

# INDUSTRIAL OUTLOOK

WINTER 2010

REGIONS AND RESOURCES DRIVE WA GROWTH 01 | AMC - A MASSIVE CELEBRATION 02 | LATITUDE 32 DISTRICT STRUCTURE PLAN PROGRESS 02 | INDUSTRIAL LAND STRATEGY UPDATE 02 | COLLIE POSITIONED TO BECOME INDUSTRIAL POWERHOUSE 03 | BUNNINGS SIGN DEAL TO LOCATE IN MERIDIAN PARK 03 | GAP RIDGE GEARS UP FOR INDUSTRIAL DEMAND 04 |

## REGIONS AND RESOURCES DRIVE WA GROWTH

China's continuous appetite for raw materials and the prospect of improving global economic conditions means Western Australia stands poised to deliver strong economic growth in the near to long term, and that will mean a growing demand for industrial land.

Chamber of Commerce and Industry WA Chief Economist John Nicolaou said while the global financial crisis had a significant impact on WA, it was relatively short-lived.

"Forward looking indicators such as business and consumer confidence are at record levels," he said.

"Business confidence fell from a record low in March 2009 to a record high in March 2010.

"I've never seen a turnaround in an economic indicator like that and it highlights the level of confidence business is placing in the near term and long term for the State.

"You only have to look at WA's dominant resources sector, which started to see the benefits of China's economic resurgence after a marked period of slowing.

"As China started to show early signs of recovery, that really helped shift the mood for this State as well."

LandCorp's Business Manager Industrial John Hackett believes it is the resources-driven investment and developments, coupled with the State Government's focus on regional infrastructure, that are key drivers of the industrial land sector.

Mr Hackett says across the Kimberley and the Pilbara there is a growing list of industrial projects our teams are working on to deliver land to support major projects and the resources upswing.

In the Kimberley, the State Government has announced Leighton-Indigenous Business Australia consortium as its preferred proponent for the \$220million Ord-East Kimberley Expansion Project.

"This large project will require the support of many third party contractors who will need

industrial land in the Kununurra precinct, where we are already working to deliver a general industrial estate," Mr Hackett said.

"As the development and approvals for the Browse LNG Precinct at James Price Point progress, the whole industrial land dynamic in Broome is growing.

"We are starting the structure planning for a new general industrial estate on the northern outskirts of Broome at the junction of the Cape Leveque Road to James Price Point.

"This 400ha site is well placed for transport and logistics and the Shire of Broome is keen for us to move the project ahead."

In the Pilbara, Woodside's Pluto project is ramping up on the Burrup. The impact of that is very much felt in Karratha.

"Earlier this year expressions of interest were sought for Stage 1A and 1B of the Gap Ridge Industrial Estate, which is part of the Government's *Pilbara Cities* program. Civil works on this 260ha new link in the Karratha industrial land supply chain are expected to begin in August," Mr Hackett said.

"This will go a long way in assisting industrial land supply in that market, providing a wide range of lot sizes including many suited to transport and logistics.

"At Port Hedland we are moving towards structure planning approval for 280ha of land at Wedgefield. We hope this will happen in the second half of 2010 allowing us to begin major earthworks in the dry season of 2011," he said.

John Nicolaou believes Perth has the advantage of scale that makes it a sensible decision for many businesses to establish their base and work out of Perth into regional WA.



John Nicolaou, CCIWA Chief Economist



John Hackett's view is conditions currently at play in the industrial land market have resulted in some resistance from financial institutions towards lending for speculative development.

"But that does not mean funds have dried up for owner occupiers whose businesses are enjoying growth and can justify expanded premises," he said.

As demand grows in Perth, focus will be on the south west metropolitan area's Western Trade Coast where developments at the Australian Marine Complex at Henderson, Latitude 32's Flinders Precinct at Hope Valley and the Rockingham Industry Zone will see a mix of specialised and general industrial land progressively released to the market.

And in the metropolitan north, interest is growing in Neerabup's Meridian Park where

large lots have been drawing attention, notably from Bunnings which has purchased 8,000sqm for a trade outlet to help service the needs of a fast-growing population.

From his viewpoint, John Nicolaou says there is longer term confidence that growth will remain very robust in WA, given we are an investment-led economy.

"The resources sector contributes directly and indirectly over half the State's economic wealth because of the support services required by it. That in itself highlights its importance to WA's future - and there is little doubt the future is bright."

# AMC - A MASSIVE CELEBRATION

The Australian Marine Complex (AMC) at Henderson has had plenty to celebrate in recent times.



The AMC floating dock is the only dock in WA capable of docking the new Austal trimaran which has a width of 27m.

In February, a \$170million upgrade to the AMC's Common User Facility (CUF) was officially launched by Lands Minister Brendon Grylls and former Commerce Minister Troy Buswell.

The centrepiece of this upgrade is the world's most technically advanced floating dock - measuring 99m x 53m, it can lift vessels up to 12,000 tonnes out of the water and transfer 3,500 tonne vessels to land for service and maintenance.

The dock is supported by a 512-wheeled transfer system called self-propelled modular transporters (SMPTs) which are made up of 28 centrally controlled trailers that link together to move vessels and other heavy modules up to 3,500 tonnes anywhere within the AMC by one operator by remote control.

The floating dock is expected to inject more than \$2billion into the Western Australian economy over the next 25 years in naval contracts alone, with up to \$100million annually in other resources-related projects.

Naval shipbuilder ASC Pty Ltd maintains the Royal Australia Navy's Collins Class submarine fleet at the CUF and will be a key user of the floating dock.

ASC Pty Ltd Managing Director and Chief Executive Officer Steve Ludlam said the State Government's commitment to deliver the dock would provide long term benefits.

"The strategic location of the floating dock allows us, Australia's submarine builder and maintainer, to continue to make a significant contribution to the long-term security and economic development of our nation.

"The submarine repair and maintenance work that ASC undertakes in Western Australia is expected to generate some \$35million annually for the State, which is testament to the Government's support of the WA shipbuilding industry.

"We're delighted to be a key user of the world's most advanced floating dock, which will play a critical role in helping ensure ASC continues to support and service the frontline of Australia's naval defence force," Mr Ludlam said.

There has been further cause for celebration as the AMC was named winner of the Property Council of Australia's WA Innovation and Excellence Awards in Industrial Development.

LandCorp Chief Executive Ross Holt said the award was proof of the long-term vision over successive governments.

"LandCorp and our partners in the AMC, the Department of Commerce and AMC Management, are especially proud of what has been achieved," Mr Holt said.

"The AMC has contributed enormously to the prosperity of Western Australia by supporting four major industries which have grown significantly since the AMC's inception."

The AMC was developed to enhance the State's marine, defence, resources and oil and gas industries by providing land and infrastructure and clustering these industries to create opportunities based on their natural synergies.

# LATITUDE 32 DISTRICT STRUCTURE PLAN PROGRESS

The community recently had the opportunity to provide comment on the draft District Structure Plan and revised Master Plan for Latitude 32 Industry Zone in Hope Valley Wattleup.

In early 2010 the WA Planning Commission (WAPC) endorsed the State Government's preferred option to locate the freight terminal within Latitude 32, which provided LandCorp with an opportunity to finalise the draft District Structure Plan.

Western Trade Coast Business Manager Bill Adlam said it was important to wait for the WAPC's decision on the proposed location of the freight terminal.

"It means we were able to seek community and stakeholder comment on district structure planning to coordinate the provision of land use, development, infrastructure and services," he said.

"When finalised, the District Structure Plan will give landowners and developers a blueprint for the development of Latitude 32."

Covering a total project area of 1,400ha, Latitude 32 is at the centre of the Western Trade Coast, which includes

the highly successful Australian Marine Complex, the Kwinana Industrial Area and the Rockingham Industry Zone.

Latitude 32 will enable the growth of national and international trade for Western Australia. Land will be rolled out by a variety of developers as well as by LandCorp.

Over its 30 year time frame, Latitude 32 will deliver 14 commercial and industrial precincts for general industry, transport and eco-industry and business parks, resource recovery and parks and recreation zones.

When fully developed Latitude 32 is projected to create up to 10,000 jobs and generate economic output of approximately \$9.5billion.

"While we are a landowner, we don't own the majority of land, yet we are undertaking the complex and costly planning processes on behalf of all landowners," Mr Adlam said.

Public comment on the draft District Structure Plan and revised Master Plan closed on Monday 26 July 2010. A report and recommendation on all submissions will be forwarded to the WAPC for approval. The plans are expected to be endorsed by the end of the year.

"When finalised, the district structure plan will give landowners and developers a blueprint for the development of Latitude 32."



## INDUSTRIAL LAND STRATEGY UPDATE

The Department of Planning is currently reviewing more than 450 submissions received during the Industrial Land Strategy public consultation period. The comment period closed late March.

The strategy will be the essential framework for industrial land use planning and

development over the next 20 years in the Perth and Peel regions.

It focuses on identifying and deconstraining land suitable for light and general industrial use.

Twenty nine new industrial sites have been identified, of which six are considered

priority sites. An implementation plan will be developed for these sites, outlining the approvals and studies necessary for them to be developed.

A final strategy will be submitted for Cabinet endorsement by late 2010.

# GAP RIDGE GEARS UP FOR INDUSTRIAL DEMAND

General and light industrial blocks will be released this year at Karratha's new Gap Ridge Industrial Estate, to assist businesses supporting the prosperous mining and oil and gas sectors to expand their services in line with the region's economic growth.

As part of the State Government's *Pilbara Cities* initiative, local businesses were invited to express their interest in Stage 1A in March 2010. Gap Ridge Industrial Estate lies 9km west of the town centre and 16km south east of the Burrup King Bay Industrial Area (Dampier Port).

Due to the overwhelming interest in the Stage 1A lots, LandCorp has now brought forward the development of Stage 1B to assist with demand.

LandCorp's Pilbara Regional Manager Ben Killigrew said the process allowed LandCorp to determine the level of demand for industrial land in Karratha and the infrastructure requirements of suitable businesses for the precinct.

"It also helps us plan for future industrial land developments in the area," he said.

Civil works for Stage 1A and 1B – comprising 37 lots ranging in size from 3,780sqm to 15.17ha and spread over 120ha – are expected to begin in August 2010.

When fully developed, the entire Gap Ridge estate will incorporate 114 lots in four stages over 260ha.

The site, at the corner of Seven Mile and Dampier roads, is strategically positioned, linking the Port of Dampier and the Karratha townsite.

Shire of Roebourne President Nicole Lockwood said Gap Ridge Industrial Estate would provide additional industrial land in Karratha, and boost economic development and employment opportunities.

"Demand for land in Karratha has been fuelled by increased investment through Chevron's Gorgon Gas project, the new port at Mt Anketell

and Woodside's Pluto gas hub, as well as the continued strong market for iron ore," she said.

"The estate is being designed to meet the requirements of support industries to the resources sector in the short-to-medium term.

"It will allow these businesses to expand as well as attract new enterprise to Karratha.

"Gap Ridge will ensure local businesses can share in the benefits of the Pilbara's economic growth alongside the region's major resources projects."

The estate will be ideal for transport operations and light and general businesses servicing the oil, gas and mining sectors as well as major industries situated in the Burrup Peninsula, Maitland Heavy Industrial Estate and offshore resources facilities.

Businesses requiring larger sites for engineering, fabrication, warehousing, transport and logistics, or manufacturing will be able to choose from a variety of lot sizes.

Cr Lockwood said the Shire was working closely with LandCorp to bring industrial land to the market as quickly as possible.

"Located en-route to the Burrup Peninsula, and close to the airport, the Gap Ridge site is in a prime location for our growing industrial sector," she said.

"This is another crucial step in our journey from mining town to 'City of the North'.

"Our growing population and diversified economy require opportunities for new and developing businesses to expand and this industrial estate will provide desperately needed room for growth."



## BUNNINGS SIGN DEAL TO LOCATE IN MERIDIAN PARK

National hardware chain Bunnings has signed a deal with LandCorp to locate a new trade centre within Meridian Park.

Bunnings now join other established businesses in the area which include Wesbeam, Boral and Archistone.

LandCorp Business Manager Industrial John Hackett said a major business like Bunnings operating within Meridian Park provides confidence to other businesses considering locating to the rapidly expanding north west corridor.

"Meridian Park has been designed as a next generation industrial park and it will become a key economic and employment generator for this region," Mr Hackett said.

"By 2031, Perth's north west corridor is expected to house some 418,000 people, with the population in the City of Wanneroo alone forecast to grow to more than a quarter of a million in the next decade," he said.

Bunnings' General Manager Property Matthew Toohey said the business is looking forward to being able to serve the needs of its trade and building clients in this rapidly expanding region.

"We are really pleased to be locating a new Trade Centre at Meridian Park. This new facility will service builders and tradesmen who are working on residential and commercial projects in the area," Mr Toohey said.

Comprising 8,000sqm the Bunnings development site is located in Stage 1 of Meridian Park.

The 400ha Meridian Park is located in Neerabup less than 35km north of the Perth central business district.



Lands Minister Brendon Grylls and local MP Paul Miles welcome Bunnings' General Manager Property Matthew Toohey to Meridian Park.

# COLLIE POSITIONED TO BECOME INDUSTRIAL POWERHOUSE



The Environmental Protection Authority has given the green light to a town planning scheme amendment and structure plan for the proposed Shotts Industrial Park.

LandCorp Business Manager Regional South David McFerran said the Shire of Collie commenced a public consultation process to seek feedback about the development of the site, 7km east of Collie.

"Residents, business owners and other people with an interest in the area were invited to view the proposals and put forward any questions they had," he said.

Mr McFerran said the State Government, through LandCorp, had been working to assemble and rezone a 250ha parcel of land required to create the industrial park.

The site was identified as a suitable area to establish coal-related industries in the late 1990s and the park itself was first proposed in 2001.

"Because the land on which the park will be built is predominantly government-owned but held under a variety of titles and zonings, it had to be rezoned to allow development to progress," Mr McFerran said.

Amendments to the town planning scheme have been approved by the Shire and the EPA, along with a draft structure plan, which provides a framework to coordinate land use, development, infrastructure and the provision of services.

The community had a chance to have its say on both documents, with a public information session held at the beginning of May.

Mr McFerran said the park would be critical to Collie's future as an industrial and employment centre.

"It is a strategic land project for coal-related industrial uses and will substantially increase jobs in the South West, becoming a major economic development for the region," he said.

"Shotts Industrial Park will be the only available land in the region for downstream processing for the coal industry."

Potential key tenants include Perdaman Chemicals and Fertilisers and Wesfarmers Premier Coal.

Perdaman is proposing a \$3.5billion coal-to-urea plant on a 125ha site, with the project forecast to create 1,500 jobs during its three year construction phase and 200 permanent jobs when operating.

Wesfarmers Premier Coal has proposed a potential coal char plant on a 55ha site. The company currently produces nearly three million tonnes of coal annually from its state-of-the-art open cut mine in Collie, where it employs about 300 people.

Shire Chief Executive Jason Whiteaker said the proposed Shotts Industrial Park represented an enormous opportunity for both Collie and the South West.

"Having identified a probable anchor tenant in Perdaman, the economic benefits of the industrial park will potentially have an immediate impact on Collie," he said.

"Once the land is zoned appropriately we will work closely with Perdaman to process their development application, which again will involve extensive public consultation."



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