



# Bay with plenty of ACTION

**TAURANGA IS NEW ZEALAND'S FIFTH-LARGEST AND FASTEST-GROWING CITY  
- SO WHAT IS THE BIG PICTURE FOR THIS BAY OF PLENTY HOTSPOT?**

LOOK AT ANY OF THE WORLD'S high-profile central business districts and there's one characteristic they all display – high-rise office towers and multi-level commercial developments optimising coveted and constrained inner-city land and defining the skyline.

Large New Zealand cities tend to reflect this, too – with the exception of Tauranga, where the CBD covers a reasonably large area but where most of the existing commercial buildings are low-rise.

With around 165,000 people – about one-tenth of Auckland's headcount – Tauranga runs its own race, and while nothing says its CBD must go sky-high, there is significant opportunity to leverage the commercial potential of the city's core.

Sited on the Te Papa peninsula, there are compelling water views to be unlocked from taller buildings – something that both corporate office occupiers and apartment dwellers seek – and the existing CBD framework

offers up a reasonable number of larger sites with development potential for larger footprints.

The Western Bay of Plenty's economic development agency Priority One recently launched the Tauranga CBD Blueprint showcasing 20 catalyst construction projects committed to within the city, and representing investment of around \$1.5 billion, over the next eight years.

The knowledge base was developed in partnership with developers, landowners, investors, and the Tauranga City Council (TCC).

Head of Bayleys' insights, data and consulting team Chris Farhi says the existing low-rise development across most of Tauranga's CBD creates a widespread canvas not available in places like Auckland or Wellington CBDs.

"The planned developments shown in the Blueprint demonstrate that Tauranga CBD will be one of the most transformed city centres in New Zealand over the coming decade," says Farhi.

"Further, the Blueprint also indicates the CBD is organically organising itself into precincts such as a justice precinct and knowledge precinct which shows the sophistication of development within the city."

Key developments include a range of residential and commercial buildings, the new Tauranga District Court and a revised masterplan for Te Manawataki o Te Papa, the civic administrative precinct.

This development includes a library, museum, civic whare (a venue for council and community meetings), an exhibition space and the upgraded Baycourt Community and Arts Centre.

## GETTING THE PRIORITIES RIGHT

Nigel Tutt, Priority One's chief executive officer says Tauranga city's new CBD Blueprint represents a pivotal turning point for the city, identifying it as a go-ahead centre to mesh with growth in the economy and population, and providing pathways for business to invest and capitalise on this growth.

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DATA AND CONSULTING

"The 20 developments of scale showcased in the Blueprint will encourage many more people to live, work, study and play in the city by the end of this decade, which brings with it a lot of opportunity," Tutt says.

"We will see more vibrancy in the CBD and a resurgence of retail around the outlined developments to capitalise on the additional foot traffic, which includes many more students expected through the University of Waikato's expansion.

"The CBD Blueprint gives businesses, developers, investors, tenants and the general public confidence that this city will be something to be proud of in the future."

Tutt says the public response to the launch of the Blueprint has been very positive.

"Tauranga's CBD is often thought of in fairly negative terms, and that is no surprise given the lack of amenity and retail shops in the area.

"The Blueprint provides the public with insight into the confirmed developments set for the city and gives clear visibility to the reinvigoration and level of investment, which they might not have otherwise been aware of.

"We believe this will change their perception and drive excitement for the future of the city centre."

While the private developments showcased in the Tauranga CBD Blueprint, have been committed to progress by the developers over the next eight years, Tutt says the current pandemic-constrained environment may impact timelines.

"A major economic shift may impact the delivery of these projects and ultimately could create other challenges throughout the supply chain."

TCC has been faced with internal challenges in recent years, with independent commissioner-governance in place until the next local body election in 2024.

"Priority One supports the reappointment of the four commissioners which gives the city certainty and stability and forms a strong platform for the newly-elected council in 2024," says Tutt.

"We are particularly encouraged by improved decision making on key matters for the city and Priority One continues to work collaboratively with TCC to ensure there is a suitable structure and dedicated resources available to support the major developments in the Tauranga CBD Blueprint."

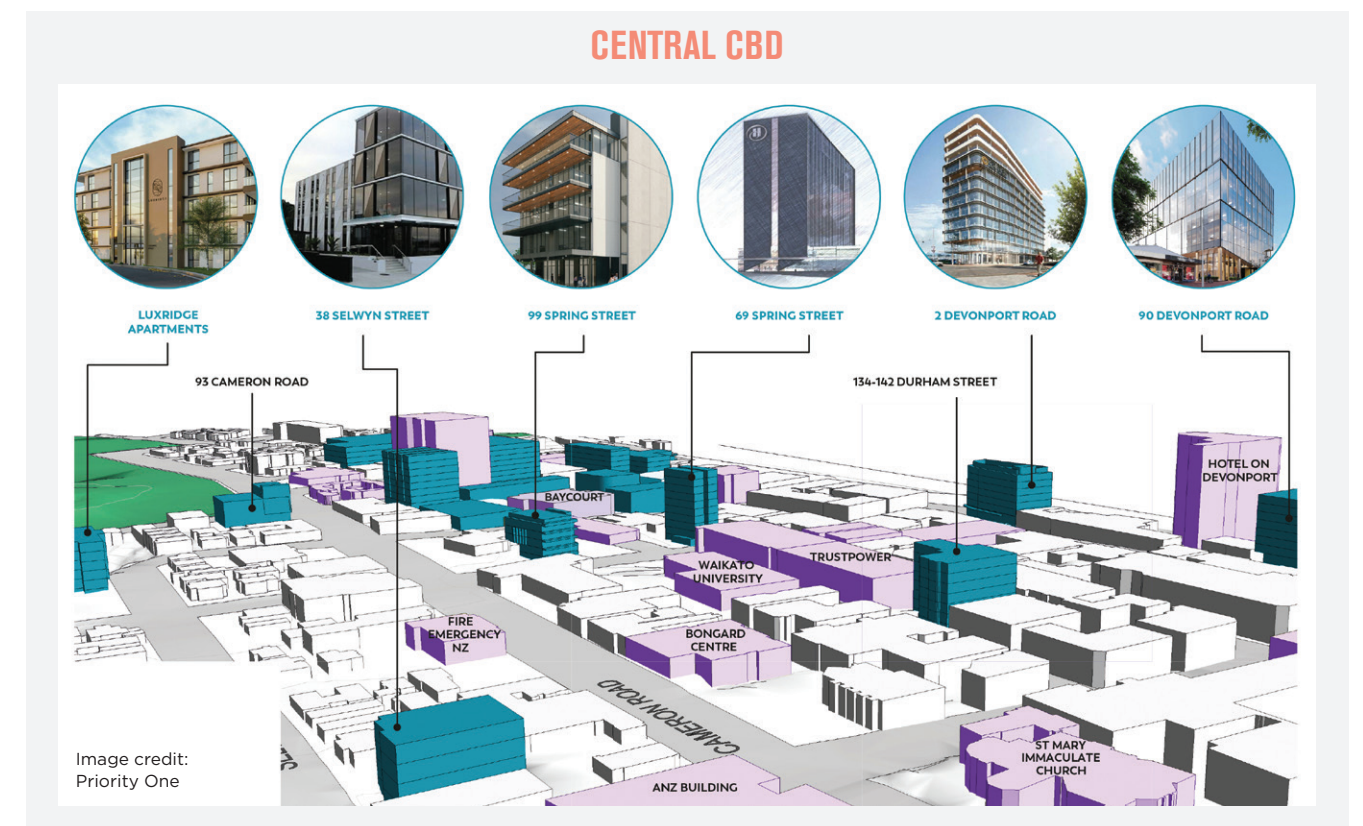
The private investment sector will be relying on the city's decisionmakers to progress Tauranga's connectivity, its public amenities and administrative functions to underpin planned and future investments.

"It is important that local government continues to invest in infrastructure and on complementary projects to support the level of investment, projected population growth and to connect the developments throughout the city," says Tutt.

"Local government investment will ultimately support future external investment into further private developments in the city and it's a positive sign that Tauranga's civic precinct is proceeding as this will underscore the developments and growth of the city."

**"SINCE THE LAUNCH OF THE BLUEPRINT, WE'VE SEEN AN UPTICK IN ENQUIRY FROM DEVELOPERS AND INVESTORS WHO WANT SOME EXPOSURE TO THE CBD."**

MARK WALTON, COMMERCIAL  
AND INDUSTRIAL MANAGER,  
BAYLEYS TAURANGA





## TAURANGA CBD BLUEPRINT

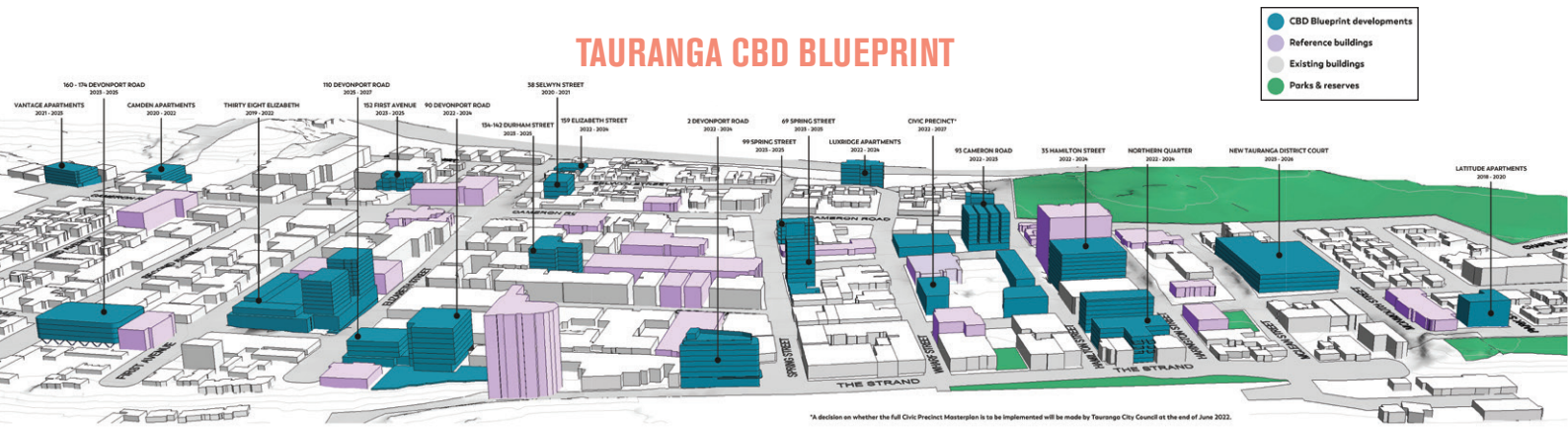


Image credit: Priority One

### “WELL-KNOWN HOTEL BRANDS HAVE, INTERMITTENTLY, PUT SOME FEELERS OUT FOR OPPORTUNITIES.”

WAYNE KEENE, BAYLEYS' HEAD OF HOTELS, TOURISM AND LEISURE

#### TANGIBLE BENEFIT

Mark Walton, Bayleys Tauranga commercial and industrial manager says the Blueprint does something not done before – it clearly illustrates the city's development big picture and he's excited by the changes expected to take place in the Tauranga CBD from now to 2030.

“Since the launch of the Blueprint, we've seen an uptick in enquiry from developers and investors who want some exposure to the CBD.

“This is particularly around potential development sites with some scale – whether that be older buildings for demolition and rebuild, or repurposing existing buildings.

“The raft of investment in new projects as outlined in the Blueprint has also sparked existing landlords to reassess their property assets, with sophisticated landlords who own multiple properties particularly looking at how their assets fit in with the city's broader redevelopment plans.”

Walton says he'd expect to see some consolidation of commercial property portfolios and potentially, a wave of property coming to the market from those landlords who feel they're not in a position to be part of the city's regeneration.

“It's early days, but I sense renewed optimism for the city centre and for what the CBD could look and feel like.

“Additionally, new office developments such as the one planned for 2 Devonport Road will impact benchmark office rents and occupation footprints.

“This will be a step-change in quality with associated upwards rentals, and if other existing office properties are redeveloped or repurposed, there will be movement across tenancies and within lease structures.”

Numerous private developments are occurring in the CBD currently, with the flagship mixed-use project Thirty Eight Elizabeth generating the biggest buzz.

“The 8,000sqm retail component of this \$200 million mixed-use development which includes high-end living and 340 car parks, is anchored by retail heavyweight Farmers and is expected to kickstart retail development in the wider CBD,” says Walton.

“Now that people can see the quality of this build undertaken by Elizabeth Properties, part of the James Pascoe Group of companies, and the commitment from founding retail and hospitality tenants, it is expected other investors and developers will be spurred on to improve retail offerings.”

One area of the CBD commercial market opportune for investment is the hotel sector.

Wayne Keene, head of Bayleys' hotels, tourism and leisure team says Tauranga has been crying out for new hotel investment for some time.

“Well-known hotel brands have, intermittently, put some feelers out for opportunities but perhaps the Blueprint and the identified redevelopment pipeline will reignite this enquiry,” he says.

“A quality four-star hotel as part of a mixed-use development on the site at 35 Hamilton Street, is approved and awaiting developer commitment and we'd hope to see this proceed to add much-needed beds to Tauranga's visitor accommodation sector.”

#### THE LIVING IS EASY

Jon O'Connor, residential sales manager Bayleys Bay of Plenty says the Blueprint's pipeline of commercial development will rejuvenate the CBD, creating an environment ripe for more inner-city living options.

“The developers of the sophisticated mixed-use precinct Thirty Eight Elizabeth have shown a huge amount of vision and commitment in providing central Tauranga with a new style of living,” he says.

“With 97 high-end apartments across 10 storeys and two towers, and 23 luxury townhouses, this is city living usually found in the larger metropolitan centres and when they do hit the market, I expect a real ripple in the market.”

O'Connor says development of the scale and quality of Thirty Eight Elizabeth, and plan changes by council, will provide confidence to other developers and investors resulting in more apartment/townhouse options in the heart of the CBD and on its fringe.

“Getting more people into the heart of the city to enjoy the planned amenities is the goal and I feel the market will respond,” he says.

“Downsizers, professionals, retiring farmers and lifestyle block owners, even seasoned holidaymakers with a hankering to live permanently in the Bay, are expected to relish the chance to live a more streamlined life close to shops, services and the waterfront.

“High house prices across Tauranga, a wider acceptance of apartments as an affordable housing solution as modelled elsewhere in New Zealand, and expected post-pandemic growth in international student numbers off the back of the University of Waikato's campus all support an increase in higher density living.

“It's exciting for Tauranga.”

For further detail, see [priorityone.co.nz/cbd-blueprint/](https://priorityone.co.nz/cbd-blueprint/)

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