



## **Officers Report**

### **Appendix 7**

# **Colliers Valuation and Economic Feasibility Technical Report**

## Technical Experts Report on Amendments Sought Through Submissions

<b>Date</b>	17 March 2016
<b>From</b>	Gary Russell Sellars
<b>Subject</b>	Valuation and Economic Feasibility

### Qualifications and Experience

1. My full name is Gary Russell Sellars. I am a Registered Valuer in Christchurch with 39 years of experience valuing commercial and industrial property. I am a Director of Valuations and Consultancy at Colliers International Valuation, a firm of valuers and property advisers, where I have practised for seven years. Colliers International is a large international real estate based firm which has 13 offices around New Zealand and provides valuation, real estate management, research and consulting services alongside its sales and leasing agency business. The firm has valuation offices in Auckland, Hamilton, Wellington, Christchurch and Queenstown.
2. Prior to joining Colliers International in 2008, I was the Managing Director of Fright Aubrey where I worked for 23 years.
3. I am a Registered Valuer, Fellow of the New Zealand Institute of Valuers and a Fellow of the Property Institute of New Zealand. I was registered in 1976 and have been in continuous practice as a Registered Valuer since that time including four years employed by the Hong Kong Government.
4. I have been involved in the public sector since 1985 in Christchurch in positions with Fright Aubrey and more recently Colliers International Valuation. I specialise in commercial and industrial valuation and consultancy within the CBD and suburban locations of Christchurch and major metropolitan areas in the South Island and residential development land valuation in Greater Christchurch.
5. I have supervised research on the residential land market in Greater Christchurch including metropolitan Christchurch and the surrounding townships on a regular basis over the last 10 years. This research involves analysis of the supply and demand of residential sections in Greenfield subdivisions.
6. I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note (updated 1 December 2014) and I agree to comply with it. My qualifications as an expert are set out above. I confirm that the issues address in this statement of evidence are within my area of expertise. I have not omitted to consider material facts known to me that might alert or detract from the opinions expressed.

### Summary of Submissions

7. I have read all submissions where WDC staff have identified that the submissions includes valuation and feasibility matters. The valuation and related feasibility aspects of the submissions are summarised below.

8. The Crown:

- a. The submission seeks further information regarding residential development options and suggests it would be premature to discount the development options at this stage of the process (Para 3.4).
- b. The submission suggests that all areas identified for rural use should include an allowance for rural-residential use, in order to provide flexibility (Para 3.5).

9. Michael de Hamel:

- a. The submission refers to Areas 2, 3 and 17 which have been identified for “yard based” commercial activities such as car dealers and plant nurseries and notes that car dealers usually like to front onto a main road, and garden centres and nurseries have largely been replaced by garden departments of big box stores. The submission also notes that in and around Kaiapoi “yard based” activities such as drilling companies and truck depots seem to establish in rural zoned areas. (Para 5).
- b. The submission notes that just because it is possible to produce land that is suitable for yard based activities, doesn’t mean that they are the best solution in a particular area, or that there will be demand for such land. (Para 5).
- c. The submission concludes there is an excessive area of “yard based commercial activities” (Para 5).

10. Mark Revis:

- a. In relation to Kaiapoi West, the submission suggests that business use, especially yard based is inappropriate due to poor visibility, proximity to transport routes and accessibility for truck deliveries. The submission suggests this area would be better suited for high density residential which would increase intensification of residential living within close proximity to the Town Centre to assist in revitalisation of business and activity. The submission notes that the spread of the Town Centre in this direction is unwarranted and would not attract commercial investment. (Para Kaiapoi West).
- b. In relation to Kaiapoi South, the submission suggests this area has good amenity with the river and heritage area and lends itself to business use, however yard based activities are not considered appropriate so close to the Town Centre. The submission suggests the business area could also accommodate high density residential. The submission suggests that remediation costs are identified for residential is based on low density housing with large sections, and that high density residential will be more economical. (Para Kaiapoi South).

- c. In relation to Kaiapoi East, the submission disagrees with the volume of business land as well as yard based use. The submission suggests business land should stop at Jones Road and the opportunity to have high density residential within close proximity to the river and new amenity proposed in the Red Zone plan. (Para. Kaiapoi East)
- d. Under further comments, the submission suggests that the development feasibility for residential is flawed as it has been based on medium to low density housing. (Para Further Comments).

11. Andrew Wenborn:

- a. The submission suggests that building design in relation to style and method are very important and achieving 2 – 4 levels in height with buildings that have retail on the ground floor and either offices or apartments upstairs will be desirable to achieve a vibrant business district and also in relation to the cost of land remediation or increased foundation design cost.

**Technical Discussion**

12. I have considered the valuation and feasibility matters relating to these submissions. My comments are summarised below as they relate to each submission, using the bullet points from my summary above.

13. The Crown:

- a. In relation to utilising the land identified for rural use for rural residential use I have completed rural residential feasibility analysis adopting the T + T costs. Analysis of Blocks A and B produce results which indicated that rural residential development was not economically feasible.

14. Michael de Hamel:

- a. I agree with this submission that car dealers usually require frontage to a main road and that there is reducing demand for garden centre type activities due to increasing competition from big box stores.

15. Mark Revis:

- a. In relation to the submission covering Kaiapoi West, I agree that business use, especially yard based is inappropriate and that the area would be better suited to high density residential subject to economic feasibility.
- b. In relation to Kaiapoi South I agree that yard based activities are not appropriate so close to the Town Centre. Subject to feasibility, I agree that high density residential could be an option but do not necessarily agree with the submission that high density residential would be more economical without further costings from T + T and economic feasibility analysis.

- c. Under Further Comments I disagree that the feasibility for residential is flawed as it has been based on low to medium density housing. Any higher level of development such as multi-level high density residential would likely require a greater level of ground remediation and also foundations. Without completing detailed analysis it is difficult to categorically state that high density residential would be more economic. It is my observation that there is only a limited demand for high density residential in any area and this is supported by the fact that in most Greenfield subdivisions the high density residential component is the most difficult to sell and takes a longer time-frame to sell.

16. Andrew Wenborn:

- a. The submission in relation to achieving 2 – 4 levels of height for mixed use and high density residential has not been analysed in terms of feasibility however my preliminary opinion is that developing residential and mixed use construction to 2 – 4 levels requires a higher land remediation cost than has been provided by T + T to date and will also impact on higher development costs on the part of the developer in terms of foundations. There is only a finite demand for high density residential in Greater Christchurch and I refer to my earlier comments in Para 15 c.

### **Technical Recommendation / Conclusion**

17. Based on the technical analysis summarised above, I make the following recommendations:
18. The suggestion that rural – residential use be allowed for in areas currently identified for rural use could be feasible from a geotechnical perspective however the economic feasibility needs to be further explored. In my initial report economic analysis for rural residential in Areas A and B produced results which suggests this type of development is not economic in the current market.
19. T + T in their Technical Expert's Report on Amendments Sought Through Submissions at Para 24 suggests that from initial impressions that it may be possible (from an engineering perspective) to build larger, higher valued buildings (e.g. tertiary institute or 3 – 4 level mixed use buildings) in some locations provided that large scale ground improvements works and specialised foundations are used. Further analysis is required in order to determine whether this type of development is feasible taking into account additional ground remediation costs, additional development costs in terms of foundations and demand.
20. T + T in their Technical Expert's Report on Amendments Sought Through Submissions (at Para 26) suggests high density residential development appears to be feasible from a geotechnical perspective. Economic analysis is required taking into account additional ground remediation costs, foundation costs and also demand to determine whether it is economically feasible.