

PROPERTY **E**CONOMICS



WESTNEY ROAD MĀNGERE

INDUSTRIAL PLAN CHANGE

ECONOMIC RFI RESPONSES

Client: Rotokohu Investments Limited

Project No: 52357

Date: December 2024

6 December 2024

DIGITALLY DELIVERED

ECONOMIC MEMORANDUM

To: Auckland Council
c/o Mark Benjamin
Principal Planner
Mt Hobson Group
Email: markb@mhg.co.nz

RE: ECONOMIC RESPONSES TO COUNCIL'S RFI ON WESTNEY ROAD INDUSTRIAL PLAN CHANGE

INTRODUCTION

Property Economics has been commissioned by Rotokohu Investments Limited (the **Applicant**) to provide responses to Auckland Council's Clause 23 Request for Information (**RFI**), relating to the proposal to rezone circa 4ha of land at 50 Westney Road, Māngere, from Residential – Mixed Housing Suburban (**MHS**) zone to Business – Light Industrial zone (**LIZ**).

For ease of reference, this memo provides the economic query raised by Council's economic expert first, with the relevant responses / analysis and commentaries from Property Economics (**PE**) following in *blue italics*.

ECONOMIC RESPONSES

#E1. Please update the economics assessment to refer to Council's recently published population and household growth projections.

#E3. Please provide a description of how the population projections presented are relevant to interpreting the merits of the application, from an economics perspective.

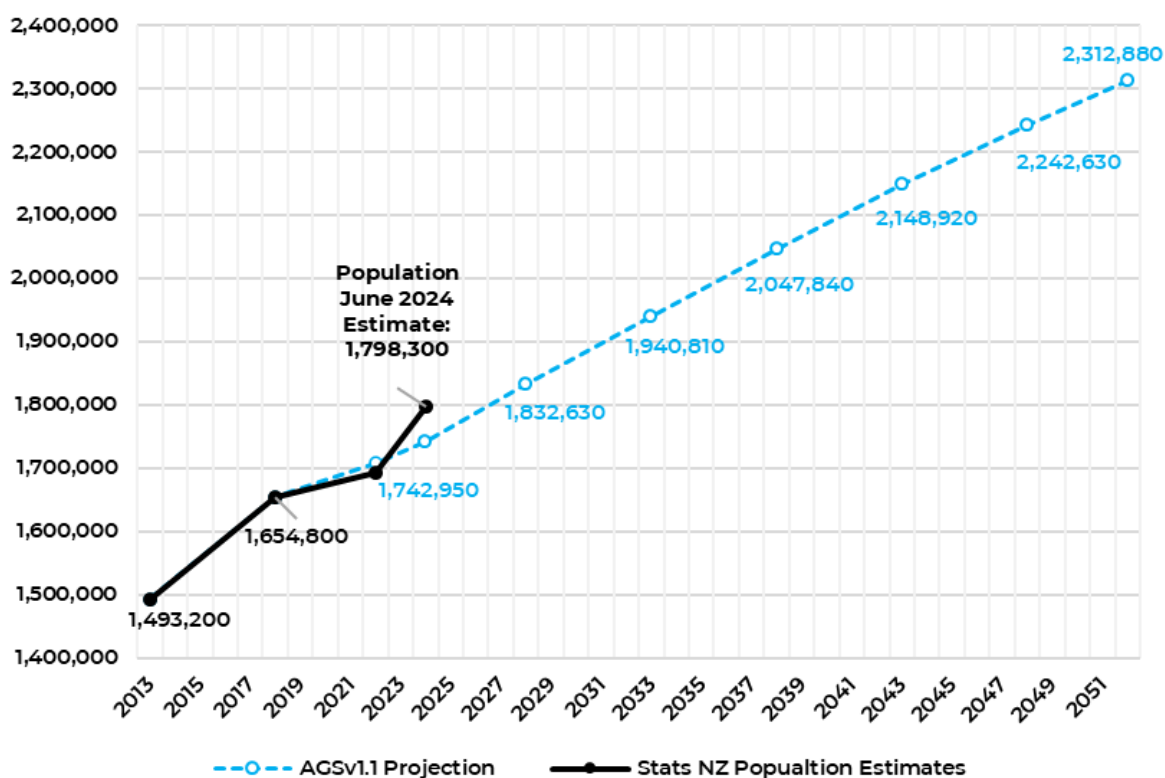
PE Response:

*Figure 1 on the next page compares Council's Auckland Growth Scenario version 1.1 (**AGSv1.1**) with the Stats NZ estimates for the Auckland Region. It shows that Auckland's current (2024) population has noticeably surpassed Council's projection series by approximately 3.2% or around 55,350 people nominally. Under Council's growth scenario, Auckland's population is projected to reach slightly above 2.3 million people by 2052, representing a +28.6% growth rate above the current population base estimated by Stats NZ.*

Note that Section 4 of our Economic Assessment aims to provide context for the anticipated regional market growth over the next 30 years based on Stats NZ projections. The projections in this section do not serve as the basis for the industrial land sufficiency assessment presented in Section 7. The HBA 2023, reviewed in Section 7 of our Economic Assessment, incorporates Council's customised growth scenario. Therefore, this projection update does not impact the economic analysis provided in our Economic Assessment, nor does it alter our economic position.

The inclusion of the projections provides a useful context for reconciling projected growth with the region's residential capacity, allowing for an evaluation of any potential impacts the proposed rezoning may have on Auckland's residential market. As outlined in Section 9 of our Economic Assessment, the reduction in residential provision due to the proposed rezoning would have no meaningful propensity to undermine the overall residential capacity of the local market and would generate significant net economic benefits for the local market and community. This is considered as one of the economic merits of enabling light industrial activities on the subject site.

FIGURE 1: AUCKLAND POPULATION ESTIMATES AND PROJECTIONS



Source: Auckland Council, Stats NZ

#E2. Please provide specific references for the data relied on in the economics assessment.

PE Response:

As requested, a detailed illustration of the data sources used in Table 3 is provided below.

Notes: Both "Additional industrial employment growth" and "Additional industrial floorspace demand" in the table are sourced from Tables 51-53 on pages 183-187 of the HBA 2023. Property Economics has applied the required NPS-UD demand buffers to these floorspace demand figures.

To calculate the "Plan-enabled industrial floorspace capacity under AUP(OIP)", Property Economics used the overall net additional plan-enabled business floorspace capacity of 120,930,000sqm for the wider region, as shown in Table 57 on page 196 of the HBA 2023 and considered the industrial capacity ratio of 66%.

This 66% assumption is based on the share of light and heavy industrial plan-enabled capacity in all business land capacity in the region, i.e., 242,947,000sqm out of 368,827,000sqm, both found in Table 42 on page 145 of the HBA 2023.

The “Estimated infrastructure constraints ratio” and the “Land suitability ratio” are the ratios used in the HBA 2023, such as those in Table 57 on page 196. Based on these ratios, the “Unconstrained & suitable industrial land floorspace capacity” can be calculated.

#E5: Please assess the appropriateness from an economics perspective of removing the Māngere 1 Precinct

PE Response:

According to the AUP, the Māngere 1 Precinct is intended “to provide for the SPCA Auckland Animal Village at 50 Westney Road, Māngere.” However, with the SPCA planning to relocate to a new facility in 2026, the site's purpose in supporting SPCA operations will become redundant. Consequently, retaining the provisions of the Māngere 1 Precinct would be unnecessary and could potentially undermine the site's land use efficiency if no suitable and compatible activities are established.

The site's locational characteristics, including its direct connection to the existing light industrial zone to the south and the presence of two Airport Noise Overlays, make the southern portion of the site unsuitable for residential development. Therefore, replacing the current MHS zoning with a LIZ would better align with the site's inherent advantages and its potential for industrial use.

A minor reduction in residential zoning capacity is already identified as one of the economic costs of the proposed rezoning. However, given the site's small size of around 4ha and the constraints imposed by the Moderate Aircraft Noise Overlay - which limits residential density to one dwelling per 400sqm without noise mitigation - the site could only accommodate around 70 dwellings, assuming 30% of the land is allocated for roading, landscaping, and infrastructure.

This reduction is insignificant and not of a scale to undermine the local and regional residential market, especially when compared to the significant surplus of feasible residential capacity in the wider region. Specifically, over the long term (30 years), the region is projected to support around 967,330 dwellings. This suggests that the loss of 70 potential dwellings at this site would have a negligible impact on the region's ability to meet future residential demand.

Overall, from an economic perspective, given SPCA's relocation, the site's small scale, locational characteristics and existing overlays, it is unlikely that this specific site would be needed to support the region's future residential growth. As such, Property Economics considers that removing the Māngere 1 Precinct would not have any consequential adverse effect on the local residential market, community growth, or land use efficiency.

The net economic outcome of the proposed rezoning is beneficial for the land, market and community. As such, Property Economics continues to support the rezoning.



If you have any queries, please give me a call.

Kind Regards



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