



**“REZONING HAS OPENED UP TRACTS OF LAND FOR NEW DEVELOPMENT AND THE BUYERS/OCCUPIERS ARE THERE FOR IT.”**

PAUL VINING, DIRECTOR  
COMMERCIAL AND INDUSTRIAL,  
BAYLEYS NELSON



## THE NELSON-TASMAN REGION IS A QUIET ACHIEVER ON THE COMMERCIAL PROPERTY FRONT, UNDERPINNED BY A STRONG PRIMARY SECTOR AND A FLOURISHING KNOWLEDGE AND INNOVATION ECONOMY.

IT’S THE OLDEST CITY IN THE SOUTH Island, the second-oldest settled city in New Zealand, and, in 1870, the place of the first rugby game in New Zealand.

But tradition aside, Nelson, and the wider region it anchors, is becoming more progressive – and the rest of the country is taking notice.

The Nelson-Tasman region has an estimated residential population of 111,000, encompassing the urban areas of Nelson City and suburbs, along with the Tasman District including the likes of Richmond, Wakefield, Motueka, Takaka, Golden Bay and Murchison.

The region’s fundamentals are underscored by a resilient primary sector, with Nelson-Tasman clocking a GDP increase of 6.1 percent in the year to March 2020 – the largest increase in New Zealand equal with Bay of Plenty.

Port Nelson has just reported a strong financial position, largely due to the

performance of its fourth-party logistics and supply chain solutions provider, QuayConnect. Cargo volumes and container throughput remain strong, just shy of those recorded for the same period last year, with log export volumes representing 34 percent of total cargo.

Then there’s the region’s knowledge and innovation economy, epitomised by the Cawthron Institute – New Zealand’s largest independent science organisation – that has pushed research boundaries for a century, delivering world-class science to support the sustainable development of primary industries in New Zealand and worldwide.

Port Nelson and Cawthron Institute are looking to partner on the development of a science and technology innovation precinct on port-owned land bordered by Vickerman Street, Wildman Avenue, Haven Road and State Highway 6 in Nelson.

Taking Nelson-based creative

knowledge to the world is Shuttlerock, founded in Nelson by Jonny Hendriksen, to produce and optimise video marketing for social platforms. Shuttlerock is now a creative partner with Facebook, Instagram, Google, YouTube, Pinterest, TikTok, Hulu and Twitter.

Add in the contribution made to the knowledge economy by the Nelson Marlborough Institute of Technology and the new Nelson Artificial Intelligence Institute, and it’s clear to see that Nelson is branching out.

While the region’s lifestyle benefits are well-touted with three national parks, outstanding golden sand beaches, ski field, hiking trails, an active creative community, and artisan food and beverage offerings, the appeal of its commercial and industrial property sector has been something of a well-kept secret.

Much of the property stock is tightly-held locally – either by individuals and

entities within the private sector, or by intergenerational iwi group Wakatū Incorporation.

Wakatū is one of the largest private landowners in the top of the South Island, with its Whenua division owning and managing a diverse property portfolio including industrial processing and packaging facilities, vineyards, marine farms, orchards, residential properties, retail and industrial developments, and office buildings.

Bayleys Nelson’s director commercial and industrial, Paul Vining, says it has taken the emergence of an active development sector to kick-start real activity in the commercial and industrial property market, and attract outside investment.

“Despite significant new development in the wider region, there’s still a tangible shortage of property for sale – and that’s driving prices and yields,” he said.

“The industrial sector leads the league table and that’s been supercharged since COVID-19 emerged.

“The pandemic, plus historically-low interest rates, a frenetic chase for yields, a shortage of available stock in other parts of New Zealand and this region’s

strong economic performance – has revved up interest in industrial property with enquiry coming from all corners of the country.

“The short supply of industrial land in the broader region has hamstrung the property market to some extent, but rezoning has opened up tracts of land for new development and the buyers/occupiers are there for it.”

Likewise, new mixed-use developments combining residential and commercial functions are emerging, with Richmond seeing a surge of new activity.

Local family construction business, Gibbons, which owns more than 230,700sqm of property diversified across bulk retail, industrial, commercial and residential subdivisions is behind the evolving Berryfields Crossing mixed-use development in Richmond West, an area that has experienced a huge uptick in residential growth. It is also developing Nelson Junction, the new home improvement precinct in the Tahunanui industrial zone.

Retirement village communities, and cosmopolitan city and fringe apartment living is also on the rise, with several high-profile developments selling down quickly,

but finding affordable land is the issue.

“Betts Apartments in the CBD on a former car park site, Malthouse Lane on the southern city boundary of the Maitai River, and Ocean View Apartments at Tahunanui Beach, are all changing the residential living options for the city – we’re catching up with the bigger centres on the higher-density options,” said Vining.

“With median house prices in Nelson-Tasman increasing by around 60 percent in the past five years, there’s pressure for new residential development to meet demand, but Nelson city itself is geographically constrained, hence the growth being witnessed in the Tasman district.”

In the Nelson retail and office sectors, there have been challenges and opportunities as businesses and companies reassess their operating models.

“We’ve seen significant subleasing in the office market as occupiers take stock of their space requirements and adopt efficiencies, while many retailers are evolving their business operating models to capture changing consumer patterns, and to embrace ecommerce platforms.”

In the visitor accommodation sphere of the Nelson-Tasman property market, buyer interest in any commercial





Nelson Airport. Photo credit: Storyline Pictures Nelson

**“NELSON AIRPORT HAS CONSIDERABLE SCOPE FOR FUTURE COMMERCIAL DEVELOPMENT TO ENSURE BUSINESS RESILIENCE INTO THE FUTURE.”**

SIMON BARR,  
COMMERCIAL MANAGER,  
NELSON AIRPORT

operation that comes to the market has been buoyant, according to Bayleys Nelson Hotels, Tourism and Leisure broker, Gill Ireland.

“There’s very little currently available for sale, and nothing new under construction.

“With the corporate market returning to Nelson, and thriving domestic tourism in the area, when something does come up for sale in the visitor accommodation arena, it’s snapped up.

“We’ve just had an expat from Sydney buy a freehold going-concern accommodation property and I have an Auckland couple – former cabin crew displaced by COVID – looking to relocate to Nelson and buy in the accommodation sector.”

Ireland said only a small proportion of the region’s visitor accommodation stock has been seconded for social housing use, however, there is a shortage of accommodation of a suitable scale to house horticultural workers under the Recognised Seasonal Employment scheme.

Infrastructure-wise, Waka Kotahi NZ Transport Agency is working with Nelson City Council, local iwi and the community to develop a transport improvement package to address current shortcomings and future-proof Nelson for the next 30 years.

Nelson City Council’s long term plan has \$491 million earmarked for core infrastructure – from wastewater to transport to flood protection.

Meanwhile, conversations continue around how Nelson can optimise its seaside credentials to take best commercial advantage of its scenic waterfront arterial route, with a proposal on the table for a public saltwater pool, a covered market and an aquarium.

*Total Property* talked to some proactive players in the Nelson-Tasman market for their take on regional opportunities.

## NEW HEIGHTS

The \$32 million redevelopment of Nelson Airport in 2019 shows the commitment the entity has to the region’s future.

The airport’s commercial manager, Simon Barr, said its master plan – which is a “living document” – is being refreshed and they’ve identified considerable potential growth in aviation activity and further opportunities for commercial development.

“In tandem with this, we’re considering seeking amendment to the airport’s underlying District Plan zoning and designations, to further protect our ability to accommodate growth.”

Barr said the development of revenue streams other than those inextricably linked to aviation activity, is a deliberate focus of Nelson Airport.

“While this focus is not new, COVID-19 has elevated its importance.

“An example of recent diversification includes our introduction of Fitzgerald Construction to the airport community, where they are leasing a large hangar to prefabricate classrooms for a Ministry of Education contract.

“Nelson Airport has considerable scope for future commercial development and our success in building diversified revenue streams will help to ensure business resilience into the future.”

## PROACTIVE DEVELOPMENT

One of the largest construction firms in the upper South Island, Coman Construction, continues to change the face of the Nelson-Tasman region’s commercial property landscape.

Comans also develop subdivisions and are commercial landlords, having facilitated a number of design-build leasebacks such as the award-winning Pic’s Peanut Butter World building in Stoke. They have a steady pipeline of future projects, with some currently going through the design and consent process.

Commercial asset and compliance manager for Comans, Leita McKellar, said the firm recently sold down a two-stage mixed-use subdivision in Estuary Place off Lower Queen Street in Richmond, to house a variety of owner-operators and design-build leaseback tenancies.

“Comans have completed a number of builds within the development, the main

entrance to which is flanked by Milestone Homes on one side and Laser Plumbing on the other,” she said.

“One of our earlier builds in Estuary Place was Alsco New Zealand’s large-scale commercial laundry, one of New Zealand’s biggest laundry operations.

“As part of negotiations, Comans undertook a property exchange for an Alsco-owned site in Stoke, which helped to facilitate the transaction and ultimately, created around 45 jobs for the region.”

McKellar said continued growth in the region seems assured over the next few years.

“The local market is buoyant and high levels of interest are coming forward in another new Comans-led industrial subdivision on McShane Road, reflecting the undersupply of industrial sites in the region over the last decade.”

## PROMOTION AND SUPPORT

The Nelson Regional Development Agency (NRDA) is a council-controlled organisation championing Nelson-Tasman’s economic prosperity by partnering with the public and private sectors to attract talent, visitors and

investors to the region and to further sustainability goals.

Hannah Norton, NRDA’s regional development and attraction manager, said Nelson-Tasman has a growing regional economy with a diverse economic base of clever businesses.

“The region has always been known for its strong food and fibre sector - from the early days of tobacco and hops to the strong food and beverage sector today exporting high-value produce all over the world.

“Increasingly, these businesses are leveraging science, research, and technology to add value and reduce their environmental footprint, in turn driving the growth of a large ecosystem of businesses surrounding the primary sector now coined ‘Intelligent Guardians’. “This is the new generation of Nelson-Tasman businesses – focusing on exporting knowledge rather than raw goods, and applying that knowledge to support the sustainable growth of the likes of horticulture and seafood.”

Norton said there’s also room for new business and over the past decade, the professional, scientific and technical

services industries have risen to the top.

“Clever businesses that support our primary sectors have a natural advantage here as the scale and sophistication of those sectors means there is ample opportunity for supply chain and innovative businesses to grow.”

Norton said the region has a diversified workforce and provides an environment where teams want to be, with lifestyle and recreational benefits that assist in the attraction and retention of workers.

“Previously, people moving to Nelson-Tasman have struggled with finding employment for their partners or for their own ‘Plan B’ job, but with a growing cohort of successful companies, this is changing.”

The challenges thrown up by COVID-19 will take some time to resolve and include loss of international visitor spend, a shortage of seasonal labour supply and a restrictive reliance on international workers, disruption to supply chains and changing market conditions for the region’s export-driven economy.

“One positive lesson learned though was the strength and pride of our community and the local energy we can harness,” said Norton.



Pic’s Peanut Butter World, Stoke

**“THE LOCAL MARKET IS BUOYANT REFLECTING THE UNDERSUPPLY OF INDUSTRIAL SITES IN THE REGION OVER THE LAST DECADE.”**

LEITA MCKELLAR,  
COMMERCIAL ASSET  
AND COMPLIANCE MANAGER,  
COMAN CONSTRUCTION



Photo credit: Martin De Ruyter