



Your ref: 2025 BRCP Land Valuation
Our ref: file 04832-2021 job 244433
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For the attention of Mr Richard Cheng

LAND VALUES FOR THE 2025 BENCHMARK RESERVE CAPACITY PRICE

Further to instructions dated 22 July 2024 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 2024.

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 Pinjar and Kwinana regions.

The assessments are based on hypothetical 6.5-hectare sites or the minimum land area required by the relevant Local Authority or developer.

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.

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. To the northeast is Muchea which also has a similar variety of land uses and includes Muchea Industrial Park which is being marketed and developed as Perth's northern logistics and distribution interchange.

Evidence of industrial land sales of approximately 6.5 hectares in this region is scarce. Analysis of industrial land sales in Neerabup, Wangara, Landsdale, Gnangara and Muchea indicate rates of \$1,500,000 to \$4,000,000 per hectare for lots ranging from 1.0 to 2.4 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 1.25 hectares to 2.1 hectares at rates in the order of \$2,350,000/Ha. As such we consider the value range for a 6.5-hectare site in the subject locality is \$950,000 to \$1,100,000 per hectare.

Based on market information and the available sales evidence, we have adopted a rate at the midpoint of the range above and have adopted a rate of **\$1,025,000 per hectare**.

The rate per hectare determined above is below last year's rate due to the increase in hypothetical lot area size.

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 6.5 hectares in this region is scarce. Analysis of industrial land sales and adjusted improved industrial sales in Kwinana and surrounding areas including Naval Base, East Rockingham, Wattleup, Henderson and Hope Valley indicate rates of \$1,750,000 to \$3,500,000 per hectare for lots ranging from 1.1 hectares to 11.5 hectares. We consider the value range in the subject locality is \$1,700,000 to \$1,900,000 per hectare.

Based on market information and the available sales evidence, we have adopted a rate at the midpoint of the range above and have adopted a rate of **\$1,800,000 per hectare**.

The rate per hectare determined above is below last year's rate due to the increase in hypothetical lot area size.

COMMENTARY

The Western Australian economy has continued to show great resilience and growth 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.

Leasing activity remains healthy across Perth's industrial precincts with above average gross take-up levels continuing to be recorded. While some precincts have seen vacancy levels increase, overall vacancy levels have declined, core markets in Perth's east remain tight, which has put a cap on take-up volumes.

The transport and logistics sectors were the most active over the past year particularly in the 3,000m² to 6,000m² size bracket, however the 10,000m²+ segment of the market remains patchier, reflecting more national-based occupiers taking a cautious approach rather than local Perth businesses, which continue to benefit from strong population growth rates and robust economic conditions.

Demand for industrial land remains strong, led by both institutions and local developers who are still focused on core infill sites to maintain their development pipeline for their customers. As a result, modest upward pressure on land values occurred over the past 12 months, underpinned by the smaller size range.

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

Our analysis of sales evidence in the two 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 5% and more.

In relation to the current land value assessments for the hypothetical sites, it should be noted that 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 2024 in the nominated regions is considered to be as follows.

REGION	LAND AREA (Hectares)	RATE PER HECTARE	ASSESSED VALUE
Pinjar	6.5	\$1,025,000	\$6,662,500
Kwinana	6.5	\$1,800,000	\$11,700,000

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 6.5-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
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Specialist Values
Valuation Services

16 August 2024