

Before the Selwyn District Council

under: the Resource Management Act 1991

in the matter of: Proposed Private Plan Change 73 to the Operative
District Plan: Dunns Crossing Road, Rolleston

and: **Rolleston West Residential Limited**
Applicant

Statement of Evidence of Chris Jones (Real estate)

Dated: 13 September 2021

Reference: JM Appleyard (jo.appleyard@chapmantripp.com)
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STATEMENT OF EVIDENCE OF CHRIS JONES

INTRODUCTION

- 1 My full name is Christopher Francis Jones.
- 2 I have 20 years' experience in real estate specifically in the Selwyn District and 12 years' experience selling down residential subdivisions South and South West of Canterbury. I have sold over 2,500 sections sold within this time.
- 3 I am familiar with the plan change application by Rolleston West Residential Limited (the *Applicant*) to rezone approximately 160 hectares of land in two separate locations on Dunns Crossing Road, Rolleston to enable approximately 2,100 residential sites and two commercial areas.

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 will deal with the following:
 - 5.1 A description of the Rolleston housing market; and
 - 5.2 An overview of the demand for residential development in Rolleston; and
 - 5.3 Consideration of current residential supply in Rolleston.
- 6 In preparing my evidence I have reviewed and considered the evidence of **Gary Sellars** which was provided on behalf of GW Wilfield Limited in the hearing for Plan Change 67 in West Melton. This is attached at **Appendix 1** for reference.
- 7 Mr Sellars' evidence is highly relevant to this plan change in that it considers a number of relevant factors relating to the current residential land market in Rolleston.
- 8 While I myself am not a valuer, I acknowledge Mr Sellars is very experienced and respected in his field. I therefore have relied on

and adopted some of his opinions (although I state where I have done so) in providing my evidence below.

DESCRIPTION OF THE ROLLESTON HOUSING MARKET

- 9 One of the major drivers of people moving to Rolleston has always been value. Traditionally, this value was being able to own a home on a freehold title with some backyard for a price range of \$500,000 - \$600,000. This price factor was a huge incentive, particularly when compared to what the same price could get you in Christchurch (which were often much smaller with little to no outdoor area and which were considered "old and cold").
- 10 People were willing to drive to Rolleston for this, with the opportunity to choose and own a brand new warm home.
- 11 The desirability of Rolleston has changed significantly in recent years as Rolleston, and Selwyn more generally, has become a major hub for workers and employment. People are now actively moving to Rolleston in order to work in the immediate area.
- 12 Another driver in more recent years has been the modern amenities that are provided for in Rolleston. People can now do all of their shopping and run their errands exclusively in Rolleston if they wanted to – without the need (which previously existed) to travel to Christchurch City.
- 13 The market drive for moving to Rolleston has therefore, in my opinion, changed from low cost to lifestyle and convenience. Everything is in one place – amenities, employment, and recreation, often all within reasonable walking distances.
- 14 More recently, the new motorway has made Rolleston even more appealing. It is now easier than ever for people working in Christchurch to commute – with the drive now reduced to approximately 20 minutes. This is equivalent to the driving times currently experienced from one side of Christchurch city to the centre. The ease of commuting has given the Rolleston residential market a big kick.
- 15 The type of consumer interested in the residential market in Rolleston has also shifted. We are more frequently seeing retirees moving to Rolleston due to the ease of living, as well as the traditional young family.
- 16 Further, there does not appear to be a desire or ability in Christchurch City to provide for stand-alone homes on reasonably sized sections at an affordable price – with the focus being on high residential density and apartment living. Purchasers who want an affordable property with a backyard will now need to go to outskirts locations, and more often than not this now involves looking to Selwyn and Rolleston.

DEMAND FOR RESIDENTIAL LAND IN ROLLESTON

- 17 The Rolleston residential land market is booming. Demand is the highest it has ever been and that I have ever seen in my 20 years by a long way. This is quite simply evidenced by recent section and house prices.
- 18 The average vacant section sale price in Rolleston has increased by approximately 100% in the past year. This is indicated in the evidence of Mr Sellars at [3.33] where he states that 725m² sections in Rolleston are now selling for \$390,000 - \$400,000 compared to the 2020 average of \$184,352. My own experience has confirmed these observations.
- 19 Section size is a highly relevant factor to demand. Some 8 to 10 years ago, I would say that most buyers would have considered an 800m² section in Rolleston to be tiny. That thinking has completely changed, and such a section for residential development now in Rolleston is considered large. At [3.28] of his evidence, Mr Sellars' indicates that sections less than 1,000m² make up 82.4% of the township. I would note that these statistics don't include all of the "off plans" sales where title is still a long way off. The "norm" site is now circa 500m². The pool of buyers for larger residential sites in Rolleston is significantly lower in the current market.
- 20 From my experience, buyers are now looking more and more for residential sites of around 400 to 500m². This is in part due to the significant amenity improvements such as shopping, recreation, parks, schools, and the like all within a close distance that mean a large section is not a necessity. Our experience is that the smaller sites always sell first.
- 21 The feedback myself and my team are receiving is that when developers are putting sections on the market, the smallest ones always go first. People are chasing value and 'ease of living'.
- 22 I understand that under the current zoning for the plan change sites, residential development is enabled for much larger lots (mainly of 4,000 to 5,000m²) than proposed under PC73. Mr Sellars' evidence at [8.16] and [8.17] indicates that if PC73 is successful, there will be virtually no large residential lots produced in Rolleston. In my view, this is unlikely to have negative consequences given where the demand sits. The current zoning does not offer what the market most wants in Rolleston.
- 23 While larger sites would sell, the demand for this size section is nowhere near what it used to be. The cost for homeowners of such sections, and ultimately the homes that will be on here is also significant. As such, there would be a significantly smaller and wealthier pool of buyers that would be able to afford the residential sites envisaged under the current zoning.

- 24 By way of example, I would expect a 4,000m² site house and land package to be in the range of \$1.5 - 2 million, which is completely outside of the average purchaser's price range. Whereas the same site could better be utilised to accommodate 10 modern and affordable homes for 10 families.

CONSIDERATION OF CURRENT RESIDENTIAL SUPPLY IN ROLLESTON

- 25 I am of the view that current residential supply in Rolleston is practically non-existent. This is demonstrated in Mr Sellars' evidence at [8.15] where he explains that there are only 34 potential sections available for Rolleston at the moment. I note most of these are not on the market at this stage. However, from my experience, it is practically impossible at this point in time to get a section in Rolleston and this is what is driving the prices to significantly increase.
- 26 After the earthquakes, there was a huge amount of greenfield residentially zoned land. This meant that price and supply of residential land remained steady. While there was always going to be an average increase in prices over time, as is the nature of the housing market, this cannot be attributed to the drastic rise we are currently seeing in residential prices in Rolleston.
- 27 I consider that the key driver to this huge spike in the value of residential land in Rolleston recently is the lack of availability. This is also Mr Sellars' view at [9.7] where he explains that the price escalation at or exceeding 100% in Rolleston within the last nine months has resulted from extremely limited supply.
- 28 Since the Covid-19 epidemic and associated lockdowns, people have been returning to New Zealand, and Canterbury, from all over the world, and other parts of the country. I frequently sell residential sites in Greater Christchurch and particularly Selwyn to Aucklanders. Many purchasers from Auckland have simply been priced out of the Auckland land market and are looking for an affordable location to move.
- 29 As such, post-lockdowns the greenfield zoned land, which was previously steadily available for residential development, has already been swallowed up. There is now simply not enough residentially zoned land to keep up with current and future demand.
- 30 By way of example, Mr Sellars explains at [8.15] of his evidence that developers are now selling their stock in the space of hours prior to commencing development. Most residential sections we are selling for our clients at present are via deadline sale with multiple offers on each lot. While the high demand for residential sections is evident throughout Greater Christchurch, the market in Rolleston is particularly frantic, and has resulted in demand significantly outstripping supply.

- 31 From my experience, people are far more likely to pay increased residential prices where there is a lack of available zoned land. Where there is zoned land, even if a developer chooses to hold onto it and not develop, people are less likely to purchase sections and houses at inflated prices.
- 32 In my view, if this significant shortage of residentially zoned land is not addressed soon, it is only a matter of time before the average house and land package in Rolleston will be around one million dollars. This will occur soon (I consider within a year or two) if supply is not controlled and released. This is exactly what occurred in Halswell, where land and house packages are now around \$900,000 and above for 175 – 200 square metre house on a 400 – 500 square metre section of land.
- 33 The effect of a similar increase in Rolleston will be to prevent a wide range of would-be home owners from being able to enter the housing market.
- 34 Mr Sellars' evidence at [8.7] to [8.9] summarises the number of sections that could become available if the seven currently proposed plan change applications in Rolleston are approved. These have the potential to release a further 464.3 ha or 5,742 sections to the market (including this plan change site).
- 35 This number of sections does not seem particularly high to me when considering that these will not all be going on the market and developed at the same time, and that it is important to enable a supply of sections capable of being released in the medium and long term. Much of this land will also need to wait for adequate infrastructure to be established around it before development can occur.
- 36 I note that much of these 5,742 sections have already been sold subject to zoning, so arguably will not be available to the market when they are developed.
- 37 It is likely that the earliest there will be a house on the plan change site is still 2 years away as it does take some time to develop greenfield sites. So if the rezoning of sites is put off any longer, there will be a window of no residential purchasing in Rolleston which will lead to existing prices sky rocketing higher than they already are.
- 38 I do not consider there to be any risks or problems arising from an oversupply of residential zoned land given current demand trends.
- 39 In fact, I am of the view that this would help appease the spike in housing prices we have seen recently. The advantage of having more land zoned in this way is that people are confident that the supply is there, reducing panic purchases and inflated prices in the market.

- 40 Competition will also keep prices at a reasonable level. Private market developers slow down land development/release if they are struggling to sell to match demand.
- 41 This issue of demand and lack of supply is not unique to Rolleston and is happening elsewhere in Selwyn and Greater Christchurch in a similar manner (in particular Lincoln and Halswell).
- 42 As it gets harder and harder to find space to develop in other parts of Canterbury, people will naturally continue to increase demand in places like Rolleston which offer opportunities for young families, retirees, and people wanting standalone dwellings with some yard and proximity to amenities and modern infrastructure.
- 43 It is my view that Canterbury has been undervalued for some time now. If residential development is not provided for in Rolleston, it will simply put the pressure on other places in the District.

CONCLUSION

- 44 I consider there is an acute residential land shortage currently in Rolleston. Demand is significantly surpassing supply and this is leading to inflated prices of almost 100% from the year before.
- 45 I have a number of developers, builders, investors, and home owner clients who are desperate to buy development land or section in Rolleston and there is virtually nothing available.
- 46 I am of the view that significant rezoning of residential land is required in Rolleston in order to stabilise these prices and correct the supply issue. I consider this plan change to be a significant opportunity for the Selwyn District to start to address and fix these housing shortage issues for the District.

Dated: 13 September 2021

Chris Jones

APPENDIX 1

**BEFORE AN INDEPENDENT HEARINGS COMMISSIONER AT
SELWYN**

IN THE MATTER OF

Clause 21 of the First Schedule of the
Resource Management Act 1991
(Plan Change 67)

IN THE MATTER OF

GW WILFIELD LIMITED
(Applicant)

**STATEMENT OF EVIDENCE OF GARY RUSSELL SELLARS ON
BEHALF OF GW WILFIELD LIMITED**

REAL ESTATE

Dated: 30 August 2021

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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 the 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, 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 was instructed by GW Wilfield Limited to complete research and prepare and present evidence on the residential land market in Selwyn District, in particular the West Melton market 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 GW Wilfield Limited or any of its associated companies in completing valuation work.

Code of conduct

- 1.5 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.

Scope of evidence

- 1.6 My evidence addresses the current supply of residential sections in West Melton, Prebbleton and Rolleston and quantifies the current imbalance of supply and demand which has resulted in recent significant price escalation. I note that I have also reviewed the economics evidence prepared by Fraser Colgrave and refer to sections of his evidence in my consideration of these matters.

2 SUMMARY

- 2.1 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.
- 2.2 In the West Melton, Prebbleton and Rolleston residential section markets there are virtually no vacant sections available for purchase. The recent sale releases of sections has resulted in significant price escalation. This market frenzy is driven by the severe restrictions on supply and choice.
- 2.3 The current land market in West Melton, Prebbleton and Rolleston 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 (and to accord with the aims of the National Policy Statement on Urban Development) is immediate increased supply.

3 RESEARCH METHODOLOGY

- 3.1 My research team at Colliers Valuation has surveyed all developed and undeveloped land in West Melton, Prebbleton and Rolleston 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 surveyed 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 and Corelogic.

West Melton

- 3.2 West Melton township is situated at the intersection of West Coast Road (SH.73) and Weedons Ross Road, approximately 25 kms west of the Christchurch CBD core. West Melton is a unique township providing low density residential housing on large lots in a rural residential village community setting. The township experienced significant growth following the Canterbury earthquakes and for the most part comprises three major subdivisions; Gainsborough/Halkett Grove, Preston Downs and Wilfield.
- 3.3 West Melton is provided with the normal range of services and amenities including a convenience shopping centre, primary school, fire station, Presbyterian and Anglican churches, tavern, community centre, Plunket and playcentre, and West Melton Domain which incorporates tennis, bowls, rugby and Scouts clubrooms.
- 3.4 The residential development in West Melton provides for predominantly larger lot sizes and larger residential dwelling floor areas. There are 933 titled lots in the township with 680 lots (72.9%) with an area of between 1,000 – 2,999 sqm.

Prebbleton

- 3.5 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.
- 3.6 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 providing a wide range of recreational activities. A new boutique convenience shopping centre is proposed.
- 3.7 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 (23.5%) with an area of between 1,000 - 2,999 sqm.

Rolleston

3.8 Rolleston is a fast developing satellite township located 22 kms south west of Christchurch adjacent to State Highway No. 1 (SH.1). Major infrastructure has been developed at Rolleston including a significant commercial hub with associated schools and amenities and a large industrial district situated to the north at Izone and IPort.

3.9 Rolleston 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. There are 8,840 titled lots of which 7,254 (82.4%) sit in the 200 – 999 sqm size category.

West Melton & Prebbleton Comparison

3.10 Prebbleton is considered to be a good comparison with West Melton providing a mix of conventional residential section sizes and large residential sections located in a rural environment although containing almost twice the number of sections, having a higher proportion of smaller section sizes and being located on the edge of metropolitan Christchurch and therefore enjoying closer proximity to major city amenities.

3.11 Prebbleton is located approximately 14 kms south east of West Melton. Both urban areas form a sub-set of Selwyn District¹ which in turn is a sub-set of greater Christchurch. The two townships are relatively similar in property typology and rural character and offer a range of section sizes and residential environments.

3.12 The following table provides an analysis of lot sizes for the two townships:

West Melton – Prebbleton Lot Size Analysis				
	West Melton		Prebbleton	
Lot Size	# Lots	%	# Lots	%
300 – 399	2	0.2%	26	1.5%
400 – 499	0	0.0%	59	3.4%
500 – 599	0	0.0%	86	5.0%

¹ As set out in Mr Colegrave's evidence at paragraph 5.12, the Selwyn District Council provide some assessment of the two townships as a sub-area.

600 – 699	15	1.6%	220	12.7%
700 – 799	14	1.5%	344	19.9%
800 – 899	40	4.3%	409	23.6%
900 – 999	40	4.3%	86	5.0%
1,000 – 1,249	238	25.5%	226	13.1%
1,250 – 1,499	164	17.6%	47	2.7%
1,500 – 2,999	278	29.8%	128	7.4%
3,000 – 4,999	114	12.2%	35	2.0%
5,000 – 7,499	23	2.5%	60	3.5%
7,500 – 9,999	5	0.5%	4	0.2%
Total	933	100.0%	1,730	100.0%

3.13 As can be seen there is some difference in the residential section profile between the two areas.

3.14 The early development of Prebbleton saw a predominance of large sections. However, in more recent years there has been a pronounced move to the development of smaller section sizes similar to the nearby Halswell. Located around the periphery are various developments where section sizes of at or around 5,000 sqm remain.

3.15 In West Melton, sections less than 1,000 sqm make up just 11.9% of the township, whereas in the case of Prebbleton this size range makes up 71.1%. Contrasting this, in West Melton section sizes ranging between 1,000 – 2,999 sqm make up 72.9%, whereas in Prebbleton this section size range makes up 23.2%.

3.16 Although West Melton and Prebbleton offer a similar number of sections in the 1,000 – 1,249 sqm range the greater proportion of those sections in West Melton contributes to a lower overall density and greater rural character.

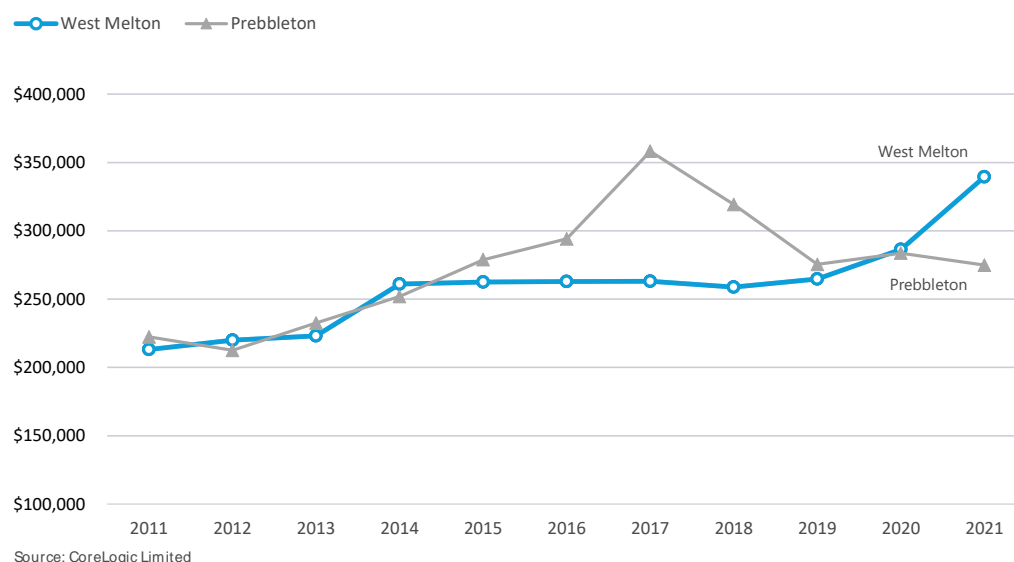
3.17 The following table provides an analysis of the average vacant residential section sale price in West Melton and Prebbleton for the period from 2011 – 2021:

Vacant Residential Section Sales		
Year	West Melton	Prebbleton
	Sale Price	Sale Price
	\$	\$
2011	213,202	222,333
2012	220,052	212,546
2013	223,179	232,503
2014	261,000	251,921
2015	262,565	278,821
2016	262,844	294,125
2017	263,008	358,255
2018	258,860	319,262

2019	264,750	275,434
2020	286,482	283,700
2021 (Part Year)	339,500	274,833

3.18 This same information is shown in the following graph which illustrates the sales price trend lines for West Melton and Prebbleton.

Average Vacant Section Sale Price



3.19 The average vacant section sale price in West Melton is broadly similar to Prebbleton. The spike in sale price in Prebbleton in 2016 – 2018 was caused by the sale of a number of large lots in that period. The relatively flat trend line for Prebbleton in the 2019 - 2021 period is a reflection of the high number of smaller residential sections being sold during this period.

3.20 It should be noted that the above data is for titled sections only. Therefore in 2020 and 2021, the analysis provides only part of the true picture of the current situation. Sections sold in late 2020 and in 2021 have not been constructed or titled and therefore this sale data has not been captured.

3.21 The market in both locations has accelerated at an even faster rate during the last eight months. For example in West Melton recent sale prices in August 2021 for 3,000 sqm sections in Wilfield were \$430,000 compared to the average sale price in 2020 of \$286,482, representing an increase of approximately 50%. In Prebbleton, a similar situation applies where 700 sqm sections sold in March 2021 in Prévelles Prebbleton for at or around \$325,000 compared to the 2020 prices for this size section size of \$250,000, an increase of approximately 30%. In

my opinion if these sections sold in August 2021 the margin would be greater than 30%. Unfortunately, there have been no sections available to the market in Prebbleton since March 2021.

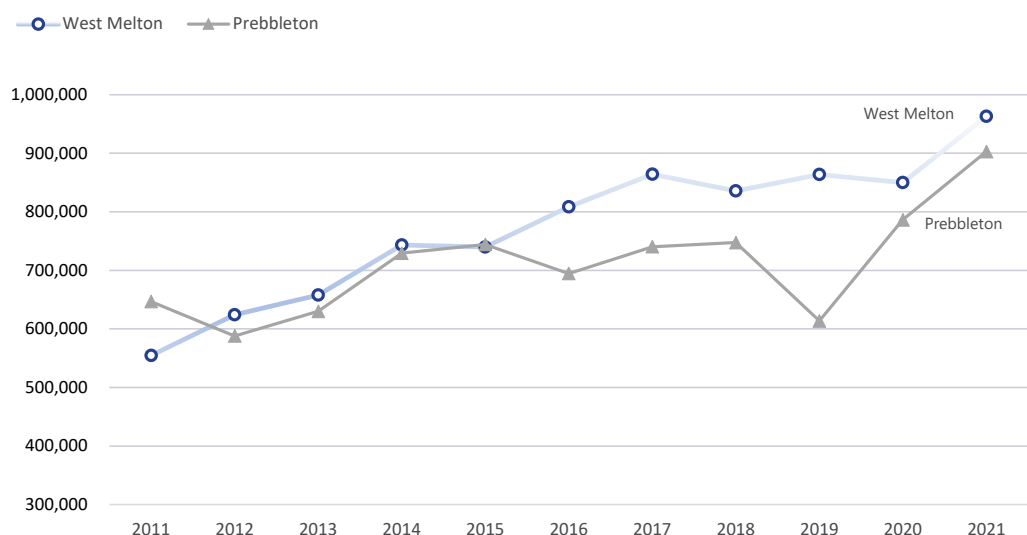
3.22 These levels of price escalation are extreme even in a buoyant market and provide a clear indication of a constrained market in these two locations.

3.23 A similar pattern can be seen with house prices. The following is an analysis of the average residential dwelling sale price in West Melton and Prebbleton for the period from 2011 – 2021:

Residential Dwelling Sales				
Year	West Melton		Prebbleton	
	Sales #	Sale Price \$	Sales #	Sale Price \$
2011	3	554,396	12	646,542
2012	15	624,228	43	588,000
2013	25	657,622	51	629,990
2014	35	743,337	54	729,351
2015	36	739,903	69	744,214
2016	36	808,620	110	694,489
2017	35	864,214	118	740,269
2018	42	835,405	99	747,461
2019	51	863,459	134	613,599
2020	72	850,039	126	786,182
2021 (Part Year)	19	962,947	47	902,932

3.24 The same information is also shown on the following graph which illustrates the sales price trend lines for West Melton and Prebbleton.

Average Improved Sale Price



Source: Property Guru

3.25 Analysis of the average improved residential property sale prices in West Melton and Prebbleton illustrate a broadly similar pattern between the two townships. The trendlines depart from each other in the period from 2016 - 2020 when there was a higher proportion of smaller residential properties sold in Prebbleton. In both cases there is a sharp upward spike in the 2020 - 2021 period.

West Melton & Rolleston Comparison

3.26 Rolleston is located approximately 10 kms south of West Melton and both urban areas form a sub-set of Selwyn District which in turn is a sub-set of Greater Christchurch. The two urban areas are distinctly different and offer a range of section sizes and residential environments.

3.27 The following is a summary of lot size differences between West Melton and Rolleston which illustrates the distinct difference between the townships.

West Melton – Rolleston Lot Size Analysis				
	West Melton		Rolleston	
Lot Size	# Lots	%	# Lots	%
200 – 299	0	0.0%	178	2.0%
300 – 399	2	0.2%	293	3.3%
400 – 499	0	0.0%	1,464	16.6%
500 – 599	0	0.0%	903	10.3%
600 – 699	15	1.6%	1,344	15.3%
700 – 799	14	1.5%	1,795	20.4%
800 – 899	40	4.3%	886	10.1%
900 – 999	40	4.3%	391	4.4%
1,000 – 1,249	238	25.5%	721	8.2%
1,250 – 1,499	164	17.6%	231	2.6%
1,500 – 2,999	278	29.8%	389	4.4%
3,000 – 4,999	114	12.2%	77	0.9%
5,000 – 7,499	23	2.5%	124	1.4%
7,500 – 9,999	5	0.5%	8	0.1%
Total	933	100.0%	8,804	100.0%

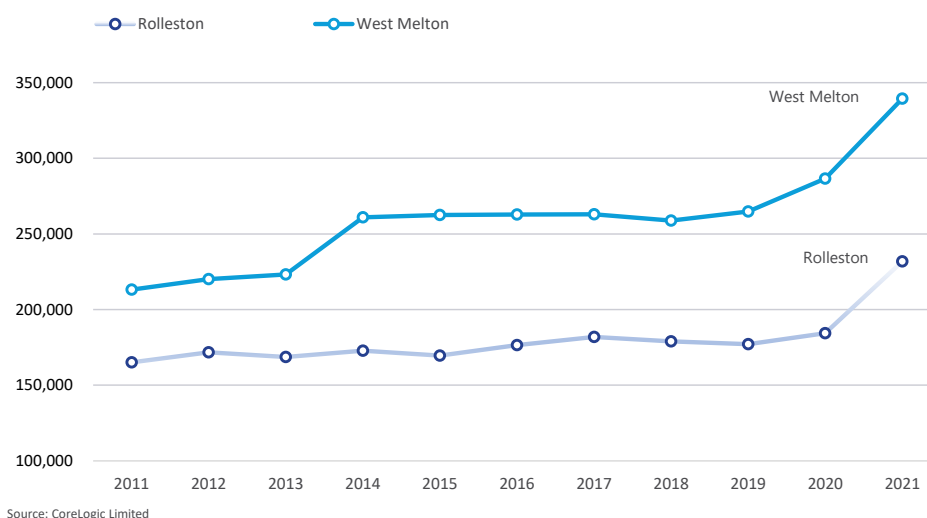
3.28 As can be seen, there is a clear distinction between section sizes in West Melton and Rolleston. In West Melton, sections less than 1,000 sqm make up just 11.9% of the township, whereas in the case of Rolleston this size range makes up 82.4% of the township. Contrasting this in West Melton section sizes ranging between 1,000 – 2,999 sqm make up 72.9%, whereas in Rolleston this section size range makes up 15.2%.

3.29 The following table provides an analysis of the average vacant residential section sale price in West Melton and Rolleston for the period from 2011 – 2021:

Vacant Residential Section Sales		
Year	West Melton	Rolleston
	Sale Price	Sale Price
	\$	\$
2011	213,202	164,996
2012	220,052	171,686
2013	223,179	168,635
2014	261,000	172,696
2015	262,565	169,526
2016	262,844	176,402
2017	263,008	181,874
2018	258,860	178,951
2019	264,750	177,069
2020	286,482	184,352
2021 (Part Year)	339,500	231,776

3.30 This same information is shown in the following graph which illustrates the sales price trend lines for West Melton and Rolleston.

Average Vacant Section Sale Price



3.31 The average vacant section sale price in West Melton is consistently higher than in Rolleston which is explained to a large degree by the larger average section size. What is consistent across both townships is the significant price escalation being seen in the last 12 months.

3.32 As previously noted with data for Prebbleton and West Melton, the above data is for titled sections only. Therefore in 2020 and 2021, the analysis provides only part of the true picture of the current situation. Sections sold in late 2020 and in 2021 have not been constructed or titled and therefore this sale data has not been captured.

3.33 The market in both locations has accelerated at an even faster rate during the last eight months. For example in West Melton recent sales in August 2021 for 3,000 sqm sections in Wilfield were for \$430,000

compared to the average sale price in 2020 of \$286,482, representing an increase of approximately 50%. In Rolleston, a similar situation applies where 725 sqm sections are now selling for between \$390,000 - \$400,000 compared to the 2020 average of \$184,352, indicating an increase of approximately 100%.

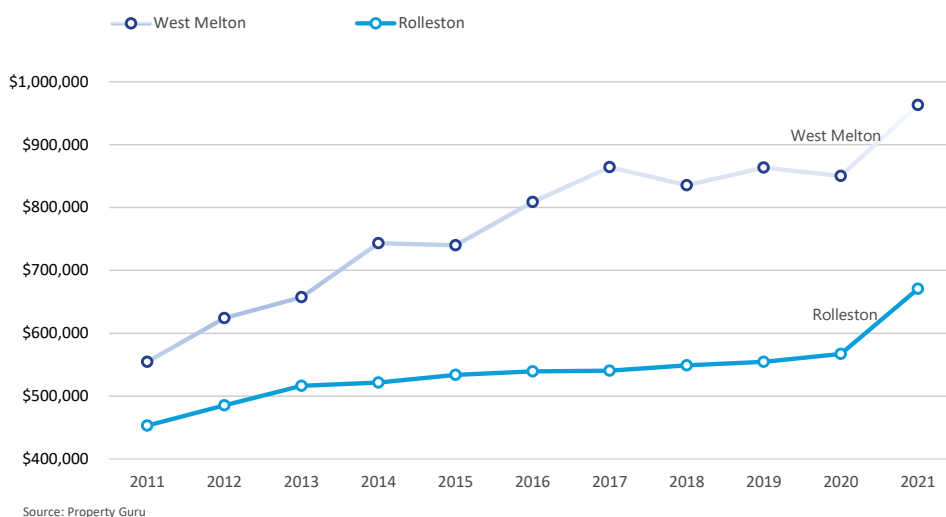
3.34 These levels of price escalation are extreme even in a buoyant market and provide a clear indication of a constrained supply in these two locations.

3.35 A similar pattern can be seen with house prices. The following is an analysis of the average residential dwelling sale price in West Melton and Rolleston for the period from 2011 – 2021:

Residential Dwelling Sales				
Year	West Melton		Rolleston	
	Sales #	Sale Price \$	Sales #	Sale Price \$
2011	3	554,396	119	453,042
2012	15	624,228	166	485,433
2013	25	657,622	244	516,380
2014	35	743,337	297	521,532
2015	36	739,903	390	553,680
2016	36	808,620	498	539,326
2017	35	864,214	450	540,546
2018	42	835,405	538	548,966
2019	51	863,459	650	554,690
2020	72	850,039	1,014	567,134
2021 (Part Year)	19	962,947	443	670,907

3.36 The same information is also shown on the following graph which illustrates the sales price trend lines for West Melton and Rolleston.

Average Improved Sale Price



3.37

Analysis of the average improved residential property sale prices in West Melton and Rolleston illustrates a clear price differential between the two townships with West Melton consistently above Rolleston which is a reflection of the unique nature of the West Melton township with its rural residential character, larger section sizes and larger dwelling sizes. Over the last five years the average improved residential property sale price in West Melton was between 44% - 60% higher than Rolleston.

4 WEST MELTON MARKET

- 4.1 West Melton principally comprises three major subdivisions; Gainsborough/Halkett Grove, Preston Downs and Wilfield.
- 4.2 Gainsborough/Halkett Grove is located on the eastern side of Weedons Ross Road, between SH.73 and Halkett Road. The subdivision commenced in 2007 and contains 204 residential sections zoned in a mix of Living 1 (L1) and Living 1 B (L1B) with section sizes ranging between 1,200 – 5,300 sqm. Currently there are 10 vacant sections in this subdivision, six of which are owned by JR & RD Butt which form part of the family homestead block. JR & RD Butt were the previous owners of the Gainsborough land prior to subdivision development and I understand they have no intention of selling or building on these sections.
- 4.3 Preston Downs residential subdivision is located on the western side of Weedons Ross Road, between SH.73 and Halkett Road. The subdivision was commenced in 2010 and contains 362 lots zoned Living West Melton North (LWMN) with section sizes ranging between 500 – 3,000 sqm.

Currently there are five vacant residential sections in Preston Downs, four which have no signage and one with a building company sign.

- 4.4 Wilfield is located on the eastern side of Weedons Ross Road, and south of SH.73. The staged subdivision commenced in 2016 and there are currently 282 lots developed which range in size from 649m² to 6,539m². The land is zoned Living WM South. Currently there are 113 vacant lots all of which have been sold.

5 WEST MELTON SUPPLY

- 5.1 The following table summarises the current West Melton supply of titled sections:

West Melton Supply					
Subdivision	Zone	Vacant #	For Sale #	Builder #	Total #
Gainsborough/Halkett Grove	L1 & L1B	10	-	-	10
Preston Downs	LWMN	4	-	1	5
Wilfield	LWMS	109	2	4	115
Total		123	2	5	130

- 5.2 There are currently 123 vacant sections in West Melton which have no signage, two sections for sale and a further five sections which have a building company sign. It is difficult to accurately classify the status of vacant sections with no signage in an existing mature subdivision like Gainsborough or Preston Downs. We have, however, made the assumption these are not available for sale, particularly when taking into account there are currently only two residential sections in West Melton advertised for sale on TradeMe or any other real estate platform. The two lots offered for sale are by a private individual who is subdividing these off an existing improved property in Wilfield.
- 5.3 Wilfield released the last 16 sections to the market on 9 August 2021 all of which sold within two hours at prices which were at or about 50% higher than 12 months earlier. All vacant sections in Wilfield have been sold to third parties.

6 WEST MELTON FUTURE SUPPLY

- 6.1 The National Policy Statement on Urban Development 2020 (*NPSUD*) defines "Short Term" as within the next 3 years, "Medium Term" as between 3 – 10 years and "Long Term" as between 10 – 30 years. I have used these definitions when considering future supply below.

6.2 The following is a summary of the supply which would result from PC67 which can be classified as short - medium term:

Plan Change	Zone	Area Ha	Lots #
PC67 – GW Wilfield Ltd	LWM (South)	33.4000	131

6.3 The following table shows the West Melton potential supply currently subject to plan changes (in addition to PC67) which can probably be classified as long term.

Plan Change	Zone	Area Ha	Lots #
PC74 – Hughes Development Ltd	LWM	20.6870	130
PC77 – Marama Te Wai Ltd	L1 WM & LZ	50.3685	525
Total		71.0555	655

6.4 The number of potential lots in each plan change has been taken from the Plan Change documentation.

PC74 – Hughes Development Ltd

6.5 PC74 provides for an extension of Gainsborough/Halkett Grove and is located on the eastern side of this subdivision extending between SH.73 and Halkett Road. The plan change provides for the creation of 130 lots providing a mix of low density and medium density with low density adjacent to the rural boundary. Sections in this plan change range in size from 500 – 3,000 sqm.

PC77 – Marama Te Wai Ltd

6.6 PC77 adjoins the western side of the existing Preston Downs subdivision and extends from SH.73 to Halkett Road. The plan change provides for 525 lots zoned a mix of LZ and L1WM with section sizes ranging between 650 – 1,000 sqm.

West Melton Summary

6.7 As can be seen from the above analysis currently there is virtually no existing supply of residential sections across the entire section size range with house and land packages available on five lots out of a total of 933 lots in West Melton. PC67 – Wilfield will provide the only supply of large residential lots in the township.

7 PREBBLETON MARKET

7.1 I have categorised the residential market for vacant sections in Rolleston 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

Prebbleton Developed				
Zone	Vacant #	For Sale#	Builder#	Total #
Prebbleton- L1A	6	-	-	6
Prebbleton – L1A1	1	-	-	1
Prebbleton – L1A4	5	-	-	5
Prebbleton – L1A6	3	-	-	3
Prebbleton – L2A	10	-	-	10
Prebbleton – L3	8	-	-	8
Prebbleton - LX	4	-	-	4
Prebbleton - LZ	24	-	4	28
Total	61	-	4	65

7.3 There are just 65 vacant sections in Prebbleton of which four sections have a building company sign. No vacant sections have for sale signage. There are no residential sections offered for sale on TradeMe, or any other real estate platform.

Prebbleton – Under Development

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

Prebbleton Under Development							
Development	Zone	Total #	UD #	Sold #	Hold #	For Sale #	Potential #
Prévelles Prebbleton	LZ	64	64	64	-	-	-
Prebbleton Central	B1	17	17	5	12	-	-
Total		81	81	69	12	-	-

- 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 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 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

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

Prebbleton Potential Supply			
Plan Change Applicant	Area Ha	Zone	Lots #
PC68 – Suburban Estates & 2 others	67.5005	LZ	820
PC72 – Trices Road Rezoning Group	28.7000	LZ	290
PC79 – Birchs Village Ltd	36.5800	LZ	400
Total	132.7805		1,510

- 7.9 PC68 comprises 67.5005 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.
- 7.10 PC72 comprises 28.7000 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 for change is to Living Z and five Living 3 zone sections. In total the plan change will produce 290 new sections.

7.11 PC79 comprises 36.5800 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

7.12 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.

7.13 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:

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

Overall Summary

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

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

Overall Summary – Medium Term		
Category	For Sale	Potential
PC Potential	-	1,510
Zoned – Potential Piecemeal	-	44
Total		1,554

7.15 Currently there are no 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 no sections available, nor are there any planned in the short term until plan changes occur.

In Prebbleton, apart from the five Living 3 lots provided for in PC72, there are no large residential lots provided for in any of the plan changes. Therefore there is no competing choice of residential section sizes that are provided for in the Wilfield plan change at West Melton

8 ROLLESTON MARKET

8.1 Rolleston is considered to be the closest alternative residential environment to West Melton which is located approximately 10.0 kms to the north.

8.2 I have categorised the residential market for vacant sections in Rolleston under the following headings:

- (a) Developed;
- (b) Under Development;
- (c) Plan Change Applications;
- (d) Undeveloped – Piecemeal; and
- (e) Future Urban Development Area (*FUDA*) – Piecemeal.

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

Rolleston – Developed

Rolleston Developed				
Zone	Vacant #	For Sale#	Builder#	Total #
Rolleston - L1	40	-	5	45
Rolleston - LZ	157	2	51	210
Rolleston - L1B	8	1	-	9
Rolleston - L1C	1	-	-	1
Rolleston - L3	6	-	2	8
Total	212	3	58	273

8.4 There are 273 vacant sections in Rolleston of which 58 sections have a building company sign and three sections have for sale signage. There

is just one residential section offered for sale on TradeMe, or any other real estate platform.

Rolleston – Under Development

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

Rolleston Under Development							
Development	Zone	Total #	UD #	Sold #	Hold #	For Sale #	Potential #
Goulds Estate	LZ	105	105	17	73	15	-
Acland Park	LZ	362	204	204	-	-	158
Silverstone	LZ	118	118	102	-	16	-
Hanks Run	LZ	42	42	42	-	-	-
189 Lowes Road	L1B	7	7	7	-	-	-
Total		634	476	372	73	31	158

8.6 In Goulds Estate, the developer is holding back 73 sections for its own house and land developments. In Acland Park there is land available for potential development of 158 additional sections. Across all developments, out of a total of 476 sections currently under development, there are just 31 sections that will be available for sale. The developers of Goulds Estate and Silverstone advise that the sections available for sale will be offered to the market in the near future. It is anticipated these sections will sell immediately.

Rolleston Potential Supply

8.7 The following is a summary of the land which is currently subject to plan change applications.

Rolleston Potential Supply			
Plan Change Applicant	Area Ha	Zone	Lots #
PC64 – Hughes Development Ltd	83.8993	LZ	997
PC70 – Hughes Development Ltd	65.3260	LZ	800
PC71 – Four Stars Development & Anor	53.8800	LZ	660
PC73 – Rolleston West Residential Ltd	160.2000	LZ	2,100
PC75 – Yoursection Ltd	24.7000	LZ	280
PC76 – Dunweavin 2020 Ltd	12.9690	LZ	155
PC78 – Urban Estates Ltd	63.3512	LZ	750

Total	464.3255		5,742
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- 8.8 Hughes Development (PC64) released 190 sections to the market in the Westwood part of the Faringdon subdivision prior to rezoning, all of which sold immediately. A further 25 sections were retained by the developer for show home purposes.
- 8.9 The seven plan change areas **if approved** will release a further 464.3 ha or 5,742 sections to a market which is desperate for supply. Note the majority of the proposed supply will be of similar typology and density, being 12 HH/hectare ha.
- 8.10 In addition to the potential supply from plan change applications, there are two other categories of land where there is further medium or long term potential.
- 8.11 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 lifestyle properties with most parcels containing an existing dwelling.
- 8.12 Likewise the same situation applies to land which is currently zoned Rural Inner Plains but within the Future Urban Development Area (FUDA).
- 8.13 In order to quantify the developable potential of this land in both cases, I have deducted a land curtilage area around the existing residential dwelling and adopted a yield of between 5 - 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,1, 1B & 1C 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 FUDA area must be considered as long term potential if at all. The following is a summary of these two potential land categories:

Rolleston – Additional Potential Supply		
Category	Area Ha	Lots #
Zoned – Potential Piecemeal Ownership	61.5630	658
Unzoned (FUDA) Potential Piecemeal	173.3230	2,069
Total	234.8860	2,727

Overall Summary

8.14 The following is a summary of the overall situation in Rolleston:

Overall Summary – Short Term		
Category	For Sale	Potential
Developed	3	-
Under Development	31	158
Total	34	158

Overall Summary – Medium Term		
Category	For Sale	Potential
PC Potential	-	5,742
Zoned – Potential Piecemeal	-	658
Total		6,400

Overall Summary – Long Term		
Category	For Sale	Potential
Unzoned (FUDA)_ Potential Piecemeal	-	2,069
Total	-	2,069

8.15 Currently there are potentially only 34 sections available for sale in Rolleston. I am aware that the 31 lots under development are not currently on the market but will be offered for sale in the short term and the expectation is that all of these lots will sell immediately. 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 although the market in Rolleston in particular is what could be described as frenzied, resulting in unprecedented price escalation due to demand outstripping supply.

8.16 Apart from the very small areas of undeveloped land in piecemeal ownership zoned Living 1B in (4.98 ha) and Living 1C (2.68 ha), the only land in Rolleston zoned for large lot subdivision similar to Wilfield is land in PC73 where the owners have a plan change application to rezone the land from Living 3 to LZ allowing medium-low density. This site is located in the proximity of the Resource Recovery Park and the Pines Waste Water Treatment Plant. The current Living 3 zone provides for a 20 ha Low Density Area on the periphery which has a minimum average lot area requirement of 4.0 ha. The balance of the land in the Outline Development Plan outside of the above area is to be developed with an average lot size of no less than 5,000 sqm with a minimum lot size of 4,000 sqm. The medium-low density subdivision rules for the proposed

LZ zone require a development density of 12 households per ha. Within the overall density requirement the zone will provide for variable lot sizes including Low Density (average lot size of 650 sqm), Medium Density (maximum lot size of 500 sqm) and Medium Density Comprehensive (maximum average lot size of 350 sqm).

- 8.17 If PC73 is successful in rezoning to Living Z at 12 HH/ha there will be virtually no other land existing, proposed or subject to plan change in Rolleston which will produce large residential lots that are the subject of the Wilfield plan change application. Therefore assuming PC73 is successful currently there is virtually no choice/supply available in either West Melton or Rolleston for this type of product.

9 MARKET CONSEQUENCES

- 9.1 I have reviewed the economics evidence prepared by Fraser Colgrave on behalf of GW Wilfield Limited and note that at paragraph 4.1 of that evidence he refers to the NPSUD requirement for Councils 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 capacity 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 to keep pace with demand.
- 9.2 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.
- 9.3 The current residential section market in Greater Christchurch is characterised by price escalation with increases of between 20% - 100% during the last 12 months.
- 9.4 I have reviewed recent sales in Wilfield concluded in 2020 and 2021 to quantify the price escalation that has occurred during the last 12 months in West Melton.

Wilfield Price Escalation Comparison			
Lot No.	Date mth.yr	Area Sqm	Sale Price

277	10.20	1,636	\$272,000
73	08.21	1,555	\$400,000
72	08.21	1,573	\$400,000
Price Escalation			47.06%
225	07.20	3,200	\$283,000
88	08.21	3,251	\$430,000
Price Escalation			51.94%

- 9.5 Price escalation in Wilfield during the last 12 months has been at or around 50% which is exceptional even in a low interest rate environment.
- 9.6 At Prebbleton, Suburban Estates released 64 residential sections in Prévelles Prebbleton in March 2021. All sections sold immediately. Prices for 500 sqm sections were at or around \$325,000 with larger sections of 700 sqm selling at or around \$375,000. These sale levels are approximately 30% higher than achieved for earlier sales in 2020. The developer advised that the market has moved significantly over the last six months and if the above lots were placed on the market now they would achieve higher prices. I agree with this opinion.
- 9.7 Even greater escalation is prevalent in Rolleston where price escalation during the last nine months is at or exceeding 100% movement. There are numerous examples of recent releases of residential sections in Rolleston where the vendor has sold sections by deadline treaty or tender in order to extract the maximum price. The situation in Rolleston with price escalation at or exceeding 100% within the last nine months has resulted from extremely limited supply.
- 9.8 A similar situation applies in other small township locations in the Selwyn District including Kirwee, Darfield, and Lincoln. In Kirwee, recent sales have been at a 32.2% premium above 12 months ago and in the case of Darfield the price escalation has been at or around 50%.
- 9.9 By way of further comparison, recent analysis of price escalation in suburban Christchurch indicates an increase of at or around 25.0% - 30.0%. Rolleston at 100% plus and West Melton at or around 50% are at the high end of the range.
- 9.10 Various land developers interviewed stated that in the current market climate their intention was to now restrict supply to small releases of sections by way of deadline treaty or tender in order to maximise price. If no further supply is available in West Melton then potentially the level

of residential land escalation could further increase to approach the level experienced in Rolleston.

10 CONCLUSION

- 10.1 West Melton is a unique low-density lifestyle township in a rural environment with a village community. In general terms, section sizes in West Melton are larger than normal across the board than in Rolleston and there is strong demand for larger lots such as that offered in Wilfield.
- 10.2 Currently there are virtually no vacant residential sections available in West Melton with the only future supply potentially available via the three major plan changes. The only plan change which produces large lots is Wilfield.
- 10.3 The NPSUD Objective 2 requires that planning decisions improve housing affordability by supporting competitive land and development markets.
- 10.4 The NPSUD Policy 1 states that planning decisions contribute to well-functioning urban environments which as a minimum have or enable a variety of homes that meet the needs in terms of type, price, and location of different households.
- 10.5 The current land market in West Melton, Prebbleton and Rolleston 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. The only solution to this situation (and to accord with the aims of the NPSUD) is immediate increased supply.

Gary Sellars

August 2021