

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)

Summary Statement of Andrew Hay on behalf of
Industre Property Rua Limited

DATED 23 NOVEMBER 2023

MAY IT PLEASE THE COMMISSIONER

INTRODUCTION

1. I am the industrial Fund Manager at Stride Investment Management Limited, and Manager of Industrie, the applicant.
2. 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.

BACKGROUND TO INDUSTRIE PROPERTY RUA LIMITED

3. Industrie 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.
4. The investment mandate of Industrie 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.
5. As long-term owners, Industrie recognises that properties that present to a high standard reflect positively on quality occupant organisations and underpin demand. Since inception Industrie 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.
6. In late 2018 we were approached by our largest customer, Waste Management who were seeking a large scale comprehensive facility for their Waikato operations. Over time this would include a transfer station, recycling centre, offices, truck depot and yard. They required scale and to be close to both their commercial customers and their workforce, which ruled out locations such as the airport or Horokiwi or Ruakura. The larger plots of land are seemingly controlled by a few developers and some distance from

Hamilton's amenities and potential employees. This can be a barrier to employee attraction with the time and cost of an extended commute and lack of local amenity.

7. The subject property at Wickham Street is ideally located as part of Hamilton's most established central industrial location, adjacent established residential suburbs, and already in industrial use.
8. In my initial inspection of the property I believed it was part of Hamilton City and zoned industrial from the existing uses and the way the site presented. It was interesting to note at the time that it is in Waipa District Council's municipality and zoned rural.
9. Following the initial phase of development it was anticipated that additional land may be required for Waste Management so we secured the additional land at 16A Wickham Street. Waste Management subsequently confirmed the additional land as no longer required. We presented the site to another of our existing customers, Wattyl, who are seeking long term premises for offices and warehousing in place of their current Auckland facilities. They are attracted to the central location, transport connectivity and the affordability of the local housing for their employees.
10. The site has been fully occupied since our ownership with the relocatable house builders recently choosing to vacate following our advice of the application to redevelop the site. It would have significant impact if they were part way through a project and requested to vacate.

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

11. 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**).
12. 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.

13. 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.
14. 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.
15. 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

16. 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.
17. 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.
18. 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.

19. 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. The proposed rain water harvesting has become standard building feature in sustainable building design.
20. The plans include a main warehouse and offices and a purpose built smaller warehouse, connected by a breezeway, that meets contemporary dangerous goods requirements. The facility provides drive round access so truck reversing is minimised. The smaller buildings complete the site and it is anticipated that the occupiers would be trade based operators requiring smaller office and warehouse units while retaining high quality that reflects well on their organisation.
21. We are aiming to establish a high-quality tone for the location and feel that Watty's tenancy will be an endorsement of the location for other high quality occupant's over time.
22. The building location and design has anticipated further development in the area and a long term masterplan where Wickham Street would be realigned to continue its north to south trajectory past the site.

CONSENTED INDUSTRIAL USE

23. 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.
24. 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.

25. 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
26. 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.
27. 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.
28. 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.
29. I note that the evidence for Hamilton City Council has raised concerns about whether the Site will connect to water and wastewater services, and the payment of development contributions for transport.
30. Industrie is constructing the site to provide the on-site infrastructure to connect to water and wastewater services when they are available.
31. Industrie has offered consent conditions to confirm that the site will connect to public water and wastewater services when available, and for the payment of development contributions to Hamilton City Council for the roading network. These conditions will be addressed further by Mr Moran.

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

CONCLUSION

32. As demonstrated by the Waste Management development, Industrie has a commitment to build quality sustainable industrial buildings and improve the existing environment. This proposal will further deliver on that goal and will not compromise Hamilton City or Waipa District Council's long term vision of high quality industrial for the location.

Andrew Hay