BEFORE THE SELWYN DISTRICT COUNCIL

Under	the Resource Management Act 1991
In the matter of	Proposed Plan Change 72 to the Operative Selwyn District Plan: Prebbleton
And	Trices Road Rezoning Group (The Applicant)

SUMMARY OF EVIDENCE OF GARY RUSSELL SELLARS (REGISTERED VALUER)

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SUMMARY OF EVIDENCE OF GARY RUSSELL SELLARS

INTRODUCTION

1 My full name is Gary Russell Sellars and I am a Director of Valuation and Consultancy at Colliers Valuation. I am a registered valuer and 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.

2 My experience and qualifications are set out in full in my Statement of Evidence dated 14 January 2021.

KEY POINTS OUTLINED IN EVIDENCE

3 My evidence addresses the current supply of residential sections in Prebbleton and quantifies the current imbalance of supply and demand which has resulted in recent significant price escalation.

Prebbleton Land Market

4 The residential development in Prebbleton comprises a mix of large lot sizes with large residential dwelling floor areas and more recently developed conventional medium lot sizes. There are 1,730 titled lots in Prebbleton with the most prevalent size between 600 – 1,249 sqm (74.3%).

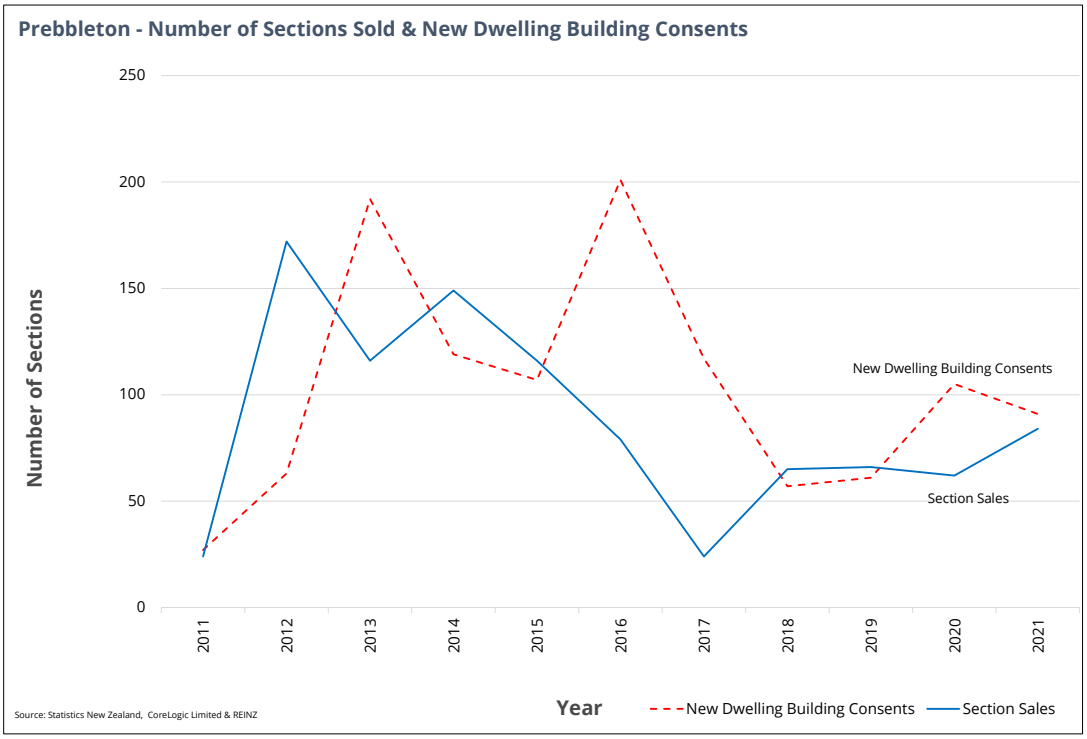
5 In comparison, Rolleston has a higher proportion of small lots. Section sizes of between 200 – 599 sqm account for 32.2% of the Rolleston market compared to Prebbleton at 9.9%. In the mid to large lot range of 600 – 1,249 sqm, Prebbleton has a higher proportion at 74.3% compared to Rolleston at 58.4%. Prebbleton also has a higher proportion of large lots over 1,250 sqm compared to Rolleston. The lower urban density in Prebbleton provides the market with a point of difference.

6 The volume of vacant residential section sales in Prebbleton has fluctuated over the last ten years from a low in 2011 of 24 and rising to a peak in 2014 of 149 which resulted from the demand from relocated red zone owners following the earthquakes. Section sales volume steadily decreased after 2014 reducing to 116 section sales in 2015 and 79 in 2016. There was a sharp decline in volume in 2017 and then since 2018 the average number of section sales has fluctuated between 62 and 66. There was a sharp increase in 2021 to 84 for the part year, however the increase would have been significantly greater had supply been available.

7 The volume of sales is a reflection of supply and demand. If supply is constrained then this will affect volume. I am of the opinion that once all sales are recorded for 2021 then the number of sales will likely be well in excess of 100. Supply has been severely constrained in 2021 with virtually no sections available for sale, therefore had there been a steady supply of sections available, then the number of sales would in my opinion have approached the high set in 2012 of 172 sales.

8 New dwelling building consents in Prebbleton have generally followed an irregular trend line compared to the number of sales.

9 The lag in building consents in the period from 2011-2012 potentially resulted from relocated red zone owners purchasing sections and then delaying construction whilst settling insurance claims. This explains why building consents outstripped section sales in the following year in 2013.



10 The average residential section sale price in Prebbleton has followed a relatively regular upward trend from 2011 until 2020 although there were fluctuations depending on the volume in each land size category. For example, in the period from 2017 - 2018, there was a higher proportion of large lots sold which lifted the average sale price in 2016 from $294,125 to $358,255 in 2017 and $319,262 in 2018, and then the average dropped back to between $275,434 and $283,700 in the period from 2019 – 2020. There has been exponential growth well in excess of 100% during the last 12 months.

11 The following table provides an analysis of the average vacant residential section sale price in Prebbleton together with the average associated land area for the period from 2011 – 2021:

VACANT PREBBLETON RESIDENTIAL SECTION SALES			
YEAR	**SALES #**	**AVERAGE AREA SQM**	**SALE PRICE $**
2011	24	823	222,333
2012	172	769	212,546
2013	116	725	232,503
2014	149	728	251,921
2015	116	1,132	278,821
2016	79	1,129	294,125
2017	24	1,602	358,255
2018	65	1,155	319,262
2019	66	933	275,434
2020	62	816	283,700
2021	84	857	570,000

12 This same information is shown in the following graph which illustrates the average sale price trend line for Prebbleton.

13 There is market evidence that that shortage of available residential sections in Prebbleton, Lincoln and Rolleston 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 Darfield, Kirwee and Leeston.

Price Escalation

14 I have completed price escalation analysis on three recent sales. The following table is a comparison summary of these three transactions utilising equivalent land sales in 2020 of similar size.

Price Escalation Comparisons			
Address	**Date mth.yr**	**Area Sqm**	**Sale Price $**
5 Maurice James Way	08.20	868	289,000
600 Trents Road	12.21	853	575,000
Price Escalation			**99%**
5 Maurice James Way	08.20	868	289,000
Lot 2, 36 Blakes Road	11.21	801	580,000
Price Escalation			**101%**
9 Edward Law Boulevard	11.20	876	295,000
Lot 8, 36 Blakes Road	10.21	905	590,000
Price Escalation			**100%**

15 The above sale price escalation analysis indicates that during the last 12 months there has been exceptional price escalation of at or around 100%. These levels of price escalation are extreme even in a buoyant market and provide a clear indication of a constrained supply.

16 A similar trend has occurred in the improved residential sale prices in Prebbleton although the level of escalation that has occurred is nothing like that which has occurred in the vacant section market.

Prebbleton Land Supply

17 The supply of vacant residential land has failed to keep pace with the ongoing level of demand. In the Prebbleton market there are virtually no vacant sections available for purchase. Recent small releases of sections have resulted in significant price escalation.

18 My evidence categorises the residential market for vacant sections in Prebbleton under the following headings:

a) Developed

b) Under development

c) Plan Change Applications

d) Undeveloped - piecemeal

19 In my evidence I provided an overall summary:

Overall Summary – Short Term		
Category	**For Sale**	**Potential**
Developed	3	-
Under Development	-	-
Total	**3**	**-**

Overall Summary – Medium Term		
Category	**For Sale**	**Potential**
PC Potential	-	1,540
Zoned – Potential Piecemeal	-	44
Total		**1,584**

20 Currently there are only 3 sections available for sale in Prebbleton. 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. The situation is desperate in Prebbleton where there are only 3 sections available, and no further sections are planned in the short term until plan changes occur.

AREAS OF DISAGREEMENT WITH OTHER TECHNICAL EXPERTS

21 In the Section 42A report the author at paragraph 169 referred to the memorandum headed Growth *Planning in Selwyn District* prepared by Mr Baird dated 1 October 2021. Reference is made to how further capacity will be developed to meet a projected demand, as well as why most of the proposed distribution of growth capacity is focused on Rolleston. This view assumes that markets for quite different locations in housing typologies are interchangeable. Rolleston has evolved to become a significant township where the urban density is higher than in Prebbleton and Lincoln and land and improved housing prices are more affordable. One of the attractions of Rolleston has been the historically low residential property prices compared to Christchurch.

22 The townships of Prebbleton and Lincoln are quite different to Rolleston in terms of urban density, rural location, setting and property prices. In my opinion purchasers of residential property in these two townships would be unlikely to consider Rolleston as an alternative. Therefore, I do not consider the locations and housing typologies are interchangeable between Prebbleton/Lincoln and Rolleston.

CONCLUSION

23 Prebbleton is a small township located 11.4 kms south west of the Christchurch CBD core and adjoining the south western boundary of metropolitan Christchurch in close proximity to Halswell and Hornby. The township experienced significant growth following the Canterbury earthquakes and is provided with a normal range of services and amenities.

24 Since 2012, there is evidence of consistently high demand for sections in Prebbleton. This demand has spiked significantly since 2019.

25 Currently there are only 3 residential sections in Prebbleton for sale with the only future supply potentially available via plan changes identified earlier.

26 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. In addition, in my experience, for a land market to function properly, it is necessary that it is competitive. That is, the greater the number of suppliers in the market, the more likely that purchasers of sections will benefit.

27 The current land market in Prebbleton 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.

28 I am happy to answer any questions concerning my evidence.

27 January 2022

Gary Sellars