

BEFORE THE SELWYN DISTRICT COUNCIL

IN THE MATTER

An Application by the Selwyn Plantation Board Limited for rezoning rural land on the corner of Dunns Crossing Road and Burnham School Road to Rural Residential

RS 32956

Holmes Block

STATEMENT OF EVIDENCE OF PHILIP WALTER WILKINSON, REGISTERED VALUER

Introduction

1. I am a Registered Valuer for Simes Limited and have been a Registered Valuer since 1982 and have been an Associate Member of the New Zealand Institute of Valuers since 1992. I completed a BCom (Valuation & Farm Management) at Lincoln University in 1978.
2. The bulk of my valuation experience has been valuing residential, lifestyle and rural properties within the Christchurch, Waimakariri, Banks Peninsula and Selwyn Districts. I have been involved in farming in the Ellesmere District and have over 20 years experience in valuing lifestyle blocks and rural and residential properties in and surrounding Rolleston.

Scope of Evidence

3. My evidence addresses the suitability of a rural residential zoning for the subject property. I have assessed the potential agricultural value, the need and demand for rural residential developments and how they are perceived in the market place, the existing stock of properties in both Selwyn and the Greater Christchurch sub-region, the supply of rural residential allotments within the Selwyn District and the changing market demands for lifestyle blocks.
4. I have provided statistics sourced by analysing data from Simes Research Division, Headway Systems and REINZ Sales Statistics. Headway Systems is a software company which collects and maintains a property database and property sales information and is used by property professionals. It categorises properties according to their use, size, land area, etc. From this I am able to identify which properties have a residential component, whether it be a house, rural residential, or lifestyle block, section or farm. I have used information on sales volumes and sale prices as a measure of demand but inaccuracies can occur through duplication, data entry errors and incorrect classifications of non market sales. Where possible I have endeavoured to remove inaccurate sales information from my database collections, but recognise numbers may be slightly overstated but I believe are within a 7.5% margin of error.
5. In my evidence I make reference to the Regional Policy Statement, Proposed Change No 1 and in particular Chapter 12A, Development of Greater Christchurch and Section 32 Report. This was produced by Environment Canterbury and notified 28th July 2007. This is referred to as the "RPS". This "provides direction for the growth, development and enhancement of the urban and rural areas for the Greater Christchurch sub-region for the period to 2041." The Greater Christchurch sub-region includes Rolleston, Prebbleton, Lincoln, West Melton and a portion of Selwyn to the east of Highfield and Station Roads. I also refer to the "Statement of Timothy John Harris As Part Of The Officer Report" 19 December 2008 (Selwyn District)

6. I also refer to a Rural Residential Research Report produced for the Dunedin City Council earlier this year. The research was undertaken to investigate the efficacy of their Rural Residential zone, by means of a questionnaire sent to a random selected sample of 516 properties of which 326 (65%) were completed and returned. I refer to this report as the Dunedin Survey. The Dunedin Rural Residential zoned land had a minimum 2 hectare site standard.
7. I have also inspected current subdivisions with a rural residential content within the Selwyn District and interviewed the marketing agents to determine the extent of the demand for rural residential properties. (Refer Appendix A).

Purpose of the Application

8. To rezone a 92 hectare parcel of Rural zoned land on the northwest corner of Dunns Crossing Road and Burnham School Road to Rural Residential. The property is commonly known as the "Holmes Block".

Description of Holmes Block

9. The Holmes block is situated on the northwest corner of Dunns Crossing and Burnham School Roads, both of which are sealed rural thoroughfares. To the north of the property is State Highway 1 and along this boundary is a four row shelter belt. It comprises a recently cleared forestry block which has been conditioned and sown in new pasture. It is being farmed as part of a larger farm and has established shelter belts, stock water and fenced into a dozen paddocks with central lane access.
10. On the opposite side of Dunns Crossing Road is farmland and a rural residential subdivision (Newman Road). The latter has been developed but not built upon. On the opposite side of Burnham School Road is a mix of rural residential and larger lifestyle properties and on the diagonally opposite corner of Burnham School Road and Dunns Crossing is a residential development. From this point it is 2.6 kilometres to the main commercial centre of Rolleston and 400 metres to recreation reserves and sports grounds.
11. The property is very handy to a major commercial centre as well as being approximately 11 kms from Templeton, the closest Christchurch suburb. In my opinion, this makes it a desirable location for Rural Residential as it provides for a rural setting as well as being within a convenient distance to suburban services.
12. The creation of the Rural Residential zone will provide a buffer between the Living 2 zoned properties on the opposite side of Dunns Crossing Rd and the Rural Outer Plains to the West. This will result in a more integrated outer edge to the western outskirts of Rolleston with a transition from Residential to Rural Residential and then Rural Residential to Rural. There is likely to be continual pressure to rezone large blocks of rural land, which are adjacent to residential zoned land. We believe the rezoning to rural-residential will result in land developers concentrating on the southeastern and Christchurch side of the township, the areas identified for growth by the RPS.

Agricultural Values

13. The Soil Bureau Bulletin indicates the soil type for the Holmes block as a mix of Lismore Stony Silt Loam and Lismore Very Stony Silt Loam. It describes the soil as having “severe limitations for mixed farming” as they are subject to drought, have low fertility levels and have traditionally been used for extensive grazing and forestry. However in recent years there has been a significant demand for this type of land for the dairy industry although this is very dependent on the availability of irrigation water. The property is situated in the zone classified by Environment Canterbury as the Rakaia Selwyn zone where the water is “highly allocated” and has a “red zone” status. Without irrigation the highest and best use from an agricultural perspective, is as dairy support or runoff. The property has water rights for irrigation but as these are now transferable, a transfer to a better soil type would be a more efficient use of this resource. The soil type without irrigation have low productive values when compared to other soils and consequently we believe it is suited for a residential type development, diverting pressure for urban living away from the more productive and fertile soil types.

Summary

14. The property appears well suited for the proposed zone change to Rural-Residential as it is:
 - Close to Christchurch.
 - Close to Rolleston Commercial Centre
 - Close to Recreational Reserves
 - In a position to provide a buffer between the Living zones and Rural Outer Plains.
 - Of low agricultural productive value.
 - Not affected in a sensitive groundwater recharge zone.
 - Not in an area where there will be a need for residential development.
 - Able to be economically serviced with water and sewer.

Background to Rural Residential

15. I am unaware of any definitive description of a rural/residential allotment. The commonly accepted definition however is that it caters for people wishing to live in a rural setting but have minimal involvement in farming. The main objective is living, although the characteristics are rural. The RPS defines Rural Residential Activities as "residential units outside the urban limits at a density of an average of between one half and one hectare". I believe that the real demand for rural residential is for smaller lots which can still retain the peace and quiet, privacy and the link to land that is provided by rural living. My research indicates that this is now being met by blocks as small as 2000 square metres. This is approximately twice the size of the average section in Rolleston.
16. Lifestyle blocks, as opposed to rural/residential, are generally regarded as being 4 hectares or larger. They are generally required to be self sufficient in terms of water supply and sewage disposal. They became very popular between the 1970's and 1980's during which time many District Councils allowed their creation subject to satisfying intensive farming or horticultural development criteria. They were often the only options available for those seeking to live in a rural environment, yet not wanting to commit to full time farming.
17. It is now the exception to find any meaningful agricultural production on lifestyle blocks even though they may have high fertile and versatile soil types. This observation is from my experience in valuing lifestyle blocks throughout the Selwyn and Waimakariri Districts. I have undertaken a road side survey of lifestyle block subdivisions of Braithwaite Drive and Raven Drive, both situated in the Selwyn District. Of the 32 blocks which range from 2 to 4 hectares there appears to be only 2 which appear to derive any significant income from rural activity. I believe this is a fair indication of lifestyle block usage.
18. I refer to a paper presented to "Focus on Rural Research" on "What is a Lifestyle Block and its Form of Rural Identification," author John Patterson, Department of Societies and Cultures. In this paper he emphasises that the agricultural productive activity is a very minor component of a lifestyle block. The prime aim of people who live on lifestyle blocks is a rural lifestyle without any form of agricultural production.
19. The paper also states "what appears to be central to the rural lifestyle component are things like space, quiet and fresh air, more natural surroundings, being able to have animals or grow plants, and access to a rural community, (especially a good rural school). Any farming or agricultural production is but a very minor element in the construction of a rural lifestyle."

20. A rural/residential research report was produced for the Dunedin City Council in early 2008. (District Plan Monitoring Series for 2008) The research was undertaken to investigate the efficacy of the rural/residential zone, by means of a questionnaire sent to a random selected sample of 516 properties of which 326 (65%) were completed and returned. The existing rural/residential zoned land had a minimum 2 hectare size standard and indicated the following:
- Residential activity was the most common activity.
 - Approximately 72% of respondents lived in an urban area prior to their moving.
 - Approximately 85% of respondents were undertaking "other" land uses, commonly being grazing of animals.
 - Approximately 22% of respondents received an income from their property.
 - Approximately 75% travelled to an urban area for work.
21. I note that the land area sought by buyers has reduced over time. During the 1980's the "ten acre" (4 hectare) block was a general standard, which allowed lifestyle living with sufficient land available to undertake some farming enterprises and possibly a horticultural development. However history indicates that the great majority of those lifestyle block farming enterprises either failed or no longer exist. This was due to a number of reasons including lack of experience, lack of scale and lack of time commitments by the owners.
22. In my experience, most demand now is from people seeking land with a "rural atmosphere" which will be of sufficient size to allow privacy as well as enjoy spacious garden settings, sufficient land area for a large house and as well as having space for extra garaging or hobby rooms, tennis court, etc. The ability to earn income off the land is of lesser importance to most and consequently quality of soil type is also of minor importance. Having sufficient room for a horse paddock and keeping of other livestock has also become less important in recent years. Consequently in many cases the rural residential and lifestyle properties attract the same purchasers, many of which, when they have a choice, will make their decision on the size of the property based on affordability.
23. Four hectares is the dominating minimum subdivision standard in the rural zones in the three local authorities that make up the Greater Christchurch sub-region and consequently lifestyle block are the most common land use in the rural sub-region. In my experience they have often been the only options available for people who want to experience country living.
24. The creation of a Rural Residential zones will reduce pressure on subdividing larger lifestyle blocks in the Greater Christchurch area. If insufficient rural/residential allotments are allowed for, then this will increase pressure to subdivide larger blocks of land for lifestyle use and will therefore reduce the efficient use of the land resource for agricultural production.

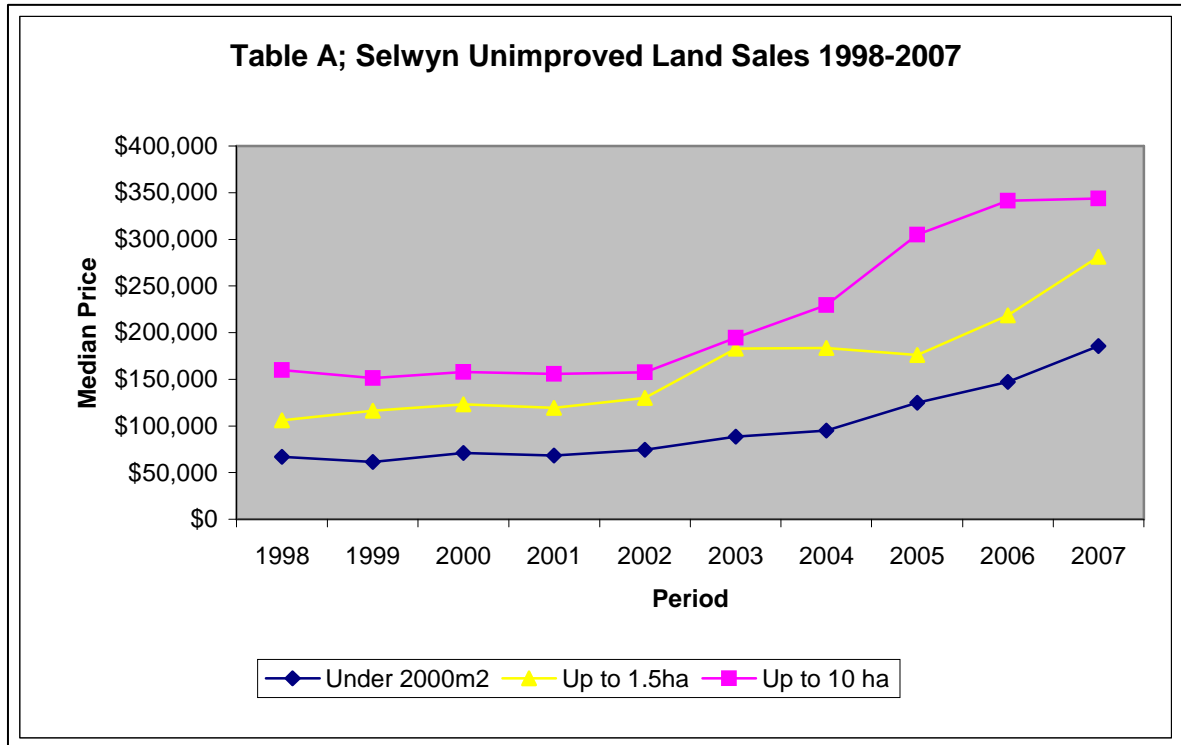
Summary

25. Rural Residential is considered to be rural living in a rural environment. The emphasis is on the living with minimal farming or horticultural activities but benefiting from the rural atmosphere or rural outlook or just having space and privacy. A rural residential lot is larger than a section and smaller than a lifestyle block, but in common with a lifestyle block, the owners who are of an age to work, generally commute to their place of employment. Closeness to suburban facilities and places are of importance. Of less importance is the quality of the soil and to some extent the size of the lot, which is often decided on by affordability issues, which are discussed later in the report.
26. The requirements of rural residential and lifestyle block purchasers are often the same, although the development of a rural residential allotment is a more efficient use of the land resource.
27. Four hectares is the minimum subdivision standard in the rural environment in the Selwyn District close to Christchurch. It encourages the development of lifestyle usages, which are often an inefficient use of the land resource, and is currently the only option available for purchasers wishing to be near Rolleston. A rural residential size allotment will also often satisfy the needs of a lifestyle purchaser.

Demand for Rural Residential in the Selwyn District

28. Since the mid 1980's I have seen a steady demand for lifestyle blocks and rural residential allotments in the Selwyn District. As demand can be measured by sale prices achieved I have analysed sales of unimproved properties (bare land sales), which are likely to provide a house site.

GRAPH A



29. Graph A shows that within the Selwyn District, the demand for sections, rural residential allotments and lifestyle blocks, has been relatively consistent measured by prices paid. The UDS indicates that the population for Selwyn will double over the next 33 years and consequently I would expect the relative demand for rural residential to also increase proportionally.

30. Demand for properties can be measured by the number of sales. To gain an indication of the existing rate of development of rural/residential sections in the Selwyn District, I have analysed the numbers of bare land sales (unimproved properties capable of having a house) over the last twelve years. This information is sourced from Headway Systems and although it is not exact, as a property may be sold more than once before being built upon, the percentage of these is low. I note that there are a number of farms and horticultural blocks in the under 10 hectares which are not strictly lifestyle but it would be somewhat balanced by the number over 10 hectares which are used as lifestyle.
31. Unimproved land sales in the Selwyn District along 5 and 12 year averages are summarised in the following table.

TABLE A

Sales of Unimproved Properties in Selwyn				
Sales Volume per section size range				
Year	<2000m2	2000-1.5ha	1.5-4ha	4-10ha
1997	157	74	52	53
1998	139	53	33	52
1999	103	67	46	33
2000	86	34	23	17
2001	134	50	36	28
2002	165	50	48	24
2003	273	54	73	47
2004	393	93	69	19
2005	681	119	123	24
2006	531	98	88	22
2007	457	200	76	15
2008	83	40	30	11
Total	3202	932	697	345
Average (12 yr)	267	78	58	29
Average (5 yr)	429	110	77	18

32. Based on the 5 year averages the above, the table indicate that there is likely to be a continued demand in the Selwyn District, for approximately 187 sections per annum between 2000m2 and 4 hectares, of which 110 are rural residential allotments and a further 95 which are a mix of rural residential and lifestyle allotments (up to 10 hectares).

33. If 50% of the blocks between 1.5 hectares and 4 hectares can be met in a Rural Residential development, then there will be a need for 149 rural residential allotments per annum. The table also indicates a falling demand for lifestyle blocks over 4 hectares, which I believe is due to the increased availability of rural residential developments
34. I have also analysed the number of unimproved sales in the Greater Christchurch sub-region as defined in the RPS to gain an understanding where the previous demand has been.

TABLE B

Last 5 Year Avg Sales Nos of Unimproved Properties		
Size Range	Total Selwyn	Selwyn Portion in the RPS
2000m2-1.5ha	110	81
2000m2-4.0ha	187	143.8
2000m2-10ha	205	156.6

35. The RPS states there is "*a need to reduce carbon emissions in line with international commitments. The reduction in levels of private motor vehicle use is one of the main ways in which people in the Greater Christchurch sub-Region can reduce the impact of global warming*"(12A2 Issue 1). There is a desire for the growth in rural residential developments to be within close proximity to Christchurch City as well as close to main centres within the Greater Christchurch sub-region. Table C indicates that currently between 74 and 77% of the above sales are within Greater Christchurch, a level which appears appropriate to maintain
36. The RPS also states in reference to Rural Residential that "*all subdivision and development must be located so as to be economically provided with a reticulated sewer and water supply, and appropriate stormwater treatment and disposal*" (Policy 13) Therefore there is a need for rural residential development to be centred around the townships within Greater Christchurch like Rolleston which have capacity in their servicing infrastructure
37. I believe that as the requirements for rural residential purchasers of being close to places of employment, shops and recreational facilities, along with the need to be economically serviced, the growth in rural residential should also be linked to areas of Urban growth. The Selwyn District Council's Officer Report in response to the RPS discusses the constraints for growth in the various townships (paragraph40-65) and indicates growth in household units in Rolleston is expected to be 5375 household units out of projected growth for Selwyn (within Greater Christchurch) off 11040 by 2041 (ie. 48.7% of growth to be in Rolleston).

38. Consequently I would expect the growth in Rolleston for rural residential and based on previous sales of unimproved land could be calculated as

TABLE C

	No. of allotments based on 5 yr sales averages	No. of allotments based on 12 yr sales averages
Average demand in Greater Christchurch 2000m ² - 1.5ha	81	55
Demand in Rolleston; 48.7% of 81 allotments Say	39	27
Plus demand in the 1.5 – 4 ha group that can be met by rural residential; 48% of 31.4 allotments Say	15	11

39. The requirement for Rural Residential allotments in Rolleston indicated by sales of unimproved blocks and expected urban growth is approximately 38 allotments per annum based on the 12 year sales average and 54 allotments based on the last 5 year average.

Summary

40. There has previously been a consistent demand for rural residential, residential and lifestyle properties in the Selwyn District.
41. Sales histories of bareland blocks indicate an increasing demand for rural residential allotments in the Selwyn District. We expect future demand will be at least 110 rural residential allotments per annum and most likely in the vicinity of 149 rural residential allotments per year. It would appear desirable that the majority will be sited within the Greater Christchurch sub-region for efficiencies in transport and that the townships outside Greater Christchurch lack sewerage systems apart from Leeston and Southbridge.
42. There is a likely demand based on sales numbers of unimproved blocks and growth projections, of 54 Rural-Residential allotments per annum to be near or adjacent to Rolleston. I am unaware of any current rural residential subdivisions in the Rolleston locality. The proposed development of 126 rural residential lots in the 2009 – 2016 period (average of 18 lots per annum) is likely to satisfy 33.3% of the future demand based on the last 5 year average sales levels.

Existing Stock Of Properties

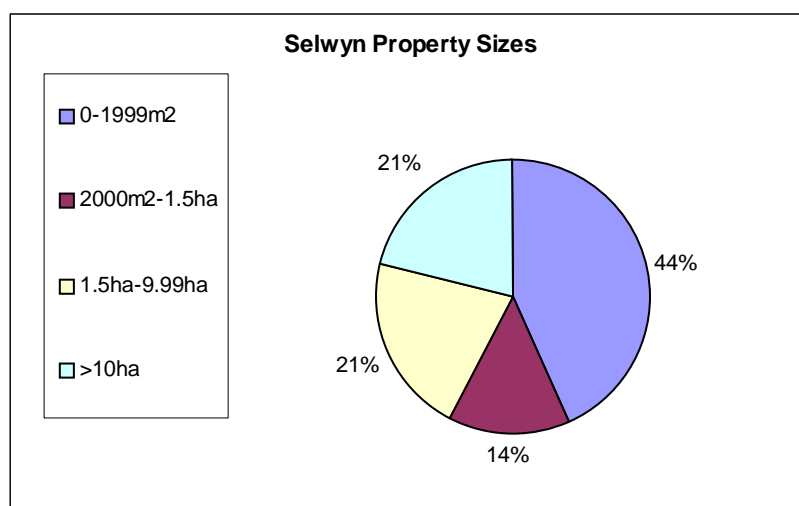
43. In the UDS and in reference to growth issues in Selwyn, there is a "*desire to maintain uniqueness and the character despite the rapid growth*" (Paragraph 21 of the "Statement of Timothy John Harris as Part of the Officer Report" 19 December 2008) The report also recommends an allowance for household growth in the Selwyn portion of Greater Christchurch of 11040 households by 2041 and 5375 household units in Rolleston It would appear that it would then be desirable, that the makeup of the current stock of properties will be reflected in growth.
44. I have therefore collated and analysed the existing stock of residential and rural properties according to their size in Selwyn and in the Greater Christchurch portion of Selwyn to obtain an understanding of the character and location of properties. The collation has been based on roll boundaries which closely match the RPS plan boundaries but are not exact.

TABLE D Number and size of Residential and Rural Properties in Selwyn

Land Sizes	Selwyn	Selwyn within Greater CHCH	% Situated in Greater CHCH
0-1999m2	6726	4159	61.8%
2000m2-1.5ha	2206	1099	49.8%
1.5ha-9.99ha	3335	2389	71.6%
>10ha	3301	1059	32.1%
Total	15568	8706	55.9%

The percentage of residential and rural properties are shown in the chart below

GRAPH B



45. The table and chart indicate that Selwyn has a large rural component with Rural Residential, lifestyle and farms making up 56% of the properties, which have or can have a residential house.

46. The table also indicates that approximately half of the current rural residential blocks between 2000m² and 1.5 hectares are sited outside the Greater Christchurch sub-region. However to obtain efficiencies in transport it would appear to be desirable that growth in rural residential should be directed to be close to townships like Rolleston, which are within the Greater Christchurch sub-region, and I believe this would not significantly affect the rural characteristics of the District.
47. The ratio of rural residential units (between 2000m² and 1.5 ha) to sections (under 200m²) is approximately 33%. Growth projections for Rolleston indicate an increase of 5375 household units by the year 2041 (Officers Report December 2008). For numbers or ratios to be maintained at the same level, there will be a need for growth of approximately 1773 rural residential allotments in the vicinity of Rolleston or 54 allotments per annum.

Influence of Lifestyle Properties

48. I have further analysed the data in Table D (residential and rural property numbers) to examine the influence that lifestyle properties have on the makeup of the total stock

TABLE E Total Stock of Residential, Rural Residential and lifestyle blocks in Selwyn.

Size Ranges	Total Selwyn		Portion of Selwyn in the RPS	
Less than 2,000 m ²	6,726	6726	4,159	4159
2,000 m ² to 5,000 m ²	989	5541 Total property number 2000m ² – 10 ha	495	3488 Total property number 2000m ² – 10ha
5,000 m ² to 1 hectare	824		387	
1 hectare to 1.5 hectares	393		217	
1.5 hectares to 4 hectares	1,186		782	
4 hectares to 5 hectares	1,131		903	
5 hectares to 10 hectares	1,018		704	

49. I have included the range 4 to 5 hectares as there is a significant number of lifestyle properties in this range which is not surprising given the 4 hectare minimum subdivision standard in the Selwyn District's Inner Plains zone. PC1 indicates that the majority of household growth for Selwyn District will be directed towards the townships and allocated primarily to Rolleston and Lincoln with some to Prebbleton and to existing zoned land in West Melton. Likewise I believe there is a need for rural/residential and to a lesser extent lifestyle properties to also be linked to the residential growth areas as to gain efficiencies in transport and in the case of rural residential, efficiencies in servicing.

50. The existing level of rural residential properties between 2000m² and 1.5hectares in Selwyn is approximately 2,206 properties of which 1,099 are sited within the Greater Christchurch sub-region. As residential household units in the District increase the number of rural residential and lifestyle properties should also increase for the character to be maintained. However the characteristics of rural residential and lifestyle properties are very similar. It would appear desirable for efficiencies in servicing that some of the increase in lifestyle properties could be directed into the rural residential growth without significantly changing the character of the District. Likewise it would also be desirable that for efficiencies in servicing and in transport, some of the growth in Selwyn, outside the Greater Christchurch sub-region, be directed close to the main townships within the sub-region.

Summary

51. Selwyn is recognised as a "rural" district. Lifestyle blocks, rural residential and farms make up 79% of the properties that have a house or capable of having a house. A substantial growth in household units is expected in the urban environment of Selwyn, including growth of 5,375 household units in Rolleston by 2041 to maintain the rural character of the District there also needs to be growth in the rural sector. It appears unlikely that there will be significant growth in farms and I believe growth in rural residential should be encouraged over that of lifestyle blocks.
52. The existing 'make-up' of properties in Selwyn indicates a 33% ratio of rural residential to residential properties. If the rural characteristics of Selwyn are to be maintained, which is seen as desirable in the UDS, that based on numbers of properties, there is a need for at least 1773 rural residential allotments in Rolleston by 2041 or a supply of at least 54 allotments per annum, but most likely nearer 100 allotments per annum if there is a desire to meet some of the expected growth in lifestyle blocks with rural residential. However "characteristics" are not just measured by numbers of properties alone and also includes the visual appearance of the District, which can be also related to area occupied.
53. The area needed for a rural residential development is approximately 5-6 times the area required by for the same number of residential allotments, therefore the growth of rural residential required to maintain the characteristic of the District is approximately 16-20 allotments per annum based on the area occupied. However, as the characteristic of the district is likely to be a mix of both area occupied and numbers of properties, the growth needed in rural residential to maintain the character of the location is more likely to be in the order of 40-50 properties per annum.

Trends In Rural Residential

54. I have analysed sales of vacant or bare land properties in the Selwyn District, which have or can have a household unit, according to their size ranges, to gain an indication of trends in land sizes.

TABLE F

Sales of Bareland Blocks and Sections In Selwyn up to 10 Hectares			
	Below 2000m ²	2000m ² -1.5ha	1.5ha-10 ha
Year	Average Size	Average Size	Average Size
1995	0.0826	0.8752	4.075
1996	0.0856	0.9705	3.809
1997	0.0850	0.7983	4.193
1998	0.0829	0.6526	4.839
1999	0.0807	0.4513	4.837
2000	0.0880	0.6272	4.630
2001	0.0847	0.6225	4.470
2002	0.0862	0.5261	4.356
2003	0.0881	0.5620	4.477
2004	0.0850	0.5020	4.258
2005	0.0953	0.4246	4.244
2006	0.1003	0.4210	4.161
2007	0.1077	0.3847	4.073

55. Table F indicates the following:
- Sizes of sections in the Selwyn District have increased in size since 1995.
 - The average size of rural/residential allotments in the .2 hectares to 1.5 hectare range have decreased significantly from 8,752 to 3,847 square metres.
56. The average size of blocks between 1.5 hectares and 10 hectares has remained reasonably consistent at 4 hectares. (This is not surprising, as rural zone in Selwyn will generally allow subdivision to 4 hectares in the Inner Plains and to 20 hectares in the outer plains.)
57. Generally with a lifestyle or rural subdivision it is more profitable for a developer to produce smaller allotments, as the development costs can be lower for smaller lots and more lots can be produced per parcel of land. The price achieved per lot is not proportional to the land size as buyers place most emphasis on the value of the house site and the marginal rate (dollars per square metre of land) decreases, as the lots get larger. A typical example of 2007 values in Rolleston is as follows: (Sourced: Simes Valuation)

TABLE G

Rolleston Bare Land Values and Sizes		
Block Size	Value	Average Value/m ²
1500 m2	\$180,000	\$120
2000 m2	\$200,000	\$100
3000 m2	\$240,000	\$80
5000 m2	\$250,000	\$50
1 Hectare	\$300,000	\$30
4 Hectares	\$350,000	\$8.75

58. Policy 13 states that a rural/residential subdivision must be outside the urban limits and be located to be able to economically provide reticulated sewer and water supply and appropriate stormwater treatment. I believe the ability to be serviced with power, water, telephone and storm water disposal is of more importance to buyers than the size of a block. i.e. the emphasis is on the residential or living component of the rural residential allotment.
59. From a developer's perspective, the cost of providing services must be covered. If the minimum size is too large, then the lots will be less affordable and appeal to a narrower range of buyers. Currently the cost to provide services (roads, sewer, power, telephone, lighting) to a 2000m² block is approximately \$50,000 and to a 1 hectare block is \$110,000, ie just over twice the cost. However the return on a per square metre basis is a lot lower.
60. However to purchase a rural residential size allotment in a residential zone will require an amalgamation of sections. In reference to Table G, this means a 3000m² lot would cost \$360,000 in the residential zone but \$240,000 in the rural residential zone. Therefore there is a need for a specific rural residential zone that can be economically serviced.

Summary

61. The requirement for Rural Residential properties to be serviced increases their cost of development. Sizes of Rural Residential allotments have decreased since 1995. I believe this is in response to demand from purchasers which has resulted in a "premium" for the smaller rural residential allotments based on price per square metre. It is currently now more profitable for a developer to produce smaller rural residential allotments. However there is a need for a specific rural residential zone as the creation of rural residential allotment by amalgamating sections in a residential zone, is prohibitive.

Affordability of Rural Residential

62. Affordability is described as one of the main concerns, if not the concern, for buyers of rural residential allotments according to the marketing agents we spoke to in our research (Appendix A). We have therefore analysed prices of rural residential properties in the Selwyn District and in Christchurch.
63. Simes database indicates that the average section and bare land prices in Rolleston for 2007 were as follows:

Table H

Land Area Range	Average Price	Average Size
Sections up to 2,000 m ²	\$162,442	1,215 m ²
Rural Residential 2,000 m ² to 1.5 hectares	\$229,917	3,623 m ²
Lifestyle 1.5 hectares to 10 hectares	\$362,500	4 hectares

64. The nature of rural residential and lifestyle properties means that they will be less affordable than sections.
65. The closeness to Christchurch has a significant effect on rural residential and lifestyle property values. A 'hypothetical' 1 hectare allotment on the Burnham side of Rolleston (where the SPB land is located) would be approximately 10% cheaper than a 1 hectare block on the Christchurch side.
66. An indication of the values of a typical 1 hectare block in Selwyn townships are as follows:

Table: I

Township	Price Range	Approximate Distance from Christchurch
Prebbleton	\$380-\$410,000	4kms
Lincoln	\$380-\$410,000	10 kms
Rolleston	\$270-\$300,000	10 kms
West Melton	\$270-\$300,000	13 kms
Kirwee	\$240-\$260,000	27 kms
Leeston	\$170-\$190,000	30 kms
Darfield	\$160-\$180,000	32 kms

67. I have also collated the 2007 sale prices of lifestyle properties between 1,500 square metres and 10 hectares within the Selwyn District and those in Christchurch City and have analysed the sales in terms of distance from the city.

TABLE J

Analysis of Sale Prices and Location in the Selwyn District during 2007				
Distance from Christchurch	Improved Lifestyle		Vacant Lifestyle	
	Average Price	Average Size (ha)	Average Price	Average Size (ha)
0km	\$1,413,317	2.85	\$480,000	2.48
5km	\$926,664	3.3877	\$308,129	0.8686
10km	\$764,864	4.2686	\$271,832	1.2839
20km	\$679,872	4.3904	\$254,188	1.8612
30km	\$492,204	1.9759	\$197,483	2.1452

Source Headway Systems

68. One of the greatest impacts on sale prices of lifestyle properties in the Selwyn District is the distance from Christchurch. This is clearly shown in the above table, where the higher prices are achieved closer to the city.
69. It is likely that growth projections for rural residential developments in Greater Christchurch sub-region will be met in the Selwyn and Waimakariri Districts on the basis of price levels and affordability.
70. Real estate agents advise that affordability issues are evidenced by the much stronger demand for the smaller allotments in the developments where there is a variety of size. Our observation of the rural residential market is that the relationship of allotment size and price is extremely sensitive to buyers of bare land blocks. For example in Rolleston a buyer will buy a 2,000 square metre site for \$200,000 or \$100 per square metre. However for a 5,000 square metre site, it would only cost \$50,000 more or \$17 per square metre for the extra 3,000 square metres of land.
71. Table J indicates that land available on the outskirts of Christchurch (which is not in the PC1 Greenfield area for residential growth), is generally double the price of similar land surrounding Rolleston and rural residential allotments are also two times as expensive. Our experience with owners of larger blocks of land within Christchurch City Council boundaries, is that their ultimate expectations for the land is a residential type development, despite the fact that it may not occur for 30 – 40 years. There has been minimal rural residential subdivision activity in Christchurch over the last 10 years, which I believe is due to the “lack” of affordability due to the high underlying block land values.

72. In reference to Table I it is appears that the high underlying prices of land surrounding both Prebbleton and Lincoln, means that the production of “affordable” rural-residential blocks is difficult and unlikely. West Melton and Rolleston are the most affordable areas within the Greater Christchurch sub-region,

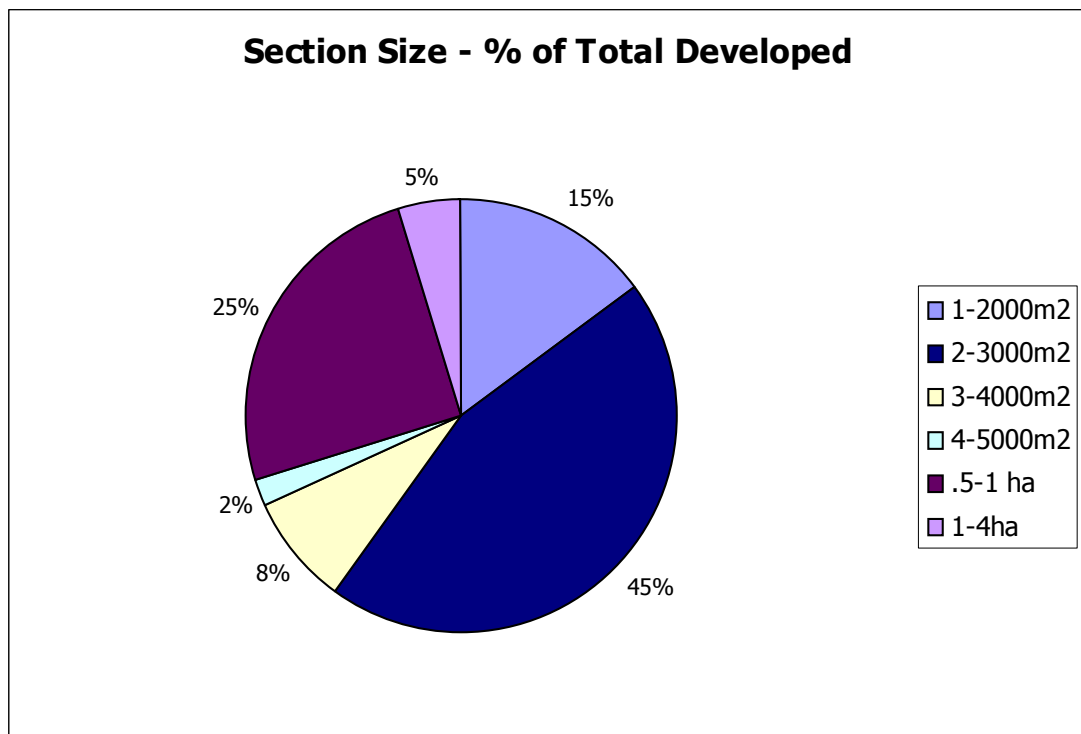
Summary

73. Rolleston is in the unique position being close to Christchurch, has the largest commercial centre in the Selwyn District, has the ability to service a rural residential subdivision, and is very affordable when compared to Prebbleton and Lincoln, where block land prices are more influenced by the close proximity to Christchurch.
74. There is a demand for rural residential in Selwyn and Rolleston is the most affordable location within the Greater Christchurch sub-region, which also has the capability to service a rural residential subdivision.

Existing Rural Residential Subdivisions in Selwyn District

75. I have investigated the sales histories of current subdivisions with a rural residential component and sited within the Selwyn District to gain an indication of levels of demand. Refer to **Appendix A**.
76. I am unaware of any rural residential developments in Rolleston. The Kajens subdivision, which extends through to the east side of Dunns Crossing Road has been underway for 5 years and the developer has only 2 sections left. These sections ranged from 1,250 to 2,200 square metres. The agent for the developer advises that the purchasers of the larger sections were prepared to pay the extra price than a standard section (in the vicinity of \$40 - \$50,000), but would not be prepared to pay significantly more for a larger site.
77. There are 144 unsold rural residential allotments in the main subdivisions in the Selwyn District, which is less than two years supply of stock based on previous sales volumes. There is a current need for further rural residential developments in Rolleston to provide a choice of location and there is also a need to meet future demands in the Selwyn District.
78. I have also analysed the size of the rural residential allotments in the subdivisions within close proximity of Christchurch (within the Greater Christchurch sub-region) to gain an understanding of what the developers perceive to be the preferred size.

GRAPH C



79. The largest and most recent subdivisions are Aberdeen and Gainsborough. The former has 19 sections over 5,000 m² of which 7 have sold or 37% compared to 100% of the balance of the subdivision, and the Gainsborough, which has no sections over 5,000 m².
80. My experience and feedback from agents indicates that it is important in rural/residential subdivisions to have a range of allotment sizes. However affordability is often the most dominating consideration. In the subdivisions in Selwyn developed over the last 5 years where there has been a variety of sizes, those in the vicinity of 2000 square metres have been most in demand. Buyers believe they are of sufficient size to provide "the rural flavour", allowing additional space for large gardens, extra building, (many of which are used for hobby rooms), extra garaging and possibly a horse paddock or such like.

Summary

81. Despite demand for rural residential properties in the Selwyn District, there are currently no rural residential subdivisions in Rolleston. I believe this is mostly due to past uncertainties on the direction of growth of the residential zones, which in turn has been partially due to uncertainty of the influence of the Christchurch International Airport flight paths. Rezoning of the subject property to Rural residential will help meet the likely demand of 54 lots per annum as indicated by the current stock of properties, the projected growth rates for Rolleston and our analysis of previous sales of rural residential and lifestyle blocks.
82. There are currently 144 unsold rural residential properties in current subdivisions in the Selwyn District, which at previous rate of sales is equivalent to less than two years supply, although it is now likely to be longer with the recent Credit Crunch and depressed economic conditions. However there is a need for future rural residential zoning.
83. I know of no other locations which are as ideally suited for a rural residential development in the Selwyn District. It is close to suburban services (in Rolleston), close to places of employment (Rolleston and Christchurch), able to be serviced with reticulated water and sewer, is not in an area where rural residential development will hinder future residential development, and is an area where rural residential is relatively affordable.
84. The property is of sufficient size to provide an integrated development, and the proposed development can be staged to meet market demands.

Appendix A Stock and Sales Volume - Selwyn subdivisions

	Grangewood	Liffeyfield	The Paddocks	Aberdeen	Claremont	Gainsborough	Joshua Pl	Memories	Coutenay	Mulholland	McHugh	Kimberley	Total
	Lincoln	Lincoln	Prebbleton	Prebbleton	Templeton	West Melton	Sandy Knolls	Springston	Kirwee	Darfield	Darfield	Darfield	
Release Date	Jan-07	Jan-07	Jan-08	Jan-07	Jan-04	Jan-07	Jan-06	Jan-07	Jan-91	Sep-06	Apr-06	TBA	Developed
1-2000m2	3					47							50
2-3000m2	38	15		32		63							148
3-4000m2		9		10		9							28
4-5000m2		1		0		5							6
.5-1 ha		1		11	58		9	5				31	115
1-4ha			8	8					100	19	20		155
Total	41	26	8	61	58	124	9	5	100	19	20		471
Unsold Total	21	7	5	12	5	55	7	5	12	0	0	31	160
Unsold Rural													
Residential	18	7	0	4	5	55	7	5	12			31	144

Information Supplied and Comment were secured from:

Grangewood - PGG Wrightsons (Alistair Moore)
Liffeyfields - Bayleys Real Estate (Bruce Appleby).
The Paddocks - Harcourts (John Keith).
Aberdeen - CRT (Malcolm McNaughton).
Claremont - Ray White (Ben Ryder).
Gainsborough - Gainsborough (Bruce Harvey)
Joshua Place - Harcourts (Bob Gillard)
Memories Lane - Ray White (Steve Morgan)