

25 October 2022

Beverly Hills Owners Association Incorporated
c/- Khourys & Associates
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Re: Beverly Hills Planning Proposal - Construction and Permanent Employment Estimates

The Beverly Hills Owners Association (the Association) represents a number of landowners along King Georges Road, Beverly Hills. The Association has been investigating appropriate land use and densities for the Beverly Hills Town Centre (the Town Centre) that would facilitate its revitalisation and renewal.

A concept scheme commissioned by the Association (the Scheme) was completed in mid-2018 and provided to Georges River Council to inform strategic planning being undertaken for the Town Centre. The Scheme focused on the western side of King Georges Road (407-511 King Georges Road) zoned B2 Local Centre between Beverly Hills train station and Stoney Creek Road. This is referred to as the 'Study Area'.

In parallel to the Scheme, Georges River Council (the Council) prepared the draft Beverly Hills Town Centre Masterplan (the Council Masterplan) which was placed on public exhibition in April 2020. In April 2022, Council resolved to defer the Council Masterplan for further consideration.

The Association is now seeking to progress a proponent-led planning proposal (the Planning Proposal) for the Study Area, with the Proposal largely consistent with the Council Masterplan's vision for the broader Beverly Hills Town Centre.

To assist in the preparation of the Planning Proposal, the Association has engaged Atlas Economics (Atlas) to estimate the number of jobs which could be supported through the Planning Proposal (both during construction and upon build-out).

Methodology and Limitations

In carrying out the high-level employment estimates, the following steps have been carried out:

- Estimate the number of construction jobs which could be supported by the Planning Proposal by:
 - Estimate the value of construction work required to facilitate the Planning Proposal using standard industry cost publications and benchmarks (Rawlinson's Construction Handbook; RLB Rider's Digest).
 - Converting the estimated construction value into an equivalent job (FTEs) using standard industry benchmarks.
- Estimate the number of permanent jobs which could be accommodated upon 'build out' of the Planning Proposal by:
 - Reviewing the existing quantum of retail and commercial floorspace in the Beverly Hills Town Centre and compare against historical employment counts (2016 Census) to identify historical work space ratios in the centre.
 - Reviewing industry standards and NSW Government guidelines for the application of work space ratios.
 - Applying adopted workspace ratios to the proposed non-residential floorspace and develop a range of employment estimates (Low, Medium, High) which could be accommodated through the Proposal.

This high-level estimate of employment potential is based on standard/ generic industry benchmarks and does not consider the detailed 'business-to-business' requirements of individual sub-industries.

The Association Planning Proposal

The Planning Proposal outlines the proposed land use mix and built form for the western portion of the Beverly Hills Town Centre. A broad mix of land uses is envisaged, including residential, retail and commercial uses.

The Planning Proposal proposes a new maximum building height of 12-storeys for mid-block sites and 14-storeys for landmark corner sites, with street wall heights along King Georges Road limited to 8-storeys. The Planning Proposal envisages a mix of floor space ratios (FSRs), including:

- A minimum FSR 4:1 across all sites on King Georges Road, inclusive of one ground floor retail or commercial level.
- Due to better efficiencies and their landmark nature, corner sites are proposed at FSR 5.5:1.
- The cinema and hotel sites are proposed FSR 5.5:1, with the cinema site to include 3-4 levels of commercial floorspace.

The Planning Proposal outlined indicative development yields for each development block within the Study Area, outlining the quantum of residential and non-residential gross floor area (GFA) which could be delivered on each block.

The Planning Proposal assumes that all development blocks will deliver ground floor retail floorspace to retain street level activity, whilst some blocks (e.g. the existing Cinema site) could retain existing commercial floorspace on upper floors. Overall, it is estimated the Planning Proposal could result in some ~14,000sqm of non-residential floorspace.

The breakdown of this estimate (by development block) is provided in **Table 1**.

Table 1: Estimated Floorspace, Association Planning Proposal

Block	Site Area	Residential GFA	Non -Residential GFA			Total GFA
			Retail	Commercial	Total Non-Residential	
A	1,689	8,192	1,100	-	1,100	9,292
B	1,052	3,421	755		755	4,176
C	1,506	4,992	1,032		1,032	6,024
D	1,674	5,560	1,140		1,140	6,700
E	1,695	5,695	1,085		1,085	6,780
F	1,694	5,656	1,120		1,120	6,776
G	1,456	3,663	2,172	2,172*	4,344	8,008
H	868	2,953	515		515	3,468
I	1,407	4,727	901		901	5,628
J	887	2,998	550		550	3,548
K	1,576	7,600	1,068	-	1,068	8,668
L	787	3,923	405		405	4,328
Total	16,291	59,380	11,843	2,172	14,015	73,396

*Existing cinema complex assumed to be retained
Source: Olsson Architecture

Construction Job Estimates

Development and construction activity is a major generator of employment activity. To estimate the quantum of jobs which could be supported through the redevelopment activity catalysed by the Planning Proposal, Input-Output (IO) modelling has been carried out.

IO models estimate how products sold (outputs) from one industry are purchased (inputs) in the production process by other industries, thus generating economic and employment activity.

Impacts are traced through the economy via:

- **Direct impacts**, which are the first round of effects from direct operational expenditure on goods and services.
- **Flow-on impacts**, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:

- **Production-induced impacts (Type I)** comprise industrial support effects of additional activities undertaken by supply chain industries increasing their production in response to direct and subsequent rounds of spending.
- **Consumption-induced impacts (Type II)** which estimate the re-circulation of labour income earned as a result of the initial spending, through other industry impacts, or impacts from increased household consumption.

By estimating the likely value of total construction and development activity which could result from the total 'build-out' of the Study Area as per the Planning Proposal, an estimate of the direct and indirect construction jobs (within the Georges River LGA) catalysed by the Planning Proposal can be estimated using IO modelling.

Based on a high-level cost estimate of \$5,500/sqm of GFA (inclusive of total hard and soft costs and a 'blend' of residential and commercial construction costs¹), it is estimated that the total development cost of the Planning Proposal could be in the order of \$403.7m. This total development cost is apportioned between four key industries:

- Heavy and Civil Engineering Construction: 5%
- Professional, Scientific and Technical Services: 10%
- Non-Residential Building Construction: 20%
- Residential Building Construction: 65%

Based on these assumptions, it is estimated that total build-out of the Study Area as per the Planning Proposal could generate a total of 765 jobs across the Georges River LGA. A breakdown of this provided in **Table 2**.

Table 2: Construction Jobs Generated by Association Planning Proposal*

Type	FTE
Direct	390
Production Induced (Type 1)	239
Consumption Induced (Type 2)	136
Total	765

*Assuming the Study Area is fully developed as per the Scheme
Source: Atlas Economics

Operational Job Estimates

Upon build-out, the Study Area is expected to generate ongoing employment through the ~14,000sqm of retail and commercial floorspace proposed in the Planning Proposal. To estimate the net additional employment which could be generated by the Planning Proposal, we have:

- Estimated the existing number of workers accommodated in the various commercial/retail buildings across the Study Area through comparison of historical employment data (2016 Census).
- Adopted generic workspace ratios to apply to mix of retail and commercial floorspace proposed in the Planning Proposal. Workspace ratios reflect the amount of floorspace occupied per individual worker (on average).
- Compared the estimated number of workers currently located in the Study Area (as at 2016) against the estimated number of workers which could be supported in the Planning Proposal.

Estimate of Existing Employment

Small area employment data is provided at the Australian Bureau of Statistics (ABS) Destination Zone (DZ) level. The most recent small area employment data available is the 2016 Census. A release of the 2021 Census employment data is anticipated in October 2022.

The Town Centre straddles two DZ geographies² which cover an area larger than the defined boundaries of the Town Centre (i.e. the area zoned B2 Local Centre). Based on the employment composition of these DZ geographies, it could be estimated there were 460 workers³ within the Town Centre in 2016.

¹ Residential construction costs are generally substantially higher than non-residential construction costs

² Destination Zones 113702144 and 113702145

³ Population-serving (excluding construction) and knowledge intensive workers are assumed to be accommodated in the Town Centre.

An audit of existing floorspace in the Study Area has not been sighted. Assuming half of the Town Centre’s estimated workforce was accommodated in the Study Area, this would equate to approximately 230 jobs.

The development blocks (Table 1) collectively comprise 16,291sqm in site area. A review of existing built form suggests not all sites are maximising their floorspace potential, with the majority of existing buildings being single storey. Assuming a site cover ratio of 70%, it is estimated that there could be currently ~11,400sqm of ground floor employment floorspace across the Study Area, noting the existing Cinema site has potentially ~2,200sqm of upper-level commercial space.

By applying the estimated existing number of workers within the Study Area to the estimated quantum of existing employment floorspace, a workspace ratio of just over 49sqm per worker results.

Generic Workspace Ratios

An analysis of workspace ratios across Greater Sydney and Australia was carried out by Landcom in 2018. This analysis examined the amount of floorspace occupied by workers in a broad mix of industries. In Landcom’s *Productive Places* study, the following workspace ratios were recommended for adoption in business cases, planning proposals, land use plans and development applications across Greater Sydney:

- Commercial office: 20sqm/FTE
- Retail (generic shops, cafes, restaurants, supermarkets): 35sqm/FTE
- Childcare: 35sqm/FTE
- Fitness centres: 100sqm/FTE
- Hotel: 100sqm/FTE

Estimate of Employment Potential

To estimate the number of operational jobs which could be accommodated upon buildout of the Study Area, a set of workspace ratios have been applied to the retail and commercial floorspace proposed in the Planning Proposal. To reflect the mix of industries and sectors which could eventually be accommodated within the Study Area, three Workspace Scenarios have been adopted to reflect a mix of potential employment densities:

- Low Scenario: average workspace ratio of 48sqm per FTE.
- Medium Scenario: average workspace ratio of 38sqm per FTE.
- High Scenario: average workspace ratio of 28sqm per FTE.

By applying these workspace ratios to the ~14,000sqm of employment floorspace proposed under the Planning Proposal, it is estimated that between ~290 and ~500 FTEs could be accommodated in the Study Area. When deducting the estimated number of workers existing workers in the Study Area (230 jobs), the Scheme could facilitate between 61 and 273 *additional* operational workers. This is summarised in Table 3.

Table 3: Net Additional Employment Estimates (Ground Floor Non-Residential), Planning Proposal

Scenario	Est. Employment Floorspace (Planning Proposal)		Workspace Ratio (GFA/FTE)			Estimated Jobs (FTE)			Net Additional Jobs*
	Retail	Commercial	Retail	Commercial	Avg.	Retail	Commercial	Total	
Low			50	40	48.1	237	54	291	61
Medium	11,843	2,172 [#]	40	30	38.0	296	72	368	138
High			30	20	27.8	395	109	503	273

*Net additional jobs calculated by deducting the estimated number of existing jobs in the Study Area (230 jobs)

*Existing cinema complex assumed to be retained

Source: Atlas Economics

Summary of Employment Estimates

Overall, employment estimates suggest that upon build-out of the Study Area in line with the development yields proposed in the Planning Proposal, the Beverly Hills LGA would benefit from a substantial uptick in both temporary and permanent employment. This includes:

- 765 jobs (FTE) during the construction phase (including 390 direct FTEs).
- Between 291 and 503 permanent jobs (FTE) upon completion of the ~14,000sqm of retail and commercial floorspace proposed, reflecting an additional 61 to 273 full-time workers compared to the existing (2016) employment estimate.

We trust the above analysis is useful. Please contact the undersigned should you wish to discuss further.

Yours sincerely

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