

A scenic landscape photograph of a lake at sunset. The sky is filled with vibrant orange, yellow, and blue clouds. The sun is low on the horizon, casting a warm glow over the water. A wooden boardwalk with a railing runs along the right side of the lake, leading towards the distance. Steam or mist rises from the water, particularly near the boardwalk. Bare trees are visible in the foreground and background. The overall mood is serene and picturesque.

BUSINESS ATTRACTION // ROTORUA MARKET OPPORTUNITY

ROTORUA
Economic Development
Te Whānaketanga Ōhanga o Rotorua

INTRODUCTION

New Zealand is booming, our cities are growing and expanding and this is putting the squeeze on many businesses. Due to its size and location Rotorua is ideally placed to meet the requirements for a range of businesses.

Rotorua has a growing economy, last year GDP growth in Rotorua was 4% compared with nationwide growth of 2.9% and just 2.6% in Auckland. With a diverse make up of business from engineering, primary industries and technology, Rotorua has opportunities in all areas.



GOLDEN TRIANGLE DOMINATES NZ'S LONG TERM POPULATION GROWTH

SUMMARY	POPULATION	% GROWTH 2015-2016	ANNUAL GROWTH NEXT 30 YRS (MED TO HIGH SCENARIOS)
Hamilton	161,200	2.8%	1.4 - 1.7%
Auckland	1,614,300	2.8%	1.5 - 1.9%
Tauranga	128,200	2.9%	1.4 - 1.8%
NZ excl golden triangle	2,789,300	1.6%	0.6 - 1.1%
NZ	4,693,000	2.1%	1.0 - 1.4%

MARKET

Rotorua is ideally situated just outside of the golden triangle of Auckland, Hamilton and Tauranga, on main transport routes. Rotorua is only an hour to the main port in Tauranga and 50% of New Zealand's population is located within 3 hours of Rotorua.

The population growth in the golden triangle means that there will continue to be a drive in demand and price for all segments of property in the area.

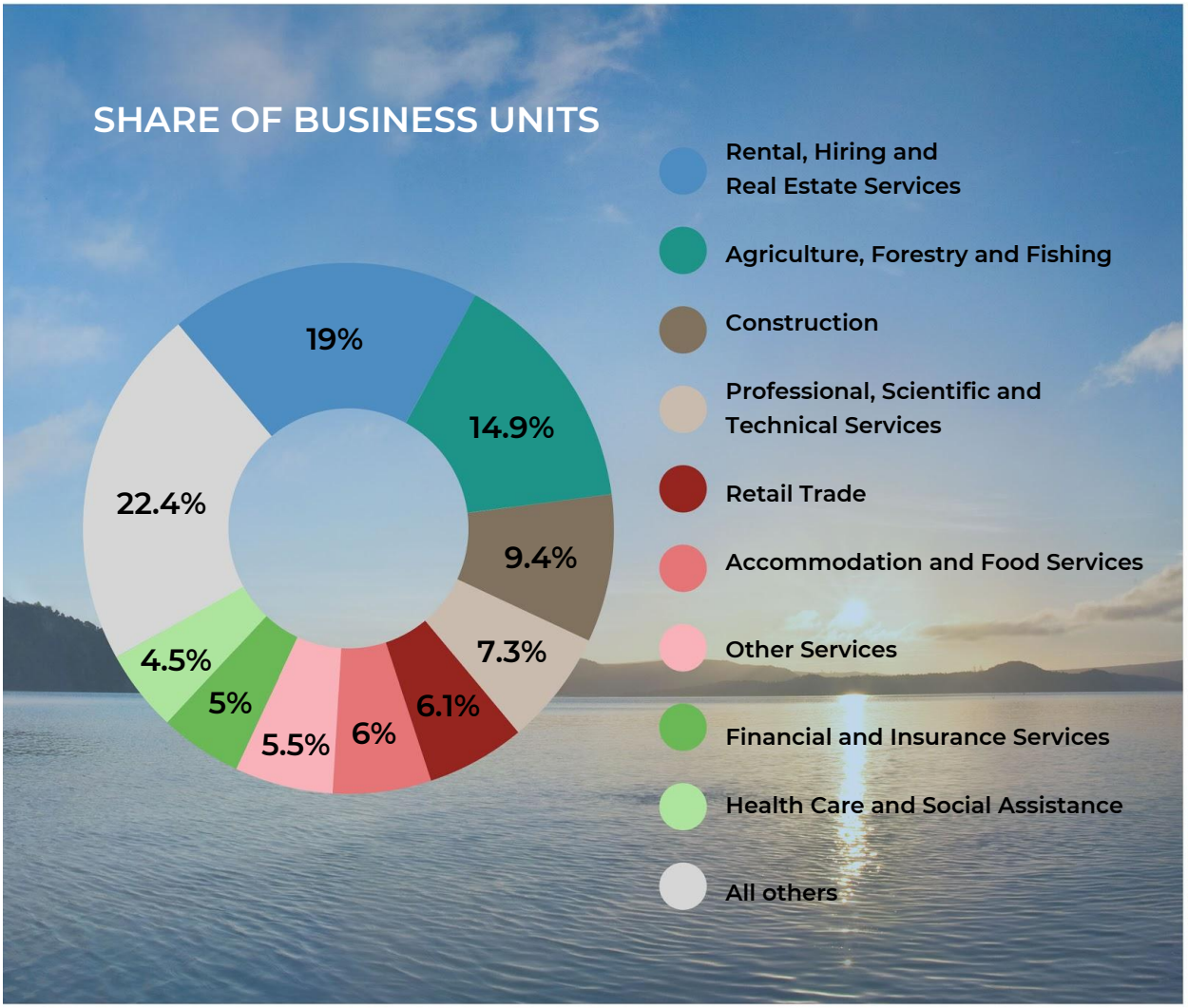
Rotorua is situated just outside the triangle reaps many of the benefits of proximity, but without the price tag and many of the current restrictions. This makes Rotorua an ideal location for same and next day delivery to a number of customers, as well as a distribution hub for the north island or nationwide.

BUSINESS CLUSTERS

Rotorua has developed clusters of businesses based on materials supply and centres of excellence.

There are a number of businesses in the primary industries, especially horticulture and agriculture – major industries for the region and a number of supporting businesses locate their regional hubs in Rotorua for proximity to market and lower overheads.

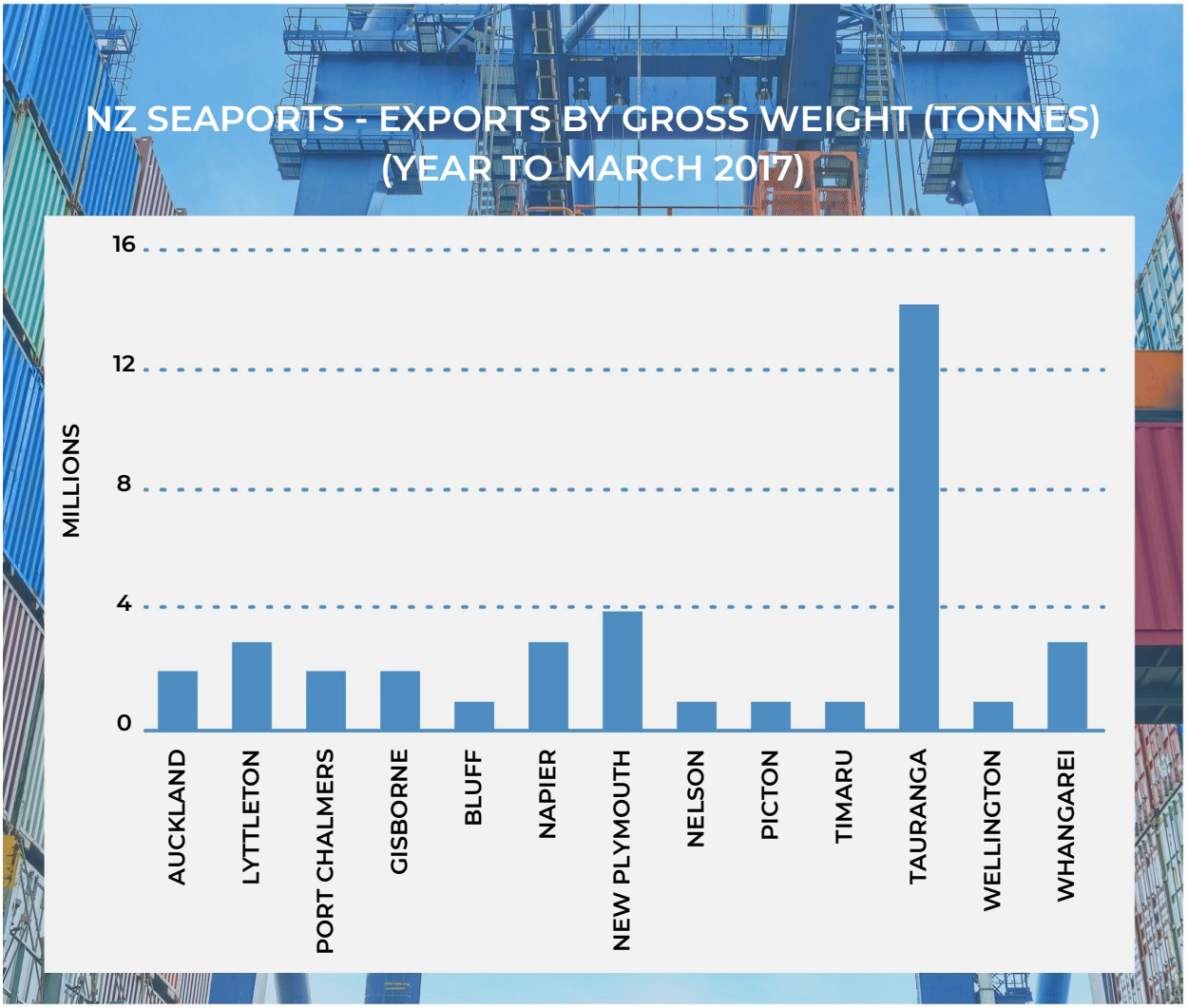
Approximately 15% of businesses in Rotorua are related to Agriculture, Fisheries and Forestry.



TRANSPORTATION

Transport infrastructure in the city is exceptional, with capacity for an additional 20%. There are multiple highway links to Tauranga, and north to Hamilton and Auckland, and traffic jams are almost non-existent. This central location lends well to central distribution hubs, or transportation of raw materials and completed products nationwide.

The port in Tauranga is booming, with room for further expansion, and is the key export hub for New Zealand.

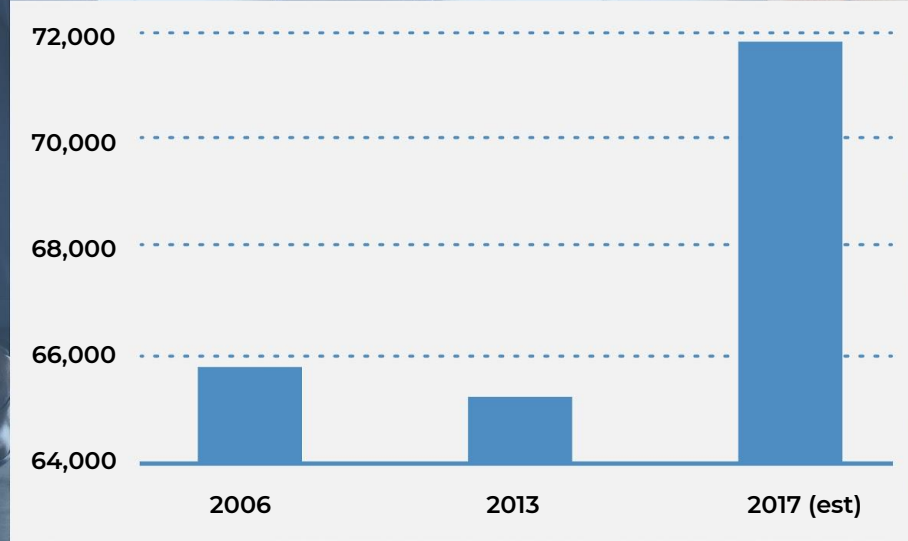


LABOUR

Rotorua's population has grown as people seek to escape overpopulated areas, and cultivate a better lifestyle for themselves and their families. This creates a diverse workforce containing many individuals with work experience from Auckland and other main centres. Not only are there people to take on management and strategic roles, there are a growing number of specialists and trades people in the workforce. 31% of the workforce is made up of highly skilled employees. There is 2.1% growth in employment in the last year.

Rotorua has abundant access to high quality tertiary education opportunities through Toi Ohomai Institute of Technology, Te Wananga O Aotearoa as well as a number of private training organisations. Toi Ohomai offers a wide range of study options throughout the Bay of Plenty, with a number of qualifications in trades and primary industries, supporting the existing market clusters in Rotorua. A growing business segment in Rotorua around technology and animation is supported by Animation College Rotorua and the proximity of the University of Waikato. There are two campuses for the University of Waikato, one in Hamilton and an expanding campus located in Tauranga.

ROTORUA'S POPULATION GROWTH




ESTABLISHING A LOCATION

Rotorua is an ideal hub for companies seeking innovation in regionally competitive industries such as forestry, where research and innovation hubs are located, but it is not limited to these sectors.

Rotorua is home to a number of small start-up companies, most recently these include animation firm *4 Company B Ltd*, online running coaching business *Squadrun*, and hugely successful *Pipi Ma*.

Starting out does come with costs; shared working space is a good option for those with limited resource. Co-working operators have opened premises in Rotorua CBD, including Firestation (1289 Fenton Street) which offers flexible office space and meeting facilities, and Digital Basecamp (1132 Hinemoa Street) which has been set up as a collaborative coworking space for digital content creators and tech developers. Digital Basecamp brings together those involved in the digital space to work together, be inspired by one another and showcase the talent that exists in Rotorua. Opened in 2017, there are currently over 25 members.



// DIGITAL BASECAMP

OFFICE	RENTS PRIME \$/M2	RENTS SECONDARY \$/M2	VACANCY
Auckland	\$484	\$263	5.00%
Hamilton	\$285	\$205	
Tauranga	\$295	\$175	
Rotorua	\$225	\$117.50	16%

FOR THOSE SEEKING MORE SPACE, RENTS ARE ALMOST HALF THOSE IN AUCKLAND AND UNLIKE HAMILTON AND TAURANGA WHERE EVIDENCE SUGGESTS THERE IS A CURRENT SHORTAGE OF OFFICE SPACE, THERE IS GREATER AVAILABILITY IN ROTORUA.

OTHER CONSIDERATIONS

Industrial property is facing record low vacancy rates, with Hamilton facing a huge shortage of properties for start-ups, or any companies looking for diversification or relocation. In Auckland, vacancy rates are at the lowest levels since 1993 and industrial development is being pushed further out of the city, both north and south. Although these properties are now pushing into rural areas, rents and property prices in these areas are still at higher Auckland rates.

Added to this, rents and property prices in the golden triangle are far above the national average. Although demand has been growing for industrial property in Rotorua, sale prices are still less than half that of Auckland and Tauranga, and vacancy rates are still higher than other cities. Industrial property yields are similar between Rotorua and the golden triangle hovering between 6-8%.

	VACANCY RATES	CAPITAL PRICE PER SQ/M	AVERAGE RENT PER SQ/M
Hamilton City	1.5%	\$1,567.82	\$75 - \$140
Tauranga District	4.4%	\$2,429.44	\$80 - \$115
Rotorua District	5.8%	\$1,082.68	\$60 - \$150
Main Urban Ak Super City	2.1%	\$2,366.02	\$80 - \$160
Main Urban Areas		\$1,837.74	
Total New Zealand		\$1,652.87	



// FIRESTATION

THE RIGHT ELEMENTS FOR SUCCESS

Rotorua has a system to nurture, develop and assist the process from idea development to market, not just from central government but also at a community level. Rotorua is so attractive for businesses due to the number of private organisations that support successful companies, including:

- **FIRESTATION** – the only Business Growth Centre with programmes and professional coaches available across the wider Bay of Plenty covering leadership, sales, governance, marketing, and business coaching. Firestation also runs festivals, including the free June 2018 Tech festival. The Incubate programme delivered via Firestation aims to help provide businesses and entrepreneurs the keys that they need to develop their ideas into a well-rounded offering to seek the funding needed to launch.
- **ROTORUA CHAMBER OF COMMERCE** – works with all business organisations and agencies by providing advocacy, support services and networking towards building a better business environment in the city. There are upwards of 600 member organisations and one of the key aspects of the chamber is to network between those members, and provide opportunities for collaboration.

BUSINESS SUPPORT

Government and council support for businesses in Rotorua is outstanding, with councils actively seeking out those individuals looking for a location to set up shop.

- **BUSINESS MENTORS** – The nationwide Business Mentors programme is active in Rotorua.
- **COUNCIL** – Rotorua Economic Development Ltd has been specifically tasked with bringing more businesses to the region, and provides information as well as the means to access support for your business.
- **NZTE** – Providing multiple channels of support to businesses that are serious about expanding and growing internationally, NZTE can provide expertise, market gateways and co-funding to eligible businesses. With a Bay of Plenty hub office located in Tauranga, there is both regional, sector, and overseas market expertise available to smooth the way.



GOVERNMENT AND REGIONAL PLANNING

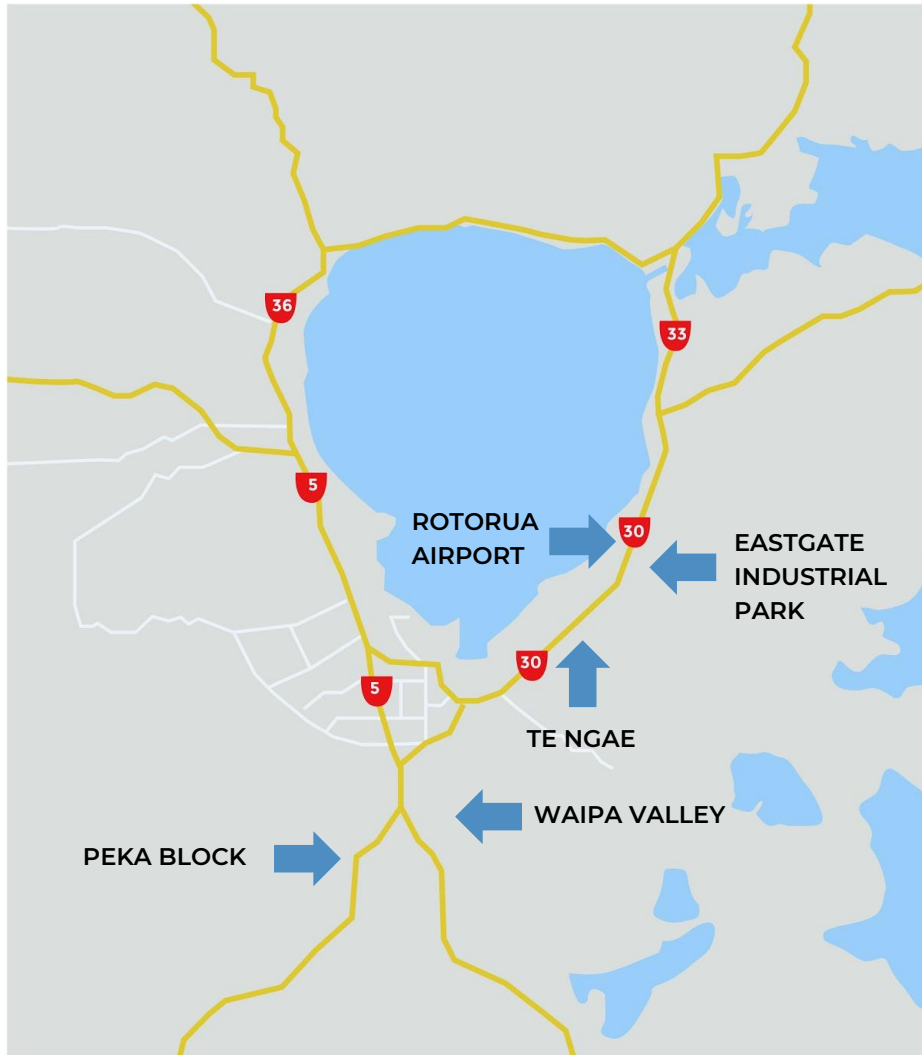
Rotorua is also the beneficiary of recent government investment into the regions, and the Rotorua Lakes Council is well placed to capitalize on this opportunity to receive additional investment. The council is actively trying to grow and promote the region to attract investment, businesses and a quality workforce.

Rotorua city is undergoing heavy investment both from central and local government to revitalise the CBD and lakefront, making Rotorua an attractive destination not only for tourist and residents, but for those doing business. The Council is focused on ensuring the city can deliver on the needs of the business community.

With growing demand nationwide for good industrial property Rotorua Lakes Council is ensuring an ongoing supply of desirable land. Plans to increase industrial zoning around the Waipa valley area are underway with new infrastructure completed. With Red Stag Wood Processing undertaking further expansion in the Waipa valley, there will also be more land opened for heavy industrial operations in the area, as part of the council's new spatial plan that is out for consultation.

The plan also calls for additional land 20 minutes south of Rotorua, at Rainbow Mountain, to be opened for development. On main highway links, this land is also suitable for heavy industrial use.





CAPITAL

With lower overheads Rotorua makes economic sense as an attractive proposition for investment. On currently available land, there are developers ready to undertake design build projects for clients and assist in the suitable development of land. In addition to land that the council is zoning for industrial development, industrial greenfield land is also still available in Rotorua adjacent to Rotorua airport – only minutes to central Rotorua, and pre-consented for a variety of uses - as well as existing property throughout the city.

LAND IS AVAILABLE:

- Eastgate Industrial Park
- Rotorua Airport (including airside)
- Waipa Valley
- Te Ngae
- Peka Block

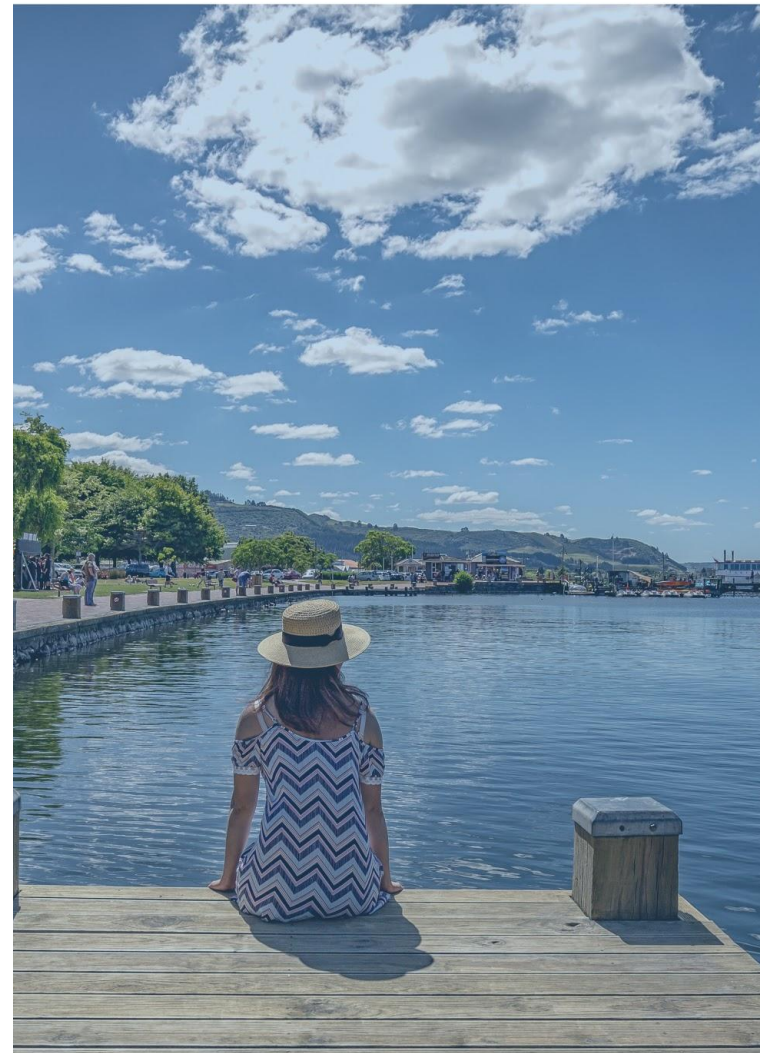
LOCAL DEVELOPERS INCLUDE:

- R&B Consultants
- Holmes Group
- Tony Bradley (TPB Properties)

RELOCATING TO ROTORUA

More New Zealanders are seeking a better work life balance for themselves and their families, leaving big cities behind. With 1 in 3 Aucklanders considering relocating due to long commute times and high property prices, it is no surprise that many regions are growing. In the 2013 census, Waikato was the top spot for Aucklanders to relocate to, with Bay of Plenty in third place, as many people prefer to stay within driving distance of our biggest city. Rotorua offers the short commutes, with most residential areas within 15 minutes drive of the CBD. The median house price in Rotorua is \$420,000, compared to double that in Auckland at \$850,000. And the additional time and money saved by living in Rotorua will not go to waste, with a growing restaurant culture, world-class mountain biking, hiking trails, lakes, and close proximity to major holiday destinations including Tauranga, Whakatane, Taupo, and the ski resorts of the central plateau.

Schooling is offered at all levels in Rotorua, with access to state-integrated schools, including the top performing catholic school in the country, John Paul College in Rotorua, as well as Bethlehem College's Rotorua campus for years 1-8, and Tauranga campus for years 9-13 with a daily bus service. ACG Tauranga offers private schooling to Rotorua students serviced by a daily bus service. With both schools located on the fringes of Tauranga, some Rotorua students are known to have a shorter commute than those based in Tauranga.



FOR MORE INFORMATION

Rebecca Wright
Executive Manager –
Investment, Growth & Intelligence
rebecca@rotoruanz.com
+64 7 351 7101

