REVIEW OF BUSINESS LAND CAPACITY IN AUCKLAND REGION

PREPARED FOR THE METROPOLITAN AUCKLAND PROJECT TEAM

REVISED VERSION

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1 Introduction

1.1 The Supply of Business Land

The supply of adequate, suitable land is a prerequisite to new business investment. *Adequate* land available implies that sufficient land is available that investors can meet their needs and exercise some choice in doing so through the normal operation of the market. *Suitable* implies that sites available are of the quality (site size, shape, geotechnical conditions, contour, and landform) and in locations that do not impede development.

Different attributes will influence the value of the land for different business uses. The most favoured sites will attract the highest prices and rentals, and be occupied by activities that have the greatest capacity to bid for them.

Highly accessible and centralised sites tend to have the greatest value and hence attract high value, high-density users. These include activities that need good labour force or market access, a high profile, or access to key transport nodes. Business or specialist personal services tend to be at the top end of the business location spectrum because of their capacity to bid for the most favoured sites. Unless they have special site requirements, high rental activities aggregate in and around the CBD, significant nodes and town centres and, increasingly, in well located, high profile business parks.

Lower value added activities, manufacturing compared with business services, for example, tend, therefore, to migrate to less central localities and less attractive sites.

1.2 Planning for Business Land in Auckland Region

The private sector is primarily responsible for the supply of business land within a statutory framework within which local councils have responsibility for the identification of land for different uses through the district planning process. This may be through the preparation of district plans or through the plan changes. Plan changes may be introduced by the council or by a private party.

Through these processes business zones are defined, boundaries set around them, and rules intended to avoid or mitigate any potential adverse effects from development are established. Individual uses may be subject to resource consent to ensure that they meet the environmental standards or conditions set out for the zone.

Provisions made in district plans for business land, its location and the relevant planning rules, are subject to the Regional Policy Statement with particular reference to managing potential adverse impacts on air, water and soil.

In order to reach some agreement on how regional and local objectives might be achieved generally throughout the Auckland Region, the local councils and the Auckland Regional Council cooperated to develop a collaborative mandate setting out how the region might accommodate expected growth to 2050. An agreement was set out in a broad concept plan (illustrated in the Auckland Regional Growth Strategy report) and in various sector agreements among local councils and the Regional Council.

These documents emphasise development within existing urban boundaries (Metropolitan Urban Limits, or MULs), intensification around key centres within the metropolitan area, development on metropolitan arterial roads, and some selective development outside the MULs (greenfield development).

The ARGS focused on catering for projected residential growth. Little consideration was given to the distribution of employment and likely journey-to-work impacts of the spatial pattern contained in the concept plan. The additional pressure on land availability that might come from strong economic growth was not appreciated at the time. In fact, it was anticipated that a significant component of demand for new housing would be met in mixed business zones.

In recognition of these shortcomings, a series of studies into business land needs in Auckland Region was undertaken and drawn together in the *Draft Business Location Strategy* (2004) and consequently a *Draft Business Land Plan* (2005). These documents have not been finalised, as they currently provide the basis for submissions and discussion among local councils and the ARC aimed at determining current and known future land capacity, business growth, and rates of land uptake, any future land shortfall, and strategies for meeting it.

The *Draft Business Location Strategy* drew on reports into likely employment growth and location decision-making to develop “a strategy to ensure land supply and infrastructure in Auckland to support business growth”. It noted a diminishing supply of land in the face of an expected 15% growth by 2011.

Despite this, its main direction is as follows:

> “Notwithstanding the greenfield areas agreed to in the sector agreements, the Auckland Regional Growth Strategy seeks to contain urban sprawl and reduce re-zoning peripheral land for urban purposes. Intensification of existing centre and business areas, and brownfield development will, in the future, have to make up a larger component of business growth”.

The report divides businesses broadly into the industrial uses (Group 2), which “tend to seek large, relatively cheap greenfield sites, with goods access to motorways, and away from residential areas” and the balance (Group 1). These comprise retailing and catering, financial and business services, public services, health and education, sectors that “prefer to be located in or close to town centres, with access to a customer base, and that have good road and public transport access. They are also able to locate on higher priced land” (page 4).

The policies arising are as follows:

1. Encourage Group 1 business sectors to locate in existing town centres
2. Encourage Group 2 business sectors to locate in business areas
3. Intensify existing town centres and business areas
4. Limit future extensions to the Metropolitan Urban Limit
5. Where new greenfield areas are provided, encourage Group 2 business sectors to locate there, subject to adequate transport access being provided
6. Prioritise the enhancement of roading infrastructure to business areas
7. Prioritise the enhancement of public transport to business areas
8. Have Auckland local authorities work cooperatively with AREDS partners to achieve economic development opportunities.

The aim of the *Business Land Plan* is “to ensure that there is sufficient business land … to accommodate future business growth to 2021” in a manner “consistent with the overall direction provided in the Regional Growth Strategy. It develops the strategy proposed in the *Business Land Strategy* with the following key policy directions:

- Only limited changes to the metropolitan urban limits for business purposes
- Group 2 businesses encouraged to consolidate on existing town centres.

- The ARC recognises the need for additional business zoned land to accommodate Group 1 business sectors and will work with the Regional Growth Forum to identify future greenfield land for these sectors.
- The ARC will assess applications to extend the metropolitan urban limits against assessment criteria
- Future transport planning should be aligned with land use outcomes
- Public transport infrastructure should be priorities to town centres to support Group 2 businesses
- Roading infrastructure should be prioritised to heavy business areas and new business greenfields to support group 1 businesses
- Local employment should be encouraged
- Mixed uses in town centres should be encouraged
- Heavy business activities should be located within Industrial Air Quality Management Areas

Greater provision is made for greenfield development, and the desirability of local employment acknowledged.

Ideally, these documents and continuing analysis will point to the location of future employment growth relative to planned residential development. This will provide for more refined modelling of journey to work options and some capacity to reduce work trips through regional growth policies. Despite the emphasis in the directions given on transport, the issue of whether a compact centralised region, supportive of public transport, or decentralised employment supporting sub-regional self-sufficiency and shorter average work trips is the most energy efficient land use solution for Auckland's growth remains to be resolved. [1]

However, the focus of this paper is broader, on the available land for business and employment purposes, rather than on its relationship with the distribution of the workforce. In these terms, the analyses to date have highlighted a pending shortage of land. They has created a sense of urgency among councils to determine how this is manifest across the Region and how it might be averted by identifying and zoning more land for business. This process is continuing.

1.3 This Paper

This paper reviews current understandings and expectations about Auckland's business land bank, and how and when it might be absorbed. This is a moving target, as through the course of this exercise revised figures have been brought forward for different councils, and few figures of vacant land are confirmed yet. Consequently, the discussion of vacant land is indicative rather than definitive.

The paper also considers recent trends in the distribution of new business, and discusses the implications for the likely nature and distribution of future demand. The aim is to provide a statement of the state of play on an issue which is current and topical, and to suggest the issues from the point of view of a project focused on lifting Auckland's productivity and its international economic performance.

[1] See, for example Covec (2006) *Transport, Energy and Land Use: Issues for Auckland* for Waitakere City Council

2 Capacity

Two reports have been produced for the Regional Growth Forum on the capacity for growth in Auckland, one in 1998 to inform ARGS preparation, and a second one in 2003 to update the information to 2001. Since then, two further sets of figures have been compiled using council input, one in 2004, and the other in 2005. These have been in response to the Business Location Strategy and Business Land Plan papers respectively, both of which are in draft form.

The current paper uses the latest estimates provided by the ARC. They are still provisional, and subject to discussion with local councils. However, some convergence on actual figures may be expected from work currently underway.

One of the difficulties in planning for business land capacity is pinning down precisely what land is already available, and tracking its uptake to maintain current and meaningful figures. Some of the changes evident through the various studies and compilations reflect changes to estimates as more information comes to hand, rather than changes in the land bank itself. Others reflect the introduction of additional areas as Plan Changes are implemented.

In addition, different local councils may have different conventions for identifying vacant land. For example, land that is unoccupied but committed to development is, in effect, no longer "available". Some may omit it from their estimated land banks. On the other hand, committed land will help to satisfy future demand, and so, can still be treated as vacant. At any one time, there will be land in transition, from vacant and available, through vacant and unavailable, to occupied and unavailable.

Because of these considerations, apparent trends in uptake provide only approximate estimates of land withdrawn from the land bank through occupation.

The current estimate of available, vacant land is 1,306 ha across the Region (Table 1), some 316 ha less than estimated a year earlier. On the basis that the shift from 2004 to 2005 incorporates a correction to the data as well as reflecting uptake over the year, it may be more useful to assess recent changes from comparison of estimated business land available in 2001 and 2005.

This indicates a reduction in available or potentially available zoned business land of 633 ha, or an uptake of 158 ha/year. This compares with 133 ha/year estimated between 1996 and 2001. Over the ten years to 2005 (omitting Franklin, for which there is no data for 1996) the estimated uptake was 135 ha/year. This figure may be conservative, as the figures in Table 1 do not necessarily identify all additions to business land through rezoning, for example.

Table 1: Estimates of Business Land Capacity, 1996-2005

	2003 Capacity for Growth Estimates								*Revisions*			
	Vacant & Vacant Potential		Future Urban or Special Zone			Total			Revised 2004		Revised 2005	
	1996	2001	Area	1996	2001	1996	2001	96-01 Change	2004	01-04 Change	2005	01-05 Change
Rodney	70	68	Silverdale Nrth	6	14	76	82	6	99	17	83	1
North Shore	402	211	Albany Subregional Zone 11	38	38	440	249	-191	179	-70	159	-90
Waitakere	201	117	Corbans	10	0	254	123	-131	106	-17	98	-25
			Penfolds	6	6			0		0		0
			Harbour View	37	0			0		0		0
Auckland City	308	201	Mt Wellington Quarry	96	96	404	297	-107	233	-64	130	-167
Manukau	1,125	902	Favona Rd FUZ	29	29	1,282	1,086	-196	875	-211	715	-371
			Development East Tamaki	0	27			0		0		0
			Wiri Quarry	128	128			0		0		0
Papakura	147	102				147	102	-45	102	0	69	-33
Franklin									72	72	52	52
Total	2,253	1,601		350	338	2,603	1,939	-664	1,666	-273	1,306	-633

Source: Auckland Regional Council, various documents

In addition to 1,306 ha capacity identified in November 2005, land allocated to business uses in planned greenfield development sites adds 571 ha to the pool. Together, these figures give an estimate of total availability (1,877 ha) and enable us to consider the likely distribution of future business land (Table 2).

Table 2: Future Business Land Capacity, 2005

				Available Capacity				
	Zoned	Occupied	Share Occupied	Vacant	Greenfield	Future	Total	% Region
Rodney	348	265	76%	83	Silverdale Nth	60	321	17%
					Silverdale Sth	84		
					Warkworth	46		
					Other	48		
North Shore	813	654	80%	159			159	8%
Waitakere	586	488	83%	98	Hobsonville Corridor	80	298	16%
					Massey Nth/Westgate	90		
					Hobsonville Penin	30		
Auckland City	1,778	1,648	93%	130			130	7%
Manukau	2,328	1,613	69%	715	Flatbush	25	740	39%
Papakura	421	352	84%	69	Takanini	78	177	9%
					Hingaia	30		
Franklin	527	475	90%	52			52	3%
Total	6,801	5,495	81%	1,306		571	1,877	100%

Source: Auckland Regional Council, local councils

It should be noted that these figures of additional capacity are provisional. Individual councils are still assessing utilisation of existing and planned land banks, and rates of utilisation. The indications are that the figures about currently and known future capacity may be over-optimistic. However, current figures are considered sufficiently current and of the correct order of magnitude to draw some significant conclusions.

When the distribution of total future business land (additional potential and total, including currently occupied) is compared with the distribution of the population and employment, future capacity appears unlikely to rebalance the distribution of employment with the distribution of population (Table 3). The North and West sector, in particular, is deficient especially when perhaps 94 hectares of Rodney's potential future business land is located at a significant distance from the urban area and the concentration of population (Helensville, Warkworth and Wellsford).

Table 3: Populating, Employment and Business Land

	Population	Employment	Business Land 2005		Bldg Consents 2001-05	
	2005	2005	Potential	Total	Industrial	Other
Rodney	7%	3%	17%	8%	6%	5%
North Shore	16%	14%	8%	11%	12%	15%
Waitakere	14%	7%	16%	11%	4%	7%
North West Sector	*36%*	*25%*	*41%*	30%	*22%*	*27%*
Auckland City	31%	51%	7%	24%	23%	43%
Manukau	25%	20%	39%	32%	48%	25%
Papakura	3%	3%	9%	7%	4%	2%
Franklin	4%	2%	3%	7%	3%	3%
Southern Sector	*32%*	*25%*	*52%*	46%	*55%*	*30%*
Total	100%	100%	100%	100%	100%	100%

Notes: Business land excludes CBD & Guf Islands
Consents refer to new floorspace
Industrial consents includes factories & warehouses
Industrial 44% of total area of consented floorspace, 2001-2005

Auckland City and particularly Manukau dominate current business land, although in the case of Manukau, where the growth pressure is greatest (Table 1) relatively limited areas of vacant land are already seen as creating a need for substantial additional zoning.

The estimates of uptake in Table 1 allow the remaining years of supply of business land to be broadly estimated. Two rates of uptake reflect the uncertainty surrounding the underlying data: 120 ha/yr (low) and 150 ha/yr (high). Land is divided between existing or potentially vacant land and planned additions (Table 4).

Table 4: Estimating Business Land Available and Required

	Vacant	**Planned**	**Total**	**20 Yr Demand (Ha)**	
Available:	1,310	570	1,880	**Required**	**Shortfall**
Ha/year	*Years:*				
120	11	5	16	2,400	520
150	9	4	13	3,000	1,120

The resulting estimates rely on projecting past behaviour (uptake) into the future without any detailed assessment of the likely nature of demand, site preferences (size, type) or location.

According to these calculations, existing vacant land could sustain growth at historical rates for 9 to 11 years and for another 4 to 5 years on the basis of planned development, providing the full amount identified makes it through the planning process in that timeframe. At best, then, the existing and planned business land bank provides 16 years supply.

Put another way, on the basis of the low assumption, Auckland requires at least 520 ha for business use over the next 20 years, over and above that potentially available at present. If the Region grows at recent historical levels (at, say, 150 ha/year) the additional land required (the current shortfall) more than doubles, to 1,120 ha.

Factors that suggest the high assumption (with a shorter time frame before the land bank is exhausted and greater demand for additional land) is more realistic include:

+ The apparent historical uptake may have been reduced by the introduction of additional business land into the pool between 1996 and 2005;
+ The (further) intrusion of residential uses onto business land in the future will reducing the pool independently of business growth;
+ Strong growth in space demanding transport and storage activities;
+ Higher environmental and design standards resulting in a reduction in occupancy densities;
+ The relatively high costs of brownfield rehabilitation and development;
+ A higher rate of growth over the last five years (158 ha) which local councils see being maintained in 2006.

With councils reporting that demand is running at higher rather than lower levels, the shorter rather than longer time appears more likely for supply to be exhausted. For example, Manukau City Council research indicates that available land has been over-estimated and the rate of take up underestimated. As a result, the southern sector could run out of suitably zoned land in eight years.

Factors that suggest that the low assumptions (a longer time frame before the land bank is exhausted and lower demand for additional land) is more realistic include:

- A slow down in economic activity, reducing overall demand for business land,
- A reduction in the intrusion of residential activity onto business land, as a result of a slowdown in growth or market preferences for alternative forms of housing;
- An accelerated rate of brownfield development and land rehabilitation;
- Planning and design provisions that allow more intensive site use.

Calculating the years of likely capacity on the basis of a constant uptake of land from a finite pool suggest a high degree of flexibility in the business land market that does not exist. A number of factors suggest that the market is relatively inefficient, and a demand and supply equation tells only part of the story.

The suitability of the available land for development, in terms of location, quality (including local infrastructure), and site size will have a significant impact on uptake. The likelihood is that as the total pool diminishes, the amount of attractive land will contract even more rapidly. The limited suitability of "residual" land (site characteristics, location) and the imperfect nature of the market mean that actual availability will be significantly below theoretical potential.

Market imperfection results from such influences as land banking, which means that only a portion of vacant land is ever available (so, for example, Auckland, North Shore and Waitakere face imminent shortages), and the fact that investors are not aware of or cannot access all possibilities in the region for land development.

The business land market is by no means homogeneous. The preferences of different segments will see the mismatch between demand and supply increasing the more limited the supply is. This underlies the division of employment activity into two categories dependent on centralised and dispersed sites in the *Draft Business Land Strategy*, although this dichotomy may also be a simplification.

Imbalances in the distribution of land relative to the distribution of the labour force will also become more problematic as the pool diminishes, especially in areas such as Waitakere and North Shore diminishes.

Despite the uncertainties that suggest the timeframes estimated in Table 4 are optimistic (overstating the time before a shortage of business land has a significant impact on the capacity to invest), both scenarios confirm the small size of the business land pool and the need to address with some urgency how best to extend it.

3 Demand

The preceding discussion suggests that the shape of demand will influence both the size of the land bank required (through the density of occupancy that different sectors or activities might achieve) and its character – the nature of sites and their location. This study does not undertake any formal forecasting. Instead, it looks at recent trends and discusses the implications of them continuing.

3.1 Recent Performance and Projected Growth

The draft Business Land Plan uses forecasts of future demand prepared by NZIER and adopted by Market Economics in a model of employment growth that supported the suggestion that “at current rates of business growth, all present vacant business zoned land, plus sector greenfields, will be fully utilised by 2021” (page 14).

The Market Economics model suggested growth in FTEs from 500,340 in 2001 to 576,300 by 2021, a gain of close to 76,000. In fact, the growth early in this period has far outstripped the growth projected, suggesting that exhaustion of available land will happen much sooner.

Statistics New Zealand recently introduced a new employment series that deals only with total positions at February each year, going back to 2000. According to this series, regional employment in 2001 was 494,700. Over the four years to 2005 it increased by 94,800 to 589,500. Even scaling it for equivalence with the 2001 FTE figures gives a gain of over 93,000 from 2001 to 2005.

This data suggests that that 20-year growth projected for the Business Land Plan may have been exceeded in just the first five years.

A review of growth rates from 2000 to 2005 indicates that some of the most rapid gains were in space extensive activities (construction, transport, and storage) as well as service sectors (government, health, and financial and business services (Table 5). In geographic terms, the faster *rates* of growth were on the edges of the region, in Rodney (especially construction and government services) and Papakura (transport and storage, business, communications and personal services).

Table 5: Employment Growth by Sector, 2000-2005
Annual Compound Growth Rates

	Rodney	Nth Shore	Waitak-ere	Auckland	Manukau	Papakura	Franklin	Region
Construction & Utilities	10.3%	8.4%	6.2%	7.5%	7.7%	12.1%	7.0%	7.9%
Transport & Storage	6.3%	6.1%	5.4%	2.4%	5.3%	16.5%	6.1%	4.6%
Manufacturing	2.9%	3.4%	1.6%	0.2%	2.7%	7.7%	1.0%	1.8%
Education Services	1.5%	1.4%	-1.2%	4.4%	2.4%	-1.5%	-2.1%	2.6%
Government Services	14.9%	5.5%	-5.9%	7.8%	6.7%	6.8%	6.2%	4.8%
Health & Community	5.1%	5.3%	7.1%	4.2%	3.5%	5.4%	3.9%	4.5%
Recreational, Cultural	4.3%	10.2%	6.8%	-0.5%	6.4%	5.9%	6.8%	2.1%
Personal & Other	6.4%	3.1%	3.5%	2.8%	9.3%	5.9%	4.8%	4.1%
Retail & Accom.	6.4%	4.8%	3.2%	3.6%	4.4%	3.4%	5.0%	4.0%
Communications	0.0%	-9.3%	13.5%	5.4%	6.5%	11.4%	-7.8%	3.1%
Finance & Business	5.5%	9.5%	7.5%	3.5%	10.9%	16.8%	4.6%	5.3%
Total	5.8%	5.3%	3.1%	3.2%	5.0%	8.5%	3.5%	4.0%

Source: Statistics New Zealand, Employment Positions

3.2 Spatial Implications

The BLP distinguishes between two types of business, those that favour centralised, accessible locations (Group 2), and those that are more likely to be found on decentralised sites (Group 1).

These groupings broadly divide high rent from low rent activities, although in reality activities bid for sites across a gradient rather than dichotomy of accessibility. This results in a degree of spatial sorting within cities that sees high value activities dominating central locations and low density, lower value added activities tending towards the edge of the city.

(This progression has been imposed broadly in the ordering of Tables 5 and 6 with lower density, low rent activities at the top and high rent activities at the bottom).

Mixed-use areas complicate this classical urban land use pattern. They are facilitated by urban arterial roads and marked by high levels of accessibility, often at a distance from traditional commercial centres. In them, retailing, wholesaling, and offices may be mixed with manufacturing and distribution. In mixed business areas, accessibility supports commuting right across the labour market skills spectrum, and is marked by easy private vehicle access to large and diverse market catchments.

The spatial projection of demand for business land for the BLP was organised around forecast full time employee equivalents on a functional rather than spatial basis, and distributed across centre types (regional, sub-regional, large suburban, rural, suburban and local), business areas (large, medium and small) and community and other areas. The distribution of projected growth by SIC sector influenced how forecast FTEs were allocated among these categories, with the following results:

- Centres – predominantly retailing, hospitality and services,

  39% of 2001 employment, 55% of the projected gain to 2021;
- Business areas – predominantly industrial and office park activities,

  34% of 2001 employment, 26% of the projected gain to 2021;
- Community and other areas – predominantly education, medical and community,

  27% of 2001 employment, 19% of projection to 2021.

It has not been possible to check this allocation against actual performance in the first five years of the forecast period using the employment data. However, simply organising the employment growth according to broad sectors and territorial local authority areas provides some insight (Table 5).

With 41% of new jobs, Auckland City still dominates growth, although not in keeping with its share of the labour force (53.6% in 2000; 50.5% in 2005). In a very broad context, then, new employment appears less centralised than existing employment.

This is confirmed by Rodney, North Shore, Manukau, and Papakura each growing ahead of its respective share of the regional labour force, implying a move away from the traditional centres towards business areas (this would explain North Shore's performance, for example), acting against the centres-focused projection.

Table 6: Gains in Employment by Sector, 2000-2005

Shifts	Rodney	Nth Shore	Waitak-ere	Auckland	Manukau	Papakura	Franklin	Region	Share
Construction & Utilities	1,184	1,460	905	4,360	1,730	876	420	10,935	10%
Transport & Storage	430	2,960	860	4,820	5,220	1,650	400	6,030	6%
Manufacturing	380	1,570	670	380	3,240	1,160	140	7,540	7%
Education Services	100	360	-230	3,920	950	-80	-120	4,900	5%
Government Services	270	1,110	-750	2,100	720	70	70	3,590	3%
Health & Community	400	1,760	1,100	4,300	1,520	230	160	9,470	9%
Recreational, Cultural	130	770	330	-290	540	70	90	1,640	2%
Personal & Other	150	390	270	1,300	1,170	140	100	3,520	3%
Retail & Accom.	1,250	3,480	1,490	7,220	3,950	440	660	18,490	18%
Communications	0	-870	150	1,980	410	25	-20	1,675	2%
Finance & Business	450	5,230	1,410	12,900	5,480	1,060	280	26,810	25%
Total New Positions	4,894	18,320	6,170	42,935	25,250	5,676	2,200	105,445	100%
Share New Positions	5%	17%	6%	41%	24%	5%	2%	100%	
Share Total 2000	3%	13%	8%	53%	19%	2%	2%	100%	

This pattern is repeated when areas of new non-residential buildings consented are considered. These have been cumulated by TLA for the period 2001 to 2005 (Table 7). This confirms the strong orientation to Rodney, North Shore, and Manukau relative to workforce, and away from Auckland City and Waitakere.

The greatest expansion was in warehouses, accounting for 28% of new floor space. Together, low density, relatively low value added and low rent factories and warehouses accounted for 44% of all non-residential space consented over the five years. As long as these activities dominate demand for new space, the share of growth that might be expected to locate in existing centres through intensification will be limited and the share seeking larger, less centralised sites greater.

The area of new offices consented since 2001 is substantially less. They are concentrated within Auckland City and, obviously, achieve much higher employment densities than industrial floorspace. New hospitals and accommodation buildings are also concentrated in Auckland City, but retailing, education, and community buildings are more widely dispersed, presumably reflecting residential distribution.

One implication of this analysis is that the demand for new business land may not be driven by the demand of the most employment intensive sectors, or by those sectors posting the greatest gains in employees. Rather, it is more likely to be shaped by the activities with lower employee:floorspace ratios in the still significant manufacturing sector, and the rapidly growing transport and distribution sector.

Table 7: New Building Areas Consented, 2001-05

	Factories		Warehouses		Offices		Education	
	Sq M	Share	Sq M	Share	Sq M	Share	Sq M	Share
Rodney	55,400	8%	52,665	4%	5,880	1%	46,845	9%
North Shore	49,274	7%	173,327	14%	164,877	31%	83,526	16%
Waitakere	51,589	8%	27,974	2%	18,363	3%	52,410	10%
Auckland	215,326	32%	226,760	19%	236,232	44%	162,226	31%
Manukau	229,349	34%	674,795	56%	106,656	20%	133,939	26%
Papakura	44,725	7%	35,075	3%	5,478	1%	15,428	3%
Franklin	34,110	5%	16,296	1%	2,545	0%	25,761	5%
Total	679,773	100%	1,206,892	100%	540,031	100%	520,135	100%
Share	16%		28%		13%		12%	

	Hospitals		Social Cultural		Shops, Taverns		Hostels	
	Sq M	Share	Sq M	Share	Sq M	Share	Sq M	Share
Rodney	9,070	6%	19,282	6%	37,426	7%	512	0%
North Shore	14,159	9%	25,262	8%	57,051	11%	9,520	7%
Waitakere	2,123	1%	25,966	8%	60,329	12%	867	1%
Auckland	109,557	71%	113,479	37%	159,907	32%	95,591	68%
Manukau	17,274	11%	106,106	35%	149,107	29%	24,697	18%
Papakura	-	0%	5,996	2%	31,429	6%	-	0%
Franklin	1,050	1%	9,466	3%	12,194	2%	8,447	6%
Total	153,233	100%	305,557	100%	507,443	100%	139,634	100%
Share	4%		7%		12%		3%	

	Hotels		Misc.		Total	
	Sq M	Share	Sq M	Share	Sq M	Share
Rodney	5,585	6%	1,463	1%	234,128	5%
North Shore	5,105	6%	3,905	3%	586,006	14%
Waitakere	144	0%	358	0%	240,123	6%
Auckland	71,148	81%	74,547	51%	1,464,773	34%
Manukau	5,529	6%	66,867	45%	1,514,319	35%
Papakura	302	0%	120	0%	138,553	3%
Franklin	562	1%	353	0%	110,784	3%
Total	88,375	100%	147,613	100%	4,288,686	100%
Share	2%		3%		100%	

3.3 An Emerging Industrial Corridor

The ten top destinations in the region for warehouse and factory location have been identified at Census Area Unit level, to further explore the distribution of development (Table 8). The pattern revealed suggests a strong orientation to the central motorway corridor, or to locations readily accessible to it. From north to south, Silverdale, North Harbour, and Pinehill, Penrose, Ferndale, Mt Wellington South, East Tamaki, Papakura and Pokeno are growth nodes that define corridor development comprising industrial-style uses occupying larger sites and exploiting ready access to the principal regional arterial road.

This has been supplemented over the five years by a concentration of warehouses in the vicinity of Auckland International Airport, at Mangere and Favona, which can take advantage of location close to the South-western Motorway.

Table 8: Main Destinations for Warehouse & Factory Investment

Building Consents Issued 2001-2005

Area Unit	Total $m	New Buildings			Additions & Alterations		
		No.	$m	Sq m	No.	$m	% Total
Warehouses							
Mangere South	$159.82	63	$141.87	248,949	52	$17.95	11.2%
East Tamaki	$78.60	50	$66.04	144,408	41	$12.56	16.0%
North Harbour	$61.43	55	$50.19	82,732	37	$11.24	18.3%
Pinehill	$58.95	50	$56.73	83,623	17	$2.22	3.8%
Manukau Central	$55.47	37	$48.44	98,883	23	$7.03	12.7%
Penrose	$52.16	25	$41.46	68,909	49	$10.69	20.5%
Mangere Station	$42.05	10	$41.19	57,130	4	$0.87	2.1%
Mt Wellington South	$33.35	16	$18.92	36,330	66	$14.43	43.3%
Rosebank	$25.69	23	$20.19	41,260	26	$5.50	21.4%
Favona	$16.08	1	$15.00	52,568	2	$1.08	6.7%
Factories							
East Tamaki	$92.80	46	$71.92	88,084	92	$20.88	22.5%
Manukau Central	$56.27	41	$43.09	76,049	93	$13.17	23.4%
Mangere South	$38.25	21	$33.40	32,470	26	$4.84	12.7%
Penrose	$31.83	19	$24.87	125,729	56	$6.96	21.9%
Mt Wellington South	$24.65	14	$18.65	23,257	39	$6.00	24.3%
Pokeno	$22.78	6	$22.74	8,682	2	$0.04	0.2%
Ferndale	$14.97	5	$2.27	2,891	11	$12.70	84.9%
Silverdale South	$13.65	25	$11.30	24,234	19	$2.35	17.2%
Papakura South	$12.80	26	$6.56	16,627	29	$6.23	48.7%
North Harbour	$12.14	21	$10.64	15,159	43	$1.49	12.3%

Note: Census Area Units, based on five years of consents, ranked by total value.

Source: Derived from Statistics New Zealand

The relative value of additions and alterations suggest that some of these centres, especially those longer occupied and more centrally located, are already undergoing a degree of redevelopment and intensification (e.g., Penrose, Ferndale, Mt Wellington South, East Tamaki, Manukau Central). They also suggest that the rapid growth in demand for additional land (Table 1) has been taking place alongside investment in redevelopment already well underway at the level of individual businesses and premises.

4 Issues

The preceding discussion confirms that Auckland is facing a shortfall in business land capacity. This section flags some of the issues surrounding the issue.

Some of the shortfall may be reduced by redevelopment and increased intensification around existing centres. However, land demand is driven not simply by undifferentiated employment growth but by the growth of particular sectors. Based on recent evidenced, the dominant ones are warehousing, construction and manufacturing, followed by community and final demand-oriented services (including retailing). The former can be broadly equated with the BLP Group 1 activities, the latter broadly with Group 2.

The consequences of continuing growth in the industrial or quasi-industrial uses include pressure on decentralised sites, particularly with good motorway access, in the first instance, and on decentralised sites with good access to local communities, in the second.

Growth in the consumer-oriented group can be expected to reflect trends in residential growth. The allocation of demand for business land and premises by this group among centres (regional, sub-regional, large suburban, etc) will depend on a variety of traditional factors influencing consumer as well as employer behaviour. They include ease of access, including but not limited to public transport, quality of the centre environment, availability of premises, and diversity and complementarity of activities there (can consumers meet multiple trip objectives? Do employers have access to quality local services?). Much of this is in the hands of developers and owners of business parks and retail centres.

The balance of this section explores some of the issues underlying the Business Land Plan as a response to the region's shortfall in business and, especially, industrial land, with particular reference to councils' current positions.

4.1 Reactions

Where to Increase the Land Bank?

The Draft Business Land Plan is subject to submission and discussion. Submissions from local councils have elevated the question of industrial land capacity, the urgency of addressing supply issues, and the principles underlying where and how demand might be satisfied.

Council submissions are continuing. They are diverse, ranging over detailed matters as well as the wider strategic implications of the proposed Plan. Councils are under pressure from developers and potential investors to release land, and most of them acknowledge a need to provide for local employment opportunities in their long-term planning. There is some concern over the regional imbalance in the distribution of business land, which is likely to sustain long-term commuting pressures.

The pending shortfall is already evident in the difficulty investors are citing in finding appropriate sites, in high prices for existing sites which are encouraging more non-industrial uses into traditionally industrial areas, and speculative land acquisition, including substantial areas beyond the Metropolitan Urban Limits.

There is some diversity in council positions. Auckland City Council, for example, is seeking greater emphasis on how intensification of business uses will be achieved. More attention is sought, generally, on how brownfield development might be progressed, and how to "unlock" or release land to redevelopment.

The southern and northern and western sectors are concerned about the location of significant tracts of additional industrial land, with the obvious localities falling outside the MULs.

New proposals coming from the ground up

Substantial work is continuing in this area, which lies outside the terms of reference of the current report. Councils have cooperated in commissioning their own research and conducted workshops dealing with local and sector demand and supply. Initiatives by the three councils of the Northern and Western sector (Rodney, Waitakere and North Shore) and in Southern sector (Manukau, Papakura and Franklin) highlight the local shortfalls, and options for reversing them working first in a sub-regional context and then in a regional one.

One challenge will be to reconcile these initiatives. All the councils accept the need for plans to be placed into the wider regional framework, and for the efforts of councils to be complementary. At the same time, there is a concern to address the appropriate mix of activities for different areas, and a suggestion that the proposed dichotomy is probably too inflexible to be implemented as it stands.

Compact City versus Self-Sufficiency

Local initiatives highlight the potential contradiction between releasing land on the urban fringe and the principal of developing a compact city through greater emphasis on increasing densities in and around centres.

A compact city with a strong central focus is promoted to support public transport. On the other hand, decentralised employment reduces commuter pressures and the time and resources spent travelling to work. There is a concern that the BLP should seek to redress the imbalance in the location of business land across the region to sustain subregional economies.

4.2 Employment or Investment?

Despite the above issues, there is reasonable convergence among the parties on the key issues identified in the Business Land Plan. There is recognition of the urgent need to lift the supply of business land, and to address implementation issues (both to extend the MULs and facilitate intensification). There is generally acceptance of the need to find a regional path for resolving the environmental objectives of the Regional Policy Statement and recognition of the requirements of the planning processes and statutes. There is increased understanding of the circumstances of different parts of the region, and a common desire to create more employment at the same time as reducing the need for commuting.

It may be appropriate for the Metro Auckland Project to observe these issues and support their resolution.

It may also be useful to suggest a slightly different perspective that might be brought to bear on the regional issue of how much, where and how business land might be supplied.

The question is whether the focus should be on the capacity to accommodate future employment in a largely passive manner. This is the implicit objective of land use planning driven by forecasts of future employment.

Alternatively, should the focus be on the capability of existing and future land to support the economic objectives that underlie the Metro Auckland Project, and particularly the issue of productivity? When scarcity or quality issues inflate business land prices, or sites do not support efficient investment, productivity is compromised.

An investment focus for business land use planning is more likely to focus on the cost, convenience, and availability of business land that meets the needs of a variety of activities and organisations:

- Can significant investors satisfy their land and location needs in Auckland Region?
- Can existing firms expand effectively and without encountering undue cost and disruption to output?
- How big does the industrial land bank have to be to avoid scarcity or speculation-driven land prices that deter investment?
- What spatial pattern of additional business land should be allowed to ensure that location decisions enhance organisations' productivity?
- How are the needs of businesses, communities, and the environment best reconciled in the course of identifying and developing business land?

Acknowledging these issues and the underlying questions will broaden thinking away from simply the quantitative needs associated with where Auckland's residents might be employed, to a qualitative consideration of what provision might be made to ensure the quantity and quality of business land that will encourage productive investment in the right places within the Region.