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Dear Matt

# Moonee Valley Park North-East Precinct project economic impact

This letter has been prepared to examine the project economic impact generated from the proposed construction of residential apartments within the North-East Precinct at Moonee Valley Park (MVP).

## Proposed development

The project forms part of a major redevelopment of the iconic Moonee Valley Racecourse that is being undertaken as a joint venture between Moonee Valley Racing Club, Hamton and Hostplus.

The redevelopment of Moonee Valley Racecourse is one of Victoria's most significant urban renewal projects that will transform the iconic racecourse into a premium mixed-use neighbourhood. MVP will comprise eight distinct precincts with around half of the site dedicated to open space.

Development of the western part of MVP is already progressing with various projects already delivered or underway.

This economic analysis relates to development within the North-East Precinct which includes the construction of three buildings:

- Track Central: 165 apartments
- Track East: 189 apartments
- Wilson East: 158 apartments which includes affordable housing.

Overall the project will deliver a total of 512 apartments, of which at least 20% would be affordable housing.



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**Figure 1— Development site**

Source: Hamton


## Approach

This letter presents an examination of the potential economic outcomes associated with the construction of the proposed MVP North-East project, utilising an approach described below:

- Construction cost estimates have been provided by WT Partnership.
- 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.
- Ongoing effects relate to the proposed retail tenancy.
- Other project benefits are also identified, including potential additional employment associated with running small businesses from home, delivery of housing supply including affordable housing, and uplift in rates and land taxes.

## Construction period effects

### Cost of construction activity

Based on advice from WT Partnership, the project involves a total construction cost of $335.2m as summarised in Table 1. Note that these costs are provided as at November 2025 with no escalation applied.

Construction work is programmed to commence in Quarter 2 2027 with buildings completed sequentially generally from east to west, and final completion in 2036.

**Table 1— Construction costs**

Source: WT Partnerships (August 2025)

| Component | Total ($m) |
|---|---|
| Wilson East (Affordable Housing) | $65.6 |
| Track Central | $129.9 |
| Track East | $139.8 |
| **Total** | **$335.2** |

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## Construction period employment

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

- The cost estimates presented in Table 1, which are allocated to relevant construction industry sub-sectors
- Typical labour cost ratios based on analysis of ABS Australian Industry data for the construction industry
- Average total earnings for people working in the following relevant industry sub-sectors:
  - *Construction Services* which applies to activities including demolition, site preparation, landscaping services, etc
  - *Heavy & Civil Engineering Construction* which applies to road works and other civil components
  - *Building Construction* which applies to construction of new residential buildings.

As shown in Table 2, the project would directly generate an estimated 370 full-time equivalent ('FTE') jobs on-site during the construction period, representing an average of around 40 jobs per year – although on-site employment numbers would vary over the project according to the intensity of construction activity.

Note that the actual number of people involved in the building work would be significantly greater than 370 because of smaller inputs by multiple contractors.

A further 1,385 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 inner Melbourne given the diversity of the local economy, although some would be created interstate in the national economy.

Overall, the project has potential to stimulate up to around 1,755 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; WT; Orchard Piper; ABS

| Component | Building Construction | Heavy & Civil Engineering | Construction Services | Total |
|---|---|---|---|---|
| Construction cost ($m) | $285.0 | $16.8 | $33.5 | $335.2 |
| Labour cost ratio | 10% | 18% | 22% | 12% |
| Labour cost ($m) | $28.0 | $3.1 | $7.5 | $38.6 |
| Average annual adult full-time earnings | $109,316 | $131,139 | $83,158 | $104,249 |
| **Direct employment** | **256** | **24** | **90** | **370** |
| Indirect employment | 1,040 | 90 | 255 | 1,385 |

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## Construction period economy effects

The project is estimated to directly generate an estimated $57.7m in gross industry value added, which represents a measure of the extent to which additional economic activity is created in the economy. A further $261.7m in indirect value added would be generated elsewhere in the economy, including interstate.

Estimates of value added by industry sub-sector are based on the application of average value-added per job in relevant 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 and value added, with indirect effects also calculated based on applicable multipliers that reflect upstream and downstream linkages.

Given the nature of the project within Greater Melbourne with significant industry linkages within Victoria, 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.

**Table 3— Construction period economic outcomes**

Source: Deep End Services; ABS

| Impact summary | Direct | Indirect | Total |
|---|---|---|---|
| Building Construction | | | |
| Output ($m) | $285.0 | $678.4 | $963.4 |
| Employment | 256 | 1,040 | 1,296 |
| Value added ($m) | $42.2 | $214.9 | $257.1 |
| Heavy & Civil Engineering | | | |
| Output ($m) | $16.8 | $33.9 | $50.6 |
| Employment | 24 | 90 | 114 |
| Value added ($m) | $5.1 | $12.1 | $17.2 |
| Construction Services | | | |
| Output ($m) | $33.5 | $77.3 | $110.8 |
| Employment | 90 | 255 | 345 |
| Value added ($m) | $10.4 | $34.7 | $45.1 |
| Total | | | |
| Output ($m) | $335.2 | $789.6 | $1,124.8 |
| Employment | 370 | 1,385 | 1,755 |
| Value added ($m) | $57.7 | $261.7 | $319.4 |

## Ongoing effects

The project mainly involves construction of residential dwellings. Ongoing economic activity would be associated with the operation of home-based businesses by residents (noting that this refers to business operators rather than people working some days at home). Typically this accounts for around 5% of all employment according to Census data which, if applied to an estimated workforce of around 676 residents, would imply around 34 people operating businesses within the precinct, or around 20 or so FTE jobs.

Finally, additional employment would be generated from the management and maintenance of buildings and open space, which could add 5-10 jobs on an FTE basis.

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## Other effects

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

- The inclusion of 512 dwellings would make a substantial contribution to housing supply in an inner-city suburban environment where securing ongoing housing is a key factor in maintaining affordability.
- The project proposes at least 20% of the total dwellings within this application will be dedicated affordable housing which is a significant contribution to help alleviate affordability issues in the local area providing important support for key workers in health, education and other key sectors.
- The project introduces additional residential supply with communal open space, providing an uplift in amenity with potential flow-on economic benefits.
- New residents and workers will introduce additional day-to-day expenditure, supporting retail and service businesses within MVP as well as at other activity centres in the area.
- The project would generate additional Council rates and state government revenue through land tax, adding to government revenue streams.

## Conclusions

In summary, development of the MVP North-East Precinct has potential to generate significant economic benefit when considered in terms of employment generation and industry activity during construction, and with a range of on-going economic benefits being generated once the project is completed, including jobs creation and economic activity.

Kind regards

Matthew Lee
Principal