

# INDUSTRIAL BUSINESS ATTRACTION //

## ROTORUA MARKET OPPORTUNITY

---

**ROTORUA**  
Economic Development  
Te Whanaketanga Ōhanga o Rotorua



# INTRODUCTION

New Zealand is booming, our cities are growing and expanding and this is putting the squeeze on many businesses. Nationally industrial property vacancy rates are at all time lows. Industrial and commercial organisations need to meet 7 factors in the search for the ideal location.

1. Market
2. Business Clusters
3. Transportation
4. Labour
5. Government and regional planning
6. Capital
7. Other considerations – e.g. overheads.

Due to its size and location Rotorua is ideally placed to meet these 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.

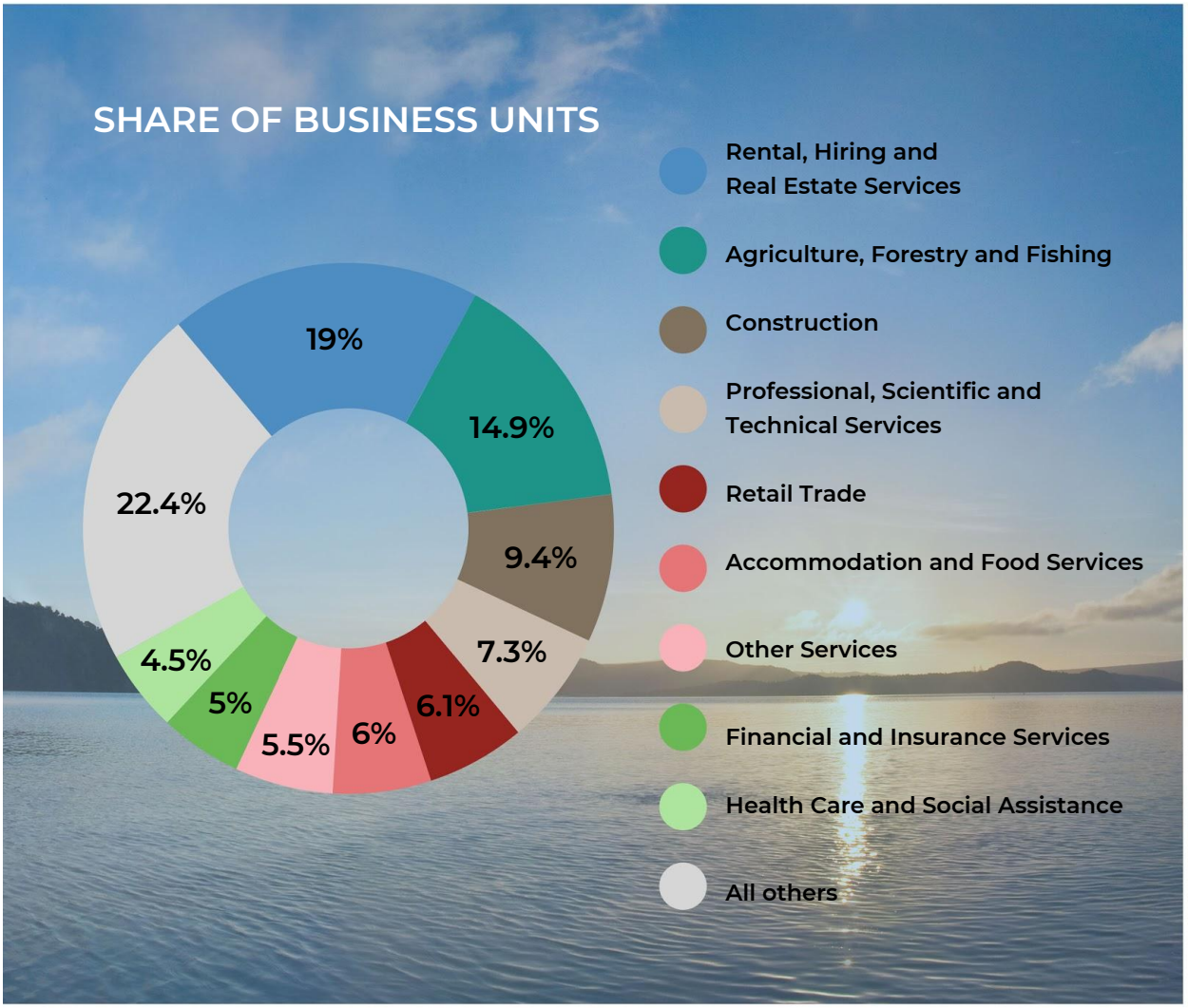
Rotorua situated just outside the triangle reaps many of the benefits of proximity, but without the price tag and many of the current restrictions. This makes Rotorua an ideal location for same and next day delivery to a number of customers, as well as a distribution hub for the north island or nationwide.

# BUSINESS CLUSTERS

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

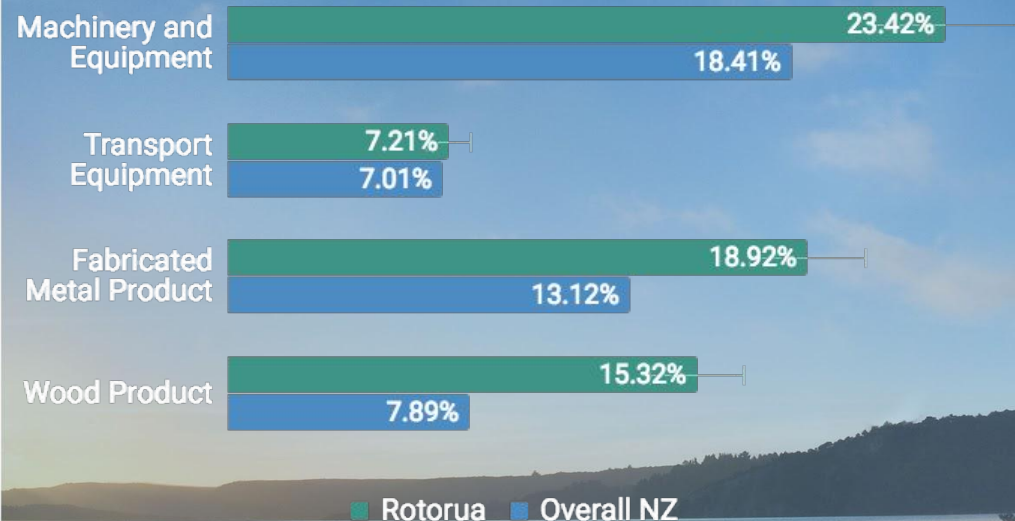
There are a number of businesses in the primary industries, especially horticulture and agriculture – major industries for the region and a number of supporting businesses locate their regional hubs in Rotorua for proximity to market and lower overheads.

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





## KEY ROTORUA MANUFACTURING CLUSTERS



Percentage of manufacturing ANZSIC06 code

## BUSINESS CLUSTERS

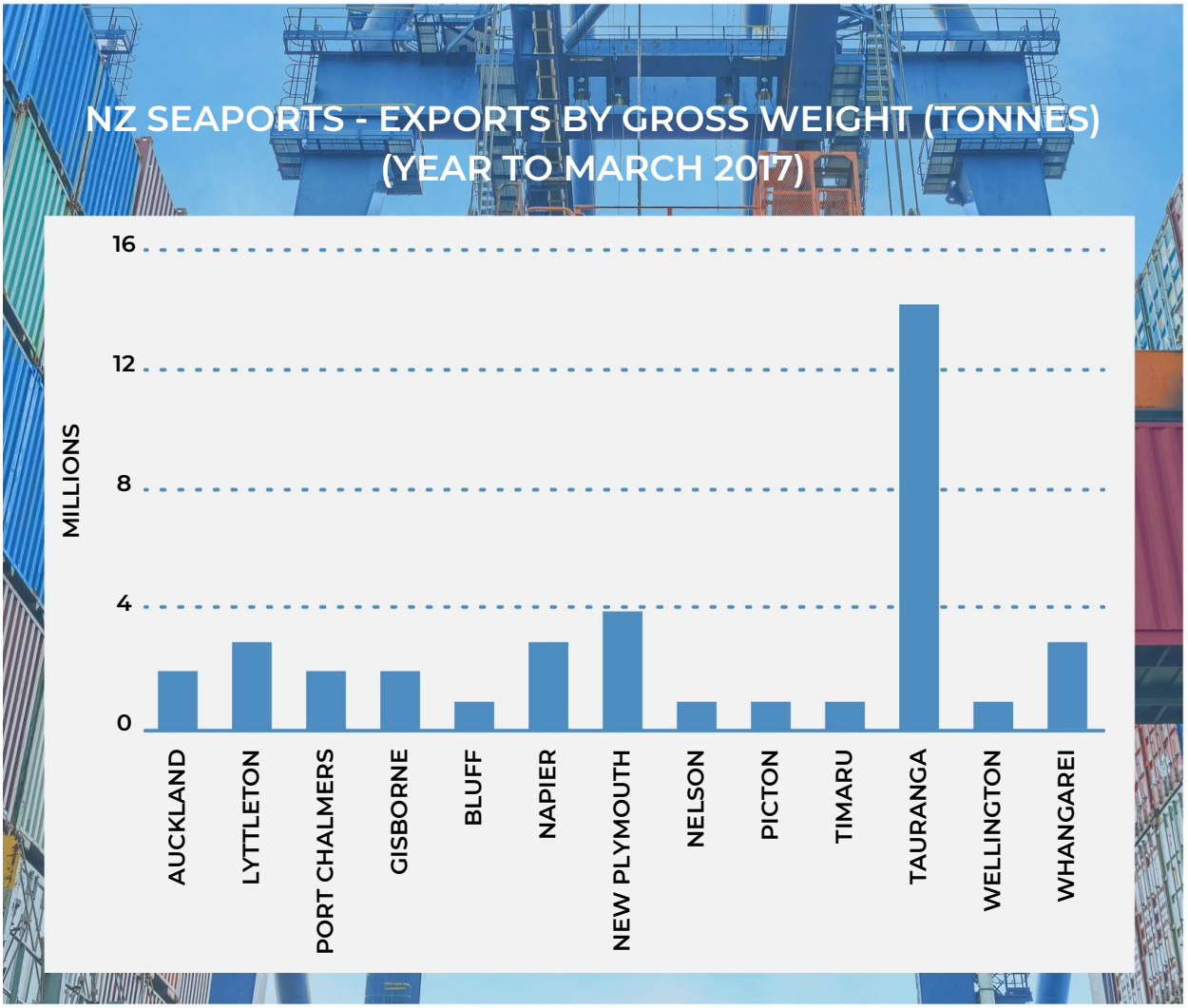
**FORESTRY** – with Rotorua home to Te Uru Rākau, the government’s forestry hub and Scion, the Crown Research Institute that specialises in research, science and technology development for the forestry, wood product, wood-derived materials and other biomaterial sectors, Rotorua is ideally suited as a location for any forestry or wood processing-supporting industry. Both wood manufacturing and sawmill businesses are represented well in the Rotorua region, with a higher proportion of businesses in these area – employing 3.5% of the workforce in Rotorua, and employing 6.5% of the total number of people nationwide in this field.

**MANUFACTURING** – with lower overheads and greater land availability it is not surprising that Rotorua is also home to a number of manufacturing and engineering firms. Generally focused on steel and concrete engineering, there are a number of companies with nationwide reach located in Rotorua including Thode and Active Engineering Solutions. 10% of all New Zealand’s iron and steel forging businesses are located in Rotorua, leading to a high number of businesses in related fields such as structural steel, and specialised machinery manufacturing and supply.

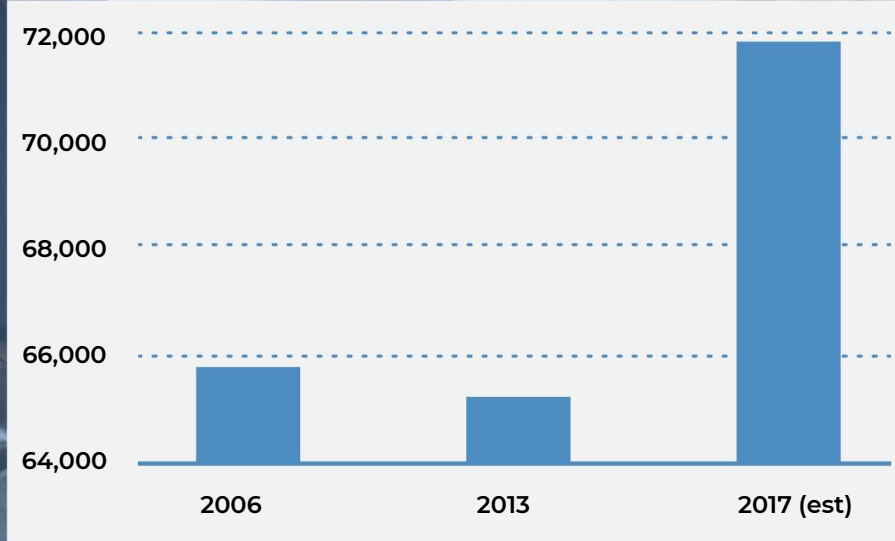
# TRANSPORTATION

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.



## ROTORUA'S POPULATION GROWTH



## LABOUR

Rotorua's population has grown as people seek to escape overpopulated areas, and cultivate a better lifestyle for themselves and their families. This has created 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.

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, one in Hamilton and an expanding campus located in Tauranga.

## 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. 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

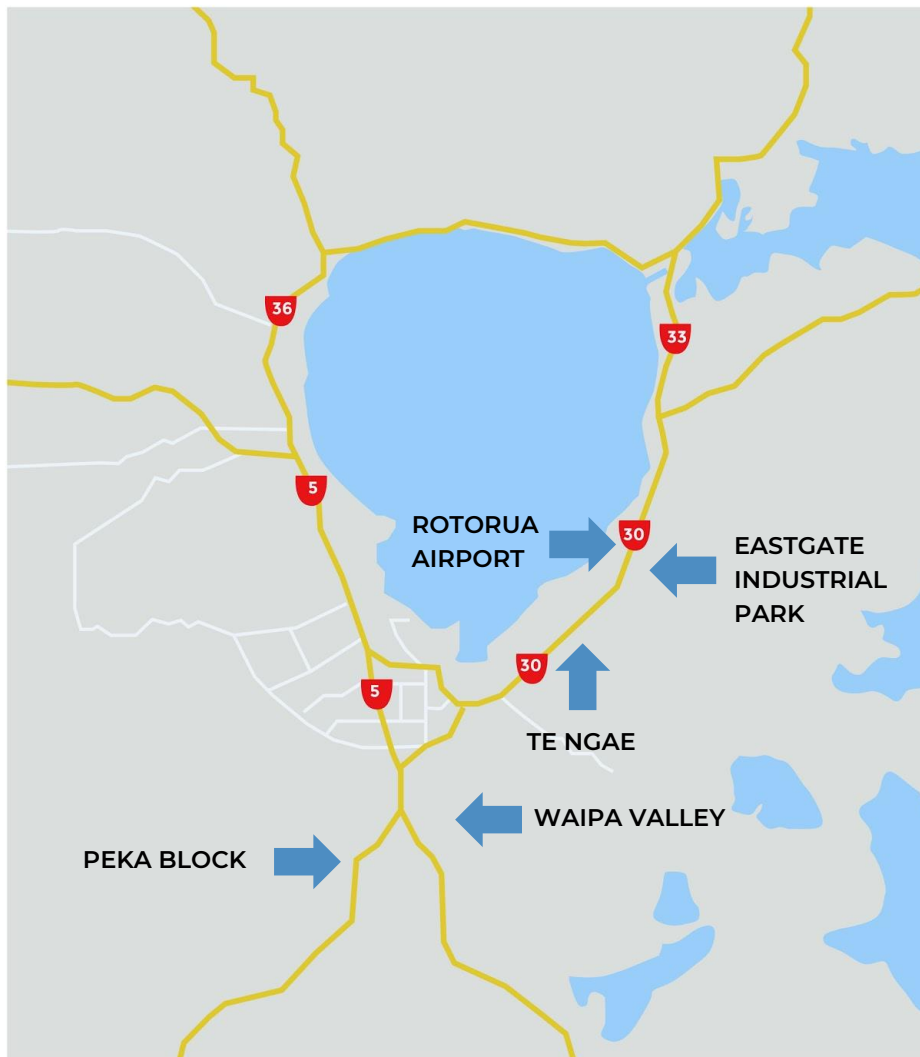
With lower overheads Rotorua makes economic sense as an attractive proposition for investment. On currently available land, there are developers ready to undertake design build projects for clients and assist in the suitable development of land. In addition to land that the council is zoning for industrial 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)



## 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.

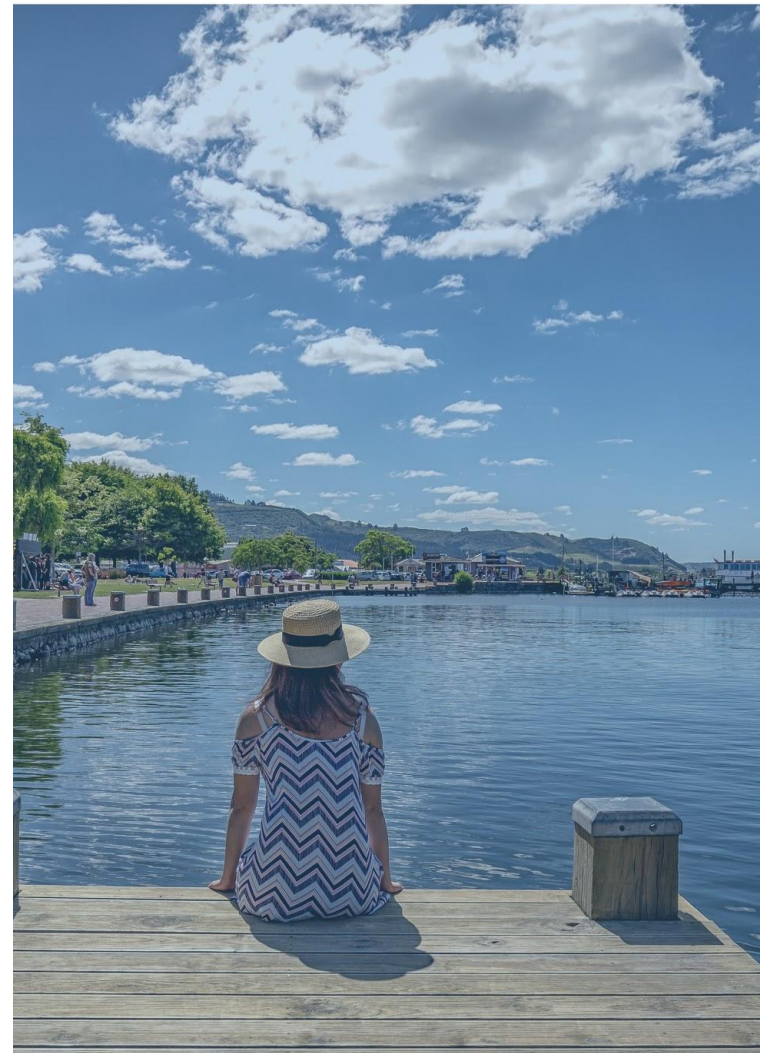
Added to this, rents and property prices in the golden triangle are far above the national average. Although demand has been growing for industrial property in Rotorua, sale prices are still less than half that of Auckland and Tauranga, and vacancy rates are still higher than other cities. Industrial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

## 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](mailto:rebecca@rotoruanz.com)  
+64 7 351 7101

