



# NSW TRANSPORT INFRASTRUCTURE INSIGHT

JUNE 2017

## Key Facts

NSW State Government plans to spend \$72.7 billion on infrastructure investment over the next four years.

Federal Government has committed to an \$18 billion infrastructure package for NSW over the next 7 years.

NSW State Government recorded a surplus of \$4.5 billion for 2016-2017 with an expected surplus of \$2.7 billion for the following period.



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The strengthening state economy and Government's record planned infrastructure investment will facilitate world class infrastructure and transport networks across NSW.

## Overview

The New South Wales economy continues to strengthen, fuelled by the State Government's strong fiscal management which has recorded a \$4.5 billion surplus for 2016-2017, with an anticipated budget surplus of \$2.7 billion for 2017-2018. Under pressure from the growing state economy and population in Greater Sydney, which is currently home to over 5 million people - with this expected to grow by 13% to 2025 - Sydney's infrastructure network will need to continually evolve to keep up with demand.

Transport infrastructure in Sydney has long been considered second-rate in comparison to other major global cities. Sydney has long suffered chronic traffic congestion for motorists and a public transport system considered inefficient by commuters. However the State Government's plan to spend \$72.7 billion on infrastructure works over the next four years is set to be the catalyst

in Australia for world class infrastructure and transport networks (Figure 4). In addition, the Federal Government has committed to an \$18 billion infrastructure package for NSW over the next seven years.

Sydney is currently in the midst of an infrastructure boom with an unprecedented amount of funds being directed towards building a new airport as well as roads, tunnels and railways (Figure 5). As Figure 2 illustrates, the value of work commenced in NSW for transport infrastructure engineering as at December 2016 was \$5 billion with an Annual Moving Average (AMA) of \$2.8 billion, which includes the WestConnex, NorthConnex and Western Sydney Infrastructure Plan (WSIP) projects.

However, more of note is the pipeline of works which is yet to be done, which at December 2016 was \$13.55 billion—AMA \$11.6 billion, 38% higher than 12 months prior, thus emphasising the Government's commitment to infrastructure spending.

## INDUSTRIAL IMPLICATION

Whilst these projects will have significant implications on a broad mix of industries and general population, for the industrial sector, they will ultimately shape and determine the direction and magnitude of demand for industrial space in Sydney. Infrastructure projects of note which will have a significant impact for the industrial sector include the WestConnex, NorthConnex, Sydney Metro, Moorebank Intermodal, WSIP and the Western Sydney Airport.

One of the contributing factors to Sydney's traffic congestion and inefficient container movement stems from the Sydney metro region being almost solely dependent on Port Botany for container freight along with road transportation being the dominate means of freight movement. With freight movements expected to more than double at Port Botany by 2030 (Figure 3) the addition of the Moorebank Intermodal (IMT) will provide an alternative and efficient solution for container freight movement between Port Botany and the broader Sydney region.

Upon completion, the IMT will reduce freight traffic along key arterial roads via the dedicated rail freight line between

Port Botany and IMT. Furthermore industrial demand in South West Sydney is expected to increase as businesses want to be located around the new IMT. At the same time demand for warehouse space in the inner suburbs of Sydney may significantly decline as they become less desirable for industrial users and face greater redevelopment pressure.

The \$3.6 billion WSIP, funded by the Federal Government over the next 10 years, includes major road upgrades to Northern Road, Bringelly Road and the introduction of the M12 Motorway which will link the M7 and the upgraded Northern Road. These projects will improve connectivity across greater Sydney and improve transport times for industrial occupants in Western Sydney in addition to aiding the Western Sydney Airport upon completion. Additionally the State Government funded WestConnex project, due for completion in 2023, will ease congestion and connect local communities.

The new Western Sydney Airport, set to open by 2026, will become a major economic driving force for the Western Sydney region. The airport will generate approximately 30,000 new jobs once open and rejuvenate the Outer Western suburbs of Sydney with the infrastructure and amenity that will support the airport. On the back of this, the industrial sector will benefit from a newly formed industrial

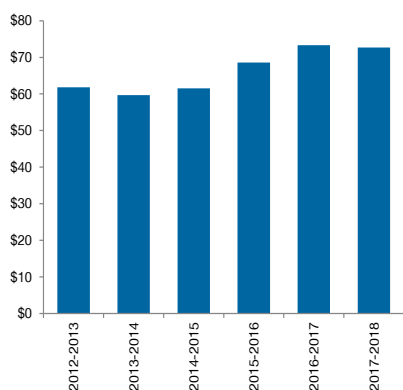
precinct which will service the airport in conjunction with 3PL, online retailers and transportation providers, benefiting from easier access and closer proximity to air freight.

The two major infrastructure projects currently under construction in North West Sydney include Sydney Metro Northwest and the NorthConnex tunnel projects. The Northwest Sydney Metro stage (\$8.3 Billion) is one of Australia's biggest transport infrastructure projects which will deliver 8 new stations across North West Sydney connecting Rouse Hill to the existing Chatswood railway.

Furthermore the NorthConnex project will deliver a 21km tunnel for motorists between the M1 Pacific Motorway and the Hills M2 Motorway. This will provide the much needed overhaul for infrastructure for the North West, easing congestion and supporting the North West Priority Precinct experiencing unprecedented development.

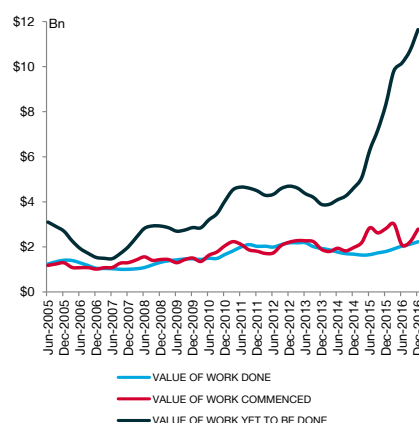
The NSW Government announced its plan for the Sydney Metro West project in late 2016. Upon completion in late 2020s it will provide a metro service between the Parramatta CBD and Sydney CBD via Sydney Olympic Park. The metro will bolster the area as a commercial and residential hub and thus industrial users in inner west Sydney will continue to contract and move elsewhere.

FIGURE 1  
**NSW Government Infrastructure Budget**  
\$ Billion value, four year forecast



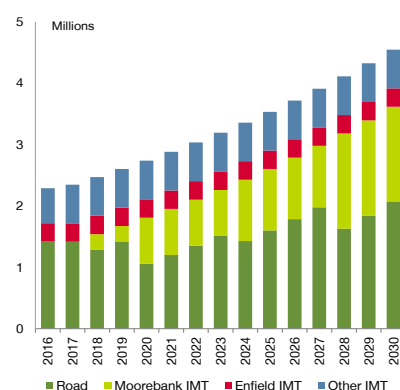
Source: Knight Frank Research, NSW Government

FIGURE 2  
**NSW Engineering Construction**  
By selected sectors\*, annual moving average



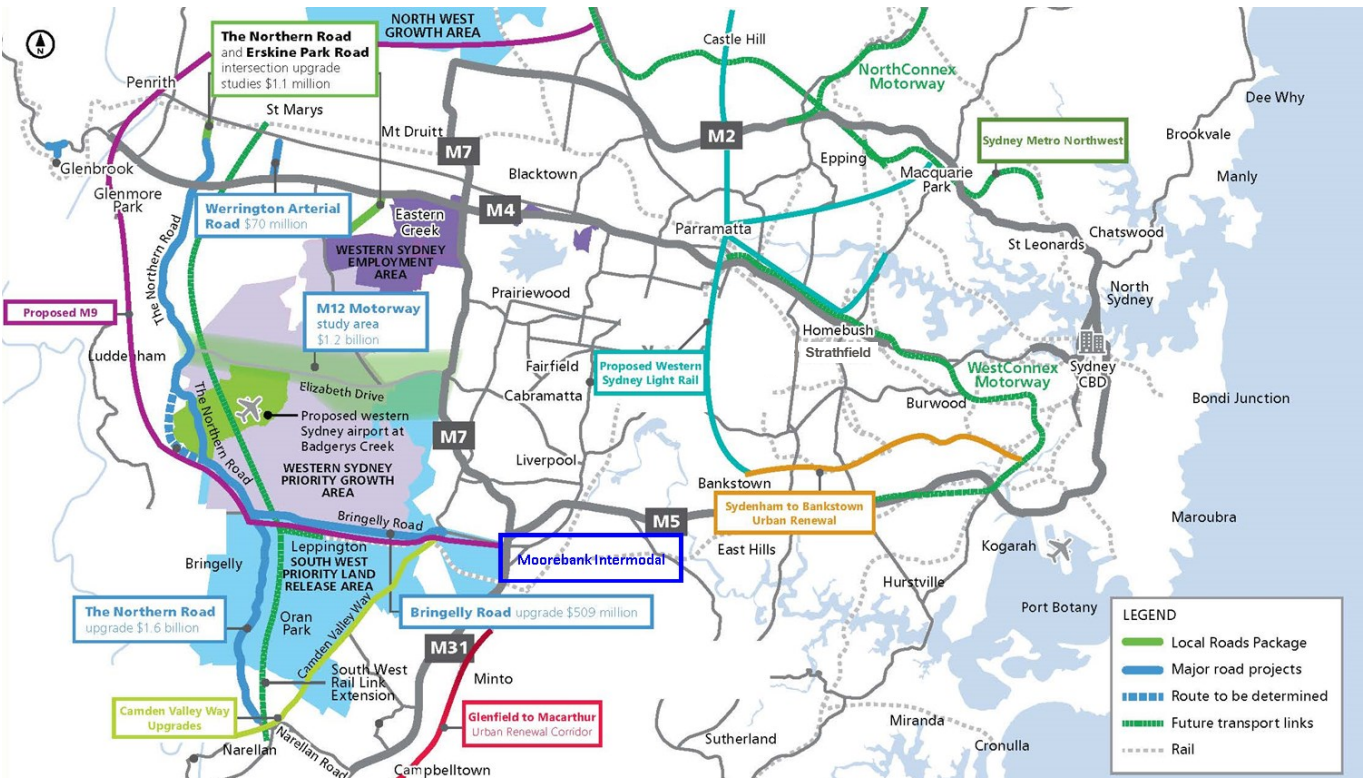
Source: Knight Frank Research, ABS  
\*selected sectors include roads, railways, bridges and harbours

FIGURE 3  
**Projected TEU Movements from Port Botany**  
Based on TEU volumes growth of 5% per annum



Source: Knight Frank Research, NSW Ports

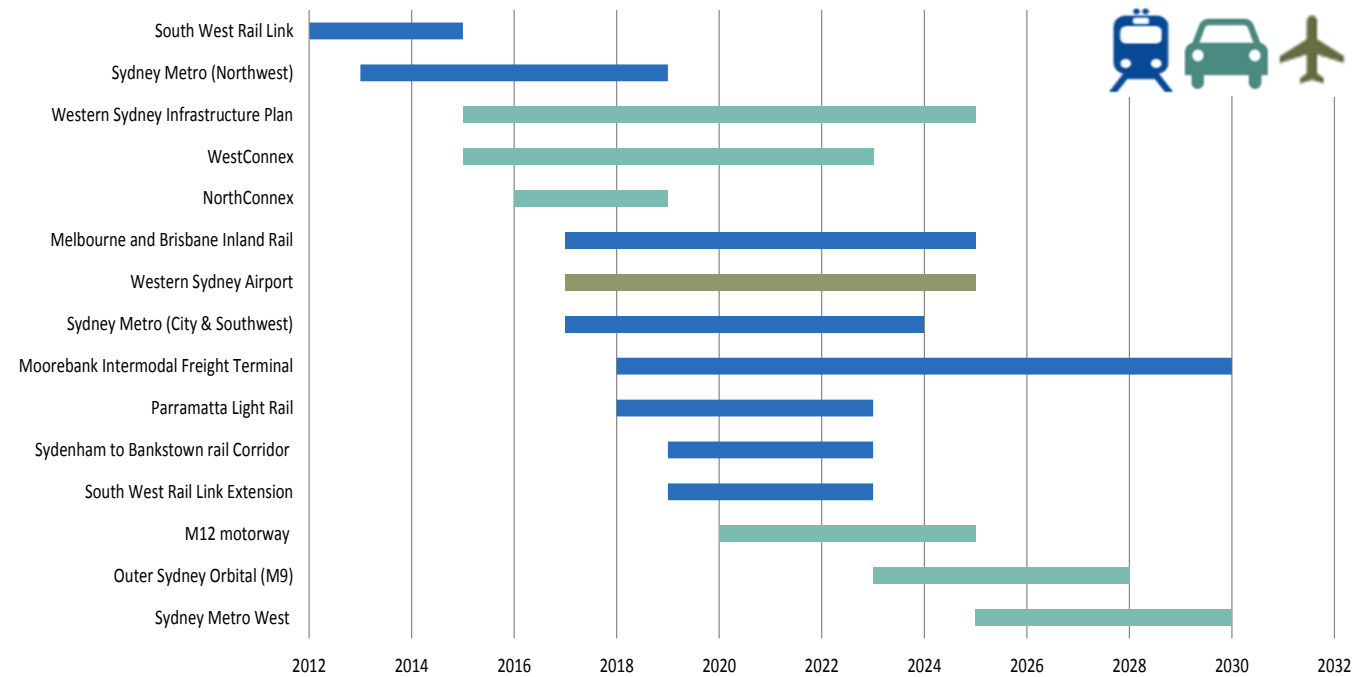
FIGURE 4  
Key Transport Infrastructure Projects\*



Source: Knight Frank Research, NSW Government

\*Estimated and are subject to change

FIGURE 5  
Selected Major Sydney Infrastructure Projects Timeline\*



Source: Knight Frank Research, NSW Government

\*Estimated and are subject to change



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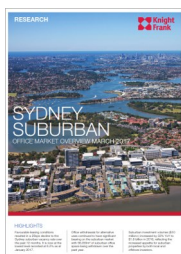
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Data sources used for this report include; Department of Transport and Main Roads, Department of Infrastructure and Regional Development, Transport for NSW, NSW Government, NSW Department of Planning and Environment, NSW Roads and Maritime Services, Moorebank Intermodal Company, Australian Bureau of Statistics (ABS), Cordell Connect

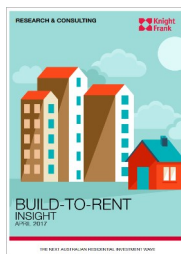
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