

Planes, Trains and Automobiles

Western Sydney Land Value Growth

Cause and effect of Infrastructure



Russell McKinnon

Badgerys Creek Airport

- Potentially operating from mid 2020s
- Full service airport
- SACL to operate?
- Road upgrades
- BWSEA planning
- A game changer!
- But when will land values increase?



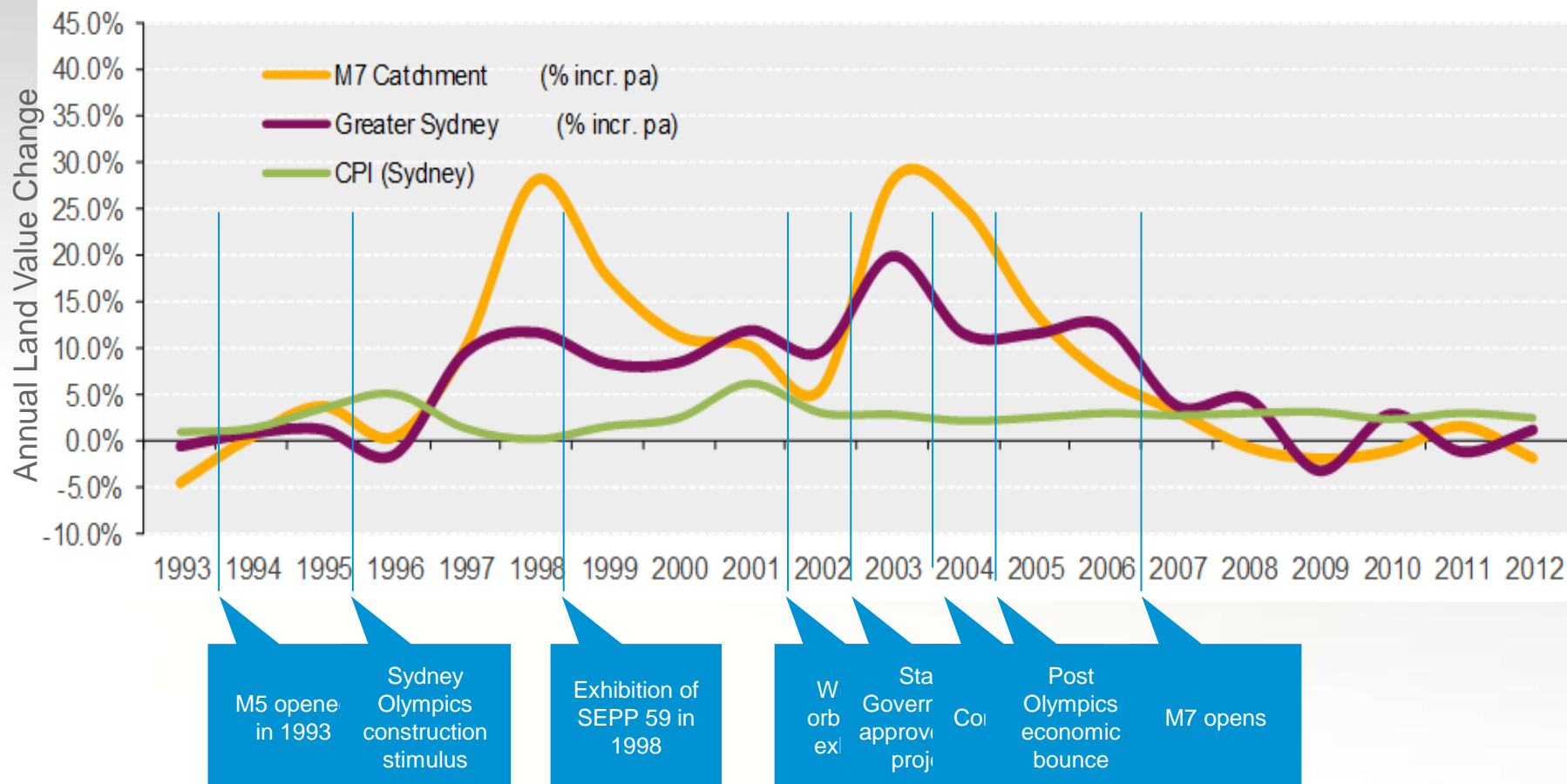
The M7 Story

- Opened in 2005
- 40 kms long and cashless
- Owned by Transurban (50%), QIC (25%) and Canada Pension Plan (25%)
- Movements increasing – trucks (7%) cars (2.5%)
- 200,000 movements daily
- NorthConnex to link to it in 2019



M7 Planning & Economic Impacts

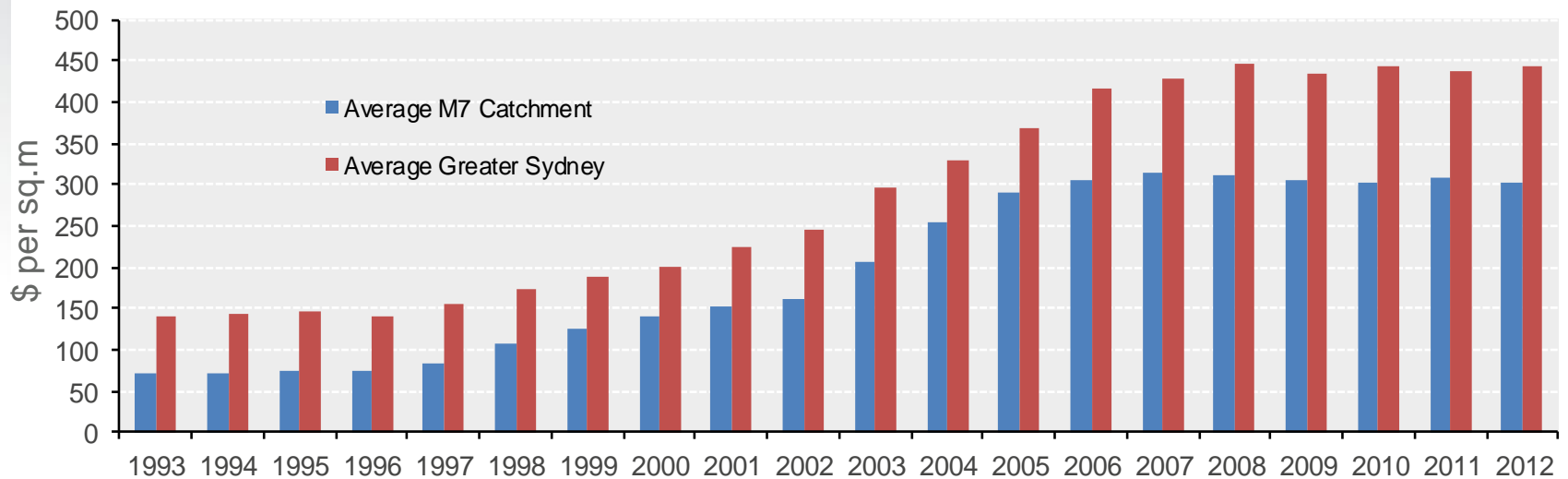
INDUSTRIAL LAND VALUATIONS - M7 CATCHMENT vs GREATER SYDNEY 1993-2012



M7 Land Value “Change Benefit”

- Check the parity change!
- Greater Sydney includes Botany/South Sydney

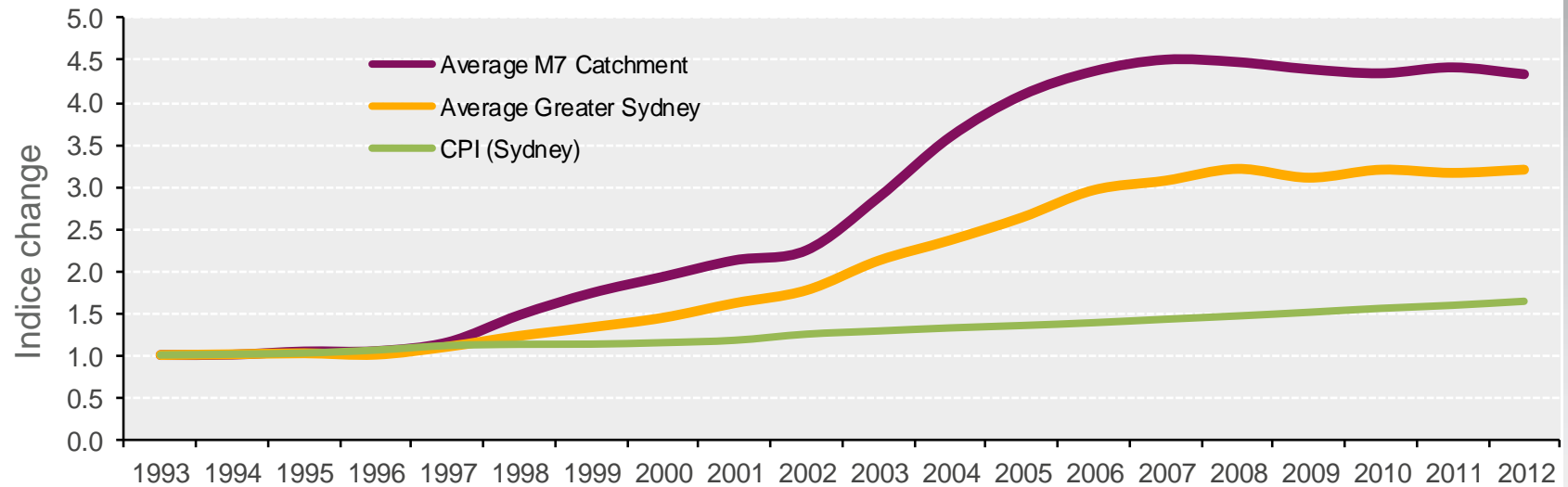
AVERAGE LAND VALUES (\$/m²) - M7 CATCHMENT vs GREATER SYDNEY 1993-2012



M7 Growth Rate Indices

- Escalation rates from base

INDUSTRIAL LAND INDICES AND CPI - M7 CATCHMENT, GREATER SYDNEY 1993-2012

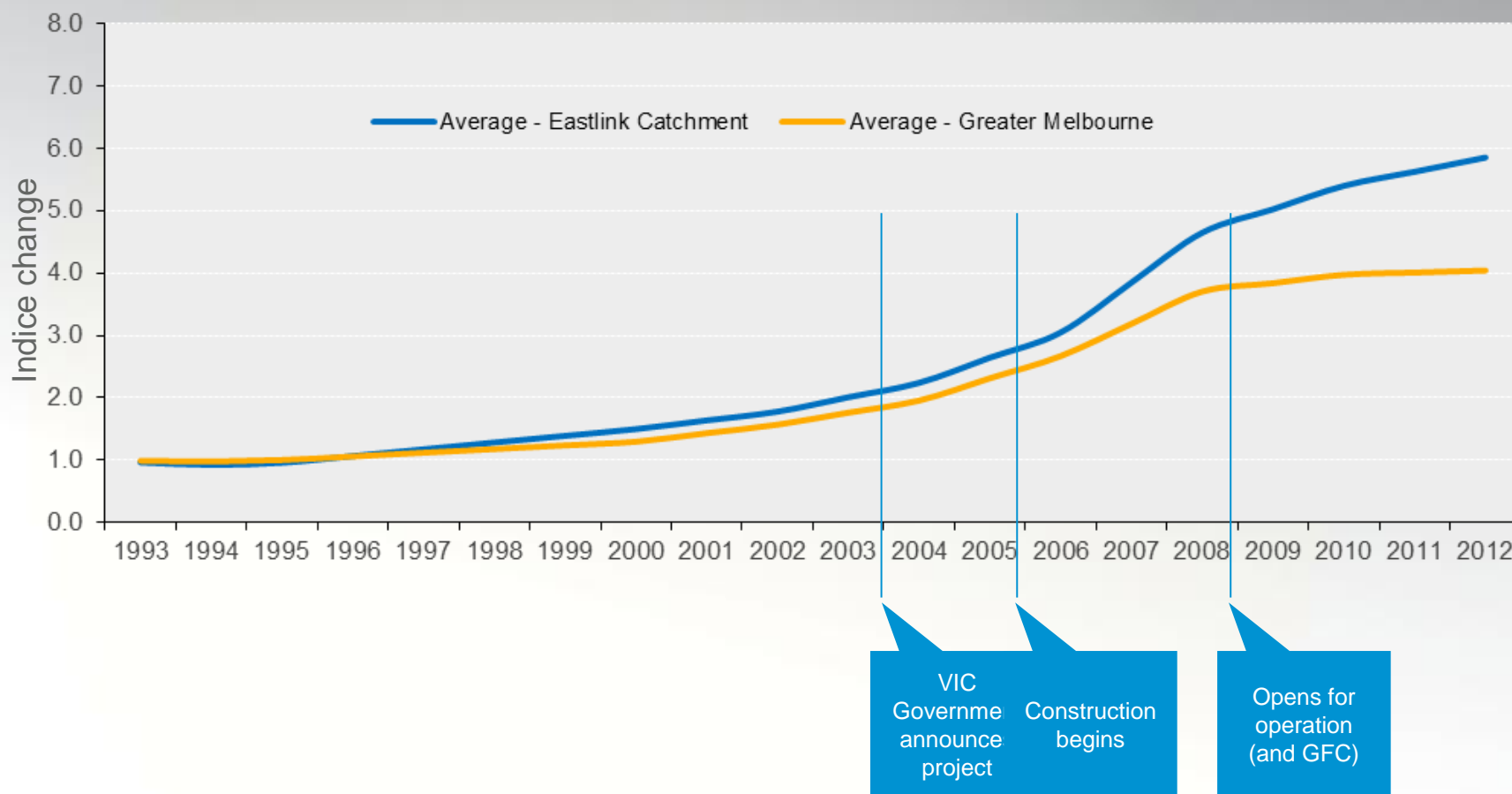


Urbis's M7 Analysis

- Western Sydney industrial land values 1993-2000 were **58%** of Greater Sydney despite M7 route being known (i.e. coming off low base)
- Jump to **70%** parity once M7 in operation (2006-2012)
- Change Benefit due to infrastructure provision is **21%**
- Greatest land value capital gains made during construction period.

And Again ... Melbourne's EastLink

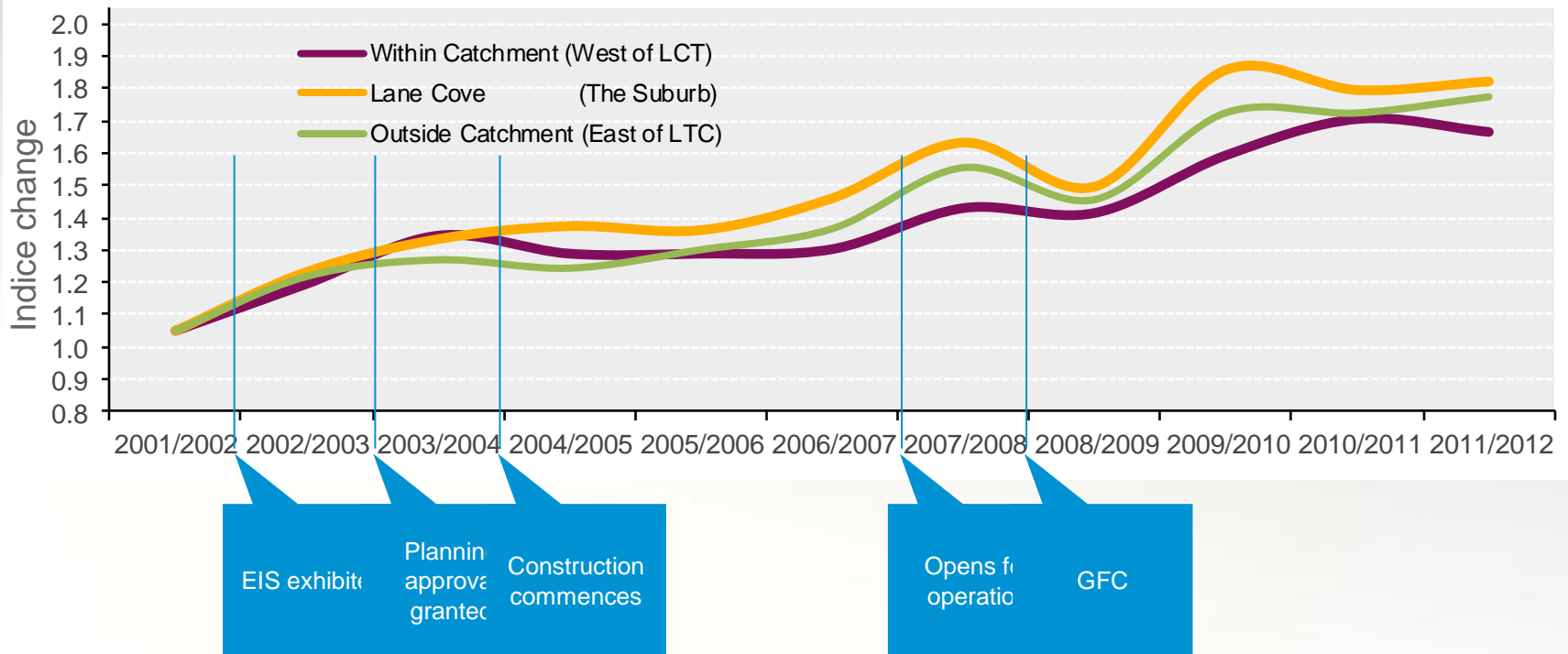
- Greatest capital gains here (**26%**) post construction



But Lane Cove Tunnel a Different Story

- Little appreciable change, but levels of transport infrastructure pre-existed.

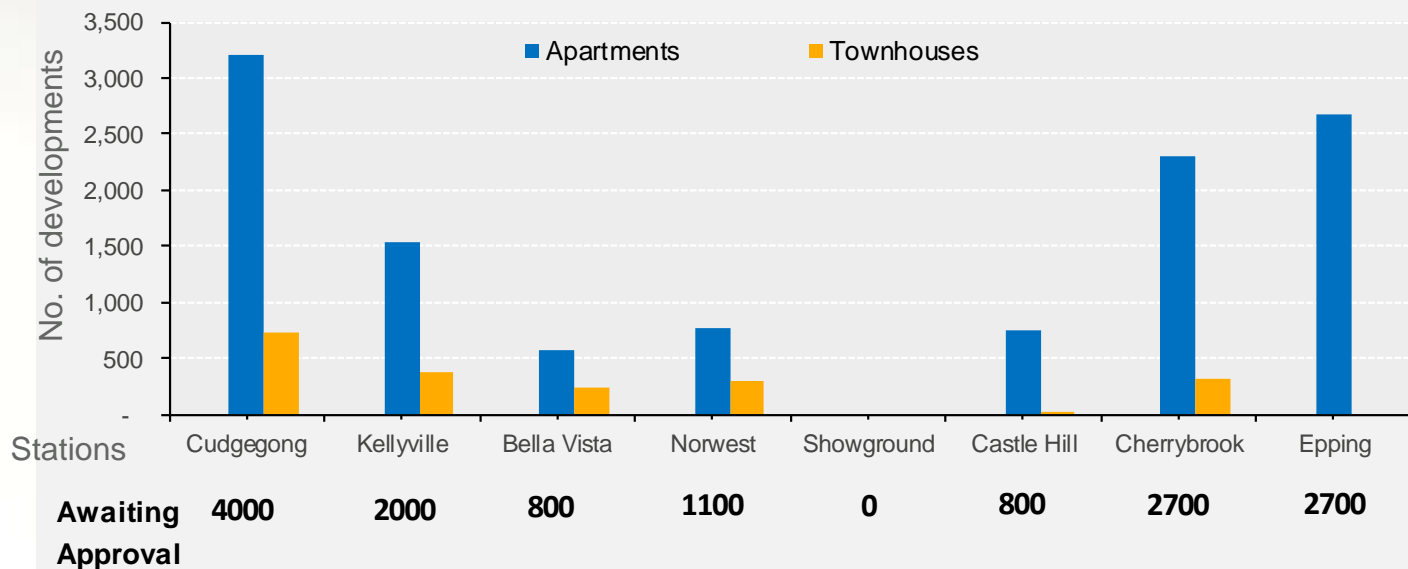
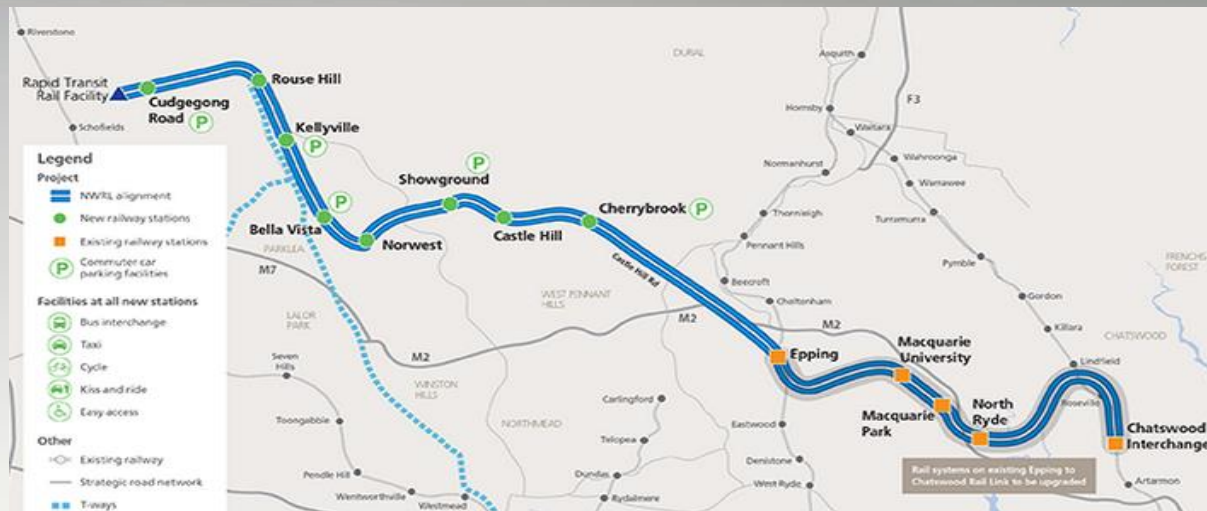
GROWTH INDICES - GENERAL LANE COVE TUNNEL AREA FY 2002-2011

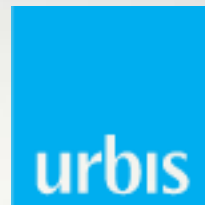


Our analysis overall indicates...

- Transport infrastructure can raise land values within the benefitting catchment areas by say **20%** to **30%**.
- Where catchments have had limited (or no) access to similar infrastructure previously – the growth is higher and earlier i.e. lower land value base.
- Catchments already enjoying reasonable access to infrastructure, such as the Lane Cove Tunnel example, may experience inconclusive levels of capital growth.
- Based on M7 analysis, Badgerys Creek landowners will see the most land value bounce during construction, say around 2020?

Future Supply Around the North West Rail Link





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