

# INDUSTRIAL OUTLOOK

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## PREPARED FOR INDUSTRIAL LAND DEMAND

As Western Australia moves into the next period of economic growth, stocks of industrial land in the Perth metropolitan area are strong.



LandCorp Chief Executive Ross Holt said his team were working hard to ensure an adequate supply of industrial land to meet demand for the next five years.

"In fact, we are seeking the necessary approvals to ensure the supply is sufficient beyond five years and we are speeding up planning for many of our estates to make sure WA and WA businesses are well positioned to take advantage of the growth ahead," Mr Holt said.

Responding to recent comments that suggested LandCorp had a monopoly in the supply of industrial land, Mr Holt

said he would welcome more private sector involvement.

"On average LandCorp provides about 30 per cent of the industrial land sold in Perth. You couldn't describe us as a monopoly supplier. The private sector has an important role," Mr Holt said.

"We are required, by legislation, to ensure enough land is supplied, but we don't have to supply it all."

"At Latitude 32 Industry Zone, a 30 year staged development in Perth's south, we own only 15 per cent of the land, yet we are managing the structure planning

process for the entire 1,400ha, to save individual landowners that complex task.

"Another development, Meridian Park within the Neerabup Industrial Estate in the north of Perth, will meet employment needs in the area for the next 30 years. We own less than a third of the area, yet we've coordinated the structure plan for the entire 1,000ha estate.

"We welcome more private sector involvement but in many cases, we develop sites that are not commercially viable, too complex or constrained for private companies to deliver."

Australian Property Institute WA president Ross Hughes said private supply would never be sufficient if markets were not favourable to development.

"Supply and demand can get out of kilter when demand varies, so the market looks to LandCorp for direction," Mr Hughes said.

"I'd like to see the government releasing more industrial land on to the market to head off any supply constraints as a result of emerging resources projects."

Mr Holt said LandCorp was working closely with the Department of Planning to identify future development opportunities through an industrial land strategy, which would be available towards the end of 2009.

"The strategy will identify Perth's future industrial locations and the private sector will have plenty of opportunity to develop in these locations," Mr Holt said.

"Lots are currently available at industrial estates throughout the metropolitan area."

"We have more than 90 lots available ranging in size from 2,000sqm to 8ha to suit all types of businesses," Mr Holt said.

"Land is currently available in Neerabup, Wangara and Bibra Lake, as well as other areas of Perth priced from \$155,000.

"We strive to be flexible in the land we sell and can tailor lot sizes to suit different types of businesses in industrial estates across Perth.

"Flinders Precinct is perfect for transport and general industries. It is close to key road and rail links, the Port of Fremantle and the proposed outer harbour at James Point.

"We are also offering a range of flexible settlement options to help buyers," Mr Holt said.

Large lots suitable for distribution centres are also available from the private sector, such as the Westralian Airports Corporation land at Perth International Airport.

## NEW APPOINTMENT TO METRO TEAM

LandCorp continues to work to support the powerhouse of the State's economy in the regions and metropolitan area.

To oversee our diverse portfolio of developments and partnership projects, a new senior management role has been created with Luke Willcock appointed as General Manager Metropolitan in August.

Mr Willcock joins our highly experienced executive team which comprises Chief Executive Ross Holt, General Manager Regional and Industrial Mike Moloney, General Manager Finance and Strategy Frank Marra and General Manager Business Development and Marketing Kerry Fijac.

Since joining LandCorp in 2006, as Business Manager of the Western Trade Coast, Mr Willcock has overseen the Latitude 32 Planning Group, Australian Marine Complex upgrades and Master Plan, and facilities management contracts.



With a background in State and Federal treasury, he has extensive experience in capital investment, asset management, industrial development and inter-governmental relationships.

Mr Willcock continues to manage the Western Trade Coast project, and is also responsible for overseeing more than 30 major residential projects across the metropolitan area.

# INDUSTRIAL PARK FOR COLLIE MOVING AHEAD

The proposed new Shotts Industrial Park (SIP), seven kilometres east of Collie, is being seen as a key to **growing the town's future** as an industrial and employment centre.



LandCorp Regional Manager for South West and Peel David McFerran said momentum was building for the 235ha strategic industrial park, which had already attracted interest from two high profile coal related industries.

"Perdaman Chemicals and Fertilisers and Wesfarmers Premier Coal are shaping up as two key tenants, with negotiations continuing with other proponents on land allocations and other requirements," Mr McFerran said.

"Land for the industrial park is majority owned by the State Government under a variety of titles and zonings. We have been working to assemble these various holdings and we're very much on schedule."

LandCorp is working closely with the Shire of Collie, the South West Development Commission, and the Departments of State Development, Environment and Conservation and Planning to deliver the SIP and to ensure its success.

Shire of Collie CEO Jason Whiteaker said the SIP was a key economic development for Collie and the South West.

"It will facilitate an expansion to Collie's already significant industrial base and provides an opportunity for substantial employment and economic benefits to the region," he said.

Collie Chamber of Commerce and Industry's Jodie Hanns agreed, saying projects like the Perdaman Chemicals and Fertilisers' proposed \$3.5 billion coal to urea plant had strong industry and community support.

"The urea project, which will need about 125ha, is expected to create 1,500 jobs during its three year construction phase and 200 permanent jobs when operating," she said.

"This will certainly benefit local residents and boost our economy, particularly in flow-on to the small business community."

Perdaman recently announced the Korean-based Samsung Corporation would invest \$40m in the project.

The proponents expect to obtain relevant approvals by the end of 2009/early 2010 and achieve financial close by mid 2010.

Construction is due to start by the end of 2010 followed by full production in the second half of 2013.

Mrs Hanns said the proposed urea plant would stimulate interest in the SIP from other coal related industries.

"We see the project as a vital drawcard for other industries to look seriously at investing in the balance of land available at Shotts Industrial Park," she said

"It will encourage other businesses which may look at setting up, expanding or even relocating their current operations to Collie."

Wesfarmers Premier Coal is expected to be a second key tenant, with the company proposing a potential coal char plant using approximately 55ha within the SIP.

Premier Coal currently employs about 300 people at its state-of-the-art open cut mine, producing nearly three million tonnes of coal annually.

Mr McFerran said with Shotts Industrial Park being a strategic asset, LandCorp expected development through leasehold tenure rather than freehold land sales.

"Due to the long term economic life of proposed projects, LandCorp's preference is to enter into long term lease arrangements with proponents; however this is subject to further negotiations," he said.

"The recent endorsement by the Conservation Commission of WA of the excision of an area of state forest necessary for the SIP is another important milestone. The next step will be to seek the approval of State Parliament.

"We have been proactive in preparing road access plans and we have surveyed infrastructure and other services across the site."

Mr McFerran said studies were also underway for an environmental impact assessment which would support the Town Planning Scheme amendment process, covering flora and fauna, surface and groundwater management, air quality and noise.

# STATE'S INDUSTRY LEADS RECOVERY

WA's industrial sector is helping to lead the country's economic recovery, with strong growth predicted over the next three years.

Recent reports on the nation's health from economic forecaster Access Economics show while growth in WA has slowed from "magnificent" to "amazing", there is plenty of work in the pipeline to keep industry buzzing.

It has forecast positive growth of 2.4 per cent in the State's industrial production in 2009, with possible further increases of 3.1 per cent in 2010 and 3.9 per cent in 2011.

LandCorp's recent review of industrial land values has helped further boost confidence in the market.

A recent revaluation of our portfolio of available land resulted in a price adjustment in some of the State's most strategically located industrial estates – providing an investment stimulus for businesses.

Business Manager Industrial John Hackett said the review would encourage industrial land buyers to continue investing in WA.

"We know it's tough out there, so we want to support purchasers as much as possible by offering them choices, such as a range of flexible settlement options," Mr Hackett said.

"We encourage interested parties to talk to us about what is on offer, as settlement options are considered on a regular basis.

"Our industrial estates are perfectly suited to a wide range of industries, including transport, logistics, agriculture, resource

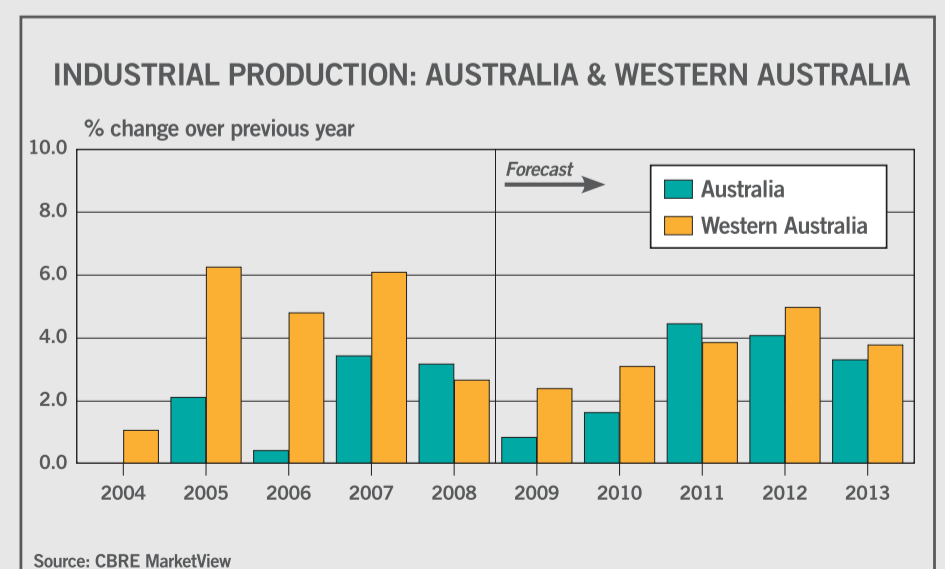
support and other general uses, and are strategically located close to existing industries, major transport links and employment centres."

Fully serviced lots are available in the metropolitan area and regional WA, including:

- Avon Industrial Park, Grass Valley, near Northam
- Australian Marine Complex, Henderson
- Cockburn Commercial Park, Bibra Lake
- Enterprise Park, Wangara
- Flinders Precinct, Latitude 32 Industry Zone, Hope Valley
- Meridian Park, Neerabup
- Pinjarra Industrial Estate
- Rockingham Industry Zone

"There's been renewed interest in industrial land across a range of estates, particularly from businesses with strong cash flow which are able to access finance for expansion or relocation to enhance their overall profitability," Mr Hackett said.

In its market report, Jones Lang LaSalle also said WA would continue to outperform the national economy, underpinned by ongoing strength in the resources sector (particularly for energy) and continued stronger-than-average population growth.



# INDUSTRIAL HUB MAKING MARK IN SOUTH WEST

We are working closely with the Department of State Development to **facilitate the growth** of Kemerton Industrial Park into a contemporary, **world-class facility**.

The park is a major processing area for the region and already home to a mix of industry, including a silicon smelter, titanium dioxide plant and peak load power station. Comprising an industrial core area of 2,100ha, it offers affordable vacant land with sites tailor-made to suit individual business requirements.

The Kemerton Industrial Park Strategy Plan – the result of several environmental and infrastructure studies over the past 20 years and forming the basis for the Shire of Harvey Scheme Amendments and Structure Planning – is soon to be completed and a community information session will be held to outline a framework for future planning.

Business Manager Industrial John Hackett said the creation of 10 lots ranging in size from 5ha to 20ha is being planned to cater for a range of operations.

“Kemerton is attractive to the region’s mix of industry due to several factors,” Mr Hackett said.

“There is a large buffer zone which includes wetlands and bushland and the park is also strategically positioned near transport routes such as the Old Coast Road to the west, South Western Highway to the east and a planned rail link to the Port of Bunbury.

“The recently completed Perth-Bunbury Highway will open up a range of economic possibilities for businesses operating out of Kemerton.

“Through a heavy use industrial land strategy, \$1.5 million has been allocated to spend on soft infrastructure, obtaining the necessary statutory approvals such as structure planning and an environmental plan to deliver the Kemerton Industrial Park to project-ready status.

“We are now sourcing environmental and planning consultants to help us achieve this goal.”



South West Development Commission Chief Executive Don Punch said Kemerton was an important strategic asset for the future economic and social well-being of the region.

“The vision for Kemerton is a responsible industrial park occupied by industry which will value its location, respect its environmental values and develop strong linkages with the local community,” he said.

“It will provide for the growth of a diverse industry base and provide an opportunity for high-value companies to establish in the South West.

“It is a superb asset and will provide for diversity of job opportunities well into the future.”

Mr Punch said the South West offered a wealth of opportunity across industry sectors, with a highly efficient port and supporting infrastructure, as well as significant government investment in transport networks.

“Business costs to establish in the region are at least comparable to the metropolitan area and in some cases may be less expensive,” he added.

# DEMAND DRIVEN WITH ENERGY

A decision to locate activities supporting the **Gorgon Project at the Australian Marine Complex (AMC)**, as well as other significant oil and gas work, makes land at the AMC **very attractive for businesses servicing** that sector.

And LandCorp’s General Manager Metropolitan Luke Willcock said demand for the latest AMC land release was strong.

“We’ve completed construction of Stage 4 of the Support Industry Precinct and the Subsea Cluster within the Fabrication Precinct, to provide an additional 15 lots for businesses operating in the marine, defence, resources and oil and gas sectors,” Mr Willcock said.

“This is the final AMC land release and the last chance for specialist industry businesses to locate themselves within one of the nation’s premier marine facilities, the AMC at Henderson.”

AMC Sales Agent Ben Widdowson said one lot within Stage 4 had been sold and several other lots had received interest from suitable operators, which highlights the continued strong demand for this specialised zoned land.

“The commercial property market in general has shown signs of increasing activity over the last few months and as a result we have had

an outstanding level of genuine enquiry from interested businesses in anticipation of the formal market release,” Mr Widdowson said.

A number of lots within Stage 4 are accessible off Cockburn Road and are close to the new Subsea Cluster within the Fabrication Precinct, a 20ha serviced estate for suppliers to the subsea oil and gas industry.

Civil works are complete in this new subdivision, which will provide 16 lots up to eight hectares in size with opportunities for both freehold and leasehold contracts.

Marine and Civil Equipment became the Subsea Cluster’s first confirmed occupier after securing a 1.5ha lot where the marine infrastructure contractor will base its operational headquarters.

Again, demand is strong for land within the Subsea Cluster and negotiations with two high profile subsea specialist service providers are also expected to result in the disposal of up to 13ha of land both on long ground lease agreements.



## FUTURE COMMERCE TAKES SHAPE AT WANGARA

The latest commercial land release at Enterprise Park Wangara is part of more than 123ha of industrial land in the metropolitan area being developed by LandCorp over the next 12 months, to **support job growth and economic development.**

Companies moving to Enterprise Park can benefit from a business park strategically located in one of Perth's fastest growing areas.

Forecasting data from the City of Wanneroo pegs annual population growth at 4.58 per cent with the City's population expanding by nearly 80,000 people over the next five years, up from 140,497 in 2009 to 178,210 in 2014.

Family-run company ABC Blinds has chosen Enterprise Park to enable its expansion plans.

After seven years, the business has outgrown its current operations in Wangara and is constructing facilities to co-locate its new showroom, factory, offices and warehouse, Director Mark Brice said.

Initial earthworks have begun onsite for the company's state-of-the-art showrooms and factory on its 8,000sqm lot and across the road will be its new 2,000sqm warehouse.

"Our product line has increased and we needed a larger showroom," Mr Brice said.

"It took a long time to find a block big enough that suited the location we wanted.

"We are very happy with the quality of the estate and its buildings, and having our showroom at Enterprise Park will only be beneficial."

Mr Brice said ABC's new facilities at Enterprise Park would be ready for business in about 18 months.

LandCorp Business Manager Industrial John Hackett said Enterprise Park was part of a strategic approach to help meet the need for high quality industrial land in the fast growing northern metropolitan corridor.

"After a challenging 12 months, Western Australia's economy is tipped to be among the first to emerge from the global recession," Mr Hackett said.

"To meet a predicted future upswing in demand we are continuing to work hard to deliver quality commercial and industrial land throughout both key metropolitan and regional areas."

Mr Hackett said signs of an increase in business confidence were already evident, with nine lots sold at Enterprise Park over the past couple of months.

The recent completion of a 4.4km four lane extension to Ocean Reef Road from Hartman Drive to Alexander Drive that runs past the estate, is improving traffic flows and increasing exposure for businesses locating within Enterprise Park.

As part of the current Stage 10B release at Enterprise Park, LandCorp is offering prime industrial land for sale by private treaty located next to the Ocean Reef Road extension.

The lots range in size from 1,971sqm to 4,994sqm and are designed to suit small to medium-sized businesses.

Since launching in 1989, Enterprise Park has grown as a major commercial centre and is currently home to around 200 businesses.

Once complete, the estate is expected to generate 13,000 jobs and forecasts from the John Curtin Institute of Public Policy indicate a total economic impact of \$37.2billion to 2020.



## NEW INDUSTRIAL OPPORTUNITIES IN KARRATHA

Small businesses and tradespeople in Karratha are capitalising on a **range of opportunities** offered by the latest release in the town's light industrial estate.



LandCorp released 15 lots in the estate in May and five others have also sold, with nine blocks now available for sale by private treaty.

Our Pilbara Regional Manager Ben Killigrew said the remaining nine lots, located along Seabrook Crescent, were between 4,406sqm and 1.08ha and ideal for small businesses.

"The light industrial area will ultimately accommodate a mix of small businesses and support Karratha's burgeoning residential and industrial projects," he said.

He added that a \$1,000 rebate was available to purchasers to assist them to access planning and architectural services to develop their lot and plan the best use, design and layout of their site.

Due to current limited power supplies within the industrial estate, only 30kva of power would be available per lot upon release, although LandCorp was negotiating with Horizon Power to resolve the issue and anticipated that 200kva per hectare would be available by 2011.

Mr Killigrew said LandCorp had identified another site, the Gap Ridge Industrial Estate,

zoned for further light and general industrial development on the corner of Dampier and Seven Mile roads. Planning is well advanced on the 259ha site to produce around 92 lots, with earthworks expected to commence in 2010.

"With continuing activity in the resources industry and more development set for the Burrup Peninsula, we expect businesses servicing this sector will prosper and more companies are now making enquiries about land availability to enable them to expand," Mr Killigrew said.

Pilbara Development Commission chief executive Stephen Webster said several major projects in the region were creating significant demand for support services, as well as housing for key employees.

"The end result is that there are opportunities for small to medium enterprises across the Pilbara, which will in turn create demand for mixed-use light and heavy industrial sites," Mr Webster said.

"The 'boom' hasn't slowed down in the Pilbara and many people are seeing it as an opportunity to take a broad approach and get ahead."

For more information on industrial land visit [www.landcorp.com.au/commercial](http://www.landcorp.com.au/commercial)