

# Three-sided POWERHOUSE



Artist's impression of the billion-dollar master-planned mixed-use Te Awa Lakes development by Te Awa Lakes in conjunction with Perry Group in Horotiu.

## THE GOLDEN TRIANGLE CONTINUES TO HOUSE THE LION'S SHARE OF NEW ZEALAND'S ECONOMIC PRODUCTIVITY AND IT REMAINS ON A GROWTH TRAJECTORY.

THE UPPER NORTH ISLAND'S "GOLDEN Triangle" zone formed by the Auckland, Waikato, and Bay of Plenty regions, retains its badge as the dominant focus of property development activity in New Zealand.

It's responsible for nearly 60 percent of the country's building consents issued annually and where big business is consolidating.

Bayleys Research's latest *Golden Triangle Overview*, part of its Infrastructure series of reports, underlines the major contribution the three provinces

make to New Zealand's productivity and gross domestic product (GDP).

Accounting for just over half of New Zealand's population (50.18 percent), the zone accounted for 52.4 percent of New Zealand's GDP growth in the year to March 2021 and \$11.978 billion – or 57.12 percent – of the value of all building consents issued.

That represents an increase of more than \$1 billion in consents since 2019.

Ryan Johnson, Bayleys' national director commercial and industrial says the Golden Triangle's robust new

development activity is across all property sectors and despite COVID disruptors, he expects this dominance to persist in the medium to longer term.

"Given the continued demand being demonstrated by the market, the Golden Triangle's supremacy as New Zealand's economic powerhouse looks certain to endure."

The industrial sector has led non-residential building development activity, supercharged by the uptick in ecommerce dynamics and its demand for logistics-related space.

"Over the last decade, annual industrial building consents issued have more than doubled in the Golden Triangle from under 300,000 square metres of space in 2012 to 650,000 square metres in the 12 months to March 31, 2021, with Bay of Plenty industrial consents rising almost 100 percent in that time," explains Johnson.

He says while Auckland's role in the business and fiscal realms of the Golden Triangle is well-documented, the fundamentals of the triangle have matured.

"Once the domain of private investment money, the Golden Triangle zone is now attracting significant institutional and listed development investment – along with central government input.



Artist's impression of the new 4,000sqm building for PBT Express Freight Network – currently under construction by Calder Stewart at Ruakura Superhub.

## "THE GOLDEN TRIANGLE'S SUPREMACY AS NEW ZEALAND'S ECONOMIC POWERHOUSE LOOKS CERTAIN TO ENDURE"

RYAN JOHNSON, BAYLEYS' NATIONAL DIRECTOR COMMERCIAL AND INDUSTRIAL

"An example being Tauranga-based property entity Classic Group which has partnered with the NZ Super Fund to form a new land development company and will leverage its scale and capital to increase housing supply in New Zealand, with a focus on the Auckland market in the first instance.

"Classic Group has previously partnered with Western Bay of Plenty District Council to deliver affordable housing in Omokoroa, has done a joint venture project in Pāpāmoa, has earmarked a substantial landholding for development within Tauriko in Tauranga, has been involved with KiwiBuild developments in Tauranga, and undertaken many residential projects with scale in Auckland."

In Tauranga, Mark Walton, Bayleys' commercial and industrial manager says the green light for Winstone Wallboard's new \$400 million plasterboard manufacturing and distribution facility in the Tauriko Business Estate, is a standout injection of confidence in the region.

"The 200-hectare Tauriko estate which incorporates one of Australasia's largest industrial subdivisions, continues to account for the bulk of the current industrial building activity in Tauranga, however, future development land in the precinct is constrained.

"Design-build opportunities are filling up and industrial occupiers will need to act quickly to nab space – particularly for large footprint options.

"There's a chronic shortage of business-zoned land in the region and the squeeze is on to meet the demand."

Meanwhile, the Rangiuru Business Park near Te Puke in the Bay of Plenty, will open up around 178 hectares of land for development across four stages, accommodating large footprint industrial facilities and having a dedicated interchange connecting it to the Tauranga Eastern Link expressway and a direct rail link to the Port of Tauranga.

In the Waikato right now, Te Rapa in north Hamilton is seeing the bulk of the region's new industrial development given land availability and access to motorway connections north and south.

David Cashmore, Bayleys Waikato's commercial manager says there has been rapid uptake of sites in new subdivisions on the city's northern boundary, such as the 60-hectare Te Rapa Gateway alongside State Highway 1.

"Hamilton is experiencing unprecedented growth – much of it attributed to the Golden Triangle dynamics of being the next big cab off the rank heading south from Auckland.

"New roading and infrastructure along with 10 years of increased population growth has given investors and occupiers the confidence to move their focus southwards and development is happening across the property sector and with significant scale."

Cashmore says without doubt, Tainui Group Holdings' (TGH) new Ruakura Superhub that's emerging out of the ground alongside the Waikato Expressway, will be transformational for Waikato's business fundamentals.



“TGH’s 490-hectare master-planned development on Hamilton’s eastern fringe has almost 200 hectares allocated for logistics and industrial uses alone and will boast a substantial inland port.

“Once up-and-running, this precinct will kick the regional economy – and the part it plays in the broader Golden Triangle’s GDP – into a whole new gear.”

Likewise, he says Te Awa Lakes, a master-planned community on the site of a former quarry in Horotiu, will create housing, commercial and recreational opportunities on a scale that the region is crying out for.

“It’s a fast-moving game in the Waikato – and exciting to be part of.”

### MULTI-BILLION DOLLAR ASSET VALUE

Peter Tuck, general manager development at TGH, guardian of the commercial assets of Waikato-Tainui, says the 92-hectare first stage of the Ruakura Superhub is progressing well towards a planned opening date of mid-2022.

“Viewed from the air, the inland port site, logistics and industrial zones, service centre and wetland can all be clearly seen in an advanced stage of formation, along with new local roads connecting to the Waikato Expressway and the city.

“Up to 200 workers from major local contractors are active on site each day, while members of local hapū are currently cultivating more than one million native plants to be planted around the 10-hectare wetland area and other green corridors.”

Tuck says work is underway on the first logistics building on the site – a 4,000sqm regional centre for PBT Express Freight Network – which will be ready for opening in mid-2022, with head contractor Calder Stewart leading the build.

“Over the past 18 months, PBT Express Freight and Waitomo Group have been confirmed as early-mover tenants at Ruakura Superhub.

“Port of Tauranga has joined as a joint venture partner for the inland port, TGH has recently entered heads of agreement with a further four major tenants and is in advanced negotiations with a further two internationally-significant businesses.”

Large and capital intensive by New Zealand standards, the finished value of assets (including land value, infrastructure and buildings) in the fully-developed Ruakura, is expected to exceed \$3 billion.

This will be a major contributor to both the Waikato economy and the wider Golden Triangle economic fundamentals, and while significant long-term benefits will accrue to Waikato-Tainui’s 78,000 members as owners of the development,



Recent drone shot of Ruakura Superhub emerging from the landscape – new Waikato Expressway in the foreground (with Ruakura interchange) – stage 1 of the inland port is the triangular shape near top right. Logistics area is the main rectangle bare earth – top centre. 10-hectare wetland is centre left and above that the Silverdale Industrial area.

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Tuck stresses that there will be significant partnership opportunities at various points in the project.

“Over Ruakura’s development life, the investment in infrastructure and buildings will involve a variety of ownership structures, partnerships, joint ventures, borrowing, as well as some public investment in public infrastructure – TGH will not be funding the entire development on its own,” he points out.

“We acknowledge the catalytic role played by Government investment in public infrastructure such as the local roading network through the Provincial Growth Fund and ‘shovel ready’ investment programmes, but later stages of the development will require significant investment in further roads to unlock large tracts of potential residential land which Hamilton badly needs.”

Tuck says the initial 30-year timeframe proposed for the entire Superhub’s completion is condensing.

“Tenant demand is increasing due to development pressures and land shortages in Auckland, a move to ecommerce models, a need for importers

and exporters to resolve supply-chain issues and growing demand for purpose-built industrial units.

“These factors all point to a very rapid uptake of the first 92 hectares so based on current trajectory, the timing is more likely to be 15-20 years for the full Ruakura development.”

Along with the estimated 6,000-12,000 jobs to be created within the full 490-hectare development, plus positive impacts for the importer and exporter community through greater connectivity with Tauranga and Auckland, there will also be significant steps towards de-carbonisation of the supply chain through moving an estimated 65,000 long distance truck journeys per year onto rail.

### MIXED-USE WITH RECREATIONAL AMENITY

At Horotiu in the Waikato, Te Awa Lakes in conjunction with Perry Group is a billion-dollar master-planned mixed-use project comprising residential development, a village centre, a commercial zone, and outdoor recreational and leisure amenities.

Richard Coventry, chief executive officer for Te Awa Lakes, says the former Perry Group sand quarry site on the northern boundary of Hamilton city will leverage streamlined roading connections to Auckland.

“The new Waikato Expressway has brought the two cities closer together creating exciting opportunities for the Waikato region,” he says.

“We are already starting to see large Auckland businesses planning to relocate further south where cheaper land is readily available.

“Te Awa Lakes will be the first mixed-use master-planned community in the Waikato to provide a mix of housing typologies and price points with shared amenity for all its residents

and is designed to the live, work, play model with good access to employment opportunities.”

Coventry explains that Perry Group’s vision has always been to create something special for the region on its land in Horotiu and with resource consent for Te Awa Lakes now in place, bulk earthworks will soon start, with Schick Construction as the head contractor.

“The site on the banks of the Waikato River is the gateway to Hamilton city connected to an excellent roading network that will provide connectivity for residents, to the north, east, west and south.

“To help address the national housing affordability issue in a local context, Perrys has conceptualised a master-planned community catering to a broad range of buyers with multi-level apartments, terraced housing and standalone homes on offer.

“Marketing of stage one has just been completed through Bayleys, and residential and commercial ‘super lots’ have been sold to building companies GJ Gardner and Foster Develop.”

The shared amenities include access to the Waikato river, man-made lakes, a village centre at the entrance to the main residential zone, and a recreation precinct to encourage an active lifestyle, explains Coventry.

“This precinct neighbouring the residential zone will potentially include indoor and outdoor adventure activities together with food and beverage offerings and health and wellbeing facilities near the Waikato River.

“It will complement existing amenity in the surrounding area including Hakarimata trails, Te Awa River Ride, Perry Bridge, the Ngaruawahia and Horsham Downs golf courses, Perry Bike Park and The Base shopping centre.”

### PROACTIVE PRIVATE DEVELOPMENT

Foster Develop, the development arm of Waikato-based Foster Group, has several larger scale developments underway throughout the Waikato and Bay of Plenty, across the office, retail and industrial sectors.

These include Union Square in Hamilton’s CBD offering 24,000 square metres of premium office accommodation and 18 retail outlets across five buildings, with the first commercial building in the precinct now completed; and The Village in Omokoroa with 6,500 square metres of shared office and retail across four buildings along with 22 apartments.

Northern Green in Hamilton’s Victoria Street, is a mixed-use retail/commercial space plus residential apartment development; The Spring, Parton Road, Pāpāmoa is a mixed-use development

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with 10 retail and office units; while Lakewood, in Cambridge is a mixed-use residential and retail development.

On the industrial front, Fosters is working on several workshop/warehouse/office/trade unit projects in Earthmover Crescent, Te Rapa along with other industrial offerings in Pukete, Hamilton and Judea, Tauranga.

“We are seeing strong tenant demand and sustained buoyancy in investor demand across all sectors,” says Rhys Harvey, development director for Foster Develop.

“Much of this positivity comes on the back of Golden Triangle fundamentals with migration south from operators in the manufacturing/logistics sector due to constrained land supply in South Auckland just one example.

“Improved Hamilton to Auckland transport links underpin this sentiment, but then there’s also the growth of agri-business which sees value in being based in the Waikato.

“In the CBD, Hamilton’s central city transformation plan, continued local government encouragement, and consumer demand for inner city mixed-use developments is driving projects in that space.”

Looking ahead, Harvey says Foster Develop’s involvement with the creation of 17,262 square metres of retail/commercial space, along with 24 townhouses and 40 apartments in the evolving Te Awa Lakes precinct is further evidence that “it’s all go” in the Waikato.

To access Bayleys Research’s latest Golden Triangle Overview, head to [bayleys.co.nz/research/commercial](https://bayleys.co.nz/research/commercial)



Artist's impression of Foster Group's Union Square in Hamilton CBD that will offer 24,000 square metres of premium office accommodation and 18 retail outlets across five buildings.