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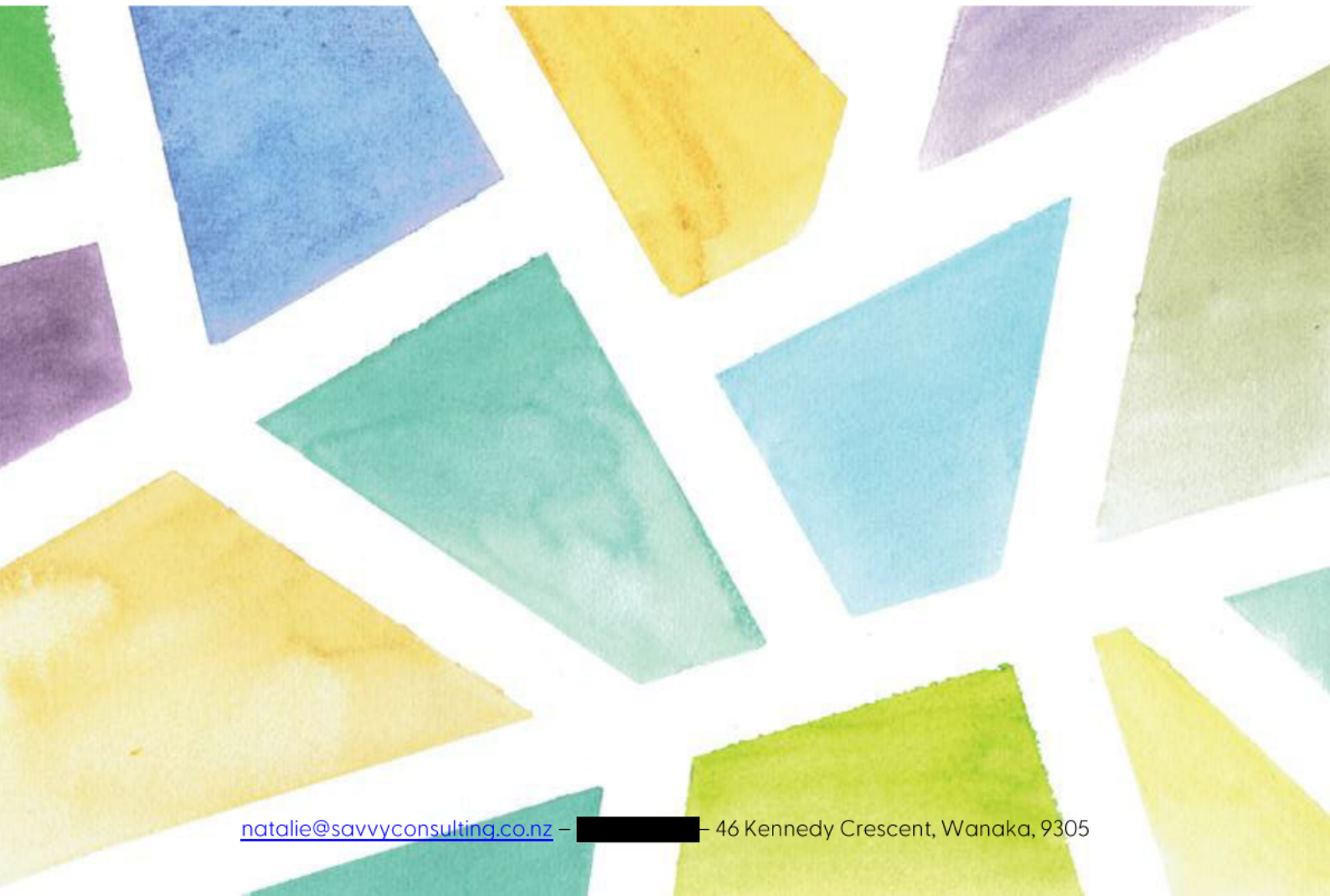
Pound Rd Industrial Development Economic Assessment

Fast Track Application

Prepared for: NTP Development Holdings Limited - June 2025



natalie@savvyconsulting.co.nz – [redacted] – 46 Kennedy Crescent, Wanaka, 9305

Pound Road Industrial Development Economic Assessment

Fast Track Application

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Author: Natalie Hampson (Director)

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Executive Summary

NTP Development Holdings Limited (NTP) are seeking to develop 60.4ha (gross) of land on the existing urban boundary for industrial use. The land will form part of the Islington-Hornby South industrial locality and market in Greater Christchurch, which is a location comprising Industrial General, Industrial Heavy and Industrial Park zoning and with estimated net vacant development capacity of between 157.8ha (conservative capacity scenario) and 186.6ha (full capacity scenario).[1] The proposed site will naturally extend the existing Waterloo Business Park (Industrial General Zone) and is considered suitable (feasible) for industrial development and likely to contribute to a well-functioning urban environment.

This assessment finds that the project aligns with the purpose of the Fast Track Approvals Act 2024 (the Act) 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 locality is characterised by above average industrial business sizes with a focus on construction, wholesaling, warehousing, transport, and manufacturing. This is driven by its unique combination of locational attributes that include good access to the large Christchurch urban area (including Christchurch International Airport and Lyttelton Port) and wider Canterbury market (including inland ports at Rolleston) due to its location on the urban fringe and State Highway (and rail)[2] network.

The locality is also characterised by high demand (industrial land take-up) relative to other industrial localities in Greater Christchurch. Take up of vacant land across the locality is estimated by Savvy at 16.8ha per annum based on recent data (pre-Covid 19).[3] If this rate of demand continues, it is estimated that the locality will not have sufficient zoned capacity to meet expected demand in the medium or long-term. The total planning shortfall ranges between 15.1ha and 43.9ha by 2034 and is significant in the long-term.

The proposed industrial development site within the scope of the application has a gross area of 60.4ha. Indicatively this could supply 42.3ha of net development capacity (based on the assumption of 30% of the site being used for roading, reserves and other infrastructure). Savvy considers that the addition of 42.3ha of development capacity is significant in the context of Policy 8 of the National Policy Statement on Urban Development (NPS-UD) and the region.

[1] Under the full capacity scenario, 50.5ha or 27% of vacant capacity in the locality is in the Industrial General Zone.
[2] The site itself does not offer a rail connection.
[3] This is Savvy's preferred demand growth scenario.

The proposed development site contains LUC 2 land, although Savvy is advised that the land does not qualify as highly productive land (HPL) under the National Policy Statement for Highly Productive Land (NPS-HPL). In the event the land is considered to qualify, any urban subdivision, development and use of the site can, under clause 3.10(1), only be considered if it can be demonstrated that there are:

- permanent or long-term constraints to using the land for land-based primary production;
- the development avoids:
    - significant loss of productive capacity at a district level,
    - fragmenting large cohesive areas of HPL, and
    - reverse sensitivity effects on surrounding land-based primary production; and
- the economic benefits of the proposal outweigh the long-term economic costs associated with loss of HPL for land-based primary production.

Informed by the Reeftide report prepared for the application, most of the site is considered to have permanent constraints for delivering viable land-based primary production over the long-term. Savvy's assessment shows that the proposal passes the test of avoiding further fragmentation of any geographically large HPL areas, and the loss of HPL on the site for urban development would not result in any significant loss of productive capacity in Christchurch City (with the reduction in total HPL in rural zones just 0.5%). Savvy does not consider that there is any risk of reverse sensitivity effects on nearby primary production properties.

A final test for considering development of HPL for non-primary production purposes is whether the benefits of the proposed development outweigh the costs associated with the loss of long-term capacity for land-based primary production. This has been assessed from an economic perspective.

The long-term productive capacity of the site is expected to be limited to a single property currently growing vegetables, due to constraints on increasing irrigation or nitrogen run-off in the catchment beyond this 8.1ha horticultural area. While vegetable growing is a key agricultural sector (particularly as populations grow), the loss of this 8.1ha is estimated to account for 0.07% of total planted vegetable crop land in Canterbury Region.

The direct and indirect value added contribution of the productive land to the economy has been estimated between $21-56m per annum (and likely the lower of this range). However, this is expected to be lower than the potential economic contribution of the proposed industrial

development (including the development of the land, construction of the buildings and other improvements, and annual operation of a large number of industrial (or otherwise enabled) businesses over the long-term). Accordingly, there are no adverse economic impacts that reach the threshold of a "sufficiently significant adverse impact" such that they need to be taken into account in terms of an assessment under s 85 of the Act.

Having considered the spatial framework of the Greater Christchurch's industrial economy and identifying Islington-Hornby South as a defined locality and market of strong demand in that wider industrial context, Savvy considers that the proposed development will make a valuable and significant contribution to vacant industrial development capacity in that locality and wider region to help meet projected demand and support a competitive industrial land market.

Compared with the status quo zoning and land use (a mix of lifestyle blocks and one horticultural property), the economic benefits of industrial development are expected to be significant and outweigh the economic costs. Industrial development is therefore considered the most efficient use of the site. As the prime location for industrial growth in Canterbury Region at present, and the locality's role in attracting industrial businesses (including construction, wholesaling, logistics, transport, and manufacturing businesses) that often service a regional trade catchment, the proposed Pound Road industrial development is expected to make a significant contribution to the economic growth of Greater Christchurch and wider Canterbury.

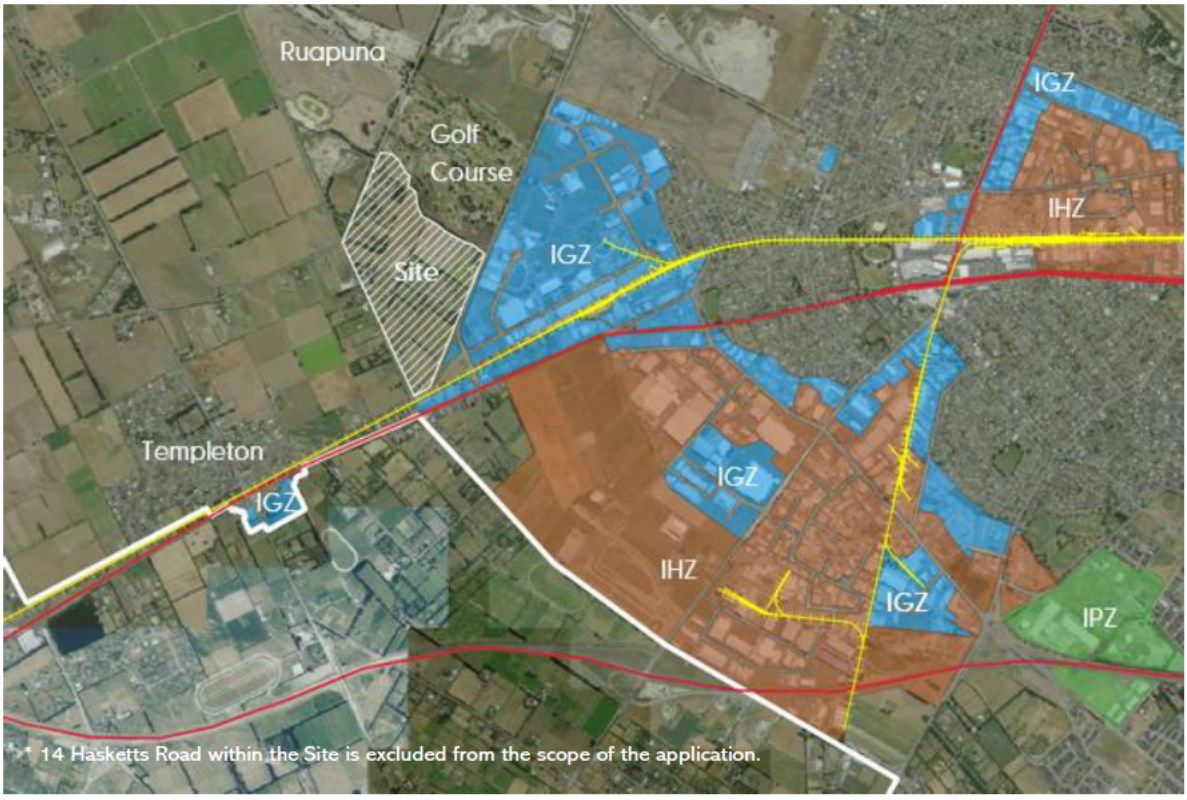
1 Introduction

The Pound Road Industrial Development is listed under Schedule 2 of the Act. The purpose of the Act is to "*facilitate the delivery of infrastructure and development projects with* ***significant regional or national benefits***". This report has been prepared by Savvy Consulting Limited (Savvy)[4] to assess the economic effects (costs and benefits) of a request for approvals under the Act for an area of land in Islington, Christchurch that is currently zoned Rural Urban Fringe for industrial development.

The scope of this independent economic assessment has been designed to assist with the Assessment of Environmental Effects by outlining the significant regional or national benefits of the project, as well as assessment against district and regional planning provisions, and higher order statutory documents (namely the NPS-UD and NPS-HPL), from an economic perspective.

1.1 Proposal

Figure 1.1 – Proposed Industrial Development Site (Pound Road)



[4] Refer Appendix A for a CV of Savvy's director, and report author.

The proposed industrial development is located on Pound Road in Islington (Figure 1.1 above). The land adjoins (and naturally extends) the Waterloo Business Park which is zoned Industrial General Zone. It would form part of a wider node/cluster of industrial development in the locality which comprises a mix of Industrial Heavy, Industrial General and Industrial Park zoning. The total site is 62.4ha, although the application relates to 60.4ha as it excludes 14 Haskett Road.

The land within scope of the application is comprised of a small number of owners at present. NTP (the applicant) directly owns or has unconditional contracts on around 64% of the land within scope of the application (38.7ha). There are 5 other owners including Christchurch City Council (8.6ha), Kainga Ora (2.0ha) and 3 private owners spanning a total of 21.7ha. The proposed scheme plan suggests that approximately 74 industrial lots could be created spanning a range of sizes.[5] The site and wider industrial locality have good access to major transport routes heading into central Christchurch as well as north, south and west of Christchurch. The locality is also central to both the Christchurch International Airport to the north and the inland ports in Rolleston to the south-west.

1.2 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 Pound Road Industrial Development, which is subject to this assessment.

A key consideration for the panel is the significant regional or national benefits of a project. Under section 85 a panel may only decline an approval of the adverse impacts are sufficiently significant to be out of proportion to the project's regional or national benefit; taking into account any conditions or modifications that the applicant may agree to or propose to avoid, remedy, mitigate, offset or compensate for those adverse impacts.

Section 22 of the Act outlines the key criteria for determining the regional or national benefits of a project under the Act. In relation to this project, they include whether the project:

- Section 22(2)(a)(iii): Will increase the supply of housing to address housing needs or contribute to a well-functioning urban environment (within the meaning of Policy 1 of the National Policy Statement on Urban Development 2020).
- Section 22(2)(a)(iv): Will deliver significant economic benefits.
- Section 22(2)(a)(v): Will support primary industries, including aquaculture.

[5] Excludes lots identified for stormwater management/reserves. One lot is large and is referred to as a balance lot.

- 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.
- Section 22(2)(x): Is consistent with local or regional planning documents, including special strategies.

These criteria help to set the context of what economic effects (costs and benefits) are of key relevance to the application. This report focusses on criteria (iii), (iv) and (x).

1.3 National Policy Framework for Industrial Land

The following national policy provisions help to set the further context of the economic effects (costs and benefits) analysis. An assessment of the project against the relevant provisions of these documents is required to be included as part of the application under the Act.

1.3.1 National Policy Statement – Urban Development (NPS-UD)

As a tier 1 local authority, and part of the Greater Christchurch urban environment, Christchurch City Council must give effect to the objectives and policies of the NPS-UD. At a high-level, the following objectives and policies are considered relevant to the scope of this economic assessment:

- Planning decisions contribute to well-functioning urban environments which have or enable a variety of sites that are suitable for different business sectors in terms of location and site size, have good accessibility for people, and support competitive land and development markets (Objective 1 and Policy 1 b, c, d).

- District Plans enable urban environments to develop and change to meet the changing needs of communities and future generations, including by enabling more businesses to locate in areas of an urban environment where there is high demand for business land relative to other areas (Objectives 4 and 3(c)).

- Local authorities, at all times, provide at least sufficient development capacity to meet expected demand for business land over the short, medium and long-term (Policy 2). While this is not a rezoning application, the application for approval under the Act is a response to the insufficiency of development capacity provided in the District Plan.

From a market perspective, a consented development achieves the same outcome and benefits of additional zoned capacity.

- Decision makers should have regard to the benefits of urban development that are consistent with a well-functioning urban environment (Policy 6c).
- Decision making affecting urban environments is responsive to proposals that would add significantly to development capacity and contribute to well-functioning urban environments even if unanticipated by planning documents or are out of sequence with planned land release (Objective 6(c), Policy 8). Again, while not a plan change, the economic benefits of the application are directly related to the significant scale and location of the industrial development proposed.

Guided by the NPS-UD, this economic assessment therefore seeks to confirm if the proposed development is in a location of high relative demand, whether sufficient development capacity has been provided in that locality in the District Plan to meet expected demand over time, whether the proposed development contributes to a well-functioning urban environment and provides significant development capacity, and whether there are net economic benefits from the application.

An assessment of different localities of industrial zoning in Greater Christchurch is therefore contained in Section 3 of this report. Industrial land demand and sufficiency in the locality of the development site is assessed in Section 4. Suitability of the site for industrial development is discussed in Section 6.1. Economic costs and benefits are summarised in Sections 6.2-6.4.

The relevant time frame for assessing demand, capacity and sufficiency for a plan change request in accordance with the NPS-UD would be the medium-term (10 year outlook). Savvy is also aware that central government is seeking to amend the RMA so that local authorities are required to provide sufficient zoned capacity to meet long-term demand (a 30 year outlook). While this amendment is not anticipated to be confirmed until later in 2025, this assessment has considered both medium-term and long-term sufficiency outcomes.

1.3.2 National Policy Statement – Highly Productive Land (NPS-HPL)

The proposed site contains land use class (LUC) 2, although Savvy has been advised by the applicant's legal advisors that the land does not qualify as HPL under the NPS-HPL.[6]

[6] Until HPL is mapped by Environment Canterbury (and operative), HPL is defined as LUC 1, 2 and 3.

Regardless, an assessment has been undertaken against the relevant clause of the NPS-HPL (i.e. clause 3.10).[7]

Clause 3.10 states that local authorities may allow HPL to be subdivided, used or developed for activities not otherwise enabled under other clauses of the NPS-HPL[8] if they are satisfied that the following three tests are met:

a) There are permanent of long-term constraints on the land that mean that the use of the HPL for land-based primary production is not able to be economically viable for at least 30 years, and

b) Avoids any significant loss of productive capacity of HPL at the district level, is not fragmenting a large or geographically cohesive area of HPL, and avoids or mitigates any reverse sensitivity effects on surrounding land-based primary production, and

c) The benefits of the proposal outweigh the long-term costs associated with the loss of HPL for land-based primary production.

The tests of Clause 3.10 of the NPS-HPL are assessed (with reference to the Reeftide Report) in Section 5 of this report.

1.4 Report Scope

To meet the requirements set out above, the approach of this economic assessment considers:

- Operative industrial zoning across Greater Christchurch (locations on the ground by type);
- District wide assessments of urban industrial land sufficiency, focussing on Christchurch City. This is sourced from the Greater Christchurch Business Development Capacity Assessment 2023 (BDCA 2023).
- Potential implications of the industrial rezoning changes proposed for Plan Change 14 in Christchurch City for future industrial zone demand and capacity if that rezoning is pursued.
- Market commentary on the Christchurch industrial land market and recent trends, including the detailed investigation by Colliers for the application.

[7] While the application also seeks subdivision approval, meeting the tests of clause 3.9 or 3.10 is assumed by Savvy to avoid the need to apply clause 3.8 (avoiding subdivision of HPL).

[8] Clauses 3.7, 3.8 or 3.9.

- Employment and business count trends in industrial zone locations (2018-2023).
- Industrial building consent trends in Christchurch City (2018-2024).
- Vacant industrial zone land capacity in the locality of the proposed development site, including comparisons with Colliers' research.
- Demand for industrial zone land in the locality of the development site, including comparisons with Colliers's research.
- Sufficiency of zoned development capacity to meet industrial demand in the locality of the proposed development in the medium and long-term, and the contribution of the proposal in that context.
- Assessment of the economic benefits of industrial land development on the site compared with economic costs of foregone primary production capacity, drawing on the Reeftide report prepared for the application.
- An evaluation of the proposed site against industrial land development criteria, consistent with a multi-criteria analysis (MCA) approach used in an HBA under the NPS-UD.
- A summary of all economic costs and benefits, with conclusions on overall economic efficiency and regional significance.

1.4.1 Study Area and Urban Environment

The study area for this assessment is industrial zones within the Greater Christchurch urban environment, as illustrated within the boundary of Map A of the Canterbury Regional Policy Statement. This includes industrial zones in Christchurch City as well as Rolleston, Ravenswood, Kaiapoi and Rangiora. The report provides greater focus on Christchurch City and then narrows in on the industrial locality of the proposed development site.

2 Existing Research & Commentary

2.1 Operative District Plan Industrial Zoning

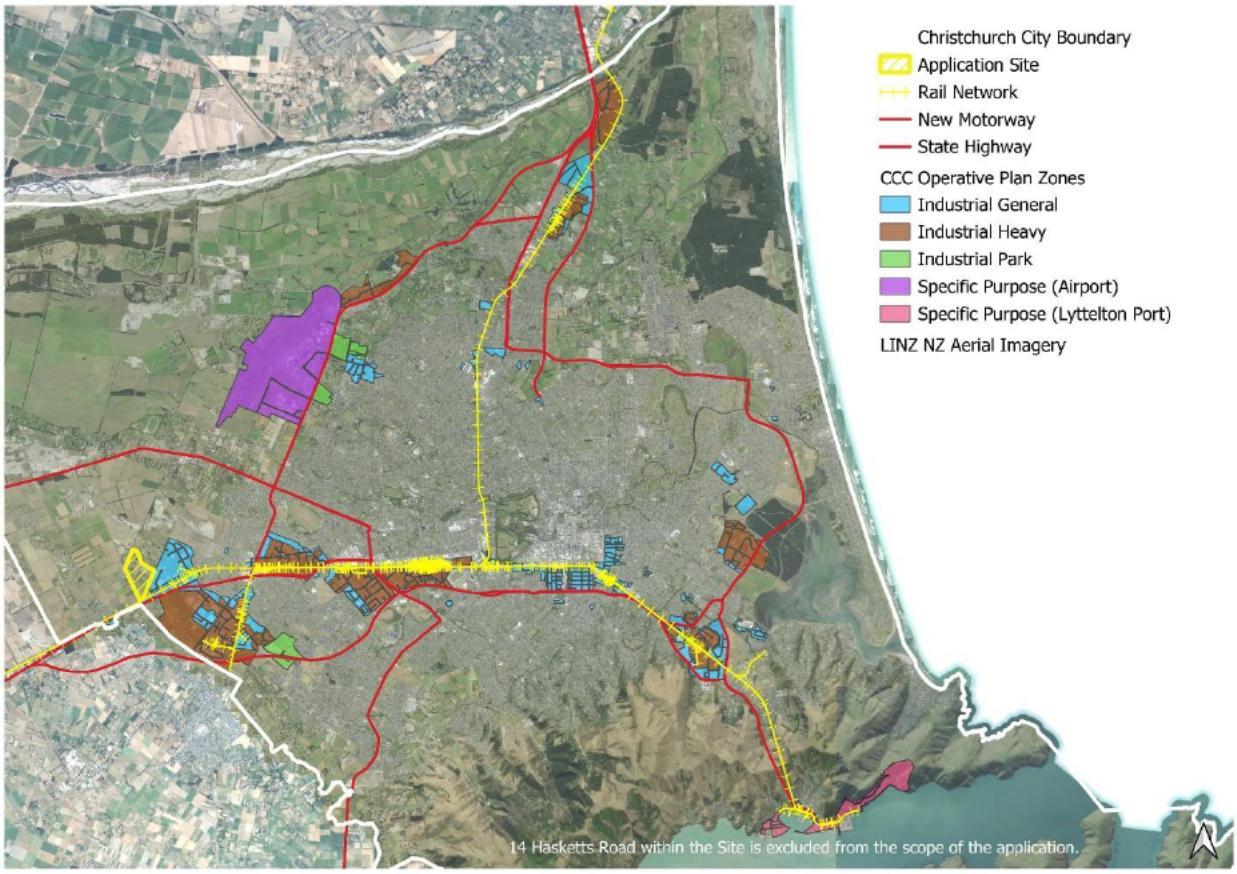
In Christchurch City, industrial zoned land is categorised as follows:

- Industrial General Zone – this zone provides for activities that are more compatible with other urban zones. It is provided in a range of locations, often in conjunction with the Industrial Heavy Zone, with the last district plan review zoning new areas in south-west Hornby, Islington, and north-west Belfast.
- Industrial Heavy Zone – in addition to other industrial activities, this zone provides for activities with greater externalities such as noise, odour and heavy traffic or involve hazardous substances. The zone is provided in a range of locations, with the last district plan review zoning a large area at south-west Hornby.
- Industrial Park Zone – this zone provides for a range of activities excluding heavy industry as well as high tech and similar industries that seek higher amenity development areas. It is provided in three locations in Christchurch.

For the report, we have also included the Special Purpose Airport Zone as this provides for some industrial activity within the Development Precinct. The Airport Zone is also accounted for as providing industrial development capacity in the Council's BDCA assessments (discussed below). The Lyttelton Port can also be considered as providing for industrial activities (although this Specific Purpose Zone is not included in the BDCA 2023). The three Christchurch industrial zones and these two Specific Purpose Zones are mapped in Figure 2.1.

Industrial zoning is located in a mix of urban fringe and inner urban areas. While some small areas of Industrial General Zone are provided in the District Plan, most industrial zones form large contiguous areas.

Figure 2.1 - Industrial Zones in Christchurch City, Including Airport & Lyttelton Port



In Selwyn District (Greater Christchurch area), industrial zones in the Partially Operative District Plan include the General Industrial Zone in Rolleston, and the (Inland) Port Zone also in Rolleston (Figure 2.2). The industrial area in Rolleston is concentrated north of the urban area.

In Waimakariri District (Greater Christchurch area), industrial zones in the Proposed District Plan include a small pocket of Light Industrial Zone in Rangiora and several locations of General Industrial Zone in Rangiora (Southbrook), Ravenswood, north and south of the town centre in Kaiapoi, and south of Kaiapoi near the boundary with Christchurch City (Figure 2.3).

Figure 2.2 – Industrial Zones in Selwyn District (Greater Christchurch Area)

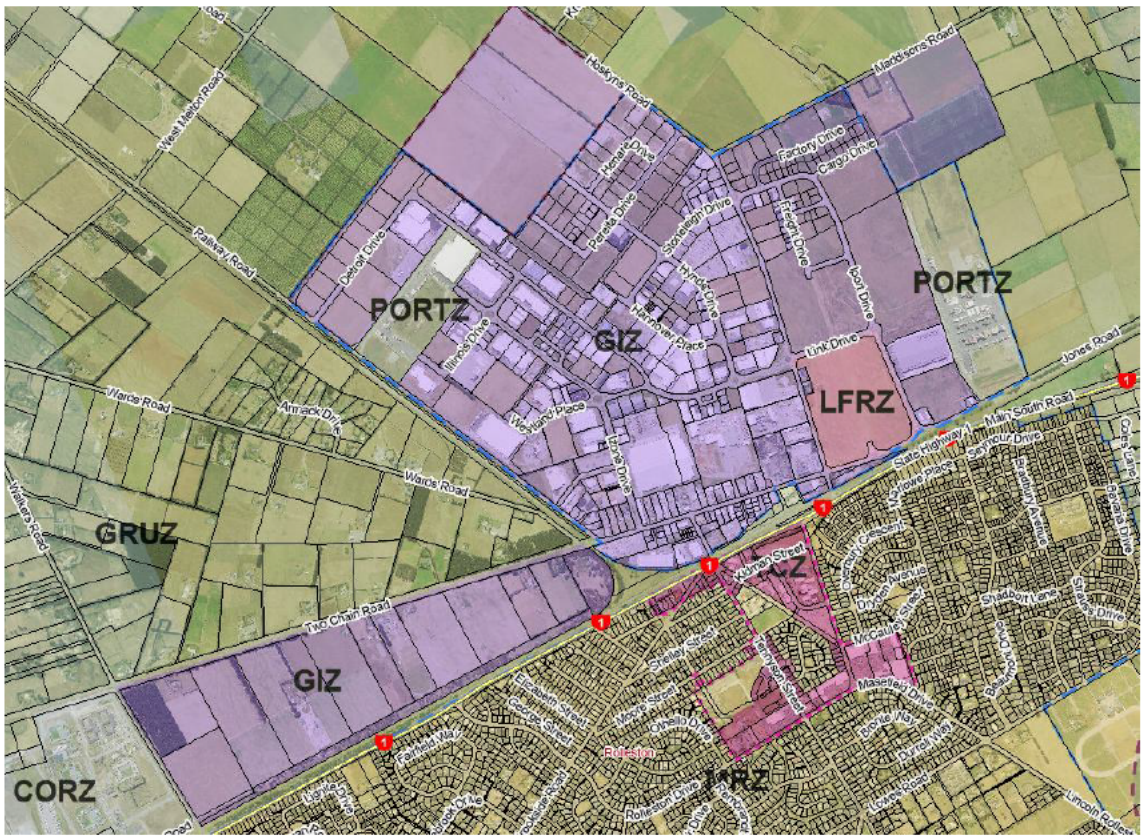
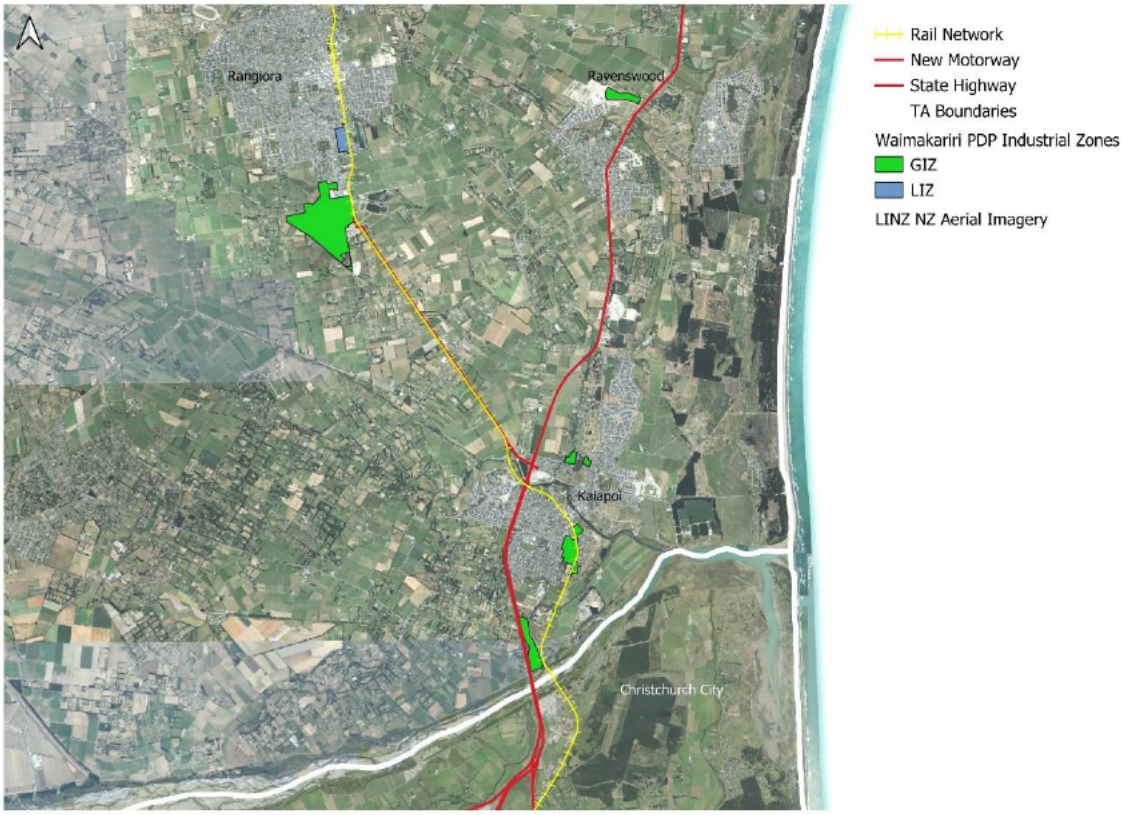


Figure 2.3 – Proposed Industrial Zones in Waimakariri District (Greater Christchurch)



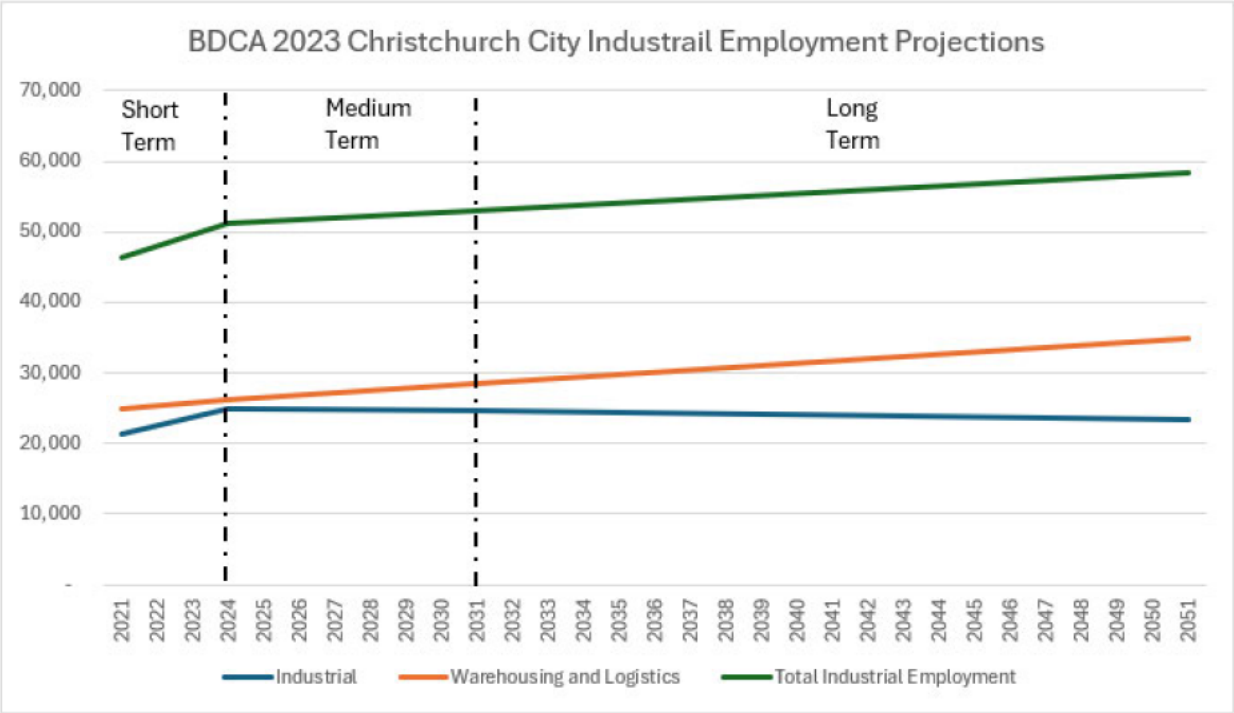
2.2 Greater Christchurch BDCA 2023

Prepared in accordance with the NPS-UD, this Council report published in April 2023 is an update of the earlier BDCA 2018.[9] The base year of the report is 2021 and it examines a long-term period of 2021-2051.

2.2.1 Industrial Land Demand

Demand modelling for Christchurch City in the BDCA 2023 is based on a VAR employment projection model that takes into account employment growth over the 2000-2020 period by 22 sectors (and aggregated to 6 land use categories). Industrial employment projections are split into 'Industrial' and 'Warehousing and Logistics' (Figure 2.4). Industrial employment is projected to decrease in the long-term,[10] although there would still be net growth of 9% (1,917 more employed) by 2051 due mainly to growth in the short term. Warehousing and logistics employment is projected to increase steadily over time, with total growth 2021-2051 of 41% or 10,095 additional employed.[11]

Figure 2.4 – Copy of BDCA 2023 Christchurch Industrial Employment Projections (Straight Line Interpolation)



[9] It appears to Savvy that some aspects of the 2018 report have been carried over and not updated.
[10] Savvy estimates that this is due to assumptions around an increase in labour productivity in the industrial sector.
[11] Savvy is uncertain why Table 10 of the BDCA 2023 has a 2020 base year of employment for warehousing and logistics employment, and not a 2021 base year.

The BDCA 2023 states that for the Christchurch demand modelling, employment is converted to workspace floor area based on current supply to employment ratios. This creates projected floorspace which is then translated into projected demand for industrial land. However, these steps in the BDCA 2023 are not easily followed in Tables 9 and 10 of that report.[12]

For example, in Table 9 (Industrial Demand), the total employment in each year is presented, along with total associated floorspace. However, the ratio of floorspace per employee derived from these figures starts at 4.52sqm/person employed in 2021 and then ranges between 4.23sqm/person employed in 2024 and up to 9.84sqm/person employed in 2051. This means that even though employment is decreasing in the 2031-2051 period (long-term) the floorspace demand is increasing. This does not align with the modelling provided for other areas within Greater Christchurch.

The growth in floorspace demand in the short, medium and long-term (discrete) periods is correctly calculated (showing for example an increase in floorspace between 2031 and 2051 of 103,711sqm). However, the 'cumulative floorspace requirement' incorrectly refers to the gross floorspace projected at the end of each time period and not the net change once you deduct the 2021 baseline. This apparent error, compounded by the sudden leap in floorspace/person employed ratio in the long-term, significantly overstates floorspace demand growth over the long-term, and especially in the short and medium-term (Figure 2.5).

The final step is to convert floorspace demand to land demand. This typically relies on floor area ratios (FARs) derived from current development patterns. Table 9 simply expresses the (incorrect) floorspace demand growth as hectares (i.e. divides floorspace by 10,000).[13] If nothing else, this significantly underestimates land demand as it does not account for land requirements outside of the building envelope.[14]

Finally, in the bottom row of Table 9 of the BDCA report, the competitive margin in the long-term has been incorrectly applied. The table applies a 15% margin for the full 2021-2051 period, but in accordance with guidance, 20% must be applied for the growth between 2021 and 2031 and then 15% applied to the growth between 2031 and 2051. On its own, this error means that the land demand in the long-term would be understated slightly.

The Industrial demand modelling therefore has apparent errors that simultaneously overstate floorspace demand and understate land demand associated with that floorspace growth. As site coverages and floor area ratios for Industrial development are relatively low (i.e. around

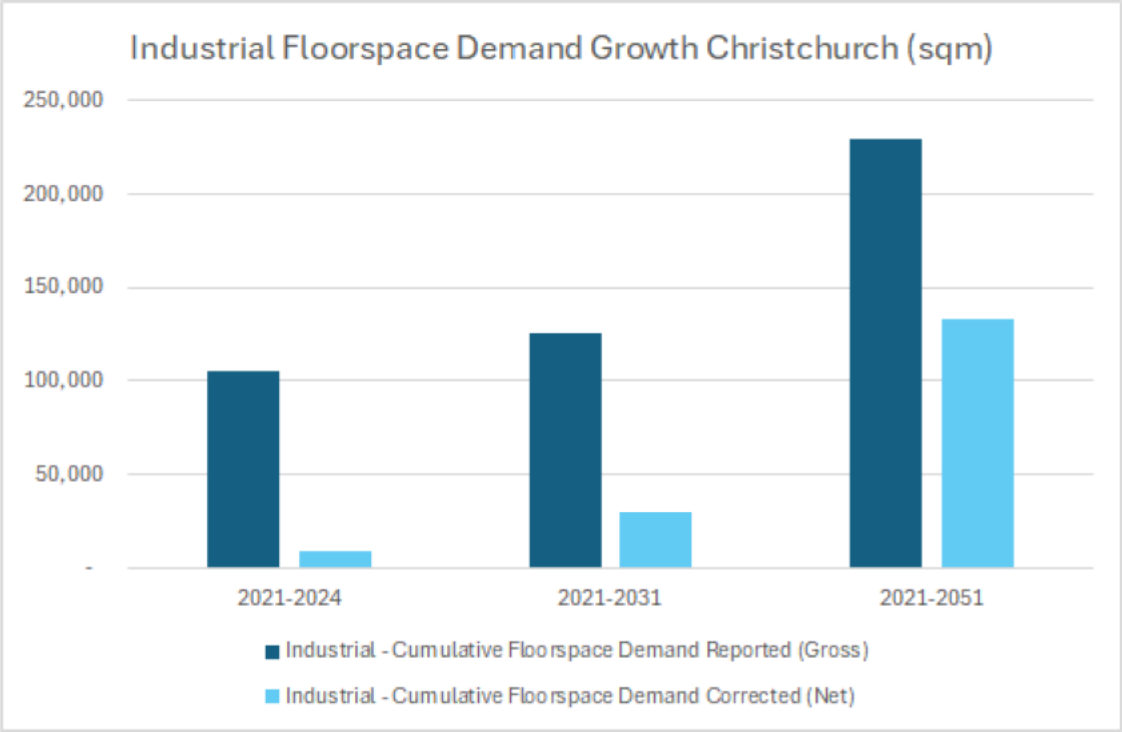
[12] The labelling and inconsistent structure of the two table contributes to the confusion.

[13] The correct approach has been applied in the Selwyn and Waimakariri tables in the BDCA 2023. Notably, the industrial demand tables for Christchurch in the BDCA 2018 also applied the correct approach.

[14] The only way for this conversion to be correct would be for the sqm values higher in the table to also be referring to land area. However, the table uses 'floorspace' in the descriptor.

40-50% in many cases), the significant understatement of land area required to meet expected Industrial demand is considered to outweigh any overstatement of floorspace based on the figures available in the BDCA report.

Figure 2.5 – Industrial Floorspace Demand Growth Relied on in the BDCA 2023 Compared with Industrial Floorspace Demand Calculated from Table 9



In Table 10 (Warehousing and Logistics Demand), the total employment in each year is presented, but no associated floorspace in each year as is shown in Table 9. Only the discrete additional floorspace demand in each time period appears to be shown. Even so, comparing the change in employment in each period with the change in floorspace in each period, the ratio of floorspace per employee increases over time (and any assumptions are not further explained). It means that floorspace demand is growing faster than employment growth.

The 'cumulative floorspace requirement' appears to be correct in Table 10.[15] Over the long-term, growth of 806,584sqm of warehousing and logistics floorspace is projected. However, the conversion to land again simply expresses the cumulative floorspace demand growth as hectares (i.e. divides floorspace by 10,000).[16] As above, this underestimates land demand as it does not account for land requirements outside of the building envelope. The same error in

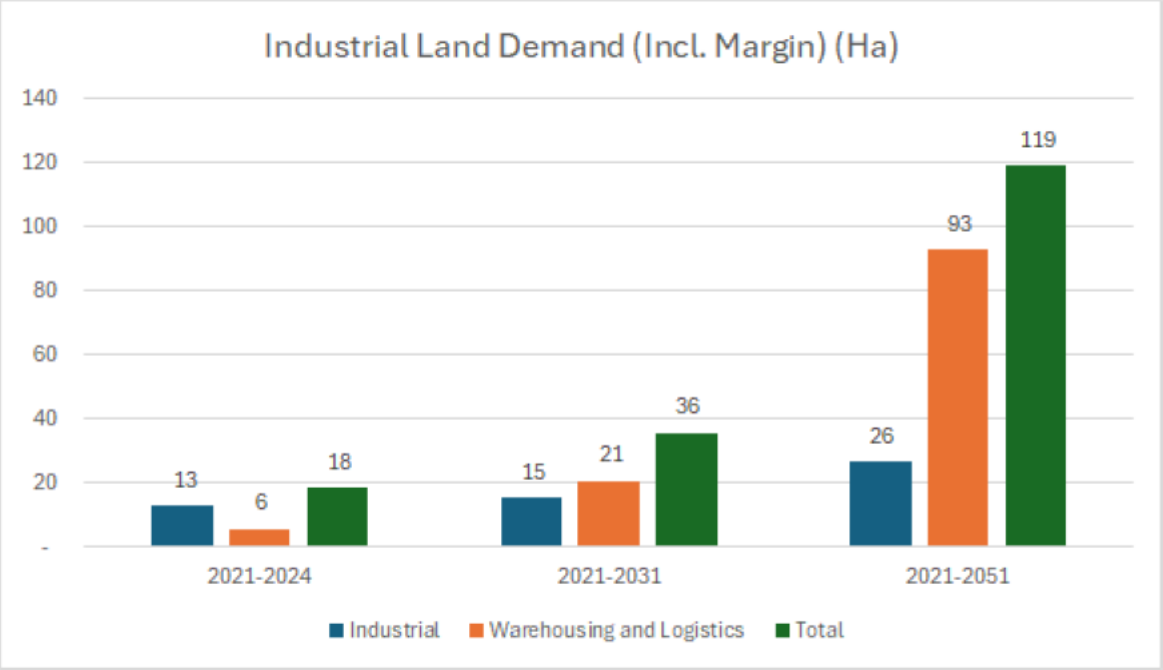
[15] Assuming the 'additional floor space demand' row was net and not gross.

[16] The correct approach has been applied in the Selwyn and Waimakariri tables in the BDCA 2023. Notably, the industrial demand tables for Christchurch in the BDCA 2018 also applied the correct approach.

the calculation of long-term demand with the competitiveness margin also applies and makes a minor difference.

The resulting demand projections, inclusive of the competitiveness margin are summarised in the BDCA 2023 in Table 11 and graphed below (Figure 2.6). Intuitively, the long-term relativities between industrial and warehousing and logistics make sense. But in the short and medium-term the relativities do not make sense (see industrial consent trends discussed later in Section 3.3.2).

Figure 2.6 – Total Industrial Land Demand by Type for Christchurch City 2021-2051 as Reported in the BDCA 2023



While it was not the purpose of this report to review the BDCA 2023 industrial demand estimates, inspection of Tables 9 and 10 of the report raises a number of questions. It is not clear that district-wide industrial land demand has been robustly estimated for Christchurch City based on the information provided in the report. Take for example projected long-term demand for industrial land in Selwyn District is 347ha (including the margin) based on long-term industrial employment growth of 3,735.[17] In contrast, Christchurch City has long-term demand for industrial land of just 119ha (including the margin) based on long-term industrial

[17] Table 12, BDCA 2023.

employment growth of around 12,000.[18] This makes little sense and suggests that the floorspace/worker ratios are wrong combined with an absence of floorspace to land ratios.

To put the short-term projected demand in the BDCA 2023 for Christchurch City (18ha 2021-2024) into perspective, later in this report, the take-up of vacant land for new development in the Islington-Hornby South industrial zones is conservatively estimated to have been 33.6ha between December 2020 and October 2024. This is way more supply of developed industrial land in one (albeit popular) industrial zone locality in Christchurch City in the past 3-4 years than the BDCA projected for the whole of Christchurch City in the same period. It is also more than the BDCA 2023 projected out to 2031 (once you remove the competitiveness margin). Overall, the BDCA 2023 appears to have considerably underestimated industrial land demand.[19]

2.2.2 Industrial Land Capacity

Briefly, the BDCA 2023 relies on the Christchurch City Vacant Land Register to identify whole and partly vacant sites in industrial zones. It also includes vacant land in the Specific Purpose Airport Zone in the industrial capacity assessment (112ha total), and the Commercial Mixed-Use Zone, although the latter accounts for a very small share of vacant capacity (7ha total).[20] Vacant existing buildings (i.e. vacancies) are excluded from the capacity assessment.

Vacant land is not mapped and so it is not possible to verify.[21] Some updates to the Vacant Land Register were done as a result of ground-truthing for the BDCA 2023. This removed nearly 80ha of vacant industrial capacity, however various footnotes in the report indicate that vacant capacity in the Airport may still be too high and that all capacity figures reported were under review.[22]

Total vacant industrial capacity is reported in Table 20 of the BDCA 2023. It shows 415ha of Vacant (Part) land and 361ha of Vacant (Whole) land, giving a combined total of 779ha. It is

[18] It is also noted that while industrial land demand was calculated using different inputs in the BDCA 2018 report, long-term demand in Christchurch City was 482ha in that report.

[19] As a general note, industrial and warehouse and logistics land demand does not represent all of the take up of vacant land in industrial zones. A range of other retail and commercial activities are permitted in industrial zones in Christchurch (such as gyms, commercial services, childcare centres, large scale indoor recreation and food and beverage retail). While the ratio of these activities to industrial/warehousing activities is likely low, any industrial land demand from such activities is net additional as it is outside of the methodology relied on in the BDCA 2023.

[20] Savvy considers that the vacant land in the Commercial Mixed-Use Zone would be unlikely to develop for industrial activity in most cases given the higher capitalised value of residential, commercial and retail development plan enabled in the zone which will result in higher land prices compared to industrial zones (limiting the feasibility of industrial development).

[21] Colliers maintain their own internal vacant land register (refer Colliers' report).

[22] See footnote 34 and 35 of the BDCA 2023.

unclear if this reflects net developable land area in all cases or gross land area (particularly as a large share of the vacant capacity is stated as being in large parcels >5ha).[23]

Total vacant industrial land capacity is subsequently reduced to 500ha in the short-term, and 663ha in the medium and long-term once suitability/feasibility and infrastructure servicing is considered. It is assumed this is a snapshot of capacity in 2022 which was the last year that the Council's Vacant Land Register was updated according to the Colliers' report.[24]

2.2.3 Industrial Land Sufficiency and Conclusions

Sufficiency of industrial land is set out in Table 33 of the BDCA 2023. When medium-term (10 year) demand of 36ha (inclusive of a competitiveness margin) is compared with medium-term vacant capacity of 663ha, the result is a reported surplus of 627ha. This makes up 74% of the medium-term surplus of industrial capacity across Greater Christchurch (i.e. 874ha).

In the long-term, projected demand for industrial land (119ha) in Christchurch City is compared against capacity of 663ha. The result is a reported surplus of 544ha (84% of the total Greater Christchurch long-term surplus of 645ha).

The BDCA concludes, with respect to industrial land, that there is "*a good distribution of industrial land, in a range of property sizes and tenures, around the City to meet foreseeable demands. Continued monitoring of vacant land and take-up rates around the city will be important to understand the locations of greatest demand and whether land supply is being responsive to those demands over time. Based on this assessment, there is no evidential need to identify new industrial land supply in the short, medium and long terms.*"

Given stated concerns around the industrial land demand modelling for Christchurch City, Savvy does not consider that these reported surpluses are necessarily reliable. However, it is acknowledged that the reported vacant capacity (if that was an accurate reflection of net developable vacant land in 2022 is large, and demand could be considerably higher at the district level and potentially still result in surplus using Council's figures. However, this cannot be verified for the medium-term or the long-term.

Vacant industrial land has continued to be consumed (developed) since the BDCA 2023 capacity snapshot was carried out.

[23] A BDCA should be based on net developable area only.

[24] For practical reasons, it is not uncommon for the capacity snapshot to be more recent than the demand baseline.

2.2.4 No Modelling of Demand and Capacity for Locations within Christchurch City

The BDCA 2023 does not report industrial demand, capacity or sufficiency by location within Christchurch City.[25] It is therefore not helpful in determining sufficiency in locations of demand. Despite that, the commentary in the report states "*Greater levels of demand are anticipated in the South, South West and West of the City which can be attributed to its good access to the State Highway network linking north and south and to the airport, seaport and inland ports*" (Section 5.5). It goes on to say that "*land in western Christchurch is generally less constrained geotechnically than eastern and northern parts*". "*It is possible that past trends continue and there are higher demands in the south west (e.g. Hornby and Rolleston) with a preference for the flexibility of greenfield over brownfield land and the benefits of these locations in terms of accessibility*".

These statements are directly relevant to the application and are consistent with trends observed by Savvy and discussed in Section 3 below.

2.2.5 Potential Implications of PC14

The BDCA 2023 report identifies that older industrial land in and around the central city presents an opportunity for redevelopment as commercial land. This is tied to existing trends of industrial activities in these higher-value locations moving to other industrial areas on or near the fringe of the urban area, and particularly in the south and north of the city. These observations are not captured in the demand and capacity modelling of the BDCA.

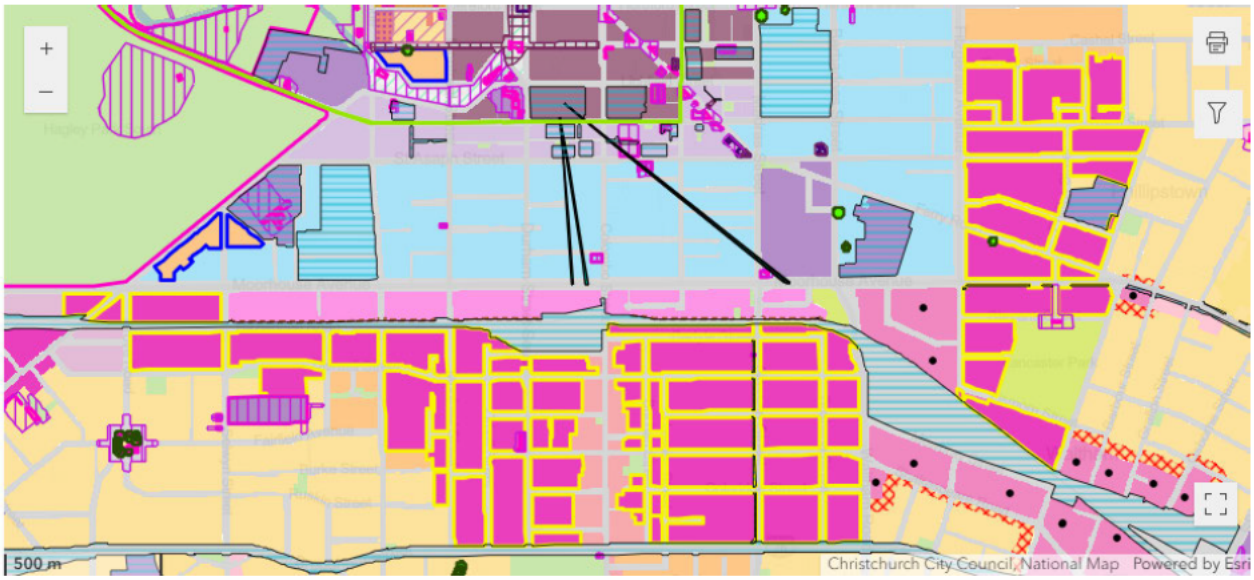
This redevelopment opportunity was pursued in Plan Change 14 in accordance with Policy 3 of the NPS-UD, with much of the Industrial General Zone in Phillipstown-Waltham-Sydenham North bordering the central city, recommended for Mixed Use Zoning. The areas recommended for up-zoning are outlined in yellow in Figure 2.7 below, with the blocks containing black dots recommended to be retained as Industrial General Zone.

The technical report[26] underpinning the relevant Section 32 report for Plan Change 14 stated that rezoning industrial land could only be contemplated if there was a surplus of industrial capacity to meet expected demand. The report referenced the BDCA 2023 surplus conclusion. "*Having undertaken a robust capacity assessment pursuant to the requirements of the NPSUD, it is concluded that there remains a significant surplus of plan-enabled industrial land capacity in the City such that there is no need to preserve all existing industrial land for*

[25] The BDCA 2018 did report sufficiency by quadrant. The Vacant Land Register does breakdown capacity at the census area unit level, but aggregations of this data into broader localities is not reported in the BDCA 2023.
[26] Plan Change 14 Section 32: Appendix 4, Potential Industrial Land Transition Assessment, CCC, April 2022.

industrial purposes. There is more than sufficient vacant land available to accommodate new and transferring industrial activity to meet short, medium and long term needs." (page 5, emphasis added).

Figure 2.7 – Council Officer Recommended Rezoning of Industrial General Land to Mixed Use Zone



The technical report also recognised "*that despite the citywide surplus of industrial land, there may be location- or activity-specific land demands at a more localised level*" (page 5). Lincoln University was commissioned to model demand and sufficiency in the area broadly proposed for rezoning in Figure 2.7.[27] It concluded no new demand for vacant industrial land in that location over the long-term but some vacant industrial zoned land – hence sufficiency at the location level. The finding of no demand growth was considered a key driver for the re-zoning recommendation. The net economic benefit (efficiency) of the rezoning was also assessed for the Section 32 evaluation.[28]

Recognising transference of existing industrial activities in the proposed rezoning area to other vacant industrial premises or vacant zoned land elsewhere in urban Christchurch is important, particularly given the share of industrial zone employment that is currently based in this location (discussed in Section 3). Relocation of existing industrial activities would be expected to occur slowly at first if rezoning occurred but would accelerate as land values rise

[27] Dyason, Dr D., Christchurch Central City: Land Demand Estimate and Business Capacity Assessment, April 2022.
[28] Sense Partners, Proposed Industrial Land Rezoning – Cost Benefit Analysis, July 2022.

(in accordance with the redevelopment opportunities afforded by mixed use zoning (for example)) and industrial activities are priced out of the market.

The Independent Hearings Panel for Plan Change 14 rejected the recommendations for rezoning the industrial areas shown in Figure 2.7, as well as other proposed additions to the Brownfield Overlay in existing industrial zones. Their decision was primarily based on the notified rezonings being outside of the scope of Policy 3 of the NPS-UD (as opposed to the merits). However, while unsuccessful via the Streamlined Planning Process of Plan Change 14, it is possible that such rezoning may still be pursued at some time in the future by the Council given Council's documented position on the benefits of upzoning those locations. If rezoning was proposed (via another plan change process) future updates of the BDCA would need to take this transferred demand into account.[29] It is not demand associated with net employment growth (which currently underpins the demand model) but is still demand that will take up vacant land in addition to new employment growth.

It is also likely, under a rezoning scenario, that some relocating industrial businesses may seek a larger premise/site given the opportunity, so the footprint of the relocated industrial demand from Phillipstown-Waltham-Sydenham North (if rezoned) may be greater than the currently occupied land. It is expected that this transferred demand would make a substantial impact (reduction) on vacant industrial land available for growth over the long-term. Where it would be directed to is unknown.

2.3 Industrial Market Commentary

Real Estate agents working in the commercial land market provide first-hand insight on industrial land markets, with a particular focus on what capacity is available (realisable) to the market, rather than just zoned but potentially un-subdivided or being land banked. Real Estate data can also provide location specific assessment of the industrial land market.

In a 2023 article published by Bayleys titled '*Low vacancy underpins occupier demand for Christchurch industrial*',[30] it was stated that that there was "*rising pressure on available supply, with tight industrial markets nationally driving upward pressure on rental growth*". They also identified a growing trend of "*occupiers disillusioned with rapidly escalating rental rates, and who following a period of expansion, are in a position to acquire their own premises as*

[29] Just as the redevelopment of Brownfield Overlay Sites may also cause existing industrial activities to relocate to vacant industrial land. Savvy is uncertain how existing Brownfield Overlay Sites were accounted for in the BDCA 2023 capacity and demand modelling.

[30] https://www.bayleys.co.nz/news/commercial/low-vacancy-underpins-occupier-demand-for-christchurch-industrial

strategic investments". This point is relevant to industrial zoned land owned by Christchurch Airport for example, which is generally available to lease not buy.[31] Such land will only be demanded by a portion of the industrial market.

The article identified a "*limited supply of available industrial properties – an issue set to intensify given challenges facing the development pipeline and the likelihood of fewer new projects hitting the market over the next five years*". The article also notes that "*in the absence of new industrial land available right now, there has been huge growth in the sector, led by logistical operators and retailers requiring more room to store goods given the growth in e-commerce*". These observations are in stark contrast the vast surpluses of vacant zoned land reported in the BDCA 2023.

CBRE's Christchurch Property Market Overview report (Quarter 2 2024)[32] provides relevant insight on the location of recent new industrial supply. In the year to June 2024, it states that just over 105,000sqm of new industrial floorspace was added. This aligns closely with total consented storage building and factory/other industrial building floorspace consented in Christchurch over that period (nearly 112,000sqm).[33]

CBRE stated that the new supply was limited to just three locations in the first half of 2024: Hornby, Rolleston and to a lesser extent, Northern Precincts.[34] This was more geographically focussed than new supply added in the second half of 2023 (when new supply was spread across four locations) (Figure 2.8) and in previous periods where it was spread over 8-10 suburbs.

This concentration of demand into fewer locations is expected to be a combination of where there is vacant capacity available to the market for development (at the right price) and the relative attractiveness of locations like south-west Hornby and Rolleston (as cumulative growth supports increased agglomeration benefits and better supporting infrastructure and services in that location).

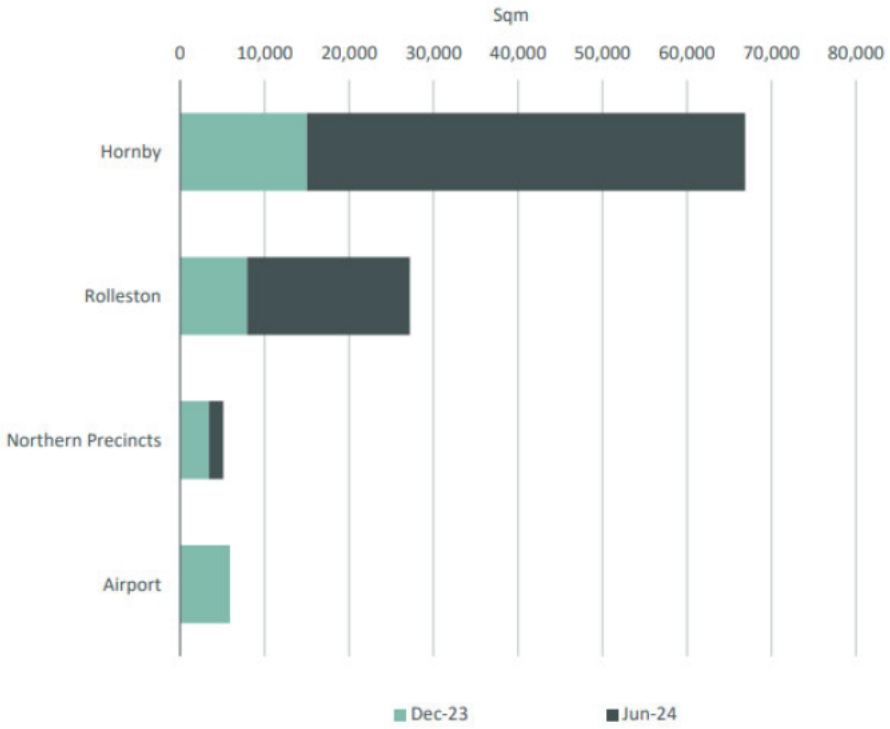
[31] Canterbury Regional Council also owns large areas of industrial zoned land in parts of Christchurch, and this is made available to the market via a long-term ground lease.

[32] https://mktgdocs.cbre.com/2299/9aa95adf-be8a-4d8c-b869-629890db94ad-2691720105/v032024/chc-figures-q2-2024-final.pdf

[33] It is acknowledged that there is a lag between consented and built floorspace, but the volumes are similar.

[34] The CBRE report does not provide a map defining the extent of the locations described. It is considered that 'Hornby' will include the Islington-Hornby South industrial locality. CBRE have confirmed that the Northern Precincts include Belfast, Casebrook, Redwood, Northcote and Kainga industrial zones. The Airport location includes Harewood and Burnside/Russley.

Figure 2.8 - New Industrial Floorspace Supply H2 2023 versus H1 2024 (CBRE)



According to CBRE, "*Hornby continues to lead in terms of new industrial supply*" within Christchurch City. Within Greater Christchurch, "*Hornby and Rolleston remained the preferred locations for developers building large industrial assets. Notably, the largest industrial building completed in Christchurch during H1 was 415 Waterloo Road in Hornby (a 14,672sqm building) occupied by Sorted Logistics. Following closely was 60 Peretia Drive in Rolleston (11,500sqm) housing Woolworth's purpose-built fresh distribution centre. During this period, the average size of new industrial buildings increased to 3,642sqm, surpassing the average size during H2 2023 (2,304sqm). Additionally, out of the total 20 new buildings completed in the last six months, four exceeded 5,000sqm, with three of them located in Hornby*".

These two sources of market commentary (and there are others that could be referenced) provide qualitative and quantitative evidence supporting:

- a growing trend for warehousing and logistics floorspace in Greater Christchurch that is consuming increasingly larger sites;
- a limited supply of industrial land being made available to the market to buy (despite there being significant vacant zoned industrial land according to Council); and
- industrial floorspace demand in Christchurch strongly focussed on the vacant land in the Islington-Hornby South locality.

3 Industrial Zones and Localities

Identifying the different localities and markets for industrial activity in Greater Christchurch is relevant for this assessment because the NPS-UD requires that planning decisions in urban environments provide business land in locations of high relative demand.

This section provides a spatial analysis of industrial zoned land (including the Airport and Lyttelton Port zones) in Greater Christchurch with a view to understanding recent trends and changes in the industrial economy. It also profiles different areas of industrial zoning using business and employment data to determine whether they form distinct localities/markets. With this information, the locality and market within which the proposed development site would function can be identified. This allows later sections of this report to focus on that locality.

3.1 Approach

This section relies on the StatisticsNZ Business Demography data for 2018-2023.[35] This data is available right down to individual industries (referred to as 6-digit ANZSIC), but to make the analysis more manageable, the data has been examined at a more aggregated 3-digit ANZSIC level. The dataset from StatisticsNZ contains business and employee counts. To account for non-employee workers (such as sole traders and working proprietors), a modified 'total' employment count has been used rather than the employee only count.[36]

Business demography data is available at Statistical Area 1 (SA1) level. Savvy has selected the SA1s that broadly cover the industrial zones in Greater Christchurch, but SA1 boundaries do not necessarily align with zone boundaries. As a result, economic activity occurring outside of the industrial zones is captured in the data. Depending on what zones are adjoining the industrial zones (and fall within the SA1s selected), this can capture a range of different business types and employment. It is challenging (in a desktop study) to determine what activity is likely to be within the industrial zoned land and what is in the rest of the SA1s selected. This is particularly challenging when a range of activities are plan enabled or consented in industrial zones that may also be plan enabled or consented in adjoining zones.

To manage this data limitation, some assumptions have been made. Firstly, very small industrial zone areas are excluded from the analysis. As a result, the analysis does not capture

[35] The data is a snapshot of February each year.

[36] This total employment count is achieved by integrating other data supplied by StatisticsNZ with the Business Demography data.

total industrial zone or total industrial activity in Greater Christchurch. Rather, the focus has been on the large, contiguous industrial zone areas and 14 such areas have been identified.

These main industrial localities are listed in Table 3.1.[37] While they are referred to as localities early in the spatial analysis, the purpose of the analysis is to confirm if they are in fact distinct localities and markets (or not). This is addressed later in Section 3.

Table 3.1 – Main Industrial Localities Defined by Type and Legacy Christchurch Quadrant

2018 BDCA Quadrant (CCC)	Savvy Main Industrial Localities **	Equivalent Industrial Zone Type*
Central	Phillipstown-Waltham-Sydenham North	General
East	Bromley	Heavy
East	Wainoni	General
East	Hillsborough-Woolston	General-Heavy
East	Lyttelton Port	Heavy
North	Harewood-Burnside	General-Heavy
North	Belfast-Kainga	General-Heavy
North	Airport	General
South	Hornby	General-Heavy
South	Islington-Hornby South	General-Heavy
South	Wigram-Middleton	Heavy
Waimakariri District	Rangiora Southbrook	General
Waimakariri District	Kaiapoi	General
Selwyn District	Rolleston	General

** The Airport and Lyttelton Port are Specific Purpose Zones but are included because they contain industrial activities.*

*** Locations exclude some small areas of industrial zoning and industrial zones (such as in Waimakariri District) that are not practical to analyse at an SA1 level due to including too much other zoned land. This makes it harder to estimate that activities likely to be contained in the industrial area.*

Three of the SA1 defined industrial localities are outside of Christchurch City. Of the 11 localities within Christchurch City, they are a mix of general[38] or heavy industry, or a combination of the two (Table 3.1). As footnoted in Section 2, the 2018 Christchurch BDCA report did provide a breakdown of industrial demand, capacity and sufficiency at a sub-district level. To the extent that Council may still utilise these quadrant boundaries for internal purposes,[39] the 11 industrial localities defined for this assessment in Christchurch have been matched to their respective quadrant (Table 3.1). The utility of those quadrants to define industrial localities/markets in Christchurch is also considered as part of the analysis.

[37] The naming of the localities is Savvy's own and may or may not match local naming. Naming can be matched with location in Figure 3.1.

[38] For the purpose of Table 3.1, Industrial Park Zone is included in general industrial areas.

[39] This is unknown.

Figure 3.1 and Figure 3.2 map the SA1 defined extents of each industrial locality, with the actual extent of the industrial zoning overlain. It shows that while some SA1 defined areas are more closely related to the extent of the industrial zoning, locations like Bromley, Belfast-Kainga, and Rolleston include relatively large areas of other urban or rural land.

Figure 3.1 – SA1 Defined Main Industrial Localities – Christchurch City

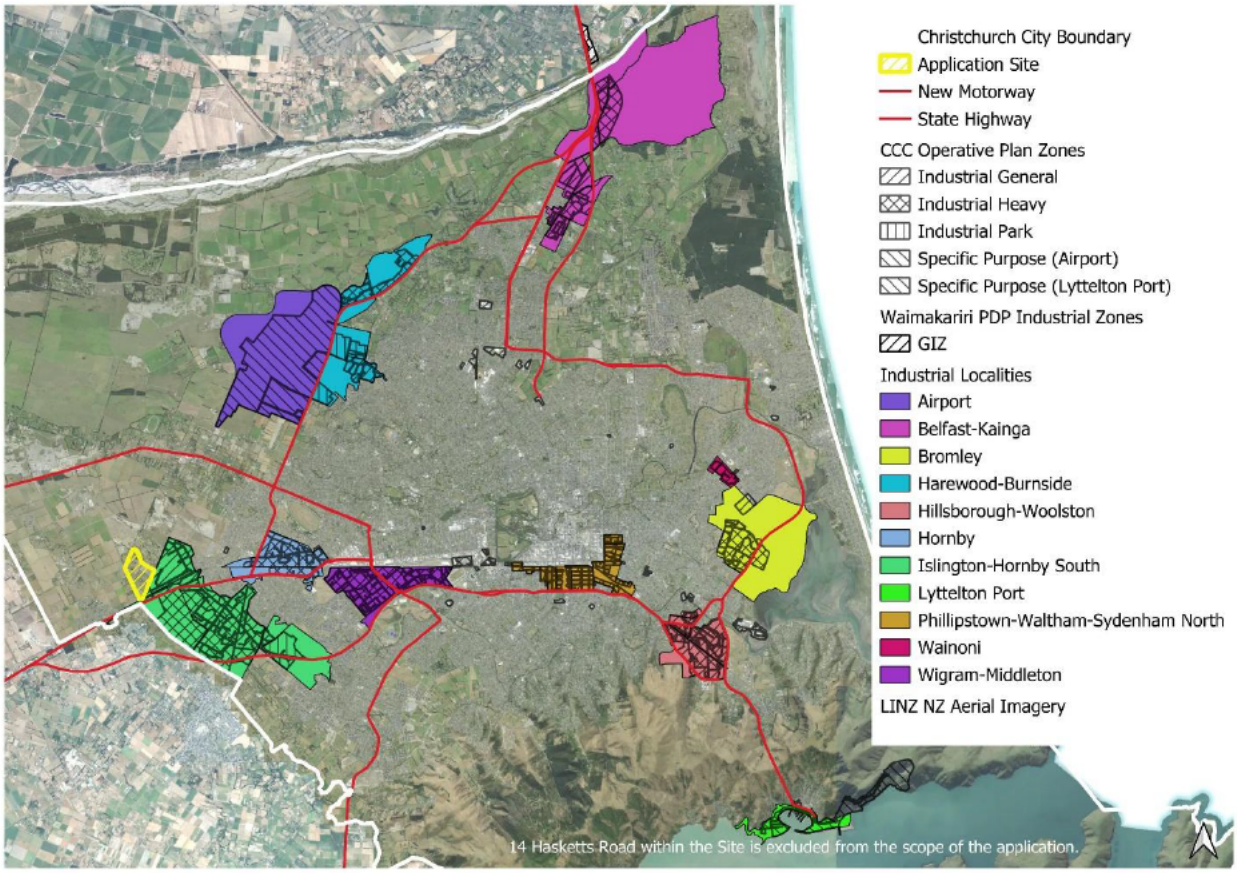


Figure 3.2 - SA1 Defined Main Industrial Localities – Waimakariri and Selwyn Districts

To help minimise overstating the economic activity contained within each industrial locality, Savvy has excluded a number of 3-digit ANZSICs from the SA1 defined areas in the analysis. Excluded ANZSICs are listed in Appendix B. In excluding some 3-digit ANZSICs in their entirety, it is acknowledged that this may be removing activities that are actually located in the industrial zones (including that are plan enabled in industrial zones). This applies to food and beverage activities and pre-schools for example. However, on balance, there was insufficient data to determine what share (if any) of businesses and emloyment in those ANZSICs were in the industrial zone versus in adjoining zones captured by the SA1 area. A conservative approach was taken – focussing on economic activity that was more industrial in nature (or more dependent on an industrial zone).

Three exceptions were made to 're-include' business and employment counts in otherwise excluded 3-digit ANZSICs. This was considered prudent when there was a significant amount of employment that would otherwise be excluded, and there was sufficient evidence to support that the activity was in the industrial zone and therefore contributed to the locality's economic profile.

This included retention of Mushroom Growing business/employment count data (defined at 6-digit level), which forms part of the excluded Horticulture and Fruit Growing 3-digit ANZSIC in the Islington-Hornby South locality. Second, retention of the Fishing 3-digit ANSZIC activity in the Lyttelton Port locality, and thrid, retention of Central Government Administration and Justice 3-digit ANZSIC in the Airport locality.

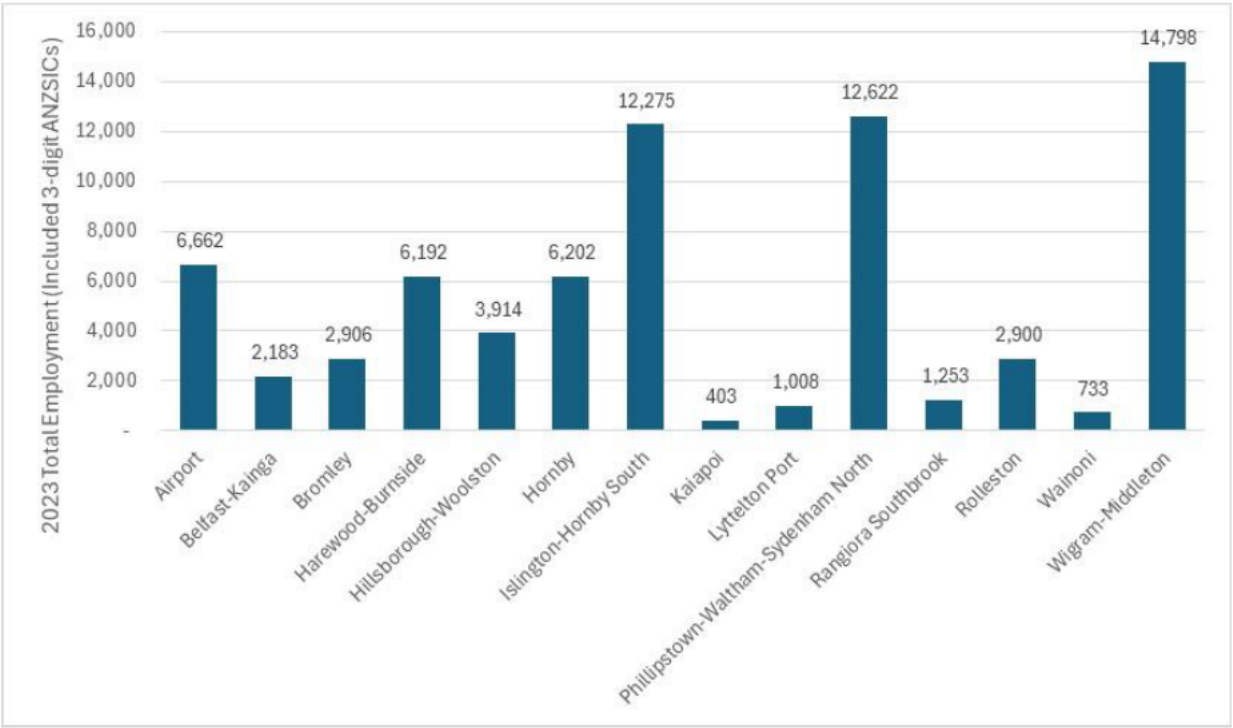
To provide an indication of the impact of of the assumptions around economic activity excluded from the SA1 defined industrial localities, refer tables in Appendix B. On average across all industrial localities, 71% of 2023 businesses were included and 29% of businesses were excluded. In terms of total employment the share included is higher, with 82% included and 18% excluded. The following analysis is based on the included economic activity attributed to each industrial locality.

3.2 Current Role of Industrial Localities

For brevity, the section discusses the analysis results for total employment and does not discuss the analysis of business count data. Employment is considered the better indicator of the role and function of business land.

Just as the size of the industrial zoned land in each locality is different, and specifically the developed land in those localities, so too is the count of total employment (Figure 3.3). However, the parcel sizes and therefore density of activity supplied in each locality and industrial zone type has a key influence on total employment counts in 2023, with the Phillipstown-Waltham-Sydenham North locality and Wigram-Middleton locality particularly dense and intensively developed.

Figure 3.3 – Total Employment in SA1 Defined Industrial Localities 2023



Wigram-Middleton has the largest count of employment at approximately 14,800 workers, with Phillipstown-Waltham-Sydenham North and Islington-Hornby South second and third respectively (and relatively similar in scale when measured in employment terms).

It is relevant to note that the Islington-Hornby South locality still has vacant capacity (discussed later in the report), while Wigram-Middleton and Phillipstown-Waltham-Sydenham North are largely (although not totally) developed/occupied. This signals that as the Islington-Hornby South locality further develops, it will likely surpass all other industrial localities in terms of total employment.

Figure 3.3 shows that the Airport, Harewood-Burnside and Hornby localities are the next tier down in terms of total employment in 2023. The remaining industrial localities have a much smaller employment role in Greater Christchurch (although some, like Rolleston and Belfast-Kainga, also have substantial capacity for further growth).

Table 3.2 shows the percentage distribution of total (included) employment summarised by 1-digit ANZSIC within and across all of the main industrial localities in Greater Christchurch. These two tables combined effectively demonstrate the current (2023) role of each locality, including similarities and differences between localities. Some key findings from Table 3.2 are:

- Industrial zone based construction sector employment is concentrated in the 3 largest industrial localities (Wigram-Middleton, Phillipstown-Waltham-Sydenham North, and Islington-Hornby South). Combined these 3 localities account for nearly 60% of all construction sector employment indicatively located in industrial localities in Greater Christchurch.
- While construction sector employment in the Kaiapoi locality makes up just 1% of all construction sector employment indicatively within all industrial localities, it has a significant local role – accounting for 44% of all employment in that locality. Manufacturing is the second biggest employer in the Kaiapoi locality, making up 24% of total employment in 2023, although this is a below average share for manufacturing.
- Industrial zone based manufacturing sector employment is concentrated in the 3 largest industrial localities (Wigram-Middleton, Phillipstown-Waltham-Sydenham North, and Islington-Hornby South) and the Hornby locality. Combined these 4 localities account for 62% of all manufacturing sector employment indicatively located in industrial localities. Wigram-Middleton locality however dominates with a 24% share.

Table 3.2 - Total Employment by 1-digit ANZSIC and Greater Christchurch Main Industrial Localities 2023

1 Digit ANZSIC Summary (Selected 3D ANZSICs only)	Airport	Belfast-Kainga	Bromley	Harewood-Burnside	Hillsborough-Woolston	Hornby	Islington-Hornby South	Kaiapoi	Lyttelton Port	Phillipstown-Waltham-Sydenham North	Rangiora Southbrook	Rolleston	Wainoni	Wigram-Middleton	Total Industrial Localities
Administrative and Support Services	0%	10%	2%	4%	8%	2%	3%	0%	0%	20%	5%	1%	1%	12%	8%
Agriculture, Forestry and Fishing	0%	0%	0%	1%	0%	2%	5%	0%	4%	0%	0%	0%	0%	0%	1%
Arts and Recreation Services	0%	1%	1%	1%	1%	1%	0%	0%	0%	2%	2%	1%	0%	1%	1%
Construction	5%	33%	24%	13%	19%	9%	20%	44%	0%	19%	24%	17%	39%	16%	17%
Education and Training	1%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%
Electricity, Gas, Water and Waste Services	0%	0%	3%	4%	1%	0%	2%	0%	0%	0%	15%	0%	0%	1%	2%
Information Media and Telecommunications	0%	0%	0%	0%	1%	0%	0%	0%	0%	3%	0%	2%	5%	1%	1%
Manufacturing	8%	47%	45%	25%	31%	34%	27%	24%	13%	17%	28%	42%	43%	33%	27%
Mining	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Services	0%	2%	2%	1%	2%	7%	2%	13%	0%	6%	4%	2%	1%	2%	3%
Professional, Scientific and Technical Services	4%	0%	3%	16%	6%	8%	2%	6%	3%	14%	1%	4%	6%	8%	7%
Public Administration and Safety	9%	3%	0%	5%	0%	1%	0%	1%	0%	2%	1%	1%	0%	4%	3%
Rental, Hiring and Real Estate Services	7%	1%	1%	2%	1%	1%	1%	0%	0%	1%	2%	1%	1%	1%	2%
Retail Trade	1%	1%	2%	1%	1%	5%	1%	6%	0%	3%	4%	2%	1%	1%	2%
Transport, Postal and Warehousing	51%	2%	6%	11%	13%	9%	12%	0%	77%	1%	3%	7%	0%	8%	12%
Wholesale Trade	12%	1%	12%	15%	16%	20%	26%	6%	1%	11%	13%	18%	4%	12%	15%
Total Included Activity	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

1 Digit ANZSIC Summary (Selected 3D ANZSICs only)	Airport	Belfast-Kainga	Bromley	Harewood-Burnside	Hillsborough-Woolston	Hornby	Islington-Hornby South	Kaiapoi	Lyttelton Port	Phillipstown-Waltham-Sydenham North	Rangiora Southbrook	Rolleston	Wainoni	Wigram-Middleton	Total Industrial Localities
Administrative and Support Services	0%	4%	1%	4%	5%	2%	6%	0%	0%	45%	1%	1%	0%	31%	100%
Agriculture, Forestry and Fishing	1%	0%	0%	4%	0%	18%	69%	0%	4%	0%	0%	1%	0%	3%	100%
Arts and Recreation Services	6%	2%	6%	13%	5%	9%	2%	0%	0%	35%	4%	7%	0%	13%	100%
Construction	3%	6%	6%	6%	6%	5%	20%	1%	0%	20%	2%	4%	2%	19%	100%
Education and Training	29%	1%	0%	12%	2%	8%	5%	0%	5%	19%	0%	1%	1%	17%	100%
Electricity, Gas, Water and Waste Services	0%	0%	9%	22%	5%	1%	25%	0%	0%	3%	17%	0%	0%	18%	100%
Information Media and Telecommunications	1%	0%	0%	2%	6%	1%	1%	0%	0%	58%	0%	10%	5%	16%	100%
Manufacturing	3%	5%	6%	8%	6%	11%	16%	0%	1%	11%	2%	6%	2%	24%	100%
Mining	26%	0%	0%	24%	12%	0%	0%	0%	0%	0%	0%	0%	0%	37%	100%
Other Services	1%	2%	2%	4%	3%	20%	10%	2%	0%	34%	2%	3%	0%	16%	100%
Professional, Scientific and Technical Services	5%	0%	1%	18%	4%	9%	3%	0%	1%	33%	0%	2%	1%	21%	100%
Public Administration and Safety	29%	3%	1%	16%	0%	2%	2%	0%	0%	14%	0%	1%	0%	31%	100%
Rental, Hiring and Real Estate Services	42%	1%	1%	13%	2%	6%	11%	0%	0%	8%	2%	4%	0%	9%	100%
Retail Trade	5%	1%	5%	4%	2%	24%	10%	2%	0%	27%	3%	4%	0%	11%	100%
Transport, Postal and Warehousing	37%	0%	2%	7%	6%	6%	16%	0%	8%	1%	0%	2%	0%	13%	100%
Wholesale Trade	7%	0%	3%	8%	6%	11%	28%	0%	0%	13%	1%	5%	0%	16%	100%
Total Included Activity	9%	3%	4%	8%	5%	8%	17%	1%	1%	17%	2%	4%	1%	20%	100%

- Industrial zone based transport, postal and warehousing sector employment is concentrated in the Airport locality (with 37% of all employment in that sector across all localities). Smaller but still notable shares of transport, postal and warehousing sector employment are in the Islington-Hornby South locality (16% of the total) and Wigram-Middleton locality (13% of the total). Combined these 3 localities account for 66% of all transport, postal and warehousing sector employment indicatively located in industrial localities.

- While transport, postal and warehousing sector employment in the Lyttelton Port locality makes up just 8% of all transport, postal and warehousing sector employment indicatively within all industrial localities, it has a significant local role (as would be expected) – accounting for 77% of all employment in that locality. Manufacturing is the second biggest employer in the Lyttleton Port locality, making up 13% of total employment in 2023, although this is a below average share for manufacturing.

- In the Airport locality, transport, postal and warehousing sector employment accounts for 51% of total locality employment analysed. A slightly less dominant role than in Lyttelton Port, reflecting a more diversified role for the Airport zone.

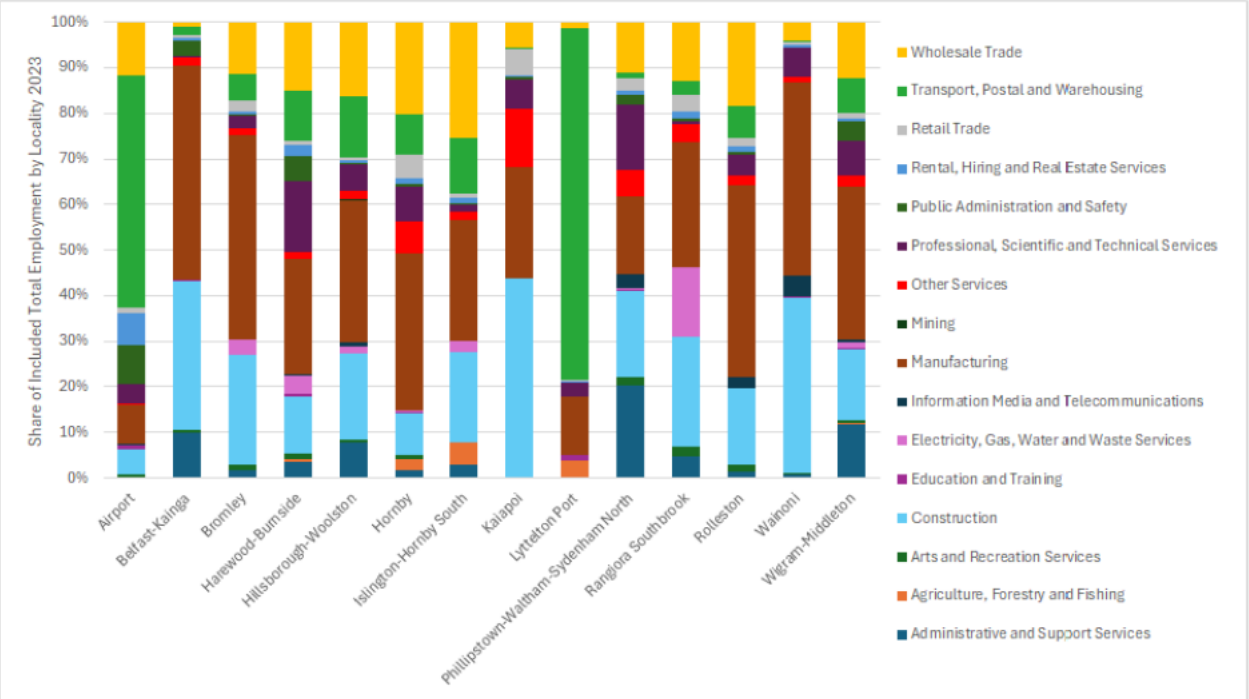
- Despite the Islington-Hornby South locality having the second highest share of transport, postal and warehousing sector employment across the localities (albeit a distant second compared to the Airport), this sector has only a modest role in the locality (12% of 2023 employment). Rather, the Islington-Hornby South locality's role is dominated by Manufacturing and Wholesale Trade (27% and 25% respectively), followed by Construction sector employment (20%). Combined these three sectors make up 72% of total employment in the locality, with transport, postal and warehousing bringing that sub-total up to 84%.

- The Islington-Hornby South locality accounts for 28% of all wholesaling sector employment across the industrial localities in Greater Christchurch. The only other localities with a notable share of total wholesale trade employment in industrial localities is Wigram-Middleton (16%) and Phillipstown-Waltham-Sydenham North (13%), followed by Hornby (11%). In Hornby, wholesale trade is the second largest employer (20% of locality employment). The only locations where wholesale trade has an above average local role is Rolleston (18% of locality employment in 2023) and Hillsborough-Woolston (16%).

Figure 3.4 provides a graphical summary equivalent to the top table in Table 2.3. It highlights the unique and distinct roles of the two Specific Purpose Zones (Airport and Lyttelton Port). Belfast-Kainga and Wainoni localities have a broadly similar mix of employment (dominated

by construction and manufacturing, with relatively little else). Hillsborough-Woolston and Rolleston also have a broadly similar mix of employment – and notably both contain inland ports. Geographically though, these are very distinct locations. In terms of current employment mix, all other localities are relatively distinct, particularly in the ratios of their top 3 sectors.

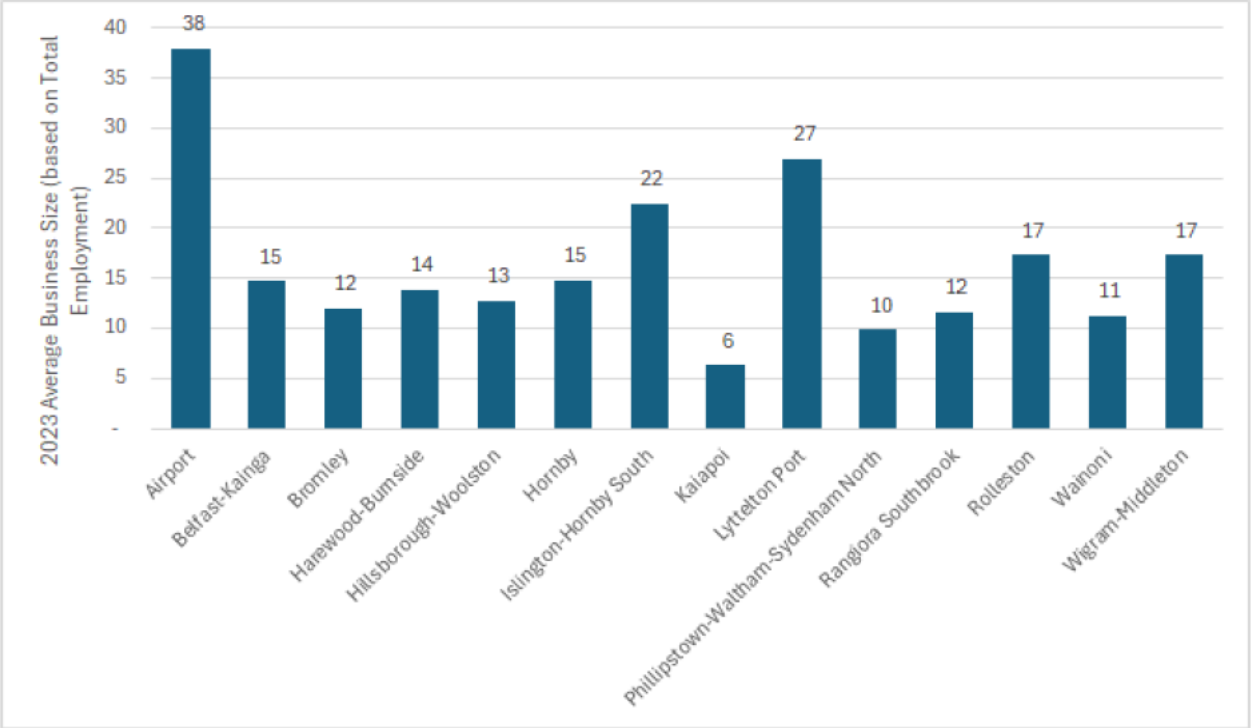
Figure 3.4 – Summary of Total Employment Mix in Each Industrial Locality (2023)



3.2.1 Average Business Size 2023

Figure 3.5 considers a different metric to help distinguish (or draw similarities between) industrial localities in Greater Christchurch – average business size 2023. Based on the average across all included 3-ANZSICs, the Airport is distinct in containing the largest average business size (38 workers per business). Lyttelton Port follows with an average of 27 workers per business. Outside of the Specific Purpose Zones, Islington-Hornby South has the highest average business size (22 workers per business). With the exception of the Kaiapoi industrial locality, which is distinct in having much smaller scaled businesses on average, the remaining industrial localities are relatively similar – with average business sizes ranging between 11-17 workers in 2023.

Figure 3.5 – Average Total Employment per Business by Industrial Locality 2023



3.3 Recent Growth in Industrial Localities

While examining a current snapshot of employment mix (role) and average business size in each industrial locality is a key part of determining if the industrial localities are distinct, or showing similarities, it is also important to look at recent changes over time as this helps to distinguish localities that are on different trajectories – such as growth or decline. This section looks at recent time-series data to further understand the industrial localities in Greater Christchurch.

3.3.1 Employment Growth

Table 3.3 shows that across all defined industrial localities (and based on included 3-digit ANZSICs), total employment has increased only slightly from 70,999 in 2018 to 74,050 in 2023. This is net growth of 3,051 workers across the industrial localities or a 4% average increase over the 5 years. However, growth has not been spread evenly across the industrial localities.

The strongest employment growth since 2018 has been in the Islington-Hornby South industrial locality with a net increase of 1,636 workers in included ANZSICs.[40] This alone confirms that Islington-Hornby South is a locality of strong relative demand. Other industrial localities that

[40] As some ANZSICs are excluded and may be employment located in the industrial zoned land, this growth is conservative.

have had more modest growth are Wigram-Middleton, Rolleston, Harewood-Burnside and Hornby. In percentage growth terms, the standout localities are Rolleston (41% increase in employment 2018-2023) and Belfast-Kainga (29%). Both have experienced growth from a relatively small employment base in 2018.

Table 3.3 – Change in Total Included Employment by Industrial Locality 2018-2023

	Total Employment 2018	Total Employment 2019	Total Employment 2020	Total Employment 2021	Total Employment 2022	Total Employment 2023	Growth 2018-2023	Growth 2018-2023
Airport	6,853	7,490	7,684	5,910	6,181	6,662	- 191	-3%
Belfast-Kainga	1,698	1,724	1,530	1,755	1,919	2,183	486	29%
Bromley	3,934	3,954	3,604	3,547	3,496	2,906	- 1,028	-26%
Harewood-Burnside	5,599	5,717	5,489	5,054	5,593	6,192	592	11%
Hillsborough-Woolston	4,637	4,619	4,049	3,915	4,066	3,914	- 723	-16%
Hornby	5,677	5,649	5,450	5,562	5,627	6,202	524	9%
Islington-Hornby South	10,639	10,790	11,016	11,832	11,887	12,275	1,636	15%
Kaiapoi	371	321	337	390	395	403	32	9%
Lyttelton Port	1,078	972	965	913	955	1,008	- 69	-6%
Phillipstown-Waltham-Sydenham North	12,544	11,904	11,438	11,057	11,939	12,622	78	1%
Rangiora Southbrook	1,023	1,016	1,005	1,097	1,182	1,253	231	23%
Rolleston	2,061	2,374	2,299	2,356	2,856	2,900	839	41%
Wainoni	1,012	887	870	842	779	733	- 279	-28%
Wigram-Middleton	13,874	13,262	13,599	13,923	15,248	14,798	924	7%
Total Industrial Localities	**70,999**	**70,679**	**69,335**	**68,152**	**72,122**	**74,050**	**3,051**	**4%**

Care is needed with this analysis as employment growth in industrial zones is highly contingent on vacant land being brought to the market. Where industrial zones are fully developed, employment tends to stabilise. That said, strong growth means strong take-up of vacant land (typically) and that is a signal for decision makers that vacant capacity is quickly being consumed.

Conversely, there are some industrial localities in Greater Christchurch that are not growing (at least in terms of the included 3-digit ANZSICs). Bromley has experienced a significant decrease in employment since 2018 (-1,028 or -26%). Hillsborough-Woolston has also declined (-723 workers or -16%), as has Wainoni (-279 worker or -28%). Total employment in the Airport and Lyttelton Port is also lower in net terms (relatively minor decreases), but both have demonstrated strong, positive growth in the last 2 years and may be expected to exceed 2018 employment in the short-term future.

Council's BDCA 2018 quadrant approach is particularly relevant in highlighting the trends in total employment change in industrial zones since 2018. Figure 3.6 aggregates the industrial localities to quadrants (Table 3.1) to summarise employment change. It clearly shows that the industrial zones in the east of Christchurch are declining[41] and industrial zones in the South are

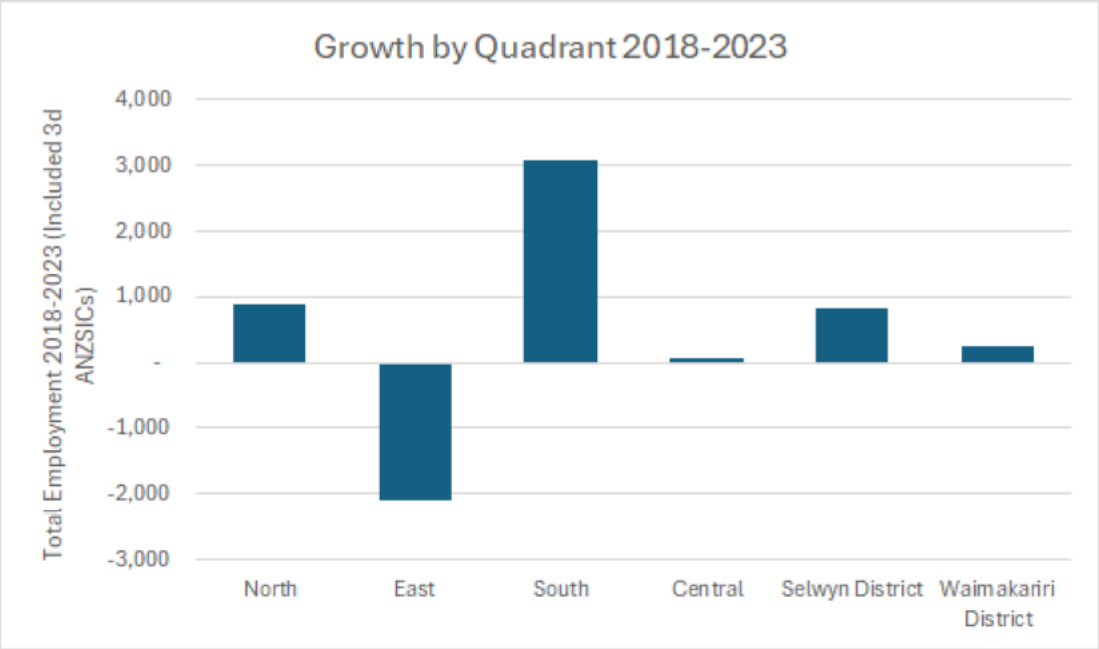
[41] The Greater Christchurch BDCA 2023 states that "geotechnical costs are not favouring redevelopment in the east" (page 39).

where demand is focussed. Notably, the Islington-Hornby South industrial locality accounts for just over half of the growth in the south quadrant.

The central quadrant – which contains just the Phillipstown-Waltham-Sydenham North locality is essentially static in net terms (although had been declining steadily to 2021 but recovered to 2018 employment levels by 2023). Interestingly, in terms of changes in business counts, the Phillipstown-Waltham-Sydenham North locality experienced the largest decrease in selected 3-digit ANZSIC businesses between 2018-2023 (-68 businesses). This loss translates to a 5% reduction for that locality.[42]

The north quadrant and Rolleston industrial locality in Selwyn District have experienced similar net growth.

Figure 3.6 – Change in Selected 3-digit ANZSIC Total Employment in Industrial Localities by Quadrant 2018-2023



3.3.2 Industrial Building Consents

This section briefly examines building consent data for the year ending June 2018-2024. The data is limited to total Christchurch City so a breakdown by industrial locality (or even quadrant) is not possible.[43] However, it provides relevant data on recent annual and cumulative growth of new industrial buildings, which is linked to take-up of vacant sites or

[42] In contrast, the Islington-Hornby South locality had the largest growth in business counts (+78 between 2018-2023).
[43] Savvy Consulting does not currently have access to SA2 level non-residential consent data.

potentially redevelopment of brownfield sites. However, market commentary would suggest it is weighted more towards vacant sites in newly subdivided land rather than redevelopment.

Figure 3.7 – Annual Count of Storage Building and Factories/Other Industrial Building Consents in Christchurch City 2018-2024

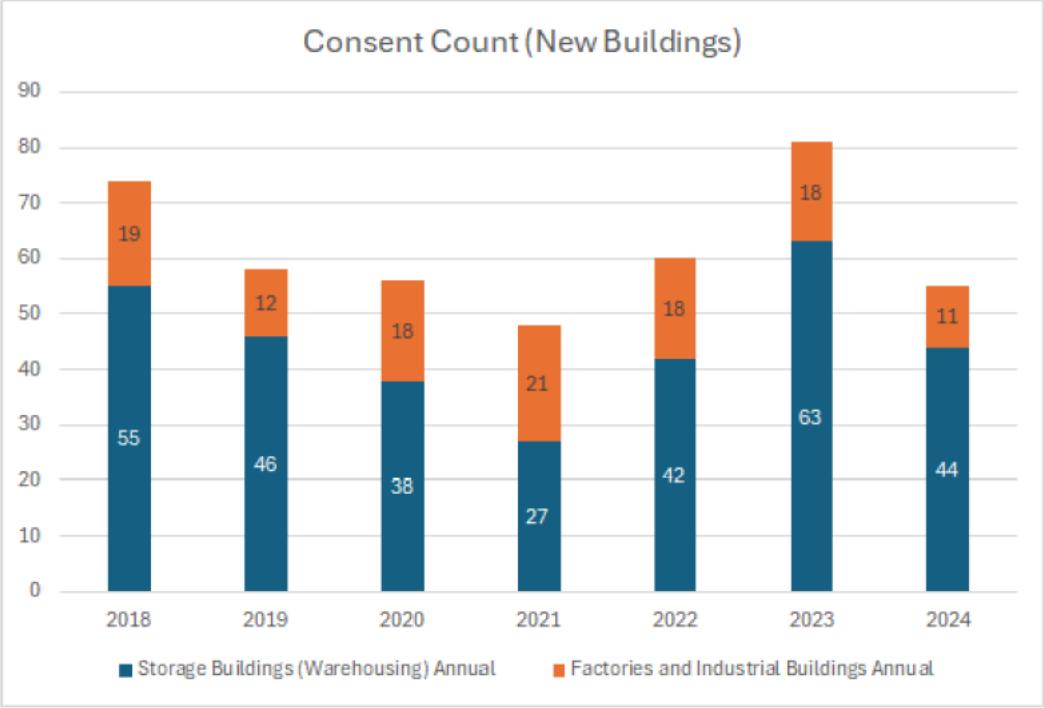


Figure 3.8 – Annual Floorspace (sqm) of Storage Building and Factories/Other Industrial Building Consents in Christchurch City 2018-2024

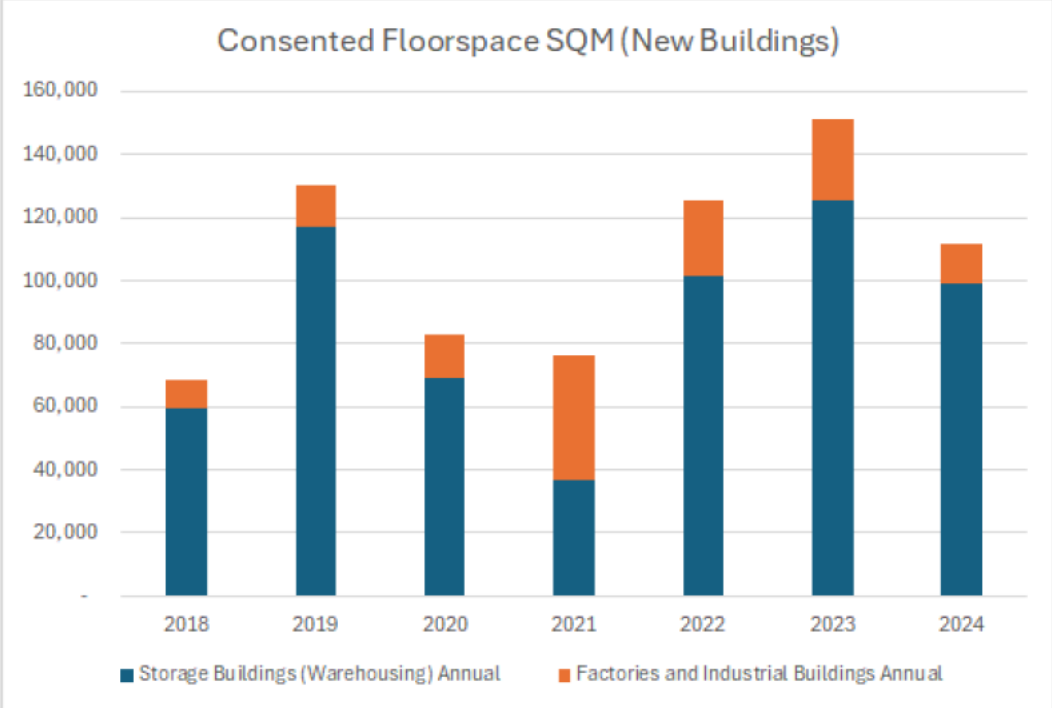
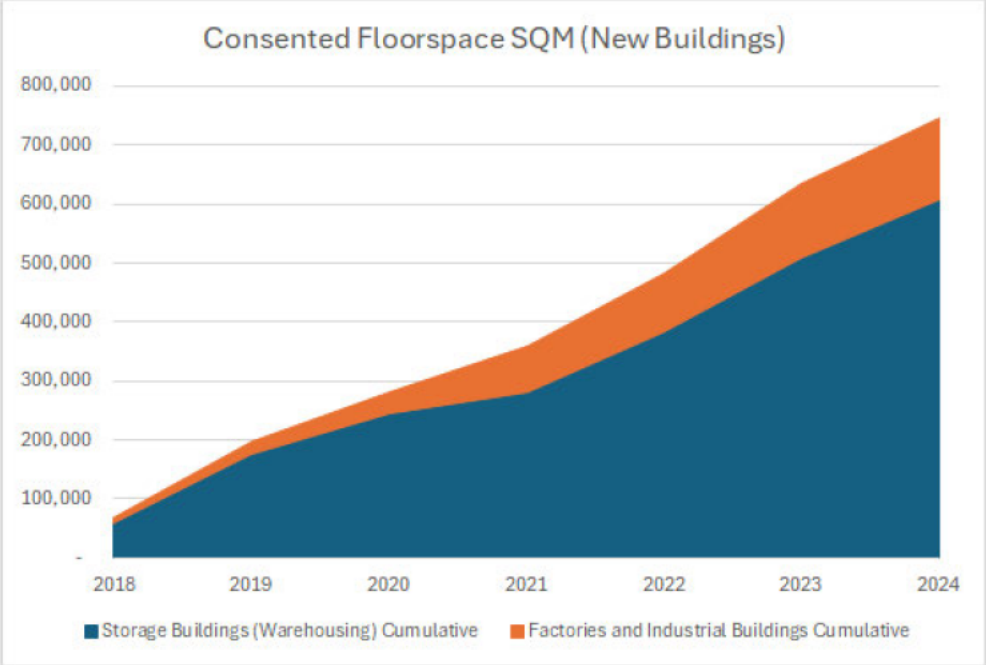


Figure 3.9 – Cumulative Floorspace (sqm) of Storage Building and Factories/Other Industrial Building Consents in Christchurch City 2018-2024



It is noted that commercial and retail buildings (as categorised in the StatisticsNZ building consent data) may also be developing within industrial zones (where plan enabled or consented). Those building consent types are not analysed here. There is a greater probability that storage (warehouse) buildings and especially factories/other industrial buildings are establishing in industrial zones, and so these two building consent types are used to indicate take-up of vacant capacity in industrial localities but is likely to be conservative.

Figures 3.7-3.8 above show that at a district level, the consented industrial floorspace per annum has fluctuated annually (more or less in line with consent numbers) but has been strong from 2022 to 2024. In 2024, storage (warehouse) buildings accounted for 89% of industrial floorspace consented that year. This trend has been relatively consistent across the year ending June 2018-2024 period. The average size of storage buildings consented in 2024 was 2,258sqm, compared to 1,117sqm for factories/other industrial buildings. This demonstrates that demand is strongly focussed on warehousing that is more land extensive. Locations that provide the right locational attributes for warehousing will be in high demand.

Figure 3.9 shows the cumulative development of new industrial floorspace since 2018. The trend is for steady and relatively consistent growth, particularly after 2021. Assuming all consented floorspace was built, the cumulative growth in storage building floorspace between 2021 and 2024 in Christchurch City was 326,267sqm and the cumulative growth in factories/other industrial buildings was 62,275sqm. That's total cumulative growth of

388,542sqm of new floorspace. Assuming a site coverage of 40-55%,[44] that floorspace growth could occupy an estimated 70-97ha of land. We discuss these figures further in Section 4 below.

It is noted that the BDCA 2023 (discussed in Section 2.2 above) relies on industrial consent data assessed for the BDCA 2018 and does not appear to update that data in the 2023 report. It states that "*In the short term, it appears that the trend for industrial tenants to relocate within the City to higher quality newer buildings in the west may have peaked, with a slowdown in consents for industrial buildings and industrial land take up*" (page 39, emphasis added). That observation of a slowdown in industrial consents was based on data prior to 2018. It is not accurate of the industrial consent data since 2018, and particularly since 2021 which is shown in Figure 3.9.

While we cannot be certain on the location of this consented floorspace growth, the strong growth in employment in recent years, and market commentary indicates that it has occurred mainly in the south quadrant, and especially in the Islington-Hornby South locality.

3.4 Conclusions on Industrial Localities and Markets

Employment in different industrial sectors is not spread evenly across industrial zones. Different sectors have shown preferences for different localities within Greater Christchurch.

While some localities are providing industrial services that meet the needs of nearby communities (i.e. a business to final household demand role), others function more in the business to business (intermediate demand) role and may have district, regional or even South Island trade catchments. These differing roles can also be seen in average business size data.

The Airport and Lyttelton Port have very distinct roles (including larger average business sizes), that are appropriately recognised with Specific Purpose rather than industrial zoning in the District Plan. While a 2023 snapshot of employment by sector indicates that a few of the industrial localities defined for this assessment have broadly similar roles, they are still geographically separated, which means that they are likely to be operating in different markets of demand. Most of the industrial localities defined for this assessment have relatively distinct mixes of employment and therefore roles, particularly regarding the ratios of their top 3 employment sectors.

Overall employment growth across all industrial localities has been slow between 2018 and 2023, but this is the net effect of some localities experiencing reduced employment and others

[44] NTP data.

experiencing strong growth. This highlights that the industrial economy in Greater Christchurch is (still) in a state of spatial transition and restructuring. Limited net growth in employment does not mean that vacant industrial zoned land is not being taken up. The locations of high demand (growth) are driving a strong and steady supply of new industrial buildings as evidenced by the building consent data and real estate commentary.

All of the above highlights the limitation of reporting demand, capacity and sufficiency of industrial land at a district level for Christchurch City (as is the case in the Greater Christchurch BDCA 2023) as there are important dynamics in the Christchurch industrial economy occurring at the sub-district level (and even within the quadrants relied on in the BDCA 2018).

While the above analysis of industrial localities has not considered all potential economic indicators of demand and supply (land price and building quality[45] have not been covered for example), there is sufficient evidence to support the defined industrial areas (Figure 3.1 and 3.2) as being 14 distinct localities and markets of industrial land within Greater Christchurch. Savvy does not consider that any further aggregation of these localities is justified.

Based on that finding, the proposed Pound Road industrial development would therefore expand the Islington-Hornby South industrial locality and market as defined for this report. Savvy notes that Colliers have also identified a similar area as a distinct locality and market for industrial demand.[46] Islington-Hornby South is one of Christchurch's newer industrial localities and is a location of very high demand relative to other industrial localities in Greater Christchurch (as confirmed by recent CBRE reporting).

The locality is attracting mainly manufacturing, wholesale trade and construction business activity. It is unique in its above average business size. It has the highest share of wholesale trade sector employment and the second highest share of transport, postal and warehousing sector employment in Greater Christchurch's industrial localities after the Airport. The latter currently accounts for only 12% of current employment as of February 2023 (but likely a much higher share of land given the land extensive nature of these activities). CBRE also indicate some of the newest floorspace developed in the locality since February 2023 is in the logistics sector, so the relative role of the transport, postal and warehousing sector within the locality is expected to be higher today.

The following report sections focus on demand, capacity, sufficiency and growth alternatives in the Islington-Hornby South locality and market.

[45] Like office space, real estate agents distinguish industrial buildings according to prime/A grade, and grads B, C and D.

[46] The Colliers report names this area "Hornby South/Islington". Colliers do not include the Industrial Park Zone in Hornby South in Appendix A of their report.

4 Islington-Hornby South Sufficiency

4.1 Projected Demand for Industrial Zoning

As discussed, the BDCA 2023 does not quantify industrial land demand at a sub-district level.[47] To estimate future demand for industrial land in the Islington-Hornby South locality, a take-up, or supply growth, approach has been used. While supply is not necessarily a good indicator of demand (as there may be demand that is not being met), the approach is considered suitable for the purpose of this report, and on the basis that there is vacant capacity in the locality, meaning that recent localised demand is unlikely to have been unduly constrained in this instance.

4.1.1 Approach

Savvy has applied a desktop approach using readily available data to estimate average annual take-up of zoned industrial land in the Islington-Hornby South locality. It is noted that Colliers have also relied on a take-up approach, and their vacant land survey includes site visits, so is not purely desktop. Differences between our respective estimates of remaining vacant land are discussed further below.

Savvy has matched current primary parcel boundaries to the three industrial zones in the defined Islington-Hornby South locality, removing road parcels where these have already been subdivided. Some parcels have been manually split where there was a clearly delineated vacant land area in the parcel. Only land that did not appear (from aerial photos) to be used in any way (i.e. for a yard or parking purpose) was split off. This approach was taken so as not to underestimate zoned land that may support additional employment growth (whether by the business already based in the parcel, or by new businesses). However, it is not known if any of these vacant areas have been retained to manage stormwater or general impervious areas, for example. If this is the case, then Savvy may have over-stated some vacant land.

Savvy then sourced building outline data from LINZ which were surveyed on two separate dates in Christchurch – January 2016 and December 2020. The building outlines located within the extent of the industrial zones and primary parcels were selected. By comparing the date at which building outlines were mapped, parcels were coded to one of the two survey dates.

[47] And Savvy has some concerns around the reliability of the demand projections at the district level for reasons stated.

Using current (assumed October 2024)[48] aerial photographs, visible buildings not captured in the December 2020 building outline survey were assumed to have been built after December 2020. Those parcels were coded to October 2024. This process created two periods of development since January 2016. That is the development (land up-take) that occurred in the 59 months between January 2016 and December 2020, and the land up-take that occurred in the 46 months between December 2020 and October 2024.

Some parcels in the industrial zones contain yard based activities. These are difficult to tag to a development period given the absence (in many cases) of any buildings over 10sqm (which is the minimum threshold used by LINZ in the building outline surveys). Yard parcels were coded to the time period matching most of the immediately surrounding parcels that contained buildings.

A small number of parcels were excluded from the take-up where these were clearly stormwater management sites or reserves/pocket parks. Designations on vacant land were also excluded from the analysis. Parcels with no buildings (excluding actively used yards and designated land) were coded as remaining vacant (and further assessed – see capacity section below). The results of the process are shown in Figure 4.1.

It clearly shows the older established part of the industrial locality and the more recent take-up of the Waterloo Business Park in the north-west and parts of the Industrial Park Zone in the south-east. It also shows a large contiguous area of vacant land in the centre of the locality and some dispersed vacant lots in the Waterloo Business Park and elsewhere.

4.1.2 Demand Results

Table 4.1 summarises the results of Savvy's desktop take-up approach. Across the total locality, there was an estimated 82.7ha of vacant sites developed after January 2016 and by December 2020. This equates to an average rate of take-up of 16.8ha/annum. Then, there was a further 33.6ha of vacant sites developed after December 2020 and by October 2024 (approximately). This equates to an average rate of take-up of 8.8ha/annum. In total, development that has occurred after January 2016 till around mid-late 2024 is 116.3ha, averaging 13.3ha/annum.

[48] It is possible the aerial images are older (their exact date within 2024 is difficult to verify). NTP have indicated fewer vacant sites in the Mānia Development as of October than shown in the aerial images relied on, which would indicate that the analysis should not be referred to as an October 2024 snapshot, but rather an earlier date within 2024. This is not considered material to the conclusions of this report and indicates that if it was updated with a more current aerial image of site visit, that even less vacant development capacity in this locality would be available.

These three take-up rates have been used as three demand scenarios – the low take-up scenario (8.8ha/annum) is the most recent period but includes the Covid-19 period. As indicated by the industrial consent analysis (Section 3.3.2), consented industrial floorspace dropped in 2020 and 2021, which would have impacted development rates between 2020 and 2022. While included, this low scenario is not considered representative of typical demand for this locality.

Figure 4.1 – Islington-Hornby South Land Parcel Development Status (Site Development in January 2016 (Baseline), December 2020 and October 2024)

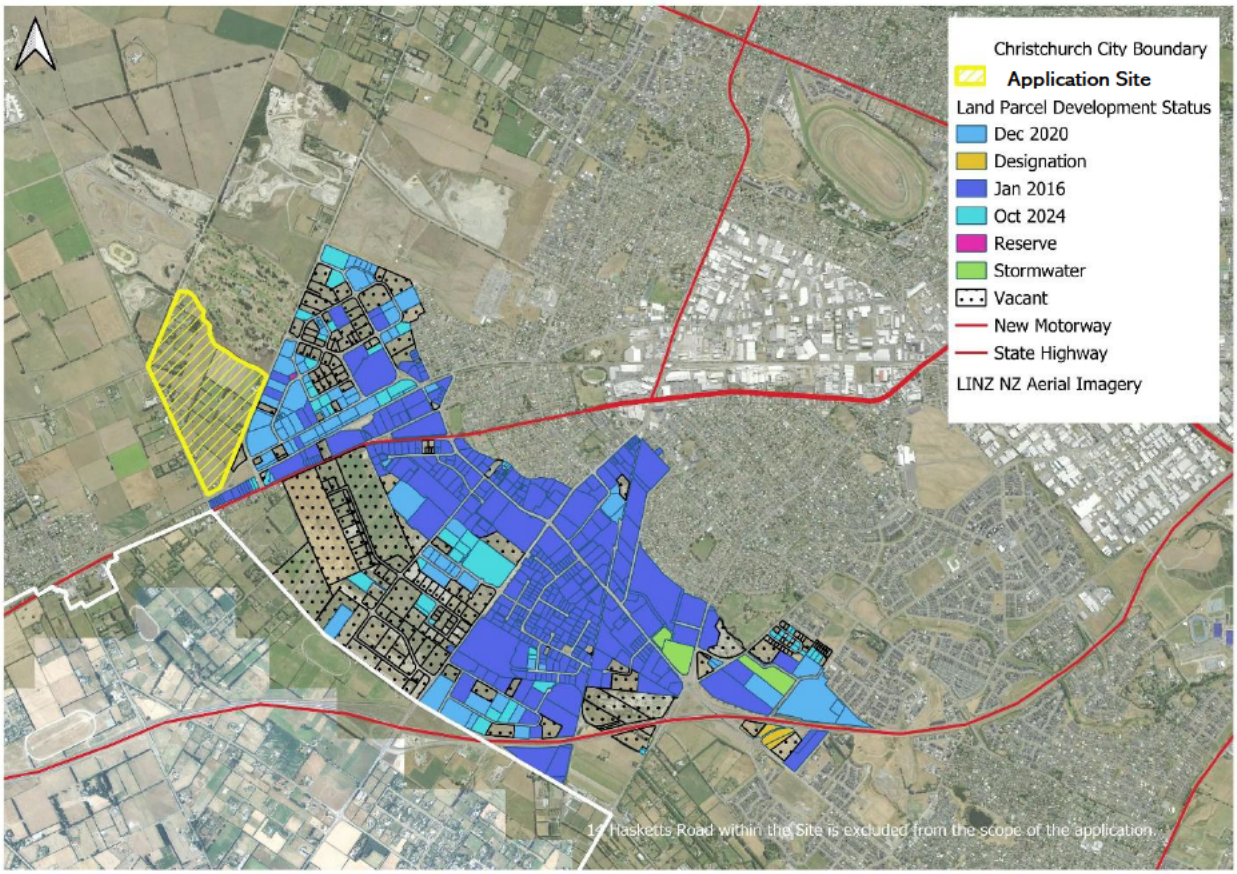


Table 4.1 – Savvy Land Demand Growth Scenarios for Islington-Hornby South (Based on Supply / Land Take-Up Trends)

Assessment Period	Newly Occupied Land Area (ha)	Months in Period	Years in Period	Annual Average Take Up (ha)	Medium Term (2024-2034)	Long Term (2024-2054)	Medium Term (2024-2034) Incl. Margin	Long Term (2024-2054) Incl. Margin
January 2016-December 2020 ***	82.7	59	4.92	16.8	168.10	504.3	201.72	588.4
December 2020-October 2024 *	33.6	46	3.83	8.8	87.74	263.2	105.29	307.1
January 2016-October 2024 **	116.3	105	8.75	13.3	132.90	398.7	159.48	465.1

*Source: Savvy, LINZ. * Low Savvy Uptake, ** Moderate Savvy Uptake, *** High Savvy Uptake. Scenarios assume a constant rate of take up over the medium and long-term.*

The moderate take-up rate (13.3ha or moderate take-up scenario) is the average rate over a longer period but is still dampened by Covid-19. The high take-up rate (16.8ha/annum) is considered the most likely to represent demand growth in the locality, and a rate that development will return to (if not already) in Islington-Hornby South if capacity is not constrained. It is the preferred demand scenario.

Using the three scenarios of average annual take-up rates, Table 4.1 shows the projected take up of vacant land over a medium and long-term outlook (10 and 30 years respectively from 2024). This assumes a constant rate of take-up (demand) over that period. The final two columns of Table 4.1 add the competitiveness margin required by the NPS-UD.

Savvy's demand projections for this locality do not take into account any gradual increases in the average building size over time which may result in land being consumed at a faster rate for the same number of new businesses/buildings (a trend noted by CBRE and in the industrial consent data). The demand projections also do not take into account any transfer of existing industrial activities from any industrial land that may be rezoned in the future to higher-value land uses (such as was proposed (but was not accepted) for the Phillipstown-Waltham-Sydenham North industrial locality in Plan Change 14). The same applies to existing industrial activities that transfer from Brownfield Overlay sites. To the extent that some of that existing activity is attracted to the Islington-Hornby South locality in the future, it would be net additional to the take-up trends observed (and already captured in the data) in recent years (i.e. an acceleration of transferred activity).

Savvy's demand projections also do not account for Christchurch City industrial demand to be even more focussed on the Islington-Hornby South locality than in recent years. As discussed above, CBRE monitoring showed that growth in industrial supply was increasing concentrated in fewer locations, of which wider Hornby (including Islington) was capturing the most growth.

For all these reasons, Savvy's demand scenarios, including the preferred high take-up rate scenario, may underestimate the growth pressure faced by the Islington-Hornby South industrial locality over the next 10-30 years.

4.2 Capacity for Growth in Islington-Hornby South Industrial Locality

Figure 4.2 shows the estimated vacant (unoccupied) land parcels contained in Figure 4.1 above but includes a further classification of those vacant land parcels. Savvy has relied on a combination of information to inform the classification as follows:

- Colliers' information: to identify Crown (or His Majesty the King) owned land, Calder Stewart owned land, and Foodstuffs South Island owned land). This is based on Appendix A of the Colliers' Report.
- Hornby South-West Outline Development Plan which identifies the most westward parcel of the Waterloo Business Park as a potential stormwater area.
- LINZ data showing vested reserves (including on Calder Stewart land[49]).
- The remainder of parcels are classified as general vacant parcels.

Figure 4.2 – Estimated Current Vacant Land by Classification in Islington-Hornby South Locality (October 2024)

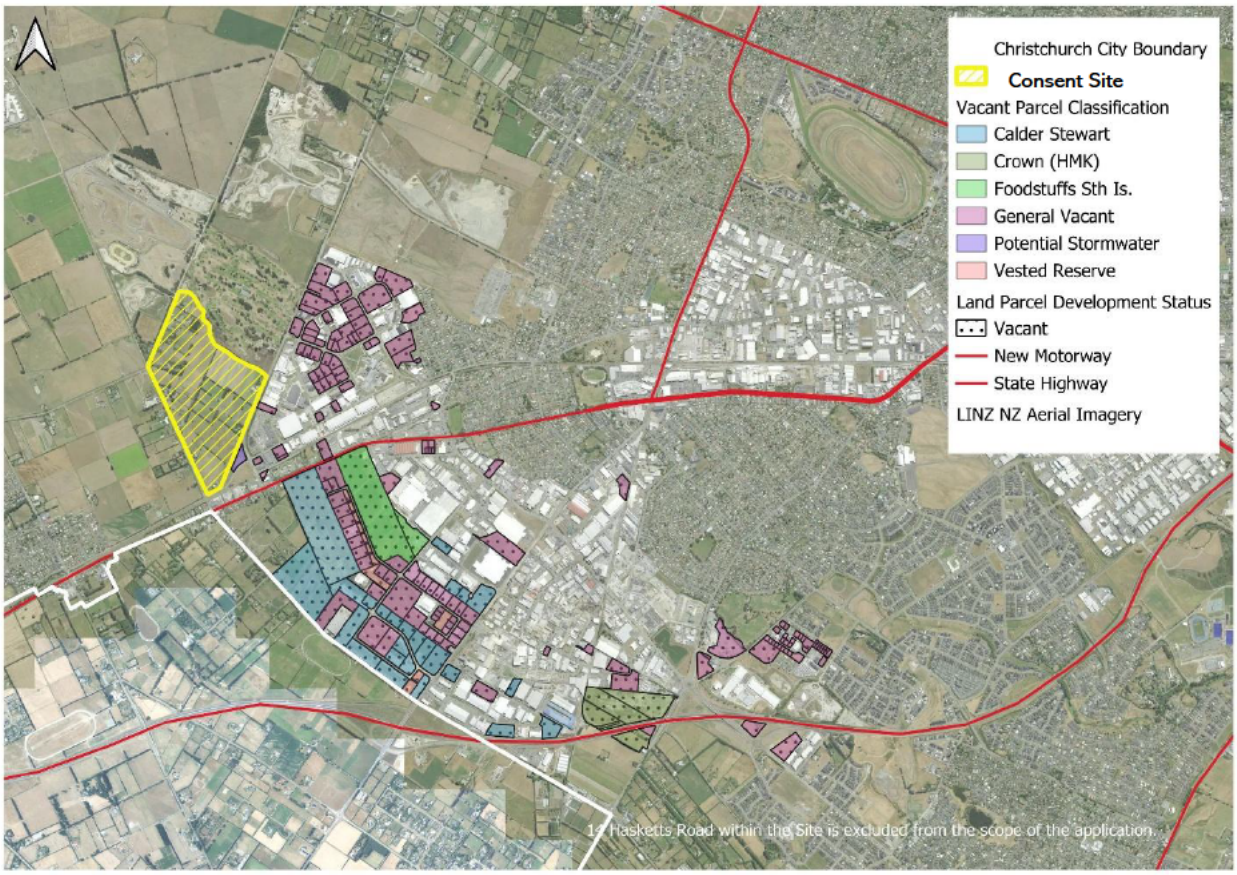


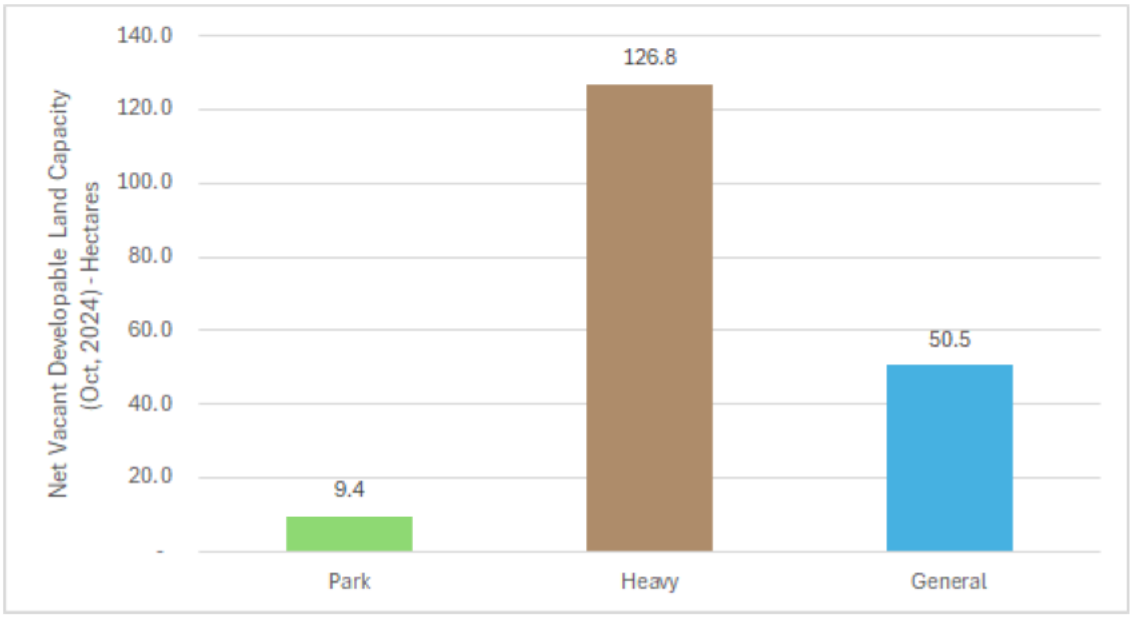
Table 4.2 shows that Savvy estimates a total of 212.4ha of vacant (whole and partial) land across the three industrial zones in the locality. Excluding the potential stormwater site and vested reserves, this reduces vacant development capacity to 206.6ha. A total of 66.4 hectares of vacant developable land is considered to represent greenfield sites that would likely be subject to further subdivision and requiring land to be set aside for roading/access

[49] This appears to match land impacted by the transmission line corridor.

and other infrastructure. Savvy has reduced this greenfield land by 30%, dropping the gross area of those selected land parcels down to a net developable area of 46.5ha. All other vacant parcels are assumed to be at a final/marketable allotment size.

When combining the net greenfield land and the final allotment vacant sites (and excluding reserves), the total vacant development capacity estimated by Savvy in (or around) October 2024 is 186.6ha.[50] Figure 4.3 shows the breakdown of this by industrial zone type. The significant majority of vacant land is in the Industrial Heavy Zone (68%). A further 27% is in the Industrial General Zone, and just 5% is estimated to be in the Industrial Park Zone.

Figure 4.3 – Estimated Vacant Development Capacity (All Landowners) October 2024 in Islington-Hornby South Locality by Zone Type



[50] As noted above, this may be overstated as NTP have indicated that more land in the Māania Development had also been developed/occupied by October 2024 (assumed to be the date of the aerial imagery relied on).

Table 4.2 – Savvy Development Capacity Scenarios for Islington-Hornby South Locality (October 2024)

Classification	Area (ha)	Greenfield Gross (ha) *	Greenfield Net (ha) **	Final Allotment (ha)	Total Net Conservative (ha) ***	Total Net Moderate (ha) ****	Total Net Full (ha) *****
General Vacant	102.5	-	-	102.5	102.5	102.5	102.5
Crown (HMK)	16.7	14.2	9.9	2.5	-	12.4	12.4
Calder Stewart	65.1	32.6	22.8	32.5	55.3	55.3	55.3
Foodstuffs Sth Is.	22.3	19.6	13.7	2.7	-	-	16.4
Potential Stormwater	0.8	-	-	N/A	-	-	-
Vested Reserve	5.0	-	-	N/A	-	-	-
Total Vacant/Unoccupied	212.4	66.4	46.5	140.2	157.8	170.3	186.6

Source: Savvy, LINZ, Colliers. All land is assumed to be infrastructure served (this has not been investigated).
** Most of the Crown land is treated as greenfield, along with the two largest Calder Stewart parcels and the largest Foodstuffs parcel. All other parcels are assumed to be of a marketable size.*
*** Selected greenfield parcels are reduced by 30% to account for roading and other non-developable land.*
**** In the conservative assumption, Foodstuffs land is landbanked and Crown land is excluded from vacant development capacity as it may take time for this to be divested.*
***** In the moderate assumption, Foodstuffs land is landbanked but Crown land is assumed to be available.*
****** In the full assumption, all non-reserve/stormwater sites are assumed to be feasible and avaialble development capacity.*

If all of this was available, this is treated as Savvy's Full capacity scenario (186.6ha). A Moderate capacity scenario (170.3ha) has also been tested, whereby the Foodstuff's net greenfield land is assumed to be land banked and not developed over the long-term.[51] A Conservative capacity scenario (157.8ha) assumes the Foodstuffs net greenfield site is land banked, and the Crown land is not available to the market.

4.3 Sufficiency of Existing Industrial Zones

This section compares the three Savvy demand projections (Low, Moderate and High) for the medium and long-term in the locality (based on the three recent take-up rates), against the three Savvy industrial capacity scenarios described above (Conservative, Moderate and Full). Savvy's preferred demand scenario – High – is highlighted. The remaining combinations are included for sensitivity testing/context.

[51] Savvy notes that this site has a Rural Wastewater Irrigation overlay in the Outline Development Plan (South-West Hornby Industrial area, Appendix 16.8.8 of the District Plan).

Table 4.3 – Matrix of Demand, Capacity and Sufficiency Scenarios for Islington-Hornby South Locality

Demand and Capacity Scenario Description	Demand (ha)		Vacant Capacity (Net Developable) by Scenario (ha)	Sufficiency (ha)	
	Medium Term (2024-2034) Incl. Margin	Long Term (2024-2034) Incl. Margin		Sufficiency Medium Term	Sufficiency Long Term
Sawy Take Up Rate - Low & Conservative Capacity	105.3	307.1	157.8	52.5	-149.3
Sawy Take Up Rate - Moderate & Conservative Capac	159.5	465.1	157.8	-1.7	-307.3
Sawy Take Up Rate - High & Conservative Capacity	201.7	588.4	157.8	-43.9	-430.5
Sawy Take Up Rate - Low & Moderate Capacity	105.3	307.1	170.3	65.0	-136.8
Sawy Take Up Rate - Moderate & Moderate Capacity	159.5	465.1	170.3	10.8	-294.9
Sawy Take Up Rate - High & Moderate Capacity	201.7	588.4	170.3	-31.5	-418.1
Sawy Take Up Rate - Low & Full Capacity	105.3	307.1	186.6	81.4	-120.4
Sawy Take Up Rate - Moderate & Full Capacity	159.5	465.1	186.6	27.2	-278.5
Sawy Take Up Rate - High & Full Capacity	201.7	588.4	186.6	-15.1	-401.7
Colliers Take Up Rate (18.4ha/annum) and Capacity	220.8	644.0	142.8	-78.0	-501.2

Source: Savvy, Colliers. Take up rates in each scenario are assumed to hold constant over the medium and long term.

Depending on which capacity scenario is applied, Table 4.3 shows that under Savvy's preferred demand projection (including the competitiveness margin) that there would be a shortfall of industrial development capacity in the Islington-Hornby South locality in the medium and long-term. This shortfall ranges between 15.1ha and 43.9ha by 2034. The long-term shortfalls are significant. Only if lower take-up rates are used (i.e. Savvy's Low and Moderate demand – both impacted by the Covid-19 period), would the locality have sufficient development capacity over the medium-term (the exception being the combination of the Moderate demand projection and Conservative capacity scenario, where a small shortfall is estimated by 2034). As stated, these lower demand scenarios are not considered likely to eventuate.

For ease of comparison, the Colliers' scenario (taken from their Hornby South/Islington Take-up & Supply Pipeline table on page 36 of their report) is included in Table 4.3 alongside Savvy's sufficiency results. The Colliers' scenario relates to average annual take-up over the period September 2020 to June 2024 and vacant capacity (as of June 2024) in just the Industrial Heavy and Industrial General Zone in this locality. It does not account for take-up and vacant capacity in the Industrial Park Zone. It excludes capacity on Crown owned land,[52] and does not account for any land in vacant greenfield parcels that would be reduced by roading and other infrastructure.

[52] Vacant Crown owned land is also excluded in Savvy's Conservative capacity scenario.

While there are some differences in data/approach and identified vacant sites between Savvy and Colliers, the conclusion is the same: insufficient industrial development capacity in the locality to meet expected demand.[53]

4.4 Proposed Industrial Development Contribution

The proposed industrial development site within the scope of the application has a gross area of 60.4ha. Indicatively this could supply 42.3ha of net development capacity (based on the assumption of 30% of the site being used for roading, reserves and other infrastructure).

Savvy considers that the addition of 42.3ha of development capacity is significant in the context of Policy 8 of the NPS-UD and the region. Within the context of Islington-Hornby South locality, it would represent a 41% increase in general vacant land parcels (i.e. excluding Crown, Calder Stewart and Foodstuff owned land and assumed to be vacant in late 2024). It would represent a 23% increase in total net vacant land (all landowners) estimated at that time. Conversely, if zoned Industrial General, it would represent an 84% increase in net vacant land in the Industrial General Zone estimated at that time in the locality.

At 42.3ha of net development capacity, the proposed site would ensure at least sufficient capacity is provided in the Islington-Hornby South location of demand in the medium-term (i.e. to 2034) according to Savvy's preferred High demand scenario. However, while it would contribute to meeting long-term demand in the locality, it would not be sufficient (on its own) to address the projected long-term shortfall.

[53] Colliers have also estimated industrial sufficiency for the total of Greater Christchurch and not just the locality and conclude insufficient capacity in the medium-term. Savvy's report is limited to sufficiency at the locality level.

5 Loss of Highly Productive Land

The Site is zoned Rural Urban Fringe. Savvy understands, by way of advice provided by NTP's legal advisors (Chapman Tripp), that the Rural Urban Fringe Zone may not be "highly productive land" under the transitory definition of the NPS-HPL. Nevertheless, this report has been prepared on the (conservative) basis that the LUC 2 land identified on the Site meets the transitional definition of "highly productive land" under clause 3.5(7) of the NPS-HPL.

The proposed development site is extensively, but not totally, comprised of LUC 2 land .[54] The area of LUC 2 is estimated at 50.4ha (excluding 14 Hasketts Road which is outside the scope of the application). HPL therefore makes up 84.8% of the total industrial development area of 60.4ha. The key clause of the NPS-HPL that is relevant for resource consents seeking urban subdivision, use and development on HPL is clause 3.10. It states that territorial authorities may allow urban development of HPL only if three tests are met. This sub-section considers those three tests.

5.1 3.10(1)(a) there are permanent or long-term constraints on the land

The Reeftide report identifies that only one property within the site is currently used for primary production (of a commercial nature). That is 173 Pound Road which is being used for root crop vegetable growing. The total property is 9.67ha, but Savvy estimates that the productive (horticultural) area is approximately 8.1ha once the dwelling, landscaped areas and packing house are excluded (Figure 5.1). The site contains LUC 2 land (estimated at 5.3ha), although this does not cover the total property or vegetable growing area.

[54] Until HPL is mapped by Environment Canterbury (and operative), HPL is defined as LUC 1, 2 and 3.

Figure 5.1 – 173 Pound Road – Existing Vegetable Growing Property Within the Site

Other larger properties within the proposed site are described in the Reeftide report as unproductive lifestyle blocks containing grassed areas that are regularly mowed (rather than farmed). One arable farming property is estimated to have ceased production in the 1990s.

Relying on the Reeftide assessment, Savvy has therefore assumed that 173 Pound Road is the only existing productive land parcel as present within the site. This is assumed to remain the only potential and viable productive area within the development site over the long-term for the following reasons identified in the Reeftide report:

- There is inadequate water supply available to support irrigation required for increased productive use on any of the parcels of land above the current baseline, including for pasture/grazing. Existing water takes on the land are insufficient, and new water takes are prohibited in this location, with transferred existing water takes increasingly difficult to secure.
- Baseline nitrogen leaching rates for the total site are very low, meaning it would be difficult to intensify productive use on any parcel in the site beyond current use. The Reeftide report describes this factor as a permanent long-term constraint of the site.

Reeftide concludes that there are multiple long-term constraints on the capacity of that site to support primary production activities and that the proposed development of the Site is appropriate and will not compromise the use of HPL for land-based primary production both now and into the future. ,This does not however preclude the existing productive site (173

Pound Road) to continue its vegetable cropping activity (i.e., continue to be viable under the same scale and nature of primary production).

In summary, 45.1ha[55] of LUC 2 on the site and 52.3ha of the wider site with and without LUC 2 is considered to face permanent and long-term constraints that would prevent viable land-based primary production now and in the future. The loss of the productive capacity at 173 Pound Road (8.1ha in total and 5.3ha of LUC 2 area) is discussed further below.

5.2 3.10(1)(b) significant loss of productive capacity, fragmentation of large areas of HPL, and reverse sensitivity effects are avoided

Figure 5.2 shows that the site joins the urban fringe (urban zonings) comprising of the golf course (Open Space Community Parks Zone) and Waterloo Business Park (Industrial General Zone) on its north-eastern and eastern boundary. The site's rural interface does not form part of a large, cohesive area of HPL because it is bounded by Hasketts Road and Barters Road. The proposed industrial development therefore does not further fragment a large and geographically cohesive area of HPL. On that basis, Savvy considers that the test of 3.10(1)(b)(ii) is met.

[55] Based on 50.4ha of LUC 2 within the scope of the application less the 5.3ha of LUC 2 estimated on 173 Pound Road.

Figure 5.2 – HPL in the Proposed Industrial Development Site

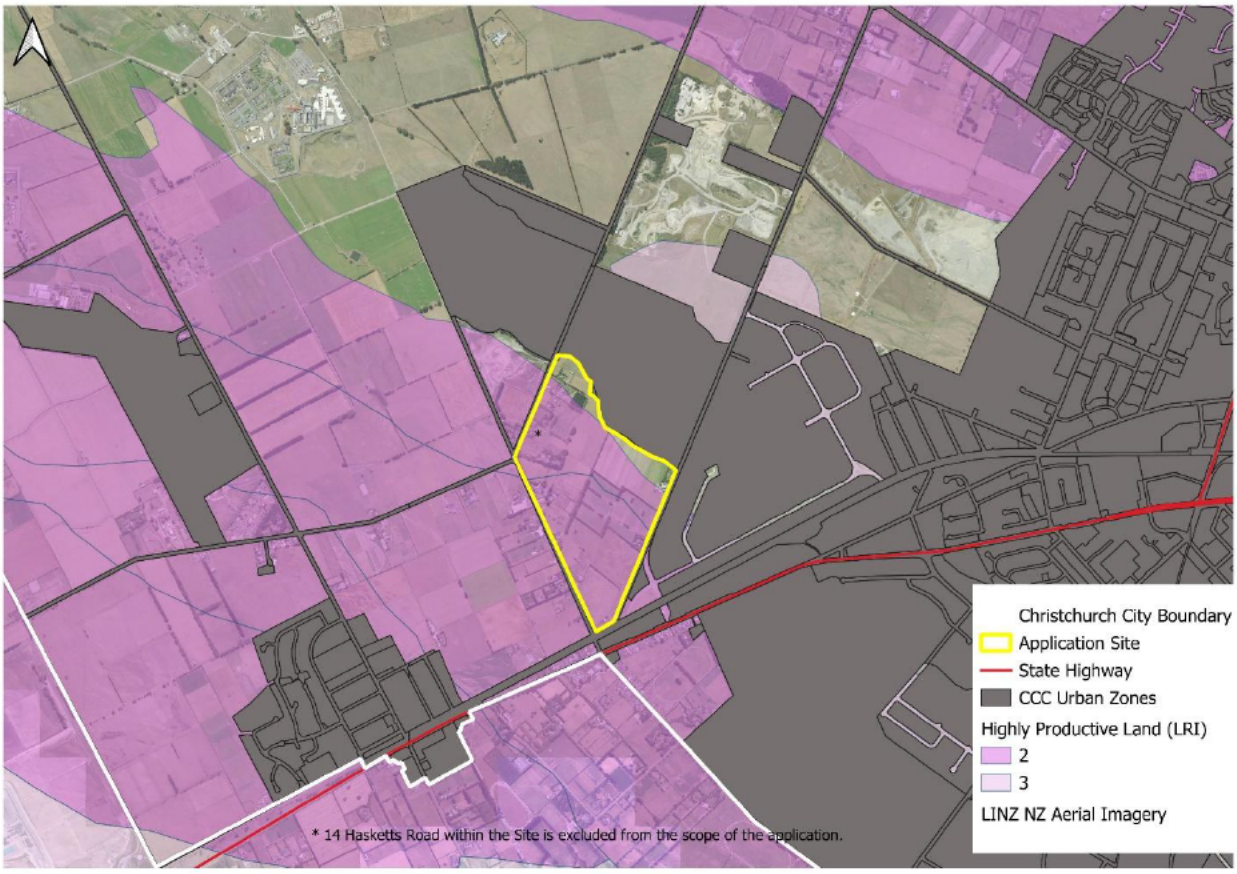
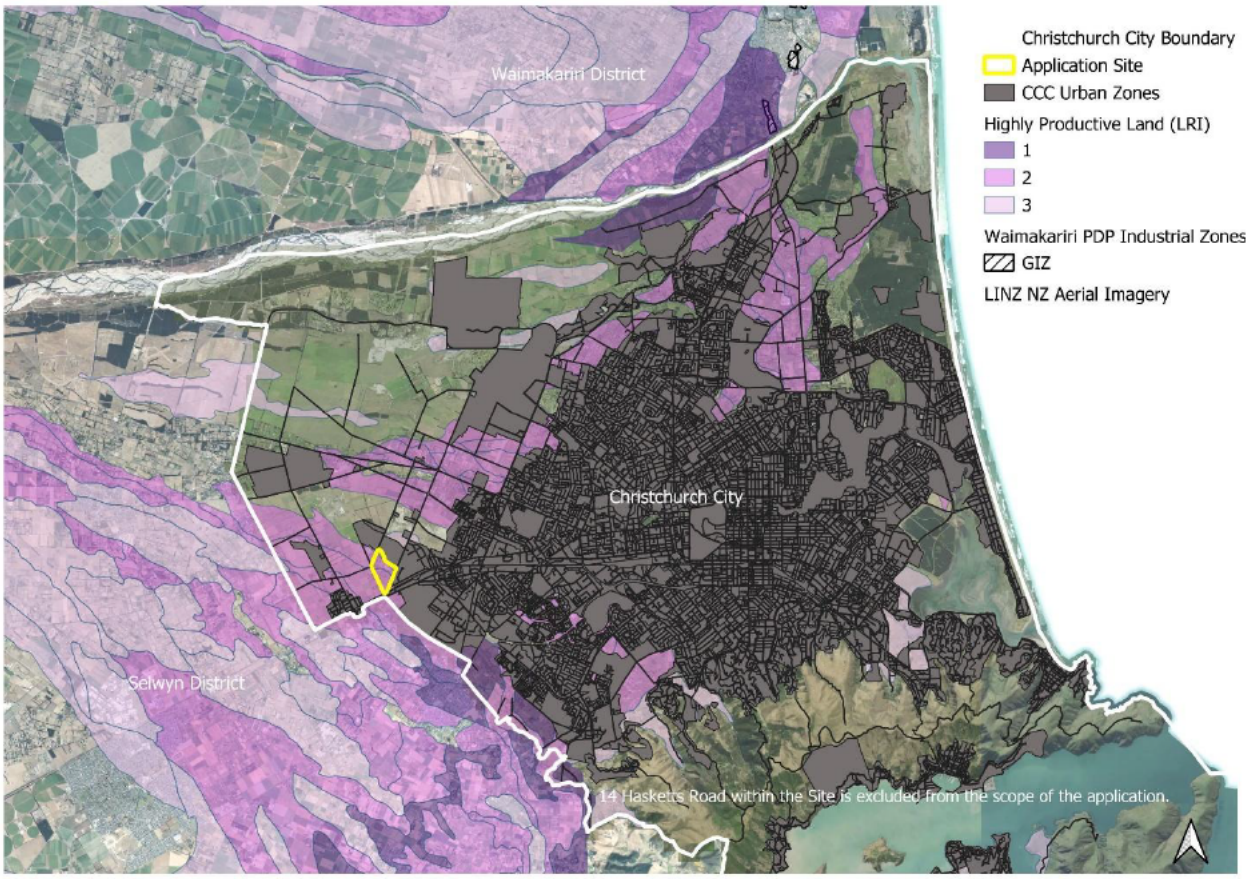


Figure 5.3 shows HPL within Christchurch City (although Banks Peninsula is not shown within the map extent). The LRI database records that there is 16,870ha of LUC 1-3 within Christchurch City, but this dataset is out of date and around 6,520ha of that sits beneath urban zones and/or urban development and is no longer available for land-based primary production. Therefore, Savvy estimates that there is approximately 10,350ha of HPL potentially available for land-based primary production contained within the Rural Banks Peninsula Zone, Rural Waimakariri Zone and Rural Urban Fringe Zone (Figure 5.3).[56]

[56] While the NPS-HPL only considers LUC 1-3 within a general rural or rural production zone as forming the interim area of HPL in a district, Savvy has treated all three of these rural zones as if they met that definition. However, Savvy understands from Chapman Tripp that the Rural Urban Fringe zone does not qualify as a general rural or rural production zone.

Figure 5.3 – HPL Within Christchurch City Outside of Urban Zones



This approximate HPL area is comprised of 8% LUC 1 (approximately 850ha), 54% LUC 2 (approximately 5,590ha) and 38% LUC 3 (approximately 3,920ha). In that context, the loss of 50.4ha of HPL within the extent of the application (all of which faces long-term constraints for land-based primary production other than the 5.3ha currently used for horticulture at 173 Pound Road), accounts for 1% of total LUC 2 land in rural zones within Christchurch City and 0.5% of total HPL within rural zones within the district.

The loss of LUC 2 land within the proposed industrial development site is therefore minimal at the district level. On that basis, Savvy considers that the test of 3.10(1)(b)(i) has been met as the proposal does not result in a significant loss (individually or cumulatively) of productive capacity of HPL in the district.

The final test of 3.10(1)(b)(iii) relates to avoiding if possible, or otherwise mitigating, any potential reverse sensitivity effects on surrounding land-based primary production from the subdivision, use and development. While there are some larger rural properties on the western side of Barters Road, including north-west of the site, Savvy does not consider that industrial development on the site would generate any reverse sensitivity effects on that rural land use, not least because the roading network helps create a buffer between nearby

properties. Savvy also understands that the industrial activities anticipated on the site equate to activities akin to the Industrial General Zone. As such, heavy industry activities would be unlikely to develop. The activity mix of the adjoining Waterloo Park is a likely guide to future development of the application area. As such, Savvy considers that this test is also satisfied.

5.3 3.10(1)(c) The … economic benefits of rezoning outweigh the … economic costs

Clause 3.10(1)(c) requires environmental, social, cultural and economic costs and benefits to be assessed. This report focuses on the economic costs and benefits.

5.3.1 Economic Contribution of Industrial Development

Core tangible economic benefits arising from the proposed industrial development are the GDP and employment effects of:

- completing the one-off land development of the site (short-term benefit),
- completing the one-off construction of buildings and/or other improvements[57] on the indicative 73 developable lots[58] (short-term benefit (but spread over time), and
- the ongoing operation of new businesses that establish in the development (long-term benefit).

While the land development (civil works) may be expected to be completed in 4 stages, the development of the future lots by new industrial businesses is expected to be gradual and potentially spread over the short, medium and long-term.[59] As such, the economic benefits will accrue slowly after an initial short-term impact.

The following assumptions have been used to quantify the indicative economic impacts of the construction stages of the proposed development only (i.e., the first two bullet points above):

[57] Not all future lots in the proposed development will necessarily contain buildings as they may be used for industrial yards. That said, most yards tend to include some small ancillary building. Other improvements would still include fencing, security, signage, sealed/concreted areas etc.

[58] Based on the indicative subdivision plan provided by the client. Savvy does not account for any further subdivision of the larger balance lot shown in the indicative subdivision plan.

[59] The sites may be sold at a faster rate than they would be developed.

- 74 developable lots delivered and all lots contain a building.[60] Very indicatively, Savvy has adopted an average building size of 4,850sqm[61] and a commercial construction cost of $2,000/sqm.
- Design, planning and subdivision approvals take place indicatively over 6 months, the land development takes place indicatively over 4 years (in 4 stages) and the construction of buildings occurs indicatively over 15 years.[62] Total development period of 16.5 years.
- Savvy has applied land development costs obtained from other development projects it has been involved in, and assumed that the planning, design and approvals costs indicatively equate to 1% of land development costs.

Further explanation, assumptions and caveats of this approach are set out in Appendix C. In summary, using multiplier analysis, Table 5.1 shows the indicative direct, indirect, induced and total economic impacts of the land development and construction of the proposed industrial development. It is estimated that the proposal could:[63]

1. Contribute $438 million in direct and indirect value added and $568 million in total value added[64] to the Greater Christchurch economy over an indicative 16.5 years.
2. Generate total wages/salaries for Greater Christchurch households to the value of $260 million over 16.5 years.
3. Sustain total employment for around 4,290 FTE-years across a broad range of sectors in Greater Christchurch (or equivalent to around 260 full-time workers (on average) for 16.5 years).

[60] By excluding any yard based businesses, this assumption tests the upper limit of the construction impact.
[61] Based on the approximate average indicative lot size of just over 8,000sqm and an average site coverage of 60% based on some cross checks in neighbouring Waterloo Business Park.
[62] Following the completion of Stage 1 land development. This may be longer or shorter, but the economic impacts will be the same (when undiscounted to present values).
[63] All economic impact results are expressed in $2020 and employment equivalents.
[64] Total economic contributions include direct, indirect and induced impacts.

Table 5.1 – Direct, Indirect, Induced and Total Economic Impacts of the Development of the Pound Road Industrial Proposal on the Greater Christchurch Economy ($2020)

	Direct Impact	Indirect Impact	Induced Impact	**Total Impact**
Design/Planning/Consents				
FTEs (annual average)	1	0	0	**1**
Value Added ($$_{2020}$$m)	$ 0.0	$ 0.0	$ 0.0	**$ 0.1**
Gross Household Income ($$_{2020}$$m)	$ 0.0	$ 0.0	$ 0.0	**$ 0.1**
Land Development				
FTEs (annual average)	5	7	4	**15**
Value Added ($$_{2020}$$m)	$ 2.4	$ 3.5	$ 2.1	**$ 8.0**
Gross Household Income ($$_{2020}$$m)	$ 1.7	$ 1.8	$ 0.8	**$ 4.2**
Building Construction				
FTEs (annual average)	54	167	60	**282**
Value Added ($$_{2020}$$m)	$ 118.9	$ 312.6	$ 128.1	**$ 559.6**
Gross Household Income ($$_{2020}$$m)	$ 49.1	$ 157.7	$ 48.6	**$ 255.5**
Total Project				
FTEs - Years	834	2,537	919	**4,291**
Value Added ($$_{2020}$$m)	$ 121	$ 316	$ 130	**$ 568**
Gross Household Income ($$_{2020}$$m)	$ 51	$ 160	$ 49	**$ 260**

Source: StatisticsNZ, Savvy Consulting, Client Inputs. Results are in $2020 and employment terms.

The above economic impacts do not include the ongoing positive economic impacts of the businesses that may establish in the proposed development. Those positive economic impacts are additional, significant and long-term. They include new long-term jobs and annual contributions to value added/GDP. There are other tangible and intangible economic benefits of the proposal that could be included here, but they are discussed further in Section 6.

The purpose of quantifying (and qualifying (Section 6)) the above economic benefits is to contrast them with the economic benefits foregone (i.e. costs) of using the site for industrial activities rather than protecting it for land-based primary production over the long-term.

5.3.2 Economic Contribution of Primary Production

Where land offers feasible potential for primary production (either now or in the future), this can be modelled using a range of assumptions. As discussed above, all but 173 Pound Road is assumed by Reeftide to be permanently constrained from being used for land-based primary production, now and over the long-term. The economic contribution of the currently viable

productive land area (estimated at 8.1ha within 173 Pound Road) if it continued vegetable production over the long-term is estimated below.

The nature of vegetable growing at 173 Pound Road is a rotation of onion and potato crops, with some minor pumpkin production. Table 5.2 contains three different vegetable crop types that may apply to the land (with root crops most closely aligned with current and expected future production) and associated gross output (revenue) ratios per hectare.[65] These are national averages. When these ratios are applied to an area of 8.1ha, the annual revenue of the site is estimated between $18-30m per annum (with the lower range being most likely).

A recent NZIER report[66] identifies the commercial vegetable growing sector as a very important sector nationally but states that it is increasingly operating under very thin profit margins and is becoming unviable in some regions due to the cost and constraints imposed by regional rules and uncertainty (related to NPS-FM[67] requirements).

Table 5.2 also contains Type I value added (GDP) multipliers (capturing direct and indirect value added). Given that profit margins (operating surplus) is a component of value added, the multipliers are not especially strong. Based on these multipliers, the estimated value added of the 8.1ha of land is $21-$56m per annum and assumed to be felt within the Canterbury Region (with the lower range being most likely).

Table 5.2 – Estimated Annual Direct and Indirect Gross Output and Value Added of 173 Pound Road

Crop Type	Gross Output ($m/ha)	Existing Primary Production Property (Ha)	Estimated Annual Gross Output ($m)	Value Added Multiplier (per $ of output) *	Estimated Annual Valued Added (Direct & Indirect $m)
Root Crop	$ 2.2	8.1	$ 18.1	1.16	$ 21.0
Leafy Greens	$ 3.0	8.1	$ 24.2	1.55	$ 37.5
Market Garden	$ 3.7	8.1	$ 29.6	1.90	$ 56.2

Source: Ford (2019), Savvy.

** While not specified in the source document, it is assumed this is a Type I Multiplier (Direct and Indirect Economic Impact), noting that in the National IO Table 2020, the Type I Value Added Multiplier for the Horticulture and Fruit Growing Sector was 1.98.*

[65] Source: Ford (2019). Ford-S.-WRC-PC1-Block-3-EIC-Stuart-Ford-HortNZ-9-July-2019.pdf

[66] https://www.hortnz.co.nz/assets/Environment/Reports-research/NZIER-report-Making-the-economic-case-for-vegetable-production-in-NZ-FINAL.pdf

[67] National Policy Statement for Freshwater Management.

There is approximately 11,352ha of land planted in vegetable crops in Canterbury Region (2022).[68] This is comprised mainly of potato and pea/bean crops which combined make up 71% of the total planted area. Onion and carrot crops make up the next highest shares (with 8-9% each of the total planted area). Overall, Canterbury's planted vegetable crop land accounts for 30% of the national total, although 53% of national carrot crop land, 67% of pea/bean crop land and 51% of total potato crop land.

Of relevance to this proposed industrial development, the loss of approximately 8.1ha of vegetable growing land (currently focussed on onions and potatoes) on the site equates to a 0.07% reduction in total vegetable crop land in Canterbury Region (2022).[69]

5.3.3 Industrial Development Benefits Relative to Primary Productive Costs

The direct and indirect value added contributions of industrial land development across the whole site or continued vegetable growing on 8.1ha of the site can be compared. As shown in Table 5.1, development of the site for industrial use (including land development and construction of enabled industrial buildings) is estimated to contribute $438m of direct and indirect value added to the economy. This was indicatively assumed to occur over a 16.5 year development period, so equates to an annual average value added contribution of around $27m over that period. This contrasts with the estimated direct and indirect value added contribution of around $21m per annum (most likely) but potentially up to $56m per annum from the vegetable growing site. Depending on which crop type 173 Pound Road is used for, it may contribute more or less in aggregate to the wider economy over those same 16.5 years.

However, the long-term value added contribution of the businesses that occupy the proposed industrial development in the future have not been quantified and are net additional to the one-off construction impacts.

As an indication of the relative economic contribution of vegetable growing to other business activities that may establish in the proposed industrial development, Table 5.3 compares Type I Value Added Multipliers. It shows that for every dollar of gross output (revenue), that most of the manufacturing, construction, wholesaling, transport and warehousing sectors sustain

[68] StatisticsNZ.

[69] Depending on what crop(s) are grown at 173 Pound Road, it may represent a larger loss of that specific crop area in Canterbury. For example, it could represent a loss of 81% of total planted squash land in the region or a 27% loss of the asparagus land in the region based on StatisticsNZ crop area data.

more direct and flow-on activity in the economy than the average value added multiplier for vegetable growing.[70]

Table 5.3 – Vegetable Growing and Other Industrial Sector Type I Value Added Multipliers (2020)

Industry	Type I Value Added Multiplier (Direct and Indirect) (per $ Gross Output)
Root Crop	1.16
Leafy Greens	1.55
Market Garden	1.90
Average for Vegetable Crops	*1.54*
Fruit, oil, cereal, and other food product manufacturing	2.33
Beverage and tobacco product manufacturing	2.62
Textile and leather manufacturing	2.55
Clothing, knitted products, and footwear manufacturing	1.65
Wood product manufacturing	2.79
Printing	1.79
Basic chemical and basic polymer manufacturing	2.87
Pharmaceutical, cleaning, and other chemical manufacturing	2.17
Polymer product and rubber product manufacturing	1.73
Non-metallic mineral product manufacturing	2.18
Primary metal and metal product manufacturing	3.61
Fabricated metal product manufacturing	2.05
Transport equipment manufacturing	1.39
Electronic and electrical equipment manufacturing	1.47
Machinery manufacturing	1.64
Furniture manufacturing	1.87
Other manufacturing	1.83
Residential building construction	3.63
Non-residential building construction	5.29
Heavy and civil engineering construction	2.44
Construction services	1.92
Basic material wholesaling	2.17
Machinery and equipment wholesaling	1.58
Motor vehicle wholesaling, including parts	1.52
Grocery, liquor, and tobacco product wholesaling	2.31
Other goods and commission based wholesaling	1.63
Road transport	1.97
Rail transport	3.65
Water transport	2.18
Other transport	1.66
Postal and courier services	2.11
Transport support services	1.34
Warehousing and storage services	1.80

Source: Ford (2019), StatisticsNZ (care of Insight Economics)

Savvy considers that when the ongoing value added contribution of an indicative 73 industrial businesses are added to the quantified construction impacts, that the long-term economic contribution of the proposed industrial development will outweigh the long-term direct and indirect economic contribution of vegetable growing that would be foregone. On that basis, it is considered that the third test of clause 3.10(1)(c) has been met.

[70] Industries that have a lower multiplier than the average of 1.54 are shown in grey in Table 5.4.

6 Conclusions

This final section of the report considers the locational attributes of the site for industrial development, as this relates to the purpose of the Act to deliver infrastructure and development projects with significant regional or national benefit and directly to the NPS-UD requirement for councils to provide development capacity that is commercially feasible and suitable for its intended use. This is followed by a summary of economic costs and benefits of the industrial development proposal, and final conclusions.

6.1 Location Attributes of Proposed Industrial Site

This sub-section examines the suitability of the proposed site from a development or developer perspective. The NPS-UD provides flexibility on how 'suitability' is determined, but at a minimum, must include suitability in terms of location and site size. This assessment adopts a MCA approach in keeping with the guidance under the earlier NPS-UDC.[71] While MCA is typically used to compare multiple options, it is still a useful framework to evaluating a single option – in this case, the proposed site.

MCA requires key metrics (criteria) to be identified that are important in the selection and development process for different land uses. Typically, each criterion is independently weighted (before being scored) in consultation with the council and other development stakeholders to determine which criteria should play a larger or smaller role in the development and locational decision relevant to that district. In the absence of this consultation, Savvy has excluded weighting for the purposes of this assessment and has also used a qualitative rather than numeric scale for scoring each criterion.

Table 6.1 contains criteria that are commonly applied for the assessment of sites for industrial development. Savvy has scored each criterion using a 7 point scale (ranging from very positive through to very negative). The MCA shows that there are only two slightly negative (that may be temporary or mitigated) attributes of the proposed site from an industrial development perspective, but many more positive attributes. Overall, I consider that the site is suitable for industrial development and would therefore represent feasible and reasonably expected to be realised development capacity and supply if approved.

[71] I have developed and applied MCA frameworks for HBAs in both Queenstown Lakes District and Rotorua District. The MCA in this section adopts criteria for industrial land development published in HBAs prepared by Market Economics Limited (where I was previously a Director and led the respective HBA/MCA projects).

Table 6.1 – Multi Criteria Analysis of the Suitability of the Proposed Industrial Site

Criterion	Evaluation
Ability to buffer adverse effects from residential and sensitive activities	Very Positive – the site shares a boundary with the Industrial General Zone, a golf course and a relatively small number of rural lifestyle properties. It does not adjoin any urban residential area.
Access to major road/ transport routes	Very Positive – State Highway 1 is adjacent to the southern corner of the site.
Co-location or clustering with complementary business activities	Very Positive – The site would be a natural extension of the Waterloo Business Park and will be part of the wider Islington-Hornby South industrial locality.
Distances to freight ports	Very Positive - The Site is close to both Christchurch Airport and the inland ports in Rolleston. It is relatively close to Lyttelton Port (direct by road).
Exposure and profile for future businesses	Slightly Positive – A few lots closer to the southern end of the site may have signage visible from State Highway 1.
Flat site, large and contiguous parcels, supports efficient subdivision	Very Positive – The site is mostly flat (a 1:200 slope ratio) and is large in aggregate terms. Many of

	the existing parcels are relatively large.
Single / simple ownership structure	Slightly Negative – the site within the scope of the application comprises 6 owners presently, including some Council land. However, Savvy considers that the ownership structure may be further consolidated if the project is approved. NTP already own (or have agreements on) 64% of the site and 100% of the owners in the site (which excludes 14 Hasketts Road) have approved the inclusion of their properties in the scope of the application.
Represents vacant capacity / greenfield	Moderately Positive – the site is mainly free of buildings although there are some existing lifestyle dwellings and rural industry buildings on the fringes that would need to be removed for industrial development.
Low level of traffic / congestion in vicinity	Slightly Negative – the nearby roads and intersections with SH1 do not suffer from congestion at present but forecast traffic flows, combined with the proposed development will require an intersection upgrade an appropriate time to

	mitigate adverse effects on intersection performance.
Low natural hazard risk	Very Positive – the site is not within any hazard overlays in the District Plan. The Geotech assessment has confirmed the site is unlikely to carry any liquefaction risk.
Low ecological value	Moderately Positive – the terrestrial and aquatic ecology report confirms that while open areas of the site are in pasture (and one in horticulture), the site has ecological value due to the presence of lizards. Mitigation methods are available to minimise the effects of development on the lizard population.
Proximity to labour force	Moderately Positive – the site is on the urban fringe but is a short distance from the residential suburbs of Islington, Hornby and Templeton. There is a very large workforce within Greater Christchurch.
Proximity to resident household customers	Moderately Positive – the site is on the urban fringe but is a short distance from the residential suburbs of Islington, Hornby and Templeton. There is a very large customer base within Greater Christchurch.

Proximity to specialist demand sectors	Very Positive – Given the sites excellent transport connections, it is an effective freight, wholesaling and logistics location to serve the wider Canterbury Region (and parts of the South Island).
Serviceable with network infrastructure	Moderately Positive – the site can be connected to urban infrastructure.[72] While the locality has constraints on how much wastewater can be put into the network, this constraint is not limited to the site and only potentially limits wet-industry demand. Some downstream pump station upgrades are likely to be required.
Overall Suitability	Suitable for Industrial Development

6.2 Economic Benefits

Based on the analysis carried out for this assessment and the discussion contained in previous report sections and acknowledging that some economic benefits may be a transfer effect and not net additional to Christchurch City, the economic benefits of the proposed industrial development compared with the status quo land use can be summarised as follows. While not all quantified, the economic benefits are collectively considered to be significant for the Canterbury Region.

- Development of the land and future construction of new buildings/lots will generate value added in the Greater Christchurch economy, sustaining short-term jobs and associated household incomes (estimated at $\$_{2020}$568 million in total value added).

[72] Infrastructure has been assessed by Andrew Hall.

- Provides capacity to support a range of new businesses to Christchurch City/Greater Christchurch with associated long-term value added (GDP) contributions (unquantified).
- Given the established economic role of the Islington-Hornby South industrial locality – strongly focussed on Construction, Manufacturing, Wholesaling and Warehousing/Logistics – many of those future businesses are likely to be serving a regional trade catchment (i.e. supporting economic growth at a regional level).
- Provides a range of long-term additional jobs and associated incomes in Christchurch City/Greater Christchurch.
- Provides vacant capacity to facilitate the redevelopment of existing industrial land close to the central city or other commercial centres and the transfer of those existing industrial businesses within Christchurch. Such land use changes could themselves have significant regional benefits.
- Expands an existing industrial locality and therefore supports greater agglomeration benefits in the locality.
- Supports a competitive industrial land market by introducing more land that can be purchased in a location of high demand that is highly suited for industrial development.
- Supports the provision of at least sufficient industrial zone capacity in the Islington-Hornby South locality to meet projected medium-term demand for industrial land in the absence of more capacity being zoned or identified in existing planning documents. Contributes towards meeting long-term demand expected in the location. By ensuring that industrial land in the locality does not become scarce relative to demand, the proposal helps avoid upwards pressure on industrial land prices which is key to attracting industrial businesses to Canterbury Region and minimising the costs passed on to other businesses and households in the region.

6.3 Economic Costs

The economic costs of the proposed industrial development compared with status quo zoning and land use are The site occupies LUC 2 land and therefore removes the productive capacity of the land for land-based primary production over the long-term, although this is expected to be limited to the existing productive land at 173 Pound Road due to water and nitrogen loading constraints that would permanently constrain any further intensification of primary production on the site above the current baseline. The foregone primary productive capacity

is estimated at $21-56m per annum in direct and indirect value added linked to vegetable growing on 8.1ha of land (and likely closer to the bottom of that range based on current crop types).[73] The loss of HPL in the context of HPL in the district is minimal (and is negligible at the regional level).

6.4 Economic Efficiency and Regional Significance Conclusions

Savvy considers that the proposed site is a suitable and effective location for industrial development that will deliver substantial economic benefits at a regional scale. Savvy also considers that the addition of 42.3ha of net development capacity within the industrial locality experiencing the highest land demand in Greater Christchurch is significant in the context of Policy 8 of the NPS-UD and the region.

Providing additional industrial development capacity in Islington-Hornby South responds to high relative demand for (purchasable) industrial land in this part of Greater Christchurch. It would address a projected insufficiency of industrial development capacity zoned in the District Plan in the locality to meet expected medium-term demand. Additionally, Savvy considers that the project would contribute to a well-functioning urban environment (within the meaning of Policy 1 of the NPS-UD).

While the site includes LUC 2 land, and productive capacity of the site (limited to an estimated 8.1ha land parcel) would be lost with the proposed industrial development, such costs do not outweigh the significant direct and indirect economic benefits that the site offers to the industrial and wider regional economy.

The economic costs of the project are minimal and therefore do not need to be taken into account in terms of an assessment under s 85 of the Act. Having considered the economic costs and benefits of the proposal, the tests of Clause 3.10(1) of the NPS-HPL, and the objectives and policies of the NPS-UD, the proposal is supported from an economic perspective. Accordingly, Savvy is firmly of the view that approval of the project would strongly align with the purpose of the Act to "*facilitate the delivery of infrastructure and development projects with significant regional or national benefits*".

[73] The loss of planted vegetable growing area in Canterbury Region is just 0.07% if the site is developed for industrial activity. This loss is not expected to have any appreciable impact on vegetable prices.

Appendix A – CV

I (Natalie Hampson) am the owner and director and Savvy Consulting, which was established in November 2023. Prior to establishing Savvy, I was a director at Market Economics Limited. I have worked in the field of economics for over 20 years for commercial and public sector clients with a particular focus on economic assessment within the framework of the Resource Management Act (RMA). Since 2001 I have specialised in studies relating to land use analysis, assessment of demand and markets, the form and function of urban economies and growth, policy analysis, and evaluation of economic outcomes and effects, including costs and benefits.

I have considerable experience assessing economic costs and benefits of proposed plan changes, district plan reviews, structure plans, resource consents, fast track applications and policy proposals throughout New Zealand. I have been heavily involved in the preparation of HBAs in Rotorua and Queenstown. I have been contracted to provide inputs to (and peer review of) future development strategies. I was the co-author of the Section 32 assessment and Cost Benefit Analysis (CBA) for the proposed NPS-HPL. I was the author of the CBA for the proposed NPS-Indigenous Biodiversity and amendments to the NES- Plantation Forestry.

My recent experience in Greater Christchurch includes (but is not limited to):

- Evidence on behalf of 5 submitters in the Waimakariri PDP hearings.
- Evidence on behalf of 2 submitters in the Christchurch City PC14 hearings.
- Evidence on behalf of 2 submission on the Selwyn District PDP hearings (industrial and LFRZ)
- Evidence on behalf on an appellant on the Selwyn District PDP (residential and commercial).
- Resource consent applications for Halswell North and North-West Belfast commercial centres. Various other commercial and residential consent application in Christchurch.
- Multiple industrial plan changes and one residential plan change in Christchurch City.
- Assessment/evidence/advice to Christchurch International Airport Limited and Lyttelton Port Limited.
- Savvy is providing economic assessment support to a range of Fast Track applications in the South Island.

Appendix B– Excluded 3d ANZSICs

The following 3-digit ANZSICs (alphabetical order) have been excluded from the analysis of industrial localities on the basis that they *may* be more likely to be located (or more likely to occur at a greater incidence) in SA1 areas outside of the industrial zoned land. It is acknowledged that some of these activities are plan enabled in industrial zones (such as preschool and food and beverage activities). On balance though, there was insufficient information to determine what share (if any) of the businesses/employment present in the SA1 defined areas were in the industrial zone versus adjoining zones captured by the SA1s.

- Accommodation
- Advertising, Market Research and Management Services
- Aquaculture
- Auxiliary Finance and Insurance Services
- Banking and Financing
- Central Government Administration and Justice
- Civil, Professional and Other Interest Groups
- Dairy Cattle Farming
- Department Stores
- Financial Asset Investing
- Fishing
- Food and Beverage Services
- Forestry and Logging
- Furniture, Electrical and Hardware Retailing
- Gambling Activities
- Health and General Insurance
- Heritage and Artistic Activities
- Horticulture and Fruit Growing

- Hospitals
- Hunting and Trapping
- Legal and Accounting Services
- Library and Other Information Services
- Life Insurance
- Local Government Administration
- Medical and Other Health Care Services
- Non-Financial Asset Leasing
- Personal Care, Funeral and Other Personal Services
- Pharmaceutical and Other Store Based Retailing
- Poultry, Deer and Other Livestock Farming
- Preschool Education
- Real Estate Services
- Recreational, Clothing, Footwear and Personal Accessory Retailing
- Religious Services
- Residential Care Services and Social Assistance
- Residential Property Operation
- School Education
- Sheep, Beef Cattle and Grain Farming
- Superannuation Funds
- Supermarket and Grocery Stores
- Tertiary Education
- Travel Agency and Tour Arrangement Services

The following tables provide a summary of the business counts and total employment counts included and excluded from each SA1 defined industrial locality based on the above list (and few exceptions discussed in Section 3.1).

	Business Count 2023					
Savvy Main Industrial Localities	Included ANZSICs (including Exceptions)	Excluded ANZSICs (excluding Exceptions)	Total in Selected SA1s	Included ANZSICs (including Exceptions)	Excluded ANZSICs (excluding Exceptions)	Total in Selected SA1s
Phillipstown-Waltham-Sydenham North	1,284	517	1,801	71%	29%	100%
Bromley	243	37	280	87%	13%	100%
Wainoni	66	24	90	73%	27%	100%
Hillsborough-Woolston	307	114	421	73%	27%	100%
Lyttelton Port	37	14	51	73%	27%	100%
Harewood-Burnside	447	334	781	57%	43%	100%
Belfast-Kainga	149	30	179	83%	17%	100%
Airport	176	78	254	69%	31%	100%
Hornby	419	256	675	62%	38%	100%
Islington-Hornby South	546	133	679	80%	20%	100%
Wigram-Middleton	855	272	1,127	76%	24%	100%
Sub-Total Christchurch City	*4,529*	*1,810*	*6,338*	*71%*	*29%*	*100%*
Rangiora Southbrook	108	41	149	72%	28%	100%
Kaiapoi	64	22	87	74%	26%	100%
Rolleston	167	72	239	70%	30%	100%
Sub-Total Rest of Greater Christchurch	*340*	*136*	*475*	*71%*	*29%*	*100%*
Total SA1 Defined Industrial Localities	**4,868**	**1,945**	**6,813**	**71%**	**29%**	**100%**

Source: StatisticsNZ, Savvy. Refer Appendix A for excluded 3-digit ANZSICs.

	Total Employment Count 2023					
Savvy Main Industrial Localities	Included ANZSICs (including Exceptions)	Excluded ANZSICs (excluding Exceptions)	Total in Selected SA1s	Included ANZSICs (including Exceptions)	Excluded ANZSICs (excluding Exceptions)	Total in Selected SA1s
Phillipstown-Waltham-Sydenham North	12,622	2,730	15,352	82%	18%	100%
Bromley	2,906	190	3,096	94%	6%	100%
Wainoni	733	297	1,030	71%	29%	100%
Hillsborough-Woolston	3,914	610	4,524	87%	13%	100%
Lyttelton Port	1,008	64	1,073	94%	6%	100%
Harewood-Burnside	6,192	3,694	9,885	63%	37%	100%
Belfast-Kainga	2,183	140	2,324	94%	6%	100%
Airport	6,662	1,811	8,473	79%	21%	100%
Hornby	6,202	3,019	9,220	67%	33%	100%
Islington-Hornby South	12,275	795	13,070	94%	6%	100%
Wigram-Middleton	14,798	1,725	16,523	90%	10%	100%
Sub-Total Christchurch City	*69,493*	*15,076*	*84,570*	*82%*	*18%*	*100%*
Rangiora Southbrook	1,253	395	1,648	76%	24%	100%
Kaiapoi	403	211	614	66%	34%	100%
Rolleston	2,900	466	3,367	86%	14%	100%
Sub-Total Rest of Greater Christchurch	*4,557*	*1,072*	*5,629*	*81%*	*19%*	*100%*
Total SA1 Defined Industrial Localities	**74,050**	**16,149**	**90,199**	**82%**	**18%**	**100%**

Source: StatisticsNZ, Savvy. Refer Appendix A for excluded 3-digit ANZSICs.

Appendix B – Economic Impact Terminology & Assumptions

Multiplier analysis is a commonly used modelling technique for measuring economic impacts. Direct, indirect and induced economic impacts can be estimated using multipliers derived from regional or national input-output tables. Multipliers are summary measures of the economic interdependence between industries and final demand. The contribution of an industry to an economy is not limited to the value it creates directly. This is because an increase in final demand for an industry has repercussions throughout the whole economy, causing increases in output beyond the initial change in demand. This is known as the multiplier effect. The higher the multiplier the more far-reaching the local value added and employment impacts are likely to be from an increase in demand.

The most common limitations of all input-output based modelling (including multiplier analysis) is the historical and fixed nature of multipliers which are typically calculated from input-output tables from surveys undertaken several years earlier. Therefore, they may not accurately reflect the relationships between sectors in the current economy.[74] This assessment relies on the latest national input-output table prepared by StatisticsNZ[75] which reflects the economy in the year ending June 2020. While the construction sector has faced significant cost increases since 2020, it is considered that the supply chain structure of all industry sectors (including the construction sector) is still broadly relevant today.

This assessment includes the following types of economic impacts:

a) Direct effects – which capture onsite and offsite activities directly engaged by the proposed project;

b) Indirect effects – which arise when businesses working directly on the project stimulate the creation of further demand through the purchases that they make in other sectors of the economy; and

[74] In the real world, technical relationships will change over time. These changes are driven by new technologies, relative price shifts, product substitutions and the emergence of new industries. For this reason, input-output analysis is generally regarded as suitable for short-run analysis, where economic systems are unlikely to change greatly from the initial snapshot of data used to generate the base input-output table.

[75] Accessed, with thanks, from Insight Economics.

c) Induced effects – which arise from the increased demand for goods and services made by households who have received increased income as a result of the direct and indirect effects of the project.

These economic impacts have been measured in terms of:

- Contributions to value-added (akin to GDP). Value added is the principal measure of economic activity, and is estimated as operating surplus, wages and salaries paid to staff and working proprietors, depreciation, taxes and subsidies.
- The number of FTEs employed – which is measured in terms of full-time equivalent workers (FTEs) for a 12-month period.
- Total wages and salaries paid to workers, which are often labelled 'gross household incomes'.

Assumptions and Modelling Inputs

For simplicity, Savvy has adopted the multipliers from the following industry sectors contained in the national input-output table:

- Design/planning/consents – 100% to the 'Scientific, architectural and engineering services' sector.
- Land development – 100% to the 'Heavy and civil engineering construction' sector.
- Commercial construction – 100% to the 'Non-residential building construction' sector.

Other key assumptions for the modelling are as follows:

- Anticipated expenditure is deflated to June 2020 prices prior to applying the June 2020 multipliers. This is done using the Producers Price Index.
- Economic impacts are expressed in 2020 dollar and employment terms. It is not appropriate to re-inflate economic impacts to dollars of the day.
- The national multipliers are assumed to represent the multipliers that applied in the Greater Christchurch in June 2020. That is, it is assumed that industries in the Greater Christchurch economy have the same interdependencies with other industries as they do nationally.
- All direct expenditure on the proposed development, including indirect and induced spending, is assumed to be with business located in Greater Christchurch. That is, 100%

of the impact is assumed to accrue to the Greater Christchurch economy, with no leakage to other districts or regions.

Caveats

These district/sub-region economic impacts apply to the proposed development. It is important to acknowledge that these same or similar impacts would arise from a development of a similar scale and composition in another location in Greater Christchurch and are not entirely unique to this proposal/site.

Furthermore, some of these impacts would be a result of expenditure that is transferred from other locations in the district/sub-region. Specifically, if the proposal was not approved for development, one would typically expect that the demand for industrial activities would be satisfied in another location within Greater Christchurch. This means that at a district/sub-region level much of the economic value associated with the proposal may not be net additional or new, as this value would occur regardless of whether the proposed development occurs or not.

That said, to the extent that the proposal addresses a shortfall in industrial zone capacity in the locality of demand, that may not necessarily be addressed through other planning processes in a timely manner, then more of the economic impact can be considered net additional. This is because a shortfall of industrial zone capacity in the locality may result in some business growth being directed elsewhere (or being suppressed). In this light, the proposed development can be seen as enabling projected growth.

Development is also contingent on available land in suitable locations for urban growth, landowners willing to develop that land, and landowners having the financial capability and experience to develop at scale – such as the applicant. These combined attributes are rare in any district, and this means that more, rather than less, of the estimated economic impacts can be treated as net additional and specific to the proposal.