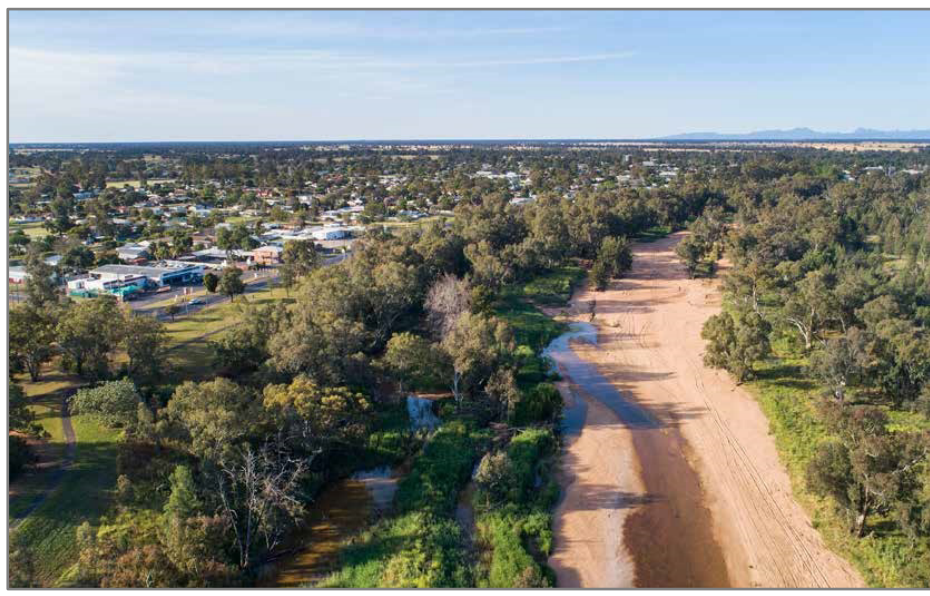




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Gilgandra Industrial Land Supply and Demand Analysis



Prepared for Gilgandra Shire Council
by MikeSvikisPlanning
9 May 2024

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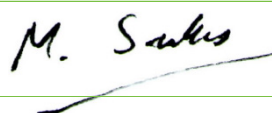
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1 Background

Gilgandra Shire has approximately 171 hectares of land zoned for industrial purposes under *Gilgandra Local Environmental Plan 2011* (LEP 2011) (Table 1). (The LEP map shows this land as IN1 General Industrial, which is the same as E4 General Industrial.) The single largest area is 144 hectares located on the Newell Highway on the southern outskirts of the town of Gilgandra. This land is owned by GrainCorp and has been zoned for industrial purposes since December 2011. The other four locations are closer to town. The areas of zoned land are identified in Figure 1 (Area 1 and Area 2), Figure 2 (Area 3 and Area 4), and Figure 3 (Area 5).

Table 1: Zoned General Industrial land for each area, and how much of each area remains vacant

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
General Industrial zoned land developed	5	4	9	0	24	42 hectares
General Industrial zoned land vacant	3	2	2	2	120	129 hectares
Combined General Industrial developed and vacant	8	6	11	2	144	171 hectares

Figure 1: Area 1 and Area 2 currently zoned IN1 General Industrial (now E4 General Industrial) under Gilgandra LEP 2011

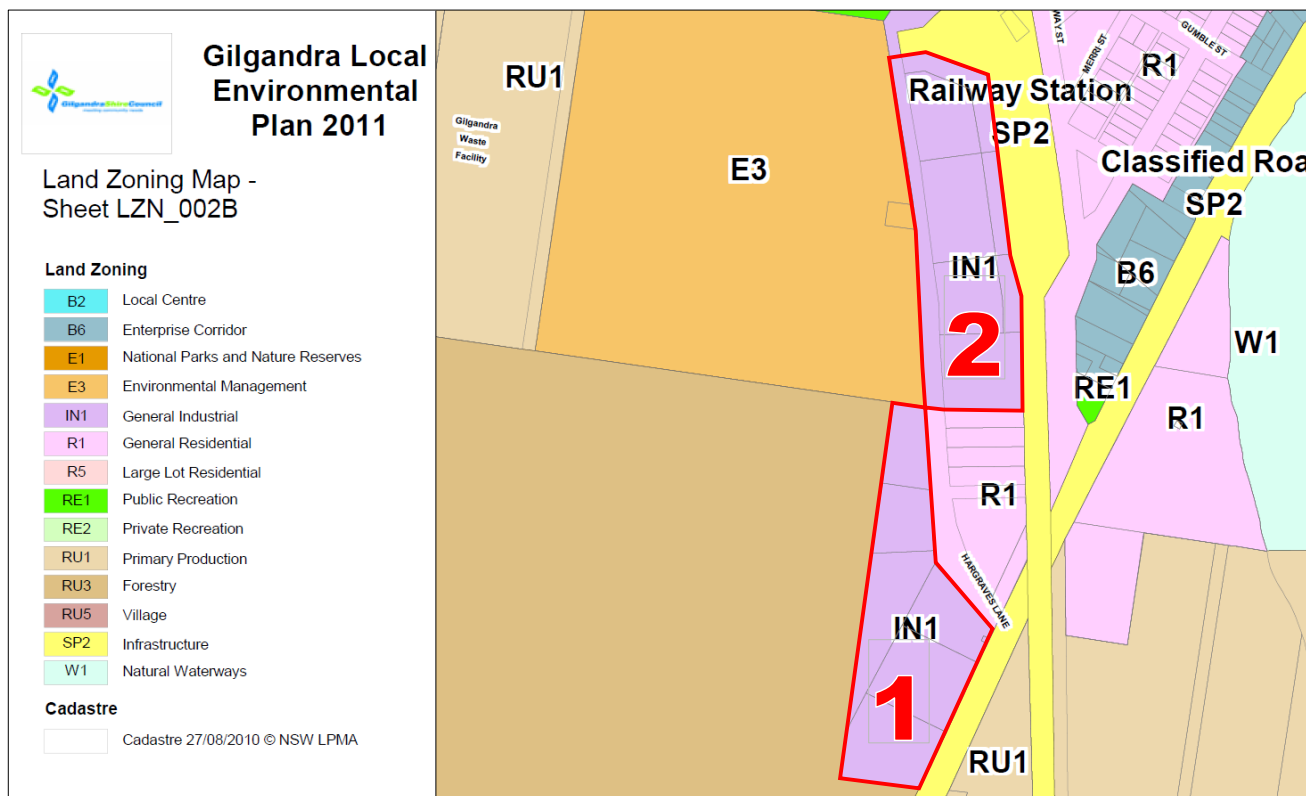


Figure 2: Area 3 and Area 4 currently zoned IN1 General Industrial (now E4 General Industrial) under Gilgandra LEP 2011

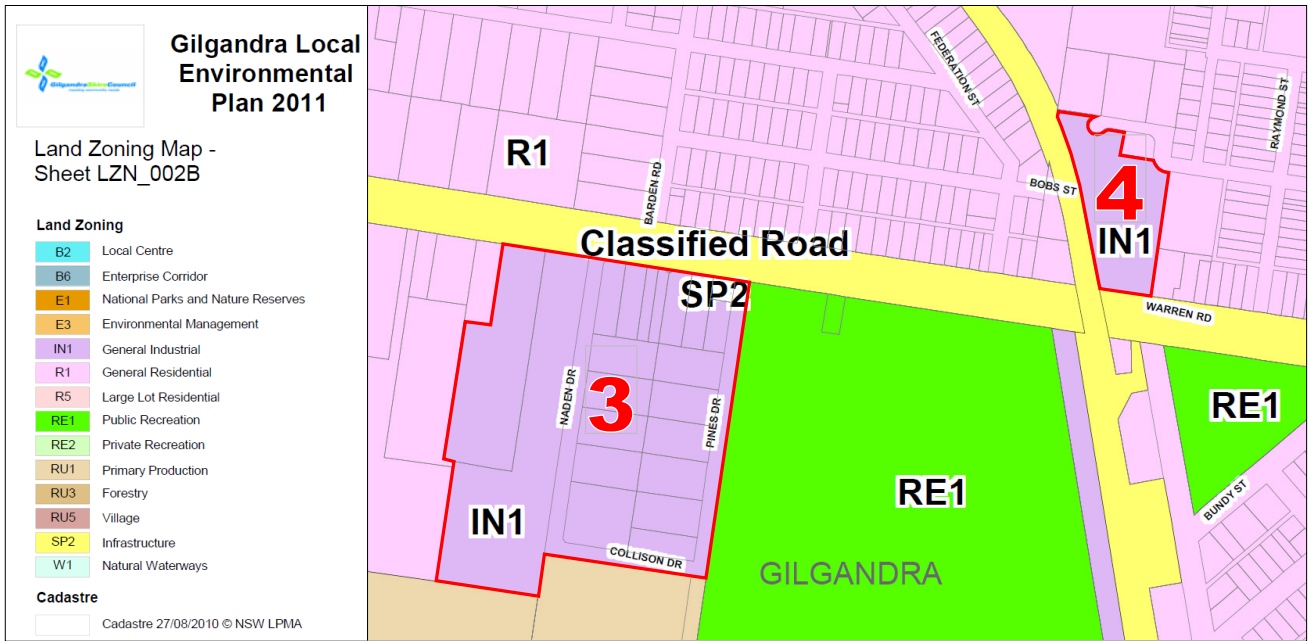
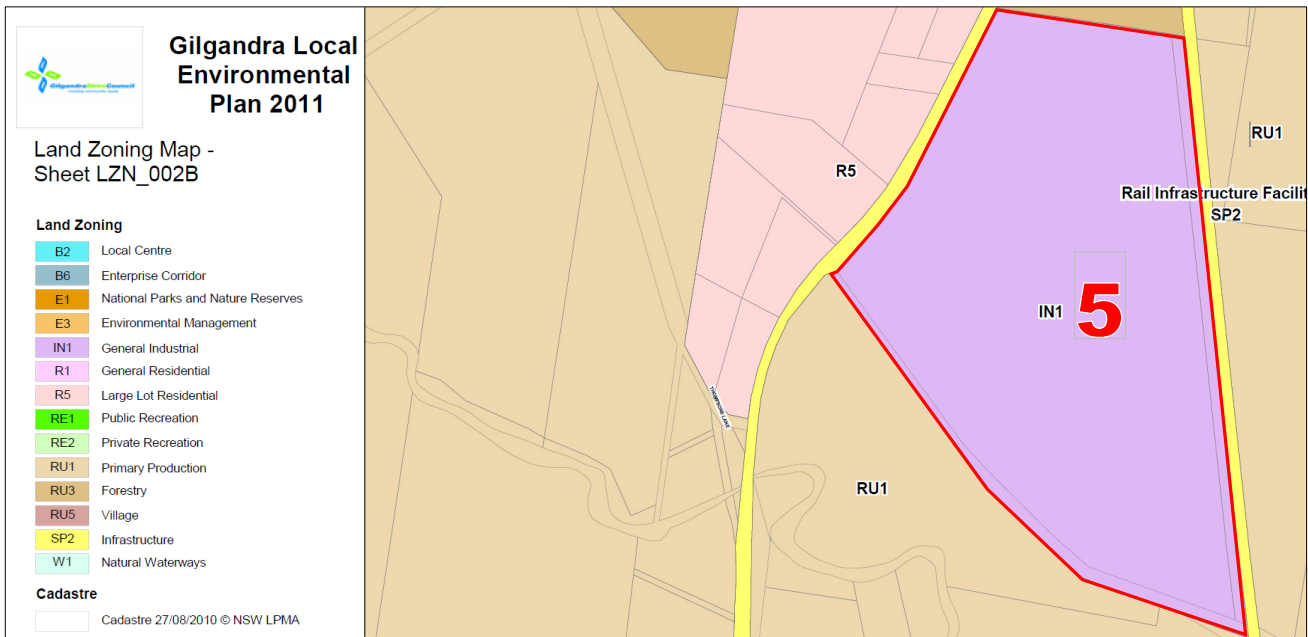


Figure 3: Area 5 currently zoned IN1 General Industrial (now E4 General Industrial) under Gilgandra LEP 2011



In 2009, Gilgandra Shire Council identified a shortfall in zoned industrial land in the Western Councils' Sub Regional Land Use Strategy. It noted at that time that large parts of its zoned industrial land were either not suitable or not available. Areas not suitable for industrial purposes were back zoned. Rezoning the Newell Highway land (Area 5) was the substantive response to the supply shortfall.

Council has been negotiating to develop the zoned industrial land on the Newell Highway in partnership with its owners. However, the land owner has withdrawn its support. Given the lead time in undertaking industrial development, it is now unlikely that this land will be developed in the foreseeable future. This leaves Council facing the same shortfall that it identified in 2009, exacerbated by the development of other locations since that time.

Gilgandra remains an attractive place for industrial development to locate because:

- it is an important service centre in a highly productive agricultural area;
- it is well located to provide support for the inland rail project that runs to the west of the township;
- it is located on the Newell Highway, Oxley Highway and Castlereagh Highway, all of which are important regional transport links;
- it has an active railway line linking both north and south that services the grain industry (Dubbo to Coonamble line); and
- it is located in the state identified Renewable Energy Zone.

The population of Gilgandra local government area (LGA) has remained relatively stable over the last three ABS census periods (Table 2). The most recent estimate being 4,295 in 2021. Fifty-eight per cent (58%) of the 2021 population worked full time and 30% worked part time. Twenty per cent (20%) of the population worked in agriculture related jobs.

The NSW Government's long-term population projections estimate a 2041 population of 3,553, with an average reduction of 1.1% per annum over that 20-year period. This is based on less births in the LGA (ageing population) and people migrating out of the LGA, for example, to regional centres such as Dubbo.

Gilgandra Shire Council does not agree that the LGA population is likely to decline in the long term. In 2022, Gilgandra LGA fertility rates were 3.56 per woman, which was the highest in New South Wales and well above the national average of 1.63. This indicates that population growth is likely. Council has a strategic vision for an LGA-wide population of 5,000.

Table 2: Gilgandra Shire population from the last three census periods and projected to 2041

Date	Population	Population change per annum	% Population change per annum	Source
2021 Census	4,295	+59	+0.28%	ABS
2016 Census	4,236	-132	-0.6%	ABS
2011 Census	4,368	N/A	N/A	ABS
2041 projection	3,553	-742	-1.1%	NSW Department of Planning, Housing and Infrastructure

2 Demand

Demand drivers for industrial land include economic growth and population growth, labour productivity, levels of employment, and changes in industry structure.

A useful method to estimate demand is to look at the development applications (DAs) for industrial lands lodged over the last five years and project that average land area forward over, say, 20 years. The NSW Department of Planning, Housing and Infrastructure suggests the demand estimated by past DAs can be inflated by up to 30% to ensure a shortage does not occur.

Table 3 lists the industrial lands related DAs assessed by Council during the period 2019 to 2024.

Table 3: Industrial land DAs 2019–2024

DA number	Land use	Industrial land area (hectares)
2019/306	Machinery shed	1.1
2022/434	Highway service centre	1.7
2020/360	Crematorium	1.5
2022/459	Vet facility	0.4
2020/335	Logistics	0.4
2019/289	Fuel depot	0.8
2019/324	Kangaroo chiller	0.3
2022/462	Workshop	1.6
2022/463	Grain bunker expansion	24
Total		31.8 hectares

The average area of industrial land used between 2019 and 2024 was 6.36 hectares per year. Without the grain bunker DA (which is a broad hectare rural industry), it would be 1.56 hectares per year. Projecting this over 20 years, the estimated demand for vacant zoned land is 127 hectares (based on 6.36 hectares), and 30 hectares (based on 1.56 hectares). If 30% is added, this becomes 165 hectares (based on 6.36 hectares), or 40.5 hectares (based on 1.56 hectares) of vacant zoned land required to meet future demand. The grain bunker DA is an outlier in this context as it occupies a very large area and is not likely to be repeated regularly on industrial zoned land in the next 20 years. It is reasonable to discount this DA and assume that the 'last five years of demand model' results in a demand for 40.5 hectares of vacant industrial land to meet future demand.

Using the 'Queensland Department of State Development (2009) fixed ratio model', an LGA needs between 50 m² and 100 m² of industrial land per person to sustain its economy. The theory is that 50 m² per person should be enough to cater for the short-term needs, and 100 m² will cater for both the short and long-term needs. Based on a 2021 population of 4,295, this equates to 21.5 hectares for the short-term needs and 43 hectares of zoned land to cater for the short and long-term needs. Based on a reduced 2041 population of 3,553, this equates to between 18 and 35 hectares of zoned land. These numbers represent the area of vacant and non-vacant zoned industrial land in combination.

In 2021, Council commissioned a market analysis of industrial land by N J Lane Property Advisory, which focused on industrial land sales between 2016 and 2021. That reported concluded:

In summary, we found 9 transactions with a total value of \$1,699,573, being 84,713 square metres (8.47 Ha). Contained in the transactions above are 6 vacant industrial land transactions (13 titles) with a total value of \$625,573, being 58,057 square metres, which equates to an average take-up rate over the past 5 years of circa 11,611 square metres per annum (i.e., 1.16 Ha). The average Lot size over the past 5 years is 6,516 sqm.

The N J Lane conclusion on demand based on sales between 2016 and 2021 is comparable to the 'last five years of demand model' based on DAs. Using the N J Lane demand (2016–2021), the estimated demand for vacant zoned land is 23 hectares. If 30% is added, this becomes 30 hectares of vacant zoned land required to meet future demand.

3 Supply

Gilgandra Shire has approximately 171 hectares of land zoned for industrial purposes under Gilgandra LEP 2011. However, 144 hectares (Area 5) south of Gilgandra should be discounted as the owner has withdrawn its support to use it for industrial purposes, despite extensive assistance from Council.

This leaves a combined zoned area of 27 hectares, with a combined vacant land area of 9 hectares.

Effectively, Gilgandra Shire Council has 9 hectares of vacant, serviced and zoned industrial land to provide for businesses in the foreseeable future.

4 Balancing Supply and Demand

Using the 'last five years of demand model', Council should have 40.5 hectares of vacant zoned industrial land to meet its estimated 20-year demand. It currently has 9 hectares, so there is a shortfall of 31.5 hectares.

Using the 'Queensland Department of State Development (2009) fixed ratio model', Council should have 43 hectares to cater for short and long-term demand. It currently has 27 hectares, so there is a shortfall of 16 hectares.

Using the 'N J Lane sales model', Council should have 30 hectares of vacant zoned land to meet its estimated 20-year demand. It currently has 9 hectares, so there is a shortfall of 21 hectares.

5 Conclusion

All three models reveal that the loss of Area 5 has created a shortfall in supply that can only be resolved by the addition of more zoned and serviced industrial land to current supplies. The shortfall is somewhere between 16 and 31.5 hectares. The existing vacant and zoned land is likely to be totally exhausted within five years.

Given that industrial land is an important economic contributor to the LGA but is often slow to develop and bring to market, it is vital that Council does not delay the rezoning of additional land. As existing serviced land supplies run out, there will be nowhere for existing businesses to relocate or expand. There will be pressure for industrial development to move to other locations such as Dubbo.

Council should ensure that any proposed industrial land is flood free, level and readily serviced with water, sewer, energy and communications. It should have good access to a highway and/or railway, and an owner willing to proceed with the development process.



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