



ESSENTIAL ECONOMICS

Preston Market

Summary of Economic Opportunities

About the Preston Market Redevelopment

- 1 **The proposed redevelopment of the Preston Market site** provides an important opportunity to create a more intensive use of a strategic site that integrates closely with existing transport and community infrastructure.
- 2 **Re-development of the site is proposed to incorporate the following three key components:**
 - Creation of a new high-quality and purpose-built facility for Preston Market that is consistent with modern customer and operator expectations and which retains market operations on-site
 - Enhanced retail and commercial facilities that complement the role of the market and which consolidate the role of the broader Preston activity centre
 - A significant residential development opportunity that will provide housing choice in a location that is consistent with strategic policy goals seeking increased residential density in locations within activity centres and adjacent to major transport infrastructure.
- 3 **All three components of the proposed re-development have the ability to create a range of economic benefits** for the Preston activity centre and broader economy of the City of Darebin. A selection of these key economic opportunities are now described.

Investment

- 4 **The total construction cost for the redevelopment** of the Preston Markets site is estimated at approximately \$550 million.
- 5 **This construction value of \$550 million represents approximately double the \$275 million of construction works** undertaken across the City of Darebin in 2013 (Victorian Building Authority).
- 6 **The final market value of the re-development** is expected to be approximately \$800 million (2014 dollars). This increase in value will generate a positive return for Council in terms of rates revenue.

Employment

Construction Employment

- 7 **Direct construction employment** associated with the re-development of the Preston Market is estimated to be approximately 1,220 full-time equivalent (FTE) job years.
- 8 **This is equivalent to 120 FTE direct ongoing construction jobs** per year assuming a 10-year project delivery timeframe (in indicative terms only). In reality, construction employment will fluctuate with the staged development program.
- 9 **A further 1,955 FTE job years will be supported indirectly in the wider economy through the multiplier effect** (based of multiplier of 2.6 included in ABS Input-Output tables for category "other construction"), with some of this employment likely to be sourced from businesses located within the City of Darebin.
- 10 **Across a 10-year construction timeline (in indicative terms only) this is equivalent to 195 ongoing FTE jobs per year** in the wider economy over the project delivery phase of the project.
- 11 **Wage spending locally by on-site construction workers will boost local business sales** during the construction period; this includes expenditures on café, takeaway, beverages, newspapers, fuel etc.
- 12 **Assuming each on-site worker spends an average of \$10 per day locally, then approximately \$1 million will be generated** per annum in total for the local economy during the construction phase of the project in direct worker spending (note, calculation based on 405 on-site workers and a 230 day working year).

Ongoing Employment

- 13 **At present, approximately 450 jobs are generated by the existing land uses** on the Preston Market site, including non-market uses such as ALDI and Centrelink.
- 14 **The redevelopment will result in a land use mix that generates approximately 1,220 ongoing jobs.** This includes employment associated with more intensive use of the site for retail, as well as additional floorspace to be occupied by commercial uses.
- 15 **On this basis, the proposed redevelopment will result in a net increase in ongoing employment of 770 jobs** relative to the existing on-site employment.
- 16 **A further 550 FTE jobs would be supported indirectly in the wider economy through the multiplier effect** (based of multiplier of 1.9 included in ABS Input-Output tables for category "retail"). These jobs are partly associated with the supply-chain for on-site commercial activities, with some of these positions likely to be supported in businesses located within the municipality.

Residential

- 17 **The population in the City of Darebin is forecast to increase from approximately 142,500 persons in 2011 to approximately 164,500 persons by 2021.** Over this 10 year period, an additional +9,000 new dwellings will be required in the municipality to cater for the expected population growth (Victoria in Future 2014).
- 18 **The proposed redevelopment will accommodate approximately 1,500 new dwellings** and supply nearly 20% of Darebin’s dwelling requirements over the period to 2021. Note that this new dwelling supply at the Preston Market site will reduce pressure for new housing stock in established suburbs in the municipality.

Increase in Retail Spending

- 19 **A significant increase in spending that is available to local retailers and other businesses** will be generated by the approximately 3,000 new residents accommodated by the proposed development.
- 20 **An estimated additional retail expenditure in the order of \$37.5 million per year** (2014 dollars) would be generated by residents living in the apartments created by the proposed redevelopment. This estimate is based on MarketInfo retail spending model, which shows the average annual available spending of residents in the suburb of Preston to be approximately \$12,500 per capita. Much of the new spending will be captured by activity centres within the City of Darebin.

Table 1: Economic Benefits from Proposed Preston Market Redevelopment

Item	Total
<i>Construction Phase</i>	
Investment	\$550 million
Construction jobs (10-year development phase)	315 FTE (direct and indirect)
Local construction worker wage spending	\$2.9 million
<i>Operational Phase</i>	
Ongoing Jobs – associated with on-site activities	1,220 jobs (450 jobs currently)
Ongoing Jobs – multiplier effect	550 FTE
New dwellings	1,500 or 20% of demand in Darebin to 2021
New local spending	\$37.5 million pa

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