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CAMPANA RD

INDUSTRIAL PLAN CHANGE

ECONOMIC ASSESSMENT

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Client: Campana Landowners'
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SCHEDULE

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1. INTRODUCTION

Property Economics has been commissioned by Campana Landowners' Consortium (**CLC**) to undertake an economic assessment for the proposed Private Plan Change (**PPC**) to live-zone circa 31.5ha of land currently zoned Future Urban Zone (**FUZ**) to Business – Light Industry 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 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 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 and AUP(OIP).

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. This economic assessment will:

- Geospatially map 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 ANZSIC 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.
- Assess the suitability and efficiency of the proposed retail / amenity provision within the PPC site, namely Sub-Precinct E, considering factors such as its size, location, suitable activities, alternative land uses, and the potential economic impact on retail.
- Consider the PPC in the context of NPS-UD Policy 8 in respect of will the PPC assist a well-functioning urban environment and any economic opportunity costs associated with the land's rezoning out of sequence.
- 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 Unitary Plan (Operative in Part) – Auckland Council
- Australia New Zealand Standard Industrial Classifications (ANZSIC) – Stats NZ
- Business Demography Statistics – Stats NZ
- Future Urban Land Supply Strategy 2017 (**FULSS**) – Auckland Council
- Housing and Business Development Capacity Assessment (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 31.5ha of FUZ land on Puhinui 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.

The 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, particularly in accommodating large-scale industrial enterprises, including light industrial activities, in the long term.

This shortfall may affect the efficient operation and growth of light industrial activities in the broader Manukau – Wiri industrial area, a pivotal industrial cluster in the wider Auckland Region, particularly for land extensive activities. Considering this, the provision of extra light industrial land in the larger Manukau – Wiri 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 Manukau – Wiri industrial area, offering significant 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 Manukau – Wiri and Airport industrial environments, its accessibility to SH20 & SH1, and the availability of a growing pool of industrial labour.

Based on recent infrastructure upgrades and investments in the Manukau Urban Node¹, it can be anticipated that the PPC would not necessitate a substantial additional investment in publicly funded infrastructure. Consequently, the economic benefits of the PPC, encompassing agglomeration benefits, a more competitive business location, more competitive land prices, and greater industrial sector growth flexibility, are likely to outweigh any associated economic costs.

¹ The Future Development Strategy grows the roles of Albany, Westgate and **Manukau** in importance to support sub-regional activity. The aim is that these nodes will generate an increasing number of employment opportunities, bringing housing and jobs together. This not only creates more sustainable sub-regions and vibrancy but also reduces the need to travel. As these nodes develop, each with their own character, they will, over time, lead to greater sub-regional sustainability (Page 36).

The anticipated future employment base of Puhinui is significant, creating approximately 25,500 employment opportunities at capacity. This, combined with the physical constraints of the site (surrounded by wetlands) and the absence of existing retail provisions in the local area, suggests that the proposed small retail / amenity Sub-Precinct E is appropriately sized to meet the demand of the Puhinui local industrial area and its employees, enhancing the overall business environment, amenity and profile.

Considering the evolving business composition of the 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.

Evaluating the relevant economic factors, Property Economics supports the PPC's rezoning for light industrial purposes in the context of the RMA and AUP(OIP).

3. PROPOSED PLAN CHANGE OVERVIEW

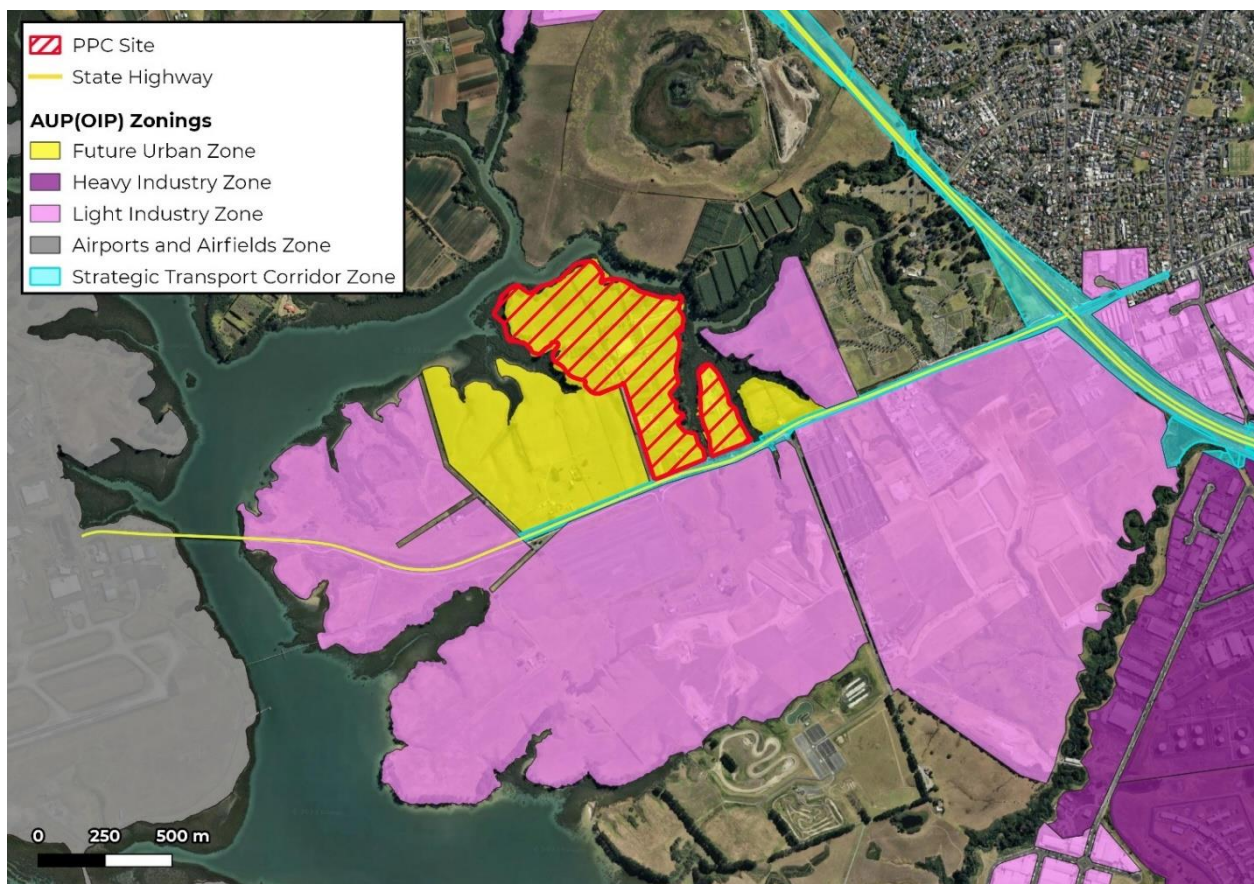
The PPC seeks to rezone approximately 31.5ha of land on Puhinui Road from FUZ to LIZ, under the AUP(OIP).

As per the AUP(OIP) provisions, the FUZ is defined as a transitional zone applied to greenfield land that has been identified as appropriate for urbanisation (H18.1 Zone Description) and land within the FUZ can be used for a range of general rural activities but cannot be used for urban activities until the site is rezoned for urban purposes (H18.2.4 Objectives).

The figure below illustrates the spatial extent of the PPC site within the localised industrial zoning context. Positioned on the northern side of Puhinui Road / State Highway 20B (SH20B), the PPC site is conveniently situated just a few minutes' drive to Auckland Airport and motorway transport corridors.

Moreover, the zoning surrounding the PPC site predominantly focuses on industrial activities, with an extensive area zoned for light industry located south of the PPC site, connecting with the established Wiri West industrial cluster. This location characteristic reflects the inherent advantage of the PPC site for industrial purposes, contributing to the broader Manukau – Wiri industrial environment.

FIGURE 1: PPC SITE IN THE CONTEXT OF THE SURROUNDING INDUSTRIAL ENVIRONMENT



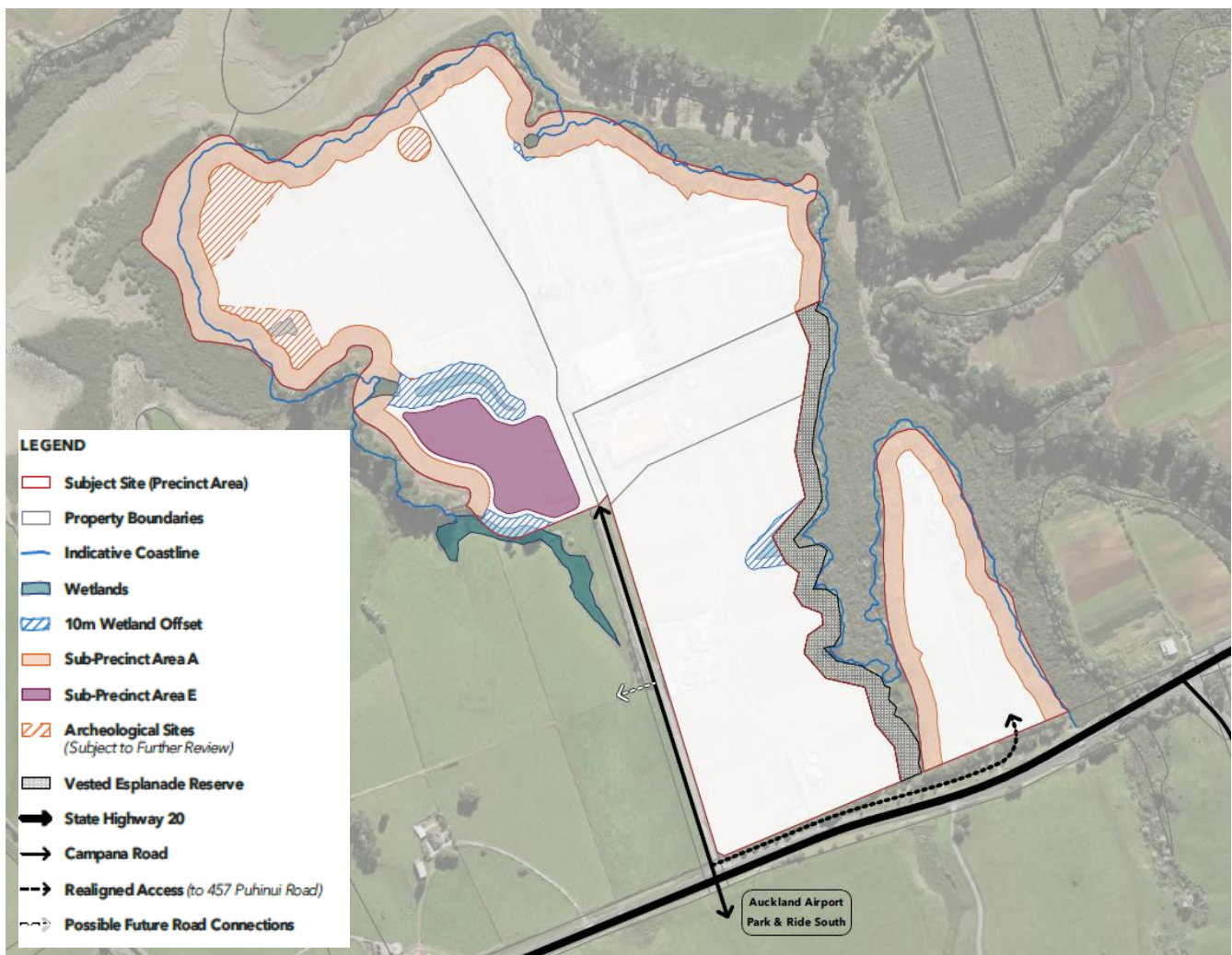
Source: Auckland Council, LINZ, Google Maps, Property Economics

According to the Draft Structure Plan for the PPC, the majority of the subject land is proposed for light industrial activities, with an exception being a small parcel of land constrained by wetlands and the Coastal Marine Area (CMA).

As illustrated in the figure below, this limited area (highlighted in **Purple**) is proposed to form the Sub-Precinct E, covering approximately 1ha of land situated adjacent to the northern end of Campana Road.

The primary purpose of this Sub-Precinct E is to provide a designated area for convenience retail, commercial and amenity services, specifically catering to the business activities and employment located in the surrounding industrial areas of Puhinui Road. CLC also considers that Sub-Precinct E would serve as an amenity area, contributing to mitigating visual impacts on the Pūkaki Marae.

FIGURE 2: DRAFT STRUCTURE PLAN OF THE PROPOSED PLAN CHANGE



Source: Saddleback

FULSS 2017 AND FDS CONTEXT

The FULSS 2017 identified the PPC site as part of the Puhinui Stage 2 future development area, with a timeframe spanning from 2018 to 2032. According to the FULSS, the development readiness of the Puhinui Stage 2 FUZ area is not expected until 2030.

However, Council has recently developed a FDS as a replacement for sections of the current Auckland Plan 2050, Development Strategy 2018 and FULSS.

The purpose of the FDS is to “*promote integrated, long-term strategic planning to help the council set the high-level vision for accommodating urban growth over the long term and identify strategic priorities to inform other development-related decisions*”.

Based on the reassessment outcome of the FDS, it has been determined that the Puhinui Stage 2 FUZ is suitable to be integrated into the broader business environment of the region. However, there is a delay in development timing, with infrastructure-related reasons pushing the expected commencement to post-2030².

Despite the postponed timing, the FDS underscores the significance of the Puhinui Stage 2 FUZ as an integral part of the Manukau Urban Node³, which is the largest and most established node outside the City Centre covering key business and employment areas such as the Airport and Wiri.

To provide a contextual overview, over the last five years major investments in this Manukau Urban Node area have included but not limited to rail electrification, the Puhinui train station upgrade, and the first stage of the Airport to Manukau Rapid Bus Transit. In addition, significant growth is expected in Puhinui, Māngere, Middlemore, and Otara neighbourhoods⁴.

Considering that the FDS Evidence Report did not identify significant challenges that would render development in the FUZ inappropriate, provided all infrastructure prerequisites can be satisfied, Property Economics considers that bringing forward the development of the PPC site has the potential to maximise the benefits of recent infrastructure investments (through reduced marginal infrastructure costs) and offer additional business location options to improve market competitiveness in an anticipated and appropriate location, fostering greater agglomeration effects and economies of scale.

² Refer to FDS – Future Urban Areas Evidence Report Page 52

³ The area of the Manukau Urban Node is shown in Appendix 1

⁴ Refer to FDS Appendix Page 29.

4. ECONOMIC MARKET GROWTH

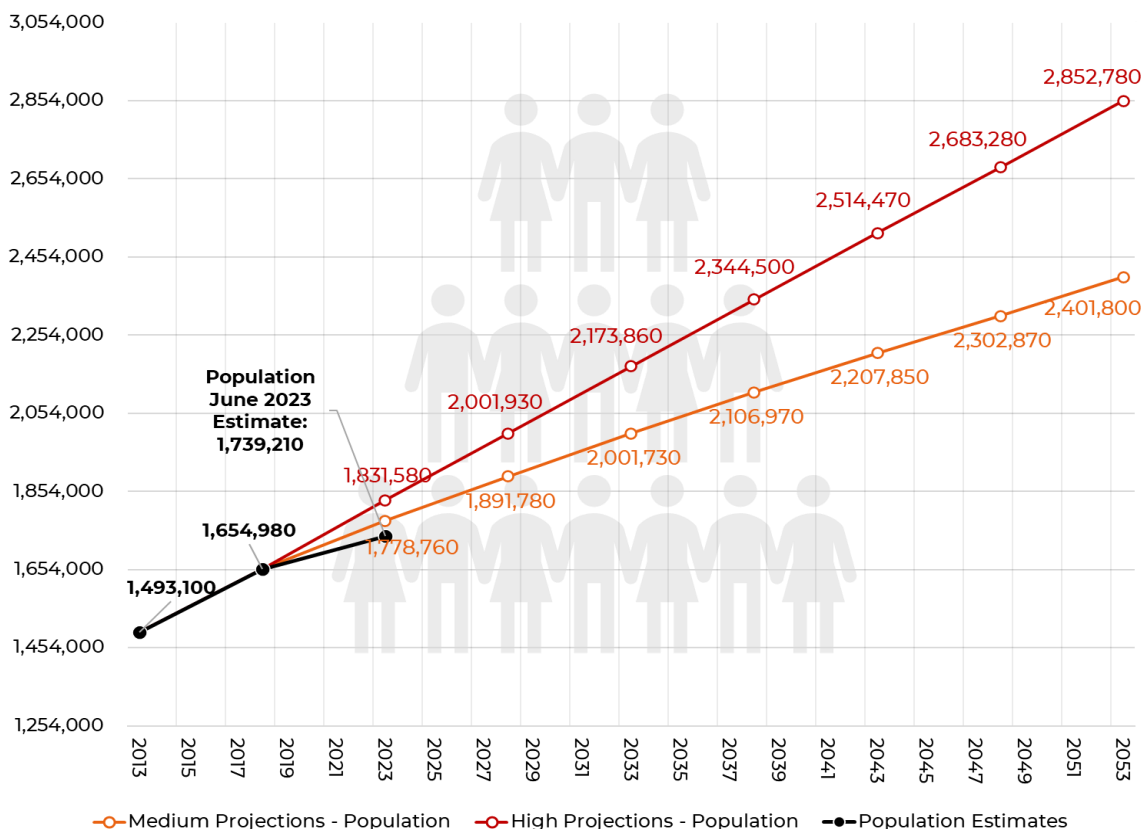
This section assesses the projected growth of the wider Auckland Region based on the latest Stats NZ population estimates under their Medium and High growth scenarios. This assesses at a high level the anticipated growth profile for Auckland over the long term which assists in understanding the industrial 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 in 2023 offsetting recent declines. For these reasons the projections in Figure 3 are considered likely to be conservative.

FIGURE 3: AUCKLAND REGION POPULATION ESTIMATES AND PROJECTIONS



Source: Stats NZ, Property Economics

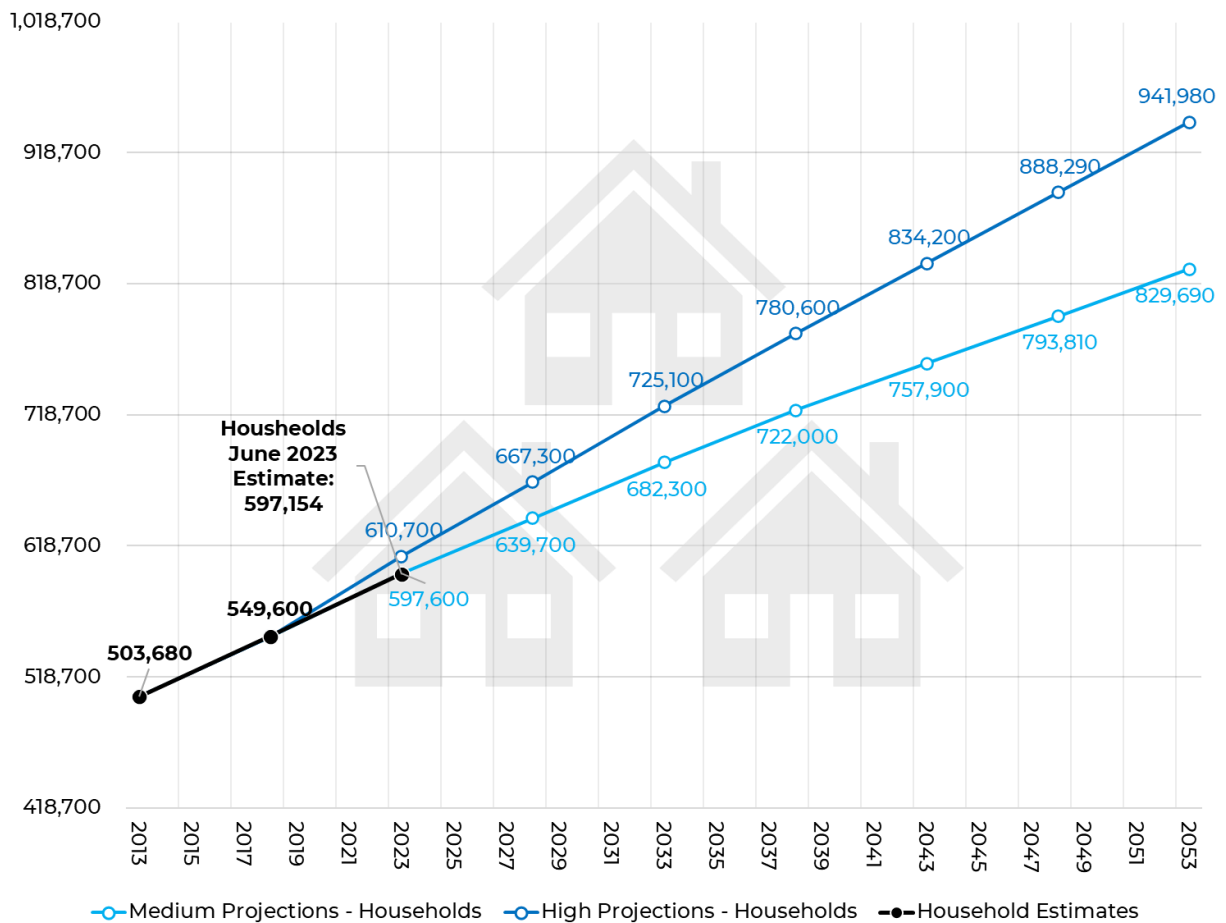
Under the Stats NZ High growth scenario, Auckland's population is forecast to grow by around +64% between 2023 and 2053. This equates to annual average growth of around +37,120 people and result in a population base of up to 2.85m people by 2053.

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 4: 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.

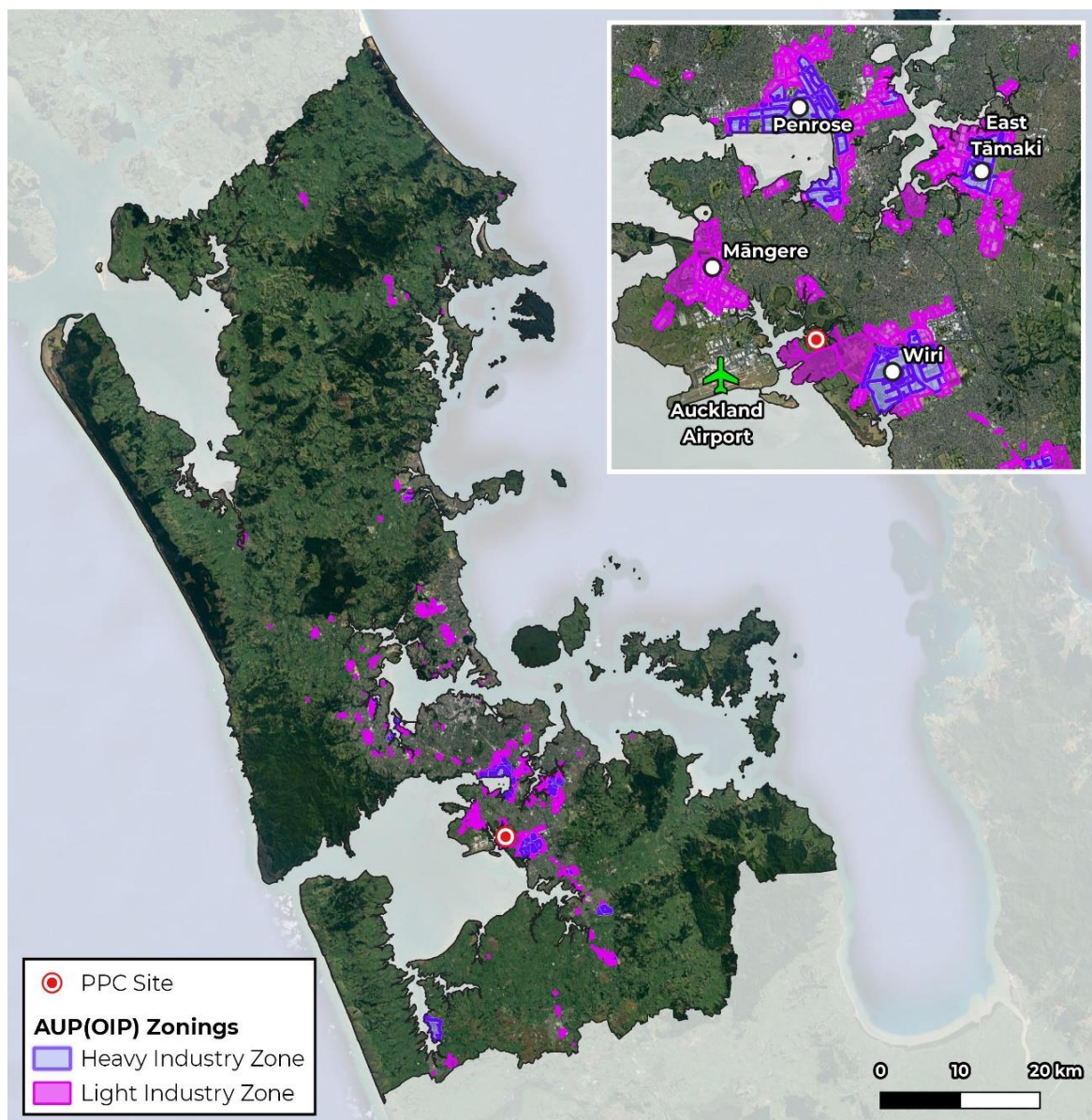
The anticipated continuous growth in Auckland population and households would generate additional demand for industrial business activity, employment and output across the wider region to support the growing economy.

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. 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 5: EXISTING INDUSTRIAL ZONED LAND WITHIN THE WIDER AUCKLAND REGION



Source: Auckland Council, Google Maps, Property Economics

As summarised in the following table, 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 potential⁵ 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	1,029	534	1,220	641
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
TOTAL (excl. Vacant Potential Land)	2,037	192	5,501	1,001	7,539	1,193
TOTAL (incl. Vacant Potential Land)	2,037	652	5,501	2,270	7,539	2,922

Source: Auckland Council HBA 2023

Note that the total capacity 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 1,220 of industrial zone land that is planned within Auckland's Future Urban Zones.

Of this 1,220ha of expected future industrial land, 641ha is estimated to be net developable. This suggests that Auckland has the capacity to support an additional 1,193ha of industrial land uses within the identified existing and future vacant industrial land supply. Including the Vacant

⁵ '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.

Potential Land, however, raises this capacity estimate to a total of 2,922ha, 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 2.









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 putting downward pressure on 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 margin⁶ 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 FLOORSPEACE 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.

In essence, the crucial question revolves around whether the existing capacity meets the diversified land area / location requirements of industrial businesses, and minimises additional

⁶ 20% over the short and medium terms and 15% over the long term.

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 and some activities that are projected to have shortages of business land to meet the currently estimated future needs. This includes Manurewa⁷, located just a 10-minute drive from the PPC site.

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.

Given the above considerations, rezoning additional light industrial zones 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.

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 its such a significant proportion of identified industrial land capacity, 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.

Finally, in terms of timing, there are no material economic costs of rezoning the PPC land LIZ in the short term. It adds industrial land supply to the market, makes the industrial land market more competitive, provides more choice and location options for industrial activity and is already identified as an appropriate location to urbanise given its FUZ zoning.

⁷ Refer to Table 54 of HBA 2023, Page 190

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 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 aforementioned 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 SH20B which offers a direct link to SH1 (e.g., 6 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 within 3km of the train line and is only around 2-minutes' drive from Auckland Airport. This means the PPC site is well positioned to service the wider regional market, and broader domestic and international markets.
- The PPC site extends an existing LIZ / the established wider Manukau – Wiri 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 and main roads to the west and south. 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 would provide cost-effective industrial land relative to the land within the existing industrial zones that currently involve some industrial activities.
- The PPC site is surrounded by water / wetlands and adjoins existing road SH20B to the south that has the potential to mitigate and protect the surrounding areas from reverse sensitivity effects of industrial activity.
- The PPC site has a relatively flat landform which is suitable to large 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 the large-scale 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 EFFICIENCY OF THE PROPOSED SUB-PRECINCT E

From an economic perspective, there are specific factors to assess concerning the appropriateness of the proposed 1ha small retail and amenity provision within the Sub-Precinct E. The subsequent analysis delves into each pertinent economic consideration.

APPROPRIATE SIZE

Applying a 0.4 Floor Area Ratio (**FAR**) for light industrial land, the proposed Sub-Precinct E, covering approximately 1ha of developable land, is projected to yield a GFA of approximately 4,000sqm. This size aligns well with existing convenience retail establishments in the broader Manukau – Wiri industrial area. An example within the vicinity is the 220m convenience retail strip on Cavendish Drive, spanning about 1ha of LIZ land to the east of Clendon Avenue. This small convenience centre predominantly caters to nearby industrial businesses and is not solely reliant on its local residential base.

Another local example is the convenience centre situated east of the PB Tech Manukau store, covering around 0.5ha of LIZ land. This centre is comparatively smaller than the Cavendish Drive Centre due to the extensive retail and commercial offerings in and around the Manukau Town Centre, just 400m south, servicing a substantial residential catchment. This centre, as with the Cavendish Drive Centre, primarily serves local industrial businesses.

Additionally, a high-level employment analysis by Property Economics reveals that the established LIZ area in Manukau – Wiri, spanning an estimated zoned land area of around 267ha, currently accommodates approximately 15,880⁸ employees as of 2023.

Based on this figure, it can be anticipated that the Puhinui Road LIZ and FUZ areas, cumulatively covering approximately 428ha of land, has the potential support a substantial future employment base in its immediate surrounds (excluding Auckland Airport employment), reaching up to 25,500 employees at full capacity. This high-level estimate is based on the assumption that a similar level of employment density is achievable at the PPC site.

Given this significant future employment base / market, Property Economics considers that allocating 1ha for Sub-Precinct E is appropriate to meet some of this future demand.

EXISTING DISTRIBUTION OF CONVENIENCE RETAIL PROVISIONS

Another economic factor considered is the current distribution of convenience retail offerings in the broader Manukau – Airport industrial area. The following analysis assists in

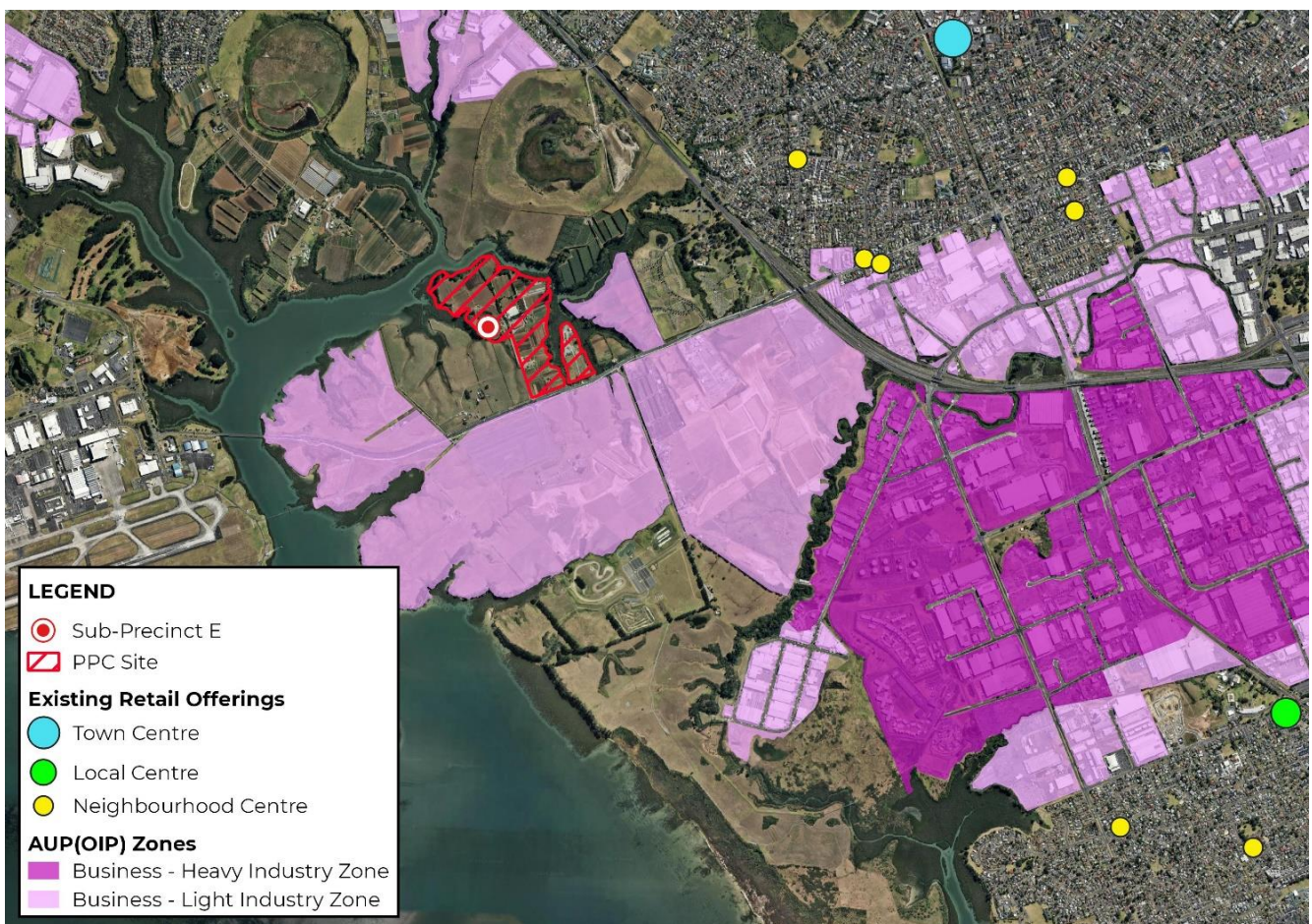
⁸ This estimate is based on the zoned and Meshblock 2023 extent of the assessed area, utilising the latest Stats NZ Business Demography Statistics.

understanding how the proposed Sub-Precinct E could positively contribute to meeting local demand, particularly the demand generated by the localised (future) industrial businesses.

Upon identifying the existing commercial centre network in the area, Property Economics notes the absence of retail offerings in the local Puhinui Road industrial area, primarily due to the undeveloped nature of most of the land. This is evident in the figure below, where the nearest established neighbourhood centre to the PPC site is situated at the intersection of Wyllie Road and Puhinui Road. Without the proposed retail and amenity offerings within the PPC site, the future workforce along Puhinui Road would have to rely on these more distant centres for their needs.

Given this, it can be anticipated that the creation of Sub-Precinct E not only has the capacity to more effectively meet local demand but also has the potential to substantially enhance the efficient distribution of the convenience retail centre network throughout the broader Manukau – Wiri industrial area. This improvement in distribution is expected to yield significant community benefits and improve the overall business environment, amenity and profile of the wider area.

FIGURE 6: EXISTING RETAIL OFFERINGS WITHIN THE WIDER MANUKAU INDUSTRIAL ENVIRONMENT



Source: Auckland Council, LINZ, Property Economics

ALTERNATIVE LAND USES

It is important to assess the alternative land uses for Sub-Precinct E, essentially determining whether the proposed retail and amenity uses represent the most suitable and efficient land use option for the site.

As previously noted, the constraints imposed by wetlands and the coastal marine area limit the developable area of Sub-Precinct E for extensive light industrial activities like warehousing and logistics. While it is possible to engage in smaller-scale industrial activities on this parcel of land, the economic benefits stemming from the proposed retail and amenity land uses are anticipated to outweigh the economic benefits associated with maintaining the land for smaller-scale light industrial purposes. This is particularly relevant considering the substantial future employment opportunities concentrated in this specific area, necessitating the provision of additional retail and amenity offerings to meet the demand.

Additionally, according to the HBA 2023, there is sufficient industrial land capacity throughout the broader region to meet the expected industrial demand for the next three decades. Essentially, this implies that the need for smaller-scale industrial land, as opposed to land-intensive activities, can be readily met by other industrial areas or locations, such as the undeveloped LIZ land to the south of Puhinui Road.

As such, in Property Economics view, the proposed utilisation of the land for retail and amenity purposes is deemed an appropriate choice to optimise the efficiency of the site, given its limited size, the absence of convenient retail options in the vicinity, and the potential for “land-extensive” light industrial activities within the site.

LIKELY ECONOMIC IMPACT ON EXISTING CENTRES

Assessing the impact of the proposed retail and amenity provisions on existing centres is an important consideration within the framework of the RMA. This analysis aims to shed light on whether the proposed retail and amenity uses might compromise the roles and functions of the existing centres in the vicinity.

As previously noted, Sub-Precinct E is specifically designed to cater to the future light industrial activities on both sides of Puhinui Road. This targeted catchment area, coupled with the internalised location of this sub-precinct, indicates a limited likelihood of materially diverting convenience retail spending from other areas, including both residential and industrial areas in Manukau.

Therefore, from the perspective of Property Economics, it is implausible that the proposed retail and amenity offerings within Sub-Precinct E would undermine the roles and functions of existing centres. This includes the primary commercial hub in the area, Manukau Town Centre, as well as other smaller established convenience centres in and around the wider Manukau – Wiri industrial area.

Furthermore, any potential adverse effects of Sub-Precinct E on existing centres are likely trade competition in nature (not a relevant determinant under the RMA), less than minor and temporal as they would be quickly offset by market growth.

APPROPRIATE ACTIVITIES

According to the provisions outlined in the AUP(OIP), certain small-scale retail activities, such as Dairies with up to 100sqm GFA, Drive-through Restaurants, and Food and Beverage (F&B) establishments with up to 120sqm GFA per site, are already “Permitted” in the LIZ. Notably, there are established instances within the broader Manukau industrial areas, including the previously mentioned small convenience retail strip on Cavendish Drive.

In Property Economics view, it is appropriate for the activities within Sub-Precinct E to ‘feed and water’ the localised market which would be similar in scale to other existing convenience centres. This primarily involves catering to Dairies, Drive-through Restaurants, and F&B establishments. The recommended status for other activities should align with the existing provisions for LIZ under the AUP(OIP) framework.

APPROPRIATE LOCATION OF THE SUB-PRECINCT E

In terms of location of Sub-Precinct E, a better position from a sales performance perspective would be at the primary intersection of the area, namely the Campana Road / Puhinui Road junction, to enhance visibility, profile and accessibility to the surrounding industrial areas.

However, Property Economics recognise that the proposed location of Sub-Precinct E is relatively central within the PPC site and is within a shorter walkable distance to the majority of the PPC area. While this may result in a slightly longer distance for the industrial area to the south of Puhinui Road, it is anticipated that there would be no significant impact on the serviceability of Sub-Precinct E if the current location is maintained. The proposed location of Sub-Precinct E in the PPC does provide greater opportunity for better amenity than the Campana Road / Puhinui Road corner. This would result in a better outcome for workers and business in the area and would likely increase the use of the space.

Considering these factors, Property Economics considers that the proposed location of Sub-Precinct E is appropriate for the purpose of maximising the land use efficiency of the site, providing a higher amenity centre for the workers and business activities. However, the alternative location at the Campana Road / Puhinui Road intersection would likely be a higher performing centre in terms of sales with enhanced centre profile and Puhinui Rd accessibility.

10. ECONOMIC COSTS AND BENEFITS

The PPC to live-zone 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, there are some areas of the region (such as Manurewa) and some activities that are projected to have shortages of business land to meet the currently estimated future needs. As per the HBA 2023, 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 Manukau – Wiri existing industrial business areas and would perform as a natural extension of the Puhinui 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 Manukau – Wiri 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, particularly rural oriented activities. The PPC land would provide a location where any reverse sensitivity issues with more urban environments can be more easily 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. The surrounding water and wetlands would be a natural buffer to prevent the neighbouring areas from any potential adverse environment effects generated by the PPC's future industrial activities. Therefore, in contrast to other land uses such as residential and commercial, the proposed industrial provision would allow for more 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 Manukau – Wiri 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

- **Additional infrastructure investment and servicing requirements:** Land and associated infrastructure costs are the biggest cost components of new development costs and tend to scale according to the size of the network. This means that expanding networks to new greenfield areas tend to result in a proportional increase in long-term operating, maintenance, and renewal costs. In Property Economics view, these capital costs are likely to be mitigated, at least in part, through either developer contributions or the level at which the developer provides the infrastructure itself.

Furthermore, as additional light industrial land capacity is required over the long term, the extent to which this can be considered an economic cost depends on the relative cost of servicing the infrastructure in an alternative location at a later point in time.

- **Impact on existing industrial zoned areas:** A potential concern for Council and the economy in rezoning and live zoning 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 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.

- **Potential generation of adverse environmental effects:** The PPC may have adverse off-site effects on adjacent properties or the environment. These may be effects such as noise, visual effect of new industrial buildings, odour, dust, traffic, water quality and ecology. However, these can be offset with management of any such potential by creating master plan for the entire site and developing a set of site focused planning provisions.

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 that the PPC from an economic perspective in the context of the RMA.

APPENDIX 1. MANUKAU URBAN NODE



Source: FDS, Appendix Page 29

APPENDIX 2. 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

PROPERTY **E**CONOMICS



CAMPANA ROAD PPC

RFI ECONOMIC RESPONSE

MEMORANDUM

Client: Campana Landowners' Consortium

Project No: 52290

Date: August 2024

15 August 2024

DIGITALLYDELIVERED

ECONOMIC MEMORANDUM

To: Joe Gray

Principal Planner

Saddleback

Email: joe@saddleback.nz

RE: ECONOMIC RESPONSES TO AUCKLAND COUNCIL'S RFI ON CAMPANA ROAD PPC

INTRODUCTION

Property Economics has been engaged by Saddleback on behalf of Campana Landowners' Consortium (the Applicant) to provide responses to Auckland Council's Clause 23 Request for Information (RFI), relating to the proposed rezoning of 31.5ha of land on Campana Road, from Future Urban Zone (FUZ) to Business – Light Industry Zone (LIZ), under the Auckland Unitary Plan Operative in Part (AUP(OIP)).

For ease of reference, this memo provides the economic requests raised by Council's Economic Specialist – Derek Foy, with the relevant responses, analysis and commentaries from Property Economics (PE) following in *blue italics*.

ECONOMIC RESPONSES

#E1. Industrial Zoned land Supply and Capacity

Request: Please amend the industrial zoned land supply and capacity assessment to include an assessment of all future urban areas and Whenuapai.

PE Response:

Table 1 (on the next page), which includes a more detailed explanation of the data sources, includes the potential industrial land designated in the 2016 Whenuapai Structure Plan. This Structure Plan earmarked an additional 300ha of business land for the broader Auckland market.

It is important to acknowledge that the Planning, Environment, and Parks Committee is now initiating an update of the 2016 Whenuapai Structure Plan. This update will identify any development constraints in the area and outline the necessary infrastructure, including funding mechanisms and incorporation into future budgets and long-term plans.

Currently, the updated amount of industrial land to be designated in this area remains uncertain. Thus, the 300ha of greenfield industrial land identified in the 2016 Whenuapai Structure Plan should not be considered the definitive amount that will be available in the future. It is also unclear how much of this land, along with other future growth areas, will become available in the short, medium, and long terms.

Due to the lack of funding within the AUP(OIP)'s 10-year budget for upgrading the broader transport networks, which are needed to address the anticipated traffic increase from the development in Plan Change 5 – Whenuapai Plan Change, the Council has withdrawn the plan to live-zone approximately 360ha of Future Urban zoned land in Whenuapai.

Given the significant uncertainties regarding the timing and capacity to fund the necessary infrastructure to develop these greenfield industrial areas, it can be expected that the future availability of serviced, development-ready, and vacant industrial land will be considerably less than indicated in Table 1.

Importantly, including this Whenuapai greenfield industrial land does not alter the economic position outlined in our Economic Assessment, which has identified sufficient industrial land capacity in Auckland for the next 30 years.

As highlighted in our Economic Assessment, industrial land sufficiency is not the primary consideration in this instance. The anticipated sufficiency does not inherently undermine the economic viability of potential new industrial developments, depending on their locational efficiency and contribution to fostering a well-functioning urban environment.

Based on our economic assessment of historical employment trends in Auckland's industrial market, the locational characteristics of the PPC site, and the high-level economic costs and benefits associated with the proposed development, it can be concluded that the Campana Road PPC is strategically positioned to accommodate the shifting employment structure and evolving business activities within the economy. This would generate net economic benefits for the local market, businesses, and communities.

TABLE 1: AUCKLAND INDUSTRIAL LAND CAPACITY (HA)

	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 and relevant Council Structure Plans.

Notes: Industrial zoned land areas are estimated by Property Economics using QGIS¹ with AUP(OIP) zoning GIS layers. Capacity numbers under the AUP(OIP) provisions are based on Table 40 of the HBA 2023 on Page 143.

Greenfield 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.*
- *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.*

#E2. Population Projections

Request: Please review the basis for population projections for Auckland Region and provide further confirmation or revision of the assessment.

PE Response:

Figure 1 on the next page compares the customised Medium growth scenario adopted by the Council in March 2023 with the Stats NZ estimates and projections for the Auckland Region. Note that Property Economics has extended the Stats NZ forecast out to 2053 to provide a 30-year (long term) projection period based on the Stats NZ projections trends.

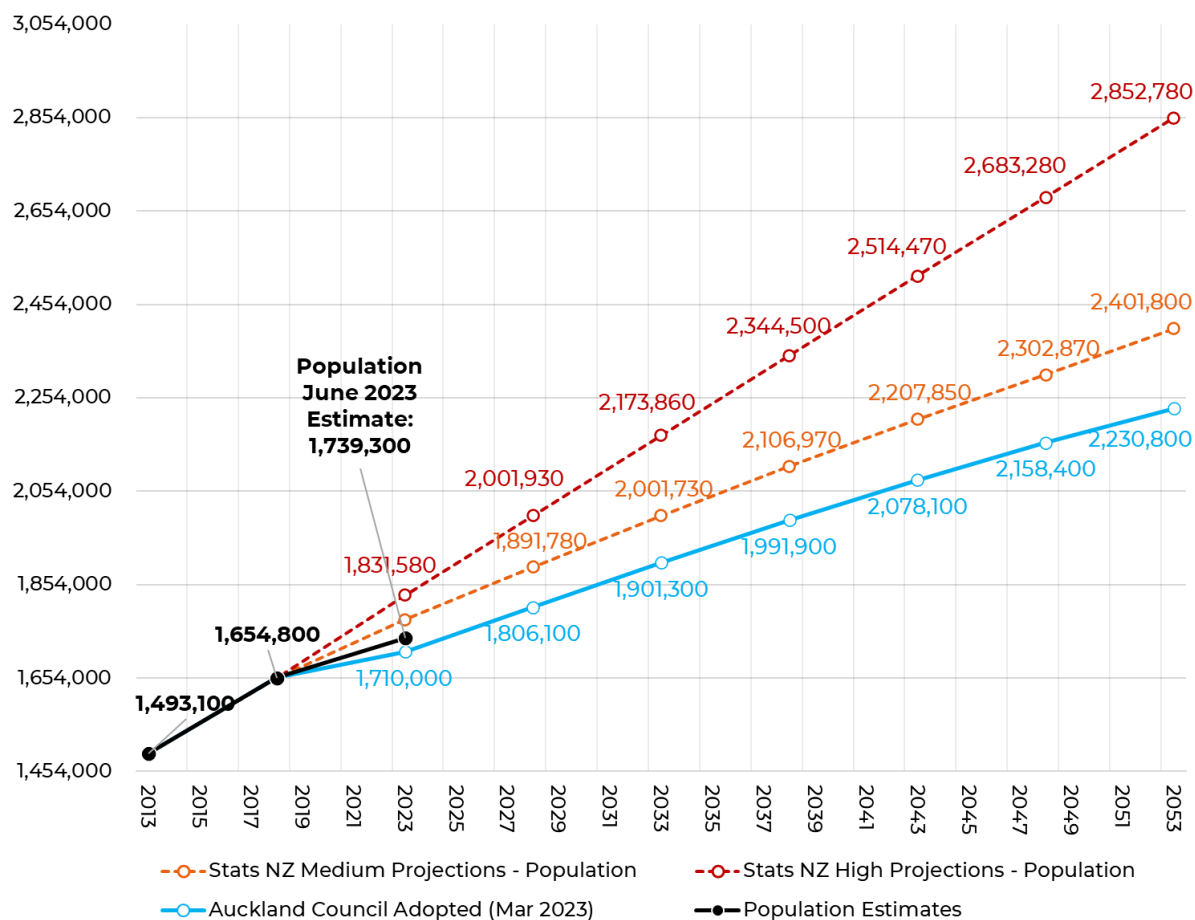
Figure 1 indicates that Auckland's current (2023) population has slightly exceeded the Council's adopted Medium projection series by approximately 1.7%.

Under this adopted Medium growth scenario, Auckland's population is projected to reach around 2,230,800 people by 2053, representing a 28.3% growth rate over the next 30 years.

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 this customised growth scenario. Therefore, the Council's adopted Medium projection does not impact the economic analysis provided in our Economic Assessment, nor does it alter our economic position.

¹ Quantum Geographic Information System

FIGURE 1: AUCKLAND POPULATION ESTIMATES AND PROJECTIONS


Source: Auckland Council, Stats NZ, Property Economics

#E3. Sub-Precinct E

Request: Please review the identification of the two comparator nodes (Cavendish Drive, and Great South Road next to PB Tech) as to whether they are a robust basis for establishing an appropriate size of the proposed Sub-Precinct E within the PPC Area.

PE Response:

Property Economics understands that the Applicant has now revised their application to relocate Sub-Precinct E. The proposed new location is at the intersection of Campana Road and SH20B, covering approximately 1ha (see Pink Areas in Appendix 2).

When evaluating the most appropriate (economic) location for Sub-Precinct E, putting commercial activity at the intersection of Campana Road and SH20B would generate increased economic and social benefits (relative to the internalised location to the north along Campana Road). These include:

- Exposure to significantly more traffic from Puhinui Road. This increases the market opportunity significantly with a higher chance of drawing in spend from passing traffic.

- *Better accessibility to the local catchment (workers) and passing traffic (additional market). Accessibility is crucial to better service a market, particularly for convenience store types the Sub-Precinct E centre will rely on.*
- *Increased profile. The high traffic volumes on SH20B (relative to Puhinui Road), which connects to the airport, makes this location highly visible. This kind of exposure has the potential to attract more retailers such as fast-food operators who 'feed off' high traffic volumes, profile and a high level of accessibility. An internalised location will miss this market opportunity altogether.*
- *The Puhinui Road location also extends the hours of operation and move into the after hours economy with airport traffic having busy period in early morning and evening. This provides an opportunity to have extended hours of operation relative to the Campana Road site where that opportunity wouldn't exist.*
- *Better service workers and businesses on the south side of Puhinui Road. More accessible - leads to better economic performance of stores.*

Overall, based on our experience of assessing centres all across the country for over 20 years, economically a centre located on the corner of Puhinui and Campana Roads would perform significantly better and sustain a larger GFA footprint than the current Campana Road location.

The new Precinct E location would improve the development outcomes by enhancing its ability to meet the convenience needs of businesses, the community, and passing traffic more effectively, leading to a more sustainable and successful centre.

To estimate the likely employment base and consequent demand for convenience retail and commercial services, Property Economics uses the existing employment base within the LIZ area bounded by the railway line, Puhinui Road, and SH20. It is assumed that a similar employment density will be accommodated within the PPC site and surrounding FUZ areas, which comprise the localised catchment of Sub-Precinct E.

Based on this localised catchment of approximately 284ha and considering the likely land-extensive activities (around 18 employees per ha), Property Economics estimates that the future 'at capacity' employment base of the localised catchment would be around 5,200 people.

The future 'at capacity' employment of 5,200 people could generate approximately \$82m in total annual retail spend. Assuming an appropriate convenience spend ratio, the generated convenience retail spend is estimated to be around \$12m per year. This could support about 2,000sqm of convenience retail GFA and another 2,000sqm of non-retail commercial services GFA within the Sub-Precinct E.

Based on a 40% Floor-to-Land Ratio (FAR), the total sustainable convenience centre GFA of 4,000sqm can be translated into a net land requirement of around 1ha. This 1ha does include land required for roads, urban parks, civic spaces, reserves, public transport, etc.

Importantly, this 1ha does not include the likely convenience retail spend generated by airport and state highway drive-by traffic, which would further increase Sub-Precinct E's sustainable centre provision.

Given the above high-level analysis, Property Economics considers that the revised location and size of Sub-Precinct E are appropriate and can be expected to generate significant convenience and economic benefits for businesses, communities, and passing traffic.

#E4. Sub-Precinct E

Request: Please provide specific references for the data relied on in the Economics Assessment (numbers presented in tables 1 and 3 and related discussion).

PE Response:

An updated version of Table 1, including a detailed explanation of the specific data sources, is already shown in our response to #E1. Therefore, Table 1 is not replicated here.

Table 3 from our Economic Assessment is replicated on the next page. Note that the figures in this table are based on the HBA 2023 and are not estimates or forecasts from Property Economics.

Since the HBA 2023 has incorporated the Council's custom Medium growth scenario into the assessment, the numbers provided in Table 3 remain up-to-date and appropriate. Again, the inclusion of this custom Medium scenario in the Section 4 ("Economic Market Growth") does not change the numbers in Table 3 or alter our economic position.

As requested, a more detailed illustration of the data sources is provided in the notes under Table 3.

TABLE 3: AUCKLAND REGION INDUSTRIAL FLOORSPEACE 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

Source: Auckland Council.

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. Sub-Precinct E

Request: Please provide additional detail on the appropriate size of Sub-Precinct E and the appropriate type and scale of activities proposed to enable assessment to be made as to the scale and significance of the effects on the environment of Sub-Precinct E.

PE Response:

Response to #E3 in this memo has justified the appropriate size of Sub-Precinct E at a high-level.

Regarding the appropriate activities within this Sub-Precinct, our Economic Assessment concluded that it is suitable for the activities within Sub-Precinct E to serve the local market, similar in scale to other existing convenience centres. This primarily includes catering to dairies, drive-through restaurants, and F&B establishments. The recommended status for other activities should align with the existing provisions for LIZ under the AUP(OIP) framework (Page 29).

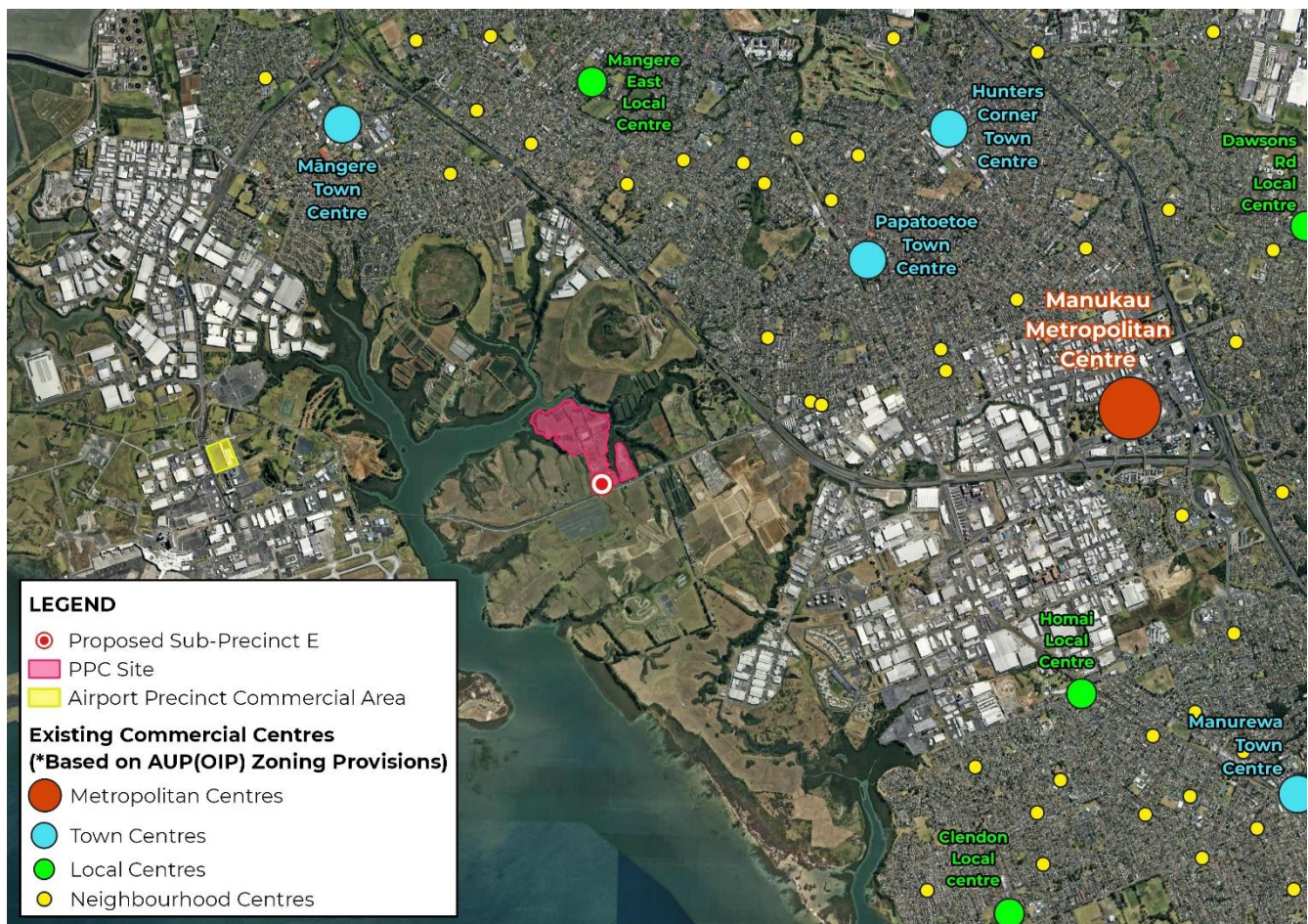
SP4 - Centres Hierarchy

Request: Please provide a further assessment as to how the proposed sub-precinct E will integrate with other centres across the wider Manukau area and the airport precinct.

PE Response:

The following figure provides an extension of Figure 6 in our Economic Assessment, which identifies the existing centre network in the wider Manukau area. A summary of these existing centres' size (land area) is provided in the table below.

Given the existing commercial centre network in the wider Manukau area and the absence of retail offerings in the Puhinui Road local industrial area, there is a noticeable gap in the supply of convenience retail and commercial services offerings in the local area. Without the proposed retail and amenity offerings within the PPC site, the future workforce along Puhinui Road would have to travel a longer period of time / distance to these existing centres for their convenience needs.

FIGURE 2: EXISTING COMMERCIAL CENTRE NETWORK


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

The following table provides an overview of the zoned land area / commercial land extent of the existing commercial centres. This assists in understanding the relative size of the proposed Sub-Precinct E to the commercial centres and the likely position that it will be in within the wider centre hierarchy. This summary table shows that the average size of “Local Centres” in the surrounding areas is around 2.4ha, with Homai Local Centre being the smallest commercial centre. This average centre size is significantly larger than the proposed Sub-precinct E, being around 1ha.

The significantly smaller size of the proposed Sub-Precinct E relative to the existing commercial centres in the wider area and the extensive industrial / future industrial environment it surrounds both suggest that the economic catchment or market it services will be substantially smaller than that of the main commercial centres in the wider area.

Note that the PPC is not seeking to change the zoning of the Sub-Precinct E site. As such, it will not add to the existing centre land provisions in the area. In essence, Sub-Precinct E will primarily service the Puhinui local industrial area as well as some of the airport / state highway passing traffic. Given its proposed size, Property Economic considers that Sub-Precinct E is likely to form a larger “neighbourhood centre”, which is not of scale to compete with other higher-order commercial centre within the centre hierarchy of the wider area.

In addition to these zoned commercial centres, the existing commercial area within the Auckland Airport Precinct near John Goulter Drive spans approximately 5ha, making it significantly larger than the proposed size of Sub-Precinct E. This commercial area is primarily anchored by a Woolworths supermarket, a The Warehouse department store, and a Chemist Warehouse, mainly serving airport visitors and businesses within the wider Airport Precinct. Similar to other commercial centres across the wider Manukau area, this airport commercial area is unlikely to be negatively affected by activities within Sub-Precinct E.

TABLE 2: EXISTING COMMERCIAL CENTRE / AREA SIZE OVERVIEW

	Land Area (ha)
Manukau Metropolitan Centre	62.3
Māngere Town Centre	12.7
Hunters Corner Town Centre	17.2
Papatoetoe Town Centre	10.8
Manurewa Town Centre	25.1
Favona Local Centre	2.3
Māngere East Local Centre	3.7
Homai Local Centre	0.5
Dawsons Rd Local Centre	3.0
Airport Precinct Commercial Area	5.1

Source: Auckland Council, QGIS, Property Economics

SP8 Business Land Supply / Well-Functioning Urban Environment

Request: Please provide further comment on business land supply / well-functioning urban environment matters as a response to the indicated current deficiencies outlined above.

PE Response:

Property Economics understands that according to the FDS there is a delay in development timing of the Puhinui Stage 2 FUZ area, with infrastructure prerequisite (i.e., 20Connect) pushing the expected commencement to post-2030. However, in Property Economics' view, this should not be considered as an absolute restriction of any development within the Puhinui Stage 2 FUZ area.

In fact, on Page 46, the FDS, also states that:

“Applying prerequisites will vary from area to area..... In some cases, it will be appropriate for rezoning to occur and development to commence prior to or while the infrastructure prerequisite is in the process of being built and established”; and

“There may therefore be cases where the timing and development of areas could be brought forward. This will however need to be considered on a case-by-case basis. While this creates a ‘pathway’ for development that wishes to proceed earlier, the council will only consider this where there is not a significant impact on

the council's financial position and broader well-functioning urban environment outcomes can be met".

In Property Economics' view, the above FDS context directs that providing capacity that will contribute to a well-functioning urban environment is more important (subject to some provisos) than inflexibly adhering to the identified development sequences.

In the FDS, the infrastructure prerequisite of the Puhinui Stage 2 FUZ is the 20Connect Project (SH20B). Property Economics is aware that even though the "long term improvements" of the wider 20Connect project will continue during the post-2025 period, the recent completion of improvements to SH20B has largely improved access and safety of the local area.

According to Waka Kotahi², these key earlier improvements include:

- A safe place for people to walk and ride bikes*
- Safety improvements including central median barrier protection, improved lighting and a reduced speed*
- Improved pavement, drainage and stormwater treatment*
- Two improved intersections at Campana Road and Manukau Memorial Gardens.*

In Property Economics' view, the lead times for the provision of new business land typically range from 5 to 10 years. These times are influenced by several key factors, including regulatory approval processes, availability of construction materials, labour market conditions, infrastructure development, and financial considerations. Considering these factors, bringing forward the PPC is appropriate to leverage the existing and new infrastructure investments in the area.

To complement the economic analysis, the following assessment provides a high-level overview of whether the PPC will make a positive contribution to a well-functioning urban environment, i.e., satisfying the NPS-UD Policy 1. For brevity, the detailed criteria for a "well-functioning urban environment" under Policy 1 are not presented here and can be found in Appendix 1 of this memo.

Specifically, the policies 1(b), 1(c) and 1(d) of the NPS-UD are the most economically relevant to the PPC. As Property Economics understands, the PPC will offer a verity of sites / buildings, catering to different tenancy sizes. This development is situated in a locale characterised by distinct locational characteristics and views, setting it apart from the industrial land to the south of Puhinui Road. This aligns with Policy 1(b) of the NPS-UD.

Additionally, the Structure Plan of the PPC includes the establishment of a Sub-Precinct E (a commercial precinct) and local reserve spaces. These land uses align harmoniously with the NPS-UD, particularly addressing Policy 1(c), ensuring good accessibility for all people between housing (existing residential areas in the local area), jobs (newly provided employment opportunities within the PPC site), community services, natural spaces, and open spaces, including by way of public or active transport.

² <https://www.nzta.govt.nz/projects/southwest-gateway/>

Essentially, the designation of the PPC site as a Future Urban Area means that developing the site earmarked for urban (industrial) use would not negatively affect the current or future industrial areas. Given that the FDS identified development timeframe of post-2030, the adverse impact of the PPC, if any, on the existing industrial areas would not cause any additional inefficiencies in the timeline for the development of industrial area from 2030 and onwards.

This means that the potential impact of the PPC, if any, on the uptake and growth potential of the existing industrial areas, would be temporal.

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

Kind Regards



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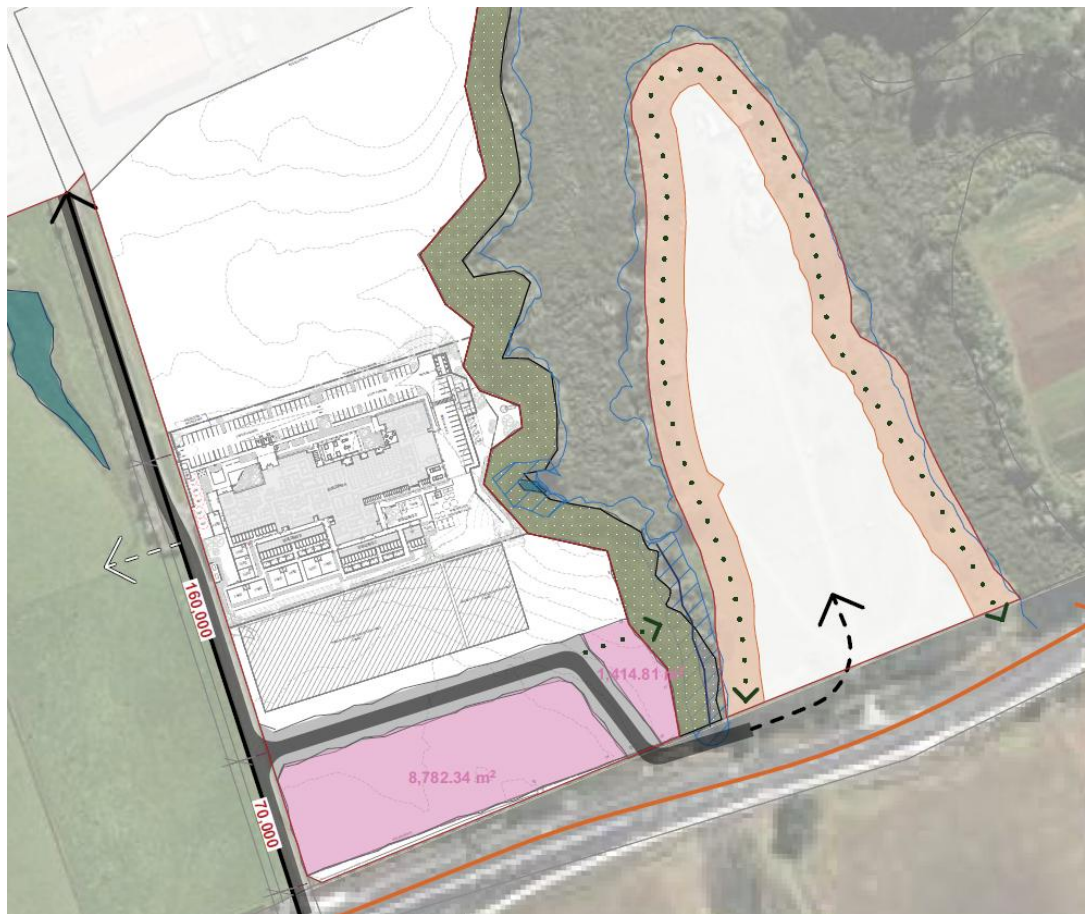
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APPENDIX 1. NPS-UD POLICY 1

Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:

- (a) have or enable a variety of homes that:*
 - (i) meet the needs, in terms of type, price, and location, of different households; and*
 - (ii) Enable Māori to express their cultural traditions and norms; and*
- (b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size;*
- (c) and have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport;*
- (d) and support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets;*
- (e) and support reductions in greenhouse gas emissions; and are resilient to the likely current and future effects of climate change.*

APPENDIX 2. REVISED SUB-PRECINCT E PLAN



NOTE: THE SCALE AND DIMENSIONS SHOWN ARE FOR INFORMATION ONLY.
ALL CONSULTANTS AND CONTRACTORS MUST VISIT ALL LANDS, DIMENSIONS,
LANDFILL, SITE MEASUREMENTS AND CONFORM TO THE COUNCIL'S REQUIREMENTS,
MAINTAINING FABRICATION OR CONSTRUCTION.
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REV	ISSUE	DATE
/	Discussion Document	01/08/2024

TITLE
Sub-Precinct E
Sub-Precinct E Reconsideration

SCALE (A3) 1:2000 NORTH

PROJECT
Campana Road Plan Change

CLIENT
Campana Road Plan Change Parties

JOB NO. 2211-002 STATUS Discussion Document

Source: Saddleback