2006

Auckland Region Business Land Strategy October 2006

THE AUCKLAND REGION BUSINESS LAND STRATEGY

OCTOBER 2006

Auckland Regional Council
TE RAUHĪTANGA TAIAO

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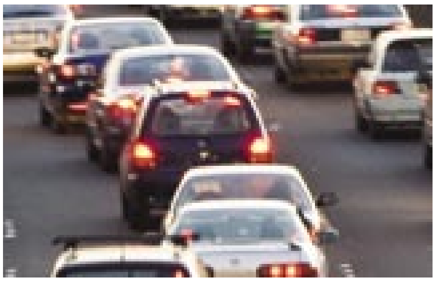
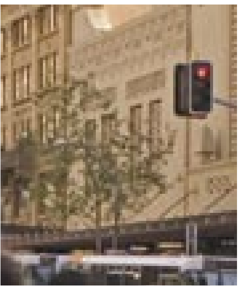


The Auckland Region Business Land Strategy provides a strategic framework for future business growth in the Auckland region to 2031 that is consistent with the overall direction provided in the Regional Growth Strategy.



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EXECUTIVE SUMMARY

The Auckland Regional Growth Strategy was adopted in 1999. It set a vision for the future growth of the Auckland region that promotes a 'compact city' growth concept. This strategy has changed the ways in which councils throughout the Auckland region plan for the future. However, the strategy focuses primarily on how to manage residential growth. There is a need, therefore, for a complementary strategy that focuses on business growth.

The Auckland Region Business Land Strategy is a sub-set of the Regional Growth Strategy. It provides a strategic framework for future business growth in the Auckland region to 2031 that is consistent with the overall direction provided by the Regional Growth Strategy.

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The primary purpose of the Auckland Region Business Land Strategy is to:

Provide a strategic framework that enables Auckland local government to plan and provide for sufficient, appropriate business land in the Auckland region to accommodate future business growth to 2031.

In addition the Business Land Strategy has to:

- Align business growth policies with Regional Growth Strategy outcomes.
- Ensure that future business growth is supported by appropriate transport infrastructure and, in turn, supports transport outcomes identified in the Regional Land Transport Strategy.
- Provide policy guidance to the ARC to inform future decisions on applications to move the metropolitan urban limits for business purposes.
- Provide overarching regional policy direction for the location of future business land.

Business Land Capacity

The Auckland region has a finite amount of business-zoned land available. Most of this has already been developed but some remains vacant and available for future development. In 2004, vacant business land amounted to approximately 1551 hectares, with an additional 576 hectares of greenfield business land likely to be released. At the current rate of take-up, the region has vacant business land capacity that should last to somewhere between 2011 and 2020. Recent data from local authorities in the region has indicated that in the last two years the take-up rate of vacant business land may have accelerated considerably. This means that the region is likely to face shortages of vacant business land closer to 2011 than 2020.

The relatively short time frame left until vacant business land is projected to run out, and the extended time periods required to rezone new business land, makes this a pressing regional issue.

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EXECUTIVE SUMMARY

Business Location

Different business sectors have different needs that determine where they locate. Despite the wide range of locational requirements, there are some broad similarities that can help Auckland local government determine how to direct growth to best utilise the remaining supply of vacant business land in the region.

Group 1 Business Sectors

Manufacturing, transport and storage, construction, and wholesale trade – these land-extensive sectors tend to seek large, relatively cheap vacant sites, with good access to motorways, and that are located away from residential areas.

Group 2 Business Sectors

Retail, café/restaurants, finance and insurance, communication services, property and business services, health, education, and other similar sectors – these prefer to be located in or close to town centres, with ready access to a customer base and good road and public transport access. They are also able to locate on higher priced land.

Aside from the immediate location issues facing individual businesses, there is also a range of other location-related business issues that are important for the region. These include:

- Enhancing local employment opportunities to reduce cross-region commuting.
- Encouraging more 'mixed-use' developments in town centres to support both residential and business growth.
- Avoiding residential developments in heavy business zones to prevent residential growth displacing business growth.
- Supporting town centre development through the provision of public transport.
- Supporting heavy business areas with adequate road infrastructure, including motorways.

Regional Outcomes

The reduction in supply of business zoned land has been identified as a threat to continued business growth in the Auckland region. In response to this threat, the Business Land Strategy identifies a framework to provide business land and supporting infrastructure, and key regional outcomes that Auckland local government can advance to achieve sustainable economic growth. These outcomes and the activities required to achieve them include:

Regional Outcome 1
Encourage economic development throughout the region, by:

- Auckland local government pursuing an agreed way forward to plan and provide for business land.
- Enabling local employment opportunities across the region to support existing and projected population growth in the North West, Central and Southern sectors to allow residents to live, work, invest and play locally.
- Local councils and the ARC working together to develop a shared future economic direction for the region that identifies the business land and infrastructure required to realise this.

Regional Outcome 2
Encourage growth in town centres, high density centres and corridors, by:

- Focusing on consolidating Group 2 (retail and services) business sector growth in town centres, high-density centres and corridors.
- Provide alternative locations outside town centres for the growth of land-extensive Group 1 (manufacturing, construction, etc.) business sectors.

Regional Outcome 3
Integrate transport and land use, by:

- Ensuring that the passenger transport network supports growth in town centres, high-density centres and corridors.
- Supporting areas that contain predominantly land-extensive Group 1 business sectors with adequate road and/or rail infrastructure.
- Central government agencies, the ARC, Auckland Regional Transport Authority (ARTA) and Auckland local authorities working together to align future business growth and transport infrastructure.

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The regional outcomes focus on ways to better manage land use and infrastructure.

Regional Outcome 4
Maximise local employment opportunities, by:

- Consolidating and growing existing town centres, high-density centres and corridors.
- Encouraging the development of mixed-use activities in town centres, high-density centres and corridors.
- Redeveloping brownfield business zoned land.
- Providing local employment, so that job opportunities support existing and future residential population growth.

Regional Outcome 5
Enable land extensive business sectors to grow in appropriate areas that are serviced by road and adequately separated from sensitive activities, by:

- The Auckland Regional Growth Forum identifying future sites for the growth of Group 1 business sectors.
- Business activities that are ancillary to, and can support, Group 1 business sectors being able to co-locate in these areas.
- Auckland local authorities and the ARC consulting with Group 1 businesses to consider options to relocate them out of town centres, high-density centres and corridors centres into alternative business-zoned sites.
- Group 1 business sectors that discharge contaminants into the atmosphere or cause excessive noise shall be directed into Industrial Air Quality Management Areas.

Regional Outcome 6
Re-use and/or redevelop under-utilised brownfield business land, by:

- Auckland local authorities retaining business-zoned areas specifically for business activities.
- Preventing residential activities locating in heavy business zones.
- Encouraging the growth of residential mixed-use activities in town centres, high-density centres and corridors, where it can contribute to investment in and growth of business activity.
- Undertaking a regional assessment of brownfield business sites to determine their potential for re-development.
- Working with existing owners of brownfield business sites to ensure appropriate consolidation, redevelopment and intensification.

The regional outcomes focus on ways to better manage land use and infrastructure. Working to meet them will enable the private sector to respond and drive future growth to achieve sustainable economic development in the Auckland region.

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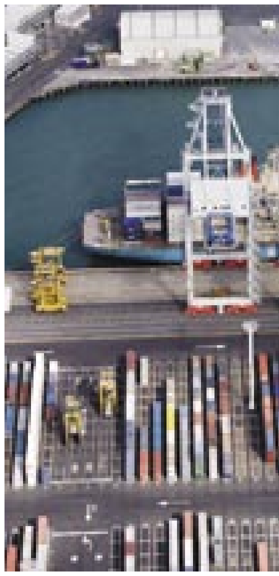
EXECUTIVE SUMMARY



Where to from Here?

The Auckland Region Business Land Strategy provides a stocktake of business land capacity in the region and identifies a strategic framework to ensure sufficient business land and supporting infrastructure to achieve sustainable economic growth in the Auckland region.

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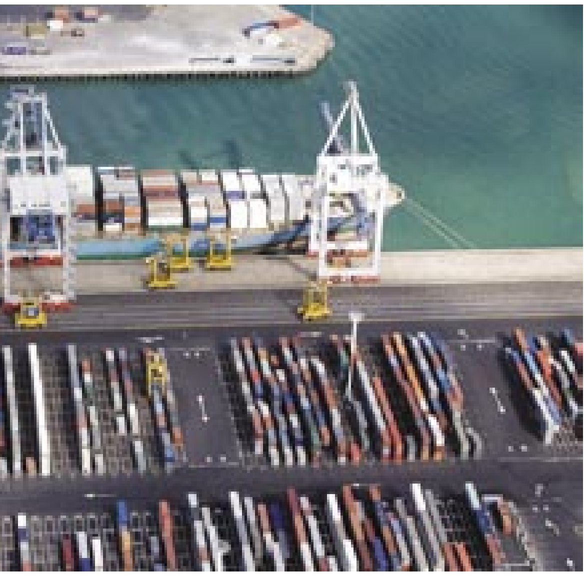


Changes to the Auckland Regional Policy Statement – as required by the Local Government Auckland Amendment Act 2004 – have included policies that reflect the general direction contained in the above regional outcomes. A number of public submissions have subsequently been made and hearings are now underway. It is anticipated that these RPS policies can be updated through the hearings process.

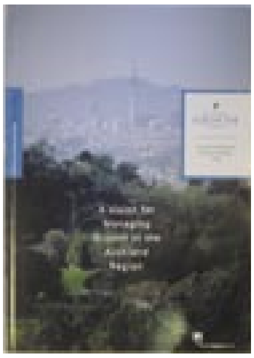
In the near future the ARC is likely to receive several applications to move the metropolitan urban limits to provide for additional business land. If agreed to, these will add significantly to the business land supply in the region. However, concerns about business land capacity remain.

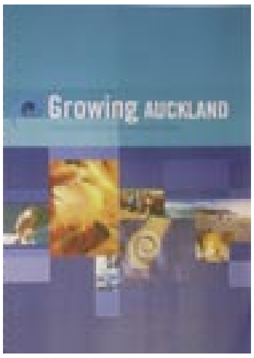
Given the long time frames required to identify and rezone business land, Auckland local government needs to urgently identify future greenfield business land, especially for Group 1 business sectors. It is anticipated in the Business Land Strategy that the identification of this land be undertaken in a regionally co-operative manner by the Regional Growth Forum.

In the shorter term, the Business Land Strategy, as the most up-to-date review of business land and infrastructure issues in the region, will provide useful input to review of the Regional Growth Strategy.

1. INTRODUCTION

The Regional Growth Strategy focuses on managing residential growth. An additional strategy is required to cater for future business growth.





1.1 The Auckland Regional Growth Strategy

In 1999, the Regional Growth Strategy set a vision for the growth of the Auckland region. This vision is to sustain:

- Strong supportive communities.
- A high-quality living environment.
- A region that is easy to get around.
- Protection of the coast and surrounding natural environment.

A growth concept seeks to achieve this vision by promoting quality, compact urban environments.

Since the adoption of the Regional Growth Strategy, a range of agencies, led by the Regional Growth Forum, have been implementing this vision. From early on, it became apparent that the Regional Growth Strategy focuses primarily on managing residential growth, and that an additional strategy was required to cater specifically for the growth of businesses in the region.

1.2 The Auckland Regional Economic Development Strategy

The Auckland Regional Economic Development Strategy (AREDS), adopted in 2002, identifies a strategic framework of eight elements to achieve the goal of an internationally competitive, inclusive and dynamic Auckland economy:

- Promoting the Auckland region.
- Encouraging innovation and excellence.
- Developing overseas markets.
- Supporting exports.
- Providing a high-quality living environment.
- Building an entrepreneurial culture.
- Producing a skilled and responsive labour force.
- Delivering a high-quality and responsive government.

A key element of the Economic Development Strategy is to achieve a high-quality environment, including the development of a Regional Land Strategy, which addresses issues of land supply and infrastructure to support existing and new businesses.

Clearly, business growth in the Auckland region cuts across both the regional growth and the economic development strategies: it has spatial consequences that need to be managed, and economic benefits that need support and encouragement. Both identified the need for a complementary strategy to address business growth, land and infrastructure.

1.3 Development of the Draft Business Location Strategy

In December 2004, a draft Business Location Strategy was prepared by the ARC (with input from all seven local authorities) and presented to the Regional Growth Forum. This strategy focused on how to provide sufficient business land and infrastructure to grow business within the growth concept of a compact urban environment.

In summary, the Business Location Strategy identified that the Auckland region had sufficient capacity to cater for future business growth to 2018, provided that:

- All vacant business-zoned land is developed for business purposes.
- All greenfield business land identified in sector agreements is developed for business purposes.
- Existing town centres and industrial business zones are intensified to variable levels.

The Business Location Strategy also contained a range of suggested land use policies that sought to maximise the take-up of remaining business land. One policy directed land-extensive business sectors, such as manufacturing, wholesale trade, transport and storage, to locate in the remaining available vacant business land zoned specifically for heavy business activities or within greenfield land. Another policy directed those business sectors better able to be intensified, such as retail, communication services, finance and insurance, property and business services, to locate more intensively in and around town centres.

Feedback to the Business Location Strategy from Auckland local authorities identified the need for a more comprehensive assessment of the regional economic context, as well as an assessment of the economic future of the region. In particular, it was highlighted that Auckland's business environment is changing, and a different spatial and infrastructural response is needed to successfully support a 21st century business environment.

Additional feedback identified the pressing need for more business land in the region to be zoned appropriately, in order to cater for existing and future demand.

In response to these issues, in August 2005 the Regional Growth Forum endorsed a two-phase work programme to complete the Business Location Strategy. This requires:

- Phase 1 – The development of an Auckland Region Business Land Strategy that builds on the Business Location Strategy and addresses the immediate regional pressures for additional business land.
- Phase 2 – The completion of a 'regional value proposition' to assess the economic context for business growth in the Auckland region.

This document is the realisation of the first phase – the developing of the Business Land Strategy to focus specifically on the future provision of business land.

The economic development unit of the ARC, 'Auckland Plus', will lead the development of the regional value proposition which forms phase two. Auckland Plus is implementing the Metro Project Action Plan, which aims to transform Auckland into a world class city / region. These two projects go some way to assessing and defining the economic context for business growth in the region and, in conjunction with the Auckland Region Business Land Strategy, will contribute to the business component of the Regional Growth Strategy review in mid-2006/7.

The regional outcomes, focus on better ways to manage land use and infrastructure. Local government has strong statutory responsibilities and skills in this area.

1.4 Purpose and context of the Auckland Region Business Land Strategy

The primary purpose of the Business Land Strategy is to:

Provide a strategic framework that enables Auckland local government to plan and provide for sufficient, appropriate business land in the Auckland region to accommodate future business growth to 2031.

In addition the Business Land Strategy has to:

- Align business growth policies with Regional Growth Strategy outcomes.
- Ensure that future business growth is supported by appropriate transport infrastructure and in turn supports transport outcomes identified in the Regional Land Transport Strategy.
- Provide policy guidance to the ARC to inform future decisions on applications to move the metropolitan urban limits for business purposes.
- Provides overarching regional policy direction for the location of future business land.

The Business Land Strategy provides a strategic framework for the future development of business land in the Auckland region to 2031. Although aimed primarily at a pan-Auckland level, it will also provide guidance and direction for local decisions about future business land.

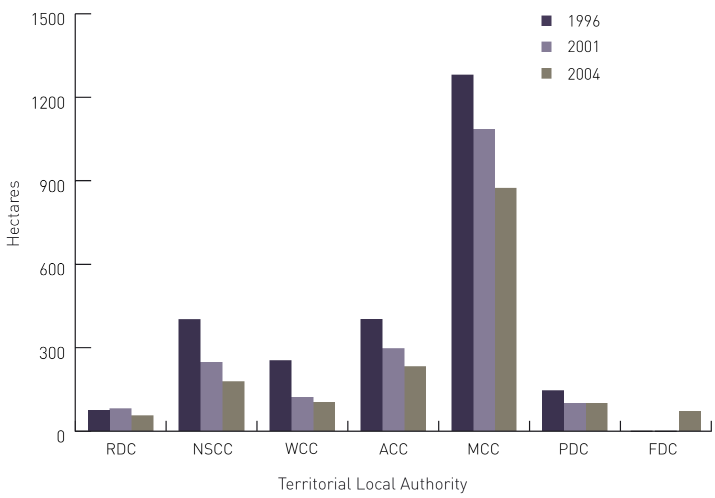
The Business Land Strategy is a non-statutory document that, in the first instance, seeks to provide regional agreement and guidance about how the Auckland region plans for future business land requirements. However, it is also likely to influence the future development of policies contained in the Auckland Regional Policy Statement. Several provisions in Plan Change 6 to the Regional Policy Statement have been strongly influenced by the direction developed in the Business Land Strategy.

The Business Land Strategy has been developed in consultation with all Auckland local authorities. In addition, a small business land strategy working group, with representatives from all Auckland local authorities, was set up to help develop key aspects of the initiative.

The Auckland Regional Council has endorsed the Business Land Strategy. The Auckland Regional Growth Forum has received the Business Land Strategy for input to the review of the Regional Growth Strategy.

A key focus of the Business Land Strategy is to identify how much vacant business-zoned land remains in the region, and how fast it is being used up. This will provide a guide as to whether the region has sufficient business-zoned land to cater for future business growth.

Figure 1: Changes in Vacant and Vacant Potential Business Land for 1996, 2001, and 2004



Sources:
Regional Growth Forum. Capacity for Growth - March 1998, ARC
Regional Growth Forum. Auckland Metropolitan Area: Capacity for Growth - March 2003, ARC

Note 1 - There was no assessment of Franklin D C vacant business land in 1996 or 2001. Franklin officers have provided 2004 data.

Note 2 - ACC officers were unable to provide updated 2004 data, so the rate of take-up from 1996 - 2001 was extrapolated to 2004.

2.1 Vacant Business Land Supply

Auckland Regional Council has assessed metropolitan residential and business land capacity in its 'capacity for growth' surveys in 1996 and 2001. This data has been updated by local council officers to provide 2004 estimates. For the purposes of this study:

- 'Vacant land' is any parcel of business-zoned land that contains no building.
- 'Vacant potential land' is any parcel of business-zoned land that has one or more buildings on it, but a proportion of the land remains undeveloped.

Using the above figures, in 2004 the Auckland region had a total of 1551 hectares of vacant business land available within the metropolitan area (excluding FDC). Based on the take-up of land supply shown in Figure 1, vacant business land is being used up at an approximate rate of 129 hectares per year. At this rate, this land will be used up in 12 years.

2.2 Greenfield Land

In addition to vacant business zoned land, the region has another supply of business-zoned land that is likely to become available for development in the near future. The existing sector agreements, developed as part of the implementation of the Growth Strategy, have identified 3258 hectares of new greenfield land across the region. While much of this land will be used for residential purposes, an estimated 576 hectares will be zoned for future businesses, (see Table 1).

The addition of the 576 hectares of greenfield business land to the 1551 hectares of vacant business land within the metropolitan area, equates to a total of 2127 hectares of business-zoned land in the Auckland region. At the take-up rate of 129 hectares a year, vacant business land will be used up in 16 years.

Table 1: Future Business Zoned Land in the RGS Sector Agreements

Local Authority	Sector Greenfield	Total Area Identified for Business Purposes
Franklin District	Nil	N/A
Papakura District	Takanini	78 hectares
	Hingaia	30 hectares
Auckland City	Nil	N/A
Manukau City	Flatbush	25 hectares
Waitakere City	Hobsonville corridor	81.6 hectares
	Massey North/ Westgate	90.3 hectares
	Hobsonville Peninsula	33.5 hectares
North Shore City	Nil	N/A
Rodney District	Silverdale North	60 hectares
	Silverdale South	84 hectares
	Warkworth	45.9 hectares
	Other areas	47.5 hectares
TOTAL		**575.8 hectares**

Sources: RGS sector agreements and TLA officer confirmation

Table 2: Updated Vacant Business Zoned Land Data for 2005

Council	Data from ARC capacity report 2003 (hectares)	BLS data 2004 (hectares)	TA data 2005 (hectares)	Difference between 2004 and 2005 data (hectares)
Auckland	297	233	130	-103
Waitakere	123	106	98	-8
North Shore	249	179	159	-20
Manukau	1,086	875	715	-160
Franklin	-	72	52	-20
Rodney	82	56	83	+27
Papakura	102	102	69	-33
TOTAL	**1,939**	**1,623**	**1,306**	**317**

2.3 Updated 2005 Vacant Business Land Data

The vacant business land and future business-zoned land data shown in tables 1 and 2 is the result of the ARC surveys and research undertaken in 1996, 2001 and updated in 2004 by council officers. As the results from the next ARC Capacity for Growth survey will not be available until early 2007, the Business Land Strategy Working Group was asked to provide updated 2005 business land capacity data (see Table 2):

Although it was not surveyed in a manner consistent with the Capacity for Growth surveys, the 2005 data suggests that the take-up rate of vacant business zoned land has been faster than anticipated. Up to 317 hectares of business-zoned land may have been developed between 2004 and 2005, compared to the anticipated 129 hectares.

While the estimated 2005 data provides an early signal that the take-up rate of business land may have accelerated sharply since the last survey in 2001, the true level of take-up will not be available until the completion of the 2006 Capacity for Growth survey.

2.4 Development Potential

In addition to vacant land and future greenfield land, substantial development potential[1] exists within current business areas and town centres.

Most business-zoned areas in the Auckland region are not developed to the maximum available under the relevant district plan. The exception is the Auckland Central Business District where some buildings are built to the maximum height and floor area ratio allowed under the Auckland City Central Area Plan. In most other business areas, commercial buildings are built well within the maximum allowed by the district plan controls and there is capacity to extend or re-develop more intensively. Given the perceived shortage of vacant business-zoned land in the region, the ARC commissioned a series of studies to determine the extent of development potential available in business areas and town centres. To date, five centres have been assessed:

- Takapuna.
- East Tamaki.
- Rosebank.
- Penrose.
- Te Papapa.

It was considered important to assess a mix of town centres and heavy business areas across several local government areas, as they have different development controls. The study assessed how much additional employment (FTEs) could occur in the selected locations, if the existing businesses expanded to maximise current district plan controls. The purpose of the study was to gain an understanding of what level of intensification could occur in existing business zones.

Table 3: Development Potential Available in Five Study Areas

Centre or Business Area	FTE 2002	Development Potential FTE	Development Potential (FTE increase)
Takapuna	6,616	9,789	48%
East Tamaki	18,154	52, 735	191%
Rosebank	6,358	18,583	192%
Penrose	15,257	45,330	197%
Te Papapa	9,033	33,737	274%
TOTAL	**55,418**	**160,054**	**180%**

[1] Development potential' refers to the latent potential for development that exists under current district plan zoning provisions

Given the perceived shortage of vacant business zoned land in the region, the ARC commissioned a series of studies to determine the extent of development potential available in business areas and town centres.

As illustrated in Table 3, considerable development potential exists in existing business zones. The district plan controls allow businesses to physically expand in the study areas sufficiently to accommodate increases ranging from 48% to 274%. This indicates that there is considerable potential for future growth within town centres and heavy business areas in the region. This is an important finding because this development potential could take some of the growth pressure off other, finite, supplies of vacant business land. However, it is not clear from this study to what extent development potential will affect vacant business land capacity.

It should be noted that, although there is considerable potential for development in many parts of the region, this does not necessarily mean that such development will occur. There are a wide range of reasons that determine this, including the state of the market, cost of land, rents and leases, access to transport routes, and access to labour. This development potential study does not investigate such drivers of growth but merely identifies that significant capacity for future development exists.

It is anticipated that a further study to investigate ways and methods to achieve some of the latent development potential that exists in centres and other business areas will be undertaken as part of a review of implementation mechanisms in the Regional Growth Strategy.

2.5 Summary of Business Land Capacity

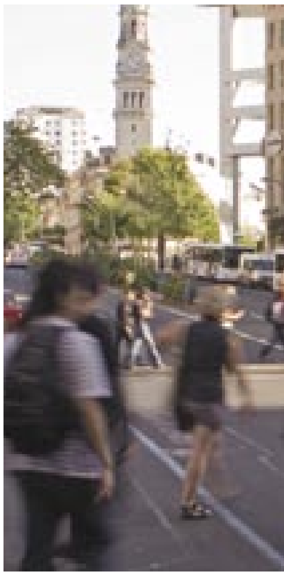
The ARC Capacity for Growth surveys indicate that vacant business-zoned land will run out by 2020. However, recent local authority estimates indicate that the take-up rate of vacant business land has accelerated sharply over the last two years. If this is true and this accelerated take-up rate continues, the region could potentially run out of vacant business land by as early as 2011.

This time frame does not take into account the potential for businesses to intensify their operations rather than grow outwards. Fortunately, development potential studies have indicated that there is considerable capacity for intensification in town centres and heavy business areas.

Given all of these factors, the best estimate is that the Auckland region is likely to run-out of vacant business land capacity sometime between 2011 and 2020.

3. ANTICIPATED BUSINESS GROWTH

The Auckland region has faced significant business growth in recent years. To determine what growth is likely to occur in the future and where, an interactive model has been developed using New Zealand Institute of Economic Research projections for employment and then spatially applying the growth across the region.



3.1 Business Growth Modelling

The Auckland region has experienced significant business growth in recent years. To determine what growth is likely to occur in the future, and where, an interactive model has been developed by Market Economics Ltd, which uses New Zealand Institute of Economic Research projections for employment and spatially applies the growth across the region. The model defines Auckland's commercial centres as a 'formal economic structure', containing a hierarchy of centres and business areas.

The model uses four primary steps to determine where business growth is likely to locate across the Auckland region:

Step 1: Assemble and rationalise zoning data by local authority, using meshblock data.

Step 2: Determine the region's formal economic structures (FES) within:

a. Centres (whose predominant activities include retailing, hospitality and services).

b. Business areas (industrial and office park).

c. Community areas (education, medical and community facilities).

Geographically define and categorise according to what types of business locate where within the formal economic structure.

Step 3: Use New Zealand Institute of Economic Research projections to determine the future growth of total employees by business sector.

Step 4: Distribute the anticipated growth over the formal economic structure.

3. ANTICIPATED BUSINESS GROWTH

Table 4 shows the overall distribution of commercial or business-zoned land and employment in Auckland in 2001.

Table 4: Distribution of Commercial Zoned and FTEs in the Auckland Region

Fee Structure	2001				
	Commercial Zoned Land (Ha)	Share of ARC Commercial Zoned Land	Commercial Zoned FTEs	Share of ARC Commercial Zoned FTEs	Commercial Zoned Density FTEs/Ha
Regional Centre	210	2%	70,850	14%	342
Sub Regional Centres	780	7%	48,530	10%	62
Large Suburban Centres	360	3%	30,290	6%	85
Rural Centres	360	3%	8,810	2%	24
Suburban Centres	320	3%	26,220	5%	82
Local Centres	270	2%	8,570	2%	32
All Centres	**2,300**	**20%**	**193,270**	**39%**	**84**
Large Business Areas	3,190	285	85,530	17%	27
Medium Business Areas	3,450	30%	83,010	17%	24
Small Business Areas	330	3%	3,510	1%	11
All Business Areas	**6,970**	**61%**	**172,050**	**34%**	**25**
Community and Other Areas	2,150	19%	135,020	27%	63
TOTAL ARC FES	**11,420**	**100%**	**500,340**	**100%**	**44**

This Market Economics Ltd model applies anticipated employment growth rates, across the different centres contained in the formal economic structure, (see Table 5)

Table 5: Anticipated FTE Growth across Auckland Centres

Fee Structure	2001 FTEs	2011 FTE Growth	2021 FTE Growth	2031 FTE Growth	2001-2011 %Growth	2011-2021 %Growth	2021-2031 %Growth
Regional Centre	70,850	17,050	17,280	16,920	24%	20%	16%
Sub Regional Centres	48,530	9,850	9,700	9,280	20%	17%	14%
Large Suburban Centres	30,290	6,390	7,200	6,880	21%	20%	16%
Rural Centres	8,810	1,520	1,540	1,580	17%	15%	13%
Suburban Centres	26,220	4,180	4,730	4,790	16%	16%	14%
Local Centres	8,570	1,650	1,750	1,480	19%	17%	12%
All Centres	**193,270**	**40,640**	**42,200**	**40,930**	**21%**	**18%**	**15%**
Large Business Areas	85,530	10,950	11,170	11,670	13%	12%	11%
Medium Business Areas	83,010	8,570	8,370	9,340	10%	9%	9%
Small Business Areas	3,510	570	660	750	16%	16%	16%
All Business Areas	**172,050**	**20,090**	**20,200**	**21,760**	**12%**	**11%**	**10%**
Community and Other Areas	135,020	15,230	14,370	16,040	11%	10%	10%
TOTAL ARC FES	**500,340**	**75,960**	**76,770**	**78,730**	**15%**	**13%**	**12%**

The forecast for future business land take-up may be optimistic, and the timeframe out to 2020 should be treated as the best possible scenario. In reality, the Auckland region may be facing a shortage of usable business zoned land well before 2021.

Results

By 2011 the results of the modelling show that total employment in the Auckland region is expected to grow by 75,960 FTEs, or 15 per cent. Of this growth, 54 per cent will occur in centres, and 26 per cent will occur in heavy business areas. It is a similar outcome for 2021, with an additional 76,770 FTEs expected. This anticipated growth consolidates Auckland's existing commercial structure by reinforcing the existing spatial distribution of employment.

3.2 Forecast for Take-up of Regional Business Land Supply

There is a total of 1551 hectares of vacant business-zoned land currently available in the Auckland region, and an additional 576 hectares of greenfield business land will become available in the near future.

The Market Economics Ltd model shows that by 2021, at current rates of business growth, all present vacant business-zoned land, and in sector greenfields, will be fully utilised. In addition, significant intensification will have occurred across all centres and business areas in the region, ranging from six per cent in large business areas to 20 per cent in the central business district and large suburban centres.

A Word of Warning

As identified earlier in this plan, updated data from the Business Land Strategy Working Group has indicated that the uptake of vacant business land may have been faster in recent years than previously thought. The group has also identified that some of the remaining vacant land may not be available for development, the reasons being:

- Some land is unsuitable for development due to factors such as flooding, slope or contamination.
- Some vacant business land is held in many small titles and, therefore, is not economically viable to develop.
- Much of the land recorded as vacant is unlikely to become available for development due to landowners wishing to hold back land supply from the market to maximise their returns at a later date.
- Some of the land will be taken up for complementary uses such as parking and landscaping.

Taking these factors into account, the forecast for future business land take-up may be optimistic, and the time frame out to 2020 should be treated as the best possible scenario. In reality, the Auckland region may be facing a shortage of usable business zoned land well before 2020.

3.3 Auckland the Commercial and Creative Centre of New Zealand

Auckland is the only city-region of international scale in New Zealand and, therefore, plays a significant social and economic role. The benefits it provides are largely due to agglomeration. Large, densely-populated areas are commonly more productive and innovative, and have greater ability to attract people, capital, ideas and activity.

Auckland is New Zealand's commercial and creative capital. The region is home to half of the nation's IT industry, half of the creative industry, and a third of the biotech industry, as well as two-thirds of the country's top 200 companies. Auckland is also a key education centre and supports an innovative research community. A large proportion of those high-value industries are located in the Auckland CBD.

Built around its ports and airport, the region is also a major gateway to and from New Zealand, and hosts a very strong logistics and storage sector. Other significant sectors of industry in the region are tourism, construction, marine, and food and beverage manufacturing.

3.4 A Snapshot of the Auckland Economy

The Auckland economy performed relatively well in 2005, with overall GDP growth of 3.1 per cent. This was in part due to strong house prices and rapid population growth that is faster than the New Zealand average.

Table 6: Population Growth in Auckland and New Zealand 2000-2005

Sources: RGS sector agreements and TLA officer confirmation

With the anticipated downturn in the national economy, Auckland's GDP growth is expected to slow to 1.45 per cent in 2006 before rising to 3 per cent in 2007 (NZIER Business & Economy report, April 2006).

However, on a GDP per capita basis, Auckland's growth has been less satisfactory. Over the last 10 years it has been below the OECD average and in 2004 was ranked 21st out of 30 OECD member countries.

Total employment in Auckland has been growing at an average rate of 2.2 per cent per annum over the last 10 years. The fastest growing areas of employment in the region have largely been in the service sectors – finance and insurance, property and business services, wholesale and retail trade, and hospitality.

The anticipated economic slowdown is likely to be more muted in Auckland than elsewhere in New Zealand, because private consumption spending is likely to be maintained and infrastructure spending will take up the slack from a slowdown in residential building.

Economic Forecast

The anticipated economic slowdown is likely to be less in Auckland than elsewhere in New Zealand because consumer spending is likely to be maintained and infrastructure spending will take up the slack from any reduction in residential building. Additionally, labour shortages remain and firms are unlikely to shed labour. The recent depreciation in the NZ dollar is likely to further stimulate the export, (especially export-orientated manufacturers), tourism and education sectors.

Business Sector Synopsis

Finance, insurance and business services – will remain important sectors, making up nearly 20 per cent of the region's workforce and located primarily in the CBD. The slowdown in the overall economy will dampen growth in these sectors.

Building and construction – will have a mixed future. Residential building will decline quite sharply but existing and proposed infrastructure works are likely to take up the slack.

Retail – will continue to grow but more slowly than in the last few years. More expensive imported products will affect retail spending.

Wholesale trade – will slow as the national economy does. There will be a reduction in the volume of imports as depreciation of the NZ dollar occurs.

Tourism – has struggled recently due in part to the high NZ dollar. Auckland is the key entry point for tourists. Growth could occur on the back of depreciation in the currency.

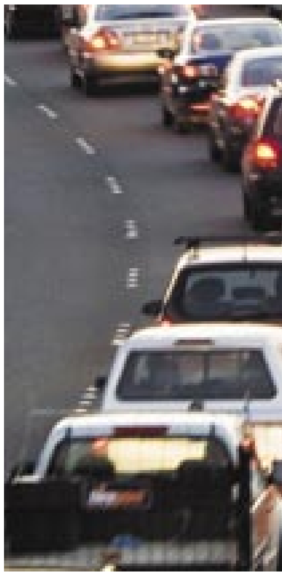
Education – this sector is strong in Auckland but has been suffering recently in foreign student education. Currency depreciation could lead to growth in this sector once again.

Health and community – this sector is likely to continue to grow due to an ageing population and continued central government spending.

Communication – has been and will continue to be a significant growth sector, especially as the local loop is unbundled

4. REGIONAL BUSINESS LOCATION OUTCOMES

Where businesses decide to locate within the region is more than simply where there is a supply of vacant business land. Various business types have differing locational requirements. To understand the range of differing locational requirements facing different business sectors, the ARC surveyed 60 businesses from across the region.



4.1 Business Needs Assessment Survey

Where businesses decide to locate within the region is about more than simply where there is a supply of vacant business land. Different business types have differing locational requirements. For example, a retail store that sells clothing to customers requires very different premises to the warehouse that stores and distributes the clothes.

To understand the range of differing locational requirements facing different business sectors, the ARC surveyed 60 businesses from across the region. The survey sought detailed feedback about what drives business location decisions. In order to get a wide range of feedback a range of businesses were interviewed, these were:

- Geographically spread throughout the Auckland region.
- A mixture of large to small employers.
- From a range of different business sectors.

Business representatives were asked to rank by importance a list of locational factors, and to use this as the basis for further discussion.

The results are outlined in the Table 7.

Table 7: Ranked Location Factors for a Sample of Auckland Businesses

Order of Importance	Location Factor	Comment
1	Transport and accessibility	Consistently rated highly.
2	Cost of land/ premises	Some businesses rated this low, and as being a small part of total costs.
3	Proximity to workforce	Consistently rated high.
4	Carparking	An important factor especially for the services sector.
5	Quality of premises	A factor for manufacturers.
6	Technology available	Quite a range of responses.
7	Proximity to clients/customers	An important factor for retail.
8	Exposure/profile	The widest range of responses.
9	Co-location/clustering	Some businesses rated this high, others low.
10	Lifestyle/amenity	A factor for the service industry.
11	Proximity to support services	Not generally seen as a factor.
12	Proximity to home	Some mainly historical decisions.
13	Proximity to suppliers	Not usually an issue.

Other locational issues raised included:

- Security on site and for surrounding carparks.
- The need for a consistent and cost-effective energy supply.
- The difficulties of having to meet central government legislative requirements for such matters as employment, health and safety, the Resource Management Act, etc.

Although a relatively small survey, the feedback provided a strong indication across the business sectors surveyed about the issues that most affect their location decisions.

4.2 Summary of Reported Business Location Issues

Businesses reported that their key locational needs tended to be around the following themes:

- Accessibility – for staff, freight, etc.
- Land – availability, cost and suitability.
- Proximity to key services, customers and infrastructure.

4.2.1 Accessibility

The most important locational issue for businesses in the Auckland region is accessibility. Moreover, businesses reported that accessibility of labour is a more important consideration than access for freight delivery. Most considered that adequate delivery of freight could occur by utilising a flexible 24-hour delivery regime. However, access for staff is more problematic as traffic congestion at peak times reduces workers' ability to reach the workplace on time.

Different types of businesses reported different accessibility needs. The land-extensive business sectors, such as manufacturing, construction, transport and storage, seek sites that have good road and motorway access in order to maximise freight transport whereas more customer-focused sectors, such as retail and service sector businesses, prefer sites that are well serviced by public transport, therefore ensuring access by customers.

4.2.2 Land

Access to appropriately located land was an issue raised by a number of businesses. Concern was expressed about the decreasing supply of adequate land in the region and its increasing cost. This was particularly important to businesses that typically use large sites, such as manufacturers and transport and storage companies. Land-extensive businesses have the additional constraint of requiring large allotments located away from residential or other activities, so as to avoid 'reverse sensitivity' issues.

For many businesses leasing commercial buildings the quality of the building is another important component that will determine where they locate.

4.2.3 Proximity

Businesses identified a raft of proximity issues as being important considerations in driving where they locate. Particular mention was made of needing good access and proximity to support services, such as distribution firms and suppliers. Of note among the service sector is a strong preference to be located in close proximity to areas with high amenity, and a range of shopping opportunities. Proximity to customers is another factor for retail and service sector businesses.

Accessibility is rated the most important locational issue for businesses in the Auckland region.

4.3 Shared Business Location Characteristics

Despite businesses identifying a wide range of locational needs, some clear similarities were apparent:

4.3.1 Land Extensive Business Sectors

Businesses in this category include manufacturing, construction, wholesale trade, and transport and storage. These sectors typically require:

- Large land parcels.
- Relatively low land costs per square metre (\$100 –\$250/m^2).
- Preferably vacant land.
- Good transport access, especially road/motorway.
- A guaranteed and consistent energy supply.
- Distance from sensitive land uses.
- Medium to high broadband capacity.

Due to shared locational requirements, these land-extensive business sectors have been grouped together throughout this strategy as **Group 1 business sectors.**

4.3.2 The Retail and Service Sector

Businesses in this category include retail trade, accommodation, cafés and restaurants, communication and information technology services, finance and insurance, property and business services, health and community services, cultural and recreational, personal, and other services. These sectors typically:

- Require smaller land parcels.
- Can afford higher land prices/rents.
- Need good transport access, especially public transport.
- Require proximity to customers/clients.
- Prefer high-quality premises.
- Prefer high amenity surroundings.
- Require medium to high broadband capacity.

Due to their shared locational requirements, these service-orientated business sectors tend to congregate in town centres. Throughout this strategy these business sectors have been grouped together as **Group 2 business sectors.**

There are locational differences within categories. For example within the Group 2 category, the needs of small retailers vary from those of a communication firm. Similarly in Group 1, small niche manufacturers have some different requirements to that of large-scale manufacturers. However, the above groupings share a considerable amount of locational similarity and, given the low supply of vacant business land currently available, can be used to more efficiently allocate appropriate business land.

4.4 Other Business Location Issues

In addition to the location issues facing individual businesses, there is also a range of wider business location related issues that need to be addressed.

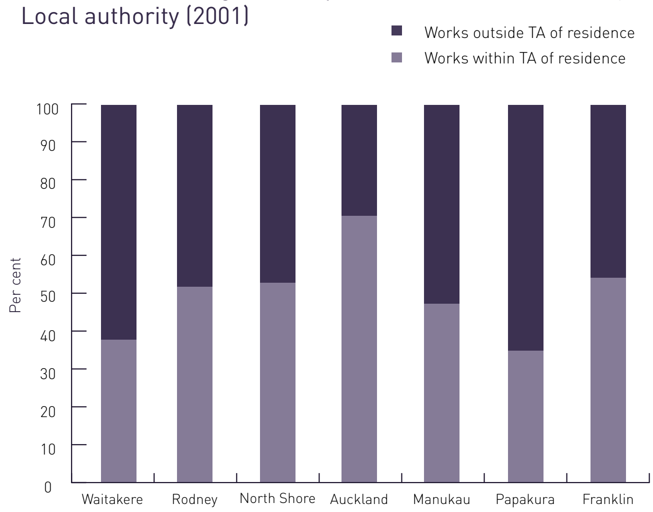
4.4.1 Employment and a Dispersed Regional Economy

In the last 50 years, as the Auckland region has grown around key transport routes, some business growth has dispersed from the CBD and traditional town centres into peripheral business-zoned areas. More recently, regional policies that restrict growth inside urban growth boundaries and encourage residential and business growth in and around key centres and transport corridors have started to reverse this trend. As a result, there has been renewed investment and growth in town centres and the CBD.

The CBD continues to retain its position as the pre-eminent location for employment, employing 23 per cent of the region's workforce. However, despite the signs of a return to a compact city, the Auckland region remains relatively dispersed. A key feature of such a dispersed economy is the commuting of labour to work. This contributes to traffic congestion and adds to the overall cost of doing business. Increasingly, businesses are recognising the costs associated with commuting and are seeking to locate close to their primary source of labour.

In addition, local government planning for business growth has, in some areas, not kept up with residential growth. This has led to a sub-regional imbalance of business land that has exacerbated traffic congestion as new residents in newly-developed residential areas are forced to commute long distances to traditional business locations. In recent years, the development of new business areas has been concentrated in the south of the region, particularly in Manukau City. This has led to a strong north /west to south commuting pattern. Table 8 illustrates the proportion of residents commuting by local government area:

Table 8: Commuting as a Proportion of Total Workforce by Local authority (2001)



Care needs to be taken in responding to this imbalance. It is not sufficient to simply provide new greenfield business areas where currently there is little business land. Such an approach could threaten the compact city growth concept and may not significantly add to local employment, as invariably land-extensive business sectors will seek to locate in these areas. Such sectors do not provide many FTEs relative to floor space. Therefore, in redressing this imbalance, it will be important to advance a comprehensive approach that seeks to grow local employment through intensification of existing business areas as well as by identifying new greenfield business areas.

The Auckland region faces a decreasing supply of new business land. In view of the identified need to intensify business activities in town centres, there is an opportunity to further encourage mixed-use developments in town centres across the region.

4.4.2 Mixed Use Activities

In the past, local planning regulations have encouraged the development of business areas that focus on a narrow range of business activities. The clear separation of residential and business activity has been the norm. More recently, as land supply has tightened, residential activities have been encouraged to locate alongside appropriate (and sometimes inappropriate) business activities. Indeed, in some business zones residential developments have displaced businesses altogether.

If they are well planned, residential activities can successfully integrate with a range of business activities – and there are clear benefits for doing so. Local residents provide a nearby customer base and labour pool, as well as an additional security, a sense of vibrancy and local amenity. However, in order to avoid reverse sensitivity issues arising, residential activities should not be located close to heavy business sectors, such as manufacturing, transport and storage, and construction.

There are two main mixed-use typologies:

Mixed-use area (or multi-purpose centres) – where an area has a mix of residential and commercial activities, but not together in the same buildings.

Mixed-use development - a combination of residential and non-residential (usually retail or office) activities in the same building.

The Auckland region faces a decreasing supply of new business land. Given this constraint, it is important that existing business land is used optimally. In view of the identified need to intensify business activities in town centres, there is an opportunity to further encourage mixed-use developments in town centres across the region. This will benefit business growth and investment in centres, whilst enabling more employment opportunities close to where people live.

4.4.3 Residential Incursion into Heavy Business Zones

The Auckland region has experienced high rates of residential growth in recent years. The pressure to provide for residential growth has led, in places, to the development of residential activities on business-zoned land. This can be mutually beneficial for residents and businesses, particularly in centres where commerce and retail predominate. However, in industrial or heavy business zones residential development can erode the viability of business activity and lead to reverse sensitivity issues. It also reduces the capacity for land-extensive Group 1 business sectors to locate in these zones. Residential activities should be directed only to residential or appropriate commercially-zoned business land and should be discouraged from locating in heavy business zones.

4.4.4 Transport Infrastructure

Despite the obvious links between transport infrastructure and the location of business activity, there is little consensus about transport's overall effects on business location and economic development. This is partly because different business types have varying accessibility needs. However, of all the reasons and issues facing businesses in terms of where to locate, transport infrastructure can most help with access to labour supply and markets.

The importance of integrating transport with land use planning was recognised in the Local Government (Auckland) Amendment Act 2004. The resultant Plan Change 6 to the Regional Policy Statement (RPS) attempts to bring together transport and land use provisions and to make these consistent with the Auckland Regional Growth Strategy and Auckland Regional Land Transport Strategy.

The key policy changes to the RPS are proposed policies 2.6.11(1) and 2.6.11(2). Policy 2.6.11 (1) seeks to improve a range of transport outcomes, including access to services, modes of travel, the effect of rural development on the roading network, etc. Whereas, Policy 2.6.11 (2) seeks to integrate land use and transport by ensuring high-density centres and corridors are adequately serviced by passenger transport.

The Business Land Strategy strives to be consistent with these provisions and seeks to add further detail that is specific to business location needs. Of particular importance is to ensure passenger transport services adequately service town centres, high-density centres and corridors. This supports the growth, consolidation and intensification of retail and service sector business in town centres. Feedback on location needs from these business sectors identified a strong need for passenger transport.

The location needs for land-extensive Group 1 business sectors are somewhat different and are focused on ensuring adequate access for freight and labour via the road network. Therefore, when considering new business areas for Group 1 business sectors, a key criterion will be whether the proposed site is adequately serviced by the road network.

4.4.5 The Auckland Regional Land Transport Strategy 2005

The Auckland Regional Land Transport Strategy details the way forward for the region's transport network over the next 10 years. It contains seven key objectives:

- Assist economic development.
- Assist safety and personal security.
- Improve access and mobility.
- Protect and promote public health.
- Ensure environmental sustainability.
- Support the Regional Growth Strategy.
- Achieve economic efficiency.

The strategic direction of the Regional Land Transport Strategy reinforces a compact city by investing in the development of a high quality public transport system, the completion of key elements of the roading network, and investments aimed at increasing walking and cycling. The Business Land Strategy aligns with the Regional Land Transport Strategy and provides some further policy direction for business land use that support, and are in turn supported by, transport infrastructure investments.

The Local Government (Auckland) Amendment Act charges local authorities with better aligning transport and land use outcomes. Proposed Plan Change 6 to the Regional Policy Statement (giving effect to the regional growth concept and integrating land use and transport) is the ARC's policy response to requirements of the Act. The Business Land Strategy is consistent with these proposed changes, and with the Regional Land Transport Strategy.

Reverse sensitivity issues have become an increasing hurdle for business activity in the Auckland region.

4.4.6 Reverse Sensitivity

Reverse sensitivity issues have become an increasing hurdle for business activity in the Auckland region. In the Proposed Auckland Regional Plan: Air Land and Water, reverse sensitivity is defined as:

> "the effects of activities sensitive to other lawfully established activities".

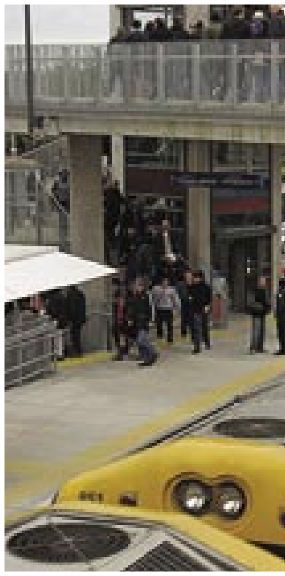
Approximately 11 per cent of public complaints about air quality in the Auckland region are about industrial emissions and usually relate to odour and dust. Industries such as heavy manufacturing, food and beverage, and waste management tend to generate the most complaints. With intensifying land use in the region, the occurrence of reverse sensitivity issues is likely to increase unless both the regional and local authorities work closely and co-operatively within legislative functions to avoid future problems.

This issue is exacerbated by the development of Air Quality National Environmental Standards (AQNES). These address the health consequences of poor air quality in New Zealand by regulating or prohibiting certain activities that pollute the air, and by mandating a set of ambient air quality standards that have to be met for key contaminants. Of all the contaminants covered by the AQNES, fine particles (PM_{10}) and nitrogen oxides (NO_x) are the most implicated in health problems. In recognition of this, the AQNES requires that PM_{10} and NO_2 concentrations in air sheds to be reduced before 2013.

The AQNES add a new scrutiny to significant industries in the Auckland region which discharge PM_{10} and/or NO_2 and that are seeking to either expand an existing operation, or set up as a new operation. The Proposed Auckland Regional Plan: Air, Land and Water is to be amended to include relevant policies and monitoring approaches in line with the new AQNES requirements. As a consequence, in the near future there will be a tighter regional air quality management regime that should lead to improved regional air quality and reduce the potential for the incidence of reverse sensitivity.

The Business Land Strategy aims to be consistent with the regional management regime for businesses that discharge into the atmosphere.

This section identifies a range of desired outcomes to achieve sustainable economic growth in the Auckland region.



Sections 2 and 3 of this strategy identify a future supply shortage of vacant business land in the Auckland region, whereas Section 4 investigates the locational needs of different business sectors in the region. Using this information, this section identifies a range of desired outcomes to achieve sustainable economic growth in the Auckland region. It suggests an approach that uses the locational preferences identified by business sectors, and then uses these to cater for future business land capacity constraints and to maximise infrastructure investment.

5.1 Regional Outcomes

The Auckland Regional Economic Development Strategy (AREDS) identifies the vision for the Auckland region as:

> "An internationally competitive, inclusive and dynamic economy"

It further identifies a series of outcome areas, which address social, environmental and economic concerns:

- More economic opportunities.
- More participation in the economy.
- High quality economic activity.
- Safe and healthy communities.
- Reduced inequities.
- A maintained and enhanced natural environment.
- Good urban amenity.

The Auckland Region Business Land Strategy can help achieve all of the above outcomes. In particular, it can set the land and infrastructure framework to achieve sustainable economic growth. The following regional outcomes reflect the above, and focus on what Auckland local government can do, given their statutory roles and responsibilities, to achieve sustainable economic growth.

Regional Outcome 1
Encourage Economic Development throughout the region

Economic development underpins our high quality lifestyle. However, a lack of future business-zoned land could seriously hamper future economic development and growth. Capacity for growth surveys, plus agreed future greenfield land, indicate an approximate total of 2127 hectares of vacant and/or vacant potential business-zoned land throughout the region. This provides some security of supply that should last to sometime between 2011 and 2020. But this is a conservative estimate, especially considering that the take-up of vacant business land has accelerated in recent years. Therefore, the best estimate is still that vacant business land will last until sometime after 2011 and before 2020 – although should development continue to occur at current rates, the region

is likely to run out of vacant business land much closer to 2011. This is a particularly pressing issue for land-extensive business sectors, which require business-zoned land with very specific location characteristics. Nor can these sectors easily intensify.

An additional constraint to future economic development identified by councils in the North Western sector of the region is a mismatch between the location of employment with residential population. In the absence of a strong passenger transport alternative, this mismatch encourages commuting, a process which exacerbates transport congestion and inhibits economic growth.

The CBD and sub-regional centres offer considerable potential for additional investment and development. More development in the region's town centres could realise considerable growth potential throughout the region.

The following is required to achieve Regional Outcome 1:

- Auckland local government pursue an agreed way forward to plan and provide for business land.
- Enable local employment opportunities across the region to support existing and projected population growth in the North Western, Central and Southern sectors, to enable residents to live, work, invest and play locally.
- Auckland local authorities and the ARC work together to develop a shared future economic direction for the region that identifies the business land and infrastructure required to realise this.

Regional Outcome 2
Encourage growth in town centres, high-density centres and corridors

The Auckland Regional Growth Strategy advocates for a centres-based approach that seeks to grow town centres, high-density centres and corridors throughout Auckland. These will be increasingly supported by a comprehensive passenger transport system. Over time, this will mean they can realise their potential, provide more local employment and become integrated, well-designed, vibrant centres.

Centres are characterised by a dominance of service and retail sectors. A possible constraint to the future growth of centres is if a wider mix of business activities seeks to locate in centres.

This can undermine investment, particularly if industrial, manufacturing and other Group 1 business sectors locate close to more sensitive retail and commercial activities. It can also reduce urban amenity and contribute to local traffic congestion.

The following is required to achieve Regional Outcome 2:

- Focus on consolidating Group 2 (retail and services) business sector growth in town centres.
- Provide alternative locations outside town centres, for the growth of land-extensive Group 1 business sectors.

Region Outcome 3
Integrate transport and land use

As well as being a statutory responsibility under the Local Government Auckland Amendment Act 2004, the integration of land use with transport is necessary to sustainably grow the regional economy. Currently, land use outcomes do not match transport infrastructure. In particular, motorways and arterial roads are struggling to cope with rapid residential and business growth, and passenger transport is unable to fully service existing centres.

As Auckland continues to grow, it will be increasingly important to integrate the transport system with emerging landuse patterns. A cost-effective way to do this is to provide more local employment to enable people to access their place of work without a long commute.

The following is required to achieve Regional Outcome 3:

- Ensure that the passenger transport network supports town centres, high-density centres and corridors.
- Support areas that contain land-extensive business sectors with adequate road and/or rail infrastructure to cater for freight.
- The ARC, ARTA and Auckland local authorities work together with relevant central government agencies to align future business growth and transport infrastructure.

Regional Outcome 4
Maximise local employment opportunities

The concentration of business land in certain areas within the region has contributed to commuting behaviour as residents are forced to travel long distances to work. The region's labour market is complex. For some types of higher skilled employment there is a single regional labour market, in which employees are obliged to commute region-wide. Whereas others rely on more localised labour. While there is a need to recognise the primary role of the CBD within the region, and notwithstanding the complexities of the Auckland labour market, it is important that local authorities seek to maximise employment opportunities locally. Greater local employment opportunities will help reduce unwanted traffic congestion, invigorate local centres, and contribute to economic growth. This same principle of providing local employment to support existing and future residential growth also applies at a sub-regional, sector level.

A potential threat to enhanced local employment is re-zoning new greenfield business land on the periphery of the region, away from existing town centres. Such areas could compete for the employment within existing town centres and encourage increased commuting to the new areas.

The following is required to achieve Regional Outcome 4:

- Consolidate and grow existing town centres, high-density centres and corridors.
- Encourage the development of mixed-use activities in town centres, high-density centres and corridors.
- Redevelop brownfield business-zoned land.
- Provide local employment so that job opportunities support existing and future residential population growth.

Regional Outcome 5
Enable land extensive business sectors to grow in appropriate areas that are serviced by road and adequately separated from sensitive activities

Business land capacity modelling has signalled the imminent shortage of vacant business-zoned land in the region. This capacity shortage is particularly acute for land-extensive Group 1 business sectors, such as manufacturing, construction, wholesale trade, and transport and storage, as they require relatively large allotments, are very location specific and cannot easily intensify. Yet these sectors continue to grow whilst providing a strong proportion of total regional employment.

There should be a clear distinction between commercial, centres-based business activities (retail and service sectors) and general industry (such as manufacturing and construction). Specific areas, located outside town centres, need to be developed for Group 1 business sectors. This will enable the future growth of these sectors while at the same time achieving environmental quality and preventing reverse sensitivity issues.

It is recognised, however, that the Group 1 land-extensive business sectors are unlikely to be able to locate and operate efficiently in isolation. Ancillary, supporting business activities, such as lunch bars, small-scale retail activities and offices related to the predominant activity, should be able to co-locate alongside land-extensive business sectors.

There should be a clear distinction between commercial, centres based business activities (retail and service sectors) and general industry (such as manufacturing and construction).

The following is required to achieve Regional Outcome 5:

- The Auckland Regional Growth Forum identify future sites for the growth of Group 1 business sectors.
- Business activities that are ancillary to and can support Group 1 business sectors should be able to co-locate in these areas.
- Auckland local authorities and the ARC consult with Group 1 businesses to consider options to relocate them out of town centres, high-density centres and corridor centres, and into alternative business-zoned sites.
- Group 1 business sectors that discharge contaminants into the atmosphere or cause excessive noise shall be directed into Industrial Air Quality Management Areas.

Regional Outcome 6
Re-use and or redevelop under utilised brownfield business land.

The future shortage of business-zoned land signalled by business land capacity monitoring means that Auckland local authorities need to achieve the most efficient use of such land. Throughout the region there are 'brownfield' business-zoned sites that are either not in current use, or are significantly under-utilised. Auckland local authorities need to ensure that they are not lost to alternative development, but are re-developed or regenerated to maximise business growth outcomes.

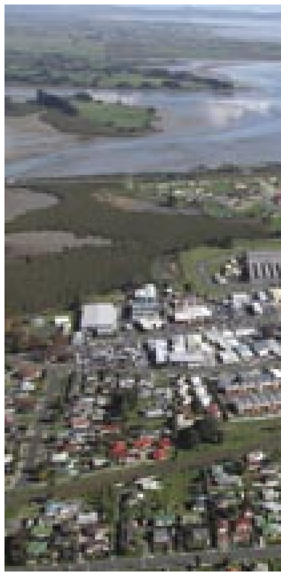
Similarly, in recent years there has been pressure for residential development to occur in a range of business areas. In centres, mixed-use activities that include a residential component can complement retail and service sector activities. However, in heavy business zones, residential development can conflict with other uses and contribute to reverse sensitivity problems. Given the shortage of vacant business-zoned land, residential activities should be discouraged from locating in heavy business zones.

The following is required to achieve Regional Outcome 6:

- Auckland local authorities retain business-zoned areas specifically for business activities.
- Prevent residential activities locating in heavy business zones.
- Encourage the growth of residential mixed-use activities in town centres, high-density centres and corridors where it can contribute to investment and growth of business activity.
- Undertake a regional assessment of brownfield business sites to determine their potential for re-development.
- Work with existing owners of brownfield business sites to ensure appropriate consolidation, redevelopment and intensification.

6. WHERE TO FROM HERE?

The Business Land Strategy provides a strategic framework that will ensure sufficient business land and supporting infrastructure can be provided to achieve sustainable economic growth.



The Business Land Strategy provides a strategic framework to ensure sufficient business land and supporting infrastructure can be provided to achieve sustainable economic growth. In particular, it responds to identified business land capacity constraints, whilst supporting the centres-based growth concept contained in the Auckland Regional Growth Strategy. As such, the Business Land Strategy provides a timely input to the review of the Auckland Regional Growth Strategy, due to be undertaken in 2006/7.

It also provides some certainty around the future availability of business land and highlights the urgent need for Auckland local authorities and the ARC to work together to manage the diminishing supply of business land for future growth. Such supply should be managed in a way that best reflects the locational needs of different business sectors, as identified in this strategy.

6.1 The Local Government Auckland Amendment Act 2004 - Plan Change 6 to the Auckland Regional Policy Statement

Several policies contained in Plan Change 6 to the RPS reflect the regional outcomes contained in the Business Land Strategy. A wide range of submissions was made to these policies, both for and against. Hearings to Plan Change 6 are underway. It is anticipated that, given the range of public submissions to these policies, they can be updated to better reflect the regional outcomes contained in the Business Land Strategy.

6.2 Proposed Changes to the Metropolitan Urban Limits

In the near future the ARC is likely to receive several applications to move the metropolitan urban limits in order to provide additional business land. In addition to the Massey North/Hobsonville corridor/Hobsonville airbase plan change already received, Manukau City Council officers have advised that they will seek an extension for approximately 500 hectares of additional business land around Auckland airport. Similarly, Rodney District Council is considering an application to extend the metropolitan urban limits for business purposes.

The additional business land proposed under the Massey North/Hobsonville plan change has been incorporated into the capacity work under-pinning the business land strategy. The addition of the other two proposals would add significantly to the regional vacant business land capacity and push out vacant land supply until well after 2011. That said, given the long time frames required to identify and re-zone new land, there remains a need for the region to identify a suitable future area of greenfield land for Group 1 business purposes.

6.3 The Process to Identify Future Greenfield Business Land

Regional Outcome 5 identifies the need for additional business-zoned land to cater for the anticipated growth in the land-extensive Group 1 business sectors. In order to ensure the best outcome for the region as a whole, it will be important that there is regional agreement on where such land is located. To achieve this, it is recommended that the Auckland Regional Growth Forum identify sites for future greenfield business land. In line with the regional outcomes contained in the Business Land Strategy, it is anticipated that such greenfield business land will cater predominantly for Group 1 business sectors.

6.4 The Review of the Auckland Regional Growth Strategy

The Auckland Regional Growth Strategy was adopted in November 1999 and is proposed for review in 2006/7. This review is not intended to re-visit the fundamental elements of the RGS, as there is general support and commitment to a compact city/region and intensification around centres, transport nodes, and corridors. Instead, the review will focus on updating and refreshing the Regional Growth Strategy with a view to how to improve implementation.

The review will involve reviewing the vision, outcomes and principles, as part of the development of a 'Long-term Framework for Sustainability', reviewing the growth concept in light of the LTF, updating key information and reviewing the assumptions underlying the strategy, and undertaking some new technical work in key areas.

The Business Land Strategy will be an important input to the review of the Regional Growth Strategy as it provides a timely update on business issues facing the region. More specifically, the Business Land Strategy contains robust data on business land availability and future capacity for the region. It signals the need for the region to better manage the finite amount of business land remaining by maximising business development in existing town centres, high-density centres and corridors, but acknowledges there may be a need for the region to collectively identify and plan for additional business land for Group 1 business sectors.

Work underpinning the development of the Business Land Strategy has highlighted a number of areas where our knowledge is insufficient. The following is where our knowledge is most weak and where additional work may be required to support the review of the Regional Growth Strategy:

- Monitoring the amount of business-zoned land being taken up by residential development.
- Identifying methods to intensify business activities in town centres.
- Determining how best to encourage mixed-use activities in centres.
- Identifying a range of methods to unlock vacant business-zoned land onto the market.
- The possible value and role of a publicly-funded regional development corporation.
- Identifying the role, value and methods to develop business clusters.
- Developing an economic development strategy for the region that identifies spatial and infrastructure outcomes.

As the most up-to-date review of business land issues in the Auckland region, the Business Land Strategy will be a core component of the review of the Regional Growth Strategy.

The Business Land Strategy will be an important input to the review of the Regional Growth Strategy as it provides a timely update on business issues facing the region.

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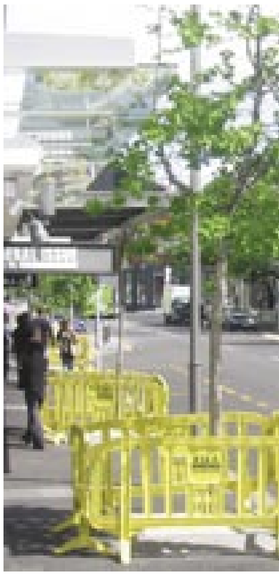
CONCLUSION



This Business Land Strategy provides a stocktake of how much vacant business-zoned land remains in the region and the rate at which it is being used up. It projects that vacant business land capacity will last somewhere between 2011 and 2020.

This Business Land Strategy provides a stocktake of how much vacant business-zoned land remains in the region and the rate at which it is being used up. It projects that vacant business land capacity will last somewhere between 2011 and 2020. In recognition of this looming lack of capacity, it includes a policy approach that reinforces the compact city approach identified in the Regional Growth Strategy, but acknowledges that some additional greenfield land may be required for future growth in the land-extensive business sectors.

Such an approach challenges past and conventional approaches to providing for business growth, which have tended to focus on providing new greenfield land to enable business growth. The Regional Growth Strategy and now the Business Land Strategy identify a new approach to urban growth that validates the compact city approach and challenges local authorities, developers, central government, and other agencies to maximise future landuse outcomes. This approach provides a springboard for councils in the region to begin to work more closely together towards a common, integrated business future that maximises the use of the remaining business land to achieve a modern, internationally competitive Auckland.

In the shorter term, the Business Land Strategy identifies a process to address the lack of land capacity for land-extensive business sectors, by tasking the Auckland Regional Growth Forum with identifying future business greenfield land. The Business Land Strategy will also provide information on business land requirements and a suggested approach to feed into the review of the Regional Growth Strategy.

GLOSSARY OF TERMS

AQNES – Air Quality National Environmental Standards as developed by the Ministry for the Environment.

Auckland local authorities – In the Auckland region these are:

- Auckland City Council
- Manukau City Council
- North Shore City Council
- Waitakere City Council
- Rodney District Council
- Papakura District Council
- Franklin District Council.

Brownfield land – for the purposes of this strategy brownfield land refers to existing business zoned land that is either not in current use, or is significantly under-utilised, and could be regenerated for business purposes.

Business land capacity – for the purposes of this strategy business land capacity has been determined by totalling the amount of:

- Vacant business zoned land
- Greenfield land.

And projecting how many years this total will last at current or estimated take-up rates for business-zoned land.

Business sectors – throughout this strategy business sectors are defined by first order ANZSIC codes.

Consolidation – for the purposes of this strategy 'consolidation' is usually used in partnership with 'intensification' and refers to joining together compatible business sectors to improve the overall outcome for a centre.

Development potential – the employment (by FTEs) potential available in a defined business zoned area as permitted activity under current district plan rules.

FES (Formal Economic Structure) – a generic term used to describe the spatial and functional structures within which most of the region's business activity is located. The FES encompasses the CBD, Sub-regional centres, large suburban centres, suburban centres, rural centres, local and minor centres.

FTE – (full time equivalent) a measure of employment, which takes into account full time and part time employees.

Greenfield land – vacant rural zoned land that is to be zoned for business purposes. Greenfield land can either be in or outside the Metropolitan Urban Limits but is usually on the urban periphery.

Group 1 business sectors – for the purposes of this strategy these sectors are grouped together because of their locational requirements. All of the following sectors require land extensive sites and can contribute to reverse sensitivity issues due to noise, odour emissions etc:

- Manufacturing
- Construction
- Wholesale Trade
- Transport and Storage.

Group 2 business sectors – for the purposes of this strategy these sectors are grouped together because of their locational requirements. All of the following sectors can afford relatively high land prices/rents, and locate well in town centres:

- Retail trade
- Accommodation, Cafes and Restaurants
- Communication Services
- Finance and Insurance
- Property and Business Services
- Government Administration and Defence
- Personal and Other Services.

Heavy business sectors – refers to industrial type business sectors that emit noxious emissions and are best located away from more sensitive business and residential activities. For ease of use in this strategy, these sectors have been grouped together as Group 1 business sectors.

Industrial air quality management areas – a planning management tool contained in the proposed Auckland Regional Air Land and Water Plan that identifies and zones areas for activities that pollute the air.

Infrastructure – includes ports, airports, water supply, drainage reticulation, energy generation and transmission, transport and communication, solid waste disposal facilities, and defence establishments.

Intensification – an increase in density over the current density of a given area. For the purposes of this strategy it usually refers to greater density of FTEs in a commercial centre.

Land extensive business sectors – business sectors that require relatively large land allotments (over 2000m^2). For ease of use in this strategy, this requirement has contributed to these sectors being grouped together as Group 1 business sectors.

Mixed use – the integration of business and residential activities. There are two typologies:

- Mixed use area (or multi-purpose centres) – where an area has a mix of residential and commercial activities but not together in the same building
- Mixed use development - a mix of residential and commercial (usually retail or offices) in the same building.

The metropolitan urban limits (MuL) – contained in the Auckland Regional Policy Statement and Auckland Regional Growth Strategy the MuL delineates the outside edge of metropolitan Auckland.

Passenger transport (interchangeable with public transport) - publicly funded (or subsidised) transport which includes ferries, buses and rail.

Reverse sensitivity – the effects of activities sensitive to other lawfully established activities. Within the context of this strategy, reverse sensitivity issues can arise when residential or commercial activities locate close to established Group 1 business sectors that emit noise, dust, and other emissions.

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