

**BEFORE THE SELWYN DISTRICT COUNCIL**

**IN THE MATTER OF** Clause 21 of the First Schedule of the Resource Management Act 1991

**IN THE MATTER OF** Plan Change 68 to the Selwyn District Plan  
  
URBAN HLDINGS LIMITED, SUBURBAN ESTATES LIMITED & CAINGRAE DEVELOPMENTS LIMITED (Applicants)

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**STATEMENT OF EVIDENCE OF GARY RUSSELL SELLARS ON BEHALF OF  
URBAN HOLDINGS LIMITED, SUBURBAN ESTATES LIMITED & CAIRNBRAE  
DEVELOPMENTS LIMITED**

**REAL ESTATE**

Dated 8 March 2022

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**Christchurch**  
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## **1 INTRODUCTION**

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 I have recently prepared and presented evidence on behalf of GW Wilfield Ltd for a plan change application at West Melton (PC67), Urban Estates Ltd for a plan change application at Rolleston (PC 78) and Rolleston Industrial Developments Ltd for a plan change application at Lincoln (PC 69). My evidence for those matters included an analysis of the West Melton, Prebbleton, Rolleston and Lincoln vacant land markets.
- 1.5 I am familiar with the Plan Change application by Urban Holdings Limited, Suburban Estates Limited and Cairnbrae Developments Limited (the Applicant) to rezone approximately 67.5 ha of land lying between Trents Road, Shands Road, Hamptons Road and Sterling Park subdivision, Prebbleton, from Inner Plains to Living Z to enable approximately 820 residential sites.
- 1.6 I have been instructed by Urban Holdings Limited, Suburban Estates Limited and Cairnbrae Developments Limited to complete research and prepare and present evidence on the residential land market in Prebbleton, including providing information on the supply of residential sections and the impact that this may have on market choice and price. Other than this instruction, I have not been involved with Urban Holdings Limited, Suburban Estates Limited and Cairnbrae Developments Limited in completing valuation work.

## **2 CODE OF CONDUCT**

- 2.1 I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2011. I have complied with it in preparing this evidence and I agree to comply with it in presenting evidence at this hearing. The evidence that I give is within my area of expertise except where I state that my evidence is given in reliance on another person's evidence. I have considered all material facts that are known to me that might alter or detract from the opinions that I express in this evidence.

## **3 SCOPE OF EVIDENCE**

- 3.1 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. I have also reviewed the economics evidence of Mr. Colegrave and refer to sections of his evidence in my consideration of these matters.

## **4 SUMMARY**

- 4.1 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 sustained high demand, low interest rates, and constrained supply. There is currently insatiable demand for residential sections throughout Greater Christchurch.
- 4.2 The average annual volume of vacant residential sales in Prebbleton has fluctuated during the last ten years rising from a low of 24 sales in 2011 immediately following the Canterbury earthquake sequence to a high of 172 in 2012. Since 2014 when there were 149 sales, the average annual volume of vacant residential sales has reduced. Since 2018 the average volume has fluctuated between 62 and 66 sales per annum which in my opinion is more of a reflection of the constrained supply rather than demand. The average residential section sale price in Prebbleton has followed a relatively regular upward trend from 2011 until 2020, however these statistics are skewed by a higher proportion of large lots selling in the period 2015 – 2018. There has been exponential growth of approximately 100% during the last 12 months, which does not appear to be driven by larger-than-usual (or higher quality) lots, and instead reflects an underlying trend.
- 4.3 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. An example of the insatiable demand is Prévélles Prebbleton where the developer,

Suburban Estates, released the last stage in March 2021 and sold all 64 sections immediately. This was the last section release of any note.

- 4.4 The current land market in Prebbleton 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 significant and immediate increased supply.

## **5 RESEARCH METHODOLOGY**

- 5.1 My research team at Colliers Valuation has physically inspected on the ground and identified all developed and undeveloped land in Prebbleton, Lincoln, Rolleston and West Melton 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.

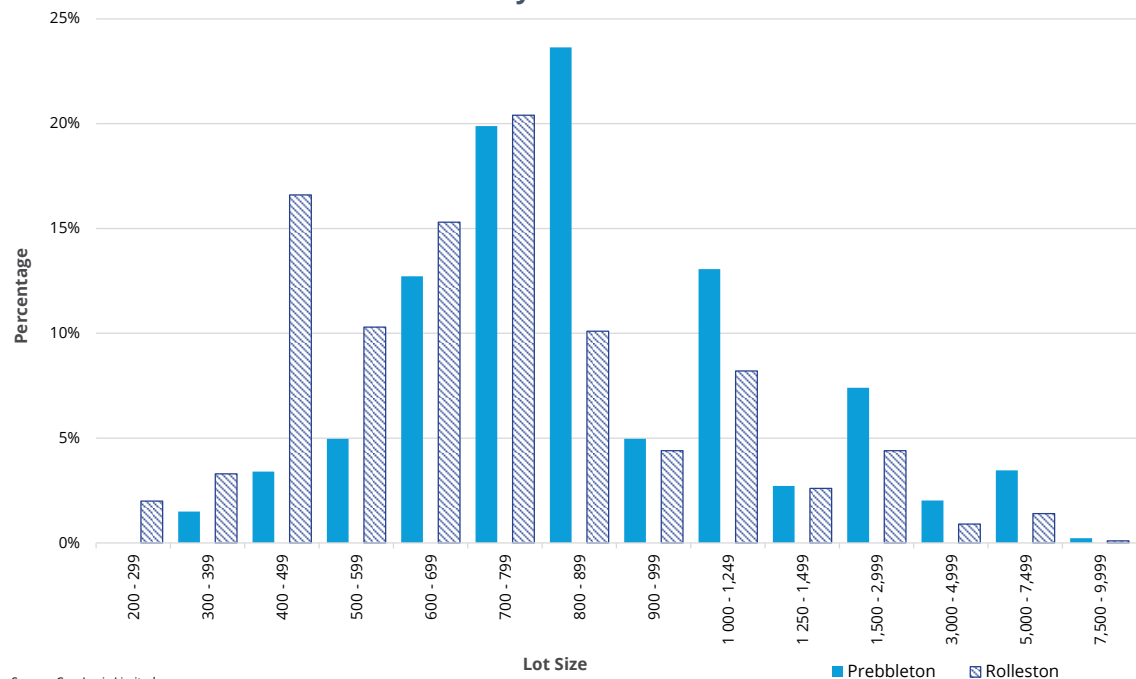
## **6 PREBBLETON**

- 6.1 Prebbleton is a small township located approximately 11.4 kms south west of the Christchurch CBD core adjoining the south western boundary of metropolitan Christchurch. The township is in close proximity to Halswell (2 kms) and Hornby (4 kms). Located just to the north is the Christchurch Southern Motorway. The township experienced significant growth following the Canterbury earthquakes.
- 6.2 Prebbleton is provided with the normal range of services and amenities including a supermarket, strip shopping, primary school, Presbyterian and Anglican churches, Tavern, Plunket and playcentre, and Prebbleton Domain which provides a wide range of recreational activities. Prebbleton Village, a new boutique retail and hospitality centre in central Prebbleton, is currently under construction.
- 6.3 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 the township with 401 lots (23.2%) with an area of between 1,000 -2,999 sqm. In addition there are a number of retirement housing units in two retirement villages at Prebbleton. BUPA is in the process of development of Ashford Retirement Village where there will be 115 retirement units when development is completed. Summerset is in the process of development of Summerset Prebbleton where upon completion there will be 290 retirement units.
- 6.4 The following table provides an analysis of lot sizes in Prebbleton compared with Rolleston.

<b>Prebbleton &amp; Rolleston Lot Size Analysis</b>				
	Prebbleton		Rolleston	
Lot Size	# Lots	%	# Lots	%
200 - 299	0	0%	178	2.0%
300 - 399	26	1.5%	293	3.3%
400 - 499	59	3.4%	1,464	16.6%
500 - 599	86	5.0%	903	10.3%
600 - 699	220	12.7%	1,344	15.3%
700 - 799	344	19.9%	1,795	20.4%
800 - 899	409	23.6%	886	10.1%
900 - 999	86	5.0%	391	4.4%
1,000 - 1,249	226	13.1%	721	8.2%
1,250 - 1,499	47	2.7%	231	2.6%
1,500 - 2,999	128	7.4%	389	4.4%
3,000 - 4,999	35	2.0%	77	0.9%
5,000 - 7,499	60	3.5%	124	1.4%
7,500 - 9,999	4	0.2%	8	0.1%
<b>Total</b>	<b>1,730</b>	<b>100.0%</b>	<b>8,804</b>	<b>100.0%</b>

- 6.5 There are 1,730 titled lots in Prebbleton of which 1,230 (71.1%) sit in the 300 – 999 sqm size category with lots between 400 – 899 sqm accounting for 64.6%.
- 6.6 Rolleston has a higher proportion of small lots between 200 - 599 sqm, accounting for 32.2% of the market in comparison 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% in comparison 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.

### Prebbleton & Rolleston - Lot Size Analysis



- 6.7 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.
- 6.8 The following table provides an analysis of the number of vacant residential section sales and new dwelling building consents in Prebbleton for the period from 2011 – 2021.

Prebbleton Section Sales & Building Consent Analysis		
Year	Sales	Building Consents
	#	#
2011	24	27
2012	172	63
2013	116	192
2014	149	119
2015	116	107
2016	79	201
2017	24	117
2018	65	57
2019	66	61
2020	62	105
2021 (Part Year)	84	91

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

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



- 6.10 The volume of vacant residential section sales has fluctuated over the last ten years from a low in 2011 of 24, rising to a peak in 2012 of 172, 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 I consider that the increase would have been significantly greater had more supply been available.
- 6.11 The volume of sales is a reflection of supply and demand. Since 2014 there has only ever been a limited supply of sections available to the market in Prebbleton which has always been sold down quickly. A recent example of the constrained supply is the Prevelles Prebbleton subdivision described above where 64 sections were released in the last stage in 2021 and sold immediately.
- 6.12 New dwelling building consents in Prebbleton have generally followed an irregular trend line compared to the number of sales.
- 6.13 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.
- 6.14 Rolleston has expanded significantly during the last ten years and is now the most dominant township in Selwyn District in terms of residential land activity. During the

last five years from 2016 – 2020, 57.9% of all Selwyn District vacant residential land transactions occurred in Rolleston with the next largest activity township being Lincoln at 25.3%, followed by Prebbleton at 6.9% and then West Melton at 3.5%. 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	3,444	57.9%
West Melton	207	3.5%
Lincoln	1,504	25.3%
Prebbleton	412	6.9%
Tai Tapu	50	0.8%
Darfield	130	2.2%
Kirwee	91	1.5%
Leeston	82	1.4%
Southbridge	32	0.5%
<b>TOTAL</b>	<b>5,952</b>	<b>100.0%</b>

- 6.15 There is market evidence that the 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<sup>1</sup>.

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<sup>1</sup> For Darfield and Kirwee, see Property Brokers Report for PC 63 in Darfield – Appendix 5 to evidence of Fiona Aston [PC63 - Property Brokers \(selwyn.govt.nz\)](#)

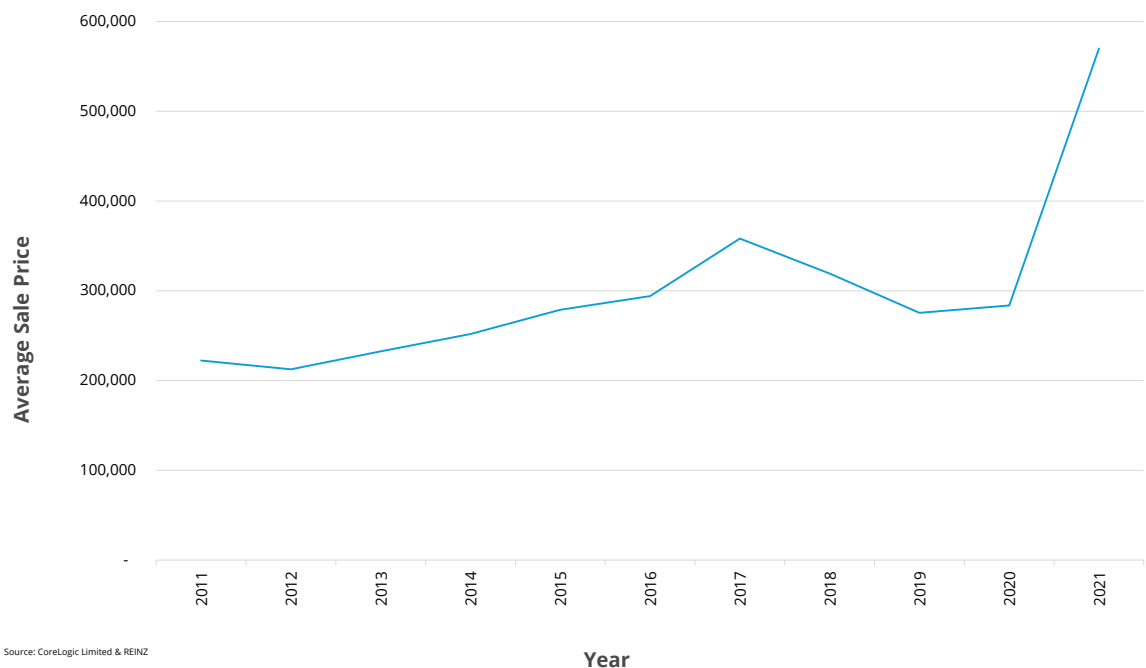


- 6.16 The following table provides an analysis of the average vacant residential section sale price in Prebbleton together with the average associated land area for the period from 2011 – 2021:

<b>Vacant Prebbleton Residential Section Sales</b>			
<b>Year</b>	<b>Sales #</b>	<b>Average Area sqm</b>	<b>Sale Price \$</b>
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

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

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



- 6.18 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 have adopted

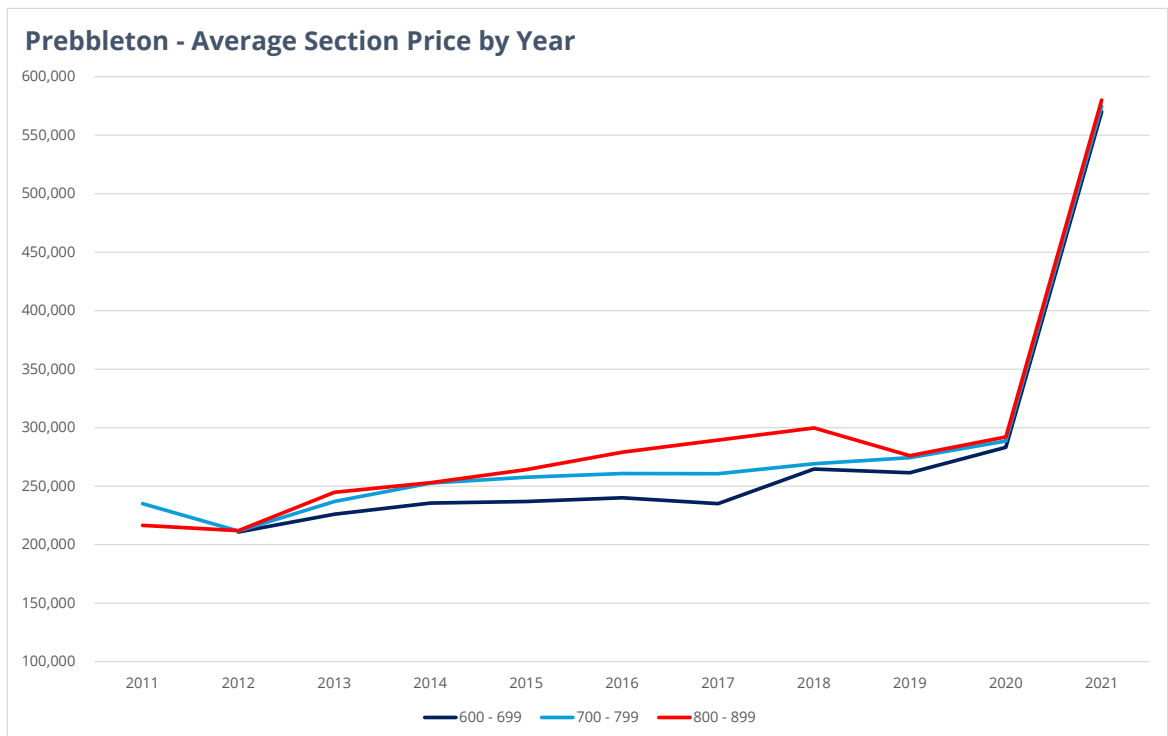
a sale price referenced from the latest sale prices from recent section releases which are referred to later in this evidence. The adopted 2021 sale price of \$570,000 is for a 650 sqm site which correlates with the average sale price in 2020 of \$283,700 for a section of this size.

- (a) 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 – 999 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 comparisons are provided later in my evidence.

<b>Vacant Residential Section Sales – 400-999 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	-	219,000	-	235,000	217,000	256,000
2012	181,000	199,000	211,000	212,000	212,000	234,000
2013	197,000	207,000	226,000	237,000	245,000	253,000
2014	180,000	225,000	236,000	253,000	253,000	298,000
2015	219,000	236,000	237,000	257,000	264,000	295,000
2016	215,000	241,000	240,000	260,000	279,000	-
2017	-	-	235,000	260,000	-	-
2018	236,000	238,000	264,000	269,000	300,000	369,000
2019	229,000	243,000	261,000	274,000	276,000	290,000
2020	237,000	262,000	283,000	288,000	292,000	-
2021	-	-	570,000*	575,000	580,000*	590,000*

\*Current Sale Price

- 6.19 The information from the complete data set for section sizes between 600-899 is shown in the following graph which illustrates the sale price trend lines in Prebbleton for these three land area categories.



- 6.20 The above data illustrates a relatively consistent average sale price within each area band however the overall average outlined in the graph in paragraph 6.17 fluctuates depending on the volume of each land size category. For example, in the period from 2017 and 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.
- 6.21 The following is a comparison summary of three recent transactions utilising equivalent land sales in 2020 of similar size.

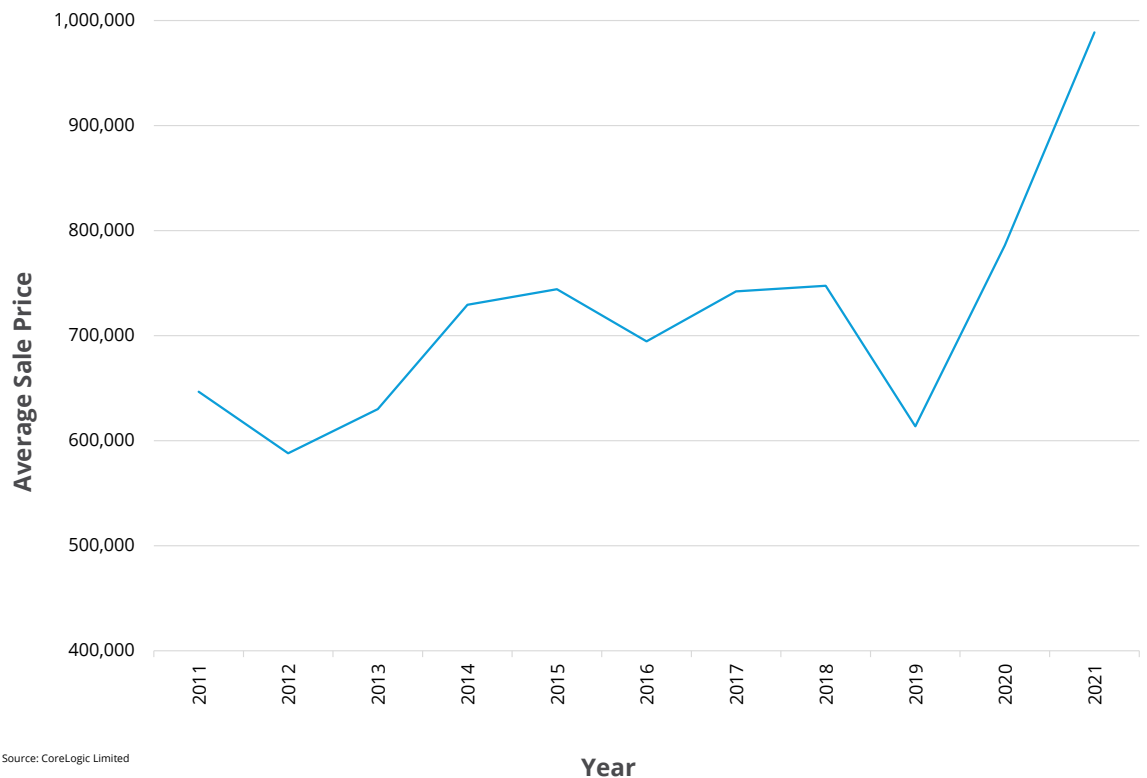
<b>Price Escalation Comparisons</b>			
<b>Address</b>	<b>Date mth.yr</b>	<b>Area Sqm</b>	<b>Sale Price \$</b>
5 Maurice James Way	08.20	868	289,000
600 Trents Road	12.21	853	575,000
<b>Price Escalation</b>			<b>99%</b>
5 Maurice James Way	08.20	868	289,000
Lot 2, 36 Blakes Road	11.21	801	580,000
<b>Price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

- 6.22 The 2020 sales at 5 Maurice James Way and 9 Edward Law Boulevard are located in the modern subdivision named Prévelles Prebbleton. Pairwise, the above comparisons are relatively similar in most aspects in terms of location, contour, outlook and shape.
- 6.23 The price escalation example for Lot 2, 36 Blakes Road, of 101% would have been higher had the offer without a building tie of \$620,000 been accepted which would have resulted in price escalation of 114.5%.
- 6.24 These levels of price escalation are extreme even in a buoyant market and provide a clear indication of a distressed market, with very high demand being 'met' by highly constrained supply.
- 6.25 A similar pattern can be seen with house prices. The following is an analysis of the average residential dwelling sale price in Prebbleton for the period from 2011 – 2021:

<b>Prebbleton House Price Analysis</b>		
<b>Year</b>	<b>Sales #</b>	<b>Sale Price \$</b>
2011	12	646,542
2012	43	588,000
2013	51	629,990
2014	54	729,351
2015	69	744,214
2016	110	694,489
2017	118	742,069
2018	99	747,461
2019	134	613,599
2020	126	786,000
2021 (Part Year)	77	988,757

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

**Prebbleton - Improved Residential Sale Price**



- 6.27 Analysis of the average improved residential property sale price in Prebbleton illustrates a relatively consistent upward trend from 2011 through to 2020 and then a sharp increase in 2021 to date. The average residential dwelling sale price is a little inconsistent for Prebbleton with a wide range of dwelling type and size skewing the market statistics. For example, in 2019 there was a higher proportion of smaller dwellings on standard small residential sites selling, compared with other years when there was a component of the market comprising large residential dwellings on 5,000 sqm lots. 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.
- 6.28 The REINZ annual median increase for improved residential properties in Prebbleton from January 2021 – 2022 was 33.8% %. The REINZ median sale price for improved residential property in Selwyn District for January 2021 – 2022 increased 25.9% and in Christchurch City for the same period, 24.5%

## 7 PREBBLETON SUPPLY

7.1 I have categorised the residential market for vacant sections in Prebbleton under the following headings:

- (a) Developed
- (b) Under Development
- (c) Plan Change Applications
- (d) Undeveloped – Piecemeal

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

### *Prebbleton – Developed*

<b>Prebbleton Developed</b>				
<b>Zone</b>	<b>Vacant #</b>	<b>For Sale#</b>	<b>Builder#</b>	<b>Total #</b>
Prebbleton- L1A	5	-	-	5
Prebbleton – L1A1	-	-	-	-
Prebbleton – L1A4	-	-	-	-
Prebbleton – L1A6	1	-	-	1
Prebbleton – L2A	10	-	-	10
Prebbleton – L3	7	-	-	7
Prebbleton - LX	3	1	-	4
Prebbleton - LZ	17	1	-	18
<b>Total</b>	<b>43</b>	<b>2</b>	<b>-</b>	<b>45</b>

7.3 There are just 2 vacant sections for sale in Prebbleton. One vacant section has a for sale sign and no vacant sections have builder's signs. There are 2 residential sections offered for sale on TradeMe (being the same 2 identified in my survey).

### *Prebbleton – Under Development*

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

<b>Prebbleton 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>
Prévelles Prebbleton	LZ	64	64	64	-	-	-
Prebbleton Central	B1	17	17	5	12	-	-

36 Blakes Road	LZ	7	7	7	-	0	
<b>Total</b>		<b>88</b>	<b>88</b>	<b>76</b>	<b>12</b>	<b>0</b>	<b>-</b>

- 7.5 In Prévelles Prebbleton, the developer, Suburban Estates released the last stage in March 2021 and sold all 64 sections immediately. Development is currently being completed on these sections and apart from Lot 95 in Prévelles Prebbleton and 602 Trents Road, there are no further sections available for sale in Prebbleton, nor are there any residential sections under development or scheduled for development in the short term.
- 7.6 Urban Developments is completing a 17 section high density (350 sqm lots) subdivision named Prebbleton Central in Central Ave on Business 1 zoned land. Five sections have been sold and the developer is retaining the remaining 12 sections for completion of house and land packages.
- 7.7 Greenland Homes Limited is completing a small subdivision of 7 sections at 36 Blakes Road, named Esther Mews. I am aware that all 7 sections are subject to unconditional sale contracts with building ties to the vendor.
- 7.8 The former Meadow Mushrooms property situated on the north western side of Springs Road in the heart of Prebbleton contains a land area of 9.1142 ha and has been purchased by Summerset Villages Prebbleton Ltd for the development of a retirement village. Development has commenced on this property.

*Prebbleton - Plan Changes*

- 7.9 The following is a summary of the land which is currently subject to plan change applications in Prebbleton.

<b>Prebbleton Potential Supply</b>			
<b>Plan Change Applicant</b>	<b>Area Ha</b>	<b>Zone</b>	<b>Lots #</b>
PC 68 – Urban Holdings & 2 others	67.50	LZ	820
PC 72 – Trices Road Rezoning Group	28.70	LZ	320
PC 79 – Birchs Village Ltd	36.58	LZ	400
<b>Total</b>	<b>132.78</b>		<b>1540</b>

- 7.10 PC 68, which is the subject of this evidence, comprises 67.50 ha and is situated to the west of the existing Prebbleton township bordered by Trents Rd, Hamptons Road and Shands Road. The land is currently zoned Inner Plains and the plan change has requested a change to Living Z which will produce 820 new sections.

- 7.11 PC 72 comprises 28.70 ha and is situated to the south of the existing Prebbleton township on the south eastern corner of Trices Road, Birchs Road and Hamptons Road. The land is currently zoned Inner Plains and the request under PC 72 as notified was to rezone the land to Living Z and five Living 3 zone sections. The Council planner recommended the entire PC 72 site is zoned Living Z, and I understand that the Trices Road Rezoning Group accepted this recommendation. Accordingly, in total the plan change will now produce approximately 320+ new sections.
- 7.12 PC 79 comprises 36.58 ha and is situated to the south of the existing Prebbleton township on the south western corner of Birchs Road and Hamptons Road. The land is currently zoned Inner Plains and the request for change is to Living Z which will produce 400 new sections.

*Prebbleton – Undeveloped Piecemeal*

- 7.13 I have quantified the potential area of land and lots 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 either lifestyle properties or very large residential holdings with most parcels containing an existing dwelling.
- 7.14 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 2- 10 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, 1A & 2A zoned land is constrained by owners intentions and should be viewed in the medium term window, otherwise it is likely they would have already been available to the market. The following is a summary of this potential land category:

<b>Prebbleton – Additional Potential Supply</b>		
<b>Category</b>	<b>Area Ha</b>	<b>Lots #</b>
Zoned – Potential Piecemeal Ownership	14.2113	44
<b>Total</b>	<b>14.2113</b>	<b>44</b>

Overall Summary

- 7.15 The following is a summary of the overall situation in Prebbleton:

<b>Overall Summary – Short Term</b>		
<b>Category</b>	<b>For Sale</b>	<b>Potential</b>
Developed	2	-
Under Development	-	-
<b>Total</b>	<b>2</b>	<b>-</b>



<b>Overall Summary – Medium Term</b>		
<b>Category</b>	<b>For Sale</b>	<b>Potential</b>
PC Potential	-	1540
Zoned – Potential Piecemeal	-	44
<b>Total</b>		<b>1584</b>

- 7.16 Currently there are only 2 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 2 sections available, and no further sections are planned in the short term until plan changes occur.

## **8 SELWYN DISTRICT COMPARISON**

- 8.1 I have recently prepared and presented evidence on behalf of GW Wilfield Ltd for PC 67 at West Melton, Urban Estates Limited for PC 78 at Rolleston and Rolleston Industrial Developments Ltd for PC 69 at Lincoln. My evidence outlined in detail the current supply situation in each location.
- 8.2 The following table summarises the current position in each of the four Selwyn District townships:

<b>Selwyn District Supply Summary</b>				
<b>Category</b>	<b>Prebbleton</b>	<b>Lincoln</b>	<b>Rolleston</b>	<b>West Melton</b>
Vacant Sections for Sale	2	4	1	2
Sections for sale (Under Dev)	0	0	10	0
PC Potential #	1,540	2,000	5,715	786
Piecemeal Potential #	44	462	641	-
12 Month Escalation	100%	120%	130%	50%

- 8.3 It is clear that there is virtually no supply in the four major townships in Selwyn District although there are plan change applications being processed for significant supply in all locations.
- 8.4 Price escalation during the last 12 months has been exceptional in Prebbleton, Lincoln and Rolleston and to a lesser degree at West Melton.
- 8.5 The five major townships in Selwyn District are Rolleston, Lincoln, Prebbleton, West Melton and Darfield.
- 8.6 Rolleston has grown into a major urban area with considerable expansion occurring in the last ten years in association with the development of significant commercial and industrial precincts. Rolleston is now the commercial hub of Selwyn District. Originally

Rolleston was viewed by Christchurch residents as a cost effective location where section and housing prices were cheaper than the city. This, with the completion of the Christchurch Southern Motorway, has changed with the residential price differential narrowing considerably.

- 8.7 Lincoln, Prebbleton and West Melton are smaller rural townships which still have a rural community feel. Property prices in these three locations have increased significantly during the last year.
- 8.8 Darfield is located further from Christchurch than the other major townships and has also experienced significant residential section development during recent years. Darfield has attracted purchasers who cannot afford the increased section prices of the major Selwyn District townships. I refer to the PC 63 evidence of Property Brokers (Gareth Cox) who stated there is virtually no supply of sections in Darfield with undeveloped residential zoned land being either land banked or owned by parties with no demonstrated intent to develop for residential purposes.<sup>2</sup>
- 8.9 The following is a benchmark summary of current section prices for a standard 700 sqm section in each of the five Selwyn District townships.

<b>Township</b>	<b>Sale Price (700sqm)</b>
Rolleston	\$440,000
Lincoln	\$520,000
Prebbleton	\$570,000
West Melton	\$310,000
Darfield	\$300,000

## **9 RESOURCE MANAGEMENT (ENABLING HOUSING SUPPLY AND OTHER MATTERS)**

- 9.1 The Resource Management (Enabling Housing Supply And Other Matters) Amendment Act 2021 (RM Enabling Act) amends the Resource Management Act 1991 to rapidly accelerate the supply of housing where the demand for housing is high. This is intended to address some of the issues with housing choice and affordability that New Zealand currently faces in its largest cities.
- 9.2 The RM Enabling Act received royal assent on 20 December 2021 and came into force on 21 December 2021. The legislation allows up to three homes, three storeys high, on most medium density sites without resource consent. The density standards outlined in the Act state that there must be no more than 3 residential units per site and buildings must not exceed 11m in height, except that 50% of the building's roof in elevation may

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<sup>2</sup> Property Brokers Report for PC 63 in Darfield – Appendix 5 to evidence of Fiona Aston [PC63 - Property Brokers \(selwyn.govt.nz\)](#)

exceed this height by 1m, where the entire roof slopes 15° or more. Building setbacks of 1.5m from the street frontage and 1.0m from side and rear boundaries are required and the maximum building coverage must not exceed 50% of the net site area.

- 9.3 I have considered the likely market impacts that the RM Enabling Act will have on Selwyn District.
- 9.4 One of the key attractions of Prebbleton and Lincoln is the low density rural environment of these townships where there are very few two level residential dwellings. House buyers are attracted to these townships by the price advantage relative to suburban Christchurch, the larger section sizes and the low development density. I am of the opinion this situation is unlikely to change in the short to medium term.
- 9.5 The construction costs per sqm of a 3 level dwelling are significantly higher than the construction costs of a single or two level dwelling due to the additional foundation and structural reinforcement requirements. Therefore development to the density enabled in the RM Enabling Act is unlikely to be economic unless it is completed on larger lot sizes where there is demand for this type of housing product at a price level that is feasible to develop.
- 9.6 It is too early to gauge the likely take up of this development opportunity however I am of the opinion it is most likely to only suit locations where medium-high density residential housing is currently demanded close to major commercial and transport hubs, and where land values are so high that higher density, multi-storeyed development is financially viable.
- 9.7 Potentially developers of new residential subdivisions where it is considered that medium-high density residential development of the type envisaged by the RM Enabling Act, will incorporate restrictive covenants which limit residential construction to one and/or two levels. These types of covenants are already common in many residential subdivisions.
- 9.8 In summary, I am of the opinion that the RM Enabling Act will have limited impact on Selwyn District urban areas.

## **10 MARKET CONSEQUENCES**

- 10.1 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.
- 10.2 Excluding Prebbleton, Lincoln and Rolleston, 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.

- 10.3 Greater escalation is prevalent in Prebbleton where price escalation during the last 12 months is at or around 100% movement. There are numerous examples of recent releases of residential sections in Selwyn District where the vendor has sold sections by deadline treaty or tender in order to extract the maximum price. The situation in Prebbleton with price escalation of 100% within the last 12 months has resulted from extremely limited supply.

## **11 SECTION 42A REPORT**

- 11.1 I have reviewed the Section 42A report for Private Plan Change 68 prepared by Jonathan Clease.

- 11.2 The author of the Report at paragraph 208 states:

*"In my view the impacts of under-supply outweigh any consequences arising from an over-supply, especially if that additional supply can be efficiently serviced, is appropriately located and integrated with existing townships to produce a good urban form, and particularly in the current climate of rapidly rising housing costs and a general consensus that there is a 'housing emergency'."*

- 11.3 At paragraph 212 under the heading A Well-Functioning Urban Environment, the report states:

*"The NPS – UD sets out what constitutes a 'well-functioning urban environment' and requires that planning decisions contribute to such environments. A well-functioning urban environment must meet all of the criteria in the policy which includes that they:*

- *have or enable a variety of homes that meet the needs of different households;*
- *support, and limit as much as possible adverse effects on, the competitive operation of land in development markets..."*

- 11.4 At paragraph 177, the report states:

*"I consider the proposal will enable a variety of homes to meet the needs of different households and will support the competitive operation of land and development markets."*

- 11.5 I agree with the above comments which align with my conclusion earlier at paragraph 11.4.

## **12 CONCLUSION**

- 12.1 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.

- 12.2 Since 2012, there is evidence of consistently high demand for sections in Prebbleton. This demand has spiked significantly since 2019.
- 12.3 Currently there are only 2 residential sections in Prebbleton for sale with the only future supply potentially available via plan changes identified earlier.
- 12.4 It is difficult to quantify what level of supply is required 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.
- 12.5 As with other locations in the Selwyn District, 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.

**Gary Sellars**

**8 March 2022**