



**THE GEOGRAPHICAL AREA WITHIN THE AUCKLAND, HAMILTON AND TAURANGA TRIANGLE REMAINS THIS COUNTRY'S ECONOMIC POWERHOUSE AND THERE ARE SOME MEGATRENDS AT PLAY.**

THE BAYLEYS INSIGHTS AND DATA team's latest infrastructure series report: *Shaping NZ's Golden Triangle*, highlights the mega projects underway within the Auckland, Hamilton and Tauranga economic zone. With 44 percent of New Zealand's population and where 51 percent of the country's non-residential building consents were issued last year, the Golden Triangle's economic significance cannot be overstated.

Bayleys insights, data and consulting analyst, Ankur Dakwale says along with the now green-lit mixed-use new town centre at Drury, the Ruakura Inland Port and Superhub in the Waikato and Tauriko Business Estate in Bay of Plenty,

there's been another twist in the Golden Triangle tail.

"It's the rise of business-driven projects led by individual, well-resourced large-scale occupiers that are solving their own property problems by securing greenfield sites to create bespoke precincts," says Dakwale.

"This is typified by listed entity Fisher & Paykel Healthcare – cleared to buy \$275 million worth of farmland south of Auckland at Karaka for a new campus on the 104ha site to future-proof its research, development and manufacturing operations having almost outgrown its East Tāmaki facility.

"Then further south, The Comfort

Group's Sleepyhead Estate at Ōhinewai in North Waikato is proceeding on 176ha, with Stage 1 of a circa-\$1.2 billion mixed-use industrial/commercial/residential development emerging."

Dakwale says these courageous initiatives reflect the value hefty business entities see in the Golden Triangle, albeit, roading and other parts of the infrastructure jigsaw need to keep pace.

"With an acute shortage of favourably-zoned industrial development land in Auckland, and some zoning roadblocks – mainly around Future Urban overlays – accommodating growth in the zone requires savvy developers, meticulous due diligence and capacity to withstand

high levels of scrutiny from local and central government in order to deliver projects in an efficient and timely manner.

"The industrial sector can't readily intensify footprint across a site – without building multiple-level warehousing which is typically not yet feasible – so we need to see councils planning for a proactive pipeline supply of business-zoned land so the market can respond during business growth cycles, rather than having to delay activity until planning is progressed."

A planned new Auckland metropolitan hub at Drury, tipped to eventually be the size of Napier, will see Kiwi Property, along with Fulton Hogan and Oyster Capital, reimagine the capacious greenfield site with transport infrastructure and other amenities to be built incrementally.

Clive Mackenzie, chief executive officer for NZX-listed Kiwi Property Group says that earth and civil works have commenced at Drury where it's creating "a sustainable city where Kiwis will feel proud to live, work and play for generations to come."

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ANKUR DAKWALE, BAYLEYS INSIGHTS, DATA AND CONSULTING ANALYST

Kiwi Property is the developer, owner and operator of mixed-use assets at the Sylvia Park and LynnMall metropolitan town centres and has pushed south to Drury with an ambitious vision for a dynamic mixed-use precinct.

Preliminary works are expected to take two years, with construction of the first homes and large-format retail to begin from 2025.

"Around 60,000 people are forecast to move into the Drury-Ōpaheke area over the next 25-30 years and that growth will unlock major economic opportunity for the area and create demand for quality housing, retail, offices and civic spaces," explains Mackenzie.

"Like our other large strategic landholdings and/or mixed-use centres – including Sylvia Park and LynnMall – Drury has excellent transport connectivity and will provide significant opportunity for further intensification over time, in line with population expansion and tenant demand."

Kiwi Property also co-owns The Base Shopping Centre in the growth node of north Hamilton in a 50-50 joint venture with Tainui Group Holdings (TGH), with Mackenzie stating it has potential for further expansion and exciting opportunities, helping support The Base's ongoing performance.

David Cashmore, director Bayleys Waikato commercial says with Auckland's shortage of available industrial land, and pressure on the housing market set to continue as net migration numbers rise, development entities are deeply committed to Hamilton.

"Substantial logistics hubs are emerging at Ruakura and Horotiu, leveraging the infrastructural benefits of inland ports and freight rail connectivity, and optimally positioning the Waikato region to capitalise on the next wave of investment."

Cashmore says TGH's Ruakura Inland Port and Superhub is a game-changer for the Waikato industrial market, with big-name occupiers like Kmart leading the way with its 40,000sqm distribution facility.

The Golden Triangle's potential has been a key part of TGH's thinking since 2005, says chief executive Chris Joblin.

"With more than 40 percent of the country's total freight, by tonnage, already moving within the Golden Triangle, we had confidence to build out the inland port and superhub which opened in the last year.

"Served by the East Coast main trunk line connecting Tauranga and Auckland via Hamilton, and the new Waikato Expressway, Ruakura Superhub is a major new freight and logistics node that will further come into its own as MBIE





Artist's impression of Drury Town Centre

is forecasting the number of people living in the Golden Triangle to grow by around 700,000 people between now and 2043.”

“It’s been rewarding to have major players like Kmart, Maersk and Big Chill Distribution share our vision and commit to major new facilities opening this year, taking steps towards decarbonisation of the supply chain by moving cargo off road and onto rail.”

Joblin says the 9ha Stage 1 of Ruakura Inland Port can handle up to 250,000 container movements per year, and when fully built-out, will manage one million 20-foot equivalent units (TEU) annually, positioning it as a major off-dock-front extension of its joint venture partner, Port of Tauranga.

“We foresee the dynamics between Auckland, Hamilton and Tauranga becoming richer and more interconnected over time and feel past rivalry for investment needs to give way to a ‘whole of system’ approach as all three sub-regions benefit when inter-connectivity improves.

“I believe in the future we will increasingly think of the three cities as satellites of each other, each with their own strengths, but progressively seen externally for investment purposes as a single, well-balanced region with the best of lifestyle, environment and large pockets of world-class agriculture production and tech innovation to feed a world hungry for food security.”

Meanwhile, in the Bay of Plenty, Mark Walton, director commercial and industrial Bayleys Tauranga says activity from key national and global tenants confirms Tauranga – New Zealand’s fastest-growing city – is a strong alternative to Auckland and Hamilton, and plays a pivotal role in the economic Golden Triangle.

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BRYCE DONNE, DIRECTOR,  
TAURIKO BUSINESS ESTATE

“Companies like Winstone Wallboards, Penske New Zealand, Lineage Logistics and Intertruck have committed to large purpose-built facilities in Tauranga’s Tauriko Business Estate to future-proof operations.

“Mainly owner-occupiers, they did heavy due diligence into the location and have invested significantly to establish cutting edge, highly-specialised facilities and offsetting development costs with the opportunity Tauranga provides.”

Walton says the Port of Tauranga is pivotal for the region and there are plenty of industrial businesses actively looking for strategic sites – despite economic uncertainties.

“Land and the cost of development are unlikely to get any cheaper, but sites with scale are scarce.”

The 200ha Tauriko Business Estate will ultimately expand to cover 300ha and with around \$78m worth of building consents issued last year for building projects in the hub, it’s burgeoning.

Tauriko’s director, Bryce Donne says while the Port of Tauranga and other Western Bay of Plenty fundamentals are the biggest activity drivers in Tauriko, commitment signalled by sizeable businesses like Winstone Wallboards with its recently opened \$400 million plasterboard manufacturing and distribution facility in the precinct – provides broad confidence.

“Due diligence is effectively done for other buyers and occupiers when an investment of that size is made,” says Donne.

“At least three-quarters of Tauriko occupants are established Tauranga businesses needing more space to grow, so attracting out-of-town buyers and occupiers that will add value to the local economy is a bonus.”

Donne commends Tauranga City Council (TCC) for its proactive consenting processes which have supported key occupants’ investment decisions and recognised their timing imperatives, allowing development momentum to continue at Tauriko.

“We’ve released five more lots in Stage 3A to allow us to push ahead with Stage 4.

“Despite challenging economic times, we’ve opted to keep selling and advance our construction programme because if we wait, there’ll be a big pause in land supply and costs will just escalate.

Donne cautions, however, that the delivery of new infrastructure projects in the Bay of Plenty will be the biggest handbrake.

“It’s the really expensive bulk infrastructure that TCC simply doesn’t have the ability to fund through its balance sheet,” he says.

“Climate-resilient infrastructure and multi-modal transport connectivity costs big bucks and will require central government assistance or innovative funding tools to deliver.”



Tauriko Business Estate