

Before the Selwyn District Council

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*under:* the Resource Management Act 1991

*in the matter of:* Proposed Private Plan Change 69 to the Operative  
District Plan: Lincoln South

*and:* **Rolleston Industrial Developments Limited**  
*Applicant*

Statement of Evidence of Gary Sellars (Registered valuer)

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Dated: 4 November 2021

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## **STATEMENT OF EVIDENCE OF GARY SELLARS**

### **INTRODUCTION**

- 1 My full name is Gary Russell Sellars. I am the Director of Valuation and Consultancy at Colliers Valuation. I have been in this position at Colliers for 13 years. Prior to that, I was the Managing Director of Fright Aubrey, where I worked for 23 years.
- 2 I am a Registered Valuer, Fellow of the New Zealand Institute of Valuers and a Fellow of the Property Institute of New Zealand. I was registered in 1976 and have been in continuous practice as a Registered Valuer since that time, including four years employed by the Hong Kong Government. I have been involved in the public sector since 1985 in Christchurch in positions with Fright Aubrey and more recently Colliers Valuation. I specialise in commercial, industrial and land development valuation and consultancy within the CBD and suburban locations of Christchurch and major metropolitan areas in the South Island. I complete research on Christchurch office vacancies on an annual basis and regularly complete research on Greater Christchurch residential land and industrial business land supply and take-up.
- 3 I have been involved in the valuation of a number of large residential subdivision developments during the last 35 years including Pegasus Town, Ravenswood, Wigram Skies, Te Whariki, Yaldhurst Park, Karamu, Prestons and Belfast Village. I have during this period regularly prepared and presented expert evidence before various courts or tribunals in relation to zoning applications and arbitrations.
- 4 I am familiar with the plan change application by Rolleston Industrial Developments Limited (the Applicant) to rezone approximately 190 hectares of land on Springs Road, Lincoln to enable approximately 2,000 residential sites and three small commercial zones.

### **CODE OF CONDUCT**

- 5 Although this is not an Environment Court hearing, I note that in preparing my evidence I have reviewed the Code of Conduct for Expert Witnesses contained in Part 7 of the Environment Court Practice Note 2014. I have complied with it in preparing my evidence. I confirm that the issues addressed in this statement of evidence are within my area of expertise, except where relying on the opinion or evidence of other witnesses. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

### **SCOPE OF EVIDENCE**

- 6 My evidence addresses the current supply of residential sections in Lincoln and quantifies the current imbalance of supply and demand which has resulted in recent significant price escalation. I have also reviewed the economics evidence of **Mr Fraser Colgrave** and refer to sections of his evidence in my consideration of these matters.

### **SUMMARY OF EVIDENCE**

- 6.1 The residential property market in Greater Christchurch has experienced significant demand during the last 12 months which has placed stress on the supply of both vacant and improved product resulting in significant price escalation. This market cycle is well publicised and results from a mix of low interest rates and constrained supply.

- 6.2 The average annual volume of vacant residential section sales in Lincoln has fluctuated during the last ten years rising from a low of 55 sales in 2011 immediately following the Canterbury earthquake sequence to 209 in 2013 and then settling to an average of at or around 227 sales per annum for the period from 2014 – 2019. In 2020 there was a sharp increase to 349 sales. The average residential section sale price in Lincoln has followed a relatively regular upward trend from 2011 until 2020 and then there has been exponential growth well in excess of 100% during the last 12 months.
- 6.3 The supply of vacant residential land has failed to keep pace with the ongoing level of demand. In the Lincoln market there are virtually no vacant sections available for purchase. Recent small releases of sections has resulted in significant price escalation.
- 6.4 The current land market in Lincoln exhibits a dysfunctional market where there is virtually no current supply or choice with uncompetitive market practices being adopted by vendors and extreme price escalation. In my opinion the only solution to this situation is immediate increased supply.

### **RESEARCH METHODOLOGY**

- 7 My research team at Colliers Valuation has physically inspected on the ground and identified all developed and undeveloped land in Lincoln to quantify the current number of vacant residential sections available and completed research on residential section land that has sold or is available for sale. All development land has been inspected and development potential quantified together with a review of all plan changes notified. Section sale data has been obtained from the respective developers or real estate companies involved and base sale data was obtained from Property Guru, Corelogic and REINZ.

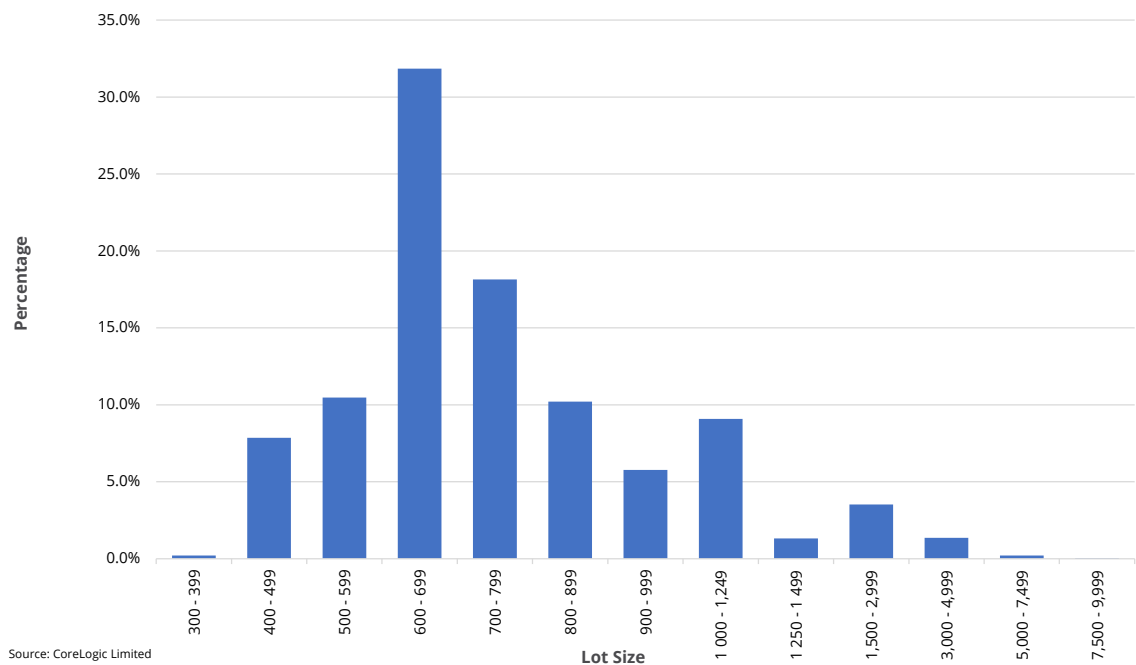
### **EVIDENCE**

- 8 Lincoln is a developing satellite township located 18 kms south west of Christchurch anchored by the substantial Lincoln University campus. Lincoln is an internationally recognised agribusiness research centre with campuses operated by AgResearch, Landcare Research and New Zealand Institute of Crop & Food Research. The township is provided with conventional commercial and retail services and a wide range of residential amenities including a high school and primary schools.
- 9 Lincoln experienced significant growth following the Canterbury earthquakes and has been developed in a typical urban form similar to the outer residential suburbs of metropolitan Christchurch.
- 10 The following table provides an analysis of lot sizes in Lincoln.

<b>Lincoln Lot Size Analysis</b>		
<b>Lot Size</b>	<b># Lots</b>	<b>%</b>
300 – 399	7	0.2%
400 – 499	267	7.9%
500 – 599	356	10.5%
600 – 699	1,083	31.8%
700 – 799	617	18.1%
800 – 899	347	10.2%
900 – 999	196	5.8%
1,000 – 1,249	309	9.1%
1,250 – 1,499	45	1.3%
1,500 – 2,999	120	3.5%
3,000 – 4,999	46	1.4%
5,000 – 7,499	7	0.2%
7,500 – 9,999	1	0.0%
<b>Total</b>	<b>3,401</b>	<b>100.0%</b>

11 There are 3,401 titled lots of which 2,873 (84.5%) sit in the 300 – 999 sqm size category.

#### Lincoln - Lot Size Analysis

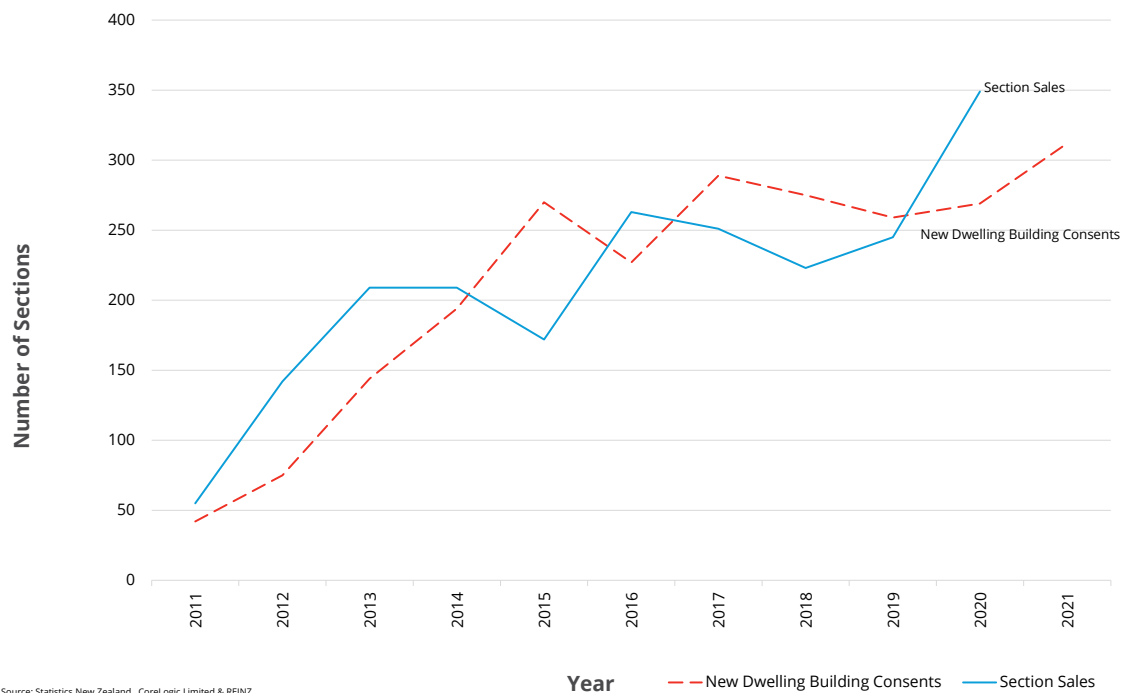


- 12 I have completed research on the supply of residential sections analysing the number of sales and new dwelling building consents issued during the last ten years.
- 13 The following table provides an analysis of the number of vacant residential section sales and new dwelling building consents in Lincoln for the period from 2011 – 2021.

<b>Lincoln Section Sales &amp; Building Consent Analysis</b>		
<b>Year</b>	<b>Sales</b>	<b>Building Consents</b>
	<b>#</b>	<b>#</b>
2011	55	42
2012	142	75
2013	209	144
2014	209	194
2015	172	270
2016	263	227
2017	251	289
2018	223	275
2019	245	259
2020	349	269
2021 (part year)	150	312

- 14 The same information is shown in the following graph which illustrates number of vacant residential section sales and new dwelling building consents in Lincoln for the period from 2011 – 2021:

**Lincoln - Number of Sections Sold & New Dwelling Building Consents**



- 15 The volume of vacant residential section sales in Lincoln has fluctuated over the last 10 years rising from a low in 2011 of 55 immediately following the Canterbury earthquake sequence and rising to a sub-peak in 2013-2014 of 209 which resulted from the demand of relocated red zoned owners following the earthquakes. During the period from 2016 through to 2019, there has been a relatively consistent pattern of volume in the range of between 172 – 263 sales per annum. In 2020 there was a sharp increase in volume rising from 245 sales in 2019 to 349 in 2020.
- 16 The volume of sales is a reflection of supply and demand. If supply is constrained then this will affect volume. We are of the opinion that once all sales are recorded for 2021 that there is likely to be a decline below the number sold in 2020 because there is now virtually no supply to satisfy current demand.
- 17 New dwelling building consents in Lincoln have generally followed a similar trend line as the number of sales. There has been a sharp increase in building consents in 2021 which is in line with the expected lag behind the peak in volume of sales in 2020.
- 18 The lag in building consents in the period from 2012 – 2013 potentially resulted from relocated red zone owners purchasing sections and then delaying construction whilst settling insurance claims.
- 19 Lincoln has expanded significantly during the last ten years and is now ranked as the second most dominant township in Selwyn District in terms of residential land activity. During the last five years from 2016 – 2020, 26.1% of all Selwyn District vacant residential land transactions occurred in Lincoln with the largest activity township being Rolleston at 58.3%. The following is a table summarising the number of lots sold in each of the residential townships in Selwyn District during the period from 2016 – 2020.

<b>Vacant Selwyn District Residential Section Sales 2016 – 2020</b>		
<b>Township</b>	<b>#</b>	<b>%</b>
Rolleston	2,969	58.3%
West Melton	182	3.6%
Lincoln	1,331	26.1%
Prebbleton	296	5.8%
Tai Tapu	38	0.7%
Darfield	98	1.9%
Kirwee	83	1.6%
Leeston	70	1.4%
Southbridge	28	0.5%
<b>Total</b>	<b>5,095</b>	<b>100.0%</b>

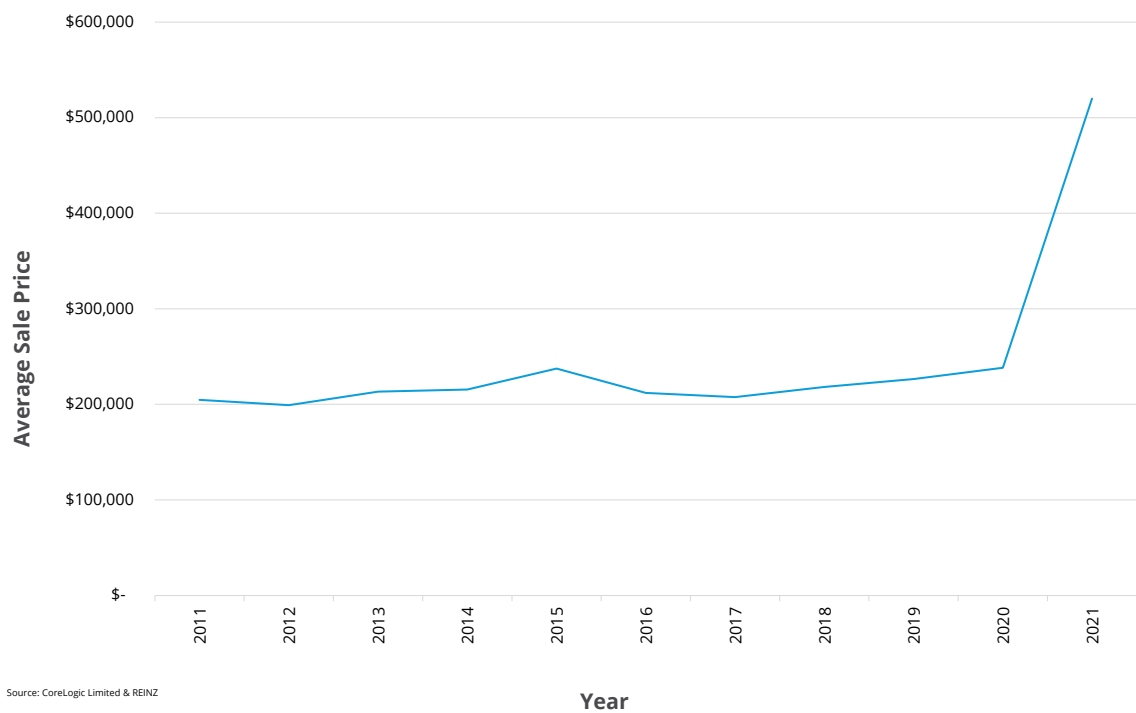
- 20 There is market evidence that the shortage of available residential sections in Lincoln coupled with the increased prices is resulting in buyers looking further afield where there is both availability and cheaper section prices in the likes of Leeston and Southbridge.
- 21 The following table provides an analysis of the average vacant residential section sale price in Lincoln for the period from 2011 – 2021:

<b>Vacant Lincoln Residential Section Sales</b>	
<b>Year</b>	<b>Sale Price \$</b>
2011	204,664
2012	199,091
2013	213,325
2014	215,458
2015	237,486
2016	211,964
2017	207,545
2018	218,224
2019	226,479
2020	238,334
<b>2021</b>	<b>520,000*</b>

\*Current Sale Price

- 22 This same information is shown in the following graph which illustrates the sales price trend line for Lincoln.

**Lincoln - Vacant Residential Section - Average Sale Price**

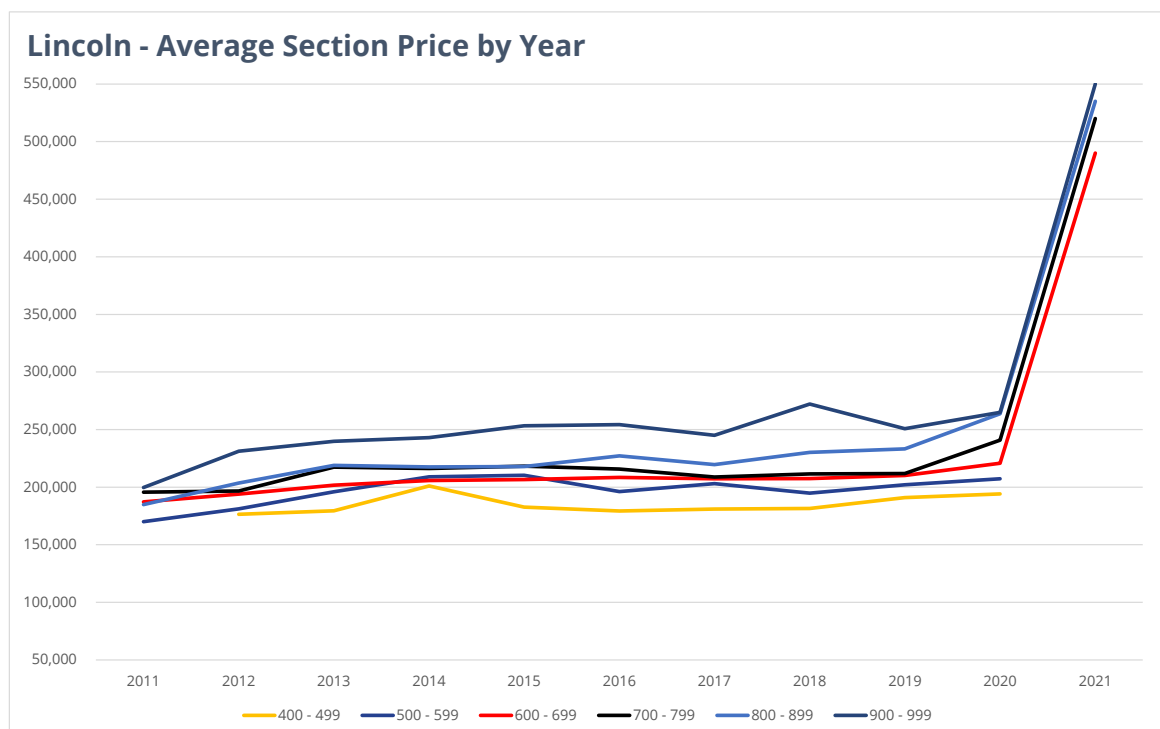


- 23 The above data, apart from 2021, is for titled sections only. The sale data for 2020 and 2021 provides only part of the true picture of the current situation. Many sections sold in late 2020 and in 2021 have not been constructed or titled and therefore this sale data has not been captured by the recorded data. In the case of 2021, I had adopted a sale price referenced from the latest sale prices from recent section releases which are referred to later in this evidence. The adopted sale price of \$520,000 correlates with a section size relating to the average sale price in 2020 of \$238,334.
- 24 I have also completed size specific analysis on the average residential section sale price and concentrated on the predominant section area range of between 400 – 1,000 sqm. In addition, I have replaced the 2021 recorded evidence with actual sale price evidence which illustrates the exponential growth that has occurred during the last 12 months. Examples of sale price comparison are provided later in my evidence.

<b>Vacant Residential Section Sales – 400-900 Sqm Range</b>						
<b>Year</b>	<b>400-499</b>	<b>500-599</b>	<b>600-699</b>	<b>700-799</b>	<b>800-899</b>	<b>900-999</b>
2011	-	170,000	187,167	195,733	184,944	199,625
2012	176,500	181,190	194,004	196,641	203,651	231,200
2013	179,467	195,962	201,780	217,415	218,909	239,800
2014	201,000	209,000	205,801	216,222	217,650	243,000
2015	182,718	210,406	206,663	218,171	217,900	253,300
2016	179,322	196,125	208,500	215,730	227,196	254,333
2017	181,017	203,017	207,238	208,879	219,667	245,000
2018	181,463	194,793	207,513	201,576	230,250	272,250
2019	191,027	202,135	210,120	201,897	233,250	250,769
2020	194,183	207,220	220,784	240,754	263,720	265,000
2021			490,000*	520,000*	535,000*	550,000*

\*Current Sale Price

- 25 The same information is shown in the following graph which illustrates the sale price trend lines in Lincoln for the six primary land area categories.





- 26 The above data illustrates a relatively consistent average sale price range of between \$200,000 and \$238,000 in the nine year period from 2011 – 2020. In 2021 there has been an extremely sharp increase in sale price in all categories. For example, in the 700 – 799 sqm range, the average sale price increased from \$241,000 in 2020 to \$520,000 in 2021.
- 27 The market in Lincoln has accelerated at an even faster rate during the last eight months.
- 28 I have reviewed recent sales in Lincoln subdivisions transacted in 2020 and 2021 to quantify the price escalation that has occurred during the last 12 months.

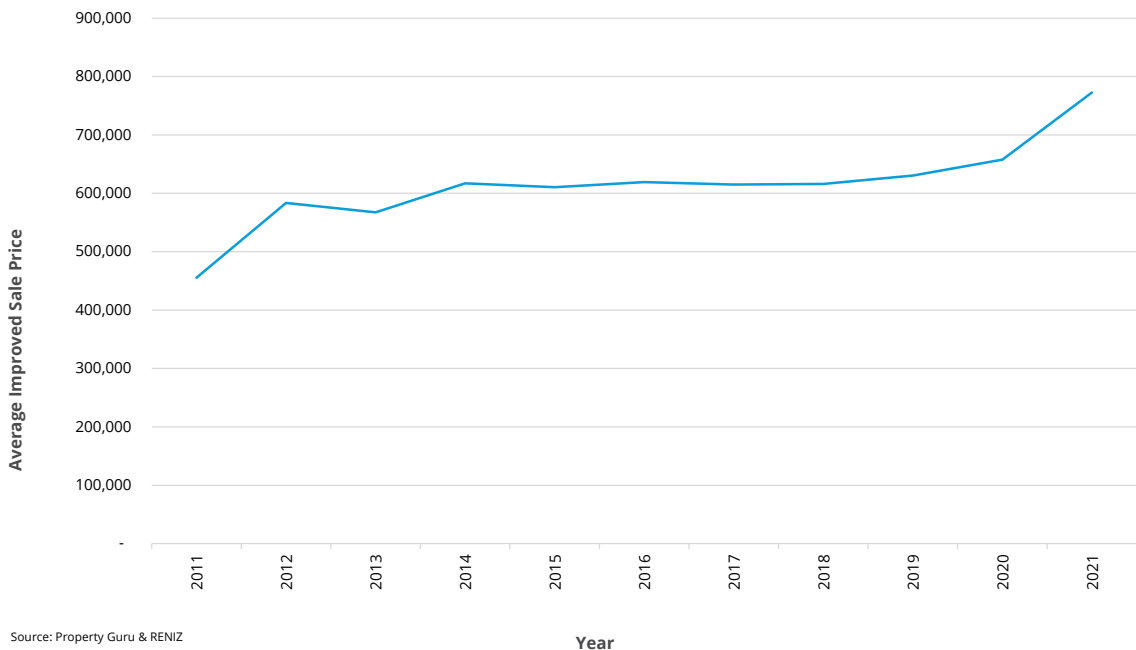
<b>Te Whariki Price Escalation Comparison</b>			
<b>Address</b>	<b>Date mth.yr</b>	<b>Area sqm</b>	<b>Sale Price \$</b>
1 Putakitaki Street	10.20	622	222,000
Lot 4523	09.21	620	489,000
<b>Price Escalation</b>			<b>120%</b>
4 Pakura Street	08.20	707	228,000
Lot 4529	09.21	705	519,000
<b>Price Escalation</b>			<b>128%</b>
14 Putakitaki Street	09.20	853	252,000
Lot 4519	10.21	847	545,000
<b>Price Escalation</b>			<b>116%</b>

- 29 In Te Whariki, which is the large Ngai Tahu Property subdivision development, the most recent sales occurred in September and October 2021 and indicate a price escalation during the last 12 months of between 116% - 128%.
- 30 I am aware of confidential sales in the Barton Fields subdivision where price escalation of between 85% - 95% has occurred.
- 31 These levels of price escalation are extreme even in a buoyant market and provide clear evidence of a constrained supply.
- 32 A similar pattern can be seen with house prices, although not to the same level of escalation experienced with vacant residential sections. The following is an analysis of the average residential dwelling sale price in Lincoln for the period from 2011 – 2021:

<b>Lincoln House Price Analysis</b>		
<b>Year</b>	<b>Sales #</b>	<b>Sale Price \$</b>
2011	44	455,488
2012	60	583,496
2013	56	567,557
2014	99	617,125
2015	86	610,336
2016	171	619,291
2017	158	615,184
2018	185	615,969
2019	205	630,355
2020	288	657,620
2021 (part year)	181	772,570

- 33 The same information is also shown on the following graph which illustrates the sales price trend line for Lincoln.

#### Lincoln - Average Improved Sale Price



- 34 Analysis of the average improved residential property sale price in Lincoln illustrates a relatively consistent upward trend from 2011 through to 2020 and then a sharp increase in 2021 to date. The 2021 average sale price is likely to under represent the actual market with the most recent sales occurring in the last three months not yet recorded. The actual trend line for 2021 will be steeper than shown on the graph above but nothing like the level of escalation that has occurred in the vacant section market.
- 35 The annual average increase for improved residential properties in Lincoln from 2020 – 2021 is 17.5%. REINZ data indicates that the average improved residential property in Selwyn District for 2020 – 2021 increased 25.6% and in Christchurch City for the same period, 31.3%.
- 36 The price differential between vacant sections in Lincoln and improved dwellings is relatively narrow and it is expected this gap will widen with improved residential dwelling sale prices increasing.

#### Lincoln Supply

- 37 I have categorised the residential market for vacant sections in Lincoln under the following headings:
- a) Developed
  - b) Under Development
  - c) Plan Change Applications
  - d) Undeveloped – Piecemeal

- 38 The following are summary tables of each of the above land categories and associated commentary.

**Lincoln – Developed**

<b>Lincoln Developed</b>				
<b>Zone</b>	<b>Vacant #</b>	<b>For Sale#</b>	<b>Builder#</b>	<b>Total #</b>
Lincoln - L1	10	-	-	10
Lincoln - LZ	128	4	18	150
Lincoln - L2	1	-	-	1
Lincoln - L3	11	-	-	11
<b>Total</b>	<b>150</b>	<b>4</b>	<b>18</b>	<b>172</b>

- 39 There are 172 vacant sections in Lincoln of which 18 sections have a building company sign and 2 sections have for sale signage. There are 4 residential sections offered for sale on TradeMe, or any other real estate platform, including the two sections which have for sale signage.

**Lincoln – Under Development**

- 40 The following is a summary of the current status of land that is under development:

<b>Lincoln Under Development</b>							
<b>Development</b>	<b>Zone</b>	<b>Total #</b>	<b>UD #</b>	<b>Sold #</b>	<b>Hold #</b>	<b>For Sale #</b>	<b>Potential #</b>
Flemington	LZ	34	34	34	-	-	-
Barton Fields	LZ	24	24	24	-	-	8
Greenstead	LZ	222	51	-	29	-	171
Rosemerryn	LZ	339	139	139	-	-	200
Te Whariki	LZ	221	221	136	85	-	-
Verdeco Park	LZ	50	50	48	2	-	-
<b>Total</b>		<b>890</b>	<b>519</b>	<b>381</b>	<b>116</b>	<b>-</b>	<b>379</b>

- 41 In the Flemington subdivision, the final stage comprising 34 sections is currently under development with all sold.
- 42 Stage 9 of Barton Fields comprising 24 sections is about to be developed with all sections sold in September 2021. Within Barton Fields there is further potential for 7,049 sqm to be developed which will produce 8 sections.
- 43 Greenstead is a large subdivision under development by Fletcher Living on the northern edge of Lincoln which will comprise 222 sections. Stage 1 is currently under construction providing 51 sections. Fletcher Living has a subdivision consent enabling them to construct dwellings during the subdivision construction stage and we understand 22 sections have dwellings under construction leaving 29 sections vacant. Fletcher Living only sell completed dwellings and we anticipate that vacant sections from this subdivision will not be available to the general market.
- 44 The Rosemerryn subdivision by Fulton Hogan contains Stages 18, 19 and 20 comprising 139 sections which are all sold and nearing completion with titles available from December 2021 – March 2022. I understand Stages 17 and 21-24 will potentially provide an additional 200 sections.
- 45 Te Whariki is a large staged subdivision located on the south western periphery of Lincoln. I understand 221 sections are being developed in Stages 4C, 4D and 4F of which 136 sections have sold. Eighteen sections in Stage 4F have sold with the balance (85 sections) being held by the developer.
- 46 Verdeco Park is located on the south western periphery of Lincoln off Springs Road and comprises a medium – low density subdivision with rural residential stages. The medium/low density component has been developed and sold whilst Stages 3 and 4 of the rural residential development comprising 50 sections is under construction with 48 sections sold and 2 sections on hold by the developer.

#### **Lincoln Potential Supply**

- 47 There is only one plan change application in Lincoln which relates to the subject of this evidence, Plan Change 69. The applicant, Rolleston Industrial Developments Limited, is seeking rezoning of approximately 190 ha to Living Z which would enable approximately 2,000 residential sections and three small commercial zones. The land is located on the south western edge of Lincoln, adjacent to the existing Te Whariki residential subdivision, and just to the south of the Verdeco Park development.
- 48 In addition to the potential supply from the Plan Change application, there is one other category of land where there is further medium term potential.
- 49 I have quantified the potential area of land and sections that could be developed on land which is currently zoned for residential development but is in piecemeal ownership and generally currently in the form of lifestyle properties with many parcels containing an existing dwelling.
- 50 In order to quantify the developable potential of this land, I have deducted a land curtilage area around the existing residential dwelling and adopted a yield of between 11 - 12 lots per ha depending on the underlying zone. Development of this land is difficult to achieve without amalgamation of large blocks and adoption of a master plan. The potential supply from the Living Z and Living 1 zoned land is constrained by owners' intentions and should be viewed in the medium term window, otherwise it is likely it would have already been available to the market.

<b>Lincoln – Additional Potential Supply</b>		
<b>Category</b>	<b>Area Ha</b>	<b>Lots #</b>
PC 69 Potential	-	2,000
Zoned – Potential Piecemeal Ownership	32.1834	462
<b>Total</b>	<b>-</b>	<b>2,462</b>

- 51 I have categorised both the Zoned – Potential Piecemeal and Plan Change Potential Land as medium term.

#### **Overall Summary**

- 52 The following is a summary of the overall situation in Lincoln:

<b>Overall Summary – Short Term</b>		
<b>Category</b>	<b>For Sale</b>	<b>Potential</b>
Developed	4	-
Under Development	-	379
<b>Total</b>	<b>4</b>	<b>379</b>

<b>Overall Summary – Medium Term</b>		
<b>Category</b>	<b>For Sale</b>	<b>Potential</b>
PC 69 Potential	-	2,000
Zoned – Potential Piecemeal	-	462
		<b>2,462</b>

- 53 There are submissions to the proposed Selwyn District Plan lodged for the rezoning of approximately 260 ha around the periphery of Lincoln township on land currently zoned rural.
- 54 Currently there are only 4 sections available for sale in Lincoln. The current market is at a situation where developers are selling their entire stock in the space of hours prior to commencing development. There is currently insatiable demand for residential sections throughout Greater Christchurch, resulting in unprecedented price escalation due to demand outstripping supply.

### **MARKET CONSEQUENCES**

- 55 I have reviewed the economics evidence prepared by Fraser Colgrave on behalf of Rolleston Industrial Developments Limited and note that at paragraphs 18-21 of that evidence he refers to the NPSUD requirement for Council's in high growth areas to provide at least sufficient development capacity to meet expected future demand for additional dwellings over the short, medium and long term and that any likely capacity shortfalls are identified and rectified as soon as possible. He also refers to the housing and business development assessment (HBA) which requires consideration to be given to supply and demand for new dwellings to ensure that sufficient capacity is being provided in the right places at the right time and to keep pace with demand.
- 56 It is generally well understood that any disruption to the supply and demand in any market normally results in significant price fluctuation. For the residential property market to function without major price fluctuations, a reasonably regular supply and range of choice is required.
- 57 Excluding Selwyn District, the current residential section market in Greater Christchurch is characterised by price escalation with increases of generally between 20% - 50% during the last 12 months.
- 58 Greater escalation is prevalent in Selwyn, in particular Lincoln and Rolleston where price escalation during the last nine months is in excess of 100% movement. There are numerous examples of recent releases of residential sections in Lincoln where the vendor has sold sections by deadline treaty or tender in order to extract the maximum price. The situation in Lincoln with price escalation at between 85% - 130% within the last 12 months has resulted from extremely limited supply.

### **CONCLUSION**

- 59 Lincoln is developing into a major urban area on the edge of Christchurch with three small suburban commercial precincts together with schools and amenities and a large university campus with associated research facilities.
- 60 Since 2012, there is evidence of consistently high demand for sections in Lincoln. This demand has spiked significantly since 2019.
- 61 Currently there are virtually no vacant residential sections in Lincoln with the only significant future supply potentially available via the Plan Change identified earlier.
- 62 It is difficult to quantify what level of supply is required in order for a normal rational market to exist. However from my experience, it is preferable that there is an oversupply of appropriately zoned land at all times so that the market can determine when and if it is developed into sections dependent upon demand.

- 63 The current land market in Lincoln exhibits a dysfunctional market where there is virtually no current supply or choice with uncompetitive market practises being adopted by vendors and extreme price escalation. The only solution to this situation is an immediate increase in supply.

**Gary Sellars**

**4 November 2021**