

## Memorandum

Date: 7 March 2025

To: Tim Carter, Carter Group Limited

From: Nick O'Styke, Bayleys Realty Group

### **104 RYANS ROAD INDUSTRIAL DEVELOPMENT – FAST-TRACK APPROVALS ACT APPLICATION**

- 1 Bayleys Realty Group (*Bayleys*) have been engaged by Carter Group Limited (*Carter Group*) to provide advice on the likely demand for industrial land in the context of Carter Group's proposal to establish an industrial development at 104 Ryans Road, Harewood, Christchurch (the *Ryans Road Site*).
- 2 This report has been prepared by Nick O'Styke, Director of Commercial and Industrial Sales and Leasing at Bayleys Canterbury. As a sales agent and business owner for Bayleys Canterbury, Mr O'Styke has over 13 years of experience in the Canterbury industrial land market.
- 3 This memorandum will address:
  - 3.1 industrial land availability in Christchurch;
  - 3.2 demand for industrial land near Christchurch International Airport; and
  - 3.3 further considerations regarding the Ryans Road site.
- 4 Overall, I consider that there would be substantial interest in today's (and future) market for land at the Ryans Road Site should the proposal proceed and the proposal would result in a significant benefit to Canterbury.

### **INDUSTRIAL LAND AVAILABILITY IN CANTERBURY**

- 5 Freehold industrial land in Canterbury is in high demand.
- 6 While there may be land that is 'zoned' industrial within the Canterbury region, practically speaking that does not mean there is sufficient industrial land supply to meet current and future demand. There are a number of market and other factors which come into play as to whether such land is attractive investors. Much of it is not – in my experience there is a need to provide more freehold industrial land to meet the current demand.
- 7 Bayleys has seen strong demand for industrial land that is able to be owner-occupied as opposed to leased. This means that investors are looking for bare, unencumbered land that is not lease-hold or controlled by another party. There is a real shortage of

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this type of industrial land in Canterbury. The majority of industrial land currently available is only available for lease or on a design-build arrangement (i.e. land with a contract builder arrangement) – this is particularly the case in and around Christchurch International Airport.

- 8 The demand for owner-occupied freehold industrial land has only continued to grow in recent years and it is unlikely to slow down anytime soon. The growth in demand is reflected in the significant increase in industrial list values over the last few years, and the fact that industrial land at a number of business parks in the region are now completely sold out (including IZone Business Park, Wigram Business Park, Central Business Park, Belfast Business Parks, Mānia Business Park, Tawhiri Business Park and Kairua Business Park).
- 9 There remains an acute shortage of quality industrial property, smaller industrial lots around ~1000 SQM and many businesses especially the smaller and medium sized businesses have little land or existing premise options to choose from as the majority land available in the market is larger than required by a wide range of businesses.

#### **DEMAND FOR INDUSTRIAL LAND NEAR CHRISTCHURCH INTERNATIONAL AIRPORT**

- 10 Currently, industrial land in Christchurch is concentrated around Hornby, Islington, Belfast and Woolston. Although there is some industrial land near Christchurch International Airport (the *Airport*), almost all of that land is owned by Christchurch International Airport Limited (*CIAL*) and is offered to the market through designer build leasehold arrangements. CIAL typically retains ownership of larger parcels of industrial land and does not to sell to owner-occupiers.
- 11 There has been significant demand for freehold unencumbered industrial land in and around the Airport for quite some time. The area is particularly attractive to investors and developers for several reasons including:
  - 11.1 Its proximity to key freight and transport services. The location offers unparalleled accessibility to air cargo and supply chains, and the arterial and state highway road networks connecting Christchurch to the north, south and western parts of the South Island. This is particularly important for logistics and distribution companies who benefit from efficient transportation networks.
  - 11.2 Diversity in tenants. The location is highly sought after by a diverse range of tenants from large e-commerce companies requiring fulfilment centres to smaller manufacturers who often seek proximity to transportation networks and supply-chain efficiencies.
  - 11.3 Resilience to economic volatility. Industrial properties near airports benefit from the essential nature of logistics and distribution services and are not as sensitive to economic downturns. As such, strategic location provides certainty to investors of a reliable income stream.

- 11.4 Long term value for investors. As air-cargo volumes continue to grow with the rise of e-Commerce, the demand for industrial land in close proximity to the Airport will only increase.
- 11.5 Proximity to customers and staff retention for businesses investment confidence.
- 12 Having a selection of smaller sizes ranging broadly from 1000 SQM will be in demand allowing both small and business owners the ability to invest in functional property to support business growth. This market is uncatered at present and is further exasperated by low vacancy percentages for existing property options.
- 13 Persistent shortages of industrial land in Canterbury generally have led to substantial growth in land prices over the past decade. Industrial developers looking for an owner-occupier arrangement are increasingly having to extend their search out to the fringe of major cities or even into other regions to find suitable land. As such, prices within Christchurch have increased significantly, which I consider is a big sign that demand is exceeding supply.

### **THE RYANS ROAD SITE**

- 14 The Ryans Road Site provides a unique and rare opportunity for industrial investors and developers.
- 15 There are efficiencies in locating industrial uses in close proximity to one another. As such it is beneficial that the Ryans Road Site is located close to an existing industrial area. Aside from the Ryans Road Site going a long way to satisfy a current need in the industrial land market for unencumbered freehold land in and around the Airport, it also provides an opportunity to future developers to utilise the significant transport and freight hubs in that location.
- 16 The proposal gives certainty of land availability into the medium and long term which is essential for the growth of the Canterbury region.

### **CONCLUSION**

- 17 There is very high demand for freehold unencumbered industrial land in and around the Airport.
- 18 Overall, I have no doubt that there would be substantial interest in todays (and future) market for land at the Ryans Road Site should the proposal proceed. I consider the approximately 55 hectares of industrial land being proposed will significantly and positively change the district's industrial land supply, and would result in a significant benefit to Canterbury.



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