Hunter Region Employment Lands

NSW GOVERNMENT

Land & Property Management Authority
Hunter Development Corporation

What is the Hunter Development Corporation?

The Hunter Development Corporation (HDC) is a State government agency, responsible for promoting, co-ordinating, managing and securing the orderly and economic development of its Growth Centre, which comprises the 11 Hunter Councils, from Gloucester and Great Lakes in the north, Upper Hunter and Muswellbrook to the west and Lake Macquarie to the south.

HDC has a proven track record in delivering economic growth, city centre revitalisation and improved quality of life within the Hunter region. HDC has a key role to play in the implementation of the Lower Hunter Regional Strategy over the next 25 years.

Hunter Snapshot 2010

The Corporation has identified a need to prepare a comprehensive, whole of region review of employment lands. This task has not previously been undertaken. The Hunter Snapshot represents the first step to build a reliable and detailed picture of the employment lands in the Hunter region.

This review represents the Corporation's initial contribution to the forthcoming review of the Lower Hunter Regional Strategy (LHRS) and will act as a basis to better understand the employment land issues facing the Upper Hunter.

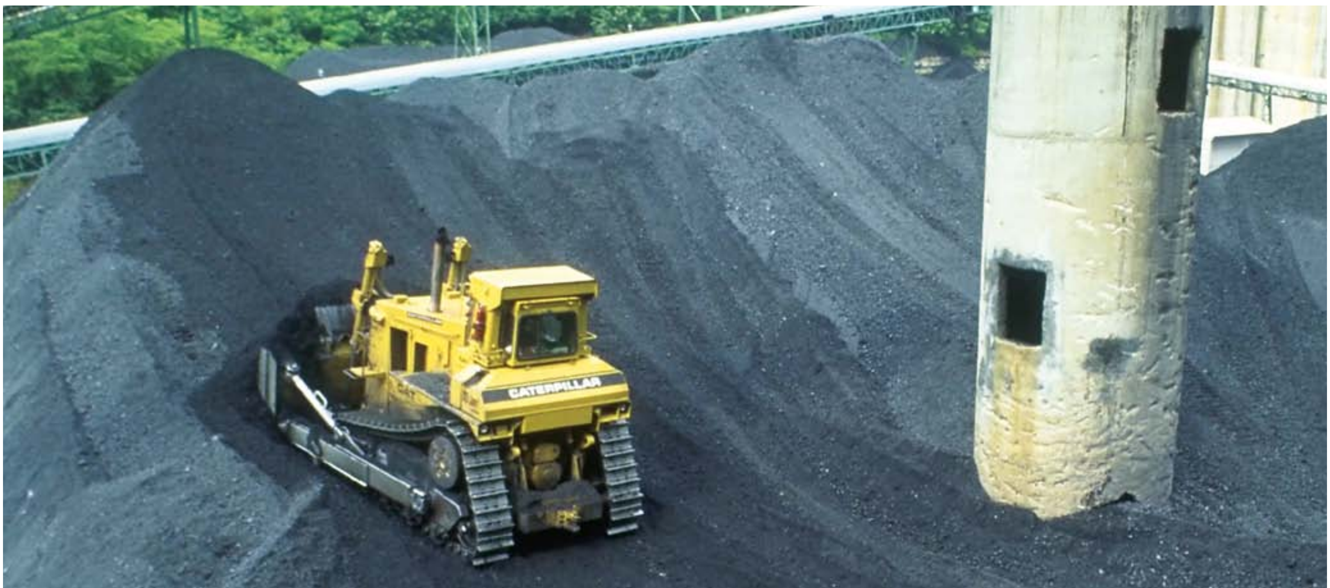
HDC commissioned ADW Johnson, in collaboration with Daly Research Systems, to undertake a high level review, including an assessment of employment land potential, market gaps and opportunities within the Hunter region over the next 10 years to 2021.

HDC's Vision

To facilitate growth, investment and renewal in the eleven Hunter local government areas that constitute the Corporation's Growth Centre.

In doing so, the Corporation strives to facilitate private sector investment in projects which contribute to economic growth and prosperity in the region.

Hunter Region Employment Lands Map



Review Highlights

- The Hunter region is one of the main economic drivers for the Australian and New South Wales economy.
- Coal production will continue to be a major economic driver for the Hunter region for the foreseeable future.
- There is sufficient employment land to meet short term requirements however; medium to long term outlook is less certain.
- A holistic approach to infrastructure planning and provision is required for the Hunter region.
- Increasingly, constraints on land are having a negative impact on development yield.
- Investment in transport infrastructure such as the Hunter Expressway, freight rail, port and airport will be a major catalyst for employment lands development and economic development generally.
- Developing low constraint land in close proximity to infrastructure has potential benefits including reduced development costs, optimum sales price and stronger take-up rates.
- Difficulty in procuring adequate services (sewer, water and power supply) is often a significant constraint to the viability of the development of employment lands.

Other more detailed findings of the Review will impact the take up of employment lands in the future.

- Growth and development in the Hunter region has largely uncoupled from the Sydney region economy as evidenced by the region's strong performance and resilience during the Global Financial Crisis (GFC).
- An observed weakening in the Sydney market post the GFC will retard the prospects of an "industry exodus" in the short term.
- Take-up rates for employment lands over the past 10 years in the Lower Hunter are almost 50% greater than forecast.
- Proximity to transport infrastructure has emerged as a major consideration in business location decision making.
- Future strategic analysis across Local Government Areas and the region needs to be "borderless" in its approach and also consider the prospects of the Hunter region supplying land solutions for neighbouring areas such as the Central Coast and the Mid North Coast.
- Technological advances, proximity to labour force markets and organisation agglomeration will lead to an increase in the requirement for commercial components within employment (industrial) land areas.
- Land demand characteristics within the region are triggered principally by businesses and growth generated by existing or expanding local businesses.
- The current employment lands hierarchy allows for a diverse range of activity with the capacity to accommodate local, regional, national and international demand pulses.

Regional comparative advantage

The Hunter region comparative advantage stems from the following characteristics:

- Access to the Port;
- Access to relatively uncongested national road and rail networks;
- Conveniently located supply of employment land;
- Growing population and reliable and skilled workforce;
- A diverse economic base;
- A significant defence industry presence;
- A rapidly growing regional airport;
- Proximity to the Sydney market.

Gaps and opportunities

The report considers that gaps and opportunities will emerge principally via existing catalyst industries in the form of new industry and new technology e.g. defence, health and medical research. However, the region’s land bank and existing industries have the capacity (in the short term at least) to respond to change in demand for land and floor space.

Specific initiatives including the smart grid technology, power industry reform (new supply and network upgrade, new generating technologies), and infrastructure development and upgrades provide opportunity for the region.

Land supply

There is over 14,000 hectares of land currently zoned for industrial and related employment land uses across the Hunter region. Around 8,000 hectares or 57% is located in the Lower Hunter.

The region lacks detailed and elemental qualitative research and assessment on employment land supply. The areas targeted as potential future employment lands are loosely defined and prone to land yield loss as detailed investigations identify constraints.

It is important to identify and confirm an industrial land hierarchy to differentiate the supply capability across the different designated industrial uses which reflect on the characteristics required of the land to accommodate future demand.

Land Demand

Land demand as measured by land sales between 2000 and 2009 across the respective Hunter LGAs was as follows:

Land Sales Total Area by LGA 2000–2009

LGA	Total Area (ha)
Newcastle	132.13
Port Stephens	90.50
Lake Macquarie	89.36
Cessnock	25.48
Maitland	140.53
Lower Hunter Total	**478.00**
Muswellbrook	25.85
Gloucester	21.14
Great Lakes	63.12
Upper Hunter LGA	7.20
Dungog	9.47
Singleton	36.66
Upper Hunter Total	**163.44**
Total Hunter Region	**641.44**

Overall demand for industrial land across the Hunter region has decreased since 2006 despite a lift in the take up in the Upper Hunter.

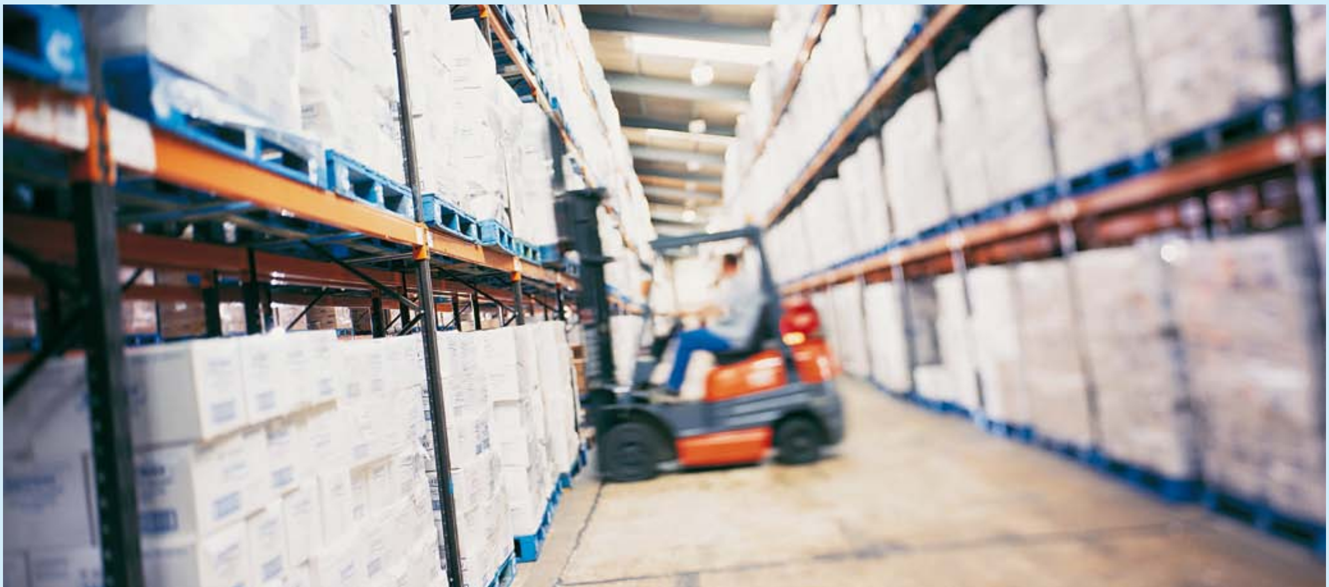
The contemporary demand and development patterns have been driven by the following factors:

- A significant shift in demand from small to medium enterprise and a reduction on reliance on large industries.
- High regard for access to transport networks particularly highways.
- The influences of self supporting industry clusters with the capacity to self generate and enhance the attractiveness of particular locations.
- The packaging of industrial development occupancy options including leasing or purchasing of land only or land and buildings.

The underlying circumstances to warrant new forms of industrial land such as business or technology parks are not materialising given the relatively inexpensive land and property options in parts of the Hunter. The success of such developments would hinge on both a significant point of difference such as the proximity to unique levels or types of infrastructure as well as the securing a major anchor tenant that would draw complementary businesses to the area.

Industrial Land Hierarchy – Hunter Region

Designation	Location	Characteristics	Indicative Employees per Hectare
Port	Kooragang Island, Newcastle Port	• Port related uses • Large land holdings and lot size • Regionally significant industry • Potentially large infrastructure requirement	<10 persons
Heavy Industrial	Tomago, Carrington, Mayfield, Singleton	• Large land holding • Catalyst industry and activity • Potentially large infrastructure requirement	5 to 15 persons
General Business	Hunter Employment Zone (HEZ), Tomago, Cardiff	• Small and large land holdings • Some uses regionally significant • Relatively inexpensive land • Provides core industrial uses includes manufacturing	10 to 20 persons
Light Industrial and Urban Services	Thornton, Cameron Park, Rutherford, Muswellbrook	• Small to medium size lots • Proximity to labour, transport and related industry • Sensitive to location of market • Higher density of employment	15 to 25 persons
Bulky Goods	Bennetts Green, Warners Bay, Kotara	• Small to medium sized lots • Associated retail uses • Road access and exposure • Land is more expensive	>20 persons
Special Uses	Newcastle Airport, Power Stations	• Special purpose • Regionally significant • Infrastructure nexus • Highly synergistic	Not applicable



What are the next steps?

The review has highlighted the need for further detailed analysis of:

- Take-up or sales rates to better reflect both land and packaged land and building demand.
- Regional land and floor space audit.
- Region wide constraint analysis of zoned land or land identified for employment use to determine likely yield relative to employment outcomes identified in Hunter Regional Strategy.

These studies will be of assistance in reviewing the Lower Hunter Regional Strategy.

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The purpose of this presentation is to provide a snapshot of employment lands within the Hunter region and the information contained in it is for general use and information purposes only. It has been prepared by the Hunter Development Corporation as a summary and does not purport to be complete or to constitute advice. The Hunter Development Corporation accepts no responsibility for any aspect of the material contained in the presentation and cautions users to exercise their own skill and care with respect to its contents and where appropriate to obtain their own advice.