

# PROPERTY **E**CONOMICS



**TIMARU DISTRICT**

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**INDUSTRIAL CAPACITY**

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**ECONOMIC ASSESSMENT**

Client: Timaru District Council



## SCHEDULE

Code	Date	Information / Comments	Project Leader
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## TABLE OF CONTENTS

1. INTRODUCTION.....	5
1.1. KEY OBJECTIVES.....	5
1.2. INFORMATION & DATA SOURCES .....	6
2. POPULATION AND HOUSEHOLD PROJECTIONS .....	7
3. TIMARU INDUSTRIAL GROWTH.....	10
3.1. EMPLOYMENT COMPOSITION AND TRENDS .....	10
3.2. INDUSTRIAL CONSENTS .....	11
4. EMPLOYMENT GROWTH .....	14
4.1. INDUSTRIAL EMPLOYMENT FORECAST (2023-2053) .....	14
5. FUTURE INDUSTRIAL LAND REQUIREMENTS .....	16
5.1. ESTIMATED INDUSTRIAL LAND DEMAND.....	16
5.2. INDUSTRIAL LAND REQUIREMENT.....	17
6. INDUSTRIAL LAND SUPPLY .....	18
7. LAND DEMAND VS CAPACITY RECONCILIATION.....	20
8. CONCLUSIONS .....	21
APPENDIX 1: BUSINESS CLASSIFICATIONS .....	22
APPENDIX 2: INDUSTRIAL BUILDING CONSENT DEFINITIONS .....	24

## LIST OF TABLES

TABLE 1: TIMARU DISTRICT EMPLOYMENT BY SECTOR (2000-2024) .....	10
TABLE 2: NEW INDUSTRIAL BUILDING CONSENTS ISSUED .....	12
TABLE 3: INDUSTRIAL SECTOR EMPLOYMENT PROJECTIONS (2023-2053) .....	15
TABLE 4: INDUSTRIAL FLOORSPACE AND LAND REQUIREMENTS.....	17
TABLE 5: DISTRIBUTION OF VACANT INDUSTRIAL LAND BY AREA AND STATUS (HA) .....	18
TABLE 6: TIMARU DISTRICT INDUSTRIAL LAND DEMAND SUFFICIENCY TO 2053 (HA) .....	20

## LIST OF FIGURES

FIGURE 1: TIMARU DISTRICT POPULATION AND HOUSEHOLD GROWTH PROJECTIONS .....	7
FIGURE 2: NEW ZEALAND MIGRATION STATISTICS JANUARY 2016 - DECEMBER 2024.....	8



## 1. INTRODUCTION

Property Economics has been commissioned by Timaru District Council (**TDC**) to undertake a high-level review of the Timaru industrial market and undertake the requisite economic analysis to assist TDC in their District Plan hearing process. This includes assessing the supply and future demand for industrial activities to ensure TDC has up-to-date metrics and information to form a robust economic position in response to submissions requesting the rezoning of additional land for industrial purposes in the Proposed District Plan (**PDP**)

Specifically, this report determines the level of industrial land supply and its suitability in meeting the expected industrial land demand. This includes considering where industrial activity is most appropriate to locate geospatially to maximise economic efficiency and performance in the district. This supply is then compared against the projected land demand which is based on employment growth projections, industrial building consents and industrial land demand.

### 1.1. KEY OBJECTIVES

The primary research objectives of this report include:

- Quantify the current population and household base of the Timaru District and Timaru Urban Area and forecast the growth of these markets to 2053.
- Assess the current employment composition of Timaru District and any trends in the industrial sectors.
- Assess industrial consent data in Timaru for industrial activity over the last 10 years to quantify consent activity.
- Forecast employment growth across the industrial sectors to determine the likely future level of employment in the district by sector.

- Estimate the quantum of land required to service the future industrial requirements of the Timaru District.
- Assess the current zoned (and vacant) provision of land (ha) for industrial activity in the district and assess capacity by location and land area (ha).
- Cross-reference projected industrial demand and supply to determine any land demand differentials and identify any subsequent supply implications out to 2053.

## 1.2. INFORMATION & DATA SOURCES

Information has been obtained from a variety of reliable data sources and publications available to Property Economics, including:

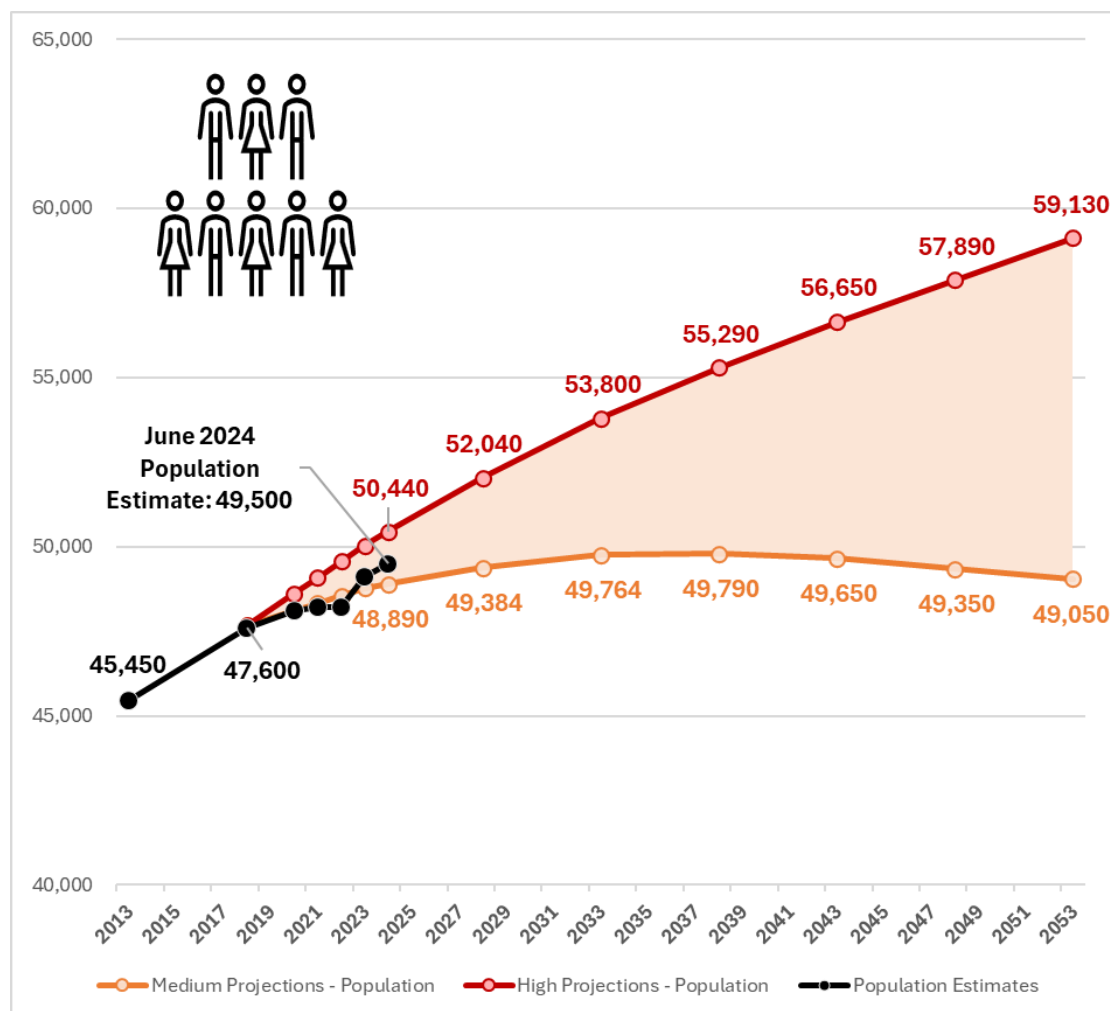
- Census of Population and Dwellings 2006, 2013 & 2018 – Stats NZ
- Household and Population Projections – Stats NZ
- Building Consents Data – Stats NZ
- Catchment Maps – Google Maps
- Business Frame Employment Data – Stats NZ
- Planning Provisions, Timaru District Plan – Timaru District Council
- District visit of sites – Property Economics
- Land Vacancy Data – Timaru District Council
- Property Parcels Data – LINZ

## 2. POPULATION AND HOUSEHOLD PROJECTIONS

Figure 1 displays the population growth projections within the Timaru District. These projections are derived from the latest available Statistics NZ population growth projections for both the Medium and High growth scenarios.

Note that as the current population projections only go till 2048, Property Economics has extrapolated the projected growth to 2053. Additionally, the projections in Figure 1 represent an update from the residential capacity report<sup>1</sup> undertaken late 2024, so are slightly different

**FIGURE 1: TIMARU DISTRICT POPULATION AND HOUSEHOLD GROWTH PROJECTIONS**



Source: Property Economics, StatsNZ

Exploration into Timaru's population drivers highlights that due to Timaru's ageing population, the natural increase (i.e. births and deaths) has been negative during the past 5 years. Consequently, the district growth has been dependent on migration, which is primarily

<sup>1</sup> Timaru District Residential Capacity Economic Assessment, Property Economics, October 2024

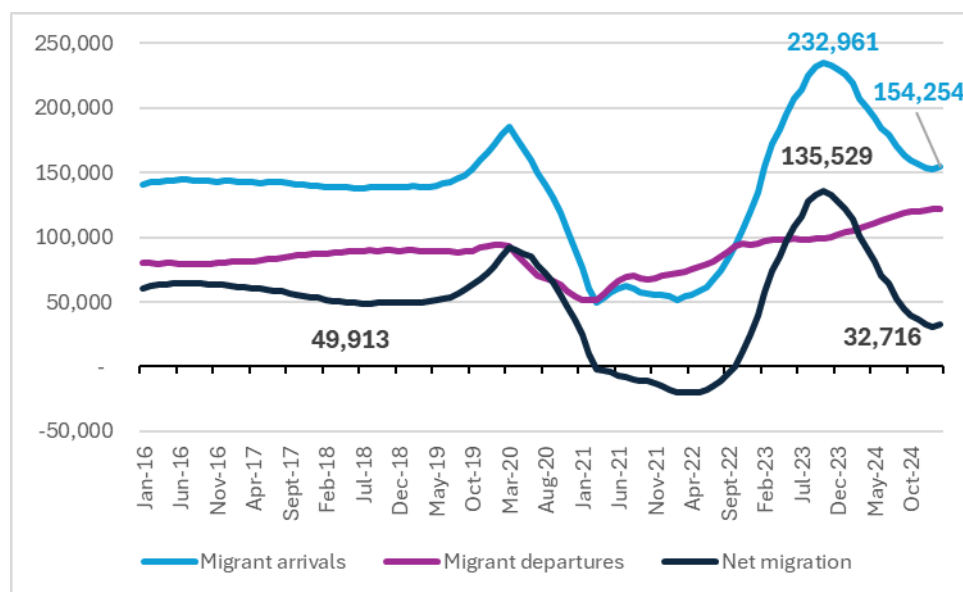
international. The aging population means reliance on migration into Timaru is likely to remain an important contributor to Timaru's growth pathway over the next 30 years

Consequently, it is no surprise that the COVID-19 lockdowns significantly hindered Timaru's growth between 2020-2022. During this period Timaru's population grew slower than the Medium Growth projection. Following the borders' re-opening in 2023, the Timaru District experienced a rebound influx of new international residents, and this resulted in a slight upswing in the level of growth between 2022 and 2024.

However, this increase in growth has started to ease with slower growth in 2024 and is not expected to continue based on the national immigration trends. As illustrated on Figure 2, migrant arrivals into New Zealand which had peaked at almost 233,000 has now returned to align with the long-term trend of approximately 154,000 over 2024. The consequences for Timaru district are likely to be a reduction in international migrants as a vital factor in maintaining district population growth.

However, migrant departures from New Zealand have continued to climb, which has caused New Zealand's Net Migration levels to fall below the long-term average to 32,700 annually by the end of 2024, significantly down from the peak of just over 135,000 people only 18 months earlier.

**FIGURE 2: NEW ZEALAND MIGRATION STATISTICS JANUARY 2016 - DECEMBER 2024**



Source: Property Economics, Statistics New Zealand

With this in mind, the Medium Growth projection anticipates that Timaru's population will reach a peak of around 49,800 in 2033, and then essentially stay around that level over the balance of the forecast period. Given the current population estimate of 49,500 residents, the population base under the Medium scenario is projected to stay within a 49,000-50,000 people



band over the period to 2053. The result of a natural decrease being offset by anticipated migration.

In contrast, the High Growth projection anticipates growth of over 10,000 residents to around 59,200 by 2053. In order to achieve this High Growth, it will be necessary for Timaru to generate a material increase in additional employment opportunities to retain families and workers.

These two projections paint a very different picture for Timaru's future. Although the current post COVID-19 trajectory over the past two years has temporarily exceeded the High Growth projection, New Zealand's weakening net migration position and an economy in recession over recent years makes this growth scenario optimistic, particularly given the current population is tracking noticeably below the High Growth scenario.

In Property Economics view, unless there is a major market shift, the StatsNZ High growth projection shown in Figure 1 is an appropriate upper bound to utilise in planning for Timaru's growth at this point with the understanding that growth is more likely to fall short of this projection than it is to exceed it.

Since the earlier 2022 Growth Strategy Review<sup>2</sup> was undertaken a number of business closures and worker reductions have been announced whose adverse effects on growth are still to filter through the metrics. In essence, factoring in these announcements, there is a softer outlook for Timaru today than known in the earlier 2022 Growth Strategy Review work.

Some of the higher profile examples of announcements and links are below.

- The Alliance Smithfield meatworks closure involving 600 workers and \$50m in wages annually<sup>3</sup>.
- The Antarctic NZ Scott Base redevelopment exist from the Port of Timaru<sup>4</sup>
- DB Brewery job losses due to reduced production<sup>5</sup>

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<sup>2</sup> *Timaru District Council: Growth Management Strategy Review – Business – May 2022*

<sup>3</sup> [www.thepress.co.nz/nz-news/360591630/alliance-smithfield-land-and-buildings-sale-timaru](http://www.thepress.co.nz/nz-news/360591630/alliance-smithfield-land-and-buildings-sale-timaru)

<sup>4</sup> [www.stuff.co.nz/business/350394896/antarctica-nz-confirms-decision-exit-timaru](http://www.stuff.co.nz/business/350394896/antarctica-nz-confirms-decision-exit-timaru)

<sup>5</sup> [www.thepress.co.nz/business/360688022/db-brewery-confirms-jobs-go-timaru](http://www.thepress.co.nz/business/360688022/db-brewery-confirms-jobs-go-timaru)

### 3. TIMARU INDUSTRIAL GROWTH

This section of the report provides an overview of the existing Timaru District economic environment. It evaluates the trends, size, distribution and composition of the various employment sectors that comprise the Timaru District economy.

#### 3.1. EMPLOYMENT COMPOSITION AND TRENDS

The temporal employment composition and historical employment trends between 2000 and 2024 for the Timaru District provide useful guidance to the performance of the economy since the turn of the century. This analysis assists in identifying the economic structure of Timaru and is valuable in identifying changes and shifts in the district's economic base. This data is also a valuable input into the economic growth forecasts across the district's industrial sectors discussed later in the report.

Property Economics utilise the most up-to-date version of SNZ's Business Frame data on Employment Counts (ECs), with businesses assigned an industry sector according to their ANZSIC<sup>6</sup> 2006 categories. For the purposes of this report classifications have been grouped into Industrial, Commercial Office<sup>7</sup>, Other and Retail sectors that reflect the typical composition of employment across business zones.

'Other' employees refer to those working in businesses or organisations that would not typically be located on business zoned land. These include hospitals, schools, fire stations, community facilities, parks and recreation and government agencies.

A breakdown of each industry sector and the ratios utilised in establishing their respective employment bases has been included in Appendix 2.

The tables provided below show a summary of employment counts in the Timaru District by grouped sector and ANZSIC level 1 industrial classification.

**TABLE 1: TIMARU DISTRICT EMPLOYMENT BY SECTOR (2000-2024)**

	2000	2010	2020	2023	2024	Growth
<b>Industrial</b>	6,656	8,005	10,048	10,209	10,217	<b>3,561</b>
<b>Retail</b>	2,857	3,385	3,521	3,559	3,469	<b>612</b>
<b>Commercial</b>	2,826	3,215	3,566	3,686	3,751	<b>925</b>
<b>Other</b>	5,095	6,424	7,307	7,222	7,443	<b>2,347</b>
<b>Total</b>	<b>17,434</b>	<b>21,029</b>	<b>24,442</b>	<b>24,676</b>	<b>24,879</b>	<b>7,445</b>

Source: Stats NZ, Property Economics.

<sup>6</sup> Australia and New Zealand Standard Industry Classification.

<sup>7</sup> Commercial office has been separated out so as to not confuse with the District Plan definition of Commercial which includes retail, commercial service and offices.

In the year 2000, district employment totalled around 17,400 employees. This has grown to nearly 24,900 by 2024, giving a net employment increase across the district of circa 6,440 employees (+43%) over the last 24 years.

In terms of nominal employment the highest growth sectors were Construction (+1,333 employees), Health Care and Social Assistance (+1,277 employees) and Manufacturing (+870 employees).

Notably, both the construction and manufacturing sectors are Industrial, and it is this growth, along with the Transport, Postal and Warehousing sector (+857 jobs) that has enabled the Industrial Sector to retain its position as the largest sector within Timaru's economy.

As Table 1 showed, the Industrial sector grew by a total of 3,561 jobs or 53% over the past 24 years. This is almost half of the district's entire employment growth. This highlights the growing importance and relevance of the district's core productive base within the Timaru economy with these activity types being critically important to the district's economic health.

### 3.2. INDUSTRIAL CONSENTS

In December 2024 online and March 2025 on-site, Property Economics alongside TDC met with some of the submitters seeking additional Industrial land in Washdyke. They suggested approximately 90ha of industrial land had been consented over the past 10 years in Washdyke and that, in their view, this placed doubt on the earlier land demand projections. Specifically, their position as outlined by their submissions is as follows<sup>8</sup>:

*This demonstrated that in the past 10 years approximately 90 ha of Industrial land had been taken by the market. While this assessment only looked at the Washdyke area it indicated that given the local context, matters such as: type of industry, large footprint buildings (bulk storage), hold/lease only supply, land holding ownership and other factors, along with general demand for industrial land, all heavily influence market conditions and that demand or need is potentially higher than accounted for in growth predictions. ... Given that at least 90 ha has been developed in the past 10yrs and that only 202 ha is forecast as needed by 2048, it begs the question if applying a jobs to floorspace to land assessment is the correct method/model in our local context.*

To contextualise this concern, this assessment examines both the consented industrial floorspace across the district and the land uptake within Washdyke.

The following table shows the aggregated floorspace (sqm) of issued new (not refurbishments) industrial building consents for the Timaru District between 2015 and 2024 (10 years). For this analysis, the definitions that cover 'industrial building consents' are those in Appendix 2, which excludes farm buildings but includes storage buildings (regardless of where they were built).

<sup>8</sup> North Meadows 2021 Limited, submission no. 190, pg 4

Additionally, the data is disaggregated into whether or not the consent was for an activity in or out of the Industrial Zone. This highlights that an estimated 80% or around 175,000sqm of consented Industrial Floorspace over the past decade was located within the Industrial Zone.

The remaining consents represent buildings such as farm storage buildings and rural workshops. Significantly, as the majority of these are well beyond the urban areas of Timaru, the consented industrial floorspace out of zone is not considered indicative of insufficient industrial zoned capacity.

**TABLE 2: NEW INDUSTRIAL BUILDING CONSENTS ISSUED**

Year	Out of Zone	Industrial Zone	Total
2015	858	51,604	52,462
2016	1,200	12,701	13,901
2017	2,844	2,466	5,310
2018	6,769	35,670	42,439
2019	1,191	2,150	3,341
2020	2,160	6,897	9,057
2021	201	31,876	32,077
2022	7,270	9,326	16,596
2023	6,396	8,662	15,058
2024	16,460	13,551	30,011
<b>Average</b>	<b>4,535</b>	<b>17,490</b>	<b>22,025</b>
<b>Total (2015-2024)</b>	<b>45,349</b>	<b>174,903</b>	<b>220,252</b>

Source: Property Economics, Statistics NZ

Nearly 30% of the consented industrial zone floorspace over the past decade was approved in a single year (2015), largely due to the development of bulk storage sheds in Washdyke. In fact, these bulk storage and warehouse developments were mainly consented and constructed between 2013 and 2019.

In Property Economics' view, there is a need to be apply caution when simply extrapolating historic consented floorspace data to represent future growth projection. Past trends do not automatically translate into future prospects, as emphasized earlier with the identification of some significant employment losses and business closures. They represent different economic environments from a market perspective.

The post COVID economic environment is significantly different to economic conditions pre-COVID when the storage sheds were largely developed. For example, if we exclude the single year of 2015 from the past 10-year analysis (as it falls outside that time period this year) and calculate the average consented industrial zone floorspace over the past nine years, the average annual industrial zone consented floorspace falls 22%.

This analysis simply provides useful context, not a projection. This is not to say that Timaru should not accommodate bulk storage sheds on new industrial land if demand continues to be realised, but there is a need to ensure existing industrial zoned land and infrastructure capacity is utilised efficiently rather than the ongoing rezoning of new industrial land.

There needs to be caution around rezoning additional industrial land to accommodate 30 years' worth of industrial growth solely based on a largely pre-COVID decade of growth, and a single year of high growth 10 years ago (2015).

Any further industrial rezonings should be assessed in detail on its merits at the time, rather than rezoning now without any substantive evidential basis as this could come at a significant cost to the community via potentially significant infrastructure servicing requirements. This is particularly pertinent given projected industrial land demand (assessed later in this report) and the extent of vacant zoned industrial land.

## 4. EMPLOYMENT GROWTH

This section quantifies the projected employment growth across the industrial sectors and represents the level of employment the Timaru District is likely to be required to accommodate in the future by sector, and the land implications of this growth.

### 4.1. INDUSTRIAL EMPLOYMENT FORECAST (2023-2053)

For the purpose of this analysis the employment growth (and subsequent land demand) is estimated using the Stats NZ High Growth projections. This scenario is based on the ability for the Timaru District to attract specific businesses based on their locational criteria. These are, in part, based on:

- Labour Force projections (skilled / unskilled), including increased age-related participation; and
- Regional and local ability to accommodate growth, especially the potential relocation of business activity from the wider area; and
- Timaru District's relative business land supply and prices within the localised and national market; and
- Trended growth from at least the past 20 years at a Statistical Area 2 level; and
- Economic development directions; and
- Locational criteria by sector; and
- National / Regional and local supply of inputted goods and location of market; and
- Business sector analysis; and
- Changing working age; and
- Changing trends in relation to employment retention and labour movement.

The trended growth scenario for employment is estimated through the aforementioned Stats NZ Population and Household Growth scenario, estimated labour participation rates and current trends of national significance. The trended growth scenario is estimated with a weighting towards current trends, in terms of retention and sector type, labour force participation rates and population projections. As well as this, the projections in this section are based on the employment counts for the Timaru District reported by Statistics New Zealand.

Property Economics is aware that up to 30% of employees in any given area do not register the location of their job and therefore are not covered by this statistic. Additionally, sole traders often fall outside these statistics and have been considered in the following ratios. The ratios applied within this report are based on that shortfall and compensate for it in terms of relevant demand.

The following assessment takes into account the identified Statistics NZ employment counts as they relate to the land ratios developed nationally and locally by Property Economics.

The table below, based on the High projection scenario, outlines the projected industrial sector employment growth for Timaru District. The table indicates that employment in the industrial sectors are forecast to grow by approximately 3,020 employees net by 2048. This represents a 30% increase from the current estimated 2023 employment base of 10,209 employees.

In terms of industrial employment, these growth forecasts indicate there are no significant structural changes forecast for the Timaru District economy over the coming three decades. Growth in the industrial sectors is forecast to remain the primary employment generator in the Timaru District.

Growth across these sectors is driven by both growing workforce participation rates and population growth of the district, albeit population fuelled employment growth is relatively mild.

**TABLE 3: INDUSTRIAL SECTOR EMPLOYMENT PROJECTIONS (2023-2053)**

Industrial Land Requirements	2023	2028	2033	2053	Growth	Percentage
Total Industrial Employment	10,209	10,959	11,556	13,226	3,018	30%

Source: Property Economics.

## INDUSTRIAL

Industrial employment is forecast to grow by a net 3,018 employees between 2023 and 2053, an increase of around 30% from the 2023 industrial employment base. This equates to an increase of around 100 net additional industrial employees per annum on average.

In general, this continues the upward growth trend observed in industrial employment count since the turn of the millennium, albeit the annual projected growth is slightly more tepid than that observed between 2000 and 2023. This is on account of anticipated improvements in labour productivity in industrial sectors and capital investment in AI / robotic automation.

## 5. FUTURE INDUSTRIAL LAND REQUIREMENTS

This section details the future business land requirement for industrial land types in Timaru District based on forecasts conducted by Property Economics.

Future industrial land requirements are based on translating the employment growth forecasts (by category based on the 2<sup>nd</sup> level of ANZSIC categories) quantified earlier into land requirements based on dynamic employment to land ratios.

The key component in translating these figures are the employment to floorspace / land ratios. Property Economics have developed these ratios based on national trends, both in terms of the current average ratio by employment sector and the dynamic trends that have occurred in terms of changes to these ratios through time. These ratios have been assessed against the Timaru District activities specifically to arrive at an average floorspace and land requirement by sector.

### 5.1. ESTIMATED INDUSTRIAL LAND DEMAND

Demand for industrial land originates from a number of changes in the Timaru District. These include:

- Changes in economic composition
- Growth in industrial sectors
- Changes in land requirements by product and employee
- Changes in industry practice
- Price of industrial land (Quantity demanded)
- Competing uses.

A key aspect of the influence of declining and growing industrial sectors is their ability of the latter to utilise either underutilised or vacant premises. This is when an industrial sector declines in activity the ability for growing sectors to utilise potentially vacant premises. This flexibility 'factor' plays a significant role in the level of net additional industrial land required.

Over time it is expected that this flexibility becomes 'perfect' with either new industrial activity utilising the space or viable commercial and other activities occupying and redeveloping the space (e.g. reuse of brownfield land). However, this flexibility only tends to equilibrium over the long term (new business having to potentially demolish or redevelop old premises) and is proportional to the level of sustained demand. With a large supply of industrially zoned vacant greenfield or brownfield options, this is less likely to occur in the short run.



## 5.2. INDUSTRIAL LAND REQUIREMENT

The table below presents the net additional industrial floorspace and land requirements 2053. Property Economics estimate a net additional industrial land requirement of approximately 210ha for the Timaru District by 2053 as required for servicing the forecast increase in industrial employment counts.

Note that this is equivalent to the projected total demand for industrial land rather than the net demand (demand less supply) for industrial land which is presented in the following section.

**TABLE 4: INDUSTRIAL FLOORSPACE AND LAND REQUIREMENTS**

Industrial Land Requirements	2023	2028	2033	2053
Total Industrial Employment (ECs)	10,209	10,959	11,556	13,226
Cumulative Employment Growth		750	1,347	3,018
Net Additional Floorspace (sqm)		134,901	237,535	588,036
Net Additional Land Requirement (Ha)		38.5	67.9	168.0
<b>Gross Land Required + NPS Buffer (Ha)</b>		<b>50.1</b>	<b>88.2</b>	<b>210.0</b>

Source: Property Economics

Based on projected industrial employment growth quantified earlier in this report (net industrial EC growth of 3,018), the district can sustain an additional 588,000sqm of industrial floorspace. This equates to a net additional industrial land requirement estimated at 168ha.

Much of the district's vacant land already has roading infrastructure surrounding the currently zoned and vacant industrial sites meaning a higher percentage of the industrial land areas relating to the industrial related submissions will be developable. We have also allocated a 15% long term NPS-UD buffer to the net land requirement as this is considered good practise economically to ensure any unforeseen surges in industrial land demand can be accommodated and sufficient industrial land is identified to ensure a competitive industrial land market.

These components add 25% to the long-term net industrial land requirement, equating to a gross land requirement including NPS-UD buffer (or competitive margin) of 210ha. In summary, 168ha is the district's estimated long term industrial land demand, with the remaining 42ha in effect buffer land.

## 6. INDUSTRIAL LAND SUPPLY

There is a total of 890ha of Industrial and Special Purpose Port Zone land within the Timaru District, of which an estimated 236.3ha is vacant. This equates to a vacancy rate of around 25%. It should be noted that this does not include any areas identified as Future Development Areas in the TPDP.

A summary of the vacant capacity by location is shown in the following table. This has been disaggregated into three key groups, Vacant Land (105.5ha), Vacant Land – Expansion (109.1ha) and land which is expected to be vacant (11.9ha).

**TABLE 5: DISTRIBUTION OF VACANT INDUSTRIAL LAND BY AREA AND STATUS (HA)**

	Vacant	Vacant - Expansion	Expected Vacant	Total
Timaru	5.4	0.4		5.8
Washdyke	76.2	22.3		98.5
Smithfield - Timaru	1.7	1.8	11.9	15.3
Redruth -Timaru	0.9			0.9
<b>Timaru Town</b>	<b>84.2</b>	<b>24.4</b>	<b>11.9</b>	<b>120.4</b>
Geraldine	14.6	9.5		24.1
Pleasant Point	1.4			1.4
Temuka	9.7	1.1		10.9
Winchester	5.4			5.4
Fonterra - Clandeboye		62.2		62.2
Pareora Meatworks		11.8		11.8
<b>Excluding Timaru</b>	<b>31.1</b>	<b>84.7</b>		<b>115.8</b>
<b>Total</b>	<b>115.3</b>	<b>109.1</b>	<b>11.9</b>	<b>236.3</b>

Source: Property Economics, Timaru District Council.

The Vacant – Expansion land represents vacant land which is not currently available to the general market as many industrial land holders maintain their market position for future expansion. Any site which is part of another site owned by an existing Industrial activity has been included within this category.

It is important to note that this land still represents industrial land supply, as the projected land demand includes existing business expansion. Furthermore, some of the land could easily be subdivided and sold to the general market at a later date if the landowners decided it is surplus to requirements.

The exceptions to this, however, are the Fonterra Factory in Clandeboye and the Meatworks in Pareora. Unlike the other sites, these sites are remote and are inefficiently located for general industrial development. Although these businesses may expand and utilise some of this vacant land, Property Economics considers it is appropriate to conservatively remove this 74ha of capacity from supply.

The land which is expected to be vacant in this instance is the Smithfield Meatworks site. Although the future status of this land is yet to be determined, Property Economics considers this industrial land is likely to contribute to land supply over the 30-year assessment period.

A recent article<sup>9</sup> indicates a developer has bought the Alliance Smithfield site and plans to develop the site (for industrial purposes I have assumed). This is yet to be confirmed so I have left the 11.9ha identified as expected vacant in the preceding table but included in industrial vacant land capacity over the long term. In essence, the article indicates the land is likely to form part of industrial capacity within the short-medium term, and almost certainly within the 30-year assessment period, so is considered appropriate to incorporate into industrial capacity figures.

In their submission, North Meadows Limited alluded to the market tenure (i.e. fee simple or leasehold) as one of many factors that influence the availability and attractiveness of vacant industrial land to the market. Unfortunately, it is difficult to 'tag' industrial land as either fee simple or leasehold as this is a temporal market issue and can change given the markets acceptance of the product, especially over a long-term period to 2053. Additionally, it would seem difficult to rezone more land on the basis of a shortfall created by leasehold land, as there would be no certainty that the newly zoned land would not be offered to the market as leasehold as well.

While this typically creates short to medium term issues in the market if the market is unwilling to accept a leasehold product it is generally the markets response to sell (understanding the issues around land banking). As such Property Economics consider vacant zoned industrial land is a more appropriate basis for strategic planning and PDP purposes.

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<sup>9</sup> [www.thepress.co.nz/nz-news/360700323/former-alliance-smithfield-site-timaru-sold](http://www.thepress.co.nz/nz-news/360700323/former-alliance-smithfield-site-timaru-sold)

## 7. LAND DEMAND VS CAPACITY RECONCILIATION

The table below outlines the net additional future industrial land requirements and compares these to the current vacant industrial zone land provision in the district. Subsequently, a projected industrial land differential is determined using the cumulative industrial land required by the district and the level of vacant industrial land within the district.

As previously mentioned, the vacant industrial land held by large, long-term operations, such as the Fonterra factory (62.2ha) and the Pareora (Silver Fern Farms – 11.8ha) have been excluded. As identified earlier, the Alliance Smithfield site has been sold for industrial development, so the associated land area of 11.9ha goes back into industrial capacity and is no longer to remain 'expected vacant' as identified in Table 5.

The balance of the vacant industrial land is shown in the table below.

**TABLE 6: TIMARU DISTRICT INDUSTRIAL LAND DEMAND SUFFICIENCY TO 2053 (HA)**

Industrial Land (ha)	2025	2028	2033	2053
Gross Land Requirement + NPS Buffer		50	88	210
Vacant Land	163	163	163	163
<b>Net Sufficiency + NPS Buffer (ha)</b>		<b>113</b>	<b>75</b>	<b>-47</b>

Source: Timaru District Council, Property Economics.

The district is assessed to have a total vacant industrial land provision (excluding land surrounding Fonterra and Pareora but including the Alliance Smithfield site) of 163ha.

Reconciliation of industrial land capacity with projected industrial land demand over the short-, medium- and long-term periods results in industrial land sufficiency until well beyond the medium terms period, and is not reliant on the rezoning of any FDAs. Additional industrial land is unlikely to be required until the beyond the life of this District Plan and towards the end (20-30 year timeframe) of the long-term period based on the projected demand trajectory for the district.

Property Economics understands there are a variety of infrastructure matters that require a lot of detailed work before any rezoning and rollout of any new industrial land can occur. Given the industrial land sufficiency identified in the table above, Council have the time required to undertake that work.

Like the population and employment growth projections, the rate of annual industrial land demand is projected to fall over the assessed 30-year period. It is important to note these projections are still to 'factor in' the impact of the recently announced closures and employment cuts as the impacts of these are still to be 'play out' and be revealed in the market's metrics.

## 8. CONCLUSIONS

Overall, the Timaru District is in a solid position in terms of the quantum of vacant industrial land supply to accommodate projected demand over the foreseeable future. There is sufficient capacity over the life of the District Plan, and beyond. It is not until the long-term period, and the tail end of that period, that industrial land supply may become an issue and additional industrial zoned land could potentially be required, including that earmarked as FDAs in the TPDP.

Furthermore, there are multiple opportunities for the rezoning of additional industrial land over the intervening period through District Plan review process, in particular both private and public sector plan change initiatives which can be thoroughly assessed on their merits at the time.

TDC's approach to consolidate industrial land provision for economic efficiency and infrastructure constraint reasons is economically sound. Some of the economic benefits of such an approach include:

- **Reduction in marginal cost of infrastructure provision:** Additional industrial development that is proximate to the existing industrial activities enable infrastructure investment to be more efficiently utilised and lowers marginal infrastructure cost<sup>10</sup>. This would allow the district to accommodate industrial growth with reduced requirement to duplicate investment and resources in new infrastructure, which would ultimately benefit the local community.
- **Greater economies of scale and industrial agglomeration effects:** New industrial activity proximate or adjacent to existing industrial areas seamlessly extend the existing industrial environment. Consequently, any future industrial activities would be able to benefit from and collaborate efficiently with the existing operations in the local market.
- **Higher level of specialisation and productivity:** As levels of economic activities increase in the local industrial area, so does the ability of businesses to specialise and increase efficiency due to increased competition. This would also increase the prevalence of knowledge spillovers, increasing innovation density allowing businesses to have access to larger markets of suppliers (especially labour supply) and consumers, allowing competition to enhance the quality of inputs and outputs.

Overall, Property Economics understands there is no statutory obligation for TDC to rezone additional industrial land now for a potential requirement so far ahead into the future, particularly when there is not infrastructure funding in place and the impacts on the cost to the community remain unknown.

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<sup>10</sup> refers to the cost of producing one additional unit or service. Infrastructure in this instance.

## APPENDIX 1: BUSINESS CLASSIFICATIONS

Property Economics utilises the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) as guidance, whereby businesses are assigned an industry according to their predominant economic activity.

A proportion of employees coded within industrial categories work within other more commercial (office) arms of a business in other locations, i.e. employees in the sales branch of electrical companies are coded in the electricity, gas, water and waste services. Despite being in the industrial industry, these employees are technically not industrial employees, and as such are not included in the proportions utilised for classifying industrial activities.

For planning purposes commercial and industrial employees are those working on zoned business land corresponding their respective sector. Often this is not the case, activities such as hospitals, schools, police services and etc. are classified under commercial services focused sectors but are typically not zoned as such. For this reason, Property Economics has divided these classifications into industrial, commercial, retail and other sectors. These sectors correspond broadly to the zoning of industrial, commercial, retail and special land zonings by the local authorities.

Industrial activities in general refer to land extensive activities, including part of the primary sector, largely raw material extraction industries such as mining and farming; the secondary sector, involving refining, construction, and manufacturing; and part of the tertiary sector, which involves distribution of manufactured goods. The employees work for the following sectors are considered an industrial sector employee:

- 10% of Agriculture, Forestry and Fishing
- 10% of Mining
- Transport, Postal and Warehousing
- Manufacturing
- 30% Electricity, Gas, Water and Waste Services
- Construction
- Wholesale Trade

Commercial office activities generally refer to land intensive activities. It includes a large proportion of the tertiary sector of an economy, which deals with services; and the quaternary sector, focusing on technological research, design and development. The employees work for the following sectors are considered a commercial sector employee:

- 15% of Accommodation and Food Services
- Information Media and Telecommunications
- Financial and Insurance Services

- Rental, Hiring and Real Estate Services
- Professional, Scientific and Technical Services
- Administrative and Support Services
- 35% Public Administration and Safety
- 15% Education and Training
- 25% Health Care and Social Assistance
- 25% Arts and Recreation Services

Retail Activities generally refer to enterprises mainly engaged in the purchase and on-selling of goods, without significant transformation, to the general public. Retail units generally operate from premises located and designed to attract a high volume of walk-in customers, have an extensive display of goods, and/or use mass media advertising designed to attract customers.

Cafes, Bars and Restaurants have also been included as part of Retail Activities and includes businesses mainly engaged in providing food and beverage serving services for consumption on the premises. Customers generally order and are served while seated (i.e. waiter/waitress service) and pay after eating. The employees work for the following sectors are considered a commercial sector employee:

- 85% of Accommodation and Food Services
- Retail Trade

Other Activities constitutes the balance of total employment within an area, and is not defined by any particular business sector. It encompasses community activities such as Museum Operations, Universities, Hospitals, Schools, Sports grounds and other activities not typically located on commercial or industrial land.

## APPENDIX 2: INDUSTRIAL BUILDING CONSENT DEFINITIONS

The following buildings are classed as “Industrial Buildings” for the purpose of assessing building consents. The building classifications used are those adopted by Stats NZ and the codes of those buildings use the 2014 definition

- 2611 Storage buildings
- 2621 Utility buildings e.g. electricity, water transmission
- 2629 Factories and other industrial buildings

A list of synonyms for 2629 Factories and other industrial buildings is provided for additional clarity. This list not intended to be exhaustive but rather to give an idea of the types of buildings that fit within the category.

- |                                      |                              |
|--------------------------------------|------------------------------|
| • Packing shed                       | • Hanger                     |
| • Bakery                             | • Home kill processing plant |
| • Sawmill                            | • Industrial building        |
| • Steel works                        | • Joinery shop               |
| • Winery                             | • Laundry dry cleaners       |
| • Newspaper printing                 | • Lighthouse                 |
| • Factory                            | • Optic network utility      |
| • Workshop                           | • Packaging shed             |
| • Foundry                            | • Portacom                   |
| • Couriers                           | • Printer bindery            |
| • Industrial                         | • Radio studio               |
| • Film studio                        | • Recording                  |
| • Abattoir                           | • Recycle transfer station   |
| • Freezing works                     | • Research laboratory        |
| • Boiler house factory               | • Spray painters             |
| • Car wrecker                        | • Sub station                |
| • Covered yard freezing works        | • Timber yards sawmill       |
| • Dairy factory                      | • Transfer station           |
| • Depot                              | • Unit transformer project   |
| • Drying kiln sawmill                | • Vehicle testing station    |
| • Factories and industrial buildings | • Water purification plant   |
| • Fertilizer works                   | • Workshop industrial        |
| • Film post production               |                              |