

THE GOLDEN TRIANGLE INFRASTRUCTURE





Firming yields



Increasing rents

57%
of all building consents

50%
of New Zealand's population

New Zealand's Golden Triangle includes the boundaries between the three major regions of Auckland, Waikato, and Bay of Plenty. This region has become a true economic powerhouse making a major contribution to New Zealand's productivity and GDP. There has been strong development activity within the Golden Triangle across the whole property spectrum, from residential to commercial properties being built at a record-breaking pace.

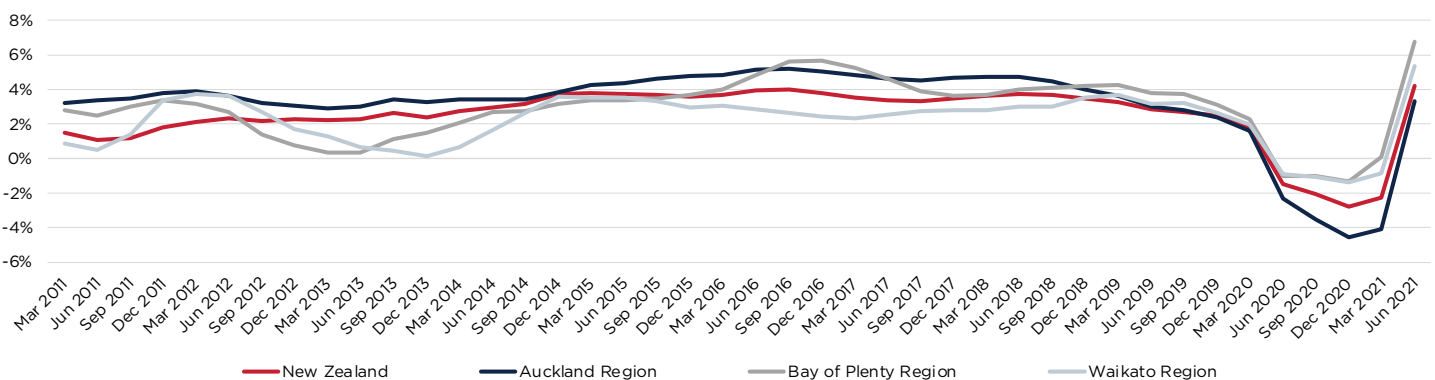
Industrial property across all three regions is underpinned by being the import and export corridor of New Zealand, with just the Auckland and Tauranga Ports contributing to circa. 60% of all containers handled in 2020.

In 12 months to June 2021, the Port of Tauranga handled 1.2 million TEU's, a drop of 4.1% compared to the previous year, but even then total trade was up 3.8% to 25.7 million tonnes. Similar trends are seen in Auckland where total throughput fell to 818,000 TEU's (20ft equivalent unit), a drop of circa. 7.6% but total bulk and break bulk throughput rose to 6.67 million tonnes, reinforcing the dominance of commercial and industrial property within the golden triangle.

The Golden Triangle in numbers

	Golden Triangle	Total New Zealand	Proportion of national total
Population (2021)	2,551,500	5,116,300	50.18%
Population (2048)	3,322,300	6,215,800	53.45%
Employment (2021)	1,353,400	2,734,000	49.50%
Employment growth (2010-2021)	32.37%	27.62%	
GDP (year to March 2021)	\$169,325,000,000	\$323,142,000,000	52.40%
Value of building consents - all property (year to March 2021)	\$11,978,000,000	\$20,968,000,000	57.12%
Non-residential, sqm (year to March 2021)	1,315,801	2,716,958	48.43%

Gross domestic product growth Annual average % change



Economic activity across New Zealand continues to press higher still, with supply chain issues and skill shortages threatening to limit further growth. Provisional estimates show economic activity up a whopping 17% per annum in the June 2021 quarter to take year-end growth to 4.2%.

However, the strength in activity is blurred by the comparison June 2020 period including the nearly five-week Alert Level 4 lockdown. Compared to a normalised June 2019, economic activity is 3.7% higher, with further expansion seen since the strong result in March 2021.

Strong construction activity, greater healthcare and goods-producing activities are contributing to the improvement in economic activity. Service led industries rose 1.1% in the March 2021 quarter with strong growth witnessed in wholesale trade, driven by strong growth in machinery and equipment wholesaling and motor vehicle sales.

Although short-term headwinds may restrict future growth, risks to longer-term growth also persist as the economy overheats and drags future growth into the here and now. Higher interest rates in response to booming economic activity might well cool down the economy into 2022.



Roading projects in the Golden Triangle

Auckland

Puhi to Warkworth SH1 upgrade

This will extend the four-lane 18.5km from the Johnstone's Hill tunnels to just north of Warkworth at a total investment of nearly \$900 million. This project will improve safety and time reliability, and also boost the economic potential in the Northland region.

Penlink

The Government has confirmed funding for the proposed two-lane toll road with a shared use path for walking and cycling. Penlink is a crucial link and will provide greater capacity for travel to and from the Whangaparoa Peninsula, supporting future growth in Silverdale, Hibiscus Coast and Dairy Flat. Forecasted growth in Silverdale is around 15,000 new homes in the next 30 years with 6,000 just in the next decade.

South Auckland

The South Auckland infrastructure upgrade plan includes building three new rail stations – two in Drury and one in Paerata. This is supporting the electrification of the rail network from Papakura to Pukekohe and a third main rail line from Wiri to Quay Park. The Mill Road program has been updated to a smaller scope of work in June 2021, where two lanes between Flat Bush and Alfriston ties into Redoubt Road using dynamic lanes. This project was planned to be delivered in stages, the first stage including the widening in each direction from Papakura interchange to Slippery Creek, replacement of the Park Estate Road Bridge and a new noise wall. A re-evaluation of the second stage in June 2021 resulted in the second stage being deferred from the New Zealand Upgrade Programme (NZUP).

Waikato

Ring Road – Wairere Drive extension

This represents the final piece of the Hamilton Ring Road; it is the extension of Wairere Drive between Cambridge Road and Cobham Drive. The total cost of this project is \$45 million with an estimated completion date in early 2022.

Wairere Drive is Hamilton's newest river crossing, the \$135 million project links Hillcrest to new Peacocke's development.

Waikato Expressway

Waikato Expressway is the largest project within the Golden Triangle and is coming to the final stages, with a total cost of over \$2 billion. The only part left to complete is the Hamilton section which will connect the already completed Ngaruawahia section to the Cambridge section. This will reduce traffic congestion and improve safety on Hamilton's local roads, it is expected to be opened to traffic in late 2021. Upon completion the economic impact of the 102km Waikato expressway will be immense, allowing for a higher capacity highway and reducing traffic congestion through smaller towns like Huntly, Ngaruawahia and Cambridge. This will increase demand for up and coming areas like Te Kauwhata with population estimated to quadruple.

Bay of Plenty

Baypark to Bayfair Link

The last section of the Tauranga Eastern Link is the Baypark to Bayfair link. This aims to ease the congestion by separating the state highway and local road traffic improving the journey time savings from the Tauranga Eastern Link.

SH2 Waihi to Tauranga Corridor

There are several projects underway on the corridor between Waihi and Tauranga, with an overall cost of over \$1 billion to improve road safety and improve economic productivity in this area.

Takitimu North Link

Stage one includes a new 6.8km four-lane corridor providing a new link between SH29 and SH2, with an estimated cost of \$655 million. In June 2021, stage 2 was refined route protection on the 7km stretch between Te Puna and Omokoroa, and any other works are unlikely to happen in the next decade. This will support the urban growth in the region along with significantly improving travel times and road safety.

Large developments within the Golden Triangle

Auckland

City Rail Link (CRL)

The CRL is New Zealand's largest transport infrastructure project, with an estimated cost of around \$4.5 billion, and with completion expected in late 2024. It is a 3.45km tunnel underground link under the Auckland CBD, which will connect to the existing rail infrastructure. This includes new underground stations at Aotea and Karangahape Road as well as a redeveloped Britomart and Mount Eden stations. It is estimated to cost around \$4.5 billion with completion in late 2024.

AMETI Busway

The \$1.4 billion busway is going to create a rapid transit network and providing better connectivity to Auckland's Eastern suburbs, the final stages have been delayed due to funding constraints and are not expected to complete until 2028.

Drury South Crossing

A master-planned 300Ha mixed-use development that will contribute almost \$800 million a year to the local GDP, which when complete will be home to 60,000 people and provide 12,000 jobs to the area. Located right next to SH1, providing the perfect gateway to Hamilton or Tauranga.

Hamilton

Ruakura Superhub

Ruakura Superhub is a 490Ha master-planned community with stage one including 17Ha of the inland port, 35Ha logistics precinct and 25Ha industrial precinct. The economic impacts are immense, and it is pencilled to open in 2022, creating 11,000 jobs with an annual \$5bn contribution to the economy.

Sleepyhead Estate

The Comfort Group is developing a new 176Ha site with a total investment of over \$1 billion, this mixed-use development will include 1,100 new homes. Sleepyhead will have a purpose-built 100,000sqm manufacturing facility which itself will create 1,000 jobs, while the total of the estate will create more than 2,600 jobs for the local community.

Union Square

Union Square offers over 23,000sqm of office space over five buildings, the master-plan includes over 2,000sqm of public space as well as having on-site wellness centres, restaurants, and bars and apartments.

Tuapapa development

A three-stage mixed-use development, the first stage is a six-storey office building offering 4,500sqm of premium commercial office space starting in late 2021. The master-plan comprises three buildings including hospitality and accommodation across 7,500sqm.

Centre Place redevelopment

Tainui Group and Kiwi Property have launched a joint venture, the \$71 million initiative to reshape the retail experience with the addition of new office space in Hamilton CBD.

Peacocke's residential development

Situated at the southern end of Hamilton City, the Peacocke development will have over 8,400 houses over the next 30 years and has the largest capital spend of over \$2 billion over the next 10 years. With over 20,000 people projected to be living in the area in the next 30 years, Hamilton needs extra land for 31,900 homes by 2038.

Rototuna and Rotokauri development

Hamilton City Council is developing large scale town centre developments taking place in the Rototuna and Rotokauri regions of Hamilton, including commercial and residential developments. The master-planned community of Rotokauri North currently under planning consists of 133Ha and approximately 2,000 homes.

Te Awa Lakes

Te Awa Lakes is a proposed 90Ha development over three phases for the old Perry sand quarry at Horotiu. The masterplan envisions to transform the area with a new community centre, 1,800 dwellings, plus retail shops and a hospitality precinct providing significant positive economic impact to the area.



Tauranga

Thirty-Eight Elizabeth

The \$200 million previously called Farmers Tauranga development is now underway in the fondly known “Farmers corner”. It includes a flagship Farmers store, 97 luxury apartments and 23 sky townhouses in what will be known as Elizabeth Towers.

Tauriko West

Located on the periphery of the existing city, which is relatively easy to service with infrastructure, this new urban development will give Tauranga close to 5,000 new homes which are planned to start in 2024/25.

Te Tumu

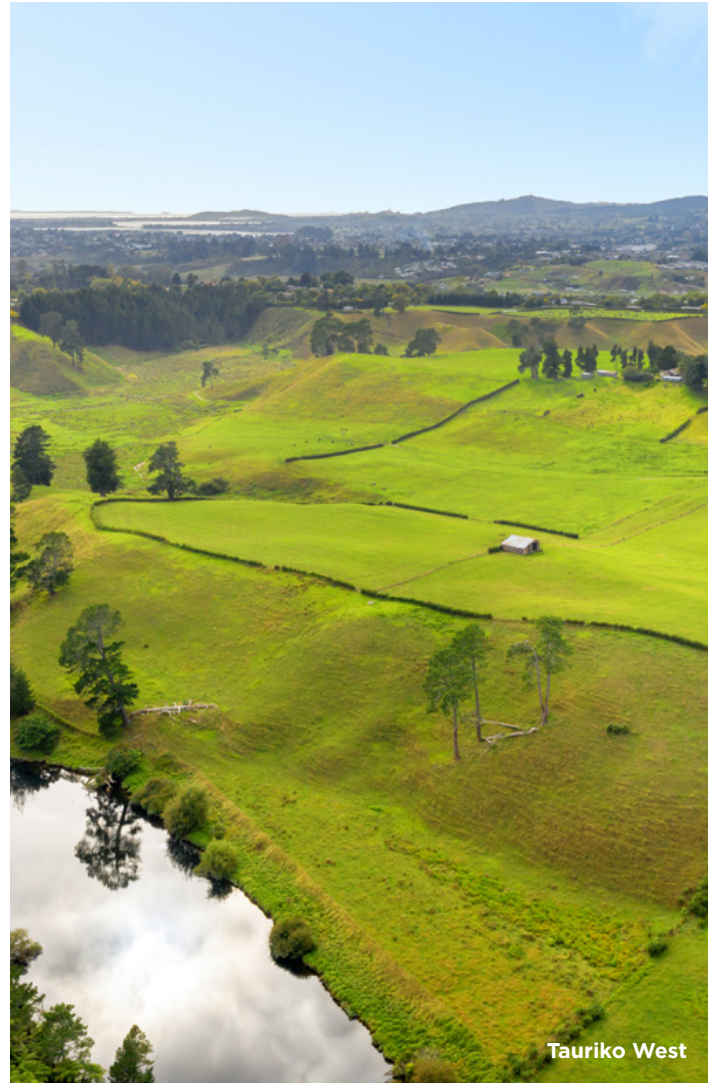
Te Tumu is a master-planned community south of Papamoa Beach and will be home to approximately 15,500 people, with the completion of the development estimated in 2024/25. To service the community, there will be the need to build infrastructure for the suburb, from ground services, offices, supermarkets and schools.

The Sands Town Centre

The Sands Town Centre is going to be a mixed-use development with a combination of higher density with community amenities including retail, hospitality and office spaces, with stage one including a \$100 million aquatic centre with a 50m Olympic sized swimming pool. Subject to Papamoa East interchange, the first stages are planned to open in late 2023 or early 2024.

Rangiuru Business Park

The total business park is split into four stages totalling circa 177ha with \$18 million funded by the Provincial Growth Fund. Located near Te Puke at the junction of the southern end of Bay of Plenty and just 25 minutes away from Port of Tauranga, it gives impeccable access to the Golden Triangle.



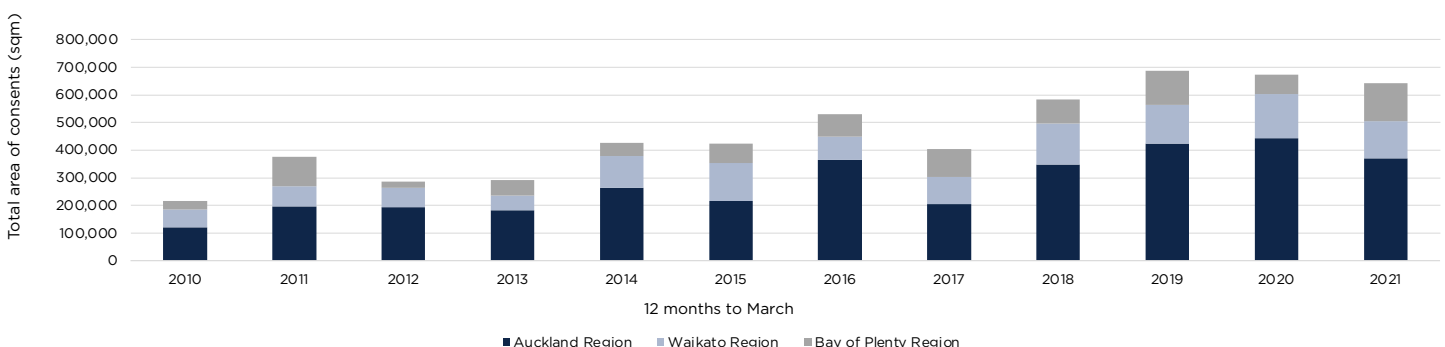
Industrial building consents

The halo effect in the Golden Triangle can be seen in the steady rise of industrial consents over the last decade. The construction sector has increased the level of activity within the triangle as it has been identified as an economic powerhouse for New Zealand. Supported by infrastructure upgrades put in place by local and national Government making the movement of goods and services more efficient. Complimented by affordable house prices, and a better standard of living making Waikato and Bay of Plenty more attractive.

Industrial building consents across the Golden Triangle totalled just under 650,000sqm in the 12 months to March 2021. This represents 55.7% of all industrial building consents issued

nationally making it the most dominant area in New Zealand. The Golden Triangle has averaged 50% of all industrial consents issued in the last decade. There was a 97% rise in Bay of Plenty industrial consents when compared to 2020; suggesting that future development will be concentrated on the Bay of Plenty side of the triangle with large scale developments like Rangiuru Business Park. The building consent growth within the Golden Triangle has on average outpaced the rest of New Zealand with a compounded annual growth in building consents of 10.5% since 2010; while over the same period, the compounded annual growth for the rest of the country was 7.02%.

Golden Triangle industrial consents by floor area



Industrial leasing and investment trends

Auckland											
District	Standard lease type	Rental market (\$/sqm)		Rental trend	Leasing market		Cap rate (yield)		Investment market		Land value \$/sqm
		Warehouse	Office/show		Demand	Supply	Demand	Supply	Demand	Supply	
Wairau Valley	Net	120 - 190	180 - 290	Rising	Strong	Scarce	4.00% - 5.00%	Steady	Strong	Scarce	1,100 - 2,150
Albany / North Harbour	Net	125 - 160	185 - 245	Rising	Steady	Scarce	3.75% - 5.50%	Steady	Strong	Scarce	1,100 - 1,200
Silverdale	Net	125 - 150	190 - 260	Rising	Strong	Scarce	4.75% - 5.25%	Steady	Strong	Scarce	700 - 800
Penrose	Net	110 - 145	185 - 237	Rising	Strong	Scarce	4.25% - 6.60%	Firming	Strong	Scarce	900 - 1,100
Mount Wellington	Net	110 - 145	185 - 245	Rising	Strong	Scarce	4.25% - 6.20%	Firming	Strong	Scarce	700 - 950
Henderson/ Lincoln	Net	110 - 130	170 - 190	Rising	Strong	Scarce	5.75% - 6.75%	Firming	Strong	Scarce	400 - 600
Westgate/ Hobsonville	Net	140 - 150	280 - 300	Rising	Strong	Steady	4.25% - 4.90%	Steady	Strong	Steady	800 - 1000
Rosebank Road	Net	115 - 130	195 - 250	Rising	Strong	Scarce	5.40% - 6.00%	Firming	Strong	Scarce	700 - 1,000
East Tamaki	Net	120 - 145	180 - 240	Rising	Strong	Scarce	4.20% - 5.70%	Firming	Strong	Scarce	860 - 1,100
Airport Corridor	Net	107 - 135	190 - 255	Rising	Strong	Scarce	4.55% - 5.50%	Firming	Strong	Steady	730 - 870
Manukau/Wiri	Net	120 - 140	195 - 255	Rising	Strong	Scarce	4.25% - 6.25%	Firming	Strong	Scarce	800 - 1,000

Waikato												
District	Standard lease type	Rental market (\$/sqm)		Rental trend	Leasing market		Cap rate (yield)		Forecast	Investment market		Land value \$/sqm
		Warehouse	Office/show		Demand	Supply	Demand	Supply		Demand	Supply	
Frankton	Net	90 - 120	150 - 220	Rising	Strong	Shortage	4.00%	6.00%	Firming	Strong	Shortage	400 - 500
Te Rapa North	Net	100 - 135	200 - 250	Rising	Strong	Shortage	4.00%	5.50%	Firming	Strong	Shortage	500 - 1200
Te Rapa South	Net	100 - 130	200 - 250	Rising	Strong	Shortage	4.00%	6.00%	Firming	Strong	Shortage	500 - 600
Horotiu	Net	100 - 130	200 - 250	Rising	Strong	Shortage	5.00%	6.00%	Firming	Strong	Shortage	300 - 400
Airport	Net	100 - 130	200 - 250	Rising	Strong	Shortage	4.50%	6.00%	Firming	Strong	Shortage	300 - 400

Bay of Plenty												
District	Standard lease type	Rental market (\$/sqm)		Rental trend	Leasing market		Cap rate (yield)		Forecast	Investment market		Land value \$/sqm
		Warehouse	Office/show		Demand	Supply	Demand	Supply		Demand	Supply	
Tauranga	Net	100 - 140	150 - 200	Rising	Strong	Shortage	4.00%	5.00%	Steady	Strong	Shortage	500 - 700
Mount Maunganui	Net	100 - 150	150 - 230	Rising	Strong	Shortage	3.50%	4.50%	Firming	Strong	Shortage	800 - 1500
Tauriko	Net	115 - 150	170 - 230	Rising	Strong	Shortage	4.00%	5.00%	Firming	Strong	Shortage	600 - 800
Greerton	Net	90 - 115	160 - 190	Rising	Strong	Sufficient	4.50%	5.50%	Steady	Strong	Shortage	450 - 550
Judea	Net	95 - 115	150 - 180	Rising	Strong	Shortage	4.50%	5.25%	Firming	Strong	Shortage	500 - 700
Papamoa	Net	100 - 140	170 - 230	Rising	Strong	Shortage	4.00%	4.75%	Firming	Strong	Shortage	700 - 1200

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