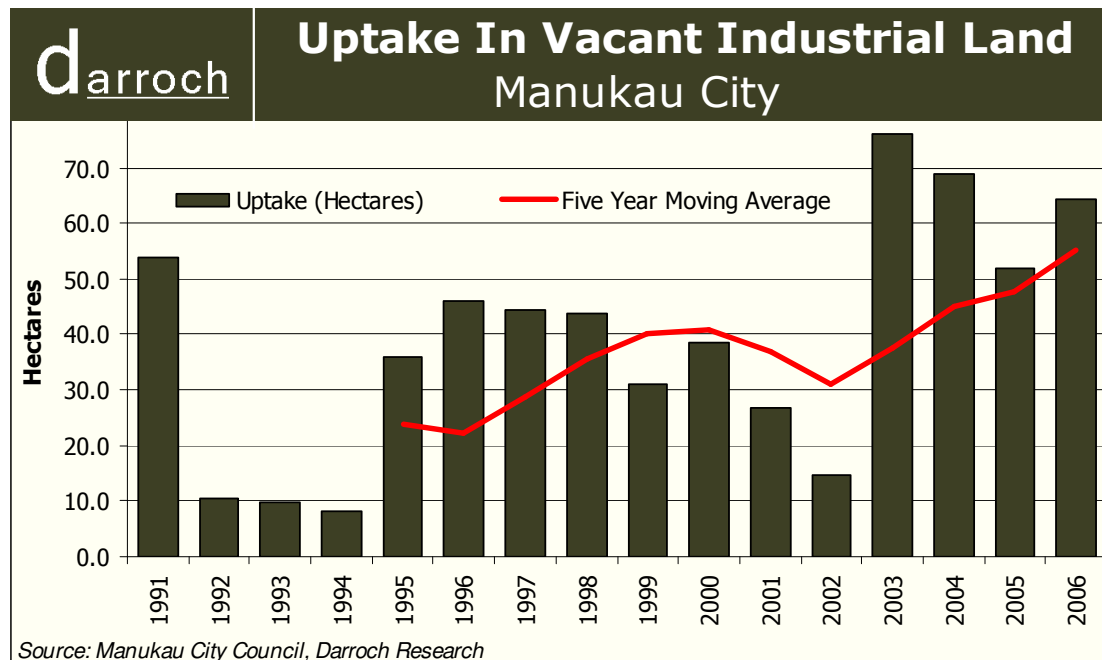


## Manukau Land Reserves Withstand Test

August 2006

**Manukau's sizeable industrial land reserves have helped the city cope with significant building activity of late. For the fourth year in succession, uptake of vacant industrial land has topped 50 hectares per annum – a level of development that would swamp most local authorities across the country.** Just over 260 hectares have been amalgamated into new construction since 2002. To put this in perspective, the rate of uptake on Auckland's North Shore is just 15-20 hectare per annum over the same period and that local authority now faces major capacity issues. The traditional strength of Manukau has been in previous Council planning which set aside large reserves to help cope with future growth.

According to Manukau City Council's latest Business Floor Space Survey (2006), current supply of vacant industrial land stands at 745 hectares which is quite sizeable by Regional Auckland standards. The strong uptake of land in Manukau also reflects limited opportunity elsewhere in Auckland. A scarcity of industrial land in both Auckland City and the North Shore has seen a lot of businesses building/relocating to Manukau where land prices are slightly cheaper and sites more readily available.



Darroch Research calculates that if the current rate of uptake (taking the last five years) is applied to existing stock and if no new zoning is approved, Manukau's industrial land supply has approximately a 12 year lifespan. Adopting a ten year average, existing supply could conceivably last 16 years.

It should be noted that the level of construction activity in recent years has been assisted by a strong economy. But now the short term economic forecast is for weaker growth and it will be interesting to see what impact this has on industrial development and land uptake. There are signs that some pressures are starting to emerge. Despite the city seemingly able to cope with recent demand, the reality is that readily available or serviced industrial sites are now becoming harder to find, and more expensive to acquire. Industrial land prices in Manukau have been on the increases in the last few years – partially the result of land scarcity elsewhere and partially the fact that a lot of larger blocks of industrial land here are tightly held by development companies. Individual allotments can be released in stages without flooding the market and therefore compromising price.