

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 Timothy Carter (Company)

Dated: 13 September 2021

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STATEMENT OF EVIDENCE OF TIMOTHY CARTER

INTRODUCTION

- 1 My full name is Timothy Maurice Phillip Carter.
- 2 I am a director and owner of Rolleston West Residential Limited (*RWRL*), a subsidiary of Carter Group Limited (*Carter Group*).
- 3 I hold an honours degree in civil engineering and master in engineering management both from the University of Canterbury. I have been in public office and have been, and still am, director of a number of significant public and private companies.
- 4 I have been involved in investment and development projects for the last 20 years.
- 5 I have been authorised by RWRL to provide evidence in relation to Proposed Private Plan Change 73 (*PC73*). I am familiar with the application and additional documents for PC73 and I have also read the submissions, further submissions, and section 42A report (*Officer's Report*).

SCOPE OF EVIDENCE

- 6 My evidence will deal with the following:
 - 6.1 Carter Group in Greater Christchurch
 - 6.2 Carter Group interests in Selwyn District;
 - 6.3 Residential land availability;
 - 6.4 Profit margins; and
 - 6.5 The PC73 site.

CARTER GROUP IN GREATER CHRISTCHURCH

- 7 Carter Group is a privately owned property investment company based in Christchurch. It is a third generation company, originally founded by my grandfather Maurice Carter in 1946, and run by my father Phillip Carter since the 1980s. Carter Group is a significant investor and developer of property in the South Island.
- 8 Carter Group has a strong affiliation with Christchurch's central city and has contributed to, and continues to contribute to, the regeneration of the central city following the Canterbury earthquakes of 2011.

- 9 Carter Group's investments include hotels, residential property, commercial property, industrial property and central city property, such as:
 - 9.1 The Crossing, a retail centre in the heart Christchurch Central City;
 - 9.2 The Kathmandu flagship retail store;
 - 9.3 Advancing plans for a five star hotel adjoining Te Pae; and
 - 9.4 Other hotel investments in both Queenstown and Melbourne.
- 10 Increasingly Carter Group has been investing in developments, largely industrial and residential, in the Selwyn District and will continue to do so into the future.

CARTER GROUP INTERESTS IN SELWYN DISTRICT

- 11 Carter Group has a range of significant investments in the Selwyn District, including industrial, residential and rural.

Industrial

- 12 With respect to industrial interests, Carter Group is the owner and developer of iPort – a \$500 million business park on 122 hectares of land located between Lyttelton Port Company's (LPC) Midland Port and the IZone industrial park, Rolleston. It is strategically positioned at the intersection of the South Island's major freight arteries – the South Island Main Trunk Railway Line, the Midland Railway Line, State Highway 1, and Christchurch's new Southern Motorway which opened in 2020. These arteries provide easy access to Lyttelton Port and Christchurch Airport – the major freight links into and out of the region. Carter Group has recently sought to rezone an additional 27 hectares to expand the iPort Industrial Zone (PC66). A decision is currently pending on that plan change.

Residential

- 13 In terms of residential interests, in addition to PC73, Carter Group is also the proponent of plan change 69 to rezone some 190ha of rural land in Lincoln to residential land, enabling around 2,000 residential sites and a small commercial zone, which is expected to be heard later this year.
- 14 Carter Group has extensive residential subdivision experience. For example:
 - 14.1 It originally started as a large sub-divider and housing builder north of Christchurch, developing extensive parts of Avonhead and Bishopdale.

14.2 It has developed residential subdivisions Hyde Park and Regents Park in Central Christchurch.

14.3 Recently, it has been developing a 330 lot subdivision in Halswell known as Kennedy's Green.

Rural

- 15 Carter Group also has significant farming investments in the Selwyn District and is an active submitter in the proposed Selwyn District Plan review.

Opportunities for growth

- 16 Carter Group actively look and invest in the Selwyn, Waimakariri and Christchurch Districts and we look and compare different greenfield opportunities in all of these. In our view, Selwyn District is the only district out of the three that has ample land to provide for ongoing growth opportunities for Greater Christchurch due to land quality and engineering considerations. By comparison, Christchurch greenfield land is almost at capacity, and Waimakariri has significant potential flooding issues.
- 17 We think that growth in the Selwyn District is positive for both Christchurch City and the Waimakariri District. Having increased greenfield growth in the Selwyn District will help the Christchurch Central City prosper and allows the community to fully utilise and have new regional assets such as the convention centre, a new stadium, and other significant metro assets not yet conceived or constructed.
- 18 Carter Group consider the Selwyn District will only continue to grow and that therefore it is important the district provides adequate facilities, infrastructure and recreational assets that will cater for a far greater population than currently exists.
- RESIDENTIAL LAND AVAILABILITY IN ROLLESTON**
- 19 I have read the evidence of **Mr Jones** also provided in support of this plan change and I agree with his conclusions with respect of residential land availability and demand in Rolleston and Selwyn more generally. I can confirm that this reflects Carter Group's recent experience as a developer in Selwyn.
- 20 For example, in the past two months, Carter Group have sold over 100 sections in Halswell for an average price in excess of \$440,000, none of which would have sold for \$220,000 12 months ago. This has been the result of a major section shortage.
- 21 While the cost to develop has not materially changed, the imbalance of supply and demand has had a massive impact on land availability in Rolleston.

- 22 Carter Group has recently gone back into residential development as it sees a huge imbalance in supply and demand. Since this plan change and others have received publicity, Carter Group has been inundated with buyer and builder requests to secure sections.

PROFIT MARGINS

- 23 I have read Mr Colegrave's evidence, particularly his analysis of development profit margins that underpin the HBA for Selwyn. Carter Group is a highly experienced developer and in my opinion, it is financial ludicracy to commence development with a 6.6% margin for profit and risk.
- 24 The minimum figure Carter Group would ever consider for commencing greenfield development well in excess of 20%. There are always unknowns and unexpected occurrences in greenfield development, such as change in the market, unexpected ground and environment conditions and unforeseen planning difficulties.
- 25 In my experience, no developer would initiate a greenfield development with such a low return. These types of developments are not simple and even the most experienced developers have been known to go insolvent due to unforeseen circumstances when factoring in a 20% margin, let alone any lower. It would only be a matter of time if a developer used a margin of 6.6% before they were financially insolvent.
- 26 In addition, a developer would not be able to obtain finance in the first place unless they were working with a 20% profit margin. Even then, finance for greenfield developments is commonly subject to different standards.

DIRECTION OF GROWTH

- 27 One further point I would like to make relates to the direction Rolleston could grow in the future to accommodate residential growth. It was accepted in the evidence of **Mr Nicholson**, that Rolleston's future residential growth is constrained to the north by SH1 and the north-east by the airport noise contours. I would also say that residential growth to the north of Rolleston is further constrained by the large industrial area.
- 28 I note that residential growth to the south is also constrained by the Gammack Estate, which is held by the Gammack Trust, a charitable trust that was created in perpetuity in 1896. The Trust Deed, among other things, provides that the land must be held for agricultural purposes and cannot be sold or subdivided for urban development. Attached at **Appendix 1** is a map showing the extent of the Gammack Estate south of Rolleston.

- 29 As such, the only direction that Rolleston could feasible grow to accommodate significant residential development is west. And it is only a matter of time, given the significant demand for residential land in Rolleston.

The PC73 site

- 30 The location of the PC73 sites are the most logical direction for Rolleston to expand residentially. And this is partly recognised in the current rural residential zoning of the sites.
- 31 I would expect that over time, most of the western side of SH1 and beyond will be developed for residential purposes as there is nowhere else Rolleston could feasibly expand.

CONCLUSION

- 32 Carter Group is a highly experienced and longstanding developer which has contributed to the Greater Christchurch area for a number of years. Current trends indicate a major imbalance in supply and demand of residential properties. In Carter Group's view, the PC73 sites in Rolleston represent a valuable opportunity to increase land available for residential development.

Dated: 13 September 2021

Tim Carter

APPENDIX 1

