

Greenfield? Brownfield?

How to avoid the minefield
of site selection

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Expansions and acquisitions are a growing characteristic of the maturing Australasian food industry. Major local companies and multinationals need to compete in the global economy so they're looking to grow organically, consolidate their operations, or expand through acquisition.

Each of these options brings the challenge of site selection: either modifying an existing site and facilities (brownfield) or buying new land (greenfield). Each option has its costs, risks, advantages and disadvantages and, without meticulous early planning and expert advice, the entire decision-making process can be a costly minefield.

That's where Wiley comes in. Almost a century of experience in designing, engineering and constructing food facilities means we've seen every imaginable pitfall and positive of site selection, and can steer you through the danger zones to a strategically successful outcome.

So often we see clients who have bought land or a brownfield site that is not fit for purpose once the project planning and design stages get underway.

First, let's take a look at each site type.

Greenfield

A new block of land can offer maximum flexibility for the current and future design and operation of a new facility. It's a blank slate. It also requires less maintenance, offers a chance to enhance corporate image, and is suitable for either lease or own. But while it is a blank slate, it has to be the right slate to be of any real value. Some new sites are not fully developed and so bring additional development costs, such as headwork costs for sewer and water. As well, council approval timeframes may be longer for new sites, and because industrial land is a high-demand real estate, the only available land parcels can have challenging aspects, such as slope or poor ground conditions.

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Brownfield

Existing sites offer some positives. Because they can have environmental licences, council approvals, some infrastructure and services (such as electrical and drainage) already in place, there is potential to save on the total project cost and occupy the refurbished site sooner. Of course, this depends on the extent of the fit-out or modifications required and whether any existing structures and services need major upgrades. Other factors that can put the brakes on a brownfield's appeal are:

- » its suitability for future growth (for example, if the site is in the inner city, it might not have capacity to handle future traffic congestion or noise constraints)
- » the standard of the existing facility's design (if it's lightweight, it won't be structurally suitable for more advanced fit-out to current standards)
- » whether existing fire services will comply with regulations and building codes
- » the greater risk of cost blow-outs because of unforeseen situations
- » any contamination issues
- » the possibility of the existing facilities having lower roof heights
- » older structures and services making renovations difficult
- » the challenge of finding an ideal site
- » higher maintenance cost
- » insufficient truck turning space.

So how do you choose?

In our experience, while people tend to believe that brownfield sites will be the cheapest option because of the savings afforded by a building and some services already on site, often the most effective and economical solution is to 'start from scratch'. The cost of a fit-out with insulated panels, floor drainage and trade waste system installed, concrete floors redone with falls,

upgrades to electrical systems, additional lighting, plumbing services and ventilation (and this is not the end of the list!) typically far outweigh the 'salvage value' of an existing building which has depreciated over its lifetime.

But no-one can (or should) make this assessment without thorough research and meticulous planning from the outset of the project. And that's the starting point.

Initial research, internal input and external expertise are critical at the feasibility stage.

You need to start where you want to finish, and that means having the best possible vision of the end result you're shooting for, and a well-developed plan for how to get there. Both of these elements come during the feasibility stage, when master planning is crucial. We like to call this the 'Discover' stage because it's at this point that you're laying all the cards on the table and discovering the best way forward.

Quality master planning depends on a strong team representing all aspects of your operations—production, operations, engineering, financial, logistics, sales and property—plus expertise from an external specialist like Wiley. The idea here is get everyone thinking through the complex issues of your commercial goals, your operational needs, and the optimal way to achieve these with your new facility or processes. You'll be seeking to achieve better fire safety standards, environmental efficiencies, enhanced employee conditions, increased food hygiene and safety standards, and additional efficiency measures from your site selection decision.

During this feasibility and master planning stage, consider your options, factoring in risks and costs, advantages and disadvantages.

When you work with Wiley during this stage, we get to know your business goals and project objectives through site visits, meetings, workshops and ongoing discussions with your key stakeholders. We then assess your key objectives,

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“The Promised Land always lies on the other side of a Wilderness.”

– Havelock Ellis (British psychologist and author 1859-1939)

manufacturing capacity and needs, capital cost estimates and production equipment. Next, we conduct a feasibility study covering what you want and need, your current operations, and your budget. We identify potential possibilities for the project or future capabilities—all with your success in mind.

We offer:

- » vast experience in master planning design
- » an independent view of your project options
- » solid knowledge of conditions and limitations related to town planning and the Environmental Protection Authority
- » an understanding of time implications (interruptions to operations or the time involved in transitioning from old to new operations for both brownfield and greenfield sites)
- » knowledge of current construction and land costs and legislative requirements specific to the food and beverage industry
- » extensive contacts within investment attraction agencies for tax incentives and fast-track approvals.

We deliver a full project brief, including identified key stakeholders, team members and success criteria; key objectives; and identified risks. This gives you clarity around important project criteria, agreement among all parties, and confidence there is no critical information missing from your planning phase.

When done thoroughly, your feasibility and master planning stage should have made the choice between brownfield and greenfield blatantly obvious. When quality data points the way, follow.

In a nutshell

You can see there's a lot to consider. That's why we say when buying any site, get expert advice before you buy. So often we see clients who have bought land or a brownfield site that is not fit for purpose once the project planning and design stages get underway. You're looking for the best fit between the site and the operations you plan to conduct on that site. Consider your long-term goals and start with the end-result clearly in mind. A quality feasibility and master planning stage will get you there.

Wiley's involvement in the early stages of your project goes far further than that of any real estate agent, developer, investor or institutional owner. Our advice is strategic so you can select the right site and develop your facility correctly and cost-effectively.

Contact us today for more information about how we can work with you to find the Promised Land for your business's future.



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