

# INDUSTRIAL OUTLOOK

AUTUMN 2008

MARKET VISION BEYOND THE BOOM 01 | ECONOMY EASES BUT STILL STRONG IN THE WEST 01 | GREEN VISION DRIVES INDUSTRIAL DEVELOPERS 01 | LATITUDE 32 INDUSTRY ZONE 02 | \$17 MILLION WHEELS IN MOTION FOR THE AMC 02 | ROCKINGHAM INDUSTRY ZONE: 18 LOT PRE-RELEASE 02 | MINING BOOM WORK FLOWS THROUGH AMC 02 | INNOVATION FUELS REGIONAL ECONOMIC GROWTH 03 | MERIDAN PARK SETS NEW BENCHMARKS 03 | MORE PRIME INDUSTRIAL LAND ON THE WAY FOR WA 04 | AVON INDUSTRIAL HELPING TO GROW LOCAL BUSINESSES 04 |

## MARKET VISION BEYOND THE BOOM

A major LandCorp study mapping land availability and demand will give industrial developers a 30-year vision into future needs of the Perth and Peel region.

The General Industrial Land Planning Strategy is a \$1 million State Government funded project, due to be completed by December 2008.

It will report on the short, medium and long-term outlook for Perth and Peel, analyse future industry needs and how they should be managed, and identify locations for future industrial estates.

Essentially the study will help determine not only the amount of industrial land required, but also assist LandCorp in its commitment to innovation and industry leadership for its developments.

This would include precinct planning in industrial estates and rational approaches to land use rather than just supplying a total amount of land.

LandCorp Business Manager Industrial, and Chair of the Property Council's (WA) Industrial Property Committee, John Hackett, said there has been a shift in thinking about how to get more efficient use out of land.

"As land values increase, the market needs to look for innovative solutions such as better use of existing space and challenging existing planning frameworks such as looking at revised building setbacks to get better efficiency of land," Mr Hackett said.

"In recent times we have seen a growing number of retail activities creeping into industrial areas. So we're looking at new ways to manage that sort of thing so we don't create an industrial area and

then, over time through market forces, it actually becomes non industrial and more bulky retail.

"These are management and not just supply issues. We are not just trying to find more land for industrial estates on the urban fringe," he said.

LandCorp Chief Executive Ross Holt said the agency was working quickly to release land while ensuring environmental safeguards and smart planning were not compromised.

"We can only release land when we have resolved all the environmental and planning constraints," Mr Holt said.

"However, we also appreciate that there is high demand for industrial land and so the

solution has been to pre-market for example at Rockingham Industry Zone.

"This means that while waiting for subdivisions to be completed, buyers can get their building plans advanced. By the time they get title to the land, they may be in a position to commence building."

**"AS LAND VALUES INCREASE, THE MARKET NEEDS TO LOOK FOR INNOVATIVE SOLUTIONS SUCH AS BETTER USE OF EXISTING SPACE AND CLEVER PLANNING"**

## ECONOMY EASES BUT STILL STRONG IN THE WEST

The booming Western Australian economy continues to attract investors and land developers despite capacity constraints forcing a slow-down in the business cycle.

While analysts predict WA, the nation's economic powerhouse, would continue to drive the national boom, risks such as labour shortages and higher wage pressures are keeping the economic growth in check.

Head of NAB Economics Jeff Oughton said Australia's business outlook was strong for 2008, notwithstanding US and global downside risks.

"Our forecasts imply that non-farm activity is past the peak of the business cycle – albeit activity will remain sufficient to keep low unemployment," Mr Oughton said.

He expected slower, sustained growth in Australia and an upward pressure on producer costs but said core consumer inflation would ease.

Chamber of Commerce and Industry predicts the WA economy will grow by 6.5% in 2007-08 and by 6% over the medium term or the next three years.

The Chamber's Chief Economist, John Nicolaou, said WA would continue to be at the front of economic growth nationally.

"As has been the case for the past six years, business investment remained at or near record levels, with the level of investment 37 per cent higher than the same time a year ago," Mr Nicolaou said.

"CCI expects this trend to continue over the medium term as the train of investment projects continues to increase. By the end of 2007, there was more than \$125 billion in investment projects waiting to be developed, which is equivalent to the size of the WA economy today."

Mr Nicolaou pointed to evidence that the current six-year investment cycle has started to reap dividends, with export returns accelerating in recent quarters. Over the coming years, exports would continue to drive growth in the economy.

But labour constraints continued to plague the economy and had the potential to significantly impact on the ability of the economy to sustain its growth.

"However, prospects for the global economy remain positive, largely fuelled by the remarkable growth of the Chinese economy, and a solid outlook for the major economies of Japan and Europe," Mr Nicolaou said.

## GREEN VISION DRIVES INDUSTRIAL DEVELOPERS

The number of environmentally innovative and sustainable industrial developments is growing rapidly across Australia with LandCorp among the nation's leaders.

The Green Building Council of Australia (GBCA) said its research showed investors, owners, managers and developers in Australia overwhelmingly confirm that 'green value' is starting to impact on property valuations.

"There is a strong industry consensus that 'green star' buildings will outperform conventional buildings in coming years through lower building operating costs, ease of sale and rent, tenant retention and improved overall occupancy rates," the GBCA said.

LandCorp has led the industry on a number of sustainability initiatives at its industrial sites, including Meridian Park in Neerabup and Flinders Precinct at Latitude 32 Industry Zone - all built on the success of several residential developments which have attracted a raft of environmental awards.

Wanneroo Business Association President Peter Bowden said developers were crying out for green initiatives because it was looked upon as beneficial by local authorities.

"It's front-of-mind these days," Mr Bowden said.

"Any business not looking at environmentally friendly initiatives is in the dark ages."

LandCorp was also working with the GBCA to develop an industrial rating tool for its projects.

LandCorp's Chief Executive Ross Holt said the property developer was interested in pioneering sustainability initiatives with private sector partners.

"We're trying to achieve a whole raft of non-financial outcomes such as community development, demonstrating leadership and environmental and sustainability outcomes," Mr Holt said.

"So we want to partner with someone who equally sees value in being associated with those types of initiatives."

The GBCA said taking on green initiatives meant developing a more efficient mindset and focusing on long-term benefits and savings rather than just the day-to-day business considerations.

# THE WESTERN TRADE COAST

## THE WESTERN TRADE COAST REPRESENTS A THRIVING, INTEGRATED TRADE CENTRE FOR WESTERN AUSTRALIA.

The area encompasses some of WA's major established industrial and strategic assets, comprising approximately 3,900ha of land between Munster and Rockingham.

It incorporates the Australian Marine Complex at Henderson, the new 1,400ha Latitude 32 Industry Zone, the Kwinana Industrial Area and the Rockingham Industry Zone.

The name - *Western Trade Coast* - provides a unified identity for the area, which can be strategically marketed on a local, state, national and international level to attract business and infrastructure development.

## LATITUDE 32 INDUSTRY ZONE



Strategically located in Perth's south west corridor, Latitude 32 Industry Zone will incorporate closely linked precincts with a variety of complementary uses and functions, including general industry, transport and resource recovery.

Town of Kwinana Mayor Carol Adams said Latitude 32 would be a key part of a local regional hub, vital for the continued growth of national and international trade for Western Australia.

"Kwinana is an Industrial Powerhouse of the State, with the existing Kwinana Industrial Area representing 56 per cent of the Gross Industrial Turnover for WA," Ms Adams said.

"The employment opportunities will directly benefit the Kwinana community, who will be able to take advantage of this sudden increase in demand for local skilled labour."

When fully developed, the zone is expected to generate 10,000 new jobs which will have a major impact on the social and economic wellbeing for the immediate and surrounding communities.

"The town has worked closely with LandCorp to ensure this project occurs in an expeditious manner and we welcome the many positive benefits that a development of this quality and scale will bring to both our community and the State," Ms Adams said.

Kwinana's current population of more than 20,000 is expected to double over the next 12 years and the revitalisation of Rockingham City Centre and Kwinana Town Centre puts the region in a strong position to take advantage of the growth to come from Latitude 32.

The much anticipated release of Stage 1 of LandCorp's Flinders Precinct development in Latitude 32 Industry Zone, WA's largest industrial site redevelopment, is just around the corner.

The first stage of the development will see the release of 23ha in mid 2008. Another 46ha are planned for release in 2009.

**"THE TOWN HAS WORKED CLOSELY WITH LANDCORP TO ENSURE... POSITIVE BENEFITS THAT A DEVELOPMENT OF THIS QUALITY AND SCALE WILL BRING TO BOTH OUR COMMUNITY AND THE STATE"**

## ROCKINGHAM INDUSTRY ZONE: 18 LOT PRE-RELEASE

Landcorp's commitment to underpin the State's booming economy through the supply of strategically located industrial land was reinforced in March following a decision to pre-release the first 18 lots in the Rockingham Industry Zone.

LandCorp's Chief Executive Ross Holt said the 13ha pre-release would enable companies to effectively capitalise on the business growth offered by the current economic climate.

"By pre-selling these lots, companies are being given valuable time to thoroughly assess their immediate and long-term requirements - including potential for future expansion - and plan effective utilisation of their new premises in the Rockingham Industry Zone," Mr Holt said.

"Importantly, purchasers are able to take advantage of today's market price for these 18 lots which range from approximately 2,000sqm to 6,000sqm and are zoned for light industrial use".

Rockingham Industry Zone is being developed as an integrated industrial development which will meet a large number of sustainability objectives.

Key sustainability initiatives for this development will include rainwater tank-to-toilet systems to reduce scheme water usage; a drainage design which encourages local infiltration of storm water; retention of an open space for the community to use and encourage local birdlife; relocation of grass trees and fauna; and retention of Tuart trees where possible.

## \$17 MILLION WHEELS IN MOTION FOR THE AMC

### ADOPTION OF STATE-OF-THE-ART TECHNOLOGY DESIGNED TO CARRY HEAVY MODULES AND MARINE VESSELS IS A STEP CLOSER TO BEING ON-LINE AT THE AUSTRALIAN MARINE COMPLEX (AMC) AT HENDERSON.

German company Kamag Transporttechnik GmbH has been chosen to supply the \$17million project, creating another milestone in the continuing expansion of the AMC Common User Facility (CUF).

LandCorp's General Manager Operations Mike Moloney said construction of this transfer system was an essential element of the State Government's \$174.3million commitment to infrastructure upgrades at the AMC would add to its status as a centre of excellence for marine, resources and defence industries.

"The scale of this transfer system is unmatched in Australia and the Self Propelled Module Transporters (SPMT) will only enhance the capacity of the CUF to deliver major projects estimated to be worth \$2billion to Western Australia's economy over the next 25 years," Mr Moloney said.

LandCorp and the Department of Industry and Resources (DoIR) were responsible for securing this vital piece of infrastructure. LandCorp led the contracting phase of the project while DoIR secured funding and

provided advice on the most appropriate transfer system suited to the needs of WA industry.

Mr Moloney said that the SPMTs would provide for greater flexibility and maximise common use facilities for the operations and future expansion of the AMC-CUF.

### "THE SCALE OF THIS TRANSFER SYSTEM IS UNMATCHED IN AUSTRALIA"

"The SPMT, along with other vital infrastructure at the AMC-CUF will help create additional job opportunities and allow WA to bid for a range of major maintenance and construction projects across the marine, defence and resources sectors."

Following factory testing, the system is scheduled to arrive in Australia for final commissioning at the AMC by May 2009.

## MINING BOOM WORK FLOWS THROUGH AMC

Key resource and industry players say the Australian Marine Complex (AMC) holds the key to sustained growth in the resource and business sector.

About 100 businesses are located across the four precincts at the AMC and this number is only set to grow as new land is released by LandCorp in the support, fabrication, technology and shipbuilding precincts in the coming years.

Mining company Fortescue Metals Group's Chief Executive Andrew Forest said the AMC's Common User Facility (CUF) was pivotal to enabling his project to be delivered.

"The CUF is like FMG - it is an open access operator," Mr Forest said.

"We were able to make our project happen because the State Government sponsored this open access industrial marine facility. It means that projects like Fortescue can get off the ground."

Steel fabrication company Modular Engineering Co-Owner John Davis said being based at AMC's support precinct meant he could partner international companies to support the bustling resource sector.

"Through these partnerships we have virtually had a constant flow of high quality work and an involvement with the majority of local and regional oil and gas projects for the past seven years," Mr Davis said.

All 15 lots in Stage 3 at the AMC's Support Industry Precinct sold by private treaty. The lots, zoned special use, provide industrial land for businesses supporting the marine, defence, oil and gas related industries.

Stage 4 is expected to be released in the second half of 2008.



# INNOVATION FUELS REGIONAL ECONOMIC GROWTH

The State Government is driving the economic development of regional centres with innovative industrial land developments stretching from the Kimberley region to the Great Southern.

LandCorp is working to deliver key light industrial developments in Kalbarri, Newman, Karratha and Wedgefield in Port Hedland.



However, while the agency is working hard to satisfy the growing demand, the resource boom continues to place unprecedented pressure on property developers and the regional workforce.

Town of Port Hedland Mayor Stan Martin said one of the biggest challenges was finding accommodation for thousands of new workers continually flooding into the area.

“The Government is doing its best to get land released as soon as possible but we also need to attract builders and service industries,” Mr Martin said.

“Despite some good pro-active planning, the towns will struggle in that regard for quite some time.”

“LandCorp is probably one of the most progressive agencies here. I know they’re bending over backwards to get things up and running.”

Builder Vivendi Homes Managing Director David Brown said the skilled labour shortage would continue to be a major issue for the region.

“LandCorp’s recently released land here but the builders are now scrambling to get the work done,” Mr Brown said.

“The boom’s created a lot of buzz. But it’s also created a lot of issues.”

Major resource companies benefiting from the boom, such as Woodside and RioTinto, are working with LandCorp to fast-track residential developments to attract builders to the Pilbara.

Geraldton was also experiencing strong growth with Colliers International Commercial and Industrial Sales Executive Cooper Egan saying the Mid West city’s Oakajee port project would turn the area into a regional property hot spot.

“We know that there are some 14 iron ore projects, or more than \$6 billion in investment, currently being considered in the Mid West with five planned to go ahead in 2007- 08,” he said.

In the south of the State, a land parcel comprising more than 5,400ha is being assessed in an area known as Kemerton Industrial Park near Bunbury.

LandCorp is currently working with the Department of Industry and Resources on a strategic plan for the park which will consider costs, a long-term strategy and community expectations for the project. Up-to-date guidelines for industry will also be developed and feature progressive design encompassing rigorous environmental planning.

**“THE GOVERNMENT IS DOING ITS BEST TO GET LAND RELEASED AS SOON AS POSSIBLE BUT WE ALSO NEED TO ATTRACT BUILDERS AND SERVICE INDUSTRIES”**

## MERIDIAN PARK SETS NEW BENCHMARKS

A major development near Wanneroo will set **new benchmarks in sustainable industrial estate design** and will become an **employment hub to thousands** of north metropolitan residents.



The 400ha Meridian Park development at Neerabup will also be important to the economic development of the north metropolitan area.

LandCorp, in conjunction with the City of Wanneroo, is embarking on a new strategy for the estate, seeking to target economic development within Meridian Park, as well as generating employment and economic opportunities for the surrounding area.

Called the Meridian Park Economic Development and Employment Generation Strategy, it aims to:

- Attract businesses that will provide employment self-sufficiency for the region;
- Support and encourage the growth of businesses following establishment in Meridian Park;
- Generate job diversity and choice in the north west corridor;
- Attract smart businesses and ‘knowledge workers’ to the region; and
- Attract investment and business uses that will present the best land use opportunities for the region.

The strategy’s prime goal is to generate strong business development and employment outcomes at Meridian Park. It will also address wider regional issues such as jobs growth and employment self-sufficiency.

A number of initiatives are being developed from the strategy to help ensure appropriate and timely business development and high levels of employment generation and density. Delivery of social amenity, broadband and security services at Meridian Park will assist in achieving these outcomes. The strategy, currently under development, is expected to be completed by July 2008.

LandCorp Chief Executive Ross Holt said the industrial estate, developed in partnership with the City of Wanneroo, would be the catalyst for generating up to 20,000 jobs for the local community.

Mr Holt said the innovative development would be a welcoming place to work in and would set new sustainable design standards in an industrial estate, with a focus on water and energy conservation.

“Local amenities will be enhanced with parks, child care, banking facilities, gym and cafés planned” he said.

Wanneroo Business Association President Peter Newbound said Meridian Park was an ideal opportunity for businesses wanting to grow in the northern suburbs and a solid employment base for the future northern city of Alkimos.

“It’s also an ideal opportunity for the local community to have jobs in Wanneroo,” Mr Newbound said.

Mr Newbound said the local market was upbeat about Meridian Park’s high standards in design and sustainability initiatives.

Dubbed the next generation in industrial estate design, Meridian Park will feature fully-serviced lots, a range of lot sizes with flexible design options, energy and water efficient design with a focus on high quality built form, and attractive streetscape design.

Stage 1A at Meridian Park has recently been released to the market by public tender and features 17 fully-serviced lots between 2,500sqm and 6,600sqm in size. The public tender period closes on 30 April 2008.

LandCorp is also developing plans to optimise the use of alternative energy sources such as solar and green power.

# MORE PRIME INDUSTRIAL LAND ON THE WAY FOR WA

The State Government is continuing to fast-track the development of strategically located, high quality industrial land throughout Western Australia.

Approximately 200ha of industrial land is currently being developed. Here's a snapshot of some of LandCorp's current and future industrial and commercial development activity across WA.

## PERTH AND PEEL

### WESTERN TRADE COAST

<ul style="list-style-type: none"> <li> <span style="font-size: 1.2em;">▾</span> Australian Marine Complex                             <ul style="list-style-type: none"> <li>- Fabrication Precinct 12ha</li> <li>- Support Precinct 4.5ha</li> </ul> </li> </ul>	Both releases proposed for second half 2008
<ul style="list-style-type: none"> <li> <span style="font-size: 1.2em;">▾</span> Latitude 32 Industry Zone                             <ul style="list-style-type: none"> <li>23ha Release proposed for mid 2008</li> <li>46ha Release proposed for 2009</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li> <span style="font-size: 1.2em;">▾</span> Rockingham Industry Zone (Dixon Road)                             <ul style="list-style-type: none"> <li>13ha Released March 2008</li> </ul> </li> </ul>	

### OTHER

<ul style="list-style-type: none"> <li> <span style="font-size: 1.2em;">▾</span> Canning Vale Business Park                             <ul style="list-style-type: none"> <li>2,000sqm Sold March 2008</li> </ul> </li> <li> <span style="font-size: 1.2em;">▾</span> Enterprise Park Wangara                             <ul style="list-style-type: none"> <li>3ha Released February 2008</li> </ul> </li> <li> <span style="font-size: 1.2em;">▾</span> Meridian Park (Neerabup)                             <ul style="list-style-type: none"> <li>12ha Released February 2008</li> </ul> </li> <li> <span style="font-size: 1.2em;">▾</span> Ocean Keys District Centre (Clarkson)                             <ul style="list-style-type: none"> <li>3.5ha Release proposed for mid 2008</li> </ul> </li> <li> <span style="font-size: 1.2em;">▾</span> Pinjarra Industrial Estate (Nambeelup)                             <ul style="list-style-type: none"> <li>7.5ha Release proposed for mid 2008</li> </ul> </li> </ul>	
---	--

## REGIONAL

<ul style="list-style-type: none"> <li> <span style="font-size: 1.2em;">▾</span> Anzac Drive Industrial Estate (Kalgoorlie)                             <ul style="list-style-type: none"> <li>5ha Released February 2008</li> </ul> </li> <li> <span style="font-size: 1.2em;">▾</span> Avon Industrial Park                             <ul style="list-style-type: none"> <li>57ha Release proposed for mid 2008</li> </ul> </li> <li> <span style="font-size: 1.2em;">▾</span> Kalbarri Light Industrial                             <ul style="list-style-type: none"> <li>7ha approx Release proposed for end 2008</li> </ul> </li> <li> <span style="font-size: 1.2em;">▾</span> Karratha Light Industrial                             <ul style="list-style-type: none"> <li>19ha Release proposed for mid 2008</li> </ul> </li> <li> <span style="font-size: 1.2em;">▾</span> Kemerton Industrial Park                             <ul style="list-style-type: none"> <li>100ha approx TBC</li> </ul> </li> <li> <span style="font-size: 1.2em;">▾</span> Kununurra Light Industrial                             <ul style="list-style-type: none"> <li>7ha Release proposed for second half 2008</li> </ul> </li> <li> <span style="font-size: 1.2em;">▾</span> Newman Light Industrial                             <ul style="list-style-type: none"> <li>3.3ha Release proposed for mid 2009</li> </ul> </li> <li> <span style="font-size: 1.2em;">▾</span> Wedgefield Port Hedland                             <ul style="list-style-type: none"> <li>6ha Release proposed for mid 2009</li> </ul> </li> </ul>	
---	--

# AVON INDUSTRIAL HELPING TO GROW LOCAL BUSINESSES

Wheatbelt industrial land supply will be boosted following the start of site works on Stage 2 of the **Avon Industrial Park**.

A two kilometre road extension, water and electricity supply, communication and fencing works are underway at the Northam estate, ideally located near Great Eastern Highway and the Trans-Australian rail line.

Wheatbelt Development Commission Chief Executive Officer David Singe said the industrial estate was strongly supported by the local community.

"The Avon Industrial Park is unique in its establishment and operation as it has a very strong connection to the community," Mr Singe said.

"Many of the lots in Stage 2 will be considerably larger than traditional Perth industrial offerings, thereby meeting the needs of businesses which have requested larger lots for their operations."

The 57ha Stage 2 will deliver 17 lots ranging in size from 5,500sqm to 12.5ha and averaging 3.3ha. Lots are expected to be ready for sale mid 2008.

**"MANY OF THE LOTS IN STAGE 2 WILL BE CONSIDERABLY LARGER THAN TRADITIONAL PERTH INDUSTRIAL OFFERINGS, THEREBY MEETING THE NEEDS OF BUSINESSES WHICH HAVE REQUESTED LARGER LOTS FOR THEIR OPERATIONS"**



# LANDCORP'S COMMITMENT TO SUSTAINABILITY

A sustainable approach to our use of land will strongly shape our society. To meet the needs of both current and future generations, we must consider all the effects of our actions: environmental protection, social advancement and economic prosperity.

As the State Government's land and property developer, LandCorp applies the principles and practices of the sustainable development across Western Australia, learning more and improving outcomes on all projects.

At LandCorp, we are committed to reducing our ecological impact and enhancing the community's quality of life.



DISCLAIMER: This brochure is published by LandCorp to provide information on industrial news. The information contained in this brochure is in good faith, however neither LandCorp nor any of its directors, agents or employees give any warranty of accuracy nor accepts any liability as a result of reliance upon the information, advice, statement or opinion contained in this brochure. This disclaimer is subject to any contrary legislative provisions. LAND0270

