, as the 'mixed-use heart' of the Box Hill MAC that would support a range of employment and

residential uses. The Vicinity proposal with its large scale commercial, residential and retail uses is expected to be in line with this vision.

- 3. The Vicinity proposal will see major mixed use redevelopment in central Box Hill:** A total of around 83,200 sq.m GFA of commercial and 4,280 sq.m GLA of retail space is proposed, along with 172,400 sq.m of residential floorspace. This compares with up to 91,000 sq.m of additional office space and up to 39,000 sq.m of retail space for the entire MAC as per the SGS forecast.

BOX HILL METROPOLITAN ACTIVITY CENTRE

Diversity of Jobs, Activities & Housing

Plan Melbourne 2017-2050 designates Box Hill as one of eight existing Metropolitan Activity Centres across Melbourne, with a further two designated as future centres.

Metropolitan Activity Centres (MACs) are intended to be focus areas for investment and growth:

*To provide a **diverse range of jobs, activities and housing** for regional catchments that are well served by public transport.*

*These centres will play a **major service delivery** role, including government, health, justice and education services, as well as **retail and commercial** opportunities.*

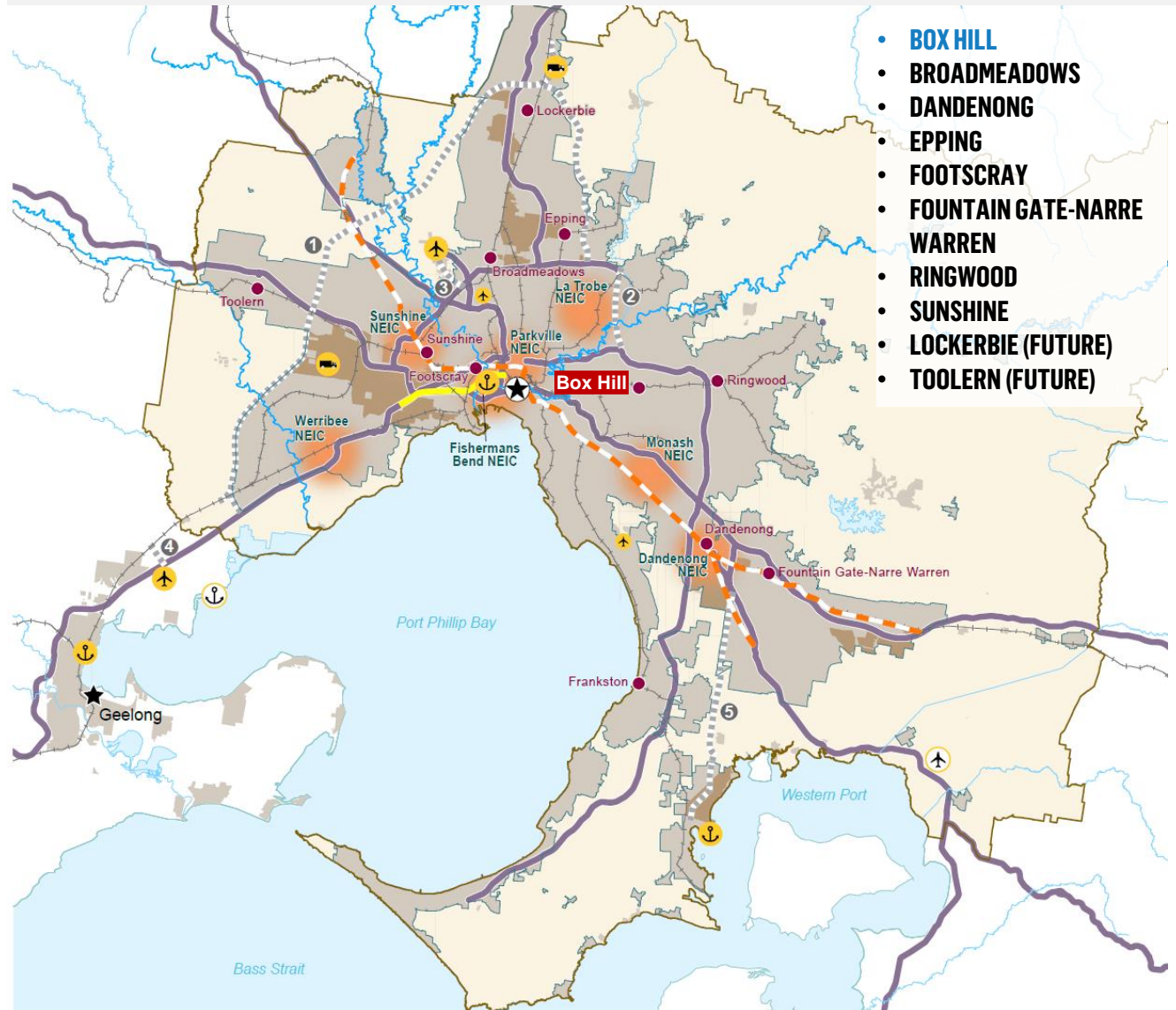
Plan Melbourne 2017-2050 pg. 14

Furthermore, with the presence of the Box Hill Hospital and TAFE precincts, the Activity Centre also incorporates one of Melbourne's key Health and Education precincts.

As discussed further in subsequent sections, Box Hill already supports more jobs than any other MAC. However, these jobs, and the growth in jobs is concentrated in the health sector.

From an employment point of view, the Vicinity master plan for the redevelopment of the Box Hill Central North site will deliver greater diversity of employment through the provision of major commercial space, along with retail and residential uses.

Melbourne's Metropolitan Activity Centres



Source: Plan Melbourne 2017-2050, edited by Urbis

BOX HILL MAC – STRATEGIC DIRECTION

Anticipated Employment Growth

MGS Architects was engaged by the Whitehorse City Council in December 2018 to prepare a review of the strategic direction for the Box Hill Metropolitan Activity Centre supported by a team of expert consultants including SGS Economics and Planning (SGS) who were responsible for economic analysis and demographic projections. The analysis prepared by SGS is referenced in this report to provide context to the Vicinity Box Hill Central North master plan.

SGS forecast that employment in Box Hill could grow from an estimated 18,500 workers in 2016 to the following levels by 2036:

- 26,900 workers under a base case
- 29,500 workers under a revised higher growth scenario.

As considered further in subsequent sections, the largest share of the growth is anticipated in the health sector, followed by office development.

The increase in employment was estimated to imply the need for an additional 256,000 sq.m to 340,000 sq.m of employment floorspace 2016-2036 across all sectors, with the office sector space growth component being 62,900 sq.m - 90,600 sq.m.

Scope of the Strategic Direction Project



Source: Review of Strategic Direction, Box Hill Metropolitan Activity Centre, Analysis & Options; Urbis

BOX HILL MAC DRAFT STRUCTURE PLAN

Mixed Use Environment

The Strategic Direction research led to the preparation of a draft Structure Plan for Box Hill which has been endorsed by Council but not yet released for public consultation. The draft Structure Plan details the intent for the various precincts of Box Hill, with Vicinity's Box Hill Central North site situated in the Central Neighbourhood:

The Central Neighbourhood is the mixed use heart of the activity centre. It is anchored by an intensified retail and transport core supported by a diverse range of uses including employment, residential, hospitality, entertainment, accommodation, community and other uses. It has significant levels of street life and activity across extended hours of the day.

One of the Land Use and Development Objectives identified in the plan relates to providing for future employment growth and rebalancing future residential growth in preferred locations. As outlined overleaf, the sizeable employment space proposed on the subject site is likely to support such an objective.

Proposed Neighbourhoods for Box Hill MAC



Source: Review of Strategic Direction, Box Hill Metropolitan Activity Centre, Analysis & Options

BOX HILL CENTRAL NORTH SITE - PROPOSED MASTER PLAN

Overview

The master plan prepared by Vicinity relating to the site they control known as Box Hill Central North, proposes a large scale mixed use precinct development is comprising seven (7) lots or towers. More specifically, the following uses have been proposed:

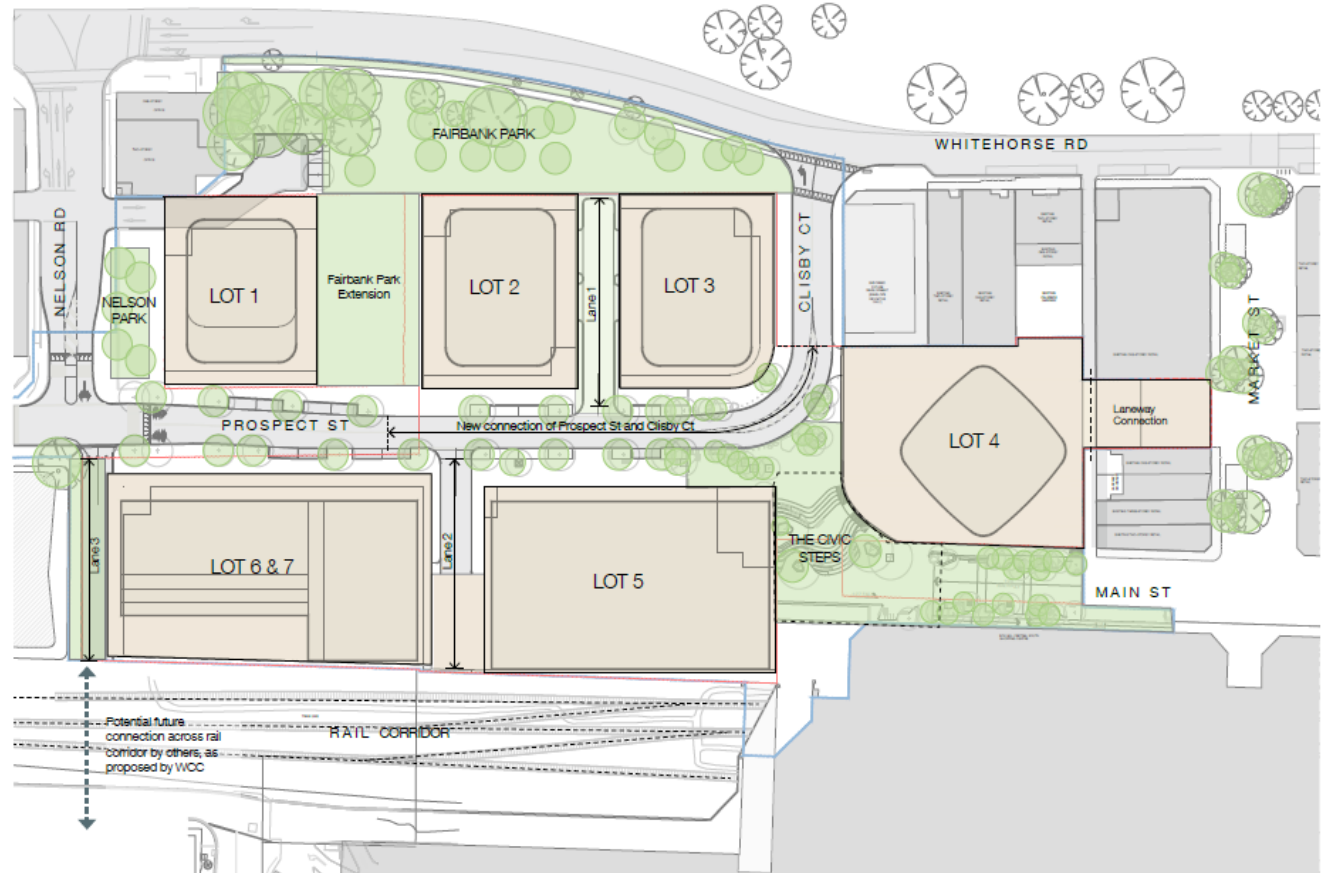
- Commercial (Gross Floor Area): 83,203 sq.m (65,956 sq.m net lettable area or NLA), including a dedicated office tower on Lot 5 with a total GFA of some 52,425 sq.m.
- Retail (Gross Leasable Area Retail): 4,279 sq.m, all of which within the podium space of each tower.
- Residential (Gross Floor Area): 172,363 sq.m, with a total of some 1,777 units.
- Total construction cost is estimated at \$1.57 billion inc. GST

Clearly, the scale of employment space proposed is significant and will support a large share of the future jobs required as identified by the SGS analysis that supported the Strategic Direction work and in turn the draft Structure Plan.

We also note Vicinity control the Box Hill Central South site which will also be developed in future to provide a range of uses consistent with the strategic intent for Box Hill.

The following sections consider the contribution the Box Hill Central North employment floorspace will make to the future growth of the Box Hill MAC.

Development Plan



Source: Bates Smart; Vicinity

BOX HILL CURRENT EMPLOYMENT PROFILE

Key findings

1. **Largest MAC in terms of jobs:** Box Hill already provides the largest number of jobs across all of Melbourne's MACs.
2. **Mismatch between local jobs and skills:** Box Hill relies heavily on the health sector for local jobs, causing the large local white-collar resident base to travel outside the area to access jobs. This is in part due to the lack of quality office space in the area.

3. **Office space needed locally to support the growth of office-based industries:** The proposed development would provide the much-needed office space to increase opportunities for both office-based businesses that wish to operate locally and white-collar workers accessing jobs closer to home.



18,500

Total jobs in Box Hill MAC



37%

Share of health sector jobs



73%

White-collar residents travel outside the LGA for work

BOX HILL CURRENT EMPLOYMENT PROFILE

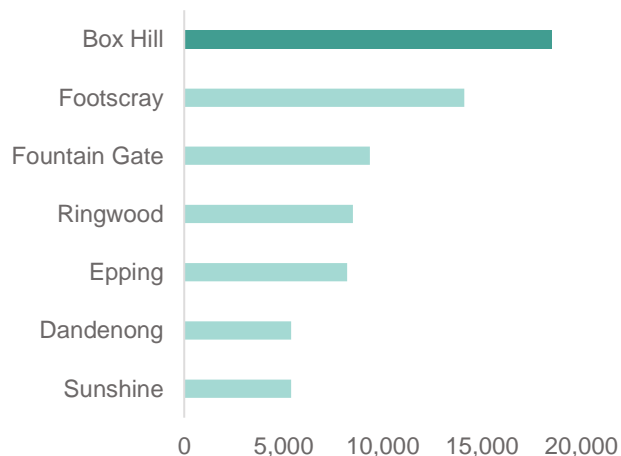
Key Insights

Box Hill provides more jobs than any other Metropolitan Activity Centre in Melbourne (see chart below) with around 18,500 jobs in 2016. This figure had grown from around 17,100 in 2011 at a rate of 1.6% per annum.

The dominant employment sector in the MAC is currently health care with around 6,870 jobs representing some 37% of all employment. Job growth in this sector between 2011 and 2016 was 1,200, or 4% per annum.

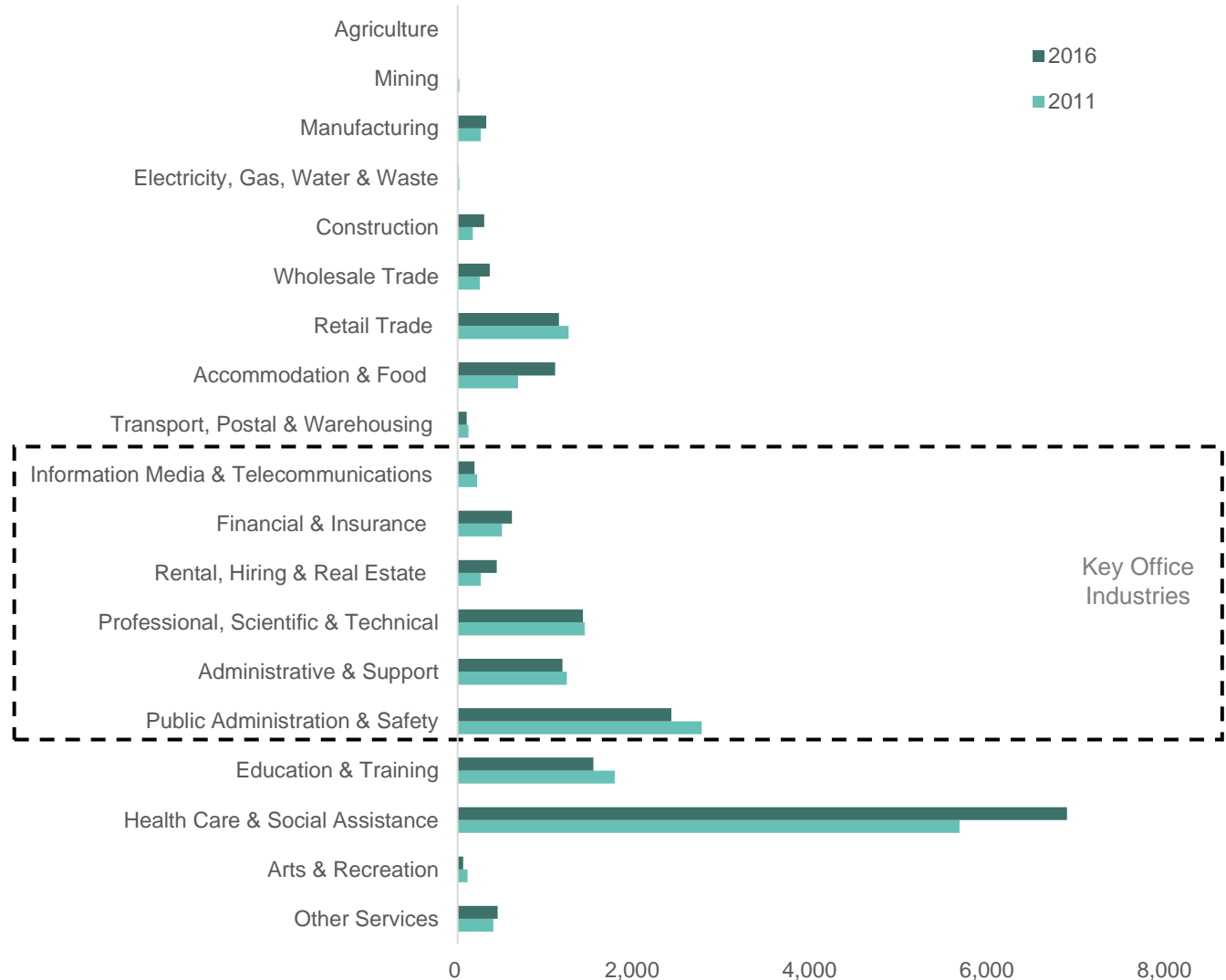
In contrast, the key industries that drive the need for office space declined collectively from 6,390 to 6,240 over the 2011 to 2016 period, or -0.5% per annum.

Although new office development was built between 2011-16, older office stock was replaced by new development of either office space or residential buildings.



Source: ABS; Urbis

Box Hill MAC Jobs by Industry 2011 vs. 2016



Source: ABS; SGS Economics & Planning; Urbis

BOX HILL JOBS MISMATCHED TO RESIDENT SKILLS

Key Insights

The adjacent chart compares the share of local jobs by industry in Box Hill and the distribution of Whitehorse resident workers, benchmarked against the Melbourne average. It is obvious that the Box Hill MAC relies heavily on the health care sector, whereas residents from the municipality are engaged more in office-based white collar sectors, most noticeably information technology, finance and professional services, which generate more demand for dedicated office space.

This suggests a potential mismatch between jobs currently available in Box Hill and the skills of local residents, due partly to the lack of quality office space that retains businesses and workers locally. As further illustrated on the following page, the majority of Whitehorse residents need to travel outside the area to access jobs that suit their skillsets.

As such, the proposed development would provide the much needed office space to increase opportunities for both office-based businesses that wish to operate locally and white collar workers accessing jobs closer to home.

Distribution of Jobs in Box Hill MAC vs. Whitehorse Resident Workers, 2016



Source: ABS; Urbis

JOURNEY TO WORK: RESIDENTS AND WORKERS

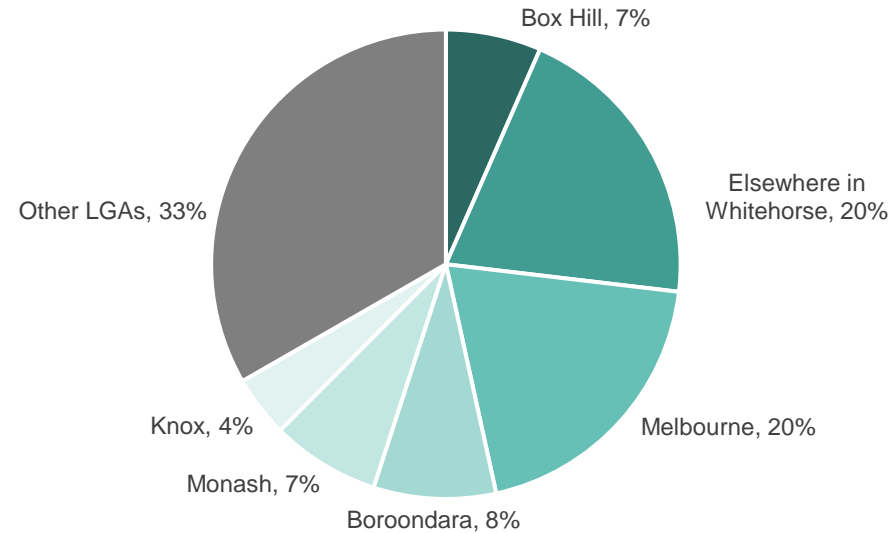
Key Insights

The journey to work for Box Hill residents in part reflects the mismatch of jobs provided relative to the skills of local residents. Only 7% of City of Whitehorse residents work in Box Hill, with another 20% elsewhere in the municipality. A significant proportion of residents travel some distance to other employment precincts such as the Cities of Melbourne, Boroondara and Monash to access jobs, in particular white collar employment.

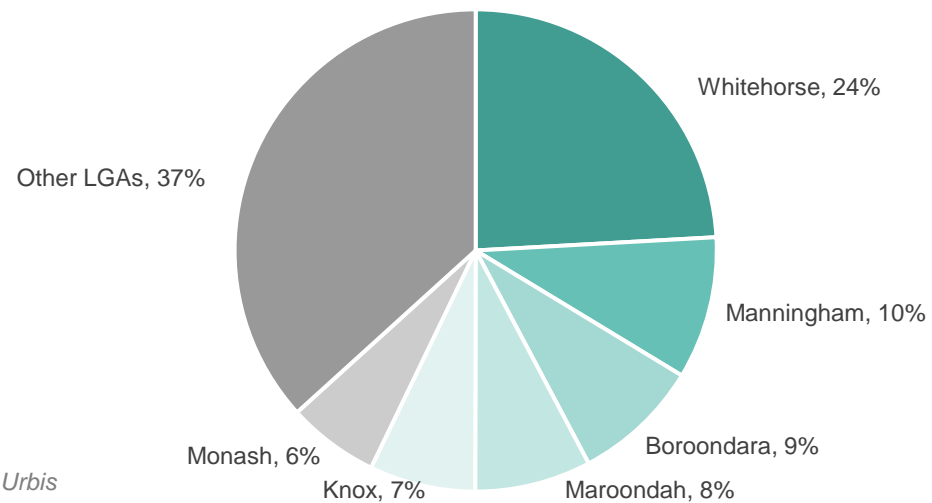
Increasing the diversity of employment in the Box Hill MAC, particularly through providing more opportunities for white collar workers, will increase the potential for residents of the City of Whitehorse to work in Box Hill close to home. This aligns with concepts such as the 20-minute neighbourhood in Plan Melbourne.

Workers in Box Hill are drawn from a wide area, in part reflecting excellent transport links. 24% of jobs in the MAC are currently filled by City of Whitehorse residents, with other nearby municipalities such as Manningham, Boroondara and Maroondah being key sources of workers.

Where City of Whitehorse Residents Travel to Work



Where Workers Come From to Access Jobs in Box Hill



Source: ABS; Urbis

BOX HILL FUTURE EMPLOYMENT GROWTH

Key findings

- 1. SGS forecast employment growth:** SGS forecast that employment in Box Hill could grow from an estimated 18,500 workers in 2016 to 26,900 under a base case or 29,500 under a higher growth scenario by 2036.
- 2. Forecast growth of office-based industry jobs:** Most of the growth is anticipated to come from the health sector, followed by office-based industries which are forecast to generate

2,600-3,600 additional jobs. These jobs would require 66,000-91,000 sq.m of additional office space, based on a constant workspace ratio of 25 sq.m per job over the next 15 years or so, a low employment density assumption that is against the trends in office development.

- 3. Retail jobs growth:** Retail jobs were forecast to increase by 1,000-1,300 by 2036, translating into retail space demand of 29,000-39,000 sq.m.



2,600-3,600+

SGS forecast growth of office jobs in Box Hill MAC



66,000-91,000+

SGS forecast demand for additional office space

BOX HILL FORECAST EMPLOYMENT

Overview

Through the strategic direction work for Council, SGS prepared estimates of future employment growth for Box Hill by industry. This initially related to a base case forecast as replicated in the table to the right.

Under the base case, employment in the Box Hill MAC was forecast to increase by just over 8,400 jobs to 26,910 jobs by 2036 representing a total increase from 2016 of 45.5%.

Almost half of the growth was forecast again in the health care and social assistance sector (+4,120 jobs or a 60% increase). No other individual sector was projected to grow more than 1,000 jobs.

When combined, the key industries that require office floorspace (Info Media & Telecoms, Financial & Insurance, Real Estate, Professional Services, Admin & Support and Public Admin) were forecast to grow by 2,420 jobs to 8,660 in total. However, this is only a 35% increase over the period 2016 to 2036

Education and Training, which can also create office floorspace demand was the other major growth sector with an increase of 910 jobs or 59%.

Forecast Employment by Industry for Box Hill – SGS Base Case

Industry of Employment (ANZSIC)	2016	2036	2016-36 Growth (no.)	2016-36 Growth (%)
Agriculture	0	0	0	-
Mining	0	0	0	-
Manufacturing	320	240	-80	-25.0%
Electricity, Gas, Water & Waste	10	20	10	100.0%
Construction	300	450	150	50.0%
Wholesale Trade	360	370	10	2.8%
Retail Trade	1,140	1,600	460	40.4%
Accommodation & Food	1,100	1,390	290	26.4%
Transport, Postal & Warehousing	100	130	30	30.0%
Information Media & Telecommunications	190	220	30	15.8%
Financial & Insurance	610	780	170	27.9%
Rental, Hiring & Real Estate	440	520	80	18.2%
Professional, Scientific & Technical	1,410	2,360	950	67.4%
Administrative & Support	1,180	1,790	610	51.7%
Public Administration & Safety	2,410	2,990	580	24.1%
Education & Training	1,530	2,440	910	59.5%
Health Care & Social Assistance	6,870	10,990	4,120	60.0%
Arts & Recreation	60	110	50	83.3%
Other Services	450	480	30	6.7%
Sub-total: Key Office Industries	6,240	8,660	2,420	38.8%
Total Employment	18,500	26,910	8,410	45.5%

Source: SGS Economics & Planning; Edited by Urbis

FORECAST FLOORSPACE DEMAND

Overview

SGS translated their industry level employment estimates and forecasts into use types.

As shown in the first table to the right, office space was estimated to be the use supporting the highest number of jobs in 2016 (7,500 jobs), followed by health (predominantly in hospitals).

Under the base forecast, jobs needing office space were projected to increase to just over 10,000, representing growth of 35%.

Retail jobs were forecast to increase by around 1,000.

However, SGS then produced a higher employment growth forecast which would see the MAC support 2,600 additional jobs, growing over the forecast period by closer to 60%.

Under the higher growth scenario, office employment growth was projected to increase to 11,100 jobs by 2036, growth of 3,600 jobs or 48%.

By using estimated relationships between the number of jobs and floorspace by use, SGS were then able to translate their employment projections into floorspace requirements by use.

The total growth in employment floorspace in the MAC was projected at a low of 266,000 sq.m (base) and a high of 346,000 sq.m (higher growth).

Office floorspace requirements were forecast to increase from the 2016 level of 187,000 sq.m to somewhere between 253,000 sq.m and 278,000 sq.m for the base case and higher growth scenario respectively. This projected increase of between 66,000 sq.m and 91,000 sq.m implied SGS assumed the current ratio of floorspace to jobs remained constant at around 25 sq.m of floorspace for every worker, a very conservative assumption.

Forecast Employment by Key Sector in Box Hill MAC

	2016	Base forecasts			Revised forecast (higher employment growth)		
		2036	2016-36 Growth	Growth rate	2036	2016-36 Growth	Growth rate
Office	7,500	10,100	2,600	1.5%	11,100	3,600	2.0%
Retail	2,800	3,800	1,000	1.5%	4,100	1,300	1.9%
Industrial	100	100	-	0.0%	100	-	0.0%
Education	1,500	2,400	900	2.4%	2,700	1,200	3.0%
Health	6,200	9,900	3,700	2.4%	10,900	4,700	2.9%
Entertainment/Recreation	100	200	100	3.5%	200	100	3.5%
Construction	300	400	100	1.4%	400	100	1.4%
Total	18,500	26,900	8,400	1.9%	29,500	11,000	2.4%

Forecast Employment Space Demand in Box Hill MAC (sq.m)

	2016 Estimate	Base forecasts		Revised forecast (higher employment growth)	
		2036	2016-36 Growth	2036	2016-36 Growth
Office	187,000	253,000	66,000	278,000	91,000
Retail	84,000	113,000	29,000	123,000	39,000
Industrial	8,000	8,000	-	8,000	-
Education	92,000	146,000	54,000	161,000	69,000
Health	185,000	297,000	112,000	327,000	142,000
Entertainment/Recreation	8,000	13,000	5,000	13,000	5,000
Total	564,000	830,000	266,000	910,000	346,000

Source: SGS Economics & Planning; Edited by Urbis

BOX HILL CENTRAL NORTH MASTER PLAN DELIVERS FUTURE GROWTH POTENTIAL

Key findings

- 1. Proposed employment space more than sufficient to support jobs growth:** The proposed office provision on the Box Hill Central North site at around 83,200 sq.m GFA is towards the top end of the range projected for the entire MAC over the 2016-2036 period of 66,000-91,000 sq.m. In other words, this one site is capable of delivering virtually the entire office requirement for the MAC previously identified for the next 20 years.
- 2. Potential to support more jobs than required:** Based on a more realistic office workspace ratio of 15 sq.m GFA

per job, the Box Hill Central North site has the potential to support more jobs than anticipated by SGS even under their high growth scenario (over 5,547 total jobs vs. an estimated high growth scenario of 3,600 jobs 2016-2036).

- 3. Significant contribution the proposed master plan can make to the growth of Box Hill:** While there will be more capacity for office floorspace growth as Box Hill develops further beyond 2036, however this highlights the significant contribution this Master Plan can make to meeting the employment goals of the MAC.



~5,550 VS. 3,600

Total office jobs supportable on-site vs. forecast increase for Box Hill to 2036 under SGS's high growth scenario



~140

Total retail jobs supportable on-site

EMPLOYMENT CAPACITY FOR BOX HILL CENTRAL NORTH MASTER PLAN AREA

Key Insights

The analysis here uses the information in the SGS analysis to estimate the level of employment supported by the proposed commercial office and retail space within the Box Hill Central North master plan.

The first table to the right calculates the job capacity of the 83,203 sq.m GFA of office space and 4,279 sq.m (GLAR) of retail space based on SGS's assumed floorspace ratios of 25 sq.m and 30 sq.m per job for commercial office and retail space respectively. These ratios are applied to the gross floor areas in line with SGS's analysis.

On this basis, the proposed office space will support a total of 3,328 jobs, with a further 143 jobs in retail space for a total of 3,471 jobs.

However, SGS's assumption that the efficiency of office space remains constant over time at 25 sq.m GFA per job is inconsistent with the trend from modern office space to accommodate more workers per sq.m.

Consequently, Urbis have estimated an alternative job capacity scenario to the bottom right using a floorspace to job ratio of 15 sq.m (GFA) per job which is equivalent to closer to 12 sq.m NLA per job.

Under this assumption, which we believe is a more realistic outcome given the modern office buildings proposed, total jobs supported on site by the Box Hill Central North master plan will be almost 5,690, with 5,547 of those in office space.

Note the above-mentioned jobs refer to total jobs, including all full-time, part-time and casual roles.

Job Capacity Estimate Scenario 1 – SGS Floorspace Ratio Assumptions

	Proposed Floorspace (sq.m)		Floorspace Ratio (sq.m/job)		Job Capacity		
	Commercial (GFA)	Retail (GLAR)	Commercial	Retail	Commercial	Retail	Total
Lot 1	4,383	564	25	30	175	19	194
Lot 2	4,580	505	25	30	183	17	200
Lot 3	4,437	534	25	30	177	18	195
Lot 4	8,498	865	25	30	340	29	369
Lot 5	52,425	1,317	25	30	2,097	44	2,141
Lot 6 & 7	8,880	494	25	30	355	16	372
Total	83,203	4,279	25	30	3,328	143	3,471

Source: Vicinity; SGS Economics & Planning; Urbis

Job Capacity Estimate Scenario 2 – More Efficient Commercial Office Workspace

	Proposed Floorspace (sq.m)		Floorspace Ratio (sq.m/job)		Job Capacity		
	Commercial (GFA)	Retail (GLAR)	Commercial	Retail	Commercial	Retail	Total
Lot 1	4,383	564	15	30	292	19	311
Lot 2	4,580	505	15	30	305	17	322
Lot 3	4,437	534	15	30	296	18	314
Lot 4	8,498	865	15	30	567	29	595
Lot 5	52,425	1,317	15	30	3,495	44	3,539
Lot 6 & 7	8,880	494	15	30	592	16	608
Total	83,203	4,279	15	30	5,547	143	5,690

Source: Vicinity; SGS Economics & Planning; Urbis

MASTER PLAN CONTRIBUTION TO GROWTH

Master Plan to Deliver Large Share of Forecast Growth

The projected employment floorspace and employment levels supported within the master plan are significant in comparison to the projected growth estimates prepared by SGS for the MAC over the 2016 to 2036 period.

The proposed office provision on the Box Hill Central North site at 83,203 sq.m GFA is towards the upper end of the range projected for the entire MAC over the 2016-2036 period of 66,000-91,000 sq.m. In other words, this one site is capable of delivering virtually the entire office requirement for the next 20 years.

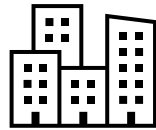
Further, assuming the higher density of workers to office space explained on the previous page, the Box Hill Central North site has the potential to support more jobs than anticipated by SGS even under their high growth scenario (close to 5,547 jobs vs. an estimated high growth scenario of around 3,600 2016-2036)

Of course, there will be more capacity for office floorspace growth as Box Hill develops further beyond 2036, however this highlights the significant contribution this Master Plan can make to meeting the employment goals of the MAC.

The share of retail space and employment is lower, although noting the major retail development will occur on Vicinity's Box Hill Central South site.

Share of Projected Floorspace

Proposed in Box Hill Central North Master Plan



83,203
SQ.M

Gross Floor Area Office



4,279
SQ.M

Gross Floor Area Retail

Estimated Growth Range 2016-2036 as per SGS Forecasts

66,000-91,000
SQ.M

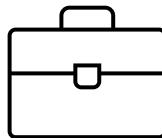
Gross Floor Area Office Increase

29,000-39,000
SQ.M

Gross Floor Area Retail Increase

Share of Projected Employment

Estimate for Box Hill Central North Master Plan



5,547

Total Jobs (full-time, part-time & casual) in Office Space



143

Total Jobs (full-time, part-time & casual) in Retail space

Estimated Growth Range 2016-2036 as per SGS Forecasts

2,600-3,600

Increase in Jobs in Office Space

1,000-1,300

Increase in Jobs in Retail Space

Source: Urbis

Source: SGS Economics & Planning

EMPLOYMENT & ECONOMIC BENEFIT

Key findings

- 1. Significant capital investment into developing the site:** Developing the proposed master plan would entail around \$1.57 billion (2022 dollar incl. GST) of construction cost over an anticipated timeframe of 10 years between 2023 and 2033.
- 2. Considerable employment and economic benefits during the construction phase:** Delivering the proposed development would have the capacity to generate on average some 846 direct and indirect full-time equivalent (FTE) jobs on average on an

annualised basis during construction. These jobs would be equivalent to \$121 million of total annual gross value added (GVA) to the Victorian economy.

- 3. Substantial employment and economic contributions on an on-going basis:** At capacity, the development would have the ability to support around 8,894 direct and indirect FTE jobs on an on-going basis during operation. This translates into \$1.37 billion of annual direct and indirect GVA to the Victorian economy.



\$1.57 BILLION

total construction cost



~850 FTE

avg. annual jobs during construction



~8,890 FTE

Total on-going jobs supportable at capacity

CONSTRUCTION PHASE BENEFITS

Summary of Benefits

As mentioned earlier, the proposed development is estimated to have a total construction cost of over **\$1.57 billion** inclusive of GST over an anticipated delivery timeframe of approximately 10 years from 2023 to 2033. This results in an **annualised construction cost of around \$157 million inclusive of GST**.

On average, **845 full-time equivalent (FTE) direct and indirect jobs** are likely to be created in the State on an annualised basis during construction, with many accruing locally. This is anticipated to reach a peak of over 2,160 FTE jobs in 2027.

Total direct and indirect Gross Value-Added to the State economy is estimated at approximately **\$120 million per annum** on average over the construction period in constant 2022 dollars.

Average full-time equivalent jobs created annually



350
DIRECT FTE* JOBS

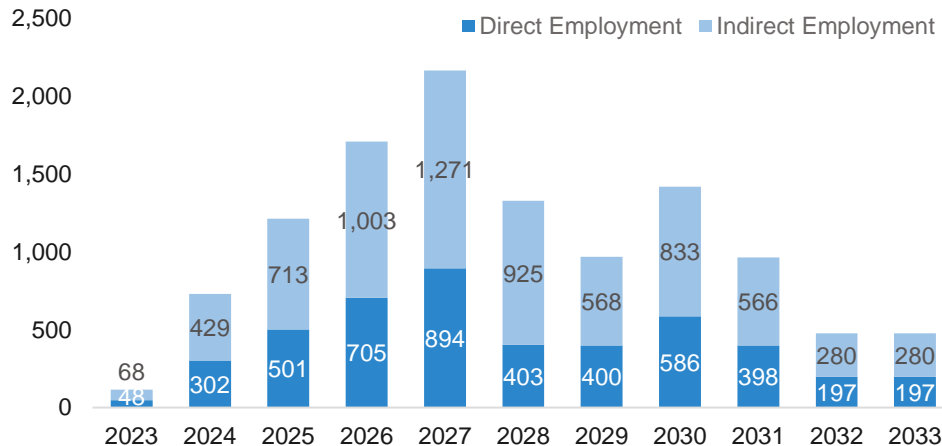
Avg. direct FTE jobs per year during construction



495
INDIRECT FTE* JOBS

Avg. indirect FTE jobs per year during construction

Employment during construction



Gross value added to the state economy



\$45 M
DIRECT GVA*

Avg. annual direct GVA to the State economy



\$75 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 the appendix for more information.

Source: REMPLAN; Urbis

OPERATION PHASE BENEFITS

Summary of Benefits

Upon completion, the mixed use development would have the capacity to support around **5,510 direct FTE jobs** on site, including around 5,363 office-based FTE jobs and some 146 retail FTE jobs. This is derived from the estimates of total jobs on Page 18, adjusted to a FTE basis. These jobs would 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 **3,384 additional FTE jobs on an on-going basis** within Victoria as a result of flow-on effects.

There will be an estimated **\$1.37 billion per annum** in direct and indirect GVA contribution generated from the daily operation of businesses locating in the new buildings to the Victorian economy.

Average full-time equivalent jobs created

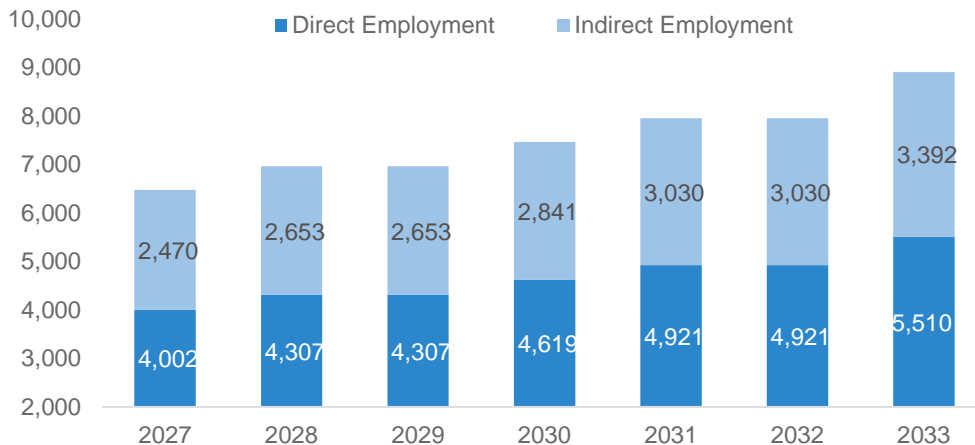


Avg. direct jobs per year of operation



Avg. indirect jobs per year of operation

On-going employment at the subject development



Gross value added to the state economy



Avg. annual direct GVA to the State economy



Avg. annual indirect GVA to the State economy

GVA = Gross Value Added, Indirect benefits refer to Supply Chain effects, but not Consumption Effects. See the appendix for more information.

Source: REMPLAN; Urbis

OTHER BENEFITS OF DEVELOPMENT

Future resident & worker spending

On-site residents are estimated to spend on average some \$16,700 on retail goods and services on a per capita basis by 2032 ¹. The total retail spending generated by future on-site residents at capacity is therefore estimated to reach \$47.5 million by this time, based on an assumed average household size 1.6 per dwelling for an apartment development such as the proposed (i.e. 2,840 residents in total).

In addition, on-site workers could generate an estimated \$31.6 million in retail spending while at work or arriving and leaving work. This spending is available to support existing and future businesses on-site and in the surrounding area.



RESIDENT SPENDING

\$16,700
PER ANNUM

Estimated avg. annual per capita retail spend of on-site residents by 2032

\$47.5 M
ANNUAL RESIDENT RETAIL SPEND



WORKER SPENDING

\$25
PER DAY PER WORKER

Estimated avg. daily per capita retail spend of on-site workers while at, arriving at or leaving work

\$31.6 M
ANNUAL WORKER RETAIL SPEND AT CAPACITY

Other benefits

Beyond the quantification of economic contributions already identified, the proposed investment also presents broader benefits to the local region, including, but not limited to:

- Supporting the recovery of the local and state economy post-COVID.
- Supporting the transformation of the Box Hill MAC into a genuine mixed use precinct.
- Providing high quality office accommodation to meet the needs of current and future businesses locating in the eastern suburbs.
- Increasing the diversity of employment space in Box Hill, reducing the reliance on the health sector to drive employment growth.
- Creating the opportunity for a significant resident population to live in the heart of the Box Hill MAC, increasing activity levels and supporting other future businesses.
- New development in this precinct has the potential to attract further investment to the location as other developers see the potential.
- Complement and support future government investment in key infrastructure, including health, education and public transport, etc.
- Increased taxation revenue to both local and state government.

¹. Retail spending estimates are measured in constant 2022 dollar inclusive of GST.

Source: Marketinfo; Urbis

APPENDICES

Methodology

Definitions

Assumptions

Data Tables

COVID-19 Data Information



METHODOLOGY

The REMPLAN Methodology

Analysis presented here uses REMPLAN economic modelling to assess current and potential economic impacts. REMPLAN provides a modelling tool that is accepted and used by various government bodies in Australia. It uses an Input-Output model that captures inter-industry relationships within an economy, based on the ABS 2016/17 National Input Output Tables (I/O Tables). 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 Victoria 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. The approach Urbis adopts in accounting for this is presented adjacent. 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*.

Reporting of Impact Modelling Results

Urbis have adopted a conservative approach to estimating and reporting economic and employment benefits using the REMPLAN modelling tool so as to not overstate the likely effects. Key areas where Urbis' approach is designed to not overstate the effects include:

- While REMPLAN defines the supply chain linkages between local industries and allows the assessment of multiplier effects as a result of a direct input into an industry, the nature of the ABS I/O Tables and indeed the set-up of the model suggests there is likely some double-counting therefore overstatement of the flow-on effects.
- More specifically, REMPLAN defines 'Indirect Effect' as consisting of both the 'Supply-chain Effect' and 'Consumption Effect'. However, Urbis believe that the consumption effect (i.e. workers with more income spend elsewhere in the economy) has already been counted to an extent as part of the supply-chain effect in the modelling process and is a more tenuous link to the direct effects. As such, Urbis have only excluded consumption effect from benefit reporting and consider supply-chain effect as the only indirect effect generated from the direct input.
- Construction-related jobs are reported as FTE jobs for the period of one year, rather than the number of workers who might work on a site over the construction period which building contractors might report. For example, a project might have 200 workers on-site over the course of a two-year construction, but that may only equate to say 50 FTE jobs per year. Each trade is not onsite for the whole time (e.g. plumbers, joiners, painters etc. all come on site at different stages). Therefore, FTE for one year accounts for the total hours required by workers over the year and avoids the potential to overstate or misinterpret job figures that relate to part time workers. It also allows for direct comparison of jobs with different construction timeframes, as the jobs accrue each year over the length of construction.
- Wherever applicable, Urbis have chosen to report *Gross Value Added (GVA)* rather than '*Output*' as the economic benefit of a certain development project or activity, as it is considered a more accurate, albeit conservative, estimate of benefit which excludes items such as tax and subsidies which are included in '*Output*'.

DEFINITIONS & ASSUMPTIONS

Definitions

Construction cost is the estimated investment value for each development over the anticipated delivery period, measured in constant 2022 dollar (i.e. excluding inflation) including 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 2022 dollar (i.e. excluding inflation) including GST.

Key Assumptions

On site employment has been calculated using Workspace Ratio. An average workspace ratio is applied to the total gross floor area (GFA) for commercial office and gross leasable area (GLAR) for retail uses to calculate on site employment, respectively.

Average workspace ratio is assumed at 15 sq.m GFA per job for commercial office, whereas the retail workspace ratio is assumed at 30 sq.m per job on average.

Jobs calculated here refer to Full-time Equivalent (FTE) jobs. Total jobs estimated using the average workspace ratio assumptions are then converted to a Full-time Equivalent basis (FTE) using 'total jobs to FTE jobs ratio' for each corresponding industry sector derived from REMPLAN.

GVA benefits generated from office-based jobs are calculated on the assumption that they will be represented by jobs in the **Professional, Scientific and Technical Services** industry, whereas retail jobs will be represented by **Retail Trade** industry jobs.

A conservative assumption of 1.6 residents per apartment dwelling is applied to estimating total on-site residents.

DATA TABLES

Construction Phase

Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$160	\$203	\$363
Employment (FTE Jobs) Per Year of Construction	349	497	846
Value-added (\$M) Per Year of Construction	\$47	\$74	\$121

Operation Phase

Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Employment (FTE Jobs)	5,510	3,384	8,894
Value-added (\$M)	\$795	\$576	\$1,371

Source: REMPLAN; Vicinity; Urbis

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.

Where 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.

This report is dated **20 June 2022** 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 **Vicinity Centres** (Instructing Party) for the purpose of an **Employment Growth & Economic Benefit Assessment** (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.

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