

PROPERTY **E**ECONOMICS



WESTNEY ROAD MĀNGERE

INDUSTRIAL PLAN CHANGE

ECONOMIC ASSESSMENT

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Client: Rotokohu Investments Limited



SCHEDULE

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1. INTRODUCTION

Property Economics has been commissioned by Rotokohu Investments Limited (the **Applicant**) to provide an economic assessment of the proposed plan change (**PPC**) to rezone circa 4ha of land located at 50 Westney Road, Māngere, from Residential – Mixed Housing Suburban zone (**MHS**) to Business – Light Industrial zone (**LIZ**), under the Auckland Unitary Plan Operative in Part (**AUP(OIP)**).

The economic assessment identifies the wider Auckland catchment for light industrial activity (the market industrial activity located at the PPC site would primarily service) and outline the existing market in terms of business activity and zoned light industrial land provision.

Additionally, the assessment provides a high-level economic analysis assessing the economic merits of the PPC to accommodate the expected future industrial land demand within the wider Auckland Region and whether the PPC site provides an economically competitive and efficient location for such activity.

This report also provides a high-level overview of the economic costs and benefits of the PPC for the accommodation of light industrial activities at the PPC site. The findings from this economic assessment will form a view of whether the PPC site is appropriate to rezone LIZ from an economic perspective in the context of the RMA, AUP(OIP) and FDS¹.

1.1. RESEARCH OBJECTIVES

To assist in understanding the methodology and assessment scope, this section highlights the analyses undertaken in the economic assessment adopted for the purpose of this report. The economic assessment includes:

¹ Auckland Future Development Strategy

- Geospatially mapping the PPC site in the context of its localised industrial business environment under the AUP(OIP) zoning context.
- Determine the size of the wider Auckland Region's current (2023) population base and project this to 2053 based on the latest Stats NZ High and Medium growth scenarios.
- Geospatially map and quantify the current zoned industrial land provision (ha) within the wider Auckland Region market.
- Break down and quantify the amount (ha) of vacant industrial land / capacity within the wider Auckland market based on the latest Housing and Business Development Capacity for the Auckland Region 2023 (**HBA 2023**)
- Assess changes in the structure of industrial activity within the wider Auckland market by ANZSIC² sector over the last 23 years (2000 – 2023) and highlight how the industrial market is transitioning.
- Determine the amount of industrial zoned land (ha) required to accommodate the projected industrial employment and activity growth over the next 30 years based on the HBA 2023 assessment results.
- Identify the locational attributes of the PPC site against the key light industrial locational criteria to assess the appropriateness and efficiency of the PPC site for the proposed light industrial activities.
- Consider the PPC in the context of NPS-UD Policy 8 in respect of will the PPC assist a well-functioning urban environment.
- Provide a high-level economic cost-benefit analysis for the PPC site being rezoned for the proposed light industrial activities.

1.2. INFORMATION SOURCES

Information has been obtained from a variety of reliable data sources and publications available to Property Economics including:

- Auckland Future Development Strategy 2023 – 2053 (FDS) – Auckland Council
- Auckland Plan 2050 – Auckland Council
- Auckland Structure Plans - Auckland Council

² Australian and New Zealand Standard Industrial Classification (ANZSIC)

- Auckland Unitary Plan (Operative in Part) (AUP(OIP)) – Auckland Council
- Australia New Zealand Standard Industrial Classifications (ANZSIC) – Stats NZ
- Business Demography Statistics – Stats NZ
- Housing and Business Development Capacity Assessment 2023 (HBA 2023) – Auckland Council
- Industrial Business Classifications – Property Economics
- Meshblock 2023 – Stats NZ
- NPS – UD 2020 – Ministry for the Environment
- Population and Household Estimates and Projections – Stats NZ
- Site Maps – Google Maps, LINZ, Auckland Council
- Statistical Areas 1 & 2 2018 – Stats NZ

2. EXECUTIVE SUMMARY

This assessment outlines the key economic considerations surrounding the PPC to rezone circa 4ha of land on Westney Road to LIZ, under the context of the AUP(OIP).

Over the last four decades, the Auckland Region has experienced a doubling of its population, with Stats NZ's latest high-growth projection indicating the persistence of this trend for the next 30 years. This population growth is anticipated to generate increased demand for employment opportunities and heightened industrial output across the region.

Auckland Council's recent HBA 2023 reveals that the existing vacant industrial land capacity is sufficient to meet projected demand over the next three decades at the regional level.

However, the HBA also suggests a potential shortfall in capacity for land extensive activities, including light industrial activities, in the long term.

This shortfall could impact the efficient operation and growth of light industrial activities in the broader Māngere - Airport industrial area, a key industrial hub in the wider Auckland Region, which is expected to see significant employment growth over the next 30 years. Considering this, the provision of extra light industrial land in the larger Māngere - Airport industrial area is economically appropriate, efficient and would accommodate the diversified industrial land demand for business activity in a well-established industrial location next to one of NZ's most strategic transport hubs (Auckland Airport).

Property Economics considers the PPC site would perform as a natural extension of the existing Māngere - Airport industrial area, offering economies of scale, agglomeration benefits and serviceability efficiencies for light industrial activities, particularly infrastructure efficiencies. This perspective is grounded in the strategic locational characteristics of the PPC site, including its proximity to the established Māngere - Airport industrial environments, its accessibility to SH20 & SH1, and the availability of a growing pool of industrial labour.

Considering the established urban setting of the site and the limited scale of the proposed rezoning, it is unlikely that the PPC would necessitate a substantial additional investment in publicly funded infrastructure. Consequently, the economic benefits of the PPC, encompassing agglomeration benefits, locational efficiencies, a more competitive business location, more competitive land prices, and greater industrial sector growth flexibility, would outweigh any associated economic costs.

Considering the evolving business composition of the wider region and transitioning of the regional economy, the PPC is deemed strategically positioned to accommodate the shifting employment structure and evolving business activities within the economy. The PPC would offer enhanced choice and flexibility in land uses, enabling adaptation to the transitioning

employment landscape and meeting the rising demand for diversified employment and business activities in the surrounding communities.

The PPC will enable a variety of light industrial activities on the site while also allowing for complementary commercial land uses. This approach aligns with the changing dynamics of the local business environment, better business amenity requirements and facilitates a more versatile and responsive land use strategy for the PPC.

Considering the relevant economic factors outlined above, Property Economics supports the PPC's rezoning for light industrial purposes from an economic perspective, in the context of the RMA and AUP(OIP).

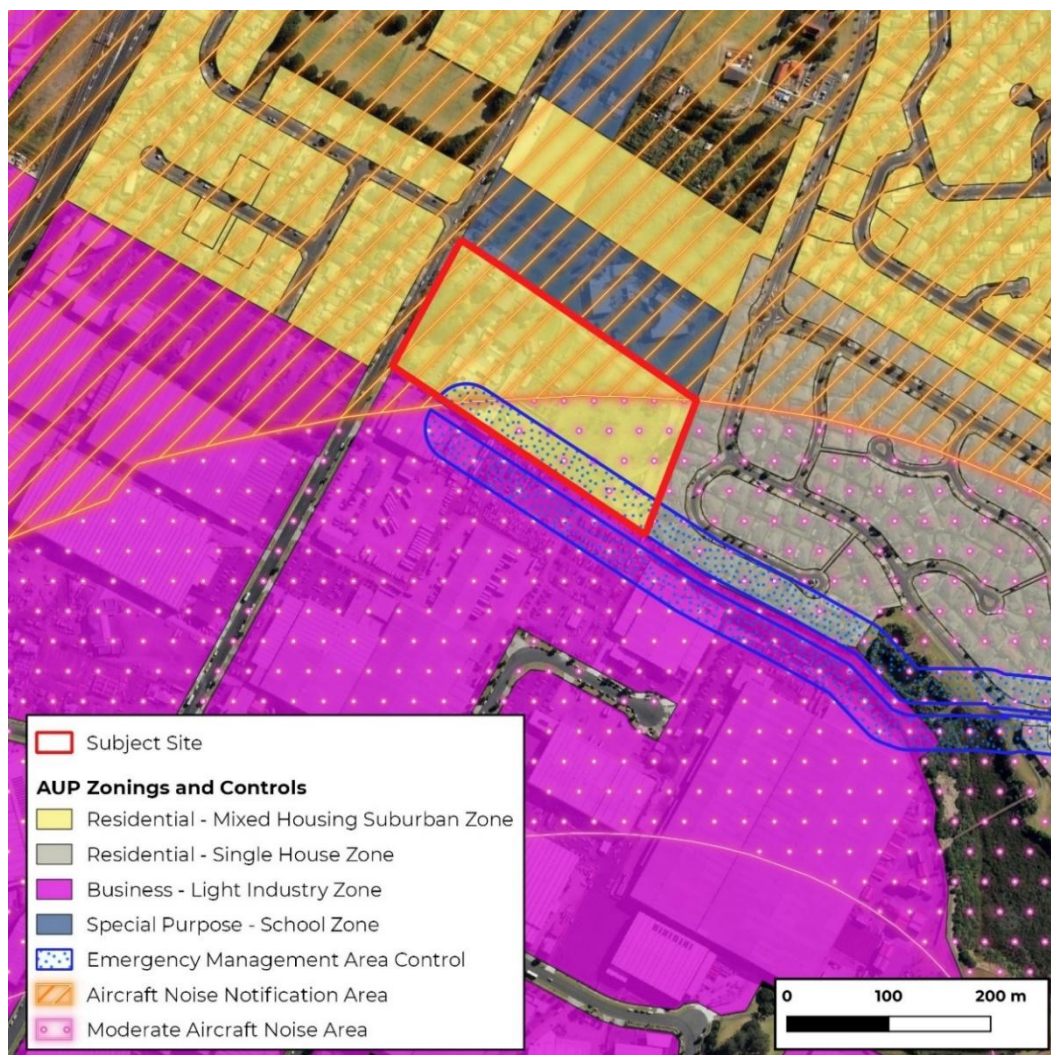
3. PROPOSED PLAN CHANGE OVERVIEW

The subject site, 50 Westney Road in Māngere is situated at the northern edge of the Industrial Area near the Auckland Airport. It is located about 900m from the State Highway 20A onramp and adjoins the Westney Industrial Park.

The site is currently occupied by SPCA as its main Auckland base and animal shelter. As they are planning to move into a new facility in 2026, the Applicant is pursuing a rezoning of the site to LIZ, extending it as a continuum of the existing LIZ situated directly to the south of the site.

Figure 1 below shows the zoning and relevant AUP(OIP) overlays that affect the site. Notably, the site is affected by an Emergency Management Area Control which relates to a high-pressure petroleum pipeline connecting the Marsden Refinery to Wiri. This overlay seeks to manage the risk of activities sensitive to hazardous facilities.

FIGURE 1: PPC SITE AND THE SURROUNDING ZONE ENVIRONMENT



Source: Auckland Council, LINZ, Google Maps, Property Economics

Furthermore, the site is affected by two different Airport Noise Overlays. The Moderate Aircraft Noise overlay restricts the intensity of residential activity to 1 dwelling per 400sqm without noise mitigation. These two overlays make the southern portion of the site difficult to develop from a residential perspective.

The Aircraft Noise Notification Area does not restrict residential development but does indicate lower residential amenity due to noise originating from the Airport.

In terms of the surrounding environments, there are a range of activities located next to the site including the offices of several logistic companies (Linfox, Kuehne + Nagel) and an Airport Park and Ride. This location characteristic reflects the inherent advantage of the PPC site for industrial purposes, contributing to the broader Māngere – Airport industrial environment.

4. ECONOMIC MARKET GROWTH

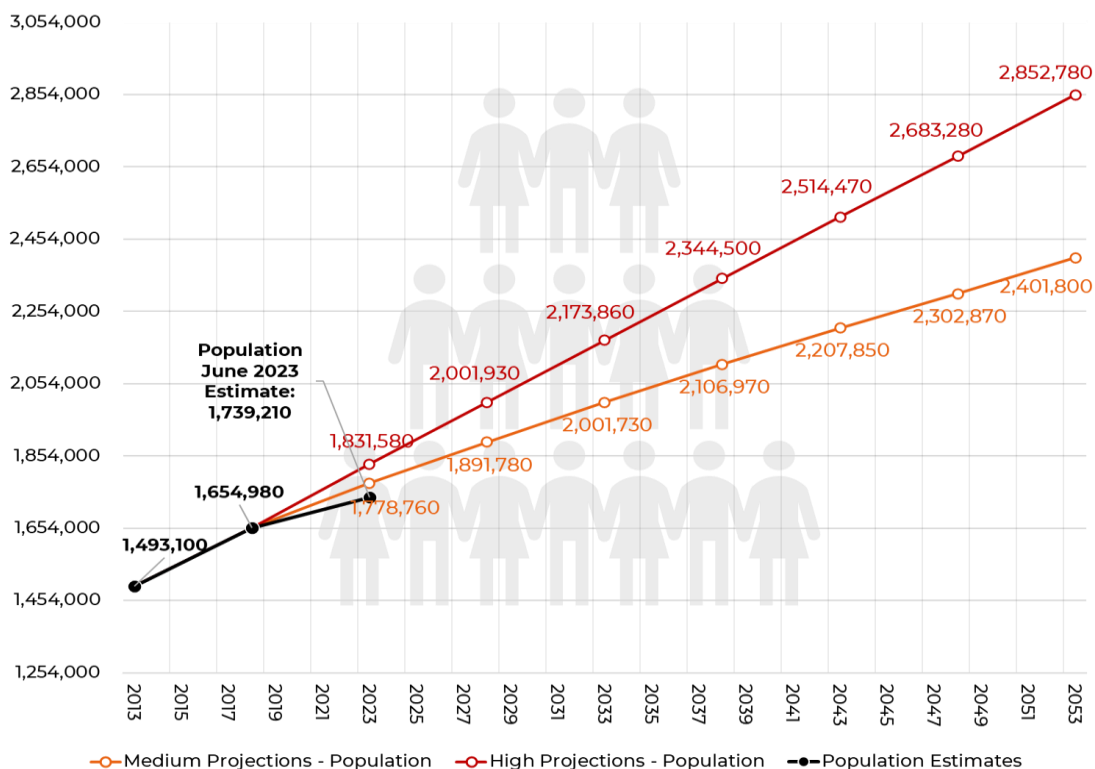
This section assesses the projected growth of the wider Auckland Region based on the latest Stats NZ population estimates under their Medium and High growth scenarios. This assesses at a high level the anticipated growth profile for Auckland over the long term which assists in understanding the industrial land demand requirements for the region over the next 30 years (i.e., 2023 – 2053).

4.1. AUCKLAND REGION

The figure following shows that the estimated current population base for the wider Auckland is tracking below the Medium growth projection series. This can be partly explained by the COVID-19 pandemic and the sustained border closure lowering anticipated growth.

However, Auckland represents a significant population base in NZ at around 1.74m people, meaning that any short-term fluctuations in the growth profile have a negligible impact on market size. However, the reopening of the international borders and recent record net migration figures suggest this recent decline has been short lived with positive international migration trends currently offsetting recent declines. For these reasons the projections in Figure 3 are potentially conservative.

FIGURE 2: AUCKLAND REGION POPULATION ESTIMATES AND PROJECTIONS



Source: Stats NZ, Property Economics

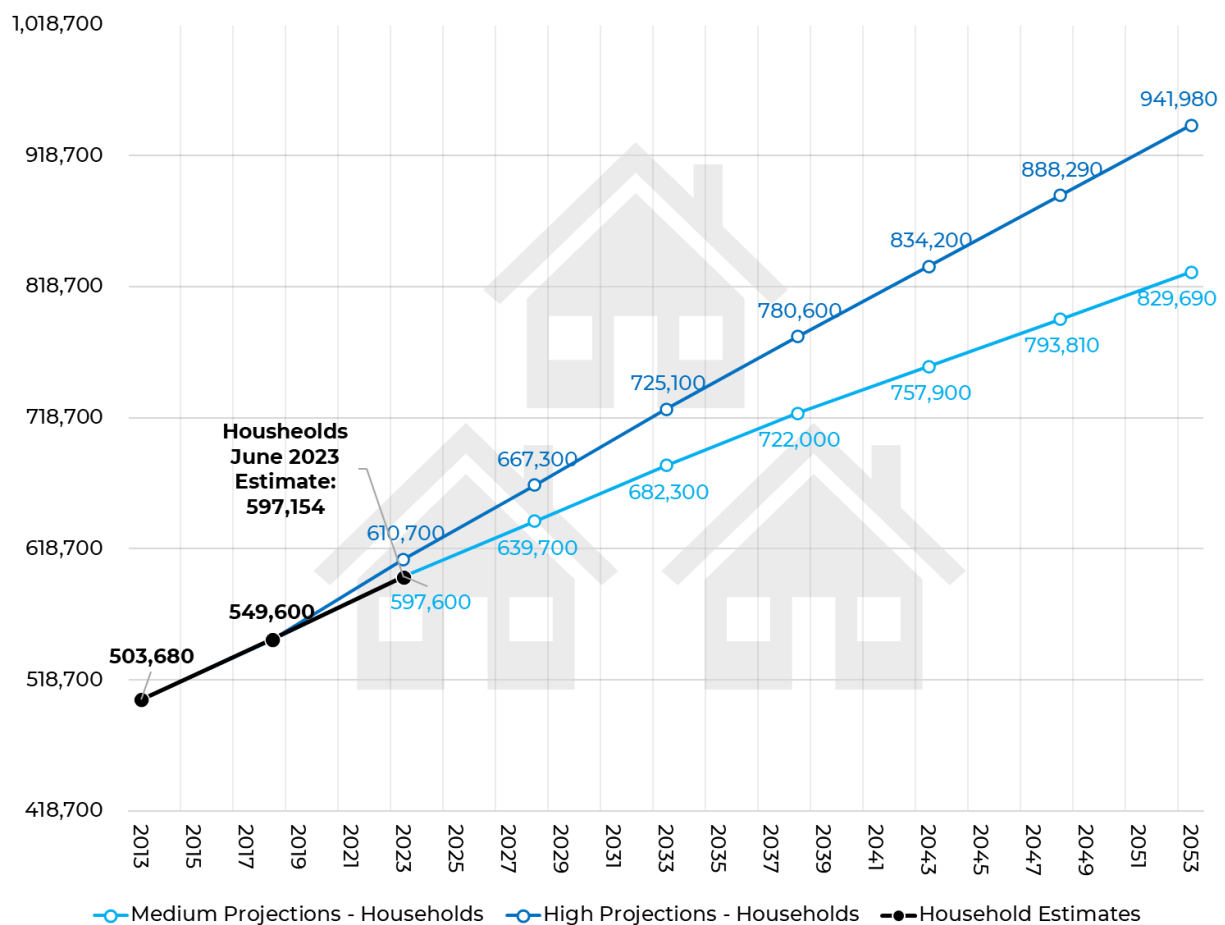
Under the Stats NZ High growth scenario, Auckland's population is forecast to grow by around +64% between 2023 and 2053. This equates to annual average growth of around +37,120 people and result in a population base of up to 2.85m people by 2053.

The Medium growth projection suggests a future Auckland population base of around 2.4m people by 2053. This would equate to net growth of around +22,100 people per annum over the assessed period.

It should be noted that the population of the wider Auckland Region has increased two-fold in the past 40 years. Although fluctuations in population may occur in the future due to factors such as immigration policies, national border status, housing supply, and economic cycles, it is possible to achieve a population of 2.85 million in the next 30 years under the Stats NZ High growth scenario.

The figure below shows the corresponding household projections for Auckland. Currently, Auckland is estimated to have just over 597,000 households.

FIGURE 3: AUCKLAND REGION POPULATION ESTIMATES AND PROJECTIONS



Source: Stats NZ, Property Economics

It is projected that Auckland households would grow further to around 830,000 households in 2053 under the Medium growth scenario, and 942,000 under the High growth scenario.

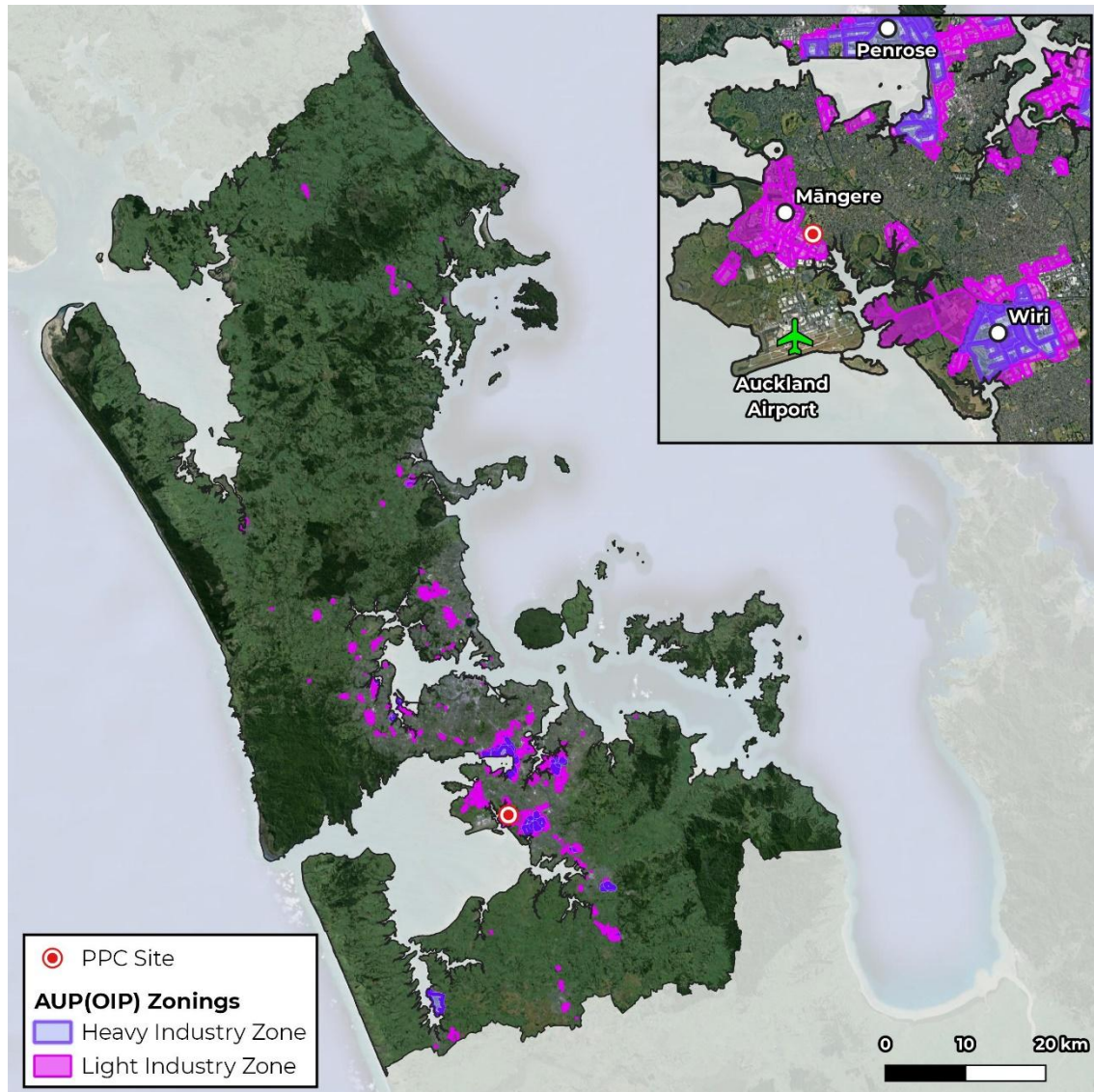
The robust and continuous growth projected for Auckland's population and households would generate additional demand for industrial business activity, employment, and output across the wider region to support the growing economy.

5. AUCKLAND INDUSTRIAL LAND PROVISIONS AND CAPACITY

This section assesses the industrial land provision across the Auckland region based on the AUP(OIP) zonings and the Auckland HBA 2023. This will assist in understanding the supply of the industrial land provision in Auckland and the likely impact of the PPC on the industrial land capacity and sufficiency across the broader region.

The figure below geospatially maps the distribution of the industrial zoned land based on the AUO(OIP) light and heavy industry zoning provisions.

FIGURE 4: EXISTING INDUSTRIAL ZONED LAND WITHIN THE WIDER AUCKLAND REGION



Source: Auckland Council, Google Maps, Property Economics

As summarised in Table 1 on the following page, the Auckland Region has around 6,320ha of land specifically zoned for industrial purposes.

Of the 6,320ha zoned industrial land provision, around 552ha is identified as vacant, or approximately 8.7% of the total zoned land. In addition, there is a further 1,729ha of land that has vacant potential³ which, if included, brings the total vacant development potential to just over 2,281ha.

Light industrial land dominates the total vacant industrial land provision representing 1,736ha or 76% of the total Vacant and Vacant Potential Industrial land in the region. In contrast, there is only 85ha of Vacant Heavy Industrial Land with an additional 460ha of Vacant Potential.

TABLE 1: AUCKLAND REGION INDUSTRIAL ZONED LAND SUPPLY AND CAPACITY (2023)

	HEAVY		LIGHT		TOTAL	
	Area (ha)	Capacity (ha)	Area (ha)	Capacity (ha)	Area (ha)	Capacity (ha)
AUP(OIP) Provisions	1,846	545	4,472	1,736	6,319	2,281
Vacant Land		85		467		552
Vacant Potential Land		460		1,269		1,729
Structure Plan	191	107	1,419	834	1,610	941
Drury-Opāheke	56	24	276	126	332	150
Pukekohe-Paerata	0	0	224	95	224	95
Silverdale West Dairy Flat	98	56	502	293	600	349
Warkworth	37	27	27	20	64	47
Whenuapai	0	0	390	300	390	300
TOTAL (excl. Vacant Potential Land)	2,037	192	5,891	1,301	7,929	1,493
TOTAL (incl. Vacant Potential Land)	2,037	652	5,891	2,570	7,929	3,222

Source: Auckland Council HBA 2023

Notes: Capacity numbers under the AUP(OIP) provisions are based on Table 40 of the HBA 2023 on Page 143. Structure Plan industrial land areas are measured by Property Economics in QGIS based on the future industrial zones identified in the corresponding Structure Plans, including:

- Drury-Opāheke Structure Plan (August 2019): Table 1 identifies 150ha of net developable industrial/business land.
- Pukekohe-Paerata Structure Plan (August 2019): Section 3.3.2 identifies 95ha of land to be zoned for Light Industry.
- Silverdale West Dairy Flat Industrial Area Structure Plan (April 2020): Section 4.2 identifies 293ha for Light Industry and 56 hectares for Heavy Industry.

³ 'Vacant Potential Land' is defined in the 2023 HBA as sites where building coverage is low. This means sites where there is significant development potential for additional industrial activity/GFA to occur.

- *Warkworth Structure Plan (June 2019): Section 3.5.1 anticipates a yield of around 65ha of industrial land (gross). This has been translated into net developable land areas based on a 35% - 40% infrastructure assumption.*
- *Whenuapai Structure Plan (September 2016): Section 7.4.1 identifies a future supply of over 300ha of business land to meet future industrial demand.*

In addition, note that the total capacity figures shown in the table does not include “General Business” (131ha) and “Mixed Use” (270ha) capacities, which also partly accommodate light industrial land demand across the wider region.

In addition to the zoned capacity, Auckland Council has identified areas for future industrial growth within the Structure Plans of four key growth areas. In total, this represents an additional 1,610 of industrial zone land that is planned within Auckland’s Future Urban Zones.

Of this 1,610ha of expected future industrial land, 941ha is estimated to be net developable. This suggests that Auckland has the capacity to support an additional 1,493ha of industrial land uses within the identified existing and future vacant industrial land supply. Including the Vacant Potential Land, however, raises this capacity estimate to a total of 3,222ha, albeit it is uncertain the proportion of this amount of land that would become available over the short-, medium -, and long terms.

Cumulatively, these Structure Plans mathematically provide increased long-term surety of the future provision and efficient operation of Auckland’s industrial market. However, the timing and capacity to fund the necessary infrastructure to unlock the indicated industrial capacity in the new Structure Plan areas remains undetermined at this point. This means ‘*on the market*’, or serviced, development ready and available vacant industrial land would be significant less than indicated in Table 1.

6. AUCKLAND INDUSTRIAL EMPLOYMENT TRENDS

This section assesses the industrial employment trends of the wider Auckland Region based on the latest Stats NZ Business Demography Statistics for the last 23 years (2000 – 2023) and Property Economics industrial business classifications. The latter is presented in Appendix 1.









The table below shows that Auckland has a current (2023) industrial employment base of around 269,000 employees, equating to net growth of +43% above the 2000 industrial employment baseline of about 188,500 people.

Manufacturing is the largest industrial sector within the Auckland economy with around 81,000 employees in 2023. However, this sector has represented a diminishing proportion of Auckland's employment base over the last two decades from 43% in 2000 to 30% in 2023.

This represents a steady proportional decline but is a trend that has been observed across the country. This flatlining of employment growth is attributed in part to the adoption of new technologies and increased capital investment in automation by businesses, resulting in enhanced productivity and outputs, i.e. higher Manufacturing GDP with fewer employees. Such measures are crucial for maintaining competitiveness on both national and international scales.

It also highlights an economy in transition from a more productive base shifting to a growing service-based economy.

TABLE 2: AUCKLAND REGION INDUSTRIAL SECTOR EMPLOYMENT TRENDS

ANZSIC Sector	2000	2005	2010	2015	2020	2023	2000-23 Growth (#)	2000-23 Growth (%)
 A - Agriculture, Forestry and Fishing	643	669	552	576	584	542	-101	-16%
 B - Mining	30	40	31	36	44	44	13	44%
 C - Manufacturing	81,279	85,442	73,193	73,280	80,417	80,994	-285	0%
 D - Electricity, Gas, Water and Waste	839	1,002	998	1,259	1,681	1,781	942	112%
 E - Construction	24,311	33,352	32,603	40,552	62,688	74,551	50,240	207%
 F - Wholesale Trade	47,044	53,082	51,311	55,180	59,678	63,154	16,110	34%
 I - Transport, Postal and Warehousing	31,365	31,594	31,650	33,977	39,873	41,256	9,891	32%
 L - Rental, Hiring and Real Estate Services	2,975	4,176	3,859	4,565	5,755	6,626	3,651	123%
Total Industrial Employment	188,490	209,360	194,200	209,420	250,720	268,950	+80,460	+43%

Source: Stats NZ, Property Economics

The automation of many components of the manufacturing process is softening employment growth in this sector. This has seen improved production efficiencies and growth in the value of outputs based on this automation rather than increased employment. This trend is likely to continue for manufacturing businesses to remain competitive, but places increased importance on maintaining and facilitating large employment manufacturing businesses.

Contrastingly, employment in the Construction sector has grown over the 23 years to now be Auckland's second largest industrial employment sector and has experienced the most significant nominal (+50,240 employees) and proportional (+207%) growth over the period. This growth can be attributed to escalating housing demand and the need for significant commercial and infrastructure projects to accommodate the expanding population.

Wholesale Trade, with a current employment base of just over 63,150 employees, has the third largest industrial employment base within Auckland contributing 28% of the total industrial employment base.

In terms of industrial employment growth over the assessed period, a significant 62% was within the Construction sector. With supply side constraints and a significant pipeline of construction projects required to better service and accommodate Auckland's future population and business base, this industrial sector is anticipated to continue its strong growth performance over the next few decades, particularly around strategic transport hubs such as Auckland Airport.

Considering the evolving business composition of the region, the PPC is deemed strategically positioned to accommodate the shifting employment structure and evolving business activities within the economy. The PPC would offer enhanced choice and flexibility in land uses, enabling adaptation to the transitioning employment landscape and meeting the rising demand for diversified employment and business activities in the surrounding communities.

The PPC will enable a variety of light industrial activities on the site while also allowing for complementary commercial land uses. This approach aligns with the changing dynamics of the local business environment, better business amenity requirements and facilitates a more versatile and responsive land use strategy for the PPC.

7. AUCKLAND INDUSTRIAL CAPACITY SUFFICIENCY

According to the HBA 2023, the wider Auckland Region is anticipated to experience a growth of approximately 46,130 employees in the industrial sectors over the next 30 years (by 2052), necessitating a total of around 2,445,000sqm of industrial floorspace within the broader region, with the NPS-UD margin⁴ included.

In terms of supply, based on the estimates and assumptions outlined in the HBA 2023, there would be a substantial unconstrained and suitable industrial floorspace capacity of around 65,836,000sqm over the long term. As a result, it is anticipated that the wider Region will have a significant surplus in industrial floorspace capacity of around 63,391,000sqm over the next 30 years.

TABLE 3: AUCKLAND REGION INDUSTRIAL FLOORSPACE CAPACITY SUFFICIENCY (2023)

	Short Term	Medium Term	Long Term
Additional industrial employment growth (MECs)	8,330	17,910	46,130
Additional industrial floorspace demand (000sqm)+ NPS-UD margin	570	1,103	2,445
Plan-enabled industrial floorspace capacity under AUP(OIP) (000sqm)*	79,657		
Estimated infrastructure constraints ratio	70%	32%	13%
Land suitability ratio	95%		
Unconstrained & suitable industrial floorspace capacity (000sqm)	22,702	51,458	65,836
Estimated Industrial floorspace sufficiency (000sqm)	+22,132	+50,355	+63,391

**Based on HBA's estimate of the overall net business floorspace capacity at 120,930,000sqm and considering around 66% of the net plan-enabled floorspace capacity is supplied by industrial zones.*

Source: Auckland Council

Based on the assessments of industrial floorspace capacity / supply, the Auckland Region has sufficient existing capacity to accommodate the anticipated growth in industrial employment over the forecast period by 2052, when considering the aggregate regional level.

However, this sufficiency does not inherently undermine the economic efficiency and viability of potential new industrial developments, which would depend on their location efficiency and their potential contribution to fostering a well-functioning urban environment, i.e. the PPC location may provide more economic efficiencies to the market than some existing capacity.

⁴ 20% over the short and medium terms and 15% over the long term.

In essence, the crucial question revolves around whether the existing capacity meets the diversified land area / location requirements of industrial businesses, and minimises additional public sector infrastructure investment, ensuring the resilience of their operations and growth in Auckland. Answers to this question can be partly found in the HBA 2023.

As identified in HBA 2023, there are some areas of the region that are projected to have significant light employment growth over the next 30 years. This includes the Māngere – Airport industrial node, as indicated in the figure below.

FIGURE 5: HBA 2023 PROJECTED EMPLOYMENT GROWTH IN INDUSTRIAL ZONES 2022 - 2052



Source: Auckland Council (HBA 2023, Figure 73).

Moreover, intensification as Auckland continues to grow, and more central locations become more desirable, will affect the suitability of some areas for some existing uses. This could place pressure on businesses that require lots of land as central land, in particular, becomes more valuable.

As such, the HBA 2023 expects specific business activities, particularly land extensive ones (light industry, large format retail) will need additional land provision to meet their specific suitability requirements practicably. These issues warrant monitoring to ensure a well-functioning economy and urban form.

A further consideration, as identified earlier, is the uncertainty around the amount of '*Vacant Potential Land*' that would become available over the short-, medium -, and long terms, particularly given it is such a significant proportion of identified industrial land capacity in the HBA 2023, combined with lack of surety of timing and funding for the future provision of industrial land in the Structure Plan areas across the region. This suggests high downside risks to '*market ready*' available industrial land supply in the future.

Given the above considerations, rezoning additional light industrial zones in required and efficient locations is an anticipated outcome in the wider region to accommodate some specific business demand (including the demand for light industrial activities) over the long term. The locational characteristics of the PPC site will be assessed against a range of economic criteria to provide insights into the appropriateness and efficiency of the PPC site for light industrial activities, from an economic planning perspective.

8. LIGHT INDUSTRIAL ACTIVITY LOCATIONAL CHARACTERISTICS

Policy 8 of the NPS-UD states the following:

Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is:

- *unanticipated by RMA planning documents; or*
- *out-of-sequence with planned land release*

When comparing the characteristics of the PPC site to key industrial site requirements, Property Economics notes that there a number of factors making an industrial zone, and in particular a LIZ, a logical and economically appropriate land use for the site that contributes to a well-functioning urban environment.

The location decision process of many industrial businesses is often complex and specific to each business and its operational requirements. There are however a set of key locational criteria that gives an understanding of the factors affecting business location, albeit to varying degrees. These can be used to assess the suitability or merits of the subject site as an Industrial location. Some of the more critical characteristics from an industrial location perspective include.

- **Good access to transportation network:** Sites (or locations) adjacent to major arterial roads are preferred and often receive a premium in the market. Industrial activities that require an efficient delivery of materials or products often prefer these locations.

As part of this criterion, improved transportation in industrial areas is also seen as a future requirement for growing industrial businesses, particularly in regard to better roading networks, traffic management, and close to public transport services.

- **Proximity to an appropriate labour supply:** This varies between sectors based on the skill level of the staffs required. For example, hi-tech businesses require higher skilled / qualified, so the location requirements are vary between sectors.

For many industrial businesses access to labour is an important consideration in their location decision making processes, especially for manufacturing businesses where access to a skilled labour is vital. In general, business locations in areas that have a lower level of access to the workforce are seen as problematic.

- **Access to customers or target markets:** This has a strong influence on location depending on whether the business is servicing a localised market, a regional market or the national or international market. For those businesses servicing the national and international

markets an Auckland location is preferable to reduce travel costs and have better access to support services and businesses.

Operations servicing the national and international markets and those businesses that have large transport component, locations in close proximity to the main state highway network, rail, port or airport networks are preferable to mitigate time and costs.

- **Room for potential expansion and growth on the site:** For most businesses relocating is an expensive exercise, and for businesses with significant capital investment costs in plant, machinery and on-site infrastructure, they like to have a level of certainty that they will be able to operate from the site for a long period of time to ensure they achieve a return on their investment.

Thus, having the ability to expand their operation to allow for business and building footprint growth onsite is important. It is an important consideration for businesses who want to mitigate long term risks on their capital investment.

- **Location of suppliers:** This can be especially important for businesses that have significant raw material inputs and freight costs.
- **Exposure / Profile:** Most businesses seek locations that offer some level of exposure and profile. This is a cost-effective method of marketing and is able to elevate the brand of a business significantly.

For larger national or international businesses this is less important as they are often well established, their markets are non-local, and site and operational efficiencies are a higher priority to increase international competitiveness.

- **Undisrupted water, Internet, and electricity supply:** Note for some businesses the escalating price of electricity translates into lower profit margins, especially in power intensive industries. Black-outs and power surges are costly occurrences for businesses, especially if generators need to be hired.

Good quality and reliable infrastructure are important for large businesses as disruptions can cost a lot of time and money with lost production. This includes high speed Internet.

- **Land and property costs:** This is a key criterion in the location decision of almost all businesses. For such a significantly scaled development, the investment requirement is substantial. Having the ability to masterplan and develop an extensive site in a comprehensive manner creates significantly economic efficiencies and improves the experience and staff environment for everyone.
- **Level of congestion in peak times:** This is becoming increasingly important, as it can have a significant influence on delivery businesses. In many main centres for example, this is now a major consideration where time delays and trucks getting caught in traffic is having

significant flow-on implications for company logistics and their ability to service clients to the level required.

Having assessed the PPC site against the key industrial location criteria, the PPC site is considered suitable for light industrial activities for the following reasons:

- The PPC site is located directly adjacent to SH20A which offers a direct link to SH1 (e.g., around 15 minutes to the SH1 / SH20 intersection). This provides the PPC site with convenient access to strong transport networks to the Auckland south industrial market and the wider regional market.
- The PPC site is located only around 5-minutes' drive from Auckland Airport. This means the PPC site is efficiently positioned to service the broader domestic / intra-regional and international markets.
- The PPC site extends an existing LIZ / the established wider Māngere – Airport industrial area in its surrounds. The future light industrial activities at the PPC site therefore would have ready access the existing industrial network and benefit from the positive agglomeration effects of light industrial activities clustering together.
- The PPC site adjoins existing local road, Westney Road, to the west. This means that the PPC would utilise this existing infrastructure making the land a more efficient use of existing infrastructure capacity.
- The PPC site has good access to the growing population base and resident-worker base in the surrounding urban areas.
- The PPC site has a relatively flat landform which is suitable to both large and small scale industrial buildings and development. A flat landform makes the business location more competitive and feasible for development and provides greater flexibility for buildings to expand in the future, futureproofing capital investment in these industrial properties.

Overall, the PPC site would provide for a competitive and appealing light industrial location within the region that positively contributes to a well-functioning urban environment over the long term in the context of the NPS-UD Policy 8.

9. ECONOMIC COSTS AND BENEFITS

The PPC to rezone the site to LIZ would generate a range of potential economic costs and benefits. This section outlines the high-level economic costs and benefits of the PPC in the context of the AUP(OIP) and RMA.

ECONOMIC BENEFITS

- **Provision of industrial land to satisfy demand for industrial locations in the wider Manukau – Airport industrial area:** The HBA 2023 indicates that even though the region as whole has more than sufficient capacity to accommodate industrial growth over the next 30 years, specific business activities, particularly land extensive ones such as light industry will need additional land provision to meet their specific suitability requirements practicably. This suggests that additional industrial land capacity provided by the PPC would contribute to accommodating the future LIZ land demand, ensuring a continuous growth of the local and regional industrial economy over the long term.
- **Enablement of greater economies of scale and industrial agglomeration effects:** The PPC site directly adjoins the wider Māngere – Airport existing industrial business areas and would perform as a natural extension of the Westney Road LIZ environment. This means that future industrial activities within the PPC site would gain benefits and efficiencies working with the existing operations in the wider Māngere – Airport industrial areas. The broader range of light industrial activities enabled in the PPC site, the more agglomeration benefits, efficiencies, and improved business performance can be generated.
- **Mitigation of adverse environmental effects (or reverse sensitivity effects) by containing the activities within a defined area:** Many industrial activities generate reverse sensitivity issues in urban environments. The PPC land would provide a location where any reverse sensitivity issues can be mitigated.
- **Improved land use efficiency of the site:** Given the existing industrial environment in the surrounds, the PPC site has the natural advantage to be used for light industrial activities. Therefore, in contrast to other land uses such as residential, which are underrepresented and classified as “discretionary” on this site, the proposed LIZ provision would enable a more practical, compatible, and efficient use of the land resources.
- **Increased industrial employment and greater economic profile:** The PPC would directly promote Auckland’s industrial economy by providing more industrial employment opportunities to the local market near an existing industrial area and zone. The PPC site has the potential to increase the industrial market of Māngere – Airport by attracting industrial activity to that may not have been attracted to an alternative location.

In this regard the PPC would increase the market size and not simply redistribute industrial activity from the market. This would increase the local profile of as an industrial location and improve the local business location competitiveness.

- + **Reduction in marginal cost of infrastructure provision:** Additional development that is proximate to the existing industrial activities would enable infrastructure investment to be more efficiently utilised and lower marginal infrastructure cost. This would also provide the opportunity for Auckland to accommodate industrial growth without the requirement duplicate investment and resources in new infrastructure by the community.
- + **Potential for mitigation of industrial land prices:** With additional industrial land supply to the local market, the average industrial land price within the region would fall and make the region a more competitive location to establish an industrial business. Additional industrial land capacity within the region would also reduce the likelihood of industrial land banking and one developer controlling industrial land prices given the limited industrial location choices in the region and vacant zoned land supply.
- + **Increased flexibility for industrial growth and new entrants:** Industrial land supply does not have to match the projected industrial land demand exactly. However, in contrast to the adverse impacts caused by a shortfall of industrial land capacity (e.g., limited industrial economic growth, and less competitive industrial land price), additional industrial land supply would significantly enhance the industrial land use flexibility and location choice, facilitating the growth of the local businesses.

ECONOMIC COSTS

- **Minor reduction of MHS residential zoning provision and capacity:** Despite its underlying MHS residential zoning, these rules and objectives are overridden by the Māngere 1 Precinct which was specifically prepared to allow SPCA to use the site. These provisions enable commercial activities such as retail, office, and hospitality business as a permitted activity in Sub-Precinct A but make residential activities a Discretionary Activity and therefore an unanticipated activity. This implies that the reduction in residential provision resulting from the PPC would not compromise the overall “practical” residential capacity of the local market in the event that the Precinct provisions remain the same.

Furthermore, the HBA 2023 shows no shortage of residential capacity across Auckland or for the Māngere / Auckland South market. Specifically, the HBA 2023 projected a substantial surplus of residential capacity for Auckland, amounting to approximately 967,330 dwellings over the long term (30 years). This considerable surplus strongly suggests that the probability of this specific site being required to accommodate Auckland’s future residential growth is not plausible.

Even if this land is required for residential purposes in the future, albeit highly unlikely, the use of this land for industrial purposes as an industrial zone does not preclude a future upzoning to residential. As such, Property Economics foresees no significant issues arising from the use of this land for light industrial purposes.

- **Impact on existing industrial zoned areas:** A potential concern for the regional economy in rezoning additional business land is the potential to redirect demand from capacity in existing industrial areas (both new growth areas and potential brownfield redevelopment). This potential cost is primarily measured by both the above costs associated with infrastructure duplication and underutilisation and the potential economic benefits associated with aggregated industrial and employment activities.

It is important, when considering these potential costs in this instance, to recognise that in this context the potential costs are likely to be limited to the period of time prior to their requirement to meet growth, while the impetus to create additional growth has long-term term impacts.

The robust industrial market growth of the wider region in recent years (as shown in Section 6 of this report) indicates that any minor impact on other established industrial areas would not be substantial and can be adequately mitigated by the overall market expansion and increasing demand within the local market.

ANALYSIS SUMMARY

In Property Economics' view, balancing all the economic considerations, the PPC has the potential to generate significantly more economic benefits for the local and regional economy and communities than economic costs. As such, Property Economics supports the PPC from an economic perspective in the context of the RMA.

APPENDIX 1. INDUSTRIAL BUSINESS CLASSIFICATIONS

Property Economics utilises the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) as guidance, whereby businesses are assigned an industry according to their predominant economic activity.

Industrial activities, in general, refer to land extensive activities, including part of the primary sector, largely raw material extraction industries such as mining and farming; the secondary sector, involving refining, construction, and Manufacturing; and part of the tertiary sector, which involves distribution of manufactured goods. The employees work for the following sectors are considered an industrial sector employee:

- 10% of Agriculture, Forestry and Fishing
- 10% of Mining
- Manufacturing
- 30% Electricity, Gas, Water and Waste Services
- Construction
- Wholesale Trade
- Transport, Postal and Warehousing
- 40% Rental, Hiring and Real Estate Services