

BEFORE AN INDEPENDENT COMMISSIONER

UNDER the Resource Management Act 1991 (**RMA**)

IN THE MATTER OF an application by Industre Property Rua Limited for resource consent for a light industrial development at 16A Wickham Street, Hamilton (application number LU/0038/23)

Statement of corporate evidence of Andrew Hay on behalf of
Industre Property Rua Limited

DATED 8 NOVEMBER 2023

MAY IT PLEASE THE COMMISSIONER

INTRODUCTION

1. My name is Andrew Thomas Hay.
2. I hold a Bachelor of Property and Master of Business Administration.
3. I currently hold the position of Fund Manager at Stride Investment Management Limited, the Manager of Industre Property Rua Limited (**Industre**). I have been in these positions since August 2021.
4. My previous work experience includes Portfolio Manager at Stride Property Limited overseeing the office, industrial and large format retails portfolios. I am also the immediate past Chair of the Auckland Committee of the New Zealand Property Council.
5. This evidence is in support of the application by Industre Property Rua Limited (**Industre**) for a light industrial development, including construction of a storage and distribution facility, three warehouses and ancillary offices at 16A Wickham Street, Hamilton (**Site**).
6. I have read the evidence of Gareth Moran (planning), Jarod Parker (architecture), Adair Brimelow (engineering design), Simon Pottow (fire protection), and Judith Makinson (traffic).
7. I have been involved in all aspects of this proposal, from working with the potential tenants of the completed development, to working alongside the design and consenting teams. I have also engaged with the submitters Hamilton City Council and Enviro NZ Services Limited with a view towards addressing their respective points raised in relation to the effects of the proposal.

SCOPE

8. My evidence will address the following matters:
 - (a) Background to Industre;
 - (b) Industre seeks to undertake a high quality industrial activity on the Site;

- (c) Benefits of the Watty development; and
- (d) Consented industrial use.

BACKGROUND TO INDUSTRIAL PROPERTY RUA LIMITED

9. Industre is a commercial property ownership company that was established in 2020 for the purpose of investing in and managing industrial properties, it is part of Stride Property Group and is a joint venture between NZX listed Stride Property Limited and a group of international investors managed by JP Morgan. At establishment, JP Morgan purchased 25% of the Stride industrial real estate portfolio and since that time have contributed further capital to fund the growth of the portfolio to its current scale.
10. The investment mandate of Industre is to establish a portfolio of high quality prime industrial facilities which enjoy enduring demand by being well located, sustainability rated and with appealing architecture and amenity for occupants.
11. As long-term owners, Industre recognises that properties that present to a high standard reflect positively on quality occupant organisations and underpin demand. Since inception Industre has noted that high quality assets are difficult to acquire at our target return levels, so we have embarked on a path towards developing our own.

INDUSTRE SEEKS TO UNDERTAKE A HIGH QUALITY INDUSTRIAL DEVELOPMENT ON THE SITE

12. Industre also owns the property located to the north of the Site. Industre purchased this site in July 2019 and developed the site into a purpose built waste management facility which is operated by Waste Management Limited (**Waste Management Site**).
13. Resource consent was also required for the Waste Management Site as a non-rural activity in the rural zone, and consent was granted on a non-notified basis in March 2020. The development of the Waste Management Site involved removal of contaminated soil, sealing the site, construction of new buildings and landscaping. The waste management facility has been operating since 16 November 2020 and serves the Hamilton district.

14. The waste management facility has significantly improved environmental outcomes by incorporating various features to ensure effective and efficient waste disposal while prioritising environmental sustainability. The development has also created a high-class industrial site, it has facilitated contaminated site remediation and improved stormwater runoff.
15. Following the successful development of the Waste Management Site, Industrie purchased the subject Site in April 2021. Industrie wish to undertake a similar high quality industrial development on the Site and propose to undertake the development in stages, first a purpose built distribution centre for WattyL Limited (**WattyL**) and three additional warehouse buildings.
16. I was involved in making the decision to purchase the Site, and I identified the site as being particularly attractive for occupants due to its close proximity to a skilled employment base in cost effective accommodation. This have proven correct with the commitment from WattyL to the proposed development.

BENEFITS OF THE WATTYL DEVELOPMENT

17. The WattyL facility will be used for storage and distribution of paint and paint related products, in addition to an ancillary office and paint-mixing room.
18. The WattyL development would be their New Zealand distribution centre and head office and is anticipated to have five full time staff. It is not expected that the existing staff will transfer from their Auckland operations and that all will be new local hires. There is no retail store, and no product will be for sale from the Site.
19. WattyL have provided a comment on behalf of this application, stating:

The proposed Wickham Street development addresses WattyL's objectives of creating a high quality, sustainable, green rated premises that represents the quality of our products and the values of the organisation. The location is attractive for our New Zealand offices and distribution as it is central to our largest markets, has good logistics connectivity and provides for affordable accommodation for our future local workforce.

20. The building will be a five-star green build and will assist in setting the quality tone for the location in accordance with our longer-term vision for both existing and possible future land holdings in Hamilton. The proposed development will displace existing yard-based operations from the site, remediate contaminated land, improve stormwater runoff, and provide new landscaping.

CONSENTED INDUSTRIAL USE

21. Industrie's purchase of the Site was influenced by the presence of two underlying resource consents, approved approximately 16 years ago, which enable the Site to be used for industrial activities. Gareth Moran further addresses the consented history of the Site in his evidence.
22. Despite the Site being zoned Rural, it has not been used for rural activities for at least 16 years. Restoring the site to its original state for rural use would require extensive effort and be at a significant cost. Considering the scale of the property, reverting it back to its original purpose for primary production is not financially feasible and would not align with the highest and best use of the Site.
23. The highest and best use for the land refers to the use that is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property.¹
24. The perpetual nature of the existing resource consents assured Industrie of its ability to continue to undertake industrial activities on the Site. Industrie's decision to purchase the Site for \$8,250,000 was reflective of its industrial use. The historical long term industrial use of the Site makes its physically unsuitable for primary production, and the greater return for industrial use means that it is not economically feasible for it to be converted to rural use.
25. The development that Industrie seeks to undertake is to replace the current yard based industrial activities with a high quality industrial development in keeping with the recent development on the Waste Management Site.

¹ International Valuation Standards (IVS) effective 31 January 2022, at 140.

26. The Site will continue to be used for industrial purposes, and the redevelopment will provide employment opportunities close to Hamilton City, reducing transport costs, and enabling access to the amenities that established locations provide. The development of a sustainable green rated building will also act as an exemplar of what occupants should expect in contemporary facilities and reduce the environmental footprint of the existing activities on the Site.

CONCLUSION

27. As demonstrated, Industrie has a commitment to build quality sustainable industrial buildings and improve the existing environment. This proposal will further deliver on that goal.

Andrew Hay

Dated 8 November 2023.