Economic Assessment – 104 Ryans Rd Industrial Development

11 March 2025 – FINAL

m.e consulting

Economic Assessment – 104 Ryans Rd Industrial Development

Prepared for

Carter Group Limited

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1 Executive Summary

Carter Group Ltd (CGL) own approximately 55.5ha of land at 104 Ryans Rd, adjacent to the Christchurch International Airport. They propose to develop this land into a freehold industrial subdivision of 126 lots and provide for its development for industrial businesses that would be permitted in the Christchurch District Plan's Industrial General zone, including those that would have co-location benefits with the Airport.

This assessment finds that the project aligns with the purpose of the Fast Track Approvals Act 2024 insofar that it will deliver *"significant regional or national benefits"*, including driving regional economic growth, creating employment opportunities, and contributing to Canterbury's broader development objectives.

The project also provides much needed development capacity for industrial land in the vicinity of Christchurch International Airport and for the logistics sector in Christchurch generally, with associated economic benefits. Our assessment makes the following key findings on development capacity:

- Land Demand: Long-term demand for Warehousing and Logistics land is approximately 3.5 times higher than for general Industrial land.
- Airport Zone Land availability:
    - The SPAZ includes 112 ha, but only 16 ha (14.3%) is wholly vacant.
    - This 16 ha will primarily address a portion of short to medium-term demand, leaving no capacity for growth beyond 2031.
    - Most of SPAZ land is leasehold, making it unsuitable for businesses requiring freehold land near the airport.
- Other Industrial Zone Land Availability: Freehold industrial land near Christchurch Airport is extremely limited.
    - Harewood North has only 0.6 hectares of freehold industrial land; the rest is leasehold and unsuitable for supply analysis.
    - At the airport, 8.0 hectares of non-CIAL-owned land is largely restricted by REPA regulations, limiting its usability.
    - Stanleys Road has 2.0 hectares of IG-zoned land, but its isolated location reduces its viability.
    - Large IP-zoned areas in Harewood East and Avonhead are not suitable for IG zoning.
    - Land in Avonhead East and West is unlikely to be rezoned for IG or IH due to proximity to residential areas and access constraints.
    - 104 Ryans Road is the only practical and feasible option to provide needed industrial land capacity near Christchurch Airport.
- Christchurch-wide Capacity Constraints for Logistics: Christchurch lacks sufficient development capacity for the logistics sector, likely hindering economic growth.
- National Policy Statement on Urban Development (NPS-UD): The NPS-UD requires sufficient development capacity to meet the demands of different business sectors and the proposal helps fulfil this requirement.

In short, the 55.5-hectare development proposed will help to address shortfalls in industrial and logistics sector development capacity in the vicinity of Christchurch Airport and Christchurch city generally.

In regard to the significant **economic benefits** of the project, these include:

- **Increased Business Land Supply:** by providing 55.5 ha of freehold industrial land near Christchurch Airport, addressing the limited supply of such land.
- **Enhanced Industry Co-location:** which supports growing import/export needs with logistics and processing facilities, strengthening Christchurch's role as a trade hub.
- **Market Competition:** by way of increased land supply, reducing monopolistic pricing, improving efficiency, and benefiting buyers and developers.
- **Construction Phase Direct Economic Impacts:** contribute approximately $259m GDP to the local economy, sustaining 755 full-time equivalent (FTE) jobs in the construction sector over the build periods. Taking into account backwards linkages, this level of stimulus sustains 2,205 FTEs and supports $574m in contributions to the Canterbury Region's GDP.
- **Operational Phase Direct Economic Impacts:** Potential to support 1,290 direct jobs in wholesale, transport and storage, and other industrial sectors. Generates over $385m in annual turnover, contributing $178m directly to local GDP. Total employment impact (direct and indirect) of 2,770 FTEs annually, adding $330m to Christchurch's GDP each year.
- **Long-term Economic Contribution:** Provides ongoing economic stimulus through business operations and supply chain linkages.

By comparison, the **economic costs** of the project are modest, entailing an insignificant loss of agricultural land and associated farming activity, in both absolute and regional terms.

In conclusion, we consider that the project delivers substantial economic benefits at a regional scale, through industrial expansion and land supply (particularly in the vicinity of the Airport), job creation, and market competition, and that these benefits significantly outweigh the low opportunity cost of lost agricultural production.

Accordingly, we are firmly of the view that approval of the project would strongly align with the purpose of the Fast Track Approvals Act 2024 to *"facilitate the delivery of infrastructure and development projects with significant regional or national benefits".*

2 Introduction

The Fast Track Approvals Act 2024 was enacted with its purpose being to; "facilitate the delivery of infrastructure and development projects with significant regional or national benefits"

2.1 The Fast Track Approvals Act 2024

The Fast Track Approvals Act 2024 (the Act) came into force on 23 December 2024. Within it, Schedule 2 lists 149 projects that the Government has determined meet the Act's purpose, granting them direct access to the Fast-track pathway without requiring Ministerial referral. This includes the project at Ryans Road proposed by the Carter Group, which is the subject of this assessment.

The key consideration for the decision maker is the purpose of the Act, and the test for accepting or declining a substantive application (as set out in s85(3)) requires a weighing exercise of any significant adverse impacts against (i.e. as a proportion of) the project's regional or national benefits. Section 22 of the Act outlines the key criteria for determining the benefits of the development. They include the following;

- **Section 22(2)(a)(iv):** Will deliver significant economic benefits.
- **Section 22(2)(a)(v):** Will support primary industries, including aquaculture.
- **Section 22(2)(a)(vi):** Will support the development of natural resources, including minerals and petroleum.
- **Section 22(2)(a)(vii):** Will support climate change mitigation, including the reduction or removal of greenhouse gas emissions.
- **Section 22(2)(a)(viii):** Will support climate change adaptation, reduce risks arising from natural hazards, or support recovery from events caused by natural hazards.
- **Section 22(2)(a)(ix):** Will address significant environmental issues.

2.2 The Project & Christchurch International Airport

CGL owns approximately 55.5 ha of land at 104 Ryans Rd, adjacent to Christchurch International Airport. They propose to develop this land into a freehold industrial subdivision of 126 lots and catering to industrial businesses permitted under the Christchurch District Plan's Industrial General zones.

Christchurch International Airport is a hugely significant piece of infrastructure in the South Island and for New Zealand. Established as the country's first international airport in 1950, it is now New Zealand's second busiest. It can operate 24 hours a day as it is curfew free. As the primary international gateway to the South Island, the airport plays a critical role in facilitating both passenger travel and freight movement, supporting regional and national connectivity.

The ability for logistics and warehousing to collocate with airports is vital. The need to store in close proximity to aircraft is vital for activities like fresh shellfish exporters (e.g. live crayfish caught in Fiordland to be shipped to China and Japan). It is highly efficient to locate these activities adjacent to the airport

facilitating lower handling and processing costs for exporters and importers. Therefore, ensuring sufficient land area with a variety of sites and ownership models is crucial to provide choice and efficiency.

Businesses collocating with airports – particularly international airports, are becoming increasingly important to promote logistics efficiency. This holds true for business in Christchurch as the South Island economy grows and international market opportunities open up. Import and export growth translates into increased industrial activity and a need for warehousing and storage type facilities – as well as processing facilities to service the entire island – rather than simply Christchurch, adjacent to the airport.

Noting the context above, the proposed subdivision and land use development, if approved, will support businesses aligned with the airport's strategic role while delivering associated economic benefits and operational efficiencies.

2.3 The focus of this report

This memorandum outlines the economic benefits associated with the proposed freehold industrial development of 55.5 ha of land at 104 Ryans Road in Harewood, Christchurch, situated near Christchurch International Airport.

The purpose of this document is to present a comprehensive overview of these economic benefits, providing the EPA's Independent Hearing Panel (IHP) with the necessary information to evaluate the proposal's suitability for approval under the Act.

The analysis that follows highlights how the project aligns with the purpose of the Act, including driving regional economic growth, creating employment opportunities, and contributing to Canterbury's broader development objectives.

As demonstrated in the assessment within this report, the development is expected to deliver significant benefits to the Canterbury Region.

2.4 Market Economics Ltd

Market Economics Limited (ME), is an independent economic research and consulting firm, that has been engaged by CGL to provide an Economic Impact Assessment for the proposed development. This report has been prepared by Dr. Maggie Hong (PhD, Economics) and overseen by Greg Akehurst, Director at Market Economics Ltd. Their experience and qualifications are summarised in Appendix 1.

2.5 Report Structure

The balance of this report/memo is structured as follows;

- Development proposal overview,
- Supply of and demand for industrial land around the Airport,

- Estimates of economic costs and benefits of development proposal, and,
- Report Conclusions.

3 Development Proposal Overview

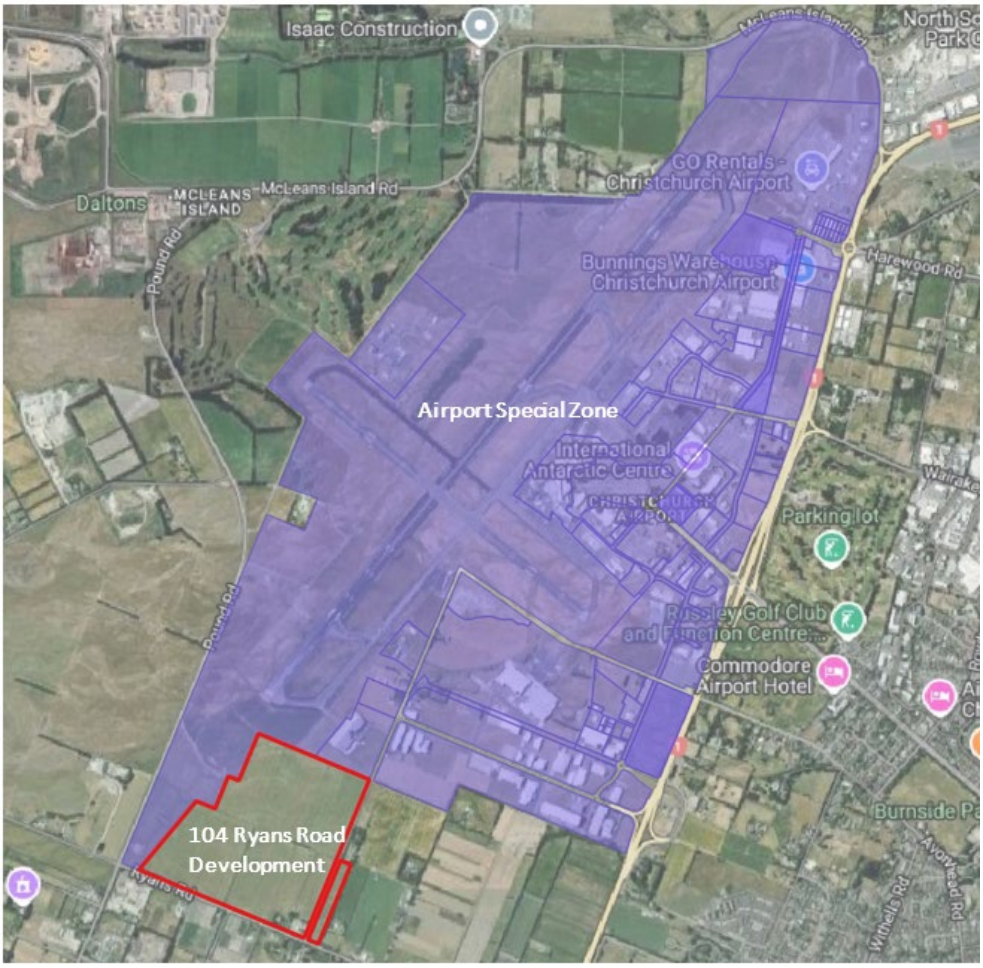
In this section, the site is described in terms of scale and location and the proposed sub-division and subsequent development plans of Carter Group are outlined.

3.1 Site Description

The 104 Ryans Rd site comprises approximately 55.5 ha of land primarily situated at the corner of Ryans Road and Grays Road. Additionally, the proposed development extends to include an area on the eastern side of Grays Road that will contain a stormwater basin and be grassed. The land is currently zoned as Rural Urban Fringe Zone under the Christchurch District Plan and is adjacent to the Specific Purpose (Airport) Zone, which accommodates activities directly associated with the operation and functioning of Christchurch International Airport. The Christchurch District Plan ensures protection of the airport's core operations through provisions which manage effects on noise-sensitive activities, safeguard flight paths, and maintain compatibility with airport operations. A proportion of the proposed development on the west side of the site falls under the airport designation, further reinforcing its alignment with airport-related activities and infrastructure. The proximity to the airport further enhances the site's strategic value both regionally and nationally for industrial and logistics development (Figure 1).

The proposed development site is approximately 1.2 kms from Russley Road (SH1) and around 1 kms from Yaldhurst Road (SH73), two key transport routes providing direct connections to regional and national networks. To the east of SH1, the zoning transitions predominantly to various Residential and Industrial Zones, reflecting a mixed-use area with growing demand for industrial and commercial development. The planned development leverages its location near key infrastructure, its compatibility with the airport zone's industrial focus, and its accessibility to major transport routes, aligning closely with regional growth and infrastructure objectives.

Figure 1: Ryans Road Development, Christchurch



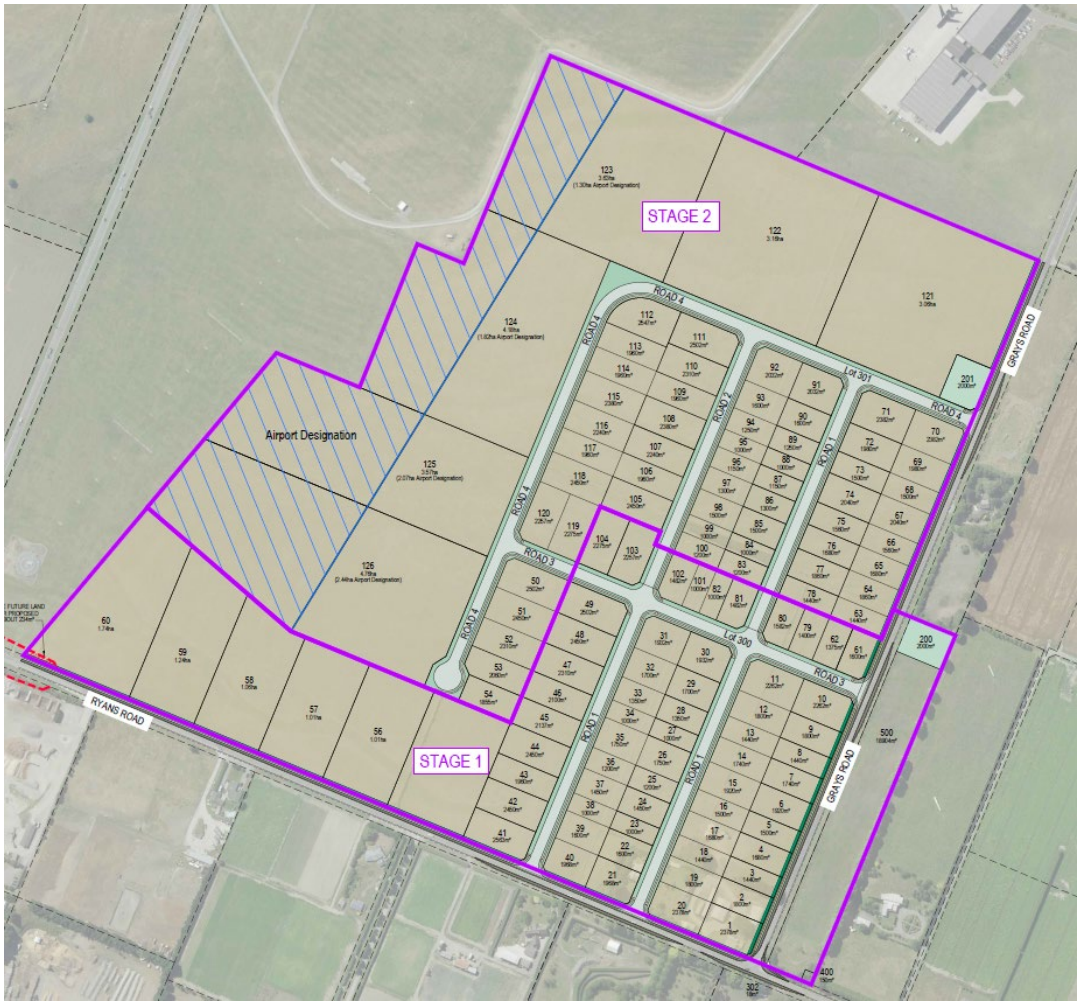
3.2 Development stages and subdivision plans

The site at 104 Ryans Road is planned to be developed in two distinct stages, providing a mix of industrial lot sizes to cater to diverse business needs while following a well-structured and balanced approach (see Figure 2). Stage 1 will release 65 lots, covering a total area of 17.47 ha, with a focus on establishing core infrastructure, including roads, utilities, and supporting amenities, to create a functional and accessible industrial precinct. This stage will lay the foundation for seamless integration with the second stage. Stage 2 will introduce an additional 61 lots, spanning 32.36 ha. Building upon the infrastructure established in Stage 1, this phase will expand the subdivision to accommodate further industrial growth, ensuring connectivity and functionality while supporting landscaping and shared spaces to enhance the overall development. Together, the two stages will deliver 126 industrial lots across approximately 55.5 ha, ensuring a comprehensive and strategic approach to industrial development.

The subdivision includes 114 smaller industrial lots under 3000m², providing flexible options for various business needs. In Stage 1, 59 lots will be created, including 20 lots sized 1000–1499m², 25 lots sized 1500–1999m², and 14 lots sized 2000–2999m². Stage 2 will add 55 lots, with 14 lots ranging from 1000–1499m², 20 lots from 1500–1999m², and 21 lots from 2000–2999m². This range of lot sizes ensures options for different industrial activities and business requirements.

The development also includes 12 larger lots over 1 hectare, suitable for large-scale industrial operations or specialized facilities. These are evenly divided between the two stages. Stage 1 offers 6 lots, with 5 ranging from 1–1.49 ha and 1 lot measuring 1.7 ha. Stage 2 provides another 6 lots, with 4 ranging from 3–3.63 ha and 2 ranging from 4–4.76 ha. These larger lots include areas under the Airport Designation and the Runway End Protection areas, so do not allow any buildings on that portion. They will, however, cater to more extensive industrial/logistics uses, adding flexibility and appeal to a variety of industrial tenants and developers.

Figure 2 Ryans Road Development – Subdivision Plan



4 Supply of and demand for industrial land around the Airport

4.1 Airport industrial structure & growth

To evaluate the potential impact of the proposed development, it is essential to gain a comprehensive understanding of the existing industrial base surrounding the proposed development site. This includes analysing the current composition of industries, the types of businesses already operating in the area, and their respective market dynamics. Such an understanding provides valuable context for assessing how the proposed development might complement, compete with, or influence the existing economic ecosystem.

The definition of the market catchment area plays a critical role in this assessment. For this analysis, the local market catchment has been delineated with reference to Statistics NZ's Statistical Area 2 (SA2) boundaries. These boundaries are widely recognised as a reliable and standardized spatial framework for demographic and economic analysis. They provide granular data that aligns with local population distributions and economic activity, enabling a precise evaluation of industrial trends and potential market demand.

In addition, the delineation of the catchment area has been informed by the existing zoning provisions within the Christchurch District Plan. Zoning regulations are a key determinant of how land can be used, and they shape the spatial distribution of industrial activities. Zoning provisions have therefore defined the catchment area used in this assessment. In doing so, it reflects the current and planned land-use patterns, capturing areas where industrial development is permitted and likely to occur.

This combined approach—leveraging SA2 boundaries and the Christchurch District Plan zoning framework—ensures that the defined local market catchment is both practical and aligned with the geographic and regulatory realities of the area. It provides a solid foundation for assessing the proposed development's compatibility with the existing industrial base, its potential to meet unmet market needs, and its alignment with broader economic and urban planning objectives. Figure 3 below illustrates the relevant SA2 catchment areas for the proposed development (Airport catchment).

Figure 3 Relevant SA2 catchment surrounding Christchurch Airport – Airport Catchment (site outlined in red)

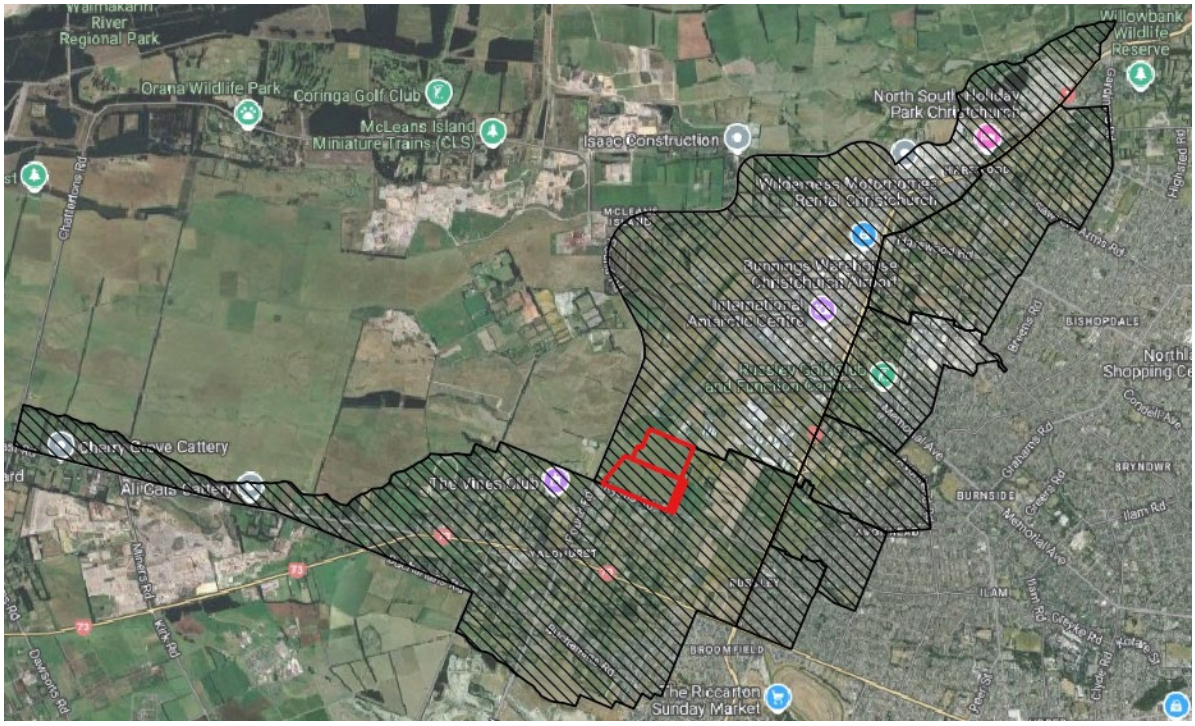


Figure 4 Industrial and commercial zones within the Airport Catchment

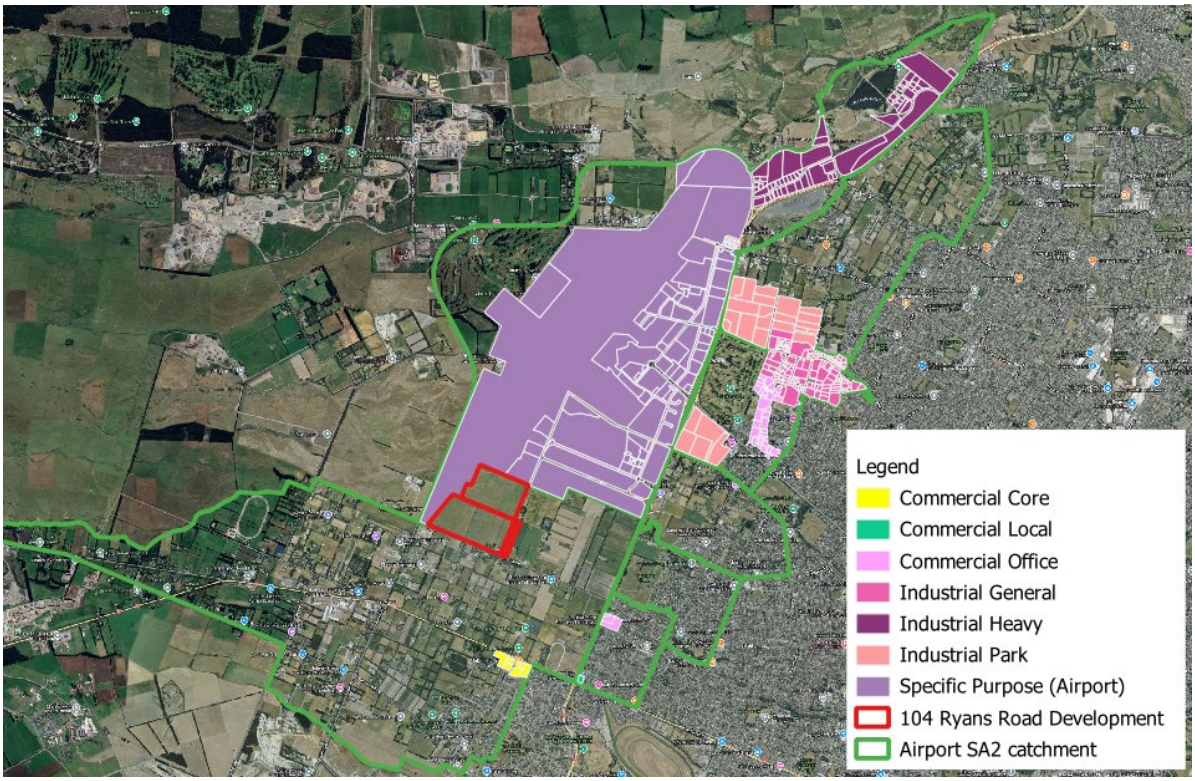


Table 1 Industrial and commercial zones breakdown within the Airport Catchment

Zone Type	Area in m2	%
Commercial	**233,861**	**2.5%**
Commercial Core	52,377	0.6%
Commercial Local	4,242	0.0%
Commercial Office	177,242	1.9%
Industrial	**1,994,281**	**21.4%**
Industrial General	446,967	4.8%
Industrial Heavy	823,386	8.8%
Industrial Park	723,927	7.8%
Specific Purpose	**7,093,545**	**76.1%**
Specific Purpose (Airport)	7,093,545	76.1%
Grand Total	**9,321,687**	**100.0%**

As shown in Figure 4 and Table 1, the area surrounding Christchurch Airport is predominantly zoned for Airport specific purposes (709.4 ha or 76.1%). Industrial zones account for a significant portion of the balance (199.4 ha or 21.4%). These include industrial heavy zones (82.3 ha), industrial park zones (72.4 ha), and industrial general zones (44.7 ha). Commercial zones make up the balance, mostly commercial office zones (23.4 ha or 2.5%). This distribution highlights the airport's central role in driving industrial and logistics activities while maintaining limited commercial development in its immediate vicinity.

LINZ (Land Information New Zealand) defines a parcel as a discrete area of land with defined boundaries, typically recorded in the cadastre (the official land records system). A parcel represents the smallest unit of land ownership or legal tenure. Each parcel is assigned a unique identifier and is mapped with spatial data, showing its boundaries, area, and legal description.

Table 2 Size distribution of commercial/ industrial land parcels within the Airport Catchment

Zone Name	<1000m2	1000m2 - 5000m2	5000m2 - 1ha	1ha - 2ha	2ha - 5ha	>5ha
Commercial Office	9	15	8	1	0	0
Industrial General	42	69	12	7	2	0
Industrial Heavy	4	26	7	6	5	2
Industrial Park	0	2	2	3	15	1
Local centre	0	0	1	0	0	0
Specific Purpose (Airport)	8	22	10	19	24	14
Total	63	134	40	36	46	17

The size distribution of commercial and industrial land parcels surrounding Christchurch Airport (see Table 2) shows a predominance of larger lots, particularly in the Industrial Park and Specific Purpose (Airport) zones. Yet, smaller parcels under 5,000m² make up the overall majority, with 63 parcels under 1,000m² and 134 parcels between 1,000m² and 5,000m². The Industrial General zone has the highest number of small and mid-sized parcels, while the Industrial Heavy and Specific Purpose (Airport) zones contain a more balanced mix, including a notable proportion of lots over 2 ha. The Industrial Park zone stands out with a concentration of larger parcels, particularly those exceeding 2 ha. The Commercial

Office and Local Centre zones have relatively few large lots, with most parcels falling under 5,000m², as is expected of these more fine-grained activity zones. This distribution reflects the varying land use needs, with larger sites catering to larger industrial operations, while smaller parcels accommodate more compact commercial and industrial activities.

4.2 Vacant industrial land in Christchurch and around the Airport

The 2023 Business Development Capacity Assessment (BDCA)[1] highlights the availability of industrial land in Christchurch, including the Airport Catchments. According to the Council's Vacant Land Register (VLR), the city has a total of 779 hectares[2] of industrial and specific-purpose zoned land available. Vacant industrial land is further divided into part vacant sites (which may not be available for development[3]) and wholly vacant sites (which are entirely available for development). Of the 667 hectares zoned for industrial use, 319 hectares are considered partially vacant. The Specific Purpose Airport Zone contributes 112 ha of industrial land, of which 96 ha is classified as part vacant and just 16 ha (14.3%) in wholly vacant lots. In addition, the BDCA suggests that the actual availability of airport land may be lower than indicated, so these figures should be interpreted cautiously.

Overall, BDCA concluded that Christchurch has considerable industrial land capacity, however, much of it is constrained by partial availability. In other regions around the country, partially vacant lots are not considered part of the industrial land capacity, as they are usually considered to be working parts of the businesses that occupy the buildings on the balance of land. In the Specific Purpose Airport Zone, wholly vacant lots represent only a small fraction of the total.

While Christchurch City Council's VLR is a valuable resource for monitoring the supply of vacant industrial land in Christchurch, its last update in 2022 limits its relevance for assessing current market conditions. Given the significant changes in market dynamics over the past three years, including increasing demand and land take-up, the 2022 data does not fully reflect the present industrial land availability.

The most recent vacant land survey, conducted by Colliers in June 2024[4], provides a more up-to-date assessment of the industrial land market. However, there are methodological differences between the CCC VLR and the Colliers Vacant Land Survey (CVLS), including:

[1] https://christchurch.infocouncil.biz/Open/2023/05/WKCCC_20230512_AGN_9454_AT_ExternalAttachments/WKCCC_20230512_AGN_9454_AT_Attachment_40754_3.PDF

[2] The reported total of 799 hectares in the assessment was a typographical error and should be 779 hectares or 778 hectares, as referenced in the sufficiency analysis in Table 34 of the BDCA report.

[3] It is often the case where a site may appear to be partially vacant in that it has no building on it. However, they open space may be integral to the operation of the business located there. Including partially vacant parcels in capacity assessments tends to over-estimate developable capacity.

[4] As reported in "*Report – 104 Ryans Road, Harewood Christchurch Industrial Land Market*", prepared for Carter Group Limited, February 2025.

- Land Classification: The VLR includes all vacant land, even if used for yard-based activities, whereas the CVLS classifies such land as occupied, providing a different interpretation of availability.

- Methodology: The VLR is based on council records, while the CVLS involves a physical survey and aerial imagery analysis for a more detailed assessment.

Despite these differences, both datasets offer valuable insights and should be considered together alongside the BDCA to obtain a comprehensive understanding of industrial land supply and demand trends in Christchurch.

It is important to note that vacant land status does not necessarily indicate that land is freely available to the market. Various factors, including ownership models, zoning restrictions, and servicing constraints, can limit immediate development potential.

According to the Colliers report, as of June 2024, Christchurch City had 474.8 ha of vacant industrial land and approximately 90.2 hectares of land within the SPAZ is classified as vacant. The amount of vacant industrial land identified with in SPAZ is 21.8 ha lower than the 112 ha reported in the BDCA, reinforcing the BDCA's observation that the actual availability of airport land may be lower than initially estimated.

While the Colliers report did not place significant emphasis on the size distribution of vacant industrial land, Table 21 from the BDCA provides a detailed breakdown, segmented by quadrant and zone. This data, reproduced as Table 3 below, offers insight into the range of parcel sizes available across Christchurch City.

Lot size is a key factor influencing the type and nature of demand directed towards it. However, the type and nature of the location plays a bigger role in determining how industrial activity will be distributed across the city. For example, close proximity to a major international airport will attract logistics, cool stores, export packaging and processing facilities as well as import bulk break and land transport firms. Larger, unsubdivided lots, particularly in the airport zone and industrial areas, cater to businesses requiring substantial space for operations (larger scale logistics and storage), while smaller lots are often more suitable for businesses that might focus on more human interactions around the airport (South Island HQ's for national level businesses, or South Island offices for international firms, tourism services).

Currently, there is a very small proportion of vacant industrial lots in Christchurch that are less than 5,000m², with only 1.9% of parcels being less than 1,000m² and 8.4% between 1,000m² and 5,000m². This trend is even more pronounced in the Specific Purpose Airport Zone, where only 0.8% of parcels fall within the 1,000m² to 5,000m² range, and no/ minimal number of lots are under 1,000m². However, there is evidence that the Airport does split the parcels up through their leasing process to cater for smaller footprint businesses.

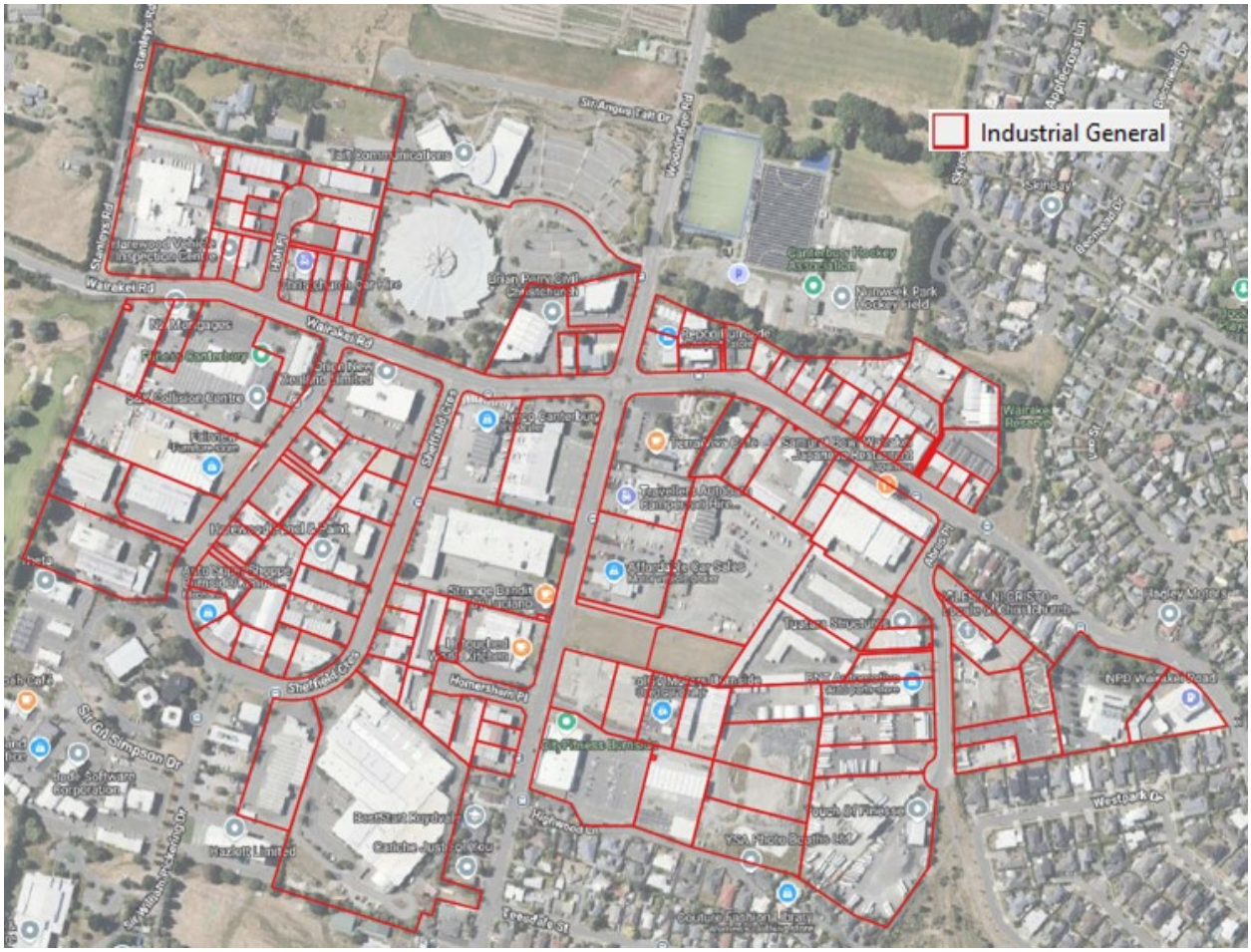
Table 3 Size distribution of vacant industrial land parcels in Christchurch (by %)

Quadrant / Zone	<1,000m²	1,000m² – 5,000m²	5,000m² – 1ha	1ha – 2ha	2ha – 5ha	>5ha
Quadrant						
Central and West	0.4%	6.0%	12.5%	13.4%	27.0%	40.6%
East, South and South West	8.2%	17.9%	16.7%	14.3%	19.1%	23.7%
North and North East	0.3%	5.6%	7.1%	18.9%	41.5%	26.7%
Zone						
Industrial General	5.1%	13.4%	21.3%	19.7%	20.1%	20.5%
Industrial Heavy	0.6%	7.5%	10.5%	14.0%	26.9%	40.4%
Industrial Park	0.8%	6.4%	2.1%	13.5%	61.3%	15.9%
Commercial Mixed Use	19.9%	50.4%	29.6%	0.0%	0.0%	0.0%
Specific Purpose Airport	0.0%	0.8%	6.0%	11.3%	29.4%	52.5%
Total vacant industrial parcels (%)	1.9%	8.4%	11.9%	14.9%	29.3%	33.5%

Source: CCC Vacant Land Register

As previously noted, the Industrial General zone within the Airport catchment area is distinguished by its high concentration of small and mid-sized land parcels, particularly those under 5,000m² (refer to Table 2). This prevalence of smaller parcels is a defining feature of the zone's land distribution, reflecting its historical development as a hub for light industrial and logistics activities. Figure 5, based on a Google Maps image, provides a visual representation of the area. Although the image may not be the most up-to-date, it effectively demonstrates the limited availability of land within the Industrial General zone, which is widely recognized as a well-established industrial core in Christchurch. The map clearly illustrates the scarcity of vacant or undeveloped land, highlighting the challenges of accommodating future industrial growth in this area. The Colliers report reaffirmed this finding, indicating that only 0.9 hectares of vacant land is available in this area.

Figure 5: Example of unavailability of development land – Industrial General Zone within the Airport Catchment



In addition, The Colliers report examined the availability of existing industrial-zoned land and potential alternative industrial rezoning options in the Harewood and airport precincts.

- In Harewood North, only 0.6 hectares of freehold industrial-zoned land is available, consisting of a single site at the rear of 48 Greywacke Road, which is currently vacant and potentially suitable for development. All other vacant land in Harewood North is leasehold, meaning it is not available for freehold purchase and is therefore unsuitable for supply analysis. Further discussion on land ownership around the airport will be covered in the next section.
- At Christchurch International Airport, the only vacant non-CIAL-owned land totals 8.0 hectares, but much of it is restricted by REPA regulations, limiting its usability. Additionally, 2.0 hectares of Industrial General (IG) zoned land on Stanleys Road, adjacent to the Industrial Park (IP) zone, remains in an isolated location, reducing its viability for broader industrial development.
- Large areas of Industrial Park (IP) zoned land in Harewood East and Avonhead North are not considered viable for providing Industrial General (IG) land capacity. Similarly, land in Avonhead East and Avonhead West, if rezoned, is also expected to be IP rather than IG or Industrial Heavy (IH) zoning, due to proximity to residential housing and transport access constraints from Russley Road (State Highway 1).

Given these constraints, Colliers Report concluded that the Ryans Road site stands out as the only reasonably practicable and feasible option for providing much-needed development capacity within the highly constrained Harewood locality, ensuring an industrial land supply close to Christchurch International Airport. I agree with this conclusion.

4.3 Land ownership around the airport

Christchurch International Airport Limited (CIAL) is a significant landowner in the airport catchment and plays a key role in shaping the availability and use of industrial land in this area. According to the Colliers report, CIAL owns 82.2 hectares, accounting for 91% of the total vacant land within the SPAZ, primarily within its industrial parks, Dakota Park and Mustang Park. CIAL's approach to land management differs from typical industrial areas, as land within the airport zone is often not subdivided into smaller lots. Instead, CIAL retains ownership of large parcels and leases nominated sites to tenants. This leasing model supports long-term control over land use.

While CIAL's model offers flexibility for certain types of businesses, the presence of alternative freehold industrial land options around the airport catchment would provide a competitive advantage for the broader industrial market. Freehold land allows businesses to purchase and develop sites directly, catering to market demand for ownership and smaller lot sizes. This alternative availability helps diversify the types of businesses that can establish operations in the area and supports the overall attractiveness of the airport precinct as a hub for industrial activity.

Currently, there is limited alternative to the CIAL-owned land within the SPAZ. With only 8 ha of non-CIAL land available in the vicinity of the airport the potential benefits of the SPAZ remain largely unrealized. CIAL is operating as a monopoly supplier of airport related land, this results in a highly inefficient land market, with deadweight loses as the higher price leads to less land being utilised resulting in unmet needs.

The uptake analysis in Section 5.3 of the Colliers report highlights that the leasehold nature of CIAL land is generally not preferred by industrial occupiers, leading to significantly lower take-up rates compared to freehold industrial areas.

Between 2020 and 2024, the SPAZ experienced an uptake of just 4.5 hectares, equating to a 5.2% take-up rate over 3.75 years. This is markedly lower than uptake rates observed in freehold industrial areas such as Hornby and Rolleston, where take-up ranged between 30.2% and 33.2% over the same period. The discrepancy suggests that businesses strongly favour freehold land ownership, likely due to the greater security, investment certainty, and long-term cost benefits it provides.

This trend underscores the challenges associated with leasehold-only industrial land, as businesses often prioritize locations where they can secure freehold ownership. Despite the strategic advantages of airport-adjacent land, the leasehold model has limited its attractiveness, resulting in slower development and lower uptake within the SPAZ.

The airport's proximity to key infrastructure and transport networks makes it an attractive location for large-scale industrial activities, particularly for storage, logistics, and distribution businesses. If the Ryans Road consent is granted, then the combination of CIAL's leasing model and the availability of freehold land

(in large and small parcel sizes at Ryans Rd) ensures a balance between flexibility for large operators and opportunities for smaller businesses to meet their spatial or ownership requirements.

As a major landowner and stakeholder, CIAL's management of its landholdings is pivotal to the industrial development around the airport, influencing not only the immediate supply of industrial land but also the long-term growth and economic potential of the wider catchment area. The proposed development of freehold land further complements this by meeting diverse market demands, enhancing the competitiveness of the airport precinct.

4.4 Demand for Industrial and Logistics Land

The BDCA also provides projections for the land demand for industrial activities, and warehousing and logistics in Christchurch. These projections, originally presented in Table 9 and Table 10 of that report, have been reproduced here as Table 4 and Table 5.

Table 4: Projected industrial demand for Christchurch City – Original

Period	2021	2024	2031	2051
Employment	21,446	24,990	24,543	23,363
Associated demand for space	96,883	105,694	126,126	229,837
Annual new floor space demand		8,811	20,432	103,711
Cumulative space requirement		105,694.4	126,126.1	229,837.5
Cumulative total land requirement (ha)		10.57	12.61	22.98
Cumulative total land requirement with competitiveness margin		12.68	15.14	26.43

Source: Table 9 from 2023 BDCA

Table 5: Projected demand for warehousing and logistics in Christchurch City – Original

Period	2020	2024	2031	2051
Employment	24,814	26,170	28,445	34,909
Additional Floor Space Demand		47,351	123,773	635,459
Cumulative space requirement		47,351	171,124	806,584
Cumulative Land requirement (ha)		4.74	17.11	80.66
Cumulative total land requirement with competitiveness margin		5.68	20.53	92.76

Source: Table 10 from 2023 BDCA

While examining these tables, a few issues were identified:

1. In Table 4, the row labelled "Annual New Floor Space Demand" should be renamed "Additional Floor Space Demand," as it represents the difference in space demand between the time periods (i.e., 2021, 2024, 2031, and 2051), rather than annual increases.
2. Second, the "Associated Demand for Space" is identical to the "Cumulative Space Requirement," which indicates an error.

3. Finally, for both Table 4 and Table 5, when converting the cumulative space requirement from square meters GFA (m^2) to the cumulative total land requirement in hectares (ha), it appears that a direct conversion was applied. However, this method differs from the recommended Floor Area Ratio (FAR) of 0.32 for industrial and 0.43 for Logistic and Warehousing, as outlined in Appendix 6 of the same BDCA. By way of example, that would mean the 126,126.1 m2 (Table 4, 2031 cumulative space requirement for industrial land) should be divided by 0.32 to get the total land requirement. This equates to 394,144.1 m2, or 39.41 ha. Then with the competitiveness margin added, that value becomes 47.29 ha. This compares to the 15.14ha as contained in Table 4. The same issue applies for the Warehousing and Logistics, Table 5, where the 171,124m^2 of GFA should be divided by 0.43 to give 47.75ha, rather than 20.53ha.

Given the issues identified above, it is not clear if the modelled amount of GFA space is incorrect, or the amount of land required is incorrect because they cannot both be correct. There are also issues with the conversion between employment and GFA, with Warehousing and Logistics workers equating to around 34m^2 each (as opposed to a figure between 100m^2 – 200m^2. For Industrial growth, the BDCA only allocates 2.5m^2 per worker – compared with a figure of between 100m^2 and 150m^2.

For the purposes of this Economic Assessment and notwithstanding our view that the land area calculation is incorrect, we have erred on the side of caution, and have conservatively assessed demand on the basis that the amount of GFA space (as reported in the BDCA Tables 9 and 10) are incorrect – but that the land area calculation is correct. Adopting this approach, the amount of land demanded for industrial activities including the competitiveness margin (separate from logistics or warehousing) is 15.14ha in the short to medium term and 26.43ha in the long term. Warehousing and logistics activities required 20.53ha in the short to medium term and 92.76ha in the long term.

To reiterate, the assessment above is conservative. If demand is assessed on the basis that the amount of GFA space (as reported in the BDCA Tables 9 and 10) are correct – but that the land area calculation is incorrect, then land demanded for industrial activities (separate from logistics or warehousing) is 47.30ha (rather than 15.14ha as recorded in Table 4 above) in the short to medium term and 82.60ha (rather than 26.43ha) in the long term and warehousing and logistics activities require 47.76ha (rather than 20.53ha) in the short to medium term and 215.71ha (rather than 92.76ha) in the long term.

Ultimately, our assessment below concludes that even with a conservative approach to demand, there is a potentially significant shortfall of supply, albeit that shortfall would be magnified if the latter calculation presented here is adopted.

4.5 Sufficiency of Supply

By a factor of roughly 3.5 to 1, demand for Warehousing and Logistics land outstrips demand for Industrial land in the long term in Greater Christchurch[5]. Therefore, in order to ensure that the capacity constraints do not impede economic growth in this category, it is imperative that land is provided for logistics and

[5] Demand for logistics and warehousing land is 92.8ha compared to 26.4ha for industrial land to 2051.

warehousing in appropriate locations – most especially in and around the international airport. I do note that not all Warehousing and logistics land demand will be focused on the Airport – but the vast majority will be.

As recorded above, the amount of land available in the SPAZ to cater for Warehousing and Logistics growth is significantly lower than the amount of demand likely to be focused here. In total, the SPAZ adds an additional 112 hectares of land, 96 hectares partially vacant and just 16 hectares (14.3%) as wholly vacant lots.[6] I note that the BDCA states that the actual availability of this land may be lower, and the Collier Report confirms this.

Currently there are (at most) 16ha of wholly vacant sites within the SPAZ, which will provide supply in the short to medium term, to those businesses prepared to establish on leasehold land. However, for those seeking freehold land in the vicinity of the Airport and/or in the longer term, this quantum of wholly vacant land is minimal and there is a potentially significant shortfall in supply.

In this environment, Christchurch City does not have sufficient development capacity that is suitable to meet the demands of different business sectors (i.e. the logistics sector)[7]. Section 3.7 of the National Policy Statement on Urban Development (NPS-UD) outlines what the Council must do if it does not provide sufficient development capacity. Under 3.7(1)(c) it could consider other options for increasing development capacity and or otherwise enabling development. The proposal put forward by Carter Group to develop 104 Ryans Rd is an ideal option to increase capacity at the airport for logistics land.

4.6 Summary – Supply and Demand

By way of a summary of the assessment and findings above on supply and demand for industrial land around Christchurch International Airport, we note:

- Land Demand: Long-term demand for Warehousing and Logistics land is approximately 3.5 times higher than for general Industrial land.
- Airport Zone Land availability:
    - The SPAZ includes 112 ha, but only 16 ha (14.3%) is wholly vacant.
    - Most of SPAZ land is leasehold, making it unsuitable for businesses requiring freehold land near the airport.
- Other Industrial Zone Land Availability: Freehold industrial land near Christchurch Airport is extremely limited.
    - Harewood North has only 0.6 hectares of freehold industrial land; the rest is leasehold and unsuitable for supply analysis.
    - At the airport, 8.0 hectares of non-CIAL-owned land is largely restricted by REPA regulations, limiting its usability.
    - Stanleys Road has 2.0 hectares of IG-zoned land, but its isolated location reduces its viability.

[6] Table 20, Greater Christchurch '*Business Development Capacity Assessment*', April 2023

[7] As required under Section 3.3 (2)(c) of the NPS-UD

    - Large IP-zoned areas in Harewood East and Avonhead are not suitable for IG zoning.
    - Land in Avonhead East and West is unlikely to be rezoned for IG or IH due to proximity to residential areas and access constraints.
    - 104 Ryans Road is the only practical and feasible option to provide needed industrial land capacity near Christchurch Airport.
- **Christchurch-wide Capacity Constraints for Logistics:** Christchurch lacks sufficient development capacity for the logistics sector, likely hindering economic growth.
- **National Policy Statement on Urban Development (NPS-UD):** The NPS-UD requires sufficient development capacity to meet the demands of different business sectors and the proposal helps fulfil this requirement.

Accounting for the above, the 55.5 ha development proposed at 104 Ryans Rd will help address industrial and logistics land shortages in the vicinity of Christchurch Airport and Christchurch city generally.

5 Economic costs and benefits

The Fast-track Approvals Act 2024 establishes a permanent fast-track regime designed to streamline approvals for projects that deliver regional and national benefits. The regime aims to address two key issues within the existing consenting system:

- Time and cost barriers: The lengthy and costly approval process can deter or delay major projects.
- Undervaluation of economic and social benefits: The current system does not sufficiently recognize the positive economic and social contributions of development.

This section quantifies and summarises the economic benefits of developing 104 Ryans Road. These benefits are then evaluated against the regional and national economies to assess their overall significance.

5.1 Economic Benefits

The proposed Ryans Road development will generate a range of economic benefits at the city, regional and potentially national level.

5.1.1 Business land supply increase and providing development capacity

The provision of freehold industrial-zoned land adjacent to Christchurch Airport offers significant economic benefits, supporting both local and regional economic growth.

As outlined in Section 4 of this assessment, the development is particularly important due to the scarcity of freehold industrial land near the airport, as the SPAZ is predominantly leasehold. This limits opportunities for businesses that prefer land ownership for long-term investment security and operational flexibility. By creating freehold industrial lots, this development will enhance business investment by providing greater financial security for industrial and logistics operators who require land ownership to justify significant capital investments. It will also support logistics and trade efficiency by ensuring time-sensitive industries—such as freight, distribution, and export businesses—have access to strategically located land, reducing transport costs and improving supply chain efficiency.

Additionally, Christchurch faces an industrial land shortage, particularly for logistics and warehousing. The 55.5-hectare development at 104 Ryans Road will help expand supply, alleviating market constraints and accommodating future growth. With a mix of lot sizes and ownership options, the development will attract a diverse range of businesses, fostering economic diversity and job creation. Given Christchurch Airport's role as the South Island's primary logistics hub, providing freehold industrial land nearby is essential for ensuring long-term economic resilience and industrial growth.

5.1.2 Co-location of industry with Christchurch Airport

Collocating with the airport is becoming increasingly important for business in Christchurch as the South Island economy grows. This growth translates into increased import and export activity and a need for warehousing and storage type facilities – as well as processing facilities to service the entire island – rather than simply Christchurch.

Currently Christchurch International Airport exports and imports $1,404m annually[8]. Christchurch has increased its role as an Imports airport with total imports over the past 5 years exceeding the previous 5 years by more than 8% (an average annual import total of over $700m in trade). This emerging role requires land based support industries such as Logistics Storage and Wholesaling to be present.

5.1.3 Land Market Competition

The proposal would introduce an additional 55.5 ha of industrial land to the market. This increase in competition would incentivize other landowners in the district to bring their land to market more efficiently and in a timely manner. Without such competition, landowners possess greater market power due to their partial monopoly over the supply of residential land.

In monopolistic conditions, landowners act as price setters, optimizing prices based on where their marginal revenue from releasing land matches the marginal cost. This pricing strategy invariably results in prices higher than those in a fully competitive market. As a result, landowners capture "super profits," which represent the difference between the monopolistic price and the competitive market price, multiplied by the volume of sales. Additionally, this market distortion creates a deadweight welfare loss for the district. Fewer industrial sections are brought to market, reducing overall buyer and developer welfare, aside from the monopolistic landowner.

By minimizing the effects of monopolistic competition in the industrial land market, the proposal delivers a significant economic benefit. It promotes a more competitive and efficient market, reducing business costs and improving access to industrial land (particularly in the vicinity of the Airport) for buyers, developers, and the wider community.

5.1.4 Direct Economic Benefits

The development of the Ryans Road land generates a range of direct economic benefits. They can be separated into two broad areas;

- Construction effects: All of the impacts direct and flow on associated with the development of the site and building of facilities to allow industrial activity to occur.

[8] Statistics New Zealand Harmonized System (HS10), December 2024

- **Operational or facilitated effects**: These are the economic impacts that are facilitated by the development and are made up of the output, employment and contribution to GDP of the businesses that ultimately locate on the land being developed.

In addition to the direct effects of either the development or the ongoing activity on the land, are the flow on effects that this activity stimulates. These are captured through assessing the backward linkages in the economy. Sectors that are directly impacted – either the construction sector or the warehousing/storage or industrial businesses that locate on the land, buy goods and services, inputs and raw materials, in order to carry out their functions from other businesses. These transactions are captured in the backwards linkage multiplier.

For example, the construction sector has one of the largest networks of backwards linkages through the economy as there are significant inputs into buildings. These goods (such a timber, panelling, roofing materials, aggregate, paint, furnishings and fittings, lighting etc) and services (such as accounting, legal, planning, HR and others) are generally either manufactured locally or are imported and have a wholesale or retail component in the local economy.

This means that for a given amount of construction value, applying the multiplier effect allows calculation of the additional activity that would occur within the local economy in order to sustain the construction. The same is true for the industrial activities – although this is a little less understood as the actual activities that may locate within the development are not yet known and could comprise of a range of different industrial and warehouse/logistics operations.

In order to present a summary or estimate of these effects, a scenario of final activity has been developed to model the final operation of 104 Ryans Rd.

Outlined below are the direct and flow on effects in terms of employment, gross output and value added (synonymous with GDP) for the construction phase and the operational phase of the proposed development.

5.1.4.1 Construction Phase Economic Benefits

The construction phase is assumed to occur over a 2–3-year period. While the process is not fixed, the general pattern is that the land will be divided into usable sites, and the large pieces of infrastructure required will be developed (roading, 3 waters, internet and electricity). Initial earthworks will also occur to flatten the land for roading and infrastructure. We have assumed that approximately 50% of the total construction effects occur within that first year, with the balance spread over 2 additional periods, determined by market demand.

Carter Group have had initial drawings prepared that show the land divided into 126 lots that yield a total developable area of around 50ha, out of the total 55.5ha (the differences are due to land required for roading, setback planting and for Airport designation and protection surfaces) (Figure 6).

Figure 6: Indicative Layout, 104 Ryans Rd

The 127 lots are expected to be developed with approximately 40% site coverage. This allows for yard space, turning space and setbacks from roading. Based on this assumption the site should yield some 176,300sqm of GFA for industrial purposes (including warehousing and storage). The development process is as described above and begins with subdivision, site levelling and the installation of roading and infrastructure. Based on information provided by Carter Group, we have estimated the costs associated with this phase at approximately $62m. These civil works stimulate the economy ahead of any construction or business operations.

Roads are built and following the sale process, developers and new owners can begin construction. I have assumed that the total construction (excluding the above raw land conversion works) is split between the non-residential construction sector (actual building) accounting for 60% of total costs, civil construction (post site creation) accounting for 10% of total build costs, and construction services (design, engineering, Geotech, planning and other service activities) accounting for the balance – 30%.

While it is not yet known what activities will locate on the site, I have assumed a mix of buildings are developed to cater for the types of activities likely to be found close to an airport. This includes warehousing with attached office space to operate as either national or regional headquarters for import/export businesses, cold store facilities to accommodate agricultural production, general warehouse space of different dimensions and a small amount of industrial activity (Table 6).

Table 6: Assumed Building Mix, 104 Ryans Rd development

Typology	Share of Total GFA	SQM GFA
Warehouse, under 20m clear span. Colorsteel® cladding	10%	17,634
Warehouse, under 20m clear span. 1200mm high precast or block walls, Colorsteel® cladding above	10%	17,634
Warehouse, over 20m clear span. 1200mm high precast or block walls, Colorsteel® cladding above	10%	17,634
Factory or Warehouse with administration office of up to 2 storeys attached. 30% admin, 70% high stud warehouse	35%	61,720
Cold Store. Internal height—10m	20%	35,268
Light Industrial Workshop	8%	13,226
Heavy Industrial Workshop	8%	13,226
Total	**100%**	**176,342**

I have then applied the latest average build cost estimates on a per sqm basis drawn from the QV Cost builder website. This provides elemental costs for all aspects of building by different typologies on a per sqm of GFA. Multiplying the GFA estimates in Table 6 with the build costs from Table 7 produces a total construction sector injection of over $299m over the construction period. Note these costs are above costs associated with converting farmland to industrial sites described above.

As outlined above, we have assumed that 50% of this would occur within the first year with the balance split between 2 further development periods as demand arises. Regardless of the timeframe all activity will occur within the construction sector.

Table 7: Estimated Construction Costs, 104 Ryans Rd Development

Typology	Cost per sqm GFA	Total Cost
Warehouse, under 20m clear span. Colorsteel® cladding	$ 1,350	$ 23,806,200
Warehouse, under 20m clear span. 1200mm high precast or block walls, Colorsteel® cladding above	$ 1,425	$ 25,128,700
Warehouse, over 20m clear span. 1200mm high precast or block walls, Colorsteel® cladding above	$ 1,250	$ 22,042,800
Factory or Warehouse with administration office of up to 2 storeys attached. 30% admin, 70% high stud warehouse	$ 1,950	$ 120,353,400
Cold Store. Internal height—10m	$ 1,750	$ 61,719,700
Light Industrial Workshop	$ 1,650	$ 21,822,300
Heavy Industrial Workshop	$ 1,825	$ 24,136,800
Total		**$ 299,009,900**

This level of construction activity requires the construction sector to employ staff (or to utilise staff they have on their books), purchase raw materials and services and carry out the development work. This sets in train a series of economic transactions back through the economy as all the businesses and sectors that supply the construction sector, increasing output in order to meet increased demands.

These industries also increase employment – or utilise employment already engaged, purchase raw materials and services from their suppliers and increase output. The sum of these transactions back through the economy are captured in backwards linkage multipliers.

The final round of stimulated activity occurs when employees and business owners who receive income from this increase in construction sector activity (either directly engaged in the construction sector, or its suppliers) spend a portion of their income more generally in the economy.

The sum of these direct, indirect and induced expenditures represents the full economic impacts felt from undertaking this development, that is the construction of the site. They are presented in Table 8, below in terms of employment, gross output and value added (GDP).

Table 8: Construction of 104 Ryans Rd Development Direct and Total Effects on Christchurch Economy, ($m and MEC[9])

	Non Res Build	Civil Construc.	Construc. Services	**Total**
Direct Effects				
Employment	248	152	355	**755**
Gross Output	$ 179.4	$ 92.0	$ 316.8	**$ 588.2**
Value Added	$ 27.5	$ 30.8	$ 201.0	**$ 259.2**
Total Effects				
Employment	1,117	480	608	**2,205**
Gross Output	$ 438.2	$ 197.8	$ 573.0	**$ 1,209.1**
Value Added	$ 133.3	$ 74.1	$ 366.4	**$ 573.8**

The development of 104 Ryans Rd is expected to sustain the employment equivalent of **755 construction sector FTE's**[10] (note this employment will be spread over the build periods). The development construction **will inject approximately $259m of GDP into the Christchurch economy** from a total level of output of $588m (total build cost including land development, design, consenting, marketing etc).

Once the backwards linkages are fully accounted for, this level of stimulus **sustains 2,205 FTEs for 1 year and supports $574m in contributions to Canterbury Regions GDP**, the majority within Christchurch City (Table 8).

While the construction activity represents a one-off injection into the sector (spread over a number of development years), it is a significant addition to the Christchurch construction sector. I note that the construction sector, in general operates by stringing together a number of developments such as this over the course of a number of years. Any one single development may not sustain the sector long term, rather they all contribute to maintaining a healthy part of the Christchurch economy.

In total, a development that brings almost $588m to the construction sector is significant and positive for the Christchurch and Canterbury Regional economies.

5.1.4.2 Operational Phase Economic Benefits

Once the building is completed, new businesses are able to move in and establish in close proximity to each other and the Christchurch International Airport. For the businesses likely to be attracted here, the airport is the key draw card. **The other key attractor of businesses to this location is the ability to freehold own the site**. This is not the case with other collocated Airport land. Most of that land is held by the Airport and is only available for lease. This is likely to be a significant barrier to some businesses.

It is obviously not possible to know exactly what businesses will choose to locate on the site – given it is not currently on the market, however, given the nature of the site and the nature of the buildings that will

[9] Modified Employee Count – It takes Statistics NZ Employee Count and adds working proprietors who are not employees. It produces a more accurate measure of physical employment.

[10] Full time equivalent.

potentially be built and modelled above for the construction impact, I have developed a mix of activities that potentially could locate there. This then forms the basis for estimating the scale of economic impacts and the resulting benefits that accrue to the Christchurch economy as a result.

Table 9: Economic Effects on Christchurch of Operational Phase – 104 Ryan Rd

Economic Effects	Wholesale	Transport and Storage	Industrial	**Total**
Direct Effects				
Employment	257	836	193	**1,287**
Gross Output	$ 62.3	$ 256.1	$ 66.8	**$ 385.2**
Value Added	$ 30.7	$ 125.0	$ 22.6	**$ 178.4**
Total Effects				
Employment	435	1,609	725	**2,770**
Gross Output	$ 119.4	$ 497.3	$ 134.8	**$ 751.6**
Value Added	$ 53.3	$ 226.0	$ 50.2	**$ 329.5**

Table 9 assumes the activity mix is 20% Wholesaling, 65% Transportation and Storage and other Logistics, and 15% Industrial. Direct employment estimates are based on an average density of land area per worker. Direct employment is estimated based on assuming that the smaller lots (less than 1ha) operate at 250sqm/worker and the larger lots (greater than 1ha) are 500sqm/worker. In total this development has the potential to accommodate almost 1,290 workers once fully developed (under these assumptions).

The activity mix sees 840 workers in Transport and Storage (logistics operations), almost 260 in wholesale operations and 190 in light industrial activities. Collectively, using Christchurch specific productivity factors, these businesses would generate turnover of just over $385m annually. Of this some $178m is delivered as a direct contribution to GDP in the Christchurch economy.

To put it another way, every 2 years the Ryans Rd development operates at full occupancy generates more turnover than the total cost to develop the site. While construction effects and impacts are important to acknowledge, the real effect of this development is the ongoing role it will play in the Christchurch economy facilitating airport focused businesses.

Further, given the discussion above about a potentially significant shortfall in the amount of land available for Warehousing and Logistics activities in and around the Airport, the turnover figure of a fully developed Ryans Rd site becomes the measure of potentially adverse impact caused by failing to provide for this development to address expected demand.

Once the effects of all supplying businesses and wage and salary transactions are included across the whole economy, the Ryans Road Development helps facilitate the equivalent of 2,770 workers working full time for a year (every year) in Christchurch.

In addition, this level of direct, indirect and induced activity contributes almost $330m to Christchurch City's GDP each year. This is a significant development generating significant economic benefits for the Christchurch and Canterbury economies.

5.2 Economic Costs

While not specifically required under the Fast-Track Consenting Act 2024, it is none the less important to understand (broadly) economic costs incurred by developing here. The most significant economic cost of the proposal is likely to be the opportunity cost of converting the land from agricultural to industrial use. The site is classified as Land Use Capability (LUC) 2, which is considered highly productive. Manaaki Whenua – Landcare Research describes LUC2 land as "Arable. Very good multiple-use land, slight limitations, suitable for cropping, viticulture, berry fruit, pastoralism, tree crops and forestry."

I have provided broad estimates of the potential returns from arable farming, consistent with the LUC classification. New Zealand's arable farming sector is among the most productive globally due to favourable climate conditions, fertile soils, high-yield crops, irrigation use, and skilled farmers. Gross margins for key grain crops typically range between $1,500 and $2,000 per hectare, while key seed crops generate between $2,000 and $4,000 per hectare.

Applying these margins to the 55.5 hectares proposed for rezoning, the estimated loss in gross returns would range from $83,250 to $222,000 per year. The potential economic output from arable farming on this site represents only a small fraction of Canterbury's total agricultural production. More importantly, it is negligible compared to the significant benefits associated with the provision of freehold industrial zoned land adjacent to the Christchurch Airport. The loss of primary production from this 55.5-hectare site will not compromise Canterbury's agricultural economy, even if the land remains permanently removed from production. In this context, the opportunity cost of maintaining the land for farming is significantly higher than transitioning it to industrial use, where it can unlock much greater economic potential for the region.

5.3 Summary

In summary, the proposal will have significant **economic benefits,** including:

- **Increased Business Land Supply:** by providing 55.5 ha of freehold industrial land near Christchurch Airport, addressing the limited supply of such land.
- **Enhanced Industry Co-location:** which supports growing import/export needs with logistics and processing facilities, strengthening Christchurch's role as a trade hub.
- **Market Competition:** by way of increased land supply, reducing monopolistic pricing, improving efficiency, and benefiting buyers and developers.
- **Construction Phase Direct Economic Impacts:** contribute approximately $259m GDP to the local economy, sustaining 755 full-time equivalent (FTE) jobs in the construction sector over the build periods. Taking into account backwards linkages, this level of stimulus sustains 2,205 FTEs and supports $574m in contributions to Canterbury Regions GDP through the construction phase.
- **Operational Phase Direct Economic Impacts:** Potential to support 1,290 direct jobs in wholesale, transport and storage, and other industrial sectors. Generates over $385m in annual turnover, contributing $178m directly to local GDP. Total employment impact (direct and indirect) of 2,770 FTEs annually, adding $330m to Christchurch's GDP each year the land is operational.
- **Long-term Economic Contribution:** Provides ongoing economic stimulus through business operations and supply chain linkages.

By comparison, the **economic costs** of the project are modest, entailing:

- **Loss of Agricultural Land:** Conversion of 55.5 ha of LUC2 arable land, estimated to forgo $83,250 to $222,000 in annual gross agricultural returns.
- **Minimal Regional Impact:** Agricultural loss is a small fraction of the Canterbury region's total production and unlikely to affect the wider sector.
- **Lower Agricultural Viability:** Long-term farming on-site would struggle to meet standard return-on-capital thresholds.

In conclusion, we consider that the project delivers substantial economic benefits at a regional scale, through industrial expansion and land supply (particularly in the vicinity of the Airport), job creation, and market competition, and that these benefits significantly outweigh the relatively low opportunity cost of lost agricultural production.

6 Conclusions

Based on our analysis, the economic benefits associated with the development of 104 Ryans Road are substantial. The project is expected to generate a one-off total construction effect of $574 million in GDP for the Christchurch economy, spread over multiple construction seasons. This contribution will support employment across a range of sectors, including construction, engineering, professional services, and supply chain industries.

Once fully occupied, the development will have a sustained operational impact, contributing $330 million in GDP annually to the Christchurch and Canterbury economies. This ongoing economic activity will create and maintain employment opportunities across retail, commercial, and service sectors, supporting local businesses and strengthening regional economic resilience.

Given the scale of these benefits, I conclude that the regional economic impacts of this development under the Fast-track Approvals Act are **significant**. The project will directly contribute to economic growth, job creation, and increased commercial activity, reinforcing the region's economic base and enhancing its ability to support a growing population.

In addition to these regional benefits, the development is expected to generate positive national-level effects. While these may be highly significant for specific industries that operate nationally and will directly benefit from the Ryans Road development, when considered in the context of the overall national economy, they do not reach the threshold of being classified as significant at a national scale. However, industries such as construction, logistics, and materials supply could experience notable gains from the increased demand associated with this large-scale project.

Appendix 1: Expertise & Experience of Report Authors

Dr. Maggie Hong joined Market Economics in late 2023 and brings over 15 years of experience in both the public and private sectors in New Zealand. Prior to joining ME, she was a Principal Analyst in Waikato District Council's Growth and Analytics Team, where she provided economic advisory and analytical support to the Executive Leadership Team and elected members. In recent years, Maggie has worked extensively on projects related to the National Policy Statement on Urban Development (NPS-UD) monitoring, demographic analysis, and business and residential land use analysis. She holds a PhD in Economics from the University of Canterbury and has published research in edited books and international peer-reviewed journals, including Applied Economics and the Journal of Economic Surveys. Maggie has expertise in econometrics, cost-benefit analysis, geographic information systems (GIS), and spatial analysis. She is highly proficient in working with large datasets and analytical tools such as SQL, Power BI, QGIS, and Python.

Greg Akehurst (BA/BCom) has degrees in Geography and Economics and is a founding Director of ME. He has 29 years of experience in the fields of Urban Economics and Development Economics. He has specialised in developing models that are used to assess the economic effects of developments such as proposed at 104 Ryans Rd. He has prepared and presented expert evidence in Council Hearings, the Environment Court and prepared affidavits and given evidence in the High Court on behalf of developers and Councils. Greg has headed up ME's Housing and Business Development Capacity Assessment (HBA) work and authored the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) guidance document advising Councils how to carry out business and residential land sufficiency assessments. ME have carried out HBA studies for Auckland council, Future Proof, Tauranga, Rotorua Lakes District, Hastings District, Selwyn District and Waimakariri District, Nelson /Tasman, Queenstown and Dunedin City over the past 6-9 years.