



WARRAWONG MALL REDEVELOPMENT PROJECT BENEFIT ASSESSMENT

Prepared for Elanor Investments

March 2024

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1.0 Introduction

1.1 Scope

This report has been prepared as an update of the assessment completed in September 2023. This update has been prepared in response to the peer review completed by SGS Economics and Planning, including questions and requests for further information presented in the peer review.

The scope for this Economic Review and Project Benefit Assessment is to provide an independent assessment of the economic benefits attributed to the proposed Warrawong Plaza Redevelopment at 43-65 Cowper Street, Warrawong. The assessment of economic benefits considers the range of impacts associated with both the construction phase and operational phase of the project and has included the modelling of direct and indirect benefits.

The benefits analysis considers the employment, economic output, regional value add, and income impacts associated with each phase of the project, including how these will benefit the Warrawong and wider Wollongong region and surrounding regions.

In addition to these economic benefits, the assessment considers the wider project benefits based on the place-making principles and the location of the subject site, alignment with strategic planning outcomes, and other anticipated positive outcomes.

The updates completed in this report have been in response to specific questions and information requested in the peer review. These questions predominantly relate to the issue of residential needs, which have been addressed in Section 3 of this report. It is noted that in relation to commercial and retail uses planned onsite, that *"the commercial and retail aspect of the redevelopment is acceptable."* As such, limited amendments have been made to the analysis related to these land uses.

1.2 Proposed development

The proposed redevelopment of the Warrawong Plaza shopping centre is expected to include an investment of approximately \$996 million across 4 stages of development that will occur over a timeframe of twelve years. The completed project is planned to deliver a significant increase in the overall scale, mix and quality of land uses onsite, supporting an increase in employment and economic activity, as well as supporting a range of positive community and social benefits.

The Planning Proposal will seek consent for:

- An amendment to the land use zoning of the Site (clause 2.1) from E2 Commercial Centre to MU1 Mixed Use.
- An increase in the Height of Building Development Standard from 24 metres up to 75 metres (variable between 24m to 75m).
- An amendment to the Key Sites Map to identify 43-65 Cowper Street, Warrawong as "Area 11".
- The introduction of specific additional 'Local Provisions' in Part 7 of the WLEP 2009, through a Site-specific LEP clause 7.24 to allow for the mixed-use redevelopment of the existing retail centre at 43-65 Cowper Street, Warrawong, and references "Area 11" on the Key Sites Map.

The proposal will retain a minimum of 50,000sqm of Gross Floor Area for non-residential land uses, and provide a public open space area with a minimum area of 3,000sqm. The development will deliver approximately 1,300 dwellings.

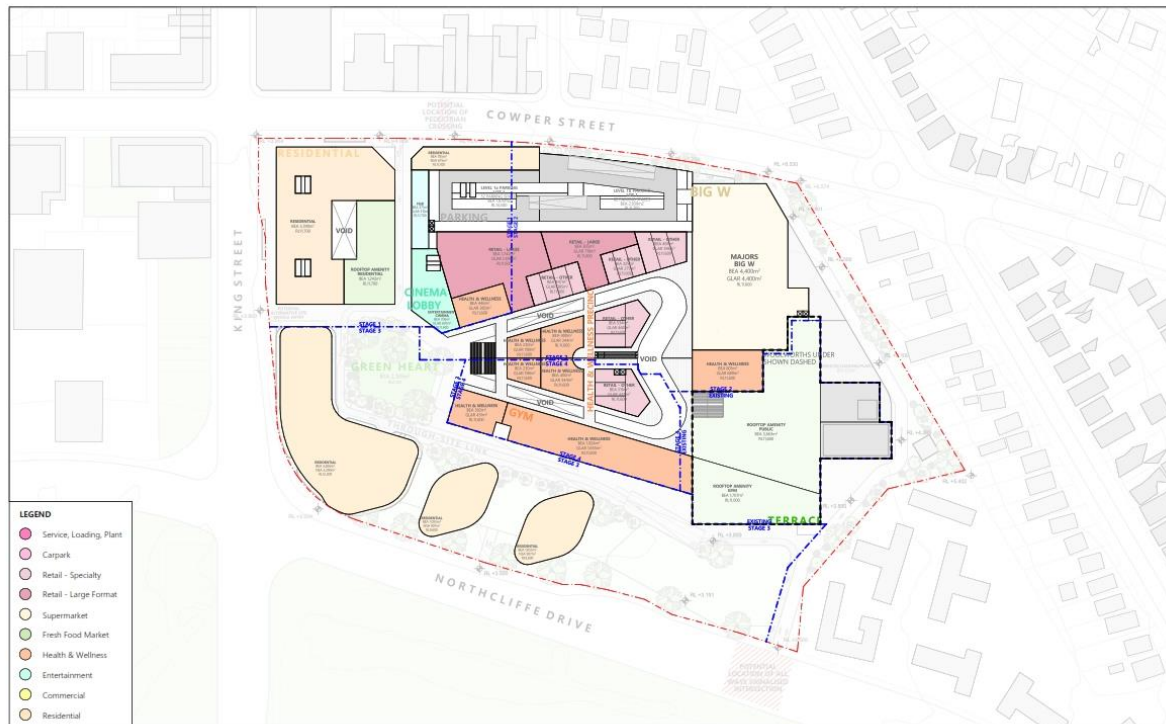
The location of the subject site and current masterplan are provided in Figure 1.1 over the page.

LEGEND

- Service/Loading/Plant
- Carpark
- Retail - Speciality
- Retail - Large Format
- Supermarket
- Fresh Food Market
- Health & Wellness
- Entertainment
- Commercial
- Residential

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2.0 Regional Overview

The following section will provide an overview of the economy as well as the local and regional economic and strategic planning objectives. From an economic perspective, this will provide a baseline understanding of existing and forecast conditions that the proposed redevelopment has the opportunity to support and improve upon. From a planning perspective, it will also identify where the development aligns with strategic planning objectives.

2.1 Economic overview

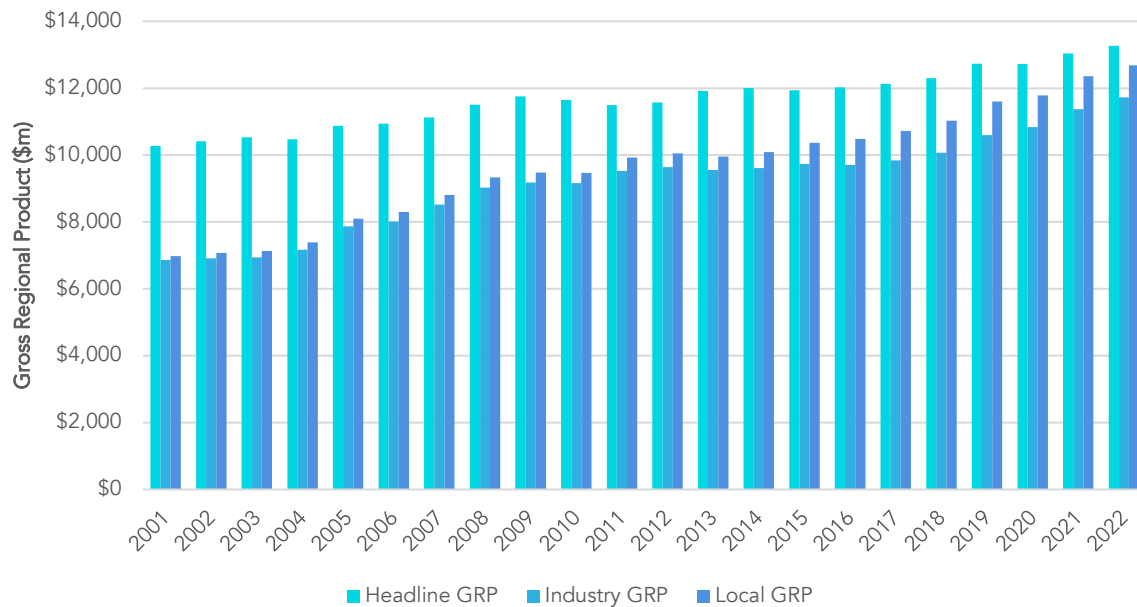
The Wollongong City Council has a total land area of more than 684km² and a population of 216,1290 people in 2022. The major population centres within the shire include Wollongong, Woonona-Russell Vale, and Figtree. The region's coastal location includes several beaches as well Lake Illawarra which attracts a significant number of visitors.

The Gross Regional Product (GRP) of the Wollongong City Council region was estimated at \$13.27 billion in 2022, which represents about 2% of NSW's Gross State Product. The GRP of the region has increased overall during the past 20 years, even during the most recent period despite the Covid-19 impacts. Port Kembla is a key economic asset in the region being the largest motor vehicle importation terminal in NSW and an important facility to steel and mining industries.

Over the past decade growth in headline GRP (14.6%) has been stronger than that of population growth (8.9%). This demonstrates the strong economic development seen in the region in recent years.

The *Wollongong Economic Development Strategy 2019 - 2029* (EDS) focuses on strategies for creating more jobs to support a more sustainable local economy and building a stronger community. The scale of the proposed development on the subject site will provide both jobs for a growing population as well as increased economic output, helping to strengthen the local economy. This will assist in achieving the goals of the EDS as well as increase local GRP.

Figure 2.1 Wollongong Region GRP 2001-2022



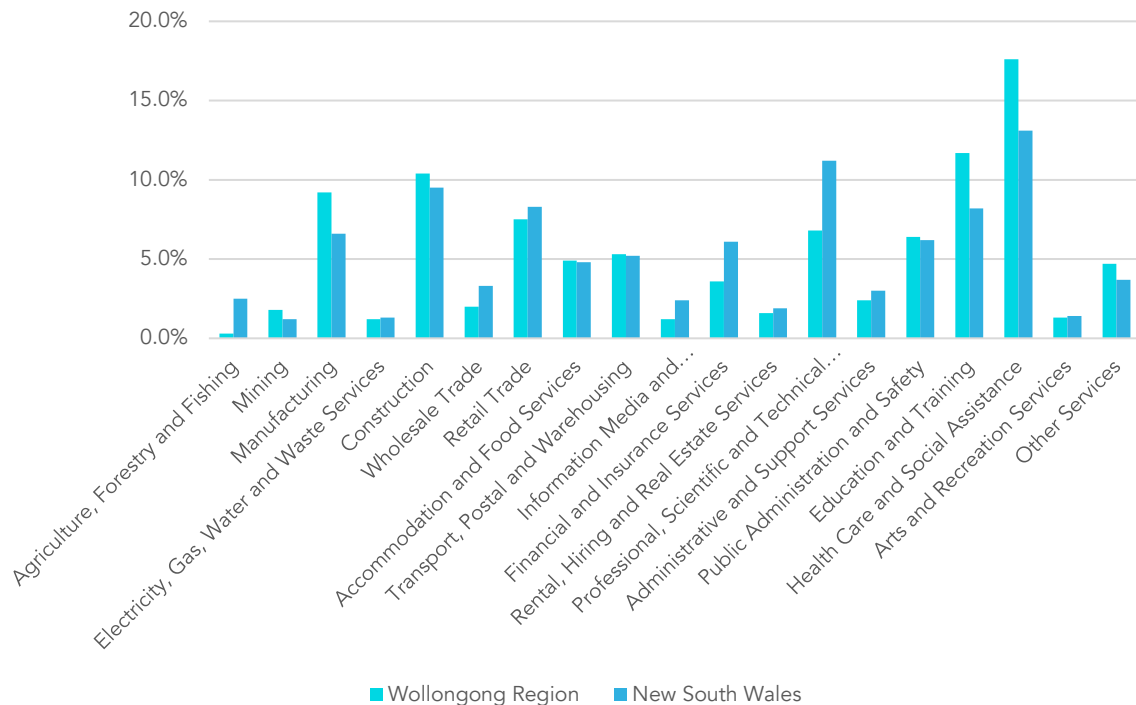
Source: Economy.id

In 2022 there were 15,162 businesses supporting 99,045 jobs. The largest industry of employment in the Wollongong region is health care and social assistance, accounting for 17.6% of all jobs. This is much higher than NSW with 13.1% and is attributed to the older demographic profile of the area. The next largest industries of employment were education and training with 11.7%, construction with 10.4% and manufacturing with 9.2%. The level of employment in these industries were all higher than the NSW averages.

The proposed redevelopment will add to these existing economic strengths by establishing a range of health and wellness facilities. This increased capacity and employment will add to these sectors and create additional skilled employment opportunities locally.

Additionally, the redevelopment of the site will also substantially contribute to the local construction sector with the project expected to be developed during the period of 12 years.

Figure 2.2 Employment by Industry



Source: Economy.id

The Wollongong region is forecast to continue to experience strong population growth and reach 276,936 people by 2041. This is an increase of around 56,661 people from 2021, or an average of 2,833 people each year. Dwellings are forecast to increase from 86,497 in 2021 to 111,870, an average of 1,269 dwellings each year. The subject site is proposed to have approximately 1,300 units which will help cater to this forecast growth.

The Wollongong Housing Strategy 2022 draft document identifies key actions that need to be implemented to ensure sufficient capacity and increase housing access and affordability in the future. The priorities listed include providing appropriate housing locations in line with forecast population growth and increasing housing affordability. The residential apartments planned on the site will help to increase capacity and promote a more affordable housing market for existing and future residents by increasing supply in a desirable central location.

Currently, the Wollongong region has a lower proportion of children and a higher proportion of older residents aged 70+ than state and national averages. The population of the region is projected to continue to age with the proportion of people aged 70+ forecast

to increase from 12.9% in 2021 to 16.2% in 2041. This forecasted increase in the ageing population will require diverse and affordable housing options for this demographic. The proposed development on the subject site will also help to improve affordability and choice that is specifically relevant for this growing demographic.

Table 2.1 highlights the population projections of the Wollongong LGA by age. It should be noted that NSW Department of Planning and Environment projections have been used which have not yet incorporated the latest ABS ERP figures for 2021.

Table 2.1 Population projections by age, 2021-2041

	2021	2022	2023	2026	2031	2036	2041
Age group							
0-9	25,734	25,482	25,396	25,694	27,206	28,817	30,787
10-19	26,494	27,051	27,707	29,135	29,500	30,069	31,657
20-29	33,794	33,022	32,637	33,615	37,499	40,861	41,761
30-39	28,776	29,208	29,451	30,843	32,604	34,372	37,542
40-49	27,201	26,899	26,804	27,516	30,035	32,329	33,976
50-59	26,448	26,449	26,447	26,412	26,590	27,756	30,449
60-69	23,454	23,950	24,419	25,010	24,965	25,467	26,017
70-79	17,016	17,448	17,875	19,020	21,129	22,852	23,268
80+	11,358	11,606	11,867	13,096	15,767	18,388	21,480
Total	220,274	221,115	222,604	230,340	245,295	260,910	276,936

Source: NSW Department of Planning and Environment 2022

Population growth will also see demand for additional jobs. Assuming that 50% of the population requires employment then this growth will see demand for an additional 28,331 jobs in the region over the next 20 years. The proposed development on the subject site will increase employment and economic output during both its construction and operational phases.

The range of non-residential uses onsite will increase the number of FTE jobs in the area as well as provide space for new and existing businesses to expand, contributing to the continued economic growth of the Wollongong region as envisioned in the economic development strategy. These economic benefits are further examined in Section 3 of this report.

2.2 Planning overview

There are several national, state, regional and local strategic plans which will guide future development in the Wollongong area.

NSW 2021 – State Plan

NSW 2021 is a 10-year plan by the state government to rebuild the economy, provide quality services, renovate infrastructure, restore government accountability, and strengthen local environment and communities. It sets out a number of goals including driving economic growth in regional NSW and place downward pressure on the cost of living.

One of the identified targets is to place downward pressure on the cost of living by improving housing affordability and availability. The proposed development on the subject site will increase the local supply of housing by approximately 1,300 apartments which will help to maintain affordability in the area. This increase in supply will also include a 10% portion of affordable housing for a minimum period of 15 years, managed by a Community Housing Provider who is registered in accordance with the National Regulatory System for Community Housing.

The inclusion of creative offices will help drive economic growth to the area. These amenities will increase employment opportunities and raise the number of professional graduates seeking work in the region. The education facilities may also help advance economic growth through investment attraction. These facilities will provide the area with the needed resources for research and development which may attract innovative ideas and foster a start-up community.

Illawarra Shoalhaven Regional Plan 2041

At a state level the NSW Government have recently released the Illawarra Shoalhaven *Regional Plan 2041* which aims to protect and enhance the region's assets and plan for a sustainable future over the next two decades. It lists several objectives which include but are not limited to:

- *grow the region's regional cities (Objective 2),*
- *respond to the changing nature of retail (Objective 7),*
- *activate regionally significant employment precincts to support new and innovative economic enterprises (Objective 4),*

- *enhance and connect parks, open spaces and bushland with walking and cycling paths (Objective 14),*
- *provide housing supply in the right locations (Objective 18),*
- *deliver housing that is more diverse and affordable (Objective 19).*

The proposed residential, retail, entertainment and education uses on the subject site will cater to these key objectives. For example, the proposed addition to the residential housing supply supports objective 2, 18 and 19. The new retail core will respond to objective 7.

Local Strategic Planning Statement - 2020

The *Wollongong Local Strategic Planning Statement (LSPS) – 2020* sets out the 20-year vision for land uses in the City. It describes the special characteristics that contribute to Wollongong's local identity, shared values the community wants to maintain and enhance, and how future growth and change will be managed. Two of the key themes in the LSPS are *Jobs and Economic Growth*, and *Housing for all*. The LSPS states that relevant land use planning actions include:

Defining a CBD that prioritises jobs growth by safe-guarding appropriate land for commercial development; and defining key retail streets that support a range of uses both day and night.

As well as:

Promoting a variety of housing types in the right locations to support the City Core and improve affordability.

The planning statement also references the need for an increase to the housing stock diversity. In particular, the encouragement of provisioning more 1-2 bedroom dwellings.

The proposed development on the subject site will increase housing supply including an increase in the diversity of housing stock. Retail and commercial uses on the site will also increase levels of local employment in the area, meeting the intentions set out in the Local Strategic Planning Statement 2020.

Our Wollongong Our Future 2032 Community Strategic Plan

The *Our Wollongong Our Future 2032 Community Strategic Plan* guides the future direction of the Wollongong LGA for the next 10 years and describes the community's vision and aspirations for the future of the area. One of the recognised goals in the plan is:

We have a healthy community in a liveable city.

The proposed redevelopment of Warrawong Plaza will increase the available amenities to the community for health and wellness. The additional retail and commercial floorspace will also bolster employment opportunities in the city; whilst the increased residential dwellings will provide needed additional accommodation options for the area.

Wollongong Economic Development Strategy (EDS) 2019 - 2029

The document proposes a target of 10,500 new jobs in the next ten years as a key strategy to support a sustainable regional economy. The strategy also includes promoting innovation and entrepreneurship by providing a favourable environment for start-ups. The document also highlights the shortage of office space within the city centre.

Warrawong is the LGA's second largest commercial centre, with the proposed development including 4,716sqm of office floorspace (an increase of 3,540sqm). Further, the office space delivered on site is designed to include incubators, co-working, and innovation hubs.

Wollongong Housing Strategy 2022 - Draft

The document discusses the housing vision for Wollongong and the requirements to accommodate future population growth. The NSW Government projects strong populational growth by 2041 and anticipates the requirement of approximately 28,000 additional dwellings. The housing vision emphasizes the development of projects that align with Wollongong's environment and heritage, offer diversity in types, promote higher-density housing in appropriate locations, and aim to increase affordability while catering to various needs.

The proposed development provides a strong response to those housing needs by delivering approximately 1,300 apartments in multi-storey buildings, including approximately 130 affordable units. The redevelopment of the site will create new housing

capacity at an appropriate location in the city centre in line with guidelines listed in the Housing Strategy document.

3.0 Residential Need Overview

This section provides an assessment of key residential need conditions as they relate to the planned 1,300 new dwellings at the subject site. The scope of this residential need overview has been defined by the questions and request for additional information presented in the peer review completed by SGS Economics and Planning.

It is noted that some of the comments provided by SGS Economics and Planning are presented throughout this section to provide context to the analysis and in order to provide a direct response to questions and concerns.

3.1 Residential Demand Drivers

Future housing needs within Wollongong, and specifically need for the planned residential development at the subject site, will be determined by various demand drivers related to overall housing supply as well as related to specific housing types.

The *Wollongong Housing Strategy 2023* establishes a target of 28,000 additional dwellings within the LGA between 2021 and 2041, or an average of 1,400 additional dwellings per annum. While this effectively establishes a position on the quantum of housing supply needed over the period to 2041, the strategy does not determine targets for the type of dwellings within the city. However, there is context within the strategy that outlines the requirement for diverse housing types in order to meet the needs of the growing and changing population.

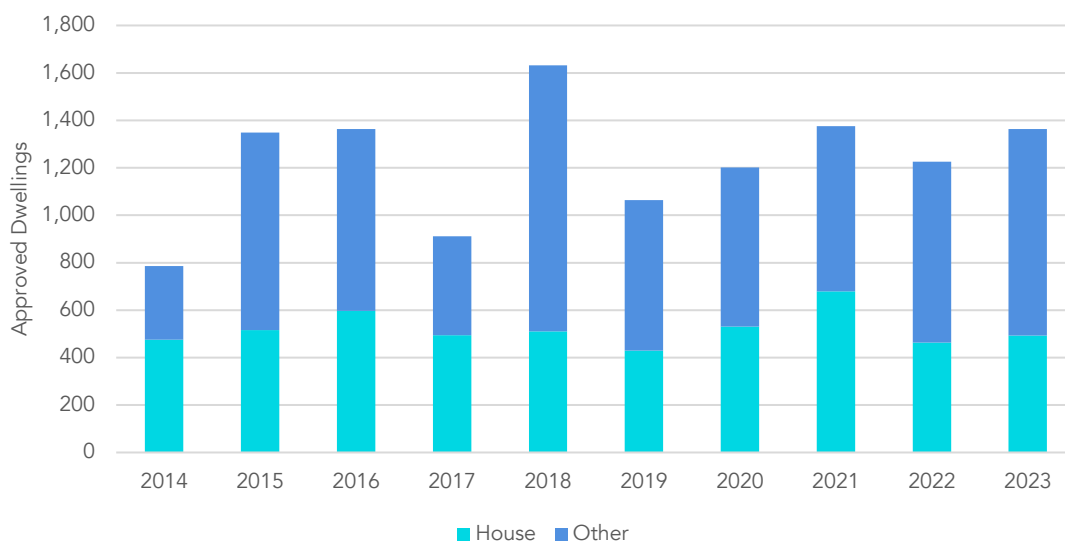
The Housing Strategy also outlines some of the key drivers of demand and need for residential diversity that are expected to inform the future supply response. This includes the need to respond to specific demographic groups, such as seniors, students, key workers, and single and couple households, as well as to provide new residential supply that improves affordability.

There are several conditions that have contributed to changes in residential typology over the past several years and that will continue to drive change in residential typology in the future. The growth in those demographic groups indicated above and the need for

improvements in affordability are significant contributing factors, as is the dependency on infill development as greenfield land supply is depleted.

The figure below illustrates residential dwelling approvals in the Wollongong City LGA over the past ten years. This indicates that from 2013 to 2023, there was an average of 1,227 dwellings approved per annum including 519 houses and 708 other dwellings (including apartments and townhouses). The data also indicates that there has been little fluctuation in the number of houses approved per annum, though much more variation in the number of other approved dwellings approved per annum, including up to 1,122 approved other dwellings in 2018.

Figure 3.1 Wollongong City LGA – Dwelling Approvals



Source: ABS Dwelling Approvals (2024)

These approvals represent a significant change from historical dwelling demand and typology. The dwelling profile in 2021 indicated 30.7% of housing as apartments/townhouses (including 18.5% as flat or apartment and 12.2% as semi-detached dwellings) and the remaining 68.4% as houses. In comparison, the dwelling approvals comprised 58% of apartments/townhouses and 42% of houses.

If these recent trends were to continue, the additional 28,000 new homes would comprise 16,160 apartments/townhouses (average of 808 per annum) and 11,840 detached houses (592 per annum). However, this growth is based on recent trends, with key drivers of

demand for apartments and townhouses (i.e. medium and high density dwellings) continuing to increase. This includes ongoing and increasing growth in senior aged residents, in the number of single person and couple households, key service workers, and students.

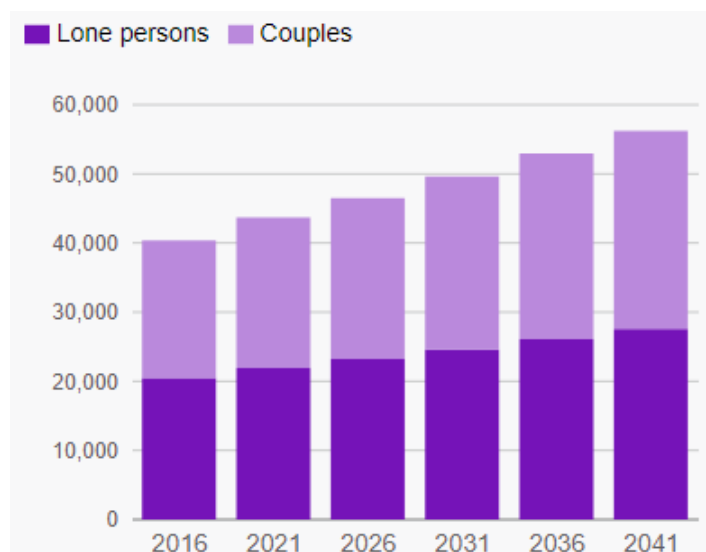
Aging population

The population of the region is projected to continue to age with the proportion of people aged 70+ forecast to increase from 12.9% in 2021 to 16.2% in 2041. This will result in the population of people aged 70+ from 28,374 people in 2021 to an estimated 44,748 people in 2041, or a total increase of 16,374 people. This equates to a 58% increase in the number of people aged 70+ which will have a direct flow on effect to related housing needs including an increase in demand for smaller housing and affordable housing.

Lone person and couple households

Lone person and couple households are expected to increase in terms of total numbers and as a proportion of households in Wollongong City. The figure below illustrates that lone person households are expected to increase from 21,884 to 27,605 and couple households are expected to increase from 21,790 to 28,621, between 2021 and 2041. This equates to an increase of 5,721 and 6,831 households, respectively. This total increase of 12,552 small households represents 45% of the total 28,000 additional new homes to be delivered between 2021 and 2041 in Wollongong City LGA.

Figure 3.2 Growth in lone person and couple households



Source: <https://housing.id.com.au/wollongong/population-households>

Housing affordability

In addition, housing affordability continues to be of increasing significance nationally and requires an increase in housing supply that improves affordability, such as apartments which typically more affordable than detached houses. Median residential prices for Wollongong City for the year ended June 2023 was \$710,000 for units compared to \$965,000 for houses.

Warrawong is likely to offer an even greater level of affordability based on lower comparative housing costs within the suburb, with rental rates (to June 2023) being \$350 per week for units compared to \$510 per week in Wollongong City Centre. Any increase in apartments in Warrawong are expected to contribute to an improvement in affordability on this basis.

Summary

Residential approvals over the past ten years have already demonstrated that there has been a significant change in product type preferences and delivery, with approvals for apartments and townhouse product being significantly higher than house product. This is due to a range of market conditions, including those related aging population, an increase in single and couple households (not exclusively due to aging population), and increasing pressures on housing affordability.

The analysis presented above demonstrates that these trends are expected to further increase substantially over the period to 2041, which will continue to drive demand for apartment product at a higher rate than house product.

The targeted growth of 28,800 new dwellings by 2041 is estimated to comprise 16,160 apartments and townhouses based on the analysis presented. However, this has the potential to be very conservative as it is based on trends observed over the past ten years with those demand drivers related to apartment product likely to be much stronger over the next ten years. Even based on these conservative forecasts, the planned 1,300 apartments onsite equate to approximately 8% of this demand to 2041, with these apartments planned to be delivered in stages inline with market demand and take up.

Based on the analysis above, there is considered strong economic and community need supporting the planned apartments at the subject site.

3.2 Planning Need Review

Further to the economic and community need conditions supporting the planned apartments onsite, there is also considered strong planning need conditions. The planned apartments provide very strong alignment with several strategic planning documents, including state, regional and local planning documents, which provide very clear direction for where and how new apartment development is preferred and planned.

Key planning objectives and extracts presented in these relevant strategic planning documents are provided below to demonstrate the alignment of the planned apartments onsite and therefore the strong planning need conditions.

Housing 2041 – NSW Housing Strategy

The four pillars of the *Housing 2041* strategy are Supply, Diversity, Affordability, and Resilience. The strategy also acknowledges that actions related to one pillar can influence others. For example, *“the amount of housing (supply) will also impact the cost (affordability) of housing”*.

The planned apartments will increase supply; will enhance diversity in the local area which has an under provision of apartment product; will increase affordability by increasing supply including the supply of lower priced housing product (when comparing median pricing for apartments vs houses); and will increase resilience by providing housing product that aligns with local sociodemographic needs.

Illawarra Shoalhaven Regional Plan 2041

The regional plan presents a range of objectives that inform how and where new housing supply should be delivered in the region. The following provides extracts that outline objectives specifically relevant to the type of housing planned onsite as well as the location of the subject site.

Objective 19: Deliver housing that is more diverse and affordable

Households in the Illawarra Shoalhaven have varying needs and budgets and as such they require a range of housing types across the housing continuum. Living in an affordable situation means people have more flexibility in where they choose to live,

helps them feel part of their community, and leads to a more even distribution of wealth in the community.

People may need homes of a certain size, configuration, accessibility or location. Planning for a diversity of housing choices gives more people more options at different stages of life, and different levels of affordability. Housing diversity extends into aspects such as lot sizes, the number of bedrooms, or whether housing is suitable for seniors, students or people with a disability.

There is an under provision of apartment dwellings in the Warrawong local area and throughout Wollongong City LGA more broadly, with the proportion of apartment dwellings being lower than the state in 2021. The planned apartments will enhance diversity and therefore contribute to increased flexibility, supporting the housing and lifestyle needs of varying sociodemographic groups.

Provide a diversity of housing choices and dwelling sizes

Household sizes in the region are changing, especially the proportion of smaller households (couples without children will increase by 41 per cent to 2041 and single person households by 45 per cent). Councils should seek to increase the number of smaller dwellings in new developments to accommodate these households.

Changing attitudes such as preferences for lower maintenance, energy efficiency, adaptability and places that are within walking distance of shops, services or public transport, combined with the scarcity of well-located land, are also expected to drive a need for smaller and more diverse housing types.

Population projections also indicate that while around 129,000 people in the region were aged 55 and over in 2016, this number could range in size between 186,500 and 197,800 by 2041. In Shellharbour the number will rise by 70 per cent. These projections indicate the need for housing and care facilities that are suitable for seniors.

The planned apartments are very well aligned with the above objectives, providing a colocation of small dwellings with shops, services and public transport which will appeal to

the housing needs of various groups, including the strong and specific needs of older residents who may have reduced mobility.

Wollongong Housing Strategy 2023

The Wollongong Housing Strategy notes that work completed on for the draft Housing and Affordable Options Paper indicated need for the following in Wollongong:

- *Provide more diverse housing to address housing demand, household size and affordability.*
- *Provide more housing in places that have high amenity and access to shops, jobs, transport. This means that some places will experience growth and changing character over time – this may be challenging but necessary.*
- *Provide less housing in locations with environmental or infrastructure constraints.*

The planned apartments are very well aligned with the above planning criteria in terms of both product type and the specific location needs, by collocating apartments with access to shops, jobs and transport.

In terms of where additional housing supply is to be delivered, the Housing Strategy outlines several modifications in specific locations. This includes within the Warrawong Town Centre as well as in town centre locations generally, based on the following extract:

Warrawong – increase development potential around the town centre. The boundaries are to be defined.

Town Centres – review the floor space ratio and building height limits to increase the opportunity for shop top housing. The floor space ratio and building height will need to be defined for each centre. Centres with adequate public transport will be a higher priority for review

The Housing Strategy indicates that those modifications indicated above relevant to the Warrawong Town Centre, as well as the other modification in the Housing Strategy, will produce the necessary capacity to enable Council to meet the Illawarra Shoalhaven Regional Plan's housing target of an additional 28,000 dwellings by 2041. The planned

apartments will therefore contribute to locational needs within Warrawong as well as the broader product, location and overall housing capacity needs for the Wollongong City LGA.

3.3 Housing Need Implications

On the basis of the analysis presented in this section, there is considered very strong need conditions supporting the planned apartments at the subject site. The following provides a summary of the key drivers of economic, community and planning need conditions related to the planned apartments.

Economic need:

- Wollongong City LGA is expected to grow by 28,000 new homes between 2021 and 2041, requiring an average of 1,400 new homes delivered each year. Building approvals data demonstrates that the current rate of development is well below this average and requires an increase in development proposals and activity if this target is to be achieved.
- Based on market trends over the past ten years, apartment delivery and demand has been significantly higher than houses, demonstrating a shift in housing product demand. Based on these trends, 16,160 of the 28,000 required new homes are likely to be apartments or townhouses. However, this is conservative as key demand drivers, such as an aging population, increase in single and couple households, and reducing housing affordability, are all increasing and driving demand for more small homes.
- The planned 1,300 apartments represent approximately 4.6% of total required new dwellings to 2041 and 8% of the conservative estimate of demand for new apartment product to 2041. The proposal anticipates that this supply will be delivered in stages to align with market demand conditions during this period, further ensuring that the delivery of housing onsite aligns with market conditions and economic needs.

Community need:

- The change in demographic profile over the past several years and forecast over the next several years to 2041 indicates an increasing demand profile for smaller housing. This is in contrast to the existing housing profile in Wollongong and highlights the need for an increase in diversity, including specifically an increase in smaller dwellings such as apartments.

- Specific demographic drivers, which are acknowledged in various strategic planning documents, include the aging population, the increase in single and couple households, students, and key service workers.
- The community is also driving need for an increase in affordability, which is a broad need condition affecting most urban areas. Apartments are, based on median pricing for the local area, more affordable than houses. The planned apartments will therefore provide a direct response to affordability needs.
- The scale of apartments planned provides the opportunity to stage the release of supply in order to efficiently meet market demand and need conditions, providing local population greater access to supply when needed over the next several years.
- The planned apartments will also collocate new residential supply with employment activities, including those onsite and within the surrounding town centre, which will benefit those existing and future workers in the area.

Planning need:

- The planned apartments are needed in order to contribute to the target of 28,000 new dwellings by 2041. Based on the current rate of residential development, this target will not be met and additional residential projects, such as the proposal, are required to increase the rate of supply.
- The planned apartments and the subject site are highly consistent with the product and locational objectives and intent outlined in all housing strategies produced at a state, regional and local level.
- Specifically, the planned apartments will increase diversity and affordability based on the definitions and objectives of the various housing strategies, as well as combine this increase in supply with collocation with shops, services, and public transport.

4.0 Economic Benefit Assessment

4.1 Assessment methodology

The project will generate a range of direct benefits predominantly associated with onsite construction activities as well as additional indirect benefits associated with offsite activities across a range of related industry sectors. Input-Output (I-O) analysis has been used to understand the extent of these direct and indirect benefits with the methodology for this analysis presented below.

Multiplier Analysis

For the purpose of assessing the economic benefits of the project, an I-O or Multiplier Analysis has been applied to assess the regional benefits of the project. In the simplest form of input-output analysis, input-output multipliers are applied to measures of direct impact to determine estimates of flow-on benefits in terms of investment/output and employment.

These multipliers express a ratio of average increase in economic flow on effects, including employment, supported per \$1 million of output, and are based on detailed information on the structure of industries and the inter-relationships between industries, commodities, final users and suppliers of factor inputs (labour, capital and land) in the economy

The regional input-output multipliers used are based on National Accounts¹ data produced by the Australian Bureau of Statistics (ABS). National multipliers have been used for this analysis to calculate the total potential benefits that may be achieved nationwide, noting that much of the benefits are expected to be retained within Tweed and surrounding region based on the economic and industrial capacity of the area.

It is noted that while I-O analysis provides important insights into various economic benefits that are otherwise difficult to analyse, due to the limited nature of input-output multipliers (i.e. they do not account for changes in efficiencies, productivity, technological change etc),

¹ ABS Cat. 5209.0.55.001

forecasts are to be treated as an estimation only to provide an indication of the scale and types of benefits that are likely to be produced by the project.

Economic Output Analysis

The economic flow on effects of onsite investment, during both the construction and operational phase of the project, have been identified through the examination of three types of benefits in the I-O analysis, including:

1. Output: Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic benefits as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
2. Value added: Refers to the value of output after deducting the cost of goods and services inputs in the production process. Value added defines the true net contribution and is subsequently the preferred measure for assessing economic benefits.
3. Income: Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the project.

Employment Analysis

The project will generate significant employment opportunities throughout both the construction and operational phase. Employment opportunities are classified into two categories:

- Direct employment: the initial amount of on-going jobs directly created by the proposed development; and
- Indirect employment: additional on-going jobs indirectly created by the proposed development.

Direct Employment (Initial Effects)

Direct employment in this case refers to the initial amount of employment created directly as a result of the proposed developments. Every dollar of output in the Australian economy

sustains employment directly within the industry that it is directed. The amount of direct employment generated differs between industries, depending upon the levels of output, contribution to the economy and labour intensity. A commentary on the types of jobs supported as a result of increased output is further detailed in each section.

Indirect Employment (Industrial Support Effects)

In addition to the direct/initial employment effects created by the proposed development, flow-on or indirect employment is also created. The flow on amount of long-term employment, indirectly created by the proposed development has also been estimated for this project assessment and reported separately from initial direct employment effects in all cases.

Specifically, in this instance, we have only utilised the Industrial support effects (Type 1) multiplier, which represent the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services in the intermediate usage quadrant, and subsequent round effects of increased purchases by suppliers in response to increased sales.

4.2 Construction phase benefits

The scale of the proposed redevelopment project will support significant construction investment and impacts, which will be sustained throughout the construction phase of the project. The direct construction investment will also support a range of indirect benefits that, given the scale and capacity of the construction sector within the surrounding region, will largely be captured and contained within the local and surrounding region.

The scale of the project will generate in the order of an estimated \$996.3 million in construction investment. This will occur over three stages and an estimated construction timeframe of 12 years.

This initial project investment will generate a range of direct and indirect project benefits associated with economic output, gross value add, income and employment. These benefits are presented in Table 3.1 over the page, including direct, indirect and total benefits.

The initial investment of \$996 million in the Warrawong Plaza redevelopment project is estimated to support up to \$2,650 million in economic output, \$990 million in gross value add, \$500 million in income over 12 years and an average of 540 fulltime equivalent (FTE) jobs per annum throughout the construction period.

Of these total benefits, the direct benefits will predominantly be realised onsite while much of the indirect benefit is expected to be realised and contained within Wollongong and surrounding region's economies based on the capacity within the construction sector and related industry sectors.

Table 4.1 Construction phase benefits

DIRECT BENEFITS	
Output (\$M)	\$1,000
Gross Value Added (\$M)	\$300
Income (\$M)	\$160
Employment (FTE per annum)	190
INDIRECT BENEFITS	
Output (\$M)	\$1,650
Gross Value Added (\$M)	\$690
Income (\$M)	\$340
Employment (FTE per annum)	350
TOTAL BENEFITS	
Output (\$M)	\$2,650
Gross Value Added (\$M)	\$990
Income (\$M)	\$500
Employment (FTE per annum)	540

**Figures may not sum due to rounding*

Source: ABS National Accounts, Think Economics

4.3 Operational phase benefits

Once complete, the proposed redevelopment will support a range of ongoing investment and employment activities related to the redeveloped, expanded and new business operations onsite. This onsite economic and employment activity supports offsite economic activity and employment opportunities in the related sectors, such as wholesale trade, transport and logistics, manufacturing, and service industries.

It is acknowledged that Warrawong Plaza already supports a range of operational benefits based on the scale of retail activities currently onsite. The benefits modelling has acknowledged this and assessed the net increase in benefit.

The following table provides a summary of the net increase in operational phase benefits, expressed as economic output, value add, income and employment.

The planned net increase in employment land uses onsite is expected to support a total of 350 FTE jobs, which is expected to generate an overall economic impact of \$140 million per annum in economic output, \$70 million per annum in gross value add and \$50 million per annum in income based on the combined direct and indirect impacts (attributed to economic flow on effects). The combined direct and indirect operational employment impacts are estimated as a total of 540 FTE jobs per annum.

Table 4.2 Operational phase benefits

	DIRECT BENEFITS
Output (\$M)	\$70
Gross Value Added (\$M)	\$40
Income (\$M)	\$30
Employment (FTE per annum)	350
	INDIRECT BENEFITS
Output (\$M)	\$60
Gross Value Added (\$M)	\$30
Income (\$M)	\$20
Employment (FTE per annum)	180
	TOTAL BENEFITS
Output (\$M)	\$140
Gross Value Added (\$M)	\$70
Income (\$M)	\$50
Employment (FTE per annum)	540

**Figures may not sum due to rounding*

Source: ABS National Accounts, Think Economics

5.0 Wider Project Benefits

In addition to the direct and indirect economic and employment benefits that the planned development will support, there are a range of wider project benefits anticipated that relate to how the project is expected to support positive outcomes at a local and regional level. These wider project benefits are detailed following.

Alignment with planning objectives

The envisioned land use and employment activity outcomes strongly align with the overarching strategic objectives set forth for the Wollongong region from a state, regional and local level.

The proposal represents a significant increase in the density of both employment and residential activities within the local area. This will contribute to the economic viability of the area by creating an additional 350 jobs onsite and growing the local resident population by over 2,500 people. This additional workforce and resident population will contribute to local demand for a range of retail and services, including those as part of the proposed redevelopment.

Enhanced economic profile

The overall mix of uses integrated onsite including retail, commercial, academic, health and wellness, and entertainment, will contribute to an enhanced profile within the local area. This includes a range of employment opportunities onsite as well as an increase in local retail and services demand that is attributed to the employees and residents onsite. This demand profile extends throughout the day and into the evening, contributing to an 18-hour economy within the proximate local area.

Public transport

The existing Warrawong Plaza benefits from excellent public transport connectivity with bus stops distributed along Cowper Street and King Street and served by six bus routes. The subject site offers a high level of accessibility via public transport which will encourage increased utilisation of public transport from future employees and residents onsite.

Increase self-containment

The proposed redevelopment will introduce a diverse range of uses onsite including retail, commercial, academic, health and wellness, and entertainment. This will assist in creating a walkable community in which both onsite and nearby residents can easily access many essential services.

The services proposed include food and beverage, childcare, and a gym and health centre establishing a fully integrated precinct and resulting in more spending in the local area. The comprehensive range of services proposed also reduces travel time and the frequency of trips required by residents, visitors and workers onsite. This reduction in travel requirements not only enhances convenience but also contributes to a more sustainable and efficient mode of operation for the community.

Entertainment

The redevelopment will introduce an expanded cinema complex which will complement the existing range of entertainment amenities in the local area, including the planned pub and restaurant facilities onsite. As well as complimenting these existing amenity uses and precincts, it will provide the opportunity to attract and retain a greater market share of entertainment expenditure and employment within Warrawong.

Higher density housing

One of the key topics listed as a priority by council is the housing capacity increase to appropriately accommodate anticipated population growth. In order to achieve this goal, it will be necessary to increase population density in some areas of the city. The proposed residential component of the Warrawong Plaza redevelopment provides the opportunity for a high-density residential precinct to accommodate residents in an appropriate location in the city centre which will address housing choice and affordability objectives.

Increased retail and services demand

The planned 1,300 apartments onsite will deliver a population increase of approximately 2,600 people within the Warrawong town centre. This increase in population will result in a direct increase in demand for retail uses and various commercial services within the town centre, which will benefit existing businesses including supporting additional new employment opportunities in the local area. This is expected to support the ongoing revitalisation of Cowper Street and King Street within the town centre.

Disclaimers

Inherent Limitations

This report provides a summary of Think Economics research during the course of the work undertaken for Elanor Investors Group under the terms of the engagement letter/contract dated April 2022. The services provided in connection with this engagement comprise a market research and advisory engagement, and consequently no opinions or conclusions intended to convey assurance have been expressed.

Think Economics have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. Think Economics is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

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