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Lack of business zoned land in the Auckland region

Auckland, NZ (August 15, 2007)

The issue of industrial land availability and affordability in Auckland is fast coming to a head after a 300 per cent escalation in average industrial land prices during the past five years.

At today's CB Richard Ellis annual Market Outlook breakfast in Auckland, South Auckland Managing Director, Paddy Callesen said that the fundamental issue for Auckland's industrial sector was the current lack of affordable business-zoned land.

"The restrictions on new business land zonings for a rapidly growing city like Auckland simply cannot go on as they have over the past five years. Land will have to be brought into industrial use at the urban periphery," Mr Callesen said.

Mr Callesen added that occupiers such as Lion Nathan are hamstrung by the lack of industrial land available for purchase which is suitable for specific manufacturing purposes. These types of occupiers did not want to lease facilities from an institution and instead preferred to own their land in order to control their future space requirements.

"The positive news is that there may be more acceptance in the Auckland Regional Council (ARC) that Auckland does have an immediate need for more industrial land in the urban periphery. We should be seeing an increased focus at the local government level to create more Greenfield development opportunities, especially around the boundary of the Metropolitan Urban Limit," Mr Callesen continued.

Metropolitan Urban Limits or MUL are adopted in the ARC's Regional Policy Statement, and the policy is reviewed every ten years. The time of the next review is looming and Aucklanders will have the opportunity to provide for the next decade of development land supply.

Stephen Dunlop, Director of Valuations & Advisory said that various locations had been identified in the Regional Growth Strategy to be considered for inclusion in the MUL totalling approximately 570 hectares.

“We are also aware of over 500 hectares in various other locations on the edge of the existing Urban Limit that Local Authorities have recognised but the ARC has not,” Mr Dunlop said.

He forecast that the opportunities for Greenfield development were situated at and around Silverdale, Westgate and the Franklin District.

“The northern motorway linkages, population projection and limited opportunity in the boundaries of North Shore City make Silverdale my first pick,” Mr Dunlop commented.

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