

Before the Selwyn District Council

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*under:* the Resource Management Act 1991

*in the matter of:* Proposed Private Plan Change 66 to the Operative  
District Plan: Maddisons Road, Rolleston

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

Statement of Evidence of Nick O'Styke (Industrial Land)

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Dated: 23 July 2021

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## **STATEMENT OF EVIDENCE OF NICK O'STYKE**

### **INTRODUCTION**

- 1 My full name is Nicholas Francis Graham O'Styke, and I am the director of industrial sales for Bayleys Canterbury.
- 2 As a sales agent and business owner for Bayleys Canterbury, I have over 10 years' experience in the Canterbury industrial land market.
- 3 I am familiar with the application (the *Application*, the *Plan Change*) by Rolleston Industrial Developments Limited to re-zone the 27 hectares (the *Site*) adjacent to IPort and Midland Port. I have been heavily involved in the sale of land in and around Rolleston's industrial park, including for IPort.

### **CODE OF CONDUCT**

- 4 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**

- 5 My evidence addresses the following:
  - 5.1 Industrial land availability in Greater Christchurch;
  - 5.2 Industrial land in Rolleston, Selwyn; and
  - 5.3 Considerations on the specific Plan Change Site.

### **SUMMARY OF EVIDENCE**

- 6 Freehold industrial land in Canterbury, and in particular in Selwyn, is in high demand.
- 7 While there may be land that is 'zoned' industrial, practically speaking, that does not mean there is sufficient freehold industrial land supply to meet current demand.
- 8 The majority of the current market for industrial land is seeking an owner-occupier arrangement which there is currently a real shortage of. This demand is reflected in the significant increase in industrial list values over the last few years.
- 9 In my 10 years in the industrial land industry, I have only seen demand grow. This growth has been exponential and I do not see it slowing down any time soon. I am of the view that Christchurch, and particularly Rolleston (being an extremely attractive location for industrial land

investors), is very close to an acute shortage in industrial unencumbered, freehold land.

- 10 The Plan Change site provides a unique and rare opportunity for any industrial developer, and I consider there would be substantial interest in today's current market for a piece (or all) of this Site should it be rezoned Industrial.

### **INDUSTRIAL LAND AVAILABILITY**

- 11 Freehold industrial land in Canterbury, and in particular in Selwyn, is in high demand.
- 12 The Council's Economic Review of the Plan Change comes to the conclusion that there is no need for additional industrial land to be zoned.<sup>1</sup> I understand this assumption is made based on findings in "Our Space 2018-2048: Greater Christchurch Settlement Pattern" (*Our Space*) that there is sufficient industrial land zoned across Greater Christchurch to meet anticipated demand through to 2048.
- 13 While I am not that familiar with the Our Space document, I have significant experience and knowledge of the Greater Christchurch industrial land market.
- 14 While there may be land that is 'zoned' industrial, practically speaking, that does not mean there is sufficient freehold industrial land supply to meet current demand. There are a number of market and other factors which come into play as to whether such land is attractive to industrial investors. Much of it is not.
- 15 I understand that from a desktop review of all of the land zoned 'industrial' in Christchurch it might look like there is ample supply, but from my experience this is far from the case.
- 16 The majority of the current market for industrial land is seeking an owner-occupier arrangement. This means that investors are looking for bare, unencumbered land to develop. I.e., land that is not lease-hold, or controlled by another party. This type of industrial land is now becoming few and far between in both Greater Christchurch and Selwyn. The majority of industrial land currently available is only available for lease, or on a design-build arrangement (i.e., land with a contract builder arrangement). These arrangements give an element of control to a third party and often cannot be purchased.
- 17 I also note that Our Space was released in 2019, with much of the information on which it is based dating back further than that. In my experience, markets change rapidly and there has been a noticeable change in the industrial market since the release of this report. As such, it is very likely that Our Space, and the information on which it was based is outdated and does not reflect what demand is likely to look like now through to 2048.

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<sup>1</sup> Plan Change 66 Economic review; prepared for Selwyn District Council by Derek Foy, Formative Ltd; 13 July 2021 at [5.1].

- 18 In my 10 years in the industrial land industry, I have only seen demand grow. This growth has been exponential, and I do not see it slowing down any time soon. I am of the view that Christchurch is very close to an acute shortage in industrial unencumbered, freehold land.
- 19 Since this report several large business parks have sold out completely including the IZone business Park, Wigram Business Park, Central Business Park and Belfast Business Parks (totalling approximately 250ha of zoned land).

### **INDUSTRIAL LAND IN ROLLESTON**

- 20 Rolleston is very quickly running out of industrial land and I believe a shortage of freehold unencumbered land is also just around the corner. The construction of the new motorway has been a significant contributor to this, and I expect the planned new overbridge between Rolleston and IPort will only exacerbate this.
- 21 The 188ha IZone Business Park is now completely sold out. Ngai Tahu's Tawhiri Business Park is but sold, with only approximately six titles from the original 51 titles available for sale. Of the land available for sale in the IPort Business Park, approximately 10 titles remain from the original 49 available for sale.
- 22 We believe there will soon be a shortage, and there are no other greenfield park options available to industrial parties wishing to establish in Rolleston.
- 23 I consider this looming shortage is also demonstrated by the increase in industrial land prices. Significant increases in land pricing are a good indicator as to the current supply and demand situation around particular land markets. Land in Rolleston is now at least twice the list value in 2019 and industrial land, which was once \$100-140 per sqm and is now in the range of \$195-300 per sqm.
- 24 While it is becoming difficult to find freehold vacant land in Christchurch and Selwyn, it is even harder in Rolleston. Vacancy rates in Rolleston are historically low so many parties have little option but to build, as existing industrial property is rarely available for sale.
- 25 Again, much of the industrial land that is available in Rolleston is not available for freehold sale, unless you are also willing to enter into a build contract with the seller or lease the land.
- 26 Rolleston is an extremely attractive location for industrial land investors, mainly due to factors including:
- 26.1 Its proximity to two inland ports (Midland Port and MetroPort) and associated rail transport;
  - 26.2 Better ground conditions in Selwyn and comparable sites than in Christchurch, especially east of Christchurch; and

- 26.3 Newer amenities in Selwyn than in Christchurch including wider roads, better infrastructure, and close proximity to SH1 and West Coast Road.
- 27 There has also been significant building momentum in Rolleston. For IZone, first came the establishment of one of the largest buildings in Greater Christchurch, the Warehouse Groups South Island distribution centre. Since then, we estimate over 150 businesses have moved their operations into Rolleston. There has been an organic growth of the town and its businesses, which has naturally coincided with the significant increase in residential development more generally in Selwyn.
- 28 As such, prices have increased significantly, and I can quite comfortably say these prices have in most cases at least have doubled in the last five years, which I consider is a big sign that demand is exceeding supply.

#### **THE PLAN CHANGE SITE**

- 29 The particular Plan Change site is unique, and I consider a rare opportunity for any industrial developer.
- 30 Aside from the Site going a long way to satisfy a current need in the industrial land market for unencumbered freehold land in Rolleston, the Site provides an opportunity to future developers to extend the Midland Port's rail siding and/or share an open border with the Midland Port.
- 31 The cost efficiencies associated with this (particularly transport costs) would be significant for any potential developer of the site, including Midland Port itself.
- 32 If this were to occur, this would be the longest rail siding in the whole of Greater Christchurch and as such the Site is unique, with nothing else of the like currently, or likely to ever, enter the industrial market.
- 33 I have no doubt there would be substantial interest in today's current market for a piece (or all) of this Site should it be rezoned Industrial. I also consider the location of the site to logically be the most appropriate place to extend the B2A zoning.

Dated: 23 July 2021



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Nick O'Styke