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SM2 Data Centre

Economic Impacts Assessment

Prepared for Legacy Project Management

30th June 2025

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Executive summary

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Study Context

This report was prepared by Macroplan (the author) for Legacy Project Management (the client). This report presents a high-level economic impacts assessment (EIA) in relation to the proposed SM2 Data Centre development located at 165 Williamsons Road, South Morang.

The subject site, located at 165 Williamsons Road, South Morang, approximately 20 kilometres northeast of Melbourne's CBD. The subject site has a total land area of 8.7 hectares and is bounded by Findon Road.

The subject site is currently zoned as Commercial 2 Zone under the Whittlesea Planning Scheme, with a data centre included in the broader definition of a utility installation that requires a permit under the Commercial 2 Zoning provisions of the planning scheme. The subject site is also affected by a Development Plan Overlay, Vegetation Protection Overlay and Aboriginal Cultural Heritage overlay.

Furthermore, there are two intersecting electricity transmission easements running through the subject site, with development focussing on the areas of the site that are unaffected by these easements.

The current development scheme indicates a data centre development with a gross floor area of 88,744 m², which is comprised of 16,101 m² of data halls, 134,241 m² of services, 15,532 m² of corridors, 12,381 m² of generators, 6,611 m² for circulation, 2,601 m² for office spaces and meeting rooms and 1,276 m² for administration spaces and loading bay.

This development schedule has a total estimated Capital Expenditure (CAPEX) of **\$2.58 billion** and will be developed over a **1.5-year** construction timeframe.

Key Findings

The development of the proposed data centre facility at the subject site will deliver a number of economic and community benefits to the area.

Key quantifiable economic impacts that may arise from the proposed facility are summarised as follows.

- The initial construction investment of **\$2,581.4 million** is likely to create another **\$3,289.1 million** indirect output elsewhere in the wider economy, totalling **\$5,870.5 million** construction output (including direct and indirect) to the economy during the construction phase.
- The construction of the proposed facility is expected to generate around **500** direct construction FTE jobs on site plus another **658** indirect FTE jobs elsewhere in the economy, totalling **1,158** construction related FTE jobs during the 1.5-year construction phase.
- Upon completion, the proposed data centre facility will require a fit out of the halls which will occur during operation and will wane as the facility reaches saturation, with estimates prepared by ADP Consulting indicating the creation of **50 – 100** direct FTE jobs during the fit out phase, with employment multipliers for the construction industry indicating that this could lead to the generation of **132 – 198** indirect FTE jobs in the wider economy, totalling **182 – 298** FTE jobs for the fit out phase.

- ADP Consulting have also provided operational phase employment estimates, which indicate that the operation of the proposed facility is also expected to create around **110 - 210** direct FTE jobs including admin, maintenance, managerial and others, which will further create another **177 - 338** indirect FTE jobs elsewhere in the economy, totalling **287 - 548** ongoing FTE jobs (including both direct and indirect) during stabilised operation.
- Upon completion, the proposed facility is likely to generate approximately **\$76.2 to \$145.6 million** direct operating revenue per annum during stabilised operation, which is anticipated to create another **\$71.5 to \$136.5** indirect output per annum elsewhere in the wider economy, totalling **\$147.7 to \$282.1 million** ongoing output per annum (including direct and indirect) to the economy.
- The range in this data reflects the different operational formats of a data centre that may be pursued in the operational phase, i.e. purpose built for a hyperscaler versus co-location.

Table 1 Key Economic Impact Summary

Item	Construction Output (\$M)	Construction Employment (FTE)	Ongoing Output (\$M p.a.)	Fit Out Phase Employment	Ongoing Operational Employment
Direct	2,581.4	500	76.2 – 145.6	50 – 100	110 – 210
Indirect	3,289.1	658	71.5 – 136.5	132 – 198	177 – 338
Total	5,870.5	1,158	147.7 – 282.1	182 - 298	287 - 548

Source: ABS 5209, 5220, 5246, WFT (2025); copied document to be made available for the sole purpose of enabling its consideration and review as part of a planning process under the Planning and Environment Act 1987. The document must not be used for any purpose which may breach any copyright

In addition, the proposed facility will also deliver a number of non-quantifiable economic and community benefits, including:

- Transform underutilised land into a functional facility that achieves progressive value uplift to the site, asset and surrounds.
- Make a positive contribution to employment growth in the area, particularly amongst highly educated skilled workers who earn higher than average incomes.
- Solidify Australia's online presence by providing key communications infrastructure necessary for the operation and expansion of Australia's digital ecosystem.
- The development and operation of a data centre on the subject site will set the foundation for industry clustering, which refers to a concentration of interconnected organisations and firms in a locality that leads to greater innovation, productivity and information sharing.
- Create the potential for partnerships between the proposed data centre and educational institutions to develop and provide courses and placements to enhance the knowledge and opportunities available to students studying Science, Technology, Engineering and Mathematics (STEM).
- Make a strong contribution to industry diversification in the local economy, enhancing the viability of co-located technology businesses proximate to the proposed data centre through reduced latency and enhanced data access speeds.
- Provide key infrastructure necessary to support emerging industries such as Artificial Intelligence.

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1 Introduction

1.1 About This Report

This report was prepared by Macroplan (the author) for Legacy Project Management (the client). This report presents a high-level economic impacts assessment (EIA) in relation to the proposed SM2 Data Centre development located at 165 Williamsons Road, South Morang.

An EIA identifies the key economic impacts of a project, both quantitative and qualitative impacts (where they can be addressed) on the local and regional economy.

To quantify potential economic impacts from the construction of a project, the ABS Input-Output (I-O) tables are used as a basis for calculating the flow-on impacts of initial capital expenditure upon local and wider economy in the construction sector both directly and indirectly. To quantify post-construction / operational phase impacts upon project completion, various assumptions regarding employment densities and revenue are applied.

There are also a range of impacts which cannot be quantified. In this case, a qualitative approach is undertaken.

The following key economic indicators have been assessed:

- Construction output;
- Construction employment;
- Ongoing output;
- Ongoing employment;
- Wider economic and community impacts.

Furthermore, this EIA draws upon a number of benchmarks and assumptions regarding the construction and operational phase of the proposed development as prepared by ADP Consulting.

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1.2 Project Overview

The subject site, located at 165 Williamsons Road, South Morang, approximately 20 kilometres northeast of Melbourne's CBD. The subject site has a total land area of 8.7 hectares and is bounded by Findon Road.

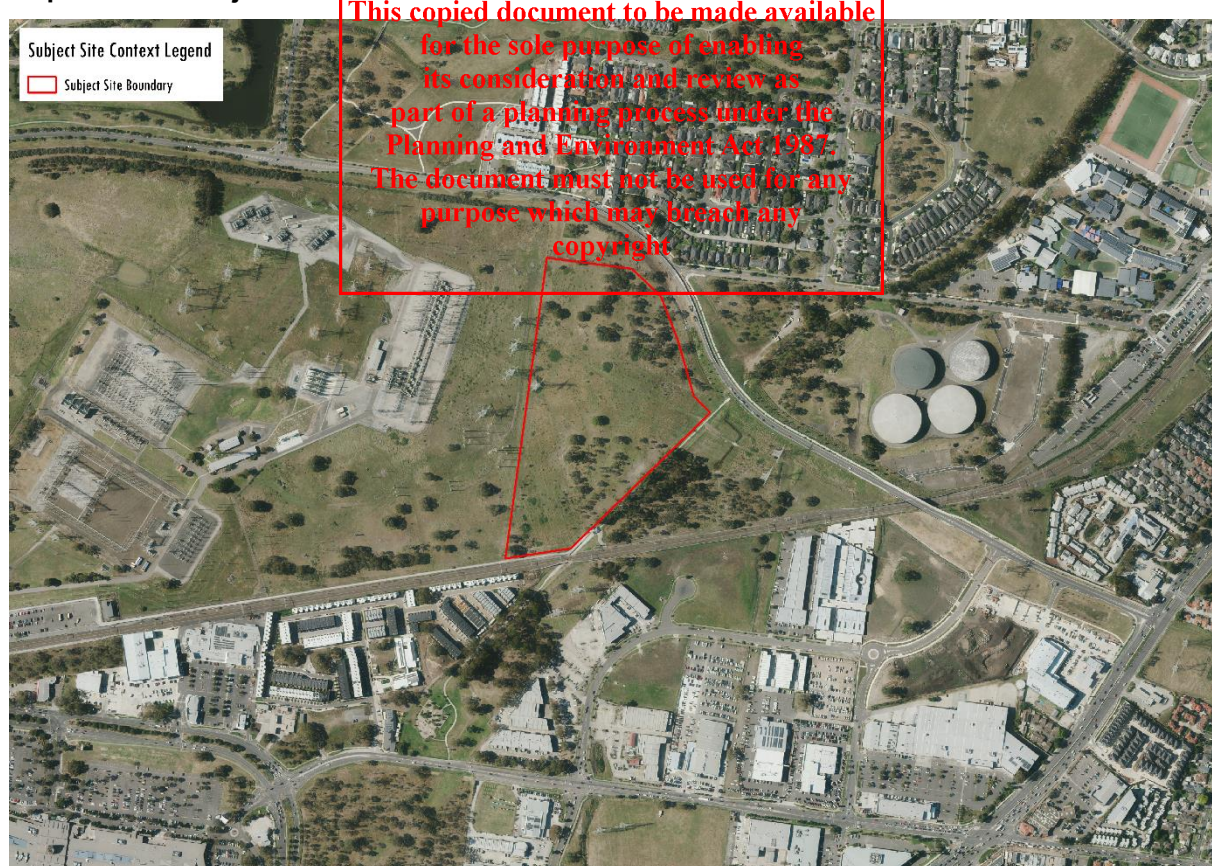
The subject site is currently zoned as Commercial 2 Zone under the Whittlesea Planning Scheme, with a data centre included in the broader definition of a utility installation that requires a permit under the Commercial 2 Zoning provisions of the planning scheme. The subject site is also affected by a Development Plan Overlay, Vegetation Protection Overlay and Aboriginal Cultural Heritage overlay.

Furthermore, there are two intersecting electricity transmission easements running through the subject site, with development focussing on the areas of the site that are unaffected by these easements.

The current development scheme indicates a data centre development with a gross floor area of 88,744 m², which is comprised of 16,101 m² of data halls, 34,241 m² of services, 15,532 m² of corridors, 12,381 m² of generators, 6,611 m² for circulation, 2,601 m² for office spaces and meeting rooms and 1,276 m² for administration spaces and loading bay.

This development schedule has a total estimated Capital Expenditure (CAPEX) of **\$2.58 billion** and will be developed over a **1.5-year** construction timeframe.

Map 1 Subject Site Context



Source: ABS and Macroplan

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2 Economic Impacts Assessment

This section provides a high-level economic impact assessment in relation to the proposed development, with the following key economic indicators assessed:

- Construction output;
- Construction employment;
- Operational employment;
- Operational Output; and
- Wider economic benefits.

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2.1 Construction Output

The initial construction investment of approximately **\$2.58 billion** will translate into a first round of benefits, realised as increased construction output and employment during the construction phase.

Output multipliers derived from the ABS Input-Output tables are used for estimating potential economic output of the proposed facility within the construction sector. Output multipliers indicate every \$1 of construction investment is likely to generate another approximately \$1.3 production induced indirect economic output during the construction phase.

The production induced impacts include the amount of output required within other industries throughout the economy to support the initial construction investment. This may include the following:

- Manufacturing (e.g. building material manufacturing),
- Professional, scientific and technical services (e.g. professional / technical services in planning, design and other services),
- Financial and insurance services (e.g. project financing services),
- Transport, postal and warehousing (e.g. storing and transporting building materials),
- Wholesale trade (e.g. building materials trade),
- Rental, hiring and real estate services,
- Administrative and support services (e.g. government / Council's supporting services, development assessment and approvals), and
- Other industries.

Based on construction output multipliers, the initial construction investment of **\$2,581.4 million** for the proposed facility is likely to create another **\$3,289.1 million** production induced indirect output elsewhere in the wider economy, totalling **\$5,870.5 million** construction output (including direct and indirect) to the economy during the 1.5-year construction phase. This is equivalent to approximately 13.3% of the current Gross Regional Product (GRP) in the City of Whittlesea on an annual basis.

It is noted that the I-O multipliers have been adjusted based on location quotients by industry for Victoria. If building materials and services are sourced locally, it is expected that a large share of this construction output can be captured locally in metropolitan Melbourne and Victoria.

Table 2.1 Estimated Construction Output

Construction Output	\$M
Direct	2,581.4
Indirect	3,289.1
Total	5,870.5

Source: ABS 5209, 5220, 5246, WT (2025), Macroplan (2025)

2.2 Construction Employment

The construction of the proposed facility will also create a significant number of onsite and supporting employment during the construction phase. According to research, analysis and benchmarking undertaken by ADP Consulting, the main build of the proposed development will employ approximately 500 direct FTE jobs on-site during the 1.5-year construction phase.

ABS employment multipliers for the construction sector indicate the creation of approximately 1.3 production induced indirect jobs elsewhere in the economy for every 1 direct FTE construction job during the construction phase. All jobs reported in the ABS I-O tables are measured as full time equivalent (FTE).

This production induced indirect employment involves the additional jobs generated in other industries throughout the economy in order to support the initial construction investment and all the subsequent induced economic growth. This may include manufacturing, professional, scientific and technical services, transport, postal and warehousing, administrative and support services, wholesale trade, retail trade, financial and insurance services, and others.

Based on employment multipliers, the construction of the proposed facility is expected to generate approximately **500** direct construction FTE jobs on site and another **658** indirect FTE jobs elsewhere in the economy, totalling **1,158** construction related FTE jobs during the 1.5-year construction phase.

Again, the I-O multipliers have been adjusted based on location quotients by industry for Victoria. If building materials and services are sourced locally, it is expected that a large share of this construction related employment growth can be captured locally in metropolitan Melbourne and Victoria.

Table 2.2 Estimated Construction Employment

Construction Employment	FTE
Direct	500
Indirect	658
Total	1,158

Source: ABS 5209, 5220, 5246, ADP Consulting (2025), WT (2025)

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2.3 Ongoing Employment

The operation of the proposed data centre will also support an increased level of employment both directly onsite and indirectly in the wider economy, with this employment being split into two categories. It is noted that this data has a range reflecting different operational formats of a data centre, i.e. purpose built for a hyperscaler versus co-location.

Following the completion of the construction phase of the development, the proposed data centre facility will require a fit out of the halls which will occur during operation and will wane as the facility reaches saturation. According to estimates prepared by ADP Consulting, the fit out of the data centres halls is expected at the proposed facility is expected to employ 50 – 100 direct FTE staff, with employment multipliers for the construction industry indicating that this could lead to the generation of 132 – 198 indirect FTE jobs in the wider economy, totalling 182 – 298 FTE jobs for the fit out phase.

Further estimates prepared by ADP Consulting have been drawn upon to quantify the scope of further operational employment at the proposed data centre. These estimates indicate that there will be a total of 60 – 120 FTE jobs for on-site operations, 20 – 40 FTE jobs for contract staff and 30 – 50 FTE jobs for staff supporting visitors and customers, totalling 110 – 210 direct FTE jobs on-site during the operational phase.

This direct operational employment will also flow through the economy, realised as indirect employment growth elsewhere in the economy supporting onsite employment. The ABS I-O simple employment multipliers indicate the following:

- Every 1 direct Data Centre FTE job, which is largely categorised as the Information Media and Telecommunications industry, will generate another 1.4 production induced indirect supporting FTE jobs elsewhere in the economy, including administrative and support services, accommodation and food services, transport, postal and warehousing, financial and insurance services, and other industries.

Based on simple multipliers, the total full-time employment generated during operational phase is estimated at approximately 287 to 548 FTE jobs including both direct and indirect jobs.

Table 2.3 Estimated Ongoing Employment

Ongoing Employment	Fit Out Phase (FTE)	Operation Phase (FTE)
Direct	50 – 100	110 - 210
Indirect	132 – 198	177 - 338
Total	182 - 298	287 - 548

Source: ABS 5209, 5220, 5246, Ewert Leaf, ADP Consulting (2025)

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2.4 Ongoing Output

As the proposed facility moves into the operational phase, it is expected to generate an increased level of economic output from the operation of the facility, and the extent of this output has been captured in this analysis.

Output multipliers from the ABS Input-Output tables have been used to estimate the potential ongoing economic output of the proposed facility during the operational phase. Output multipliers sourced from the ABS indicate the following:

- An initial direct output of \$1 million per 1.44 direct FTE employees at the proposed Data Centre, and an indirect output multiplier of 0.94 per \$1 million of direct output.

Based on these multipliers, it is estimated that the proposed facility could generate an ongoing total direct output of \$76.2 million to 145.6 million, plus an indirect output of \$71.5 million to \$136.5 million, with an estimated total ongoing output of \$147.7 million to \$282.1 million upon operation

Table 2.4 Estimated Ongoing Output

Ongoing Output	\$M p.a.
Direct	76.2 - 145.6
Indirect	71.5 – 136.5
Total	147.7 - 282.1

Source: ABS 5209, 5220, 5246, Evert Leaf, Macroplan (2025)

2.5 Wider Economic and Community Benefits

In addition to the quantified economic benefits outlined above, the proposed development is expected to deliver a number of economic and community benefits to local area and wider regions.

Some key benefits are summarised as follows.

- Transform underutilised land into a functional facility that achieves progressive value uplift to the site, asset and surrounds.
- Make a positive contribution to employment growth in the area, particularly amongst highly educated skilled workers who earn higher than average incomes.
- Solidify Australia's online presence by providing key communications infrastructure necessary for the operation and expansion of Australia's digital ecosystem.
- The development and operation of a data centre on the subject site will set the foundation for industry clustering, which refers to a concentration of interconnected organisations and firms in a locality that leads to greater innovation, productivity and information sharing.
- Create the potential for partnerships between the proposed data centre and educational institutions to develop and provide courses and placements to enhance the knowledge and opportunities available to students studying Science, Technology, Engineering and Mathematics (STEM).
- Make a strong contribution to industry diversification in the local economy, enhancing the viability of co-located technology businesses proximate to the proposed data centre through reduced latency and enhanced data access speeds.
- Provide key infrastructure necessary to support emerging industries such as Artificial Intelligence.

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References

The following data has been referred to in preparing this report.

- Australian Bureau of Statistics (ABS)
- ABS, Cat. 5209 Australian National Accounts: Input-Output Tables, 2021-22
- ABS, Cat. 5220 Australian National Accounts: State Accounts, 2021-22
- ABS, Cat. 5246 Information Paper: Australian National Accounts: Introduction to Input-Output Multipliers
- ABS Cat. 8165
- ABS Census 2016 & 2021
- ADP Consulting – Data Centre Employment Benchmark Summary
- CoreLogic Cordell
- CoreLogic RP Data
- *'Economic Contributions of Data Centers in the United States'*, PWC on behalf of the Data Centre Coalition, 2025
- Employment Density Guide, 2015
- Land and Survey Spatial Information
- MetroMaps, 2024
- Plan Melbourne, 2017
- Property Council of Australia
- REMPLAN Economy Profile

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Appendix 1. Glossary

The following lists a number of glossary of terms relating to an economic impact assessment as indicated by ABS.

Input-output tables provide a detailed dissection of intermediate transactions in an economy, and are thereby a means of describing the supply and use of the products of an entire economic system.

Input-output multipliers are summary measures used for predicting the total impact on all industries in an economy of changes in the demand for the output of any one industry.

Output multipliers for an industry (e.g. construction) are defined as the total value of production by all industries of the economy required to satisfy one extra dollar's worth of final demand for that industry's output.

Employment multipliers correspond to the additional employment (number of persons employed) generated by producing the extra output induced by each of the output effects.

Income multipliers for a given industry are defined as the total value of income from wages, salaries and supplements required to satisfy a dollar's worth of final demand for the output of that industry.

Value added multipliers can be interpreted in the same way as the income multipliers being wages, salaries and supplements plus gross operating surplus required to satisfy a dollar's worth of final demand for the output of an industry.

Initial effects are the initial requirement for an extra dollar's worth of output of a given industry.

First round effects are the amount of output / employment / income / value added required from all industries of the economy to produce the initial one dollar of extra output from an industry.

Industry support effects are the induced output / employment / income / value added from the first round effects (but excluding the first round effect), where the first round output from all industries will induce extra output from all industries, and in turn, these will induce extra output, and so on.

Production induced effects are the amount of output / employment / income / value added required from all industries of the economy to produce the initial one dollar of extra output and all the subsequent induced output. Production induced effects include the total of first round effects and industry support effects.

Consumption induced effects means, to produce the initial and the production induced output, wage and salary earners will earn extra income which they will spend on commodities produced by all industries in the economy and this spending will induce further production by all industries, where the output / employment / income / value added resulting from this further induced production is the consumption induced effects.

Total multipliers are the total amount of output / employment / income / value added induced by the requirement from all industries to produce output to satisfy the demand for an extra dollar of output from an industry, and by the spending of the extra wages and salaries earned (from producing the additional output) by householders (consumers). The total multipliers include initial effects, production induced effects (which include first round effects and industry support effects), and consumption induced effects.

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Appendix 2. Limitations

The following provides a summary of the limitations of I-O multipliers approach for an economic impact assessment as indicated by ABS.

I-O multipliers are most commonly used to quantify the economic impacts (both direct and indirect) relating to policies and projects.

While their ease of use makes I-O multipliers a popular tool for economic impact analysis, they are based on limiting assumptions that results in multipliers being a biased estimator of the benefits or costs of a project.

Inherent shortcomings and limitations of multipliers for economic impact analysis include:

Lack of supply-side constraints: The most significant limitation of economic impact analysis using multipliers is the implicit assumption that the economy has no supply-side constraints. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.

Fixed prices: Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. Prices are assumed to be unaffected by policy and any crowding out effects are not captured.

Fixed ratios for intermediate inputs and production: Economic impact analysis using multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. As such, impact analysis using multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount;

Absence of budget constraints: Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

No allowance for purchasers' marginal responses to change: Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.

Not applicable for small regions: Multipliers that have been calculated from the national I-O table are not appropriate for use in economic impact analysis of projects in small regions. For small regions multipliers tend to be smaller than national multipliers since their inter-industry linkages are normally relatively shallow. Inter-industry linkages tend to be shallow in small regions since they usually don't have the capacity to produce the wide range of goods used for inputs and consumption, instead importing a large proportion of these goods from other regions.

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