

2<sup>nd</sup> Quarter 2010

## Waitakere Industrial Land – 200 Hectares Looms

➔ Post Recovery, City Appears Nicely Poised for Growth

The most significant change to the Waitakere District plan for over 20 years; involving the rezoning of large blocks of rural land for urban development in Hobsonville and Westgate, has finally been quantified. According to Darroch's latest survey and analysis, Plan Change 13-15 will inject some 135 hectares of new industrial land supply to an existing but modest supply of 63 hectares. Total vacant industrial land stocks therefore are expected to rise to just under 200 hectares.

Darroch's survey also shows that despite the recession, industrial development in Waitakere has not stalled as badly as in Auckland City or North Shore City. Moreover, there are some signs of land transaction activity reappearing in the city, often a pre-requisite to new development.



*Plan Change 15 (Westgate Town Centre) allows for a variety of uses including industrial*

### **Plan Changes – Update**

In Metropolitan Auckland terms, this plan change initiative is significant. Key features include:

- Approximately 430 hectares of rural land is affected, with provision for industrial, commercial, residential, roading and recreational uses central to the vision. Advertising for new builds is already evident in and around Westgate/Massey North.
- The process required regional council approval for a shift in the MUL (Metropolitan Urban Limit) and this has now been formally approved. In regards to plan change 13-15, Waitakere City say there are a few outstanding appeals to work through before changes can be declared fully 'operative' but a conclusion is close.
- New infrastructure is taking shape with the realignment of State Highway 18 (Hobsonville Deviation), and the extension of SHWY 16 through to Brigham Creek Road and Waterview Connection (SHWY 20). This will form part of the Western Ring Route completion project which is designed to improve access to the Airport as well as North Shore and Rodney.
- The plan changes have clear intentions which deserve applause. There is a deviation away from the outdated "general business" zones to more specific uses. For example in Plan Change 15 (Westgate/Massey North), initiatives are designed to side-step the issue of commercial uses appearing in industrial zones, which generate price competition for land. Specific zones such as Town Centre, Large Format Retail (Commercial), Mixed Use Periphery (Commercial), Industry, and Industry (yard based) have been established to control the form of development and avoid incompatible uses being assimilated together.
- Going forward, the plan changes should have a positive impact on Auckland industrial development. Business land supply across Metropolitan Auckland has diminished alarmingly over the past decade, particularly in Auckland City and on the North Shore. Faced with fewer options, many new businesses gravitated mainly to Manukau where supply was greater and land prices were cheaper. Although the recession has mitigated this process, the injection of new supply in the West, means Waitakere can now offer a fresh greenfields alternative to other Auckland areas.

### Industrial Land Supply & Land Price

Darroch calculates that industrial land prices in Waitakere City have fallen approximately 25% since the market peak (2007). Arguably, this is not as severe as land price falls in other Auckland markets, some of which have experienced value losses of up to 30%-35%. Price falls in block land value have been even higher.

In a buoyant market where land supply is scarce, buyer competition can drive prices up quickly. In a depressed market, weak demand typically puts downward pressure on land values. Where land supply is plentiful, price movements tend to be less volatile.

In terms of supply dynamics, it is conceivable that in Waitakere's case, the injection of 135 hectares of new 'block' industrial land could keep prices relatively flat for longer, until regular uptake and new demand/supply pressures eventually drive prices northwards. The new supply is of a size and scale that could keep prices in check for a few years at least.

Interestingly, there are some signs of land transaction activity reappearing in Waitakere City. In the first half of 2010, there have been some interesting land development sales, particularly to owner-occupiers. We list some of the more recent sales below;

Address	Date	Price	Area(sq m)	Zone	Comment
28-30 Waipareira Ave, Henderson	Apr-2010	\$1,335,000	8,900	Working	Rear site
28-30 Paramount Dr, Henderson	Apr-2010	\$785,480	2,152	Working	Semi-Commercial
50 Central Park Dr, Lincoln	Mar-2010	\$2,200,000	10,337	Working	Rear site
84 Central Park Dr, Lincoln	Mar-2010	\$2,030,000	6,735	Working	Semi-Commercial warehouse/office proposal

### New Development

While the recession has dampened commercial development generally, Darroch's Auckland wide surveys show that development in Waitakere has not stalled as badly as in other areas such as North Shore City or Auckland City. Approximately 4 hectares of vacant industrial land has still been absorbed in the past 12 months. There have been a number of new developments in Swanson/Ranui, in the vicinity of Brick Street & Mihini Road. This is a new subdivision which sold down around 2006/2007, although formal titles were released much later. We list a few of the developments observed across Waitakere below;

Address	Development Type	Bldg (sq m)	Land (sq m)	Occupier
9 Brick St, Swanson/Ranui	Industrial Units	—	2,001	Various
14 Brick St, Swanson/Ranui	Industrial building	550	1,444	P&R Stevens Engineering
42 Mihini Rd, Swanson/Ranui	Industrial Complex	12,300	18,876	D & H Steel Construction
67 Mihini Rd, Swanson/Ranui	Office/Residential	—	1,752	IHC Day Base Facility
82 Central Park Dr, Henderson	Office/Warehouse	1,120	2,469	Reece NZ Ltd
22 Cabernet Cres, Westgate	Office building	1,610	1,867	CYF (Westgate Community)

Some of these developments suggest non-industrial usage still exists on land principally set aside for industrial purposes. This has been an ongoing issue which has in part hindered industrial development across Auckland. It is also one of the main reasons why Waitakere City has opted for specific zoning in its latest planning.

