



## INFRASTRUCTURE IS AT THE HEART OF WELLINGTON'S BOLD VISIONS FOR ITS FUTURE.

2022 IS SHAPING UP AS A WATERSHED year for Wellington. After years of seismic strengthening, transport bottlenecks and dealing with ageing infrastructure, the city, once dubbed the “coolest little capital”, has its eye firmly on reinventing itself.

Wellington city has a current population of about 217,000 that is predicted to grow by up to 80,000 by 2050 with an estimated 25 percent more people commuting to the CBD daily. When it comes to coping with that, there is no shortage of vision from Wellington's leaders, but the high profile completion of Transmission Gully isn't the only complex road to navigate.

### A COMMERCIAL SNAPSHOT

When it comes to office and industrial space, Wellington is almost full.

Office vacancy in the city is at 5.89 percent. Bayleys' Wellington director of commercial and industrial Fraser Press says rents are holding steady though lease agreements are increasingly becoming tied to CPI, to help both tenants and landlords manage risk.

There are multiple significant new office builds under way in Wellington, such as Willis Bond's Site 9 development at Kumutoto Wharf housing Bell Gully as its anchor tenant, and Newcrest's new BNZ building on Whitmore Street, but Press says new capacity isn't yet opening up vacancy rates.

“We've seen a lot of C-grade office buildings with low seismic ratings being strengthened and converted to residential,” he says. “Everyone predicted

there would be a lot of vacancy coming online after that re-strengthening work, but that change of use has actually made the pool of office stock smaller.

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As in other main centres, Wellington businesses have come out of lockdowns still wanting an office presence even with more employees continuing to work from home. “The sweet spot, where the majority of deals are being done, is in the 500sqm-1,000sqm spaces, without any incentives,” says Press.

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FRASER PRESS, BAYLEYS' WELLINGTON DIRECTOR COMMERCIAL AND INDUSTRIAL

What is more unique to Wellington is the growing demand for space from the public sector.

“The Government is just growing and growing. That's Wellington's commercial backbone – the Government, and then the consultants and businesses that feed off the Government,” Press says.

Things only get tighter when looking at Wellington's industrial property, with

vacancies down to a record low of less than two percent.

The lack of developable land is the biggest constraint on industrial vacancies and new developments, says Press, which is keeping sustained upward pressure on industrial rents.

The sector of the industrial property market that has seen some new development is in smaller micro industrial units that are being largely filled - about 80 percent - with owner-occupiers, says Press.

In retail, like the rest of the country, Wellington's bulk format stores are proving the most resilient to COVID disruption. Elsewhere, strip retail vacancies are likely to remain higher with ongoing uncertainty, says Press.

The other development pipeline breathing life into central Wellington is coming from Wellington City Council's civic infrastructure programme. At the heart of that is Te Ngākau, the Civic

Precinct, significantly impacted by earthquakes and the need for seismic strengthening or replacement which closed multiple buildings including the town hall, civic administration building and the central library.

Wellington Mayor Andy Foster is looking forward to showing Wellingtonians the exciting external and internal plans for the city's central library and to having hard hats and hi vis on site getting on with physical work this year. The strengthening and refurbishment of the town hall is well under way. Nearby, Tākina, the Wellington Convention and Exhibition Centre is under construction and due to open in mid-2023 and, the heritage St James Theatre will reopen late in the first half of this year following earthquake strengthening.

The Council is making a record investment in water and waste infrastructure, including the construction of the giant Omāro water



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reservoir in Prince of Wales Park in the Town Belt. Council is also due to make investment decisions on treatment of sewage sludge, landfill extension, and waste minimisation.

Mayor Foster says the amount of development and construction makes it a very exciting time for the city.

“There is a huge amount of investment from both the public and private sector that’s already underway or imminent. This will collectively result in a more resilient city capable of accommodating projected growth. If having cranes around the city is a symbol of good health, then Wellington is doing really well.”

### GETTING WELLINGTON MOVING

When it comes to Wellington infrastructure improvements, transport is the hot potato. WCC, GWRC and Waka Kotahi NZ transport agency, have kept it central to their strategic plans with the creation of Let’s Get Wellington Moving (LGWM). Its role is to envision and develop transport systems for the city that support growth, make it easier for residents to safely move around while working toward meeting the country’s carbon targets, and to reflect locals’ aspirations for how the city looks and functions. Its focus is on creating solutions based around pedestrians, cycleways and mass transit as well as cars.

LGWM acting programme director David Dunlop says the group represents a once-in-a-generation chance to shape Wellington’s future, aligning transport with urban development, and moving more people with fewer vehicles.

“Moving more people with fewer vehicles will help meet our zero carbon goals and create a better connected, more vibrant, and resilient city and region,” Dunlop says.

“More people will be able to live centrally, close to jobs and education. Getting around will be safer, easier, and healthier, without relying on cars. You’ll have higher-quality and more reliable public transport, walking and cycling options. There’ll be better connections between the region, and the hospital and airport, and between the central city and the suburbs.”

Key progress on the agenda for LGWM in 2022 includes reviewing public feedback on mass transit options that would enable more people to travel into



Artist's impression (concept only).  
Image credit: LGWM

the city via light rail or rapid transit buses from southern and eastern bays suburbs, and on the congestion hotspot of the Basin Reserve and an additional Mt Victoria Tunnel.

Waka Kotahi regional maintenance and operations manager Mark Owen says the impact of mass transit goes beyond simply moving people efficiently.

“Alongside the Wellington City Council district plan and urban development changes, mass rapid transit can help transform the city and enable up to 21,000 extra houses by 2050. That will mean more jobs, more businesses, and a more vibrant city,” he says.

Pedestrian improvements at key intersections and safe crossings over State Highway 1, are planned along with further community engagement on Thorndon Quay and Hutt Road improvements.

There are also plans to improve the Golden Mile and reduce traffic - from the north end of Lambton Quay along Manners and Willis streets to Courtney Place - making it safer and more accessible to pedestrians and cyclists.

“The Golden Mile is a major project with close engagement with residents, transport users, retailers, business owners and hospitality groups,” says Dunlop. “We are gathering insights into how people use the space along the Golden Mile and what their access needs might be in the future. And we’ll plan for how best to minimise impacts during construction.”

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DAVID DUNLOP, LET’S GET WELLINGTON MOVING ACTING PROGRAMME DIRECTOR

Mayor Foster insists engagement with the commercial sector in the central city must and is, an integral part of capital works projects. “We have to engage closely with business to get the design right and make sure we minimise delivery disruption.”

“A successful example of how we manage projects, unfolded over Queens Birthday Weekend when engineers replaced a critical earthenware stormwater pipe under Jervois Quay. Smart management of central city traffic minimised disruption for motorists and people attending the many events that were taking place that weekend on the waterfront. Rather than drag out over weeks, the key part of the job was planned to be completed in 72 hours and was delivered in 48.”

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### CONNECTIVITY IS KEY

The other key transport connections for Wellington are those that link the CBD with its outer suburbs and satellite regions, and links those areas with Wellington’s port, hospital and airport.

A vital part of that is Transmission Gully, the \$1.25 billion, 27-kilometre stretch of new motorway running from Paekakariki and Porirua. It is one stage of the 100-kilometre northern corridor project which will eventually stretch through to north of Levin. The Peka Peka to Otaki corridor section is under construction and the Otaki to north of Levin section is in the design phase with construction due to begin in 2025.

Mark Owen says Transmission Gully and the Northern Corridor will be a transformative piece of infrastructure for Wellington.

“The improvements to the Wellington Northern Corridor through each of these individual projects will increase safety for motorists and significantly reduce the number of fatal and serious crashes,” Owen says. “They will also play a key role in supporting economic transformation by making the link into and out of the Wellington region much more resilient and reliable.

“It is a critical transport link to the lower North Island and key regional destinations, so a key benefit of these projects is that they will be better able to resist and recover from severe weather events, such as earthquakes, storms and flooding.”

The former coast road out of Wellington will be renumbered State Highway 59 and will provide an alternate route north along the west coast.

Bayleys’ Fraser Press sees the Transmission Gully opening as an important milestone for Wellington’s development, potentially easing pressure on office and industrial space as businesses spread themselves out over the wider region, while still being able to access the city and its outbound transport hubs like the airport and port.

“It will be a crucial link for logistics and freight operators,” he says, adding that Transmission Gully may ease demand for residential housing in the central city, by making more affordable housing located in satellite suburbs more accessible to commuters.

Improved connection between central Wellington and its surrounding regions is also manifesting among local political leaders with the creation of the Wellington Regional Leadership Committee, which involves the mayors of 10 local councils, including Horowhenua and the chair of GWRC, with local iwi, as well as Housing Minister Megan Woods and Transport Minister Michael Wood.

“The purpose is to map out the future of development; what type of development occurs where, what the business opportunities are and what transport links are needed to bring all that together,” says Foster. “It’s really important to have the Government involved in that. It’s a really positive step, based on a model that’s been used in other regions like Waikato, Canterbury and Bay of Plenty that’s all about collaboration and working together.”

### LOOKING AHEAD

So Wellington is a city with a bold future envisioned for itself. Though the development pipeline should help ease the lack of central office space in the long-term, for 2022 it is likely to still be scarce, says Press.

Industrial property will likely stay at record low levels of vacancy, though there may be a shift to outlying areas with the opening of Transmission Gully, given the lack of development space closer in, he says.

The impact on commercial property of LGWM and WCC’s programme of infrastructure and transport changes is, as yet unknown as the organisations work through public consultation processes, says Press.

While Wellingtonians do have a strong history of using buses and rail to commute into the city from the likes of Porirua, Johnsonville, Petone and the Hutt Valley, the challenge for those wanting to reduce traffic in the CBD will be convincing regular car users coming in from the northern suburbs to change.

For Waka Kotahi the secret to success lies in integrated transport options that will move people - and freight - around the region safely and efficiently. “Waka Kotahi is focused on providing an integrated land transport system that helps people get the most out of life and supports businesses. “We’ll work closely with our partners including the local and regional councils to do this,” says Owen.

LGWM director David Dunlop says without bold moves Wellington won’t be able to accommodate its projected population growth, will fail to meet its carbon targets and the city will become fragmented and house prices will continue to skyrocket.

“We’ve got to keep roads for those who need them. Wellingtonians have told us that they want better public transport, more walking and cycling options, lower emissions, more attractive streets, better housing and a city fit for the future.”

Mayor Foster is optimistic that the development pipeline already in play, along with the council’s new district plan, LGWM transport decisions and construction works, and a soon to be released economic development plan are laying the foundations for a vibrant future for Wellington.

“Covid makes it clear that every city has to work hard to be a place of inclusivity and equal opportunity and that is something we are focused on. The capital’s cosmopolitan and natural environments easily enrich the lifestyles of our residents and visitors and make Wellington a great place to live and work.”

