5 March 2026

OP Glenferrie Pty Ltd
c/- [redacted]
Outline Projects
Level 2 / 218 Toorak Road
South Yarra VIC 3141

By email: [redacted]
Cc:

Dear [redacted]

Project economic impacts for proposed development at 848-858 Glenferrie Road, Hawthorn

This letter has been prepared on behalf of Outline Projects to examine the economic outcomes associated with the proposed development of land at 848-858 Glenferrie Road, Hawthorn for a residential apartment project with two retail tenancies at ground level.

The economic analysis in this letter responds to the application requirements specified by the Development Facilitation Program (DFP), which are as follows:

- Outline capital investment value of the project, economic impacts and benefits
- Detail the number of new or safeguarded jobs that would be created during construction and operational phases of the development
- Identify the economic benefits resulting from the proposal.

Background

The subject site is an amalgamation of four parcels: a vacant lot at 852-858 Glenferrie Road and three smaller commercial properties at 846, 848 & 850 Glenferrie Road which are vacant and will be demolished. The total area is approximately 1,625 sqm.

The site enjoys a 45m frontage to Glenferrie Road, one of Melbourne's premier inner eastern activity centres, and identified as one of the Tranche 1 centres for the Department of Transport and Planning's *Train and Tram Zone Activity Centres Program*.

The surrounding area offers a mix of uses including restaurants, specialty shops, supermarkets, offices, leisure and other services that provide a high level of local amenity. Glenferrie Station is approximately 600m to the south and frequent tram services operate along Glenferrie Road.

The Activity Centres Program identifies Glenferrie as a train and tram zone activity centre in which development should encourage housing supply within well-connected centres. The site is currently within the Commercial 1 Zone which facilitates the proposed uses and is affected by Design and Development Overlay 15 (DDO15) which seeks to implement the Glenferrie Activity Centre Plan, in which the site is within Precinct 1: Mixed Use.

Proposed development

The proposal is for a mixed-use project containing residential dwellings, basement car parking and ground level retail use.

The residential component consists of 78 apartment dwellings across a mix of 2-bed and 3-bed formats as summarised in Figure 1. The non-residential component consists of 708 sqm of floorspace across two retail tenancies.

The building will provide 164 car spaces, with 5 allocated for retail customers.

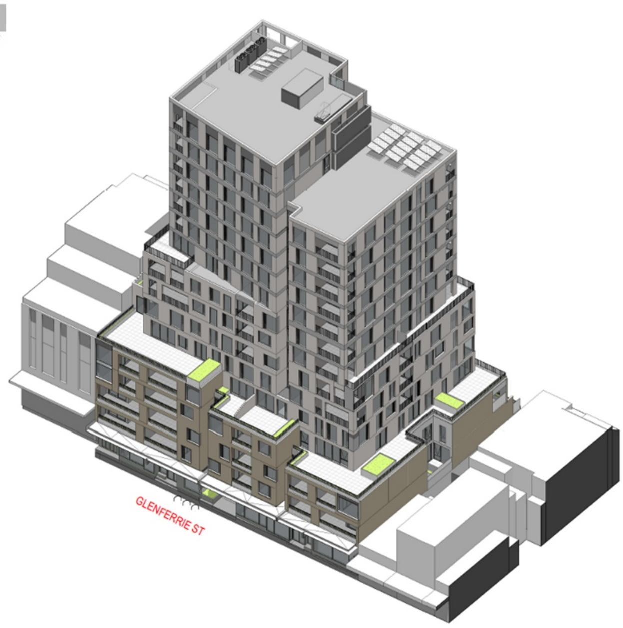
Figure 1—Proposed development

Source: Wardle

PARKING SCHEDULE		
LEVEL	PARKING TYPE	COUNT
B04	RESIDENTIAL CARPARK	23
B04	RESIDENTIAL TANDEM CARPARK	6
B03	RESIDENTIAL CARPARK	45
B02	RESIDENTIAL CARPARK	45
B01	RESIDENTIAL CARPARK	40
B01	RETAIL CARPARK	5
TOTAL		164

RETAIL/COMMERCIAL SCHEDULE		
LEVEL	TYPE	COUNT
G01	RETAIL	1
G01	RETAIL	1
TOTAL: 2		

APARTMENT MIX	
APT TYPE	COUNT
2 BED 2 BATH	31
3 BED 2 BATH	33
3 BED 2.5 BATH	11
3 BED 3 BATH	1
3 BED 3.5 BATH	2
TOTAL	78



Approach

This economic assessment examines the potential economic outcomes associated with the construction and operation of the proposed Glenferrie Road project, utilising an approach described below:

- Construction cost estimates have been provided by DrawDown Partners, with additional items relating to site demolition, contamination cleanup and authority headworks costs based on advice from Outline Projects.
- Economic effects from construction activity are based on analysis of ABS Australian Industry data for the construction sector indicating typical labour cost ratios and estimated industry value add per job for individual construction sub-sectors.
- Ongoing employment generation has been estimated for the non-residential components based on typical employment generation per sqm ratios, with industry value added estimated with reference to ABS Australian Industry data for the retail sector.

- Other project benefits are also identified, including contribution to local retail activity, consistency with strategic planning policies of relevance to economics, uplift in rates and land taxes, and other identified outcomes.

Construction period effects

Cost of construction activity

Based on advice from DrawDown Partners and Outline Projects, the project involves total construction costs of approximately $73.8m, as summarised in Table 1 in which costs have been allocated to relevant industry sub-sectors. Note that these costs are provided as-is at March 2026 with no escalation applied and incorporate building and design contingencies.

Construction work is programmed to commence in January 2027 with completion by November 2028 (i.e. a construction period of 22 months).

Table 1— Construction costs

Component	**Total ($m)**
Building construction	$54.5
Heavy & Civil Engineering	$1.5
Construction services	$14.6
Other professional services (design consultants etc)	$3.3
Total	**$73.8**

Source: DrawDown Partners (March 2026)

Construction period employment

Estimates of direct employment created during the construction phase have been prepared with reference to:

- Cost estimates presented in Table 1
- Typical labour cost ratios based on analysis of ABS Australian Industry data for the construction sector
- Average total earnings for people working in relevant industry sectors:
  - Building Construction which applies to construction of new residential buildings
  - Heavy & Civil Engineering Construction which applies to road works and other civil components including authority headworks
  - Construction Services which applies to demolition, contamination clean up, site preparation, landscaping services, and a range of other activities
  - Professional, Scientific and Technical Services which applies to design and consultant inputs.

As shown in Table 2, the project would directly generate an estimated 100 full-time equivalent ('FTE') jobs on-site during the construction period, representing an average of around 55 jobs per year for the period during which construction activity will take place.

Note that the actual number of people involved in the building work would be significantly greater than this because of smaller inputs by multiple contractors, and on-site employment numbers would vary over the project according to intensity of construction activity.

A further 315 indirect jobs would be generated in the wider economy through production of intermediary inputs and consumption of wages. Many of these jobs would accrue to Melbourne's surrounding eastern suburbs given the diversity of the local economy, although some would be created interstate in the national economy.

Overall, the project has potential to stimulate an estimated 415 jobs, although it is recognised that this modelling does not account for any labour supply constraints or potential shifting of construction work from other projects.

Table 2— Construction employment

Source: Deep End Services; DrawDown Partners; Outline Projects; ABS

Component	Building Construction	Heavy & Civil Engineering	Construction Services	Professional/ Technical Services	Total
Construction cost ($m)	$54.5	$1.5	$14.6	$3.3	$73.8
Labour cost ratio	10%	18%	22%	35%	14%
Labour cost ($m)	$5.4	$0.3	$3.2	$1.1	$10.0
Average annual adult full-time earnings	$109,316	$174,852	$83,158	$118,000	$99,533
Direct employment	**49**	**2**	**39**	**10**	**100**
Indirect employment	190	5	105	15	315

Construction period economy effects

The project is estimated to directly generate an estimated $14.4m in gross industry value added, which represents a measure of the extent to which additional economic activity is created in the wider economy.

This estimate is based on average value-added generation per job in relevant industry sectors according to ABS Industry performance data for 2023-24.

Table 3 presents a summary of direct and indirect economy effects, including gross output (i.e. the construction cost), employment generation (as summarised in Table 2) and value added, with indirect effects also shown based on applicable multipliers that reflect upstream and downstream linkages.

Given the nature of the project within Greater Melbourne with significant industry linkages across the economy, it is estimated that as much as 85% of all jobs and industry value added (i.e. including direct and indirect effects) would accrue to Victoria.

deep end services

Table 3— Construction period economic outcomes

Source: Deep End Services; ABS

Impact summary	Direct	Indirect	Total
Building Construction			
Output ($m)	$54.5	$127.2	$181.6
Employment	49	190	239
Value added ($m)	$8.1	$40.6	$48.6
Heavy & Civil Engineering			
Output ($m)	$1.5	$2.9	$4.4
Employment	2	5	7
Value added ($m)	$0.4	$0.9	$1.4
Construction Services			
Output ($m)	$14.6	$32.8	$47.3
Employment	39	105	144
Value added ($m)	$4.5	$14.3	$18.9
Professional/Technical Services			
Output ($m)	$3.3	$5.6	$8.9
Employment	10	15	25
Value added ($m)	$1.4	$2.2	$3.7
Total			
Output ($m)	$73.8	$168.4	$242.2
Employment	100	315	415
Value added ($m)	$14.4	$58.1	$72.5

Ongoing effects

Employment generation

Although the project mainly involves construction of residential dwellings, there will be some on-site employment generated as a result of the proposed retail tenancies.

Estimates of direct on-site employment have been generated based on a typical employment generation rate applicable to retail of 30 sqm per job. Therefore, based on a total retail floorspace of 708 sqm, ongoing employment located within the site would be approximately 24 positions, or around 19 jobs when measured on an FTE basis.

Another 10 or so indirect FTE jobs would be generated in the wider economy due to multiplier effects.

A small amount of additional employment would be generated as a result of businesses operated from home.

Economy effects

The direct industry value added generated by the retail activities occurring on-site would be an estimated $1.2m per annum. This is based on the application of average value added per job of $82,700 for the retail industry.

Another $1.5m in industry value added would be generated indirectly each year within the wider economy, reflecting inter-industry linkages.

deep end services

Other effects

The project would generate a range of other non-measured economic effects:

- The inclusion of 78 dwellings helps to address housing supply constraints and would introduce new supply in a highly coveted location with excellent transport connections and availability of a wide range of supporting retail, leisure and other services, all of which is directly supported by local and state government planning policy.
- Successful delivery of the project would help to catalyse other mixed-use projects that further add high-density housing and employment generating activities.
- New residents will lift day-to-day expenditure in the area, supporting nearby retail and service businesses as well as those located on-site.
- By introducing additional residents in a well-connected location, the project would support greater use of public transport.
- A large uplift in the capital improved value of the land would lead to significant revenue increases for Council through rates and charges, while land tax and other state charges would add to State government revenue streams.

Conclusions

In summary, the Glenferrie Road project has potential to generate significant economic benefit when considered in terms of employment generation and industry activity during construction, and with a range of small but important on-going economic benefits being realised once the project is completed, including jobs creation and economic activity.

Wider benefits include consistency with government support for increased housing supply at locations well-served by public transport and services, uplift in council revenue, and potential flow-on benefits to other businesses arising from the introduction of new residents.

Kind regards

[redacted]

Principal