

# Levelling up WA's Industrial Land Supply

## Property Council WA

September 2024



# Overview



## **Industrial land will play a crucial role in the diversification of Western Australia's economy.**

An ample supply of development-ready industrial land with adequate utility connections and infrastructure is also essential for the WA and Australian governments' advanced manufacturing and decarbonisation agenda.

This paper identifies practical steps that can be taken to best utilise pre-existing industrial land, and secure a reliable pipeline to underpin WA's future industries.

It highlights key infrastructure gaps in existing industrial areas and outlines the needs in new locations, which are currently constraining and limiting industrial development potential.

The Property Council WA commends the WA Government for its renewed focus on industrial land development and economic diversification.

The recommendations and location specific needs contained in this paper provide guidance as to how best achieve the government's objectives and optimise the \$500 million Strategic Industries Fund.

We also welcome the recent release of the Western Trade Coast Infrastructure Strategy, which sets out a variety of transport upgrades, improved electricity and water connections, and policy mechanisms to maximise future activity in that area.

This paper has been informed by the expert insights of our members, including the WA Industrial and Logistics committee. We thank the committee for its contributions to this important work.





# Government objectives

The following objectives have been articulated by the State Government throughout its policy agenda and strategic directions:

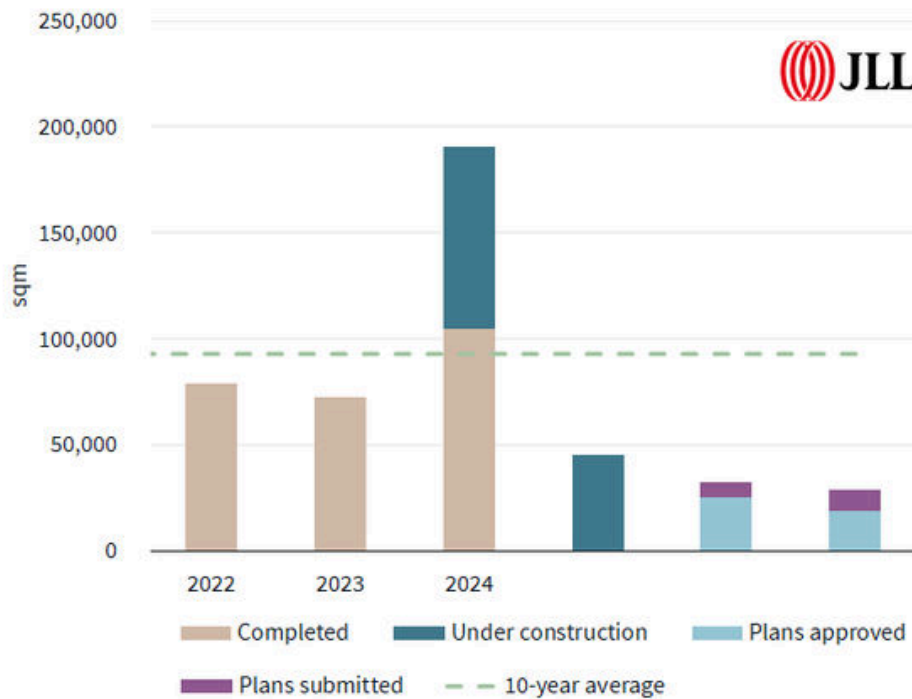
- Diversify WA's economy in line with the government's *Diversify WA: Future State* plan and *Western Australia: Advancing the Future of Manufacturing* prospectus in new and existing industries across mining, energy and agriculture
- Attract new investment into Western Australia
- Create new and long-term jobs for Western Australians
- Turbocharge Western Australia's net zero and decarbonisation targets
- Achieve important goals in waste reduction and recycling
- Secure the success of Westport by getting industrial and logistics networks right
- Accommodate existing economic trends activity, such as e-commerce



# State of the market

The industrial property sector covers multiple types of developments. Typically, industrial property includes premises such as factories, warehouses, storage facilities, logistics and distribution centres. Western Australia is currently experiencing a significant shortage of well-located, development ready industrial land that is well connected to existing and future transport networks.

Analysis conducted for the Property Council WA by leading international real estate firm JLL reveals significant undersupply of industrial space in WA that will not meet future demand. Aside from a spike in 2024, past and projected future supply of land fall well below the historic ten-year average.



To maintain current levels of economic activity in WA, up to five square metres of new industrial space will be required for each and every Western Australian, equating to an additional 1.18 million square metres by 2028. These forecasts do not make allowances for potential increased activity resulting from the government's economic diversification and advanced manufacturing agenda.

Low, medium and high industrial land demand scenarios from 2024/25 to 2027/28

Demand per person (sqm)	4	4.5	5
Additional supply required (sqm)	943,000	1.06 million	1.18 million

# Infrastructure provision and upgrades



## **A major hurdle to deconstraining existing and unlocking future industrial land includes the provision of, and upgrades to, critical infrastructure.**

There are three main infrastructure challenges facing the WA industrial market.

The overarching challenge in supporting industrial property stems from difficulties in identifying, prioritising and coordinating infrastructure delivery across industrial areas. Even when critical infrastructure needs are identified by government or developers, there are major delays in determining who is responsible for delivering the infrastructure, who pays for it and timeframes for its delivery.

A second challenge arises in maximising capacity and activity in highly sought-after existing industrial precincts, such as Perth's eastern suburbs corridor.

Property Council WA members report sustained demand from prospective tenants for high-quality, well-located premises that are close to key transport hubs around Kewdale, Welshpool and Perth Airport. However, there remain a series of logistics and supply chain challenges that arise from additional activity in these precincts. Upgrades to roads and major intersections, as well as better public transport links to enable workers to get to and from those areas, are essential to maximise productivity.

The third challenge involves newer industrial precincts, where there are significant delays in getting suitable utility connections – particularly power – ready in time for developments to proceed.

Currently, waiting periods for electrical upgrades can be more than two years from the point at which a developer submits a request for power upgrades or design and supply reviews to Western Power and the final delivery of that upgrade.

Complicating the provision of utilities to new industrial areas is the risk associated with first-mover funding arrangements and models. For example, often a single developer and/or their tenant will absorb the full cost of upgrades or provision of new utility connections, even if the full upgrade is surplus to that business' needs. Other developers and tenants are then able to access and benefit from the provision of those services into an industrial area, without having contributed towards the cost of delivering them.

Consequently, first-movers into a new industrial development shoulder significant additional costs, which can impact the feasibility of a project or the timing of a development taking place.



## MADDINGTON

A business considering expansion to operate a new car recycling plant required a significant electricity upgrade from Western Power. Their request to Western Power was for network upgrades to deliver 2000kVA.

Western Power advised the business that the local network was overloaded and that a 2.5km high voltage feeder extension was necessary for the area, even though that upgrade exceeded the business' needs.

Should the upgrade progress, the business will be required to pay the full cost of the feeder extension, even though it exceeds their requirements and neighbouring customers, who would benefit from the upgrade, are not contributing to its costs.

The cost is estimated to be between \$1.75 and \$2.5 million.

## NEERABUP

A tyre recycling business purchased land in the Meridian Park industrial estate. The transaction included a request for 2000kVA be allocated to the lot. It was agreed to in principle by Western Power in early 2022.

Having submitted a Design Information Package with Western Power between 12 and 18 months prior, the developer was eventually advised there was a significant high voltage capacity issue.

Consequently, the business would only have access to 50 per cent of their requested electricity requirements until the high voltage feeder could be completed.

Under current Western Power timeframes, this upgrade will not occur until 2026 at the earliest.



# Recommendations

The Property Council WA and its members are well placed to drive WA's economic diversification and support the WA Government's ambitions through delivering the premises needed for new and existing businesses.

By adopting the following recommendations, the WA Government can be confident it can unlock the supply of industrial land and achieve the best possible economic return from public investment.

- Align funding under the \$500 million Strategic Industries Fund with the Strategic Industrial Areas and infrastructure priorities identified in Appendix A
- Establish a mechanism for infrastructure prioritisation and delivery in industrial land
- Ensure the Industrial Lands Authority Physical Infrastructure Priority List reflects the infrastructure needs identified in Appendix A
- Direct government agencies and Government Trading Entities to deliver the infrastructure identified in Appendix A
- Explore new funding and delivery models for infrastructure upgrades in areas where the Strategic Industries Fund does not apply to reduce and share costs across businesses that will benefit from those upgrades
- Implement routine monitoring and reporting of progress in delivering industrial land supply and priority infrastructure.



# Appendix A - Existing needs



SITE/REGION	UPGRADES REQUIRED	TENANT DEMAND	SITE SPECIFIC REQUIREMENTS	PRIORITIES
Hazelmere	<ul style="list-style-type: none"> <li>Power</li> <li>Road</li> </ul>	<ul style="list-style-type: none"> <li>Warehouse</li> <li>Logistics</li> <li>E-commerce</li> <li>Mining services</li> <li>Bulk storage</li> </ul>	<ul style="list-style-type: none"> <li>5,000sqm to 15,000sqm warehouse requirements and 400+sqm of office</li> <li>Nearby to Perth Airport</li> <li>Nearby to main arterial roads (Roe and Tonkin Highways)</li> <li>If new build/design and construction, expected completion is 12-18 months</li> <li>RAV4 road network is required to meet tenant demand</li> </ul>	<ul style="list-style-type: none"> <li>Road upgrades, particularly the Great Eastern Highway Bypass Interchange intersections with Abernethy Road, Stirling Crescent and Roe Highway</li> <li>Change in road zoning to industrial, to accommodate demand for B-double access</li> </ul>
Maddington Kenwick	<ul style="list-style-type: none"> <li>Power</li> <li>Sewerage</li> <li>Road</li> </ul>	<ul style="list-style-type: none"> <li>Warehouse</li> <li>Rail freight</li> <li>Recycling plant</li> <li>Bulk storage</li> <li>Logistics</li> </ul>	<ul style="list-style-type: none"> <li>Rail freight accessibility (near Kenwick)</li> <li>Warehouses circa 10,000sqm</li> <li>Recycling plant and facility requirements for 5,000-10,000sqm</li> <li>Significant power supply for larger machinery (shredders, sorters, belt conveyors)</li> </ul>	<ul style="list-style-type: none"> <li>Road upgrades and acquisitions for Victoria Road and Clifford Street Road Extension</li> <li>High voltage power feeder</li> <li>Fragmented land ownership requires coordination of infrastructure to support improved utility</li> </ul>
South Forrestdale	<ul style="list-style-type: none"> <li>Power</li> <li>Water</li> <li>Sewerage</li> </ul>	<ul style="list-style-type: none"> <li>Warehouse</li> </ul>	<ul style="list-style-type: none"> <li>Type 90 Wastewater Pumping Station (WWPS), shown on Water Corporation's scheme planning, but not in their Capital Investment Planning (CIP) funding</li> <li>Type 40 WWPS, not shown on Water Corporation's scheme planning nor CIP funding</li> <li>5km of DN300/DN400 water distribution main extension crossing Tonkin Highway/Main Roads reserve</li> </ul>	<ul style="list-style-type: none"> <li>Power upgrades throughout region</li> </ul>
Henderson (Australian Marine Complex)	<ul style="list-style-type: none"> <li>Power</li> <li>Road</li> </ul>	<ul style="list-style-type: none"> <li>Workshops</li> <li>Boat building</li> </ul>	<ul style="list-style-type: none"> <li>High truss and roller door access</li> <li>Gantry crane 10T or greater. If unavailable, the building needs to have to capacity for its installation</li> <li>Tenant requirement for a 10,000sqm workshop on 2.5Ha of land, requiring 1800AMP</li> </ul>	<ul style="list-style-type: none"> <li>Power requirements of 1mVA capable of delivering circa 1250A</li> </ul>
Jandakot Bibra Lake Canning Vale	<ul style="list-style-type: none"> <li>Land</li> </ul>	<ul style="list-style-type: none"> <li>General industrial</li> <li>Cold storage</li> </ul>	<ul style="list-style-type: none"> <li>3,000sqm to 4,000sqm of developable land for both global and national companies</li> <li>Ability to upgrade power supply to the lot for cold storage, or upgrade existing buildings to accommodate cold storage</li> <li>High traffic area given exposure to main roads</li> </ul>	<ul style="list-style-type: none"> <li>Canning Vale connections for public transport</li> </ul>
Kewdale Welshpool	<ul style="list-style-type: none"> <li>Power</li> <li>Sewerage</li> </ul>	<ul style="list-style-type: none"> <li>General industrial</li> <li>Cold storage</li> <li>Workshops</li> </ul>	<ul style="list-style-type: none"> <li>In north and northeast Kewdale, sewerage management is predominately private owned septic tank systems. Mains sewerage and branch networks are required throughout Kewdale/Welshpool to alleviate septic tank systems</li> <li>High tenant demand for land due to proximity to airport</li> <li>Most industrial users require higher power usage due to nature of business</li> </ul>	<ul style="list-style-type: none"> <li>Mains sewerage required along Kewdale Road extending outwards to surrounding roads</li> <li>Hazelhurst Street Kewdale requires transformer and power upgrade</li> <li>Deep sewer connection currently being costed by City of Canning)</li> </ul>
Bayswater	<ul style="list-style-type: none"> <li>Sewerage</li> </ul>	<ul style="list-style-type: none"> <li>Warehouse</li> <li>Metal fabrication</li> <li>Automotive services</li> </ul>	<ul style="list-style-type: none"> <li>Reticulated sewer across the Bayswater Industrial Area and surrounding precincts</li> </ul>	<ul style="list-style-type: none"> <li>Replacement of current septic systems to allow for intensified land use as considered under the planning framework</li> </ul>



# Appendix A - Emerging needs



SITE/REGION	UPGRADES REQUIRED	TENANT DEMAND	SITE SPECIFIC REQUIREMENTS	PRIORITIES
Neerabup Industrial Area (Meridian Park)	<ul style="list-style-type: none"> <li>Power</li> <li>Sewerage</li> <li>Road</li> </ul>	<ul style="list-style-type: none"> <li>Warehouses</li> </ul>	<ul style="list-style-type: none"> <li>Significant tenant demand for power throughout site.</li> </ul>	<ul style="list-style-type: none"> <li>High power upgrades</li> <li>WWPS and high pressure mains</li> <li>More timely power connections</li> </ul>
Latitude32	<ul style="list-style-type: none"> <li>Power</li> <li>Water</li> <li>Sewerage</li> <li>Road</li> </ul>	<ul style="list-style-type: none"> <li>Warehouses</li> <li>Workshops</li> </ul>	<ul style="list-style-type: none"> <li>The area will support the future port, defence and manufacturing industries</li> <li>Masterplanning across Latitude 32 ongoing</li> <li>It is anticipated further stages will be titled mid-2025, with the requirement for water and sewer infrastructure by 2026-27</li> </ul>	<ul style="list-style-type: none"> <li>North-South district distributor road (currently Abercrombie Road) from Anketell Road to Russell Road</li> <li>Resolution of Rowley Road revised planning control area boundary WWPS within DA5 that is planning. Unavailable on Water Corporation's CIP Water Distribution Main from Rockingham Road along Wattleup Road</li> <li>Feeder cables and zone power substations planning to ensure power requirements keep up with future development</li> <li>More timely power connections</li> </ul>
Bullsbrook Muchea	<ul style="list-style-type: none"> <li>Power</li> <li>Water</li> <li>Road</li> </ul>	<ul style="list-style-type: none"> <li>Warehouses</li> <li>Set-down hardstand logistics</li> </ul>	<ul style="list-style-type: none"> <li>2,000sqm to 3,000sqm warehouse. 4,000sqm+ of hardstand, suitable for transport/truck depot</li> <li>Good vehicle reticulation for semis and B-double trucks</li> <li>High demand for manufacturing anticipated at this site; immediate investigations into utility upgrades required to support future demand</li> </ul>	<ul style="list-style-type: none"> <li>Type 40 WWPS</li> <li>Water mains required</li> <li>Bindoon bypass to be completed</li> </ul>
Kalgoorlie	<ul style="list-style-type: none"> <li>Land</li> <li>Power</li> <li>Water</li> <li>Road</li> </ul>	<ul style="list-style-type: none"> <li>Warehouses</li> </ul>	<ul style="list-style-type: none"> <li>Additional land supply to meet future demand</li> </ul>	<ul style="list-style-type: none"> <li>Relocation of freight rail corridor</li> <li>Long-term solution for power and water required, beyond 2025/26</li> </ul>
Bunbury	<ul style="list-style-type: none"> <li>Power</li> <li>Water</li> <li>Road</li> </ul>	<ul style="list-style-type: none"> <li>Warehouses</li> <li>Logistics</li> </ul>	<ul style="list-style-type: none"> <li>Future use of Bunbury Port and local/regional industrial activities</li> </ul>	<ul style="list-style-type: none"> <li>Land and port capability to meet anticipated offshore wind demand</li> <li>Capability to better support future move of trade from Fremantle Inner Harbour</li> </ul>
Kwinana Beach	<ul style="list-style-type: none"> <li>Road</li> </ul>	<ul style="list-style-type: none"> <li>Warehouses</li> </ul>	<ul style="list-style-type: none"> <li>Improved freight access</li> </ul>	<ul style="list-style-type: none"> <li>Lifting power lines for oversize access</li> </ul>
Geraldton	<ul style="list-style-type: none"> <li>Power</li> <li>Water</li> <li>Road</li> </ul>	<ul style="list-style-type: none"> <li>Civil construction</li> </ul>	<ul style="list-style-type: none"> <li>Significant demand for industrial land. All existing sites are at capacity</li> </ul>	<ul style="list-style-type: none"> <li>Rezoning and infrastructure upgrades to support industrial land development</li> </ul>

# Appendix B - Demand drivers

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**The following areas have been identified by both the State Government and the Property Council WA as being key demand drivers for new and upgraded industrial premises across the state.**

## **Renewable energy**

The WA Government has identified the development and storage of renewable energy as a significant opportunity for the state. These opportunities include the development of hydrogen electrolyser manufacturing, downstream processing of critical minerals (keeping more of the minerals value chain in WA), battery manufacturing, and wind turbine manufacturing as key activities it wishes to attract and develop.

## **Decarbonisation and waste**

A sufficient and reliable pipeline of industrial land is essential for WA's decarbonisation efforts. Stronger regulations around the use, storage and disposal of waste materials requires new facilities and infrastructure for WA to meet its recycling, reuse and environmental targets. While a number of those measures are already in effect, WA currently lacks the premises to adequately process and reuse more sustainable products used by businesses and consumers. Consequently, those products end up in landfill, putting pressure on existing sites and increasing demand for new landfill.

## **Westport, logistics and supply chains**

The development of a new container port on the Western Trade Coast requires a series of new logistics, intermodal terminals and associated infrastructure. Some of these needs will be site specific to the precinct and its surrounding industrial land, such as Latitude32. Pending Westport's final design, there will also be a need to upgrade industrial areas in other parts of Perth to consolidate efficient movement of goods from the new port into both existing and emerging logistics hubs in Kewdale and Muchea.

## **Defence industries**

Leveraging the Australian Marine Complex at Henderson, the State Government is bolstering its focus on WA's naval shipbuilding (and general maritime) capabilities, as well as industries associated with supporting nuclear powered submarines expected to dock at HMAS Stirling.

# Appendix B - Demand drivers

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## Space

As part of the Advanced Manufacturing prospectus, the WA Government has identified the further development of WA's existing space industry to include artificial intelligence, robotics, 'advanced materials', electronics, space product components and precision engineering.

## Health and Life Sciences research

Expanding WA's medical research capacity and translating it into stronger biotechnology, pharmaceutical, medical technology and digital health have all been earmarked as growth areas for Western Australia. Having suitable, specialist premises that can accommodate the needs of those sectors will be important to level up our ability to meet our potential in these areas.

## Primary industries

Food and beverage products, and associated technologies, are seen as a strength for Western Australia given its existing advantages in food production, exports and environmental management. Cold storage and distribution premises, close to major logistics hubs, will also be vital in ensuring Western Australian produce remains fresh and desirable for international export markets, particularly in South East Asia.

## Alternative construction materials and methodologies

There has been an increase in the use of pre-fabricated and modular construction to respond to urgent specific housing needs. A major hurdle to the uptake of these methods of construction – which are also important in embedding sustainable development – is the lack of a pre-fabrication industry in WA, due to the lack of premises and available space.

Currently, any form of pre-fabrication or modular construction in WA is reliant upon importing the components or materials from interstate or overseas. Creating a new pre-fabrication and modular construction industry in WA would complement other initiatives in advanced manufacturing while boosting much-needed housing delivery locally.

## E-commerce retail trends

As consumer patterns change and move more towards e-commerce, home deliveries and click-and-collect services, there is significant demand for industrial space capable of holding large inventories of consumer goods that can be dispatched rapidly to customers. In addition to warehousing and distribution centres, growth in e-commerce relies on efficient supply chain and logistics networks to ensure goods can be stored quickly and dispatched rapidly to customers.





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