CONSTRUCTION ECONOMIC BENEFITS:

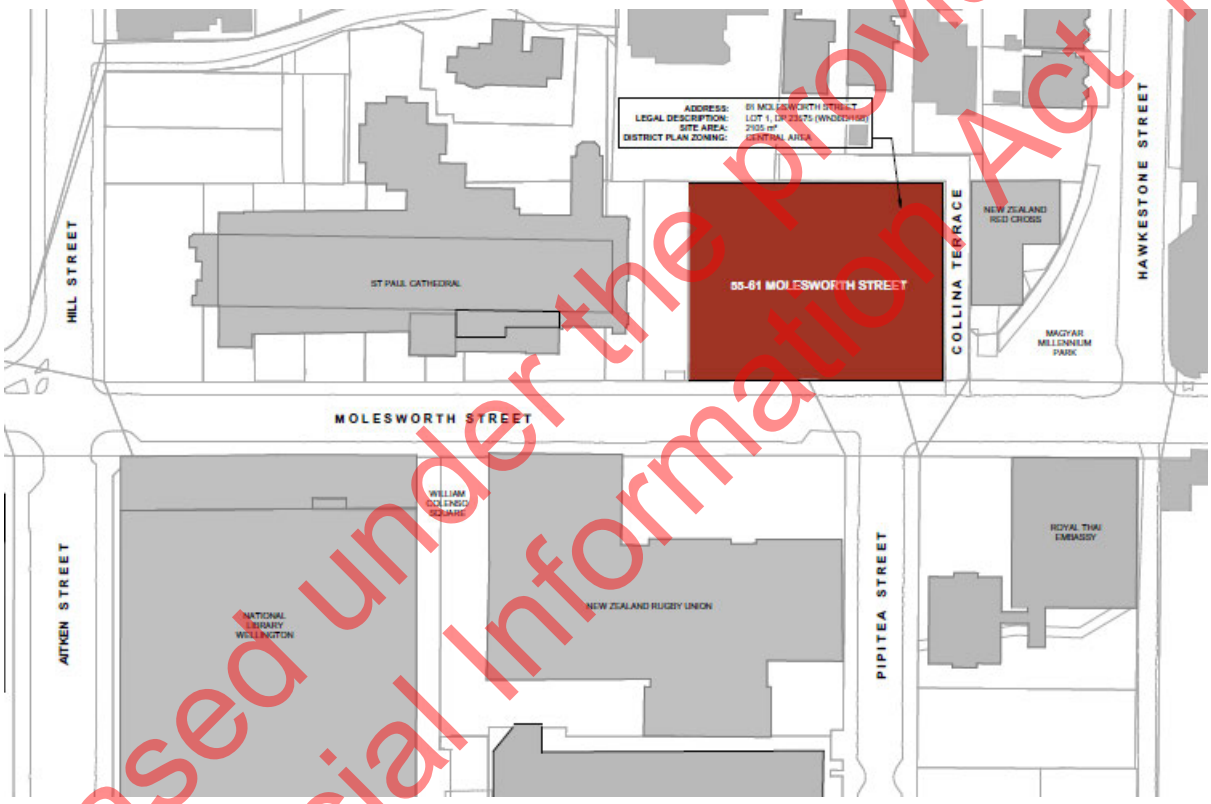
PRIMEPROPERTY GROUP LIMITED REDEVELOPMENT
61 MOLESWORTH STREET, WELLINGTON

Document prepared by Keyway Construction Limited
Author | Brad Barrett, Senior Project Manger
Reviewer | John Fletcher, Director
Document Revision | Final 23 July 2020

Introduction

Keyway Construction Ltd (KCL) has been engaged by Primeproperty Group Limited (PPG) as the Project Manager for PPG's proposed redevelopment of their site located at 61 Molesworth, Wellington. KCL has prepared the following report to demonstrate the economic benefits of this project through the planning and preconstruction phase, through the construction of this development.

The proposed development consists of a basement carpark, ground floor commercial/retail space and 12-floors of A grade office space. Totalling approximately 24,350m2 of gross floor area and 19,214m2 nett leasable area. The new building replaces the original building which was damaged in the 2016 Kaikoura earthquake and was subsequently demolished because of the damage sustained during this event. The development site is located on the corner of Molesworth St and Colina Terrace.



The building will be constructed from a highly resilient base isolated concrete and steel structure with an impressive glass façade. When complete, 61 Molesworth Street will be one of Wellington's premier commercial buildings, with leading earthquake resilience, looks and efficiency The estimated cost for the development is circa s 9(2)(b)(ii) . This considers design costs, consenting fees, construction cost and tenant improvements. The design team is in place and ready to proceed to the next design phase. PPG has funding in place to commence construction when the statutory requirements are complete. Essentially this project is "shovel ready."

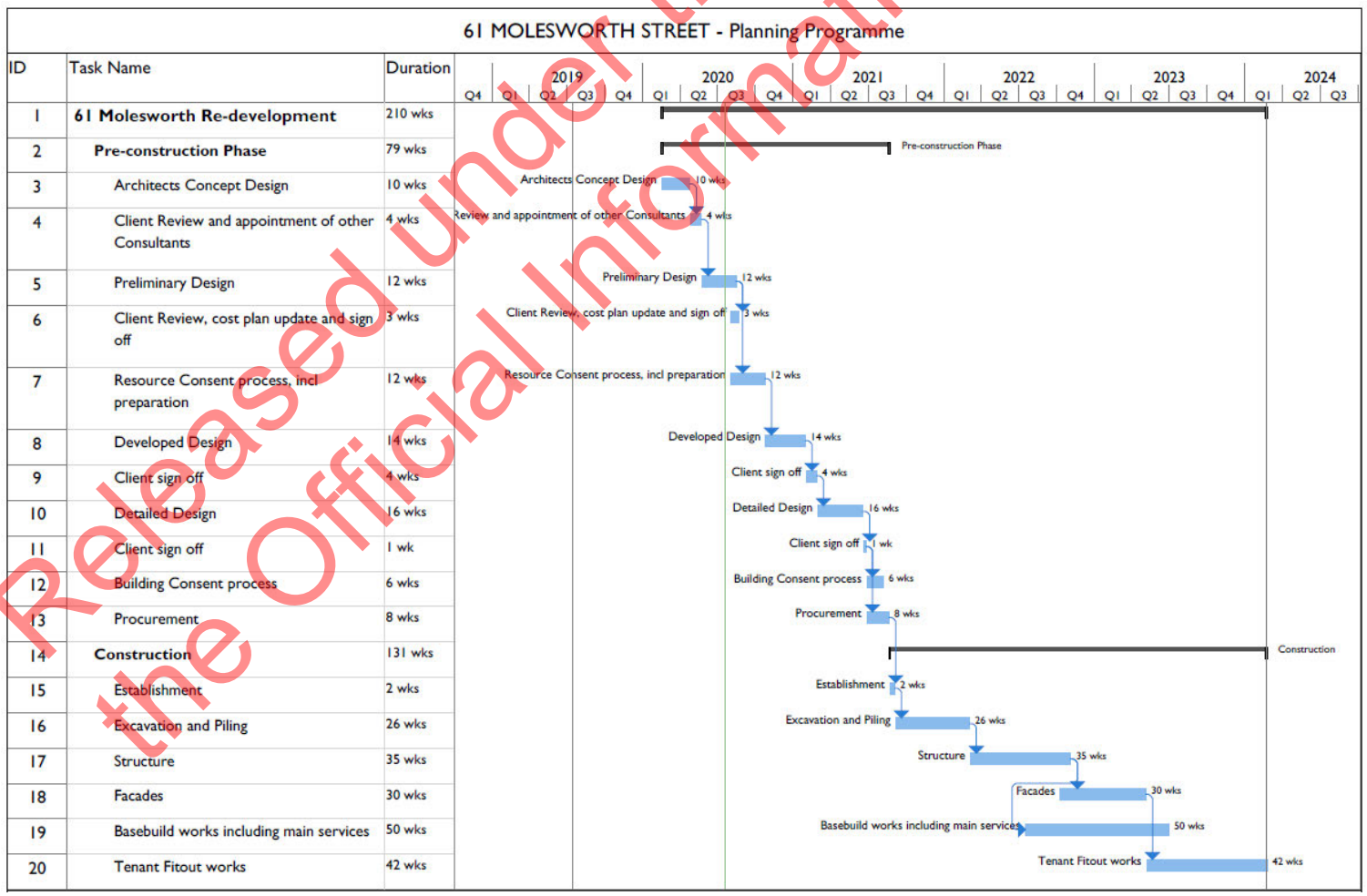
Economic Benefits of Construction

Summary Estimated Development Budget

Design, Consultant costs	s 9(2)(b)(ii)
Consent Fees	s 9(2)(b)(ii)
Insurance	s 9(2)(b)(ii)
Construction:	
Structure & Envelope	s 9(2)(b)(ii)
Landlord Base Build work	s 9(2)(b)(ii)
Tenant Fit Outs	s 9(2)(b)(ii)
Project Contingency @ 15%	s 9(2)(b)(ii)
Estimate Total	s 9(2)(b)(ii) plus GST

Construction Schedule

The following gantt chart outlines the anticipated project duration of four years to complete the development. This allows for eighteen months in design and planning and thirty months in construction.



To demonstrate the economic impacts. The project has been divided into two phases, preconstruction and construction.

Preconstruction

This phase encompasses the design, planning, tendering and statutory processing for the project. The previous planning schedule allows approximately eighteen months for this period and the estimated cost for design is s 9(2)(b)(ii) . Translating that into hours of work and full-time employees (FTE), This equates to approximately 14.4 FTE's for the duration of the design period.

These FTE's will be Architects, Structural Engineers, Geotechnical Engineers, Services Engineers, Planners and Project Managers. The time and cost associated with the preconstruction mentioned above, only relates to those roles directly involved in the project. The indirect jobs that can also be considered/required are the roles of the Building Consent Authority (BCA in this instance Wellington City Council), WCC contractors and Peer Reviewers etc. Service and Network providers will be required for input into infrastructure requirements for the development, Wellington Water and Wellington Electricity being examples.

The following statement was provided by Evelyn Axten, Principal at Jasmax.

Jasmax is a multidisciplinary design practice, which provides Architecture, Interior Design, Urban Design, Landscape Design and Branding Services employing over 200 New Zealand based employees across three studios; Wellington, Auckland, Christchurch.

Upon granting of Resource Consent for 61 Molesworth Street, the project can move to compete all design and construction phases. This would bring significant commercial project work into our local Wellington studio of 16 employees. The project would provide full time employment for 6-8 staff members over the first 18-month period, and 2-3 full time staff members for a further 24-30 months. For Jasmax, a SME operating in a challenging construction industry highly effected by the economic impact brought on by COVID-19, a project of this size would provide the much-needed financial certainty for our local business.

The following statement was provided by Sarah Bennetts, Associate at Beca

Beca Ltd's involvement in the design and construction monitoring of the structural and building services aspects of the project would have a significant positive impact on the workload of the Wellington team. This would include the following disciplines:

- *Mechanical Engineers*
- *Electrical Engineers*
- *Fire Engineers*
- *Plumbing and Drainage Engineers*
- *Civil Engineers*
- *Structural Engineers*
- *Building Scientists*
- *Designers*

Within these disciplines, specialist engineers would also be utilized, for example for communications, lifts and security. Over the duration of the project more than 60 staff members will be involved in the project and an estimate of 15,000 hours.

Construction

In the simplest terms, to explain the labour requirement for the construction of the building. We take the total expected labour cost of s 9(2)(b)(ii) and divide that across the number of weeks the construction will take, that being 131 weeks. This gives the weekly "wage bill" that will be required to complete the build. For the 61 Molesworth St project this equates to s 9(2)(b)(ii) per week in trade labour. Based on an average hourly rate per worker of s 9(2)(b)(ii) per hour. The average weekly workforce will be 200 workers on site.

For the initial activities mainly relating to the structure (piling, foundations, steel work and concrete etc). It is not realistic to expect that the workforce level will be 200 people. It is likely to be in the range of 50-75 people. Conversely, when the building is nearing completion and additional tenancy work is under way, it is easily foreseeable to expect a workforce in excess of 200 people on site per day. However, the fact remains that to complete a project of this nature, it will require a significant number of people, both skilled and unskilled to complete construction.

The second significant part of the construction is the supply chain. With an estimated s 9(2)(b)(ii) in materials to be provided for this project. The positive effect to the supply chain is significant. Steel, concrete and building material supplies are all required and need to be transported. This feeds into the support networks for the transport companies and will even extend to the ports that receive offshore goods. Lifts, Air Conditioning units, glass facades, tiles, fixtures and fittings are all requirements for projects of this nature and are all required in multiple numbers. It is fair to say, a project of this size has a flow on effect to employment and opportunities well beyond the site fences.

Other indirect benefits to consider is the cafes, stores, parking buildings etc all benefit from having an additional 143 people in the vicinity every day, as many workers will require parking, and many will eat at the local cafes or buy from the local stores.

Summary

To conclude we provide the following points as a summary

1. This project is significant in expenditure and will be one of Wellingtons premier commercial office buildings,
2. The total estimated cost for the project is s 9(2)(b)(ii) plus GST. This goes directly into the local economy by way of direct employment relating to the project and indirectly to the local supply chain,
3. The developer has received an insurance pay out for the previous building and is ready to commence. The insurance pay-out has come from off-shore and therefore brings a significant amount of money into the country.
4. An eighteen-month design and preconstruction phase will require the equivalent of 14 full time employees,
5. A thirty-month construction period will require on average, 200 full time workers per week on site,
6. Many other local businesses will benefit from having a large-scale construction project in the vicinity.