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Manukau Milestone Resached in Quick Time

➤ Industrial Floor Space Hits Five Million Square Metres

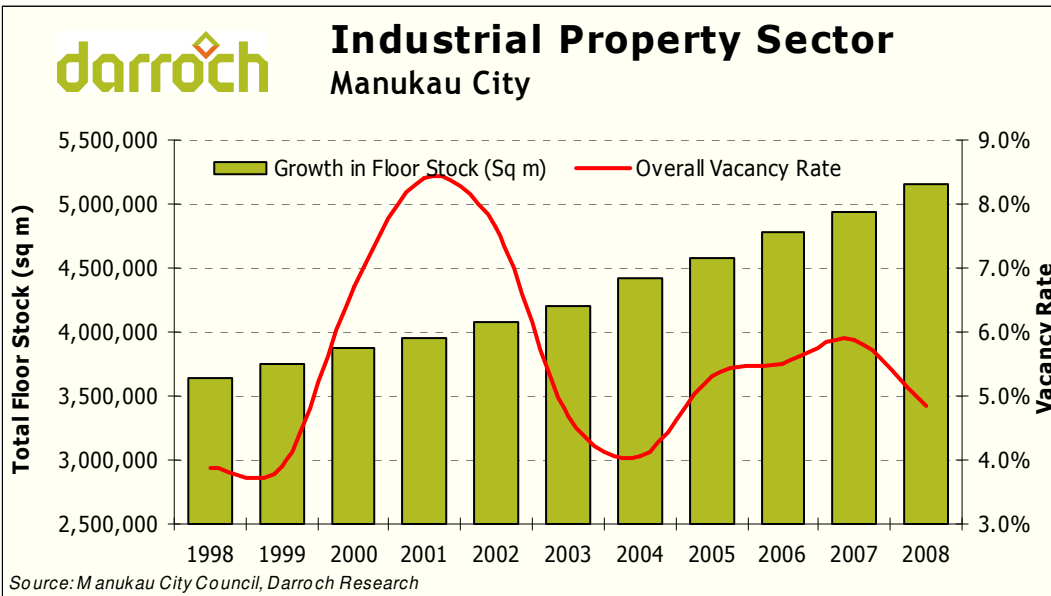
Manukau City has reinforced its position as the hub for new industrial development across Metropolitan Auckland.

According to the City Council's latest *Business Floor Space Survey (2008)*, a whopping 250,000 square metres of new space was constructed for warehousing/storage and manufacturing in the past year. Industrial floor space in the city now totals a massive five million square metres. The recent rate of development has been so swift that almost 20% of the city's total industrial floor stock - one million square metres - has been constructed in the last five years alone. With proximity to SH1, main trunk rail and airport facilities, Manukau has quickly established itself the real powerbase for warehousing/distribution in New Zealand.



Despite rapid building activity Manukau has been able to absorb most new supply fairly comfortably. Although it is anticipated that a slowing economy will make leasing conditions tougher in due course, present vacancy rates are very satisfactory. Council data shows the current industrial vacancy rate is just 4.9%, the lowest level in four years. In addition, the commercial vacancy rate (both shops and offices combined) is just 4.2%.

Manager of Darroch Manukau, Stewart Littlejohn confirms the fast pace of industrial development. "In particular, development at the Airport precinct has progressed strongly, with the locality being particularly attractive to Logistics and Freight Forwarding companies. Newly completed developments include those occupied by Kuehne & Nagel, Foodstuffs Fresh, UPS Supply Chain Solutions and Rinnai. The other locality that has witnessed significant development is Goodman's Highbrook in East Tamaki. Perhaps the catalyst for such activity was the 2007 opening of the Highbrook interchange on the Southern Motorway. Already occupiers include NZ Posts mail sorting centre, Datamail, Contract Logistics and Office Max" say Mr Littlejohn.



The rapid growth in industrial floor space is of course reflected in the uptake of vacant industrial sites. Over the past five years around 310 hectares has been absorbed for new industrial development - around 60 hectares per year on average. But last year uptake did drop off somewhat, despite a "healthy" 47 hectares being absorbed. The result could indicate a possible slowdown in growth rates ahead.

Mr Littlejohn says last years dip in land absorption reflects current demand and supply issues. "On the one hand, Manukau remains Auckland's only realistic outlet for new industrial development. A shortage of business land regionally means new businesses continue to gravitate to Manukau where land supply is greater. Although Manukau has 410 hectares of industrial land for future development, demand has been such that readily available sites are becoming harder to find and land costs have risen".

"On the other hand, cost and scarcity is likely to slow absorption. The credit crunch is having significant impact on new projects. With the economy in a slowing phase, it appears likely that we will witness a further decline in land absorption during the coming year" says Littlejohn.