

Before the Selwyn District Council

under: the Resource Management Act 1991

in the matter of: Proposed Private Plan Changes 81 and 82 to the
Operative District Plan: Dunns Crossing Road, Rolleston

and: **Rolleston Industrial Developments Limited** and
Brookside Road Residential Limited
Applicant

Statement of Evidence of Gary Sellars (Registered valuer)

Dated: 26 August 2022

Reference: JM Appleyard (jo.appleyard@chapmantripp.com)
LMN Forrester (lucy.forrester@chapmantripp.com)

chapmantripp.com
T +64 4 499 5999
F +64 4 472 7111

PO Box 993
Wellington 6140
New Zealand

Auckland
Wellington
Christchurch



STATEMENT OF EVIDENCE OF GARY SELLARS

INTRODUCTION

- 1 My full name is Gary Russell Sellars. I am a Director of Valuation and Consultancy at Colliers Valuation. I have been in this position at Colliers for 14 years. Prior to that, I was the Managing Director of Fright Aubrey, where I worked for 23 years.
- 2 I am a Registered Valuer, Fellow of the New Zealand Institute of Valuers and a Fellow of the Property Institute of New Zealand. I was registered in 1976 and have been in continuous practice as a Registered Valuer since that time, including four years employed by the Hong Kong Government. I have been involved in the public sector since 1985 in Christchurch in positions with Fright Aubrey and more recently Colliers Valuation. I specialise in commercial, industrial and land development valuation and consultancy within the CBD and suburban locations of Christchurch and major metropolitan areas in the South Island. I complete research on Christchurch office vacancies on an annual basis and regularly complete research on Greater Christchurch residential land and industrial business land supply and take-up.
- 3 I have been involved in the valuation of a number of large residential subdivision developments during the last 35 years including Pegasus Town, Ravenswood, Wigram Skies, Te Whariki, Yaldhurst Park, Karamu, Prestons and Belfast Village. I have during this period regularly prepared and presented expert evidence before various courts or tribunals in relation to zoning applications and arbitrations.
- 4 I am familiar with:
 - 4.1 The plan change application by Rolleston Industrial Developments Limited to rezone approximately 28 hectares of rural land in Rolleston to Living MD (*PC81*); and
 - 4.2 The plan change application by Brookside Road Residential Limited to rezone approximately 110 hectares of rural land in Rolleston to Living MD and Business 1 (*PC82*).

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 addresses the current supply of residential sections in Rolleston and quantifies the current imbalance of supply and demand which has resulted in recent significant price escalation.

SUMMARY OF EVIDENCE

- 7 The residential property market in Greater Christchurch has experienced significant demand during the last two years which placed stress on the supply of both vacant and improved product resulting in significant price escalation. This market cycle is well publicised and resulted from a mix of low interest rates and constrained supply. Since early 2022, the market has entered a correction phase following increases in interest rates and a drop in market confidence.
- 8 The average annual volume of vacant residential sales in Rolleston has fluctuated during the last ten years rising from a low of 223 sales in 2011 immediately following the Canterbury earthquake sequence to a sub peak of 685 in 2013 and then settling to an average of at or around 485 sales per annum for the period from 2014 – 2018. Since 2018 there has been a sharp increase culminating in 1,191 sales in 2020. The average residential section sale price in Rolleston has followed a relatively regular upward trend from 2011 until 2020 and then there has been exponential growth of at or around 100% during the last 24 months.
- 9 Up until early 2022 the supply of vacant residential land had failed to keep pace with the ongoing level of demand. In the Rolleston market there is only a limited number of vacant sections available for purchase. Small releases of sections in 2021 prior to the current market correction, resulted in significant price escalation.
- 10 The land market in Rolleston in 2021 exhibited a dysfunctional market where there was virtually no supply or choice with uncompetitive market practices being adopted by vendors resulting in extreme price escalation.
- 11 Developers and real estate agents report there is now reduced enquiry, with marketability poor for all but titled lots. Off-plans section purchases are also low.

- 12 The residential section market correction is considered to be a temporary hiatus. Unless major structural changes are made to the Selwyn District land supply in the form of rezoning or intensification, I consider that the supply and demand imbalance which existed in 2021 will resurface. Predicting the duration of the current correction phase is difficult if not impossible to determine, however eventually the market will recover.
- 13 The only solution to the ongoing imbalance of supply and demand is increased supply.

RESEARCH METHODOLOGY

- 14 My research team at Colliers Valuation has physically inspected on the ground and identified all developed and undeveloped land in 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 inspected and development potential quantified together with a review of all plan changes notified. Section sale data has been obtained from the respective developers or real estate companies involved and base sale data was obtained from Property Guru, Valbiz and REINZ.

ROLLESTON

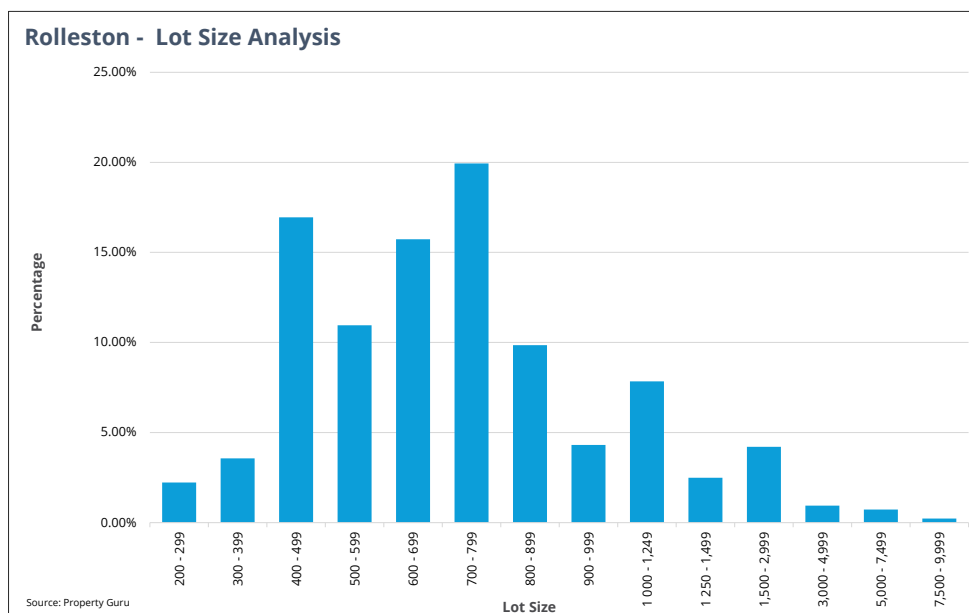
- 15 Rolleston is a fast developing satellite township located 22 kms south west of Christchurch adjacent to State Highway No. 1 (SH.1). Major infrastructure has been developed at Rolleston including a significant commercial hub with associated schools and amenities and a large industrial district situated to the north at IZone and IPort.
- 16 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.

Land Market

- 17 The following table provides an analysis of lot sizes in Rolleston.

Rolleston Lot Size Analysis		
Lot Size	# Lots	%
200 – 299	207	2.2%
300 – 399	331	3.6%
400 – 499	1,573	17.0%
500 – 599	1,017	11.0%
600 – 699	1,460	15.7%
700 – 799	1,850	19.9%
800 – 899	914	9.9%
900 – 999	400	4.3%
1,000 – 1,249	728	7.8%
1,250 – 1,499	231	2.5%
1,500 – 2,999	391	4.2%
3,000 – 4,999	88	1.0%
5,000 – 7,499	68	0.7%
7,500 – 9,999	21	0.2%
Total	9,279	100.0%

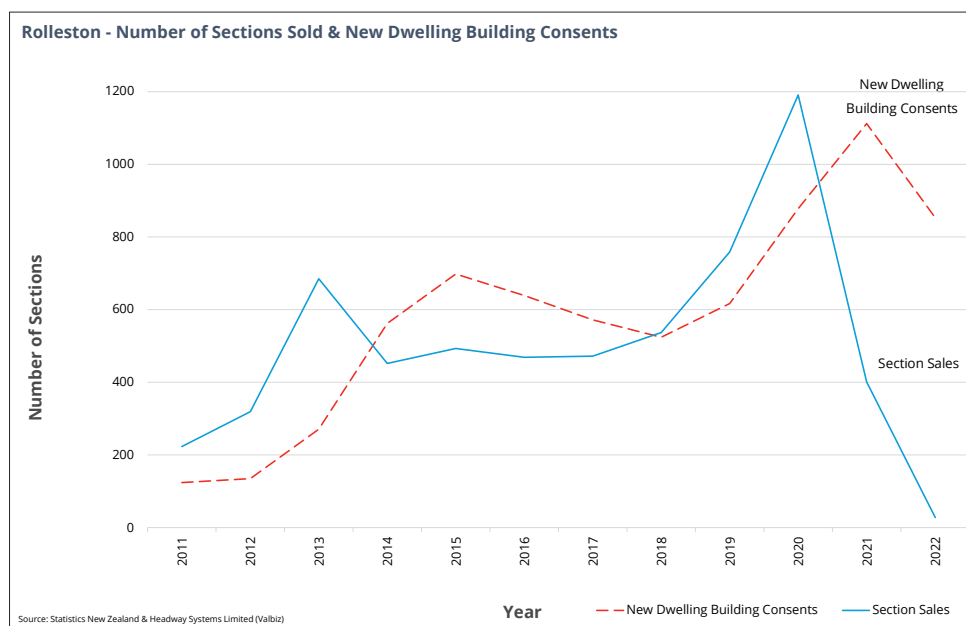
- 18 There are 9,279 titled lots of which 7,752 (83.5%) sit in the 200 – 999 sqm size category with lots between 400 – 899 sqm accounting for 73.4%.



- 19 I have completed research on the supply of residential sections analysing the number of sales and new dwelling building consents issued during the last ten years.
- 20 The following table provides an analysis of the number of vacant residential section sales and new dwelling building consents in Rolleston for the period from 2011 – 2022.

Rolleston Section Sales & Building Consent Analysis		
Year	Sales	Building Consents
	#	#
2011	223	124
2012	319	135
2013	685	271
2014	452	562
2015	493	698
2016	469	639
2017	472	572
2018	537	524
2019	759	617
2020	1,191	878
2021	401	1,112
2022 (Part Year)	28	853

- 21 The same information is shown in the following graph which illustrates the number of vacant residential section sales and new dwelling building consents in Rolleston for the period from 2011 – 2022:



- 22 The volume of vacant residential section sales has fluctuated over the last ten years from a low in 2011 of 223 and rising to a sub peak in 2013 of 685 which resulted from the demand from relocated red zone owners following the earthquakes. During the period from 2014 through to 2018 there was a relatively consistent pattern of volume in a range of between 452 – 537 sales per annum. From 2018 there has been a sharp increase in volume rising from 537 sales in 2018 to 1,191 in 2020.
- 23 The volume of sales is a reflection of supply and demand. If supply is constrained, then this will affect volume. The decline in the

volume of sales in 2021 was a result of constrained supply rather than a reflection of demand. This decline carried through to 2022 although not all sales in 2022 are yet recorded.

- 24 New dwelling building consents in Rolleston have generally followed a similar trend line to the number of sales. However, in the period from 2011 until 2013, building consents lagged well behind section sales. From 2014 to 2017, the number of building consents was well ahead of section sales.
- 25 The lag in building consents in the period from 2012 – 2013 potentially resulted from relocated red zone owners purchasing sections and then delaying construction whilst settling insurance claims. This explains why building consents outstripped section sales in the following years from 2014 – 2017.
- 26 The lag in building consents in the 2020 – 2022 period is explained by the delay between section purchase, subdivision construction, title issue and consequential building consent application. Both the sales volume and building consent numbers follow a similar pattern.
- 27 Rolleston has expanded significantly during the last ten years and is now the most dominant township in Selwyn District in terms of residential land activity. During the last five years from 2016 – 2021, 56.5% of all Selwyn District vacant residential land transactions occurred in Rolleston with the next largest activity township being Lincoln at 25.5%. The following is a table summarising the number of lots sold in each of the residential townships in Selwyn District during the period from 2016 – 2021.

Vacant Selwyn District Residential Section Sales 2016 – 2021		
Township	#	%
Rolleston	3,829	56.5%
West Melton	178	2.6%
Lincoln	1,732	25.5%
Prebbleton	399	5.9%
Tai Tapu	63	0.9%
Ellesmere	107	1.6%
Malvern	473	7.0%
TOTAL	6,781	100.0%

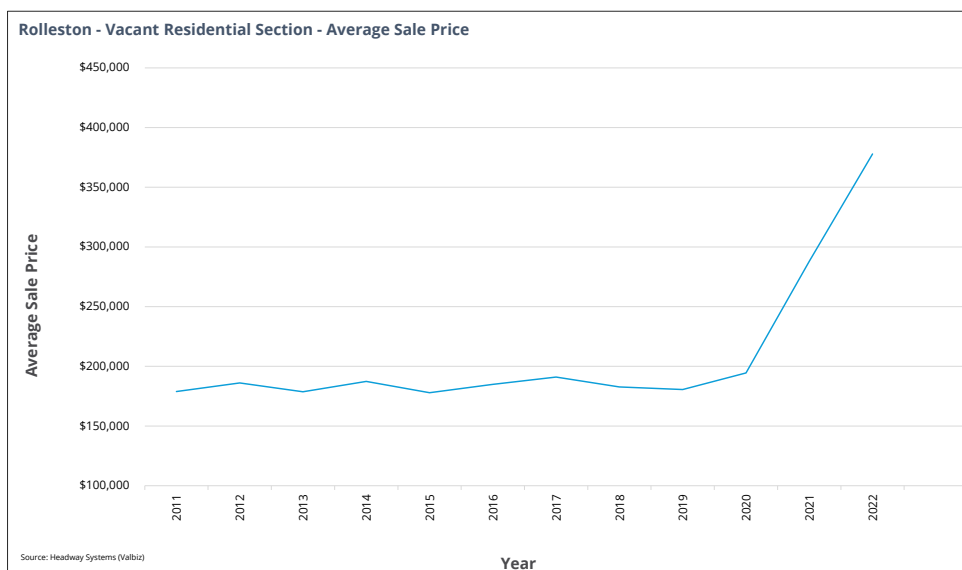
- 28 There is market evidence that the shortage of available residential sections in Rolleston coupled with the increased prices is resulting in buyers looking further afield where there is both availability and cheaper section prices in the likes of Darfield, Kirwee and Leeston¹.

¹ For Darfield and Kirwee, see Property Brokers Report for PC 63 in Darfield – Appendix 5 to evidence of Fiona Ashton.

- 29 The following table provides an analysis of the average vacant residential section sale price in Rolleston for the period from 2011 – 2021:

Vacant Rolleston Residential Section Sales	
Year	Sale Price
	\$
2011	178,901
2012	186,123
2013	178,748
2014	187,380
2015	177,932
2016	184,862
2017	190,982
2018	182,708
2019	180,575
2020	194,473
2021	287,929
2022	377,820

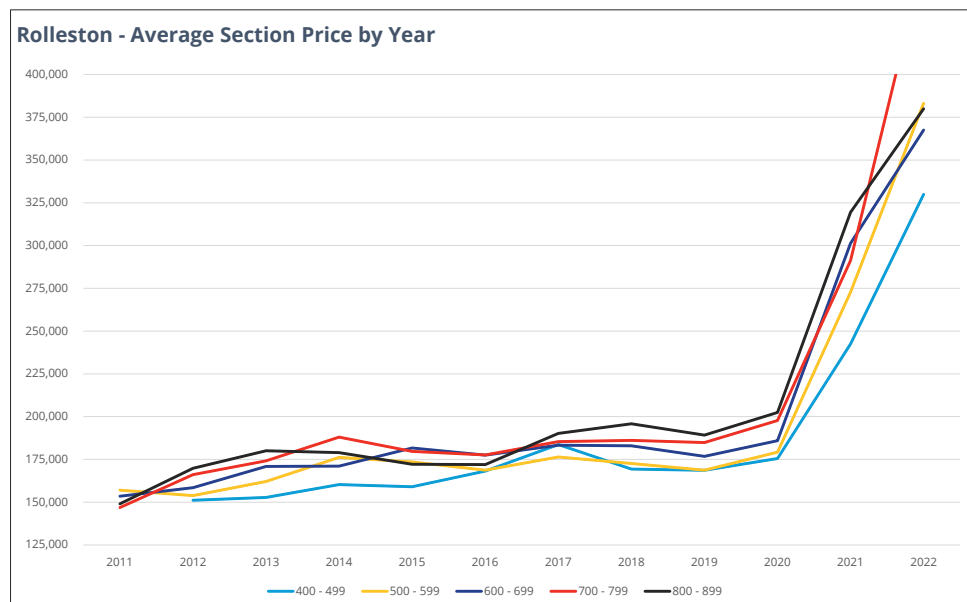
- 30 This same information is shown in the following graph which illustrates the sales price trend line for Rolleston.



- 31 The above data is for titled sections only. The sale data for 2021 and 2022 provides only part of the true picture of the current situation. Many sections sold in late 2021 and in 2022 have not been constructed or titled and therefore this sale data has not been captured by the recorded data.
- 32 I have also completed size specific analysis on the average residential section sale price and concentrated on the predominant section area range of between 400 – 900 sqm.

Vacant Residential Section Sales in \$ – 400-900 sqm range					
Year	400-499	500-599	600-699	700-799	800-899
2011	-	157,000	153,461	146,893	149,058
2012	151,148	153,808	158,507	166,112	169,779
2013	152,765	162,091	170,906	174,143	180,008
2014	160,274	176,158	171,057	188,009	178,941
2015	159,043	173,492	181,634	179,640	172,167
2016	168,158	168,697	177,470	177,564	171,998
2017	183,677	176,455	183,266	185,360	190,222
2018	169,369	172,636	182,976	186,124	195,808
2019	168,622	168,712	176,762	184,850	189,224
2020	175,524	179,230	185,908	197,682	202,456
2021	242,535	272,801	301,336	291,330	319,442
2022	329,874	383,090	367,445	466,667	380,000

- 33 The same information is shown in the following graph which illustrates the sale price trend lines in Rolleston for the five primary land area categories.



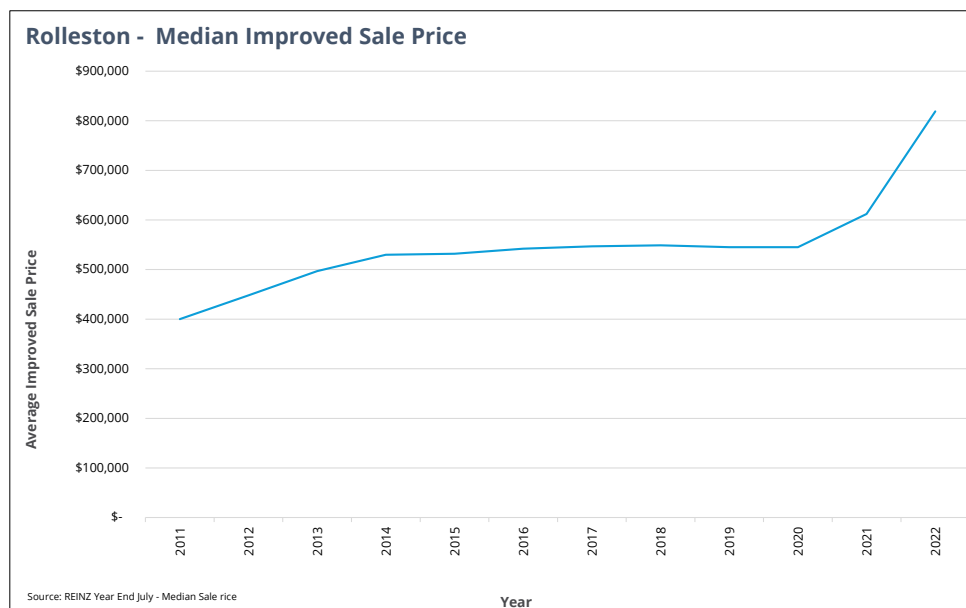
- 34 The above data illustrates a relatively consistent average sale price range of between \$150,000 and \$200,000 in the nine year period from 2011 – 2020. In 2021/2022 there has been an extremely sharp increase in sale price in all categories. For example, in the 400 – 499 sqm range, the average sale price increased from \$175,524 in 2020 to \$329,874 in 2022. The above average sale prices for each calendar year are an average over the entire twelve month period. I am aware that significant price escalation occurred in late 2021 and therefore the reported average sale prices in 2021 are somewhat misleading and underrepresent the true situation at the end of 2021.

Housing Market

- 35 A similar pattern can be seen with house prices. The following is an analysis of the median residential dwelling sale price in Rolleston for the period from 2011 – 2022 sourced from REINZ:

Rolleston House Price Analysis		
Year	Sales #	Sale Price \$
2011	215	400,000
2012	294	448,000
2013	320	497,000
2014	389	530,000
2015	510	532,000
2016	480	542,000
2017	313	547,000
2018	288	549,000
2019	301	545,000
2020	341	545,100
2021	404	612,000
2022 (Part Year)	111	819,000

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



- 37 Analysis of the median improved residential property sale price in Rolleston illustrates a relatively consistent upward trend from 2011 through to 2020 and then a sharp increase in 2021 and 2022. The median improved residential sale price increased from \$545,100 in 2020 to \$819,000 in 2022, an increase of 50.2% over two years.
- 38 The two year increase for improved residential properties in Rolleston from 2020 – 2022 is 50.3%. REINZ data indicates that

the median improved residential property in Selwyn District for 2020 – 2022 increased 50.5% and in Christchurch City for the same period, 44.0%.

Rolleston Residential Section Market

- 39 In the June 2020 – December 2021 period, demand for residential sections in Greater Christchurch was unprecedented. The market was appropriately described as 'frenzied' and in my opinion, forming a bubble. Ultimately, due to shortage of stock of titled sections, land values increased monthly with developers resorting to tendering small tranches of section product prior to titling in the face of strong competition from buyers for scarce product. In some instances, prices more than doubled after New Zealand emerged from its two COVID-19 lockdowns.
- 40 Changes in bank lending criteria due to the Credit Contract and Consumer Finance Act (CCCFA) at the end of 2021, increasing interest rates, shortage of building materials and a change in market sentiment, have led to demand for residential property coming off its previous peak levels. At the same time there was an increasing supply of sections as the 2020/2021 building pipeline continues to deliver product to the market.
- 41 Flowing from the softening in demand for built houses from early in 2022, and due to difficulty in obtaining timely delivery of building materials, there has been a subsequent reduction in demand from builders and private purchasers alike, which in turn has reduced demand for sections.
- 42 Currently the residential section market climate in Rolleston is disorientated with a number of conflicting signals apparent.
- 43 Developers and real estate agents report there is now reduced enquiry, with marketability poor for all but titled lots. Off-plans section purchases are also low.
- 44 Market sentiment is confused with conflicting objectives of various vendors resulting in a multi-tiered market for the moment. In some cases, developers are attempting to protect their position by maintaining asking prices at or slightly less than that which prevailed in late 2021. Some developers are more intent on quickly selling product and are therefore reducing prices. Another component of the market is original section purchasers now reselling sections because they cannot settle on multi-section purchases or no longer want to proceed through the build process. In many cases these section owners purchased at pre-peak levels and are therefore able to sell at prices above their purchase price but below the peak levels achieved for equivalent land in late 2021.

- 45 There is anecdotal evidence that there is a price differential in some parts of Rolleston of up to \$20,000 between a titled and untitled section.
- 46 In conclusion, it is difficult to categorically measure the current market where there is limited transactional activity. What is clear is that there has been a correction below the peak levels experienced in late 2021. This price correction is likely to be between negative 10.0% - 20.0% or thereabouts.
- 47 I have reviewed sales in Rolleston subdivisions transacted in 2020, 2021 and 2022 to quantify the price escalation and de-escalation that has occurred during the last 24 months.
- 48 The following is a summary of this evidence:

Case Study 1			
Address	Date mth.yr	Area Sqm	Sale Price \$
73 Lady Isaac Drive	09.20	481	168,000
19 Palmer Avenue	11.21	442	400,000
Lot 20, Goulds Estate	08.22	465	380,000
Price Escalation	2020-2021		138%
Price Escalation	2020-2022		126%

Case Study 2			
Address	Date mth.yr	Area Sqm	Sale Price \$
25 Fairhall Street	12.20	555	182,500
Lot 19, Broadlands Drive	10.21	550	448,000
Goulds Estate – Asking Price	08.22	550	380,000
Price Escalation	2020-2021		145%
Price Escalation	2020-2022		108%

Case Study 3			
Address	Date mth.yr	Area Sqm	Sale Price \$
37 Wigmore Street	10.20	630	180,000
Lot 10, Goulds Estate	09.21	600	440,000
638 Springston-Rolleston Road	08.22	622	350,000
Price Escalation	2020-2021		144%
Price Escalation	2020-2022		94%

- 49 Price escalation of between 100% - 145% was experienced in the Rolleston section market in the period from 2020 – 2021.

- 50 From the limited evidence currently available, it is apparent that there has been a correction of between 10 – 20% since the beginning of 2022.
- 51 Notwithstanding the recent drop in sale prices, current price levels are still significantly higher than early 2021 which was at or around the time it became apparent that there was a severe shortage of residential sections in Selwyn District, in particular Rolleston.
- 52 Traditionally Rolleston was considered to be priced at the lower end of the residential land market in Greater Christchurch with a clear differentiation in price between suburban Christchurch. In 2021, section prices in Rolleston increased at a much faster rate and to a level which was out of kilter with equivalent residential suburbs in Christchurch, such as Halswell. This situation was caused solely by the imbalance of supply and demand and the almost non-existence of any available sections for purchase.
- 53 The recent correction to the residential property market has reduced the price of sections in Rolleston, however they are still at a level which is out of kilter with equivalent suburbs in Christchurch.

ROLLESTON LAND SUPPLY

- 54 I have categorised the residential market for vacant sections in Rolleston under the following headings:
- 54.1 Developed;
- 54.2 Under Development;
- 54.3 Plan Change Applications;
- 54.4 Undeveloped – Piecemeal; and
- 54.5 Future Urban Development Area (FUDA) – Piecemeal.
- 55 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 & LZ	477	42	171	690
Rolleston - L3	5	-	-	5
Total	482	42	171	695

- 56 There are 695 vacant residential sections in Rolleston of which 42 sections are offered for sale on TradeMe or another real estate platform and 171 sections with building company signage. These sections are categorised in the table above under For Sale and Builder.
- 57 Colliers Valuation has surveyed the number of developed vacant sections in Rolleston since October 2021. During this period the total number of vacant sections has increased from 221 to 695.
- 58 Section development has been completed in a number of subdivisions since 2021, most notably in the latest two stages of Faringdon.

Rolleston – Under Development

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

Rolleston Under Development						
Development	Zone	UD #	Sold #	Hold #	For Sale #	Potential #
Faringdon WW	LZ	216	194	6	16	16
137 Brookside Rd	LZ	12	-	-	-	12
Goulds Estate	LZ	108	-	-	-	108
Acland Park	LZ	166	-	-	-	166
Hanks Run	LZ	-30	30	-	-	-
13 Taita Dr	LZ	9				9
8 Branthwaite Dr	LZ	16	-	-	-	16
215 Lincoln-Rolleston Rd	LZ	11	-	-	-	11
333 Lincoln-Rolleston Rd	LZ	10	-	-	-	10
Total		578	224	6	16	348

- 60 In Faringdon there are 216 sections under development, of which 194 sections have been sold, 6 sections are held by the developer with a further 16 sections offered for sale. In Goulds Estate, there are 108 sections under development with an initial release to the market planned for the immediate future. In Acland Park, there are 166 sections under development.

Rolleston Potential Supply

- 61 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 #
PC 70 – Hughes Development	65.3260	LZ	800
PC 71 – Four Stars Dev & Goulds	53.8800	LZ	660
PC 73 – Rolleston West Res	160.2000	LZ	2,100
PC 75 – Yoursection Ltd	24.7000	LZ	280
PC 76 – Dunweavin 2020 Ltd	12.9690	LZ	155
PC 78 – Urban Estates Ltd	63.3512	LZ	750
PC 81 – Rolleston Ind Dev	28.4200	LMD	350
PC 82 – Brookside Rd Residential	109.7744	LMD	1,320
Total	518.6206		6,415

- 62 PC 75, 76 and 78 comprising a total of 1,185 lots have all been approved by the Commissioner and confirmed by the Selwyn District Council and are all outside the appeal period.
- 63 PC 71 comprising 660 lots has been approved by the Commissioner and confirmed by the Selwyn District Council but is still within the appeal period.
- 64 PC 73 comprising 2,100 lots was declined by the Commissioner and also the Selwyn District Council and the applicant has lodged an appeal.
- 65 PC 81 & 82, the subject of this evidence, is about to proceed to a hearing and PC 70 which relates to 800 lots is currently proceeding through the application process.
- 66 In terms of plan change applications, 1,185 lots have been approved, 660 lots have been approved but are subject to the appeal period, and 2,470 lots are at the pre-hearing stage of the process. In addition, a further 2,100 lots have been declined but are subject to appeal.
- 67 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.
- 68 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.
- 69 Likewise, the same situation applies to land which is currently zoned Rural Inner Plains but within the Future Urban Development Area (FUDA).

70 For clarity, of the plan changes listed at paragraph 61 above, the following are identified within a FUDA:

70.1 PC 70;

70.2 PC 75;

70.3 PC 76; and

70.4 PC 78.

71 PC 73 is located outside the FUDA's. Approximately 1/3 of PC 71 is within an FDA, with the balance outside.

72 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 it 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	43.9577	451
Unzoned (FUDA) Potential Piecemeal	173.3230	2,069
Total	217.2807	2,520

Overall Summary

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

Overall Summary – Short Term		
Category	For Sale	Potential
Developed	42	-
Under Development	16	348
Total	58	348

Overall Summary – Medium Term		
Category	For Sale	Potential
PC Potential	-	6,415
Zoned – Potential Piecemeal	-	451
Total		6,866

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

RESOURCE MANAGEMENT (ENABLING HOUSING SUPPLY AND OTHER MATTERS) AMENDMENT ACT 2021

- 74 The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 (*RM Enabling Act*) amends the Resource Management Act 1991 to rapidly accelerate the supply of housing where the demand for housing is high. This is intended to address some of the issues with housing choice and affordability that New Zealand currently faces in its largest cities.
- 75 The Selwyn District Council notified on 20 August 2022 mandatory variations to the Proposed Selwyn District Plan and private plan changes that have already been accepted by the Council. Variations are required by the Government's new housing intensification legislation which requires some councils to make changes to their district plans to allow more housing and at greater heights in relevant residential areas. To comply with the law, Selwyn District Council is introducing a new Medium Density Residential Zone on relevant current residential land in Lincoln, Rolleston and Prebbleton, and also rezoning additional rural land for residential development within the townships.
- 76 Under the proposed changes, up to three residential units, each up to three storeys high (11 metres), could be built on a site within the Medium Density Residential Zone (*MDR*) without a resource consent. However, it will be up to land owners' to decide if they wish to develop the site to the permitted standards, or to a lesser level of density. Consultation closes on Friday 16 September 2022.
- 77 I have considered the likely market impacts that the new MDR will have on Selwyn District.
- 78 One of the key attractions of Rolleston is the low density rural environment where there are very few two level residential dwellings. House buyers are attracted to Rolleston by the price advantage relative to suburban Christchurch, the larger section sizes and the low development density. I am of the opinion this situation is unlikely to change in the short to medium term.
- 79 The construction costs per sqm of a 3 level dwelling are significantly higher than the construction costs of a single or two level dwelling due to the additional foundation and structural reinforcement requirements. Therefore, development to the density enabled by the new MDR is unlikely to be economic unless it is completed on larger

lot sizes where there is demand for this type of housing product at a price level that is feasible to develop.

- 80 It is too early to gauge the likely take up of this development opportunity however I am of the opinion it is most likely to only suit locations where medium-high density residential housing is currently demanded close to major commercial and transport hubs.
- 81 Potentially developers of new residential subdivisions where medium-high density residential development of the type envisaged by the MDR is possible, will incorporate restrictive covenants which limit residential construction to one and/or two levels. These types of covenants are already common in many residential subdivisions.
- 82 In summary, I am of the opinion that the RM Enabling Act will have limited impact on Selwyn District urban areas.

CONCLUSION

- 83 Rolleston is developing into a major urban area on the edge of Christchurch which has a significant commercial hub with associated schools and amenities and a large industrial district to the north at Izone and IPort.
- 84 Since 2012, there is evidence of consistently high demand for sections in Rolleston. This demand has spiked significantly since 2018.
- 85 Currently there is a limited number of vacant residential sections for sale in Rolleston with the only future supply potentially available via the plan changes identified above.
- 86 Currently there are only 42 sections available for sale in Rolleston. The frenzied market situation in Rolleston in mid to late 2021 has dissipated however it is difficult to accurately interpret the correct market due to a range of conflicting indicators.
- 87 Since 2020 the supply of vacant residential land had failed to keep pace with the ongoing level of demand. In the Rolleston market there is only a limited number of vacant sections available for purchase. Small releases of sections in 2021 prior to the current market correction, resulted in significant price escalation.

- 88 The land market in Rolleston in 2021 exhibited a dysfunctional market where there was virtually no supply or choice with uncompetitive market practices being adopted by vendors resulting in extreme price escalation.
- 89 The residential section market correction is considered to be a temporary hiatus. Unless major structural changes are made to the Selwyn District land supply in the form of rezoning or intensification, I consider that the supply and demand imbalance which existed in 2021 will resurface. Predicting the duration of the current correction phase is difficult if not impossible to determine, however eventually the market will recover.
- 90 Notwithstanding the recent correction that has occurred to the residential land market in Rolleston, current land prices are still out of kilter with suburban Christchurch.
- 91 It is difficult to quantify what level of supply is required in order for a normal rational market to exist. However from my experience, it is preferable that there is an oversupply of appropriately zoned land at all times so that the market can determine when and if it is developed into sections dependent upon demand. In addition, in my experience, for a land market to function properly, it is necessary that it is competitive. That is, the greater the number of suppliers in the market, the more likely that purchasers of sections will benefit.
- 92 The only solution to the ongoing imbalance of supply and demand in Rolleston is increased supply. In this respect, I consider that the development capacity enabled by PC81 and PC 82 would better support the requirement in the NPSUD objective 2 that *'planning decisions improve housing affordability by supporting competitive land and development markets'* and policy 2 that *'Tier 1, 2 and 3 local authorities, at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term'*.

Dated: 26 August 2022

Gary Sellars