



Your ref: 2024 BRCP Land Valuation  
Our ref: file 04832-2021 job 234694  
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For the attention of Ms Jesse Barker

## LAND VALUES FOR THE 2024 BENCHMARK RESERVE CAPACITY PRICE

Further to instructions dated 4 April 2023 from Mr Richard Cheng of the Economic Regulation Authority WA (ERA), we have prepared the following assessments on the notionally proposed sites listed below as at 30 June 2023.

### ASSESSMENT INSTRUCTIONS

Instructions have been received from the ERA, requesting unimproved market assessments for hypothetical land sites suitable for the development of a power station, in the following nominated regions.

As per our previous reports completed for the ERA and the Australian Energy Market Operator (AEMO), we have been instructed to provide value estimates for hypothetical sites in the Kwinana and Pinjar areas within the Perth metropolitan region and Collie, Kemerton Industrial Park, North Country (including Geraldton and Eneabba) and Kalgoorlie in the country regions.

With regard to all regions, the assessments are based on hypothetical 3-hectare sites or the minimum land area required by the relevant Local Authority or developer.

- Pinjar Region
- Kwinana Region
- Kemerton Industrial Park Region
- Collie Region
- Geraldton Region – North Country Region
- Eneabba Region – North Country Region
- Kalgoorlie Region

The assessments are based on the following assumptions and conditions,

- No specific sites have been identified.
- The hypothetical land sites are generic for each region and have no distinct beneficial or detrimental features that would affect the development of a power station or the lands value for use as a power station site.
- The hypothetical land sites are within or are near to existing industrial estates or land that would be suitable for and permit the development of a power station.

## REGION SUMMARIES

### PINJAR REGION

The suburb of Pinjar is located approximately 30 kilometres north of the Perth CBD. Much of the area is State Forest and water catchment area with some land reserved for public purpose, parks and recreation and rural land. Neighbouring land to the southwest of Pinjar has a variety of different land uses from rural to residential and includes the Meridian Park industrial estate in Neerabup.

Evidence of industrial land sales of approximately 3 hectares in this region is scarce. Analysis of industrial land sales in Neerabup, Wangara, Landsdale and Gnangara indicate rates of \$1,990,000 to \$2,700,000 per hectare for lots ranging from 1.3 to 2 hectares. Wangara, Landsdale and Gnangara are all established industrial areas and are considered superior to Pinjar. The most recent sales that have transacted in Neerabup range in area from 2,112m<sup>2</sup> to 3,897m<sup>2</sup> at rates in the order of \$335/m<sup>2</sup> (\$3,345,000/Ha). As such we consider the value range in the subject locality is \$1,350,000 to \$1,650,000 per hectare.

Based on market information and the available sales evidence, we have increased the range and adopted the midpoint. We have adopted a rate of **\$1,500,000 per hectare** which represents an increase of approximately 3.4% over last year's assessment.

### KWINANA REGION

The Kwinana industrial area is located approximately 30 kilometres south of the Perth CBD and adjoins both Naval Base and East Rockingham industrial areas which are adjacent to Cockburn Sound.

Kwinana is an established industrial location with all essential services available and good access to the Perth CBD, port facilities and the South-West region of the state.

Evidence of industrial land sales of approximately 3 hectares in this region is scarce. Analysis of industrial land sales in Kwinana and surrounding areas including Naval Base, East Rockingham, Henderson and Hope Valley indicate rates of \$1,950,000 to \$3,400,000 per hectare for lots ranging from 5,350m<sup>2</sup> to 1.3 hectares. The sales at the lower part of this range were in East Rockingham and are considered inferior to Kwinana, whereas sales at the upper part of this range were significantly smaller than the hypothetical site. As such we consider the value range in the subject locality is \$2,300,000 to \$2,600,000 per hectare.

Based on market information and the available sales evidence, we have increased the range and adopted the midpoint. We have adopted a rate of **\$2,450,000 per hectare** which represents an increase of approximately 4.3% over last year's assessment.

## KEMERTON INDUSTRIAL PARK REGION

Kemerton Industrial Park is located approximately 17 kilometres north-east of Bunbury and 160 kilometres south of Perth.

Kemerton Industrial Park was established in 1985 for heavy industry and has good access to the South-West region, Rockingham, Kwinana and Perth. Based on information obtained the “estate” has a minimum land area of 5 hectares, however we have been advised by DevelopmentWA that they have and would consider sites smaller than 5 hectares and that a lot of 3 hectares would be acceptable.

Tenure for land within Kemerton Industrial Park is leasehold only. Information gathered shows ground rental rates of \$20,000 per hectare per annum to \$30,000 per hectare per annum with a typical lease term of up to 25 years. A 3-hectare site is considered to be a small land holding within the park, so we have adopted a rate at the upper end of the range above of \$28,500 per hectare per annum. This equates to \$85,500 per annum for a 3-hectare site, at a capitalisation rate of 8% it shows an indicative land value of \$1,068,750 or \$356,250 per hectare.

We have also analysed sales within the Bunbury-Busselton region. While these sales are of a freehold interest and are generally significantly smaller than the hypothetical site, they appear to indicate a small increase in industrial land values.

Based on market information and the available sales and rental evidence, we have adopted a rate of **\$360,000 per hectare** which represents an increase of approximately 2.9% over last year’s assessment.

## COLLIE REGION

The town of Collie is located approximately 200 kilometres south-east of Perth. Major industries that support the town include coal mining, farming and forestry.

Information and evidence gathered for land suitable for the development of a power station in the Collie region, but not in the town site, shows value levels for lots of approximately 3 hectares to be in the order of **\$125,000 per hectare**. This represents an increase of approximately 4.2% over last year’s assessment.

There is no sales evidence of 3-hectare industrial lots inside the Collie town site, however there is an existing industrial estate at the north-western corner of the town site known as the “Collie Light Industrial Area” with land available for sale with lot areas ranging from 2,000m<sup>2</sup> to 1.5 hectare at rates ranging from \$725,000/ha down to \$346,000/ha.

As noted in previous advice, based on our investigations we consider this land would not get planning approval or be suitable for the development of a power station. If such a hypothetical site were available within the town site, we would expect it to show a rate in the order of \$280,000 per hectare.

## GERALDTON REGION

Geraldton is located approximately 425 kilometres north of Perth. Geraldton is a key port and administrative centre for the mid-west region. Major industries that support the city include tourism, agriculture, fishing, mining and commerce.

Analysis of land sales suitable for the development of a power station in the Greater Geraldton region, such as the suburbs of Narngulu, Meru and Rudds Gully located to the east of the Geraldton City centre that already cater for various heavy and noxious industry uses, show value levels for lots of approximately 3 hectares to be in the order of **\$200,000 per hectare**. This represents an increase of approximately 14.3% over last year's assessment.

## ENEABBA REGION

The town of Eneabba is located approximately 300 kilometres north of Perth. The town services the surrounding agricultural area and the nearby mineral sands facility.

Information and evidence gathered from Eneabba and surrounding districts such as Carnamah, Coorow and Dandaragan show value levels for lots of approximately 3 hectares suitable for the development of a power station in the region surrounding Eneabba to be in the order of **\$30,000 per hectare**.

This value has remained unchanged from our previous advice reflecting the available sales evidence and market information currently available.

## KALGOORLIE REGION

Kalgoorlie is located approximately 595 kilometres east of Perth. Kalgoorlie is the administrative centre for the eastern Goldfields region. Major industries that support the city include mining, tourism and grazing.

There have been relatively few large industrial land sales over the past 12 months, however these sales indicate the current land value rate in the order of **\$800,000 per hectare** which represents an increase of approximately 6.7% over last year's assessment and is reflective of the current evidence available within Kalgoorlie, Boulder and South Boulder.

## COMMENTARY

The Western Australian economy has continued to show great resilience and growth post pandemic. This is closely linked to the continued operation and growth of the local resources sector and strength of iron ore prices.

The flow on effect of production growth in this sector is the growth in demand for transport and logistics warehousing and storage space; in turn driving growth in industrial and logistics property demand.

Vacancy rates or stocks of industrial buildings are historically low and Perth has seen prime grade rents increase in the order of 25% to 35% over the past twelve months. This is primarily due to a positive net absorption and demand outpacing supply.

Supply has been interrupted by high material and development/construction costs, labour shortages and increases in interest rates and inflation. While vacant industrial land values are increasing, these factors are putting some restraints on the market.

With the increase in rents and interest rates, yields have also continued to soften making the market more attractive to investors.

Our analysis of sales evidence in the two Perth Metropolitan locations that are the subject of this report, indicated increases in the order of 4% from last year's values. It is noted some of the prime industrial locations within the Perth metropolitan area to have shown increases in the order of 10% and more.

Analysis of sales evidence in regional Western Australian industrial land markets, the subject of this report, indicated increases in land values from approximately 3% to 15% compared to our previous years assessments with the exception of Eneabba that has been readopted.

In relation to the current land value assessments for the hypothetical sites, it should be noted that state-wide there continues to be relatively limited numbers of large vacant industrial lot sales matching the parameters of the hypothetical parcels under consideration in this advice. Consequently, the values advised are indicative values reflecting the limited sales evidence available, our market investigations and advice from local agents active in industrial land sales in the subject locales.

## ASSESSMENT

The approach to our assessments has been by the method of direct comparison. The value is derived by comparison to recent sales of properties with typical characteristics for land suitable for the construction of a power plant in the nominated regions.

The assessments provided for the hypothetical sites are on the basis that they have no distinct beneficial or detrimental features that would affect the value of the sites for power station usage, the development of a power station or inherent value as a power station site.

Having regard to the available information and evidence, an estimate of value for each of the proposed hypothetical sites as at 30 June 2023 in the nominated regions is considered to be as follows.

REGION	LAND AREA (Hectares)	RATE PER HECTARE	ASSESSED VALUE
Pinjar	3	\$1,500,000	<b>\$4,500,000</b>
Kwinana	3	\$2,450,000	<b>\$7,350,000</b>
Kemerton	3	\$360,000	<b>\$1,080,000</b>
Collie	3	\$125,000	<b>\$375,000</b>
Geraldton	3	\$200,000	<b>\$600,000</b>
Eneabba	3	\$30,000	<b>\$90,000</b>
Kalgoorlie	3	\$800,000	<b>\$2,400,000</b>

## ASSUMPTIONS, CONDITIONS, LIMITATIONS

As instructed, this assessment has been completed on the following basis.

- The proposed locations have not been physically inspected.
- The report has been completed using Landgate records and information gathered from external sources only.
- Landgate records relied upon are correct as at the date of this report.
- The assessment amount is exclusive of GST (Goods and Services Tax).
- The assessment amount assumes an unencumbered fee simple title and that any allowance for possible heritage restrictions, native title claims, or contamination has not been considered.
- The hypothetical land sites are generic for each region and have no distinct beneficial or detrimental features that would affect the development of a power station or their inherent value as a power station site.
- The hypothetical site for each region can be developed as a power station.
- Our investigations with the relevant Local Authorities revealed no legislative or local planning requirement for setbacks or buffer zones in excess of the standard setbacks outlined within each Local Authorities town planning scheme for the development of a site within existing industrially zoned estates. However, town planning officers emphasised that no definitive decision or recommendation could be made without a development application containing detailed plans for a specific lot.
- Having regard to the above we have completed our assessments on the assumption that a 3-hectare site will be sufficient for the development of a power plant.

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Thank you for your instructions in this matter and if you have any further queries relating to this advice do not hesitate to contact the undersigned on 9273 9026.

Yours sincerely



Darren Criddle - MAPI  
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20 July 2023