

Before the Selwyn District Council

under: the Resource Management Act 1991

in the matter of: Proposed Private Plan Change 80 to the Operative District Plan

and: **Two Chain Road Limited**
Applicant

Evidence of Sam Staite (real estate)

Dated: 5 October 2022

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EVIDENCE OF SAM STAITE

INTRODUCTION

- 1 My full name is Sam Jeffrey Staite and I am the leading industrial broker in the South Island and Director of the Industrial Sales & Leasing division for the Colliers Christchurch office.
- 2 I have negotiated the majority of the South Island's largest industrial transactions and during the past 6 years have delivered in excess of \$1 billion in sales.
- 3 In the past 5 years I have sold in excess of 100 hectares of industrial zoned land and have been heavily involved in the sell down of Rolleston developments such as IPort, Izone and Tawhiri, so am very familiar with the industrial market of Rolleston as well as the demand for industrial land in Rolleston.
- 4 I am familiar with private plan change 80 (PC80).

CODE OF CONDUCT

- 5 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

- 6 My evidence covers the following:
 - 6.1 Industrial land availability in Greater Christchurch;
 - 6.2 Industrial land in Rolleston, Selwyn; and
 - 6.3 Consideration of PC80.

SUMMARY OF EVIDENCE

- 7 Industrial land in Greater Christchurch is in high demand, and has increased substantially over the last 5 years. Today, there is a clear interest in owner-occupier arrangements for industrial activities, in particular for bare and greenfield sites. In fact, the bulk of the industrial land market currently are people or entities looking for an owner-occupier arrangement.

- 8 While there might be a perception that there is a lot of industrial land around Greater Christchurch, very little of this land is unencumbered freehold land that can be purchased. Recent unencumbered industrial sites put up for sale recently are almost all but sold.
- 9 Based on the constraints of many of the existing industrial sites in Greater Christchurch, I am of the view that demand will substantially outweigh supply for this kind of industrial land very soon, and long before 2048.
- 10 The situation in Selwyn generally, and Rolleston more specifically, is largely the same as that for Greater Christchurch. Rolleston is a particularly attractive hub for industrial activities due to a number of factors.
- 11 The PC80 site is significant in terms of its characteristics. With such proximity to the existing industrial zones, its sheer scale, and having the Main South Line bound the entire southern boundary of the site. This will be an attractive opportunity to any occupier reliant on rail-related activities. As such, aside from the general demand for this kind of site in the market, this site is a particularly rare and unique opportunity for any developer.

INDUSTRIAL LAND AVAILABILITY IN GREATER CHRISTCHURCH

- 12 Industrial land in Greater Christchurch, and particularly Selwyn (discussed in more detail below), is in high demand.
- 13 I have previously provided evidence on Plan Change 66 to this effect, but I note that I consider the situation at present to be even worse in terms of availability of unencumbered freehold industrial land than it was when I presented that evidence in July 2021.
- 14 I understand in ECan's submission that plan changes outside identified urban areas must demonstrate that the particular proposal meets an identified business demand. I understand that this view is based on the finding in "Our Space 2018-2048: Greater Christchurch Settlement Pattern" (*Our Space*) that there is a surplus of industrial land zoned across Greater Christchurch to meet anticipated demand through to 2048.
- 15 While I am not that familiar with the Our Space document, I have significant experience and knowledge of the Greater Christchurch industrial land market. I do not necessarily disagree with the conclusions of Our Space, that there is industrial land available for development throughout Greater Christchurch. However, I note that the Our Space assessment does not take into consideration the different nature of these industrial land opportunities and how this

interplays with demand. I am also aware that the evidence of **Ms Hampson** considers that the capacity assessments behind Our Space are likely to be understating long-term demand, and overstating long-term sufficiency.

- 16 Over the last 5 years I have seen an increasingly high demand for industrial zoned land with more owner-occupier interest, in particular for bare and greenfield sites. In fact, the bulk of the industrial land market currently are people or entities looking for an owner-occupier arrangement.
- 17 I regularly receive inquiries, from mainly corporate clients, looking for industrial land options, some in the 5 to 10-hectare range. I understand there are currently no industrial sites for sale (unencumbered) in Greater Christchurch above 2 ha in size. This is a significant gap in the market.
- 18 While there might be a perception that there is a lot of industrial land around Greater Christchurch, very little of this land is unencumbered freehold land that can be purchased. Other than a few small on-sales, I understand the only available freehold unencumbered industrial land to purchase in Canterbury is:
 - 18.1 The Rangiora Business Hub, Rangiora (~7.2 ha);
 - 18.2 Arbor Grove Industrial Park, Belfast (~1.5 ha);
 - 18.3 Waimakariri Bridge Business Park, Belfast (~1 ha); and
 - 18.4 IPort Business Park (less than 1 ha).
- 19 I note recent examples of land that has all been sold down and within a very short time period (i.e. within the last 3 years) include:
 - 19.1 The Mānia development in Hornby (~41 ha);
 - 19.2 The Tawhiri development in Rolleston (~32 ha); and
 - 19.3 The Kairua development in Hornby (~5.4 ha).
- 20 The need for larger bare industrial sites has increased in the wake of the COVID-19 pandemic. Globally, online sales have increased dramatically. The new 'shop' is now a company's website, and the product no longer comes from retail stores, but from warehouses. As such, there has been an increase in demand for larger industrial sites capable of accommodating larger warehousing facilities than previously.
- 21 Further, supply chain disruptions as a result of events such as the COVID-19 pandemic and Kaikoura earthquakes have driven

companies to hold more product. This has been a building trend for the last five years. A good example of this would be the Fisher and Paykel doubling their warehouse footprint for their Hornby site in order to carry more stock in the South Island. Increases in stock held reduce supply chain risk, and reliance on last-minute road transport for delivery of product.

- 22 To properly understand the industrial land market, it is also important to also understand out agricultural and export market which effectively drives industrial demand. As agriculture continues to grow in New Zealand (particularly with the increasing emergence of agricultural technologies to make farming more efficient), so too will the need for industrial activities such as processing and warehousing facilities.
- 23 As such, our export market relies on the industrial market to deliver goods from farm to export. In many ways, Canterbury's ability to increase its export market is directly linked to industrial capacity and availability in the Region. It is therefore extremely important that land continues to be zoned industrial in a forward-looking way.
- 24 I am of the view, for the reasons set out above, that there is a significant demand in Greater Christchurch for industrial land, and more specifically, unencumbered freehold greenfield sites which are presented for sale. Based on the constraints of many of the existing industrial sites in Greater Christchurch, I am of the view that demand has already outweighed supply.

INDUSTRIAL LAND IN ROLLESTON

- 25 The situation in Selwyn generally, and Rolleston more specifically, is largely the same as that for Greater Christchurch. From my experience, growth in Selwyn (including Rolleston) has been steady in relation to industrial land. However, there has been a significant increase in industrial land demand since the completion of the new motorway.
- 26 A recent example of this would be the Tawhiri development on Hoskyns Road, Rolleston, which sold down very quickly. Two years ago, we had approximately 50 ha of unencumbered land left to sell in Rolleston, currently there is basically nothing left.
- 27 In the Selwyn District, Rolleston is a particularly attractive hub for industrial activities due to factors including:
 - 27.1 the ability of such activities to locate in proximity to two inland ports, which provides savings and efficiencies particularly in relation to transport costs;

- 27.2 annual council rates savings, with Selwyn District's rates being extremely competitive and a big driver for developers as compared to Christchurch; and
- 27.3 favourable geotechnical conditions (including for example ground conditions, cost of development, limited development contributions).
- 28 Ongoing affordability is a big driver for any industrial developer and Selwyn is an attractive District in that it has new infrastructure and there is a low risk of dramatic council rates increases. This makes a difference for investors looking forward to the next 10 to 20 years. As such I consider there is a significant and identified demand for industrial land in Rolleston.

THE PLAN CHANGE SITE

- 29 The PC80 site is significant in terms of its characteristics. With such proximity to the Main South Line and the ability to incorporate a substantial rail siding along the entire southern border of the site, it will be an attractive opportunity to any occupier reliant on port or rail-related activities.
- 30 As I have already set out above, warehousing is getting bigger, third party logistics are getting bigger with the growth of online sales, and as a result warehousing and industrial land sites are getting bigger.
- 31 I consider this 98-hectare site will go a significant way to meeting this growing need.
- 32 Access to port and rail facilities is a significant attractor for any occupiers and investors. As an example, I was involved in the MOVE Logistics design-build at IPort. MOVE Logistics is an entity that deals with hundreds of different clients who are heavily reliant on import and export activities, therefore it was critical for them to have efficient transport solutions. For context, MOVE Logistics move around 5,000 TEUs¹ per annum. Should they have located anywhere else than adjacent to a Port, their reliance on diesel trucks would have been dramatic, in turn increasing traffic congestion and commuter disruption. Positioning itself alongside Midland Port has removed its reliance on road transport and allowed it to remain competitive.
- 33 Therefore, aside from the general demand for this kind of Site in the market, this site also fulfils a particular demand, providing

¹ Twenty-foot Equivalent Unit – being a unit of measure based on dimensions of a standard container.

developers/businesses with a rare and unique opportunity to establish along a substantial rail siding.

Dated: 5 October 2022

Sam Staite