



AS SUPPLY-DEMAND PRESSURES ON AUCKLAND'S COMMERCIAL AND INDUSTRIAL PROPERTY NUDGES BUYERS AND OCCUPIERS FURTHER OUTWARDS, EMERGING HOTSPOTS ARE EXPERIENCING A TANGIBLE HALO EFFECT.

AUCKLAND'S TRADITIONAL residential and commercial boundaries have spiralled out on the back of exponential population growth and associated escalating demand for property – in all its guises.

Once less-desirable suburbs now bask in postcode envy. Strawberry fields have been picked for high-amenity self-contained residential suburbs. Gritty sawtooth sheds have morphed into smart retail precincts. Sleepy holiday settlements now have permanent letterboxes and a thriving sense of community. Office towers are

now apartments. Industrial occupiers now compete for space with ecommerce fulfilment centres.

With infrastructural upgrades, technological advances, a more distributed workforce, a perpetual search for value and the appeal of commercial and industrial property as a well-performing asset class – the Auckland halo effect has meant areas at all compass points of the super city have really started to glow.

What's more, perception of distance has condensed – the Bombay Hills and Dome Valley are no longer definitive

points on a map used to determine how far you were from the lights of the city.

Build it and they will come, seems to be the narrative.

Recently, Housing Minister Megan Woods announced \$1 billion of the \$3.8 billion Housing Acceleration Fund has been earmarked for a contestable housing infrastructure fund, available for development projects that provide drinking water, wastewater, sewage, roading, and flood management to enable new houses to be built.

Where will these new developments be? What commercial and industrial opportunities will follow?

Total Property looks at several areas that are benefiting from the Auckland halo effect and finds that change is the only constant.

NEW NODES

Across the bridge, Daniel Henderson, general manager Bayleys North Shore Commercial, said the North Shore is bulging at the seams.

“Population growth, historically-low vacancy rates, and next-to-no available stock on the market means investors or occupiers with very specific requirements are thwarted by the existing built environment.

“There's very little to work with and as large-scale occupiers are looking for efficiencies from well-located integrated facilities, we've been short on options – and finding bigger buildings has been a mission.



“THE WIDER SILVERDALE-WAINUI-DAIRY FLAT AREA WILL BECOME ONE OF AUCKLAND'S KEY GROWTH NODES IN COMING YEARS AS THE HUNT FOR COMMERCIAL AND INDUSTRIAL OPPORTUNITIES CONTINUES.”

DANIEL HENDERSON, GENERAL MANAGER BAYLEYS NORTH SHORE COMMERCIAL

“Hence, the boom we've seen out west and further north.”

Henderson said a new economic triangle has been created with the North Shore, West Auckland and Silverdale at the points.

“Around 30km north of Auckland city, Silverdale has been redefined,” he said.

“Significant residential and commercial growth has pushed the settlement north and south of its traditional village core and we can't keep up with demand for commercial and industrial space.

“And if you're looking for a bargain because its 'out of Auckland', you'll need to shift your thinking.”

Silverdale now has large format retail, specialist shops, office stock and new industrial precincts – like one in Foundry Road, and Industry in Peters Way, where

74 freehold strata-titled units are being snapped up off the plans.

“We're seeing rents increasing and vacancy levels dropping away before our eyes – it's a bouncing ball that is being followed Auckland-wide.”

With the nearby WFH Properties Millwater master-planned community well-entrenched now with thousands of new homes at various stages of development, the next cab off the rank for that development entity is Milldale to the west of State Highway 1 which will connect to Millwater by bridge.

“All these people will need services, amenities, places to work and shop,” said Henderson.

“The wider Silverdale-Wainui-Dairy Flat area will become one of Auckland's key growth nodes in coming years as the hunt for commercial and industrial opportunities continues.

“There's not a lot of suitably-zoned land right now, but that will change as it's the next logical offshoot, and, as with other areas around the country, getting the infrastructure right will be key.”

Meanwhile in West Auckland, Kumeu has been identified by Auckland Council as part of the solution to the city's growth challenge with the now-rural community poised to become a sizeable fringe suburb of Auckland. There is a new town centre commercial hub and extensive residential development, and investment dollars are circling.

Kumeu is shrugging off its rural label, with Kumeu Film Studios operating from a 27-hectare site and offering extensive stage, workshop and manufacturing spaces, production offices, 12 hectares of forest, and two water tanks for filming purposes.

ROADING UNLOCKS POTENTIAL

The Puhoi-to-Warkworth motorway extension and the Matakana Link Road due for completion next year, will further improve connections with Auckland and enhance the commercial and industrial property opportunities in the wider Warkworth-Matakana-Snells Beach area.

Warkworth had 5,600 residents at the 2018 census, but Auckland Council population growth forecasts for the greater Warkworth/Mahurangi Peninsula and surrounding settlements, including Matakana, estimate the region will sustain 25,000 permanent residents by 2030.

Chris Blair leads the commercial and industrial business for Bayleys across this area and said these are interesting times.

“It’s a hotbed of activity right now with a real appetite for investment across all the property sectors.

“It’s a somewhat fragmented marketplace however, with much of the existing stock being tightly held by individuals over a long period of time and new players sweeping in wanting to get a foothold on the back of residential growth.

“We’re also seeing movement of investment across asset classes with traditional residential investors now wanting to transition into commercial and industrial.”

Blair said Warkworth’s new motorway links will amplify the appeal of the area.

“Matakana Link Road is a 1.35km link between State Highway 1 and Matakana Road and will provide an alternative route to the frequently-congested Hill Street intersection for traffic heading to Leigh, Omaha, Sandspit and Snells Beach.

“Every point a motorway touches creates opportunity and there will be a knock-on effect on supply and demand,” he said.

“Land supply, however, is excruciatingly tight with only scattered pockets of identified developable land and nothing of any real scale, so pressure is building up in the system.”

Blair said COVID-19 and its aftermath has pushed people’s buttons and fast-tracked plans to relocate and pivot direction in this part of the country.

“Some of these areas have been undervalued and under-recognised but are quickly gaining ground in the wake of a widespread shortage of housing in the greater Auckland catchment.

“Former holiday destinations are now being viewed through a permanent residence lens, retirement village operators are scouting for sites with scale and that brings inevitable challenges around the provision of amenities and services.”



Artist's impression - Mangawhai Central



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CHRIS BLAIR, COMMERCIAL TEAM LEADER, BAYLEYS IN THE NORTH

In the coastal settlement of Mangawhai, just over an hour north of Auckland, the gap between the traditional “heads” and “village” is about to be transformed.

Mangawhai Central is a new 130-hectare master-planned precinct that will offer scale and significant opportunity across the market.

Ultimately, it is intended that the Mangawhai Central precinct will encompass a town square, retirement village, six buildings to house boutique retail stores, food and beverage outlets, supermarket, medically-aligned services, a service zone (light industrial), and childcare facilities – along with a range of residential development sites.

Blair said the increasing popularity of the Mangawhai area for both permanent and holiday residences supports this multi-faceted precinct development.

“The early upfront commitment from New World for a large format circa-2,500sqm supermarket gives a clear indication of the potential that the retail component, to be known as Main Street, has for retail and hospitality businesses.

“Stage 1 of Main Street is now fully-leased, and Stage 2 is leasing now, with expected completion in the first quarter of 2022.”

While there are still some issues to be resolved before some of the residential development can proceed further, a private plan change has been approved by Kaipara District Council to allow Mangawhai Central Limited to build up to 1,000 new homes in Mangawhai.

NORTH WAIKATO INCHES CLOSER

Famous for its bacon and super-generous ice creams, the former farming community of Pōkeno was identified for significant future growth 15 years ago and reclassified from being in the Auckland region to the Waikato region in 2010.

Located just south of the Bombay Hills, Pokeno is 53km south of central Auckland and 72km north of Hamilton. It had a resident population of 2,517 at the 2018 Census and growth is projected to reach around 12,000 by 2045.

Bayleys’ national director industrial, Scott Campbell, said the town has changed beyond recognition.

“Once reliant on passing traffic, it was thought Pōkeno would suffer ‘death by highway’ when infrastructural changes meant the almighty State Highway 1 bypassed the town nearly 30 years ago – but it has thrived, with new commercial, industrial and residential growth now underpinning the town” he said.



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SCOTT CAMPBELL, BAYLEYS’ NATIONAL DIRECTOR INDUSTRIAL

“Its position alongside the Waikato Expressway is a key advantage giving Pōkeno streamlined access from either end of the village to the expressway, both north and south.”

A recent Structure Plan for Pōkeno completed by Waikato District Council, will manage huge expected growth through new residential, business, industrial and recreation zonings.

Large residential developments to the north and west of the village are proving popular and the village itself is undergoing a transformation with Woolworths NZ recently opening its new 3,000sqm Countdown store, and a new fire station under construction to serve the recent urban expansion of the area.

The Supreme Court recently ruled in favour of dairy company Synlait’s \$260 million infant formula plant at Pōkeno on former farmland. It overturned existing land covenants restricting its use to lifestyle farming, grazing or forestry, saying when those covenants were put in place: “nobody could have

prophesied industrial and residential expansion as far as Pōkeno”.

Yashili New Zealand Dairy Co. Ltd, also has a factory in Pōkeno, there’s the 80-hectare Gateway Business Park, and the Village Estate residential development is providing an urban village with a rural backdrop.

SLEEPING GIANT AWAKENS

Around 25km further south, the rural town of Te Kauwhata, with a population of around 1,500, is bracing itself to become the “Hobsonville Point of the south” with estimates quadrupling its resident numbers.

Large tracts of land have been rezoned to residential and it is projected that the town will become a sizeable dormitory suburb with its residents working in Drury, South Auckland, Huntly or Hamilton.

Mark Fourie, Bayleys Pukekohe, is marketing the master-planned development Lakeside being undertaken by Winton, a privately-owned New Zealand developer with large projects underway in Hobsonville Point, Wanaka, Queenstown and Cromwell.



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MARK FOURIE, BAYLEYS PUKEKOHE

Located south of Te Kauwhata’s existing main street, on the edge of Lake Waikare, Lakeside will include significant residential offerings, a school and other community amenities such as a neighbourhood commercial centre, cycleways and wetlands.

“Around 70 percent of enquiry is coming out of Auckland, roughly 25 percent from Hamilton and the balance from outlying areas,” said Fourie.

“As with Pokeno, once the buildings start going up and the street lights get turned on, the sleeping giant of Te Kauwhata will awaken.

“With Foodstuffs intending to build a new supermarket in the town and talk of a satellite convenience store within the Lakeside neighbourhood centre, we expect robust enquiry on the proposed restaurant/café and childcare centre that we’re currently seeking expressions of interest for.”

In mid-2020, Winton entered into a partnership agreement with Kāinga Ora – Homes and Communities, to complement the significant work that has already been completed at Lakeside and deliver more than 1,300 homes over a seven to eight-year period.

Meanwhile, another 12km down the road, the Comfort Group’s proposed \$1.2 billion Sleepyhead Estate manufacturing and housing community at Ohinewai, has been given the green light by district planning commissioners in Waikato.

The 178-hectare block of rural floodplain land on the eastern side of the Waikato Expressway, adjacent to the North Island main trunk rail line, will be rezoned for industrial and commercial use, and a 1,100-home medium-density residential development.

Under a separate consent, initial earthworks for the Sleepyhead factory have begun, and it is understood the company hopes to move in mid-2024, creating up to 2,600 new jobs.



Artist's impression - Lakeside, Te Kauwhata