

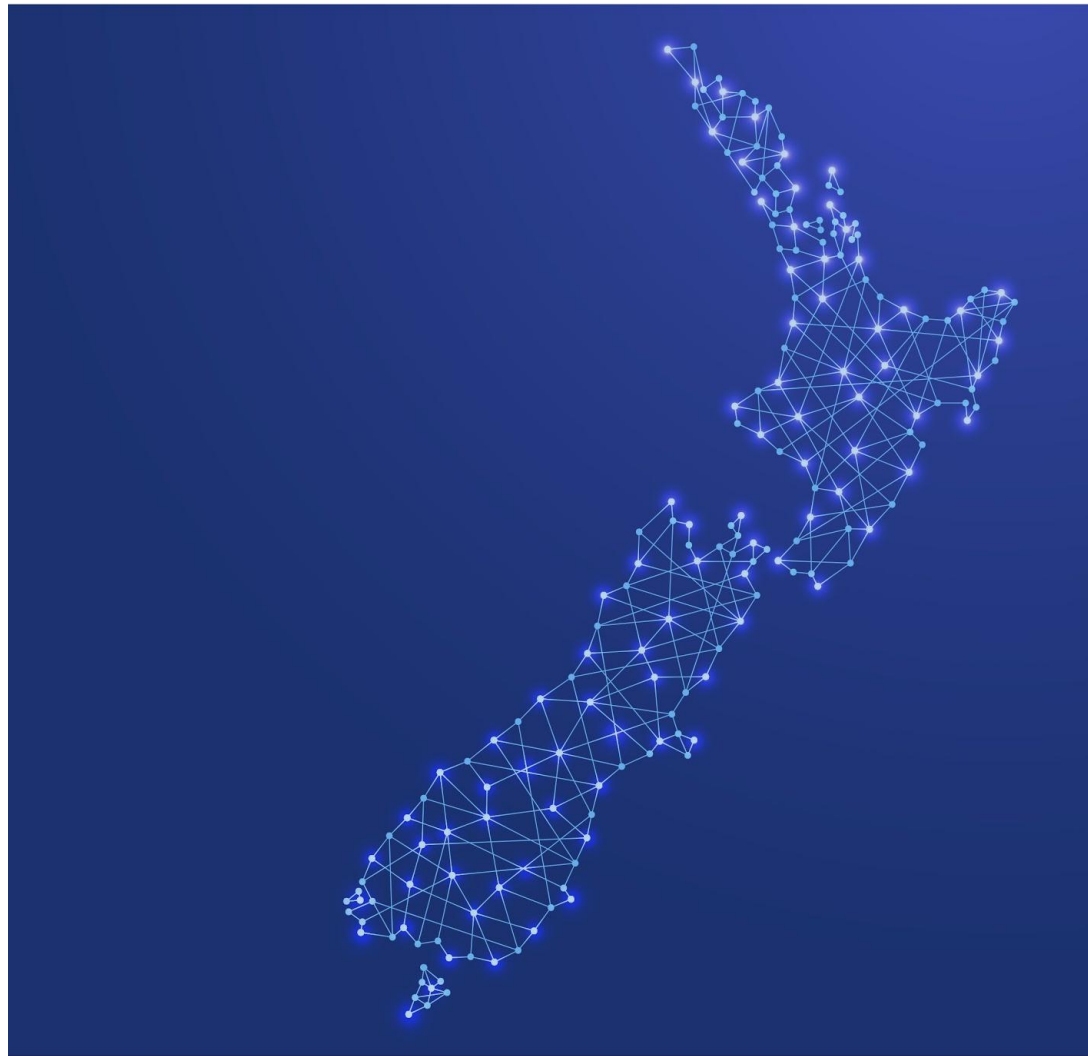
START-UP BUSINESS ATTRACTION // ROTORUA MARKET OPPORTUNITY



INTRODUCTION

New Zealand has always been an innovative country; our number 8 wire mentality has been fostered by distance and necessity. However, not all start-ups succeed in this competitive world. A recent MYOB report identifies 5 factors to help nurture start-ups.

1. Thinking Entrepreneurially
2. Thinking about the money
3. Investing for success
4. Establishing a Location
5. The right elements for success





THINKING ENTREPRENEURIALLY

Start-up culture starts with original ideas - identifying gaps in the market and problem-solving, and turning this into an idea that can make money. To foster this entrepreneurial thinking, we need to ensure that we are encouraging our young people to come up with these ideas and solutions.

ROTORUA X – Founded in 2009 to provide inspirational stories, leadership development, business education, and connectivity for the future leaders, business owners and professionals in the Rotorua District. As well as monthly Connect meetings, Rotorua X hosts Rotorua Pitch Night. Held in front of a live audience, businesses, social organisations and high school students have five minutes to pitch their idea to a panel of community and business leaders. More than just an experience, it is a competition, with winners taking home valuable prizes in the form of business support. In 2016 the winning team was a high school team taking home \$7,000 in prizes!

Rotorua is also supported by tertiary institutions such as:

TOI-OHOMAI INSTITUTE OF TECHNOLOGY – More than 14,000 students study with Toi-Ohomai across nearly 70 delivery sites. With more than 150 study options, the institute provides opportunities for students to upskill, and aims for every course to be aligned to industry demands, ensuring the best possible outcomes for students and community.

Currently more than 75% of students spend part of their study undertaking work placements in industry. Toi-Ohomai provides a mechanism to both feed into course construction and employ or engage a student.

ANIMATION COLLEGE – Founded in 1989 by a former Disney animator, Animation College is New Zealand's only college to offer degree and diploma level courses specialising in both 2D and 3D character animation.



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%

THINKING ABOUT THE MONEY

Start-ups need to have vision beyond their front doorstep. They need to be able to have a global vision, while using their immediate market as a trial and testing environment for growth and success.

Rotorua is located centrally within the Bay of Plenty, on the fringe of the golden triangle. 50% of New Zealand's population is located within 3 hours of Rotorua. Future population growth is predicted to be strongest in the golden triangle, with annual growth picked at between 1.5 - 1.9%. The rest of the country is predicted to be between 0.6 - 1.1% per annum population growth. The dominance of the golden triangle will continue to grow, and close proximity to the region is a distinct advantage. It enables business to provide next day, and in some cases, same day delivery, and remain engaged with a customer base that is close by.

Firms can test their products and services in a smaller, more friendly and intimate market before taking things to the next level, nationally and internationally.

IN RECENTLY-RELEASED DATA FROM CHORUS, ROTORUA HAS THE THIRD FASTEST AVERAGE INTERNET SPEED IN THE COUNTRY, ENABLING EASY CONNECTIVITY AND GLOBAL ACCESS. ROTORUA'S INTERNET SPEED IS FASTER THAN IN MAIN CENTRES, AND GENERALLY INTERNET SPEED IN NEW ZEALAND IS FASTER THAN THAT IN AUSTRALIA, AND BETTER THAN THE GLOBAL AVERAGE. ROTORUA HAS THE THIRD HIGHEST NUMBER OF PROPERTIES CONNECTED TO FIBRE, BEHIND WAIUKU AND BLENHEIM.



BUSINESS UNITS 2017

REGIONAL
GROWTH

0.8%

ROTORUA
DISTRICT

NATIONAL
GROWTH

2.1%

NEW ZEALAND

Being located away from a major centre, enables start-ups to stand out, by not becoming one of many. It becomes a key point of difference to all domestic customers, and those in the Bay of Plenty looking to support local enterprise will see a Rotorua location as a key advantage.

Businesses in Rotorua are expanding, with current businesses finding success, but new businesses are growing slowly with only 0.8% growth in the number of new businesses. This is below the average national growth rate of 2.1%, pointing to Rotorua having capacity to grow more businesses, an opportunity for start-ups seeking a location where they can be well supported.

Internationally, Rotorua is a recognised brand, and is known as a hub of culture and a key tourist gateway. Rotorua has been named in the New York Times' 52 Places to Go in 2018 list, Rotorua at number 45 – the only New Zealand destination to make the list. Globally this sells a great story, and not being in a main centre is an advantage.

INVESTING FOR SUCCESS

Securing investment and backing is one of the hardest challenges most start-ups will face.

ENTERPRISE ANGELS – with branches in Taupo, Tauranga, Rotorua and Hamilton, Enterprise Angels is a highly active membership-based investment network. Enterprise Angels operates a unique model of early stage investing in New Zealand, having a full-time management team, and a strong collection of qualified investors to assist entrepreneurs in obtaining the resources they need - funds as well as skills and expertise.

Since launching in 2008, Enterprise Angels has facilitated the investment of over \$33.4m in 65 early stage and established businesses across a variety of industries. This organisation gives start-ups in the Bay of Plenty a real edge.



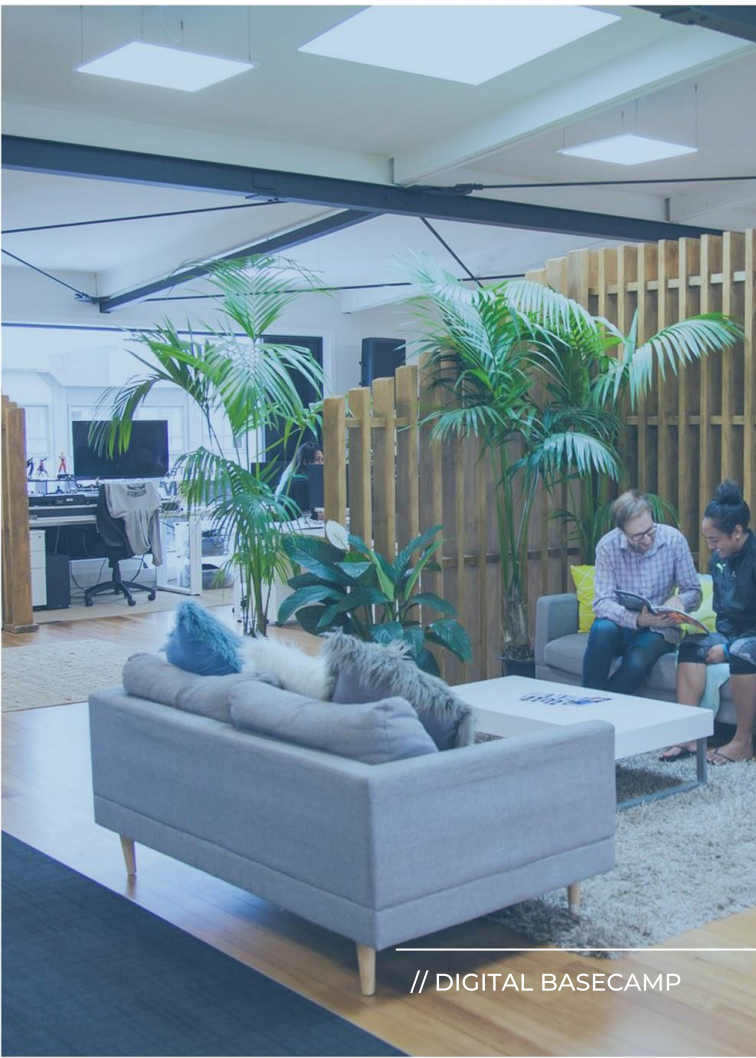
ESTABLISHING A LOCATION

Bringing people together in creative hubs generates ideas and enthusiasm and supports the development of start-ups. Having easy access to support and advice networks also accelerates business success.

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%

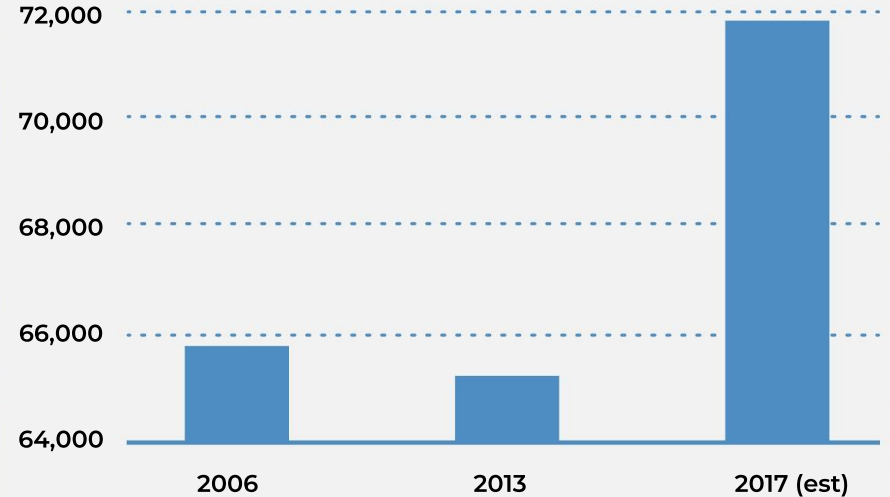
FOR THOSE SEEKING MORE SPACE, RENTS ARE ALMOST HALF THOSE IN AUCKLAND AND UNLIKE HAMILTON AND TAURANGA WHERE EVIDENCE SUGGESTS THERE IS A CURRENT SHORTAGE OF OFFICE SPACE, THERE IS GREATER AVAILABILITY IN ROTORUA.

POPULATION

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.

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'S POPULATION GROWTH



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 start-ups 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 start-ups 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.

A photograph of the interior of a Firestation office. The room features a red sofa and a low wooden coffee table. On the wall, there is a large red banner with the Firestation logo, which includes a stylized fire station icon and the word 'FIRESTATION' in a decorative font. Below the logo, the services offered are listed: 'Coaching | Leadership | Sales | Governance | Marketing'. The room has a modern, clean aesthetic with white walls and a blue carpet.

// FIRESTATION

START-UP SUPPORT

Government and council support for start-ups in Rotorua is outstanding, with councils actively seeking out those individuals looking for a location to set up shop. With lower levels of start-ups than a major centre (due to a smaller population), fierce competition for support faced in other locations does not exist:

- **BUSINESS MENTORS** – The nationwide Business Mentors programme is active in Rotorua.
- **COUNCIL** – Rotorua Economic Development Ltd has been specifically tasked with bringing more businesses and start-ups 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.



CASE STUDY

Boulder, Colorado is an unlikely spot to be a business hub, 40 km from the larger city of Denver, and located near the middle of the USA, it is not geographically close to major cities. However, Boulder has 6 times more start-ups than the USA average and twice as many as the runner-up city. So, why is it so successful? The city welcomes entrepreneurs with open arms, it attracts people who want to live there not just for work, but for a lifestyle unattainable in big cities. It has a strong network of angel investors, and has specific research centres and niche industries.

But it is the lifestyle, access to nature, and work-life balance that many employers and employees contribute to the success in Boulder. People are happy, motivated and inspired – and they get things done.

Although statistics don't show Rotorua as the Boulder of New Zealand, many of the things that make Boulder a successful location exist in Rotorua, and without a doubt it can provide a fantastic lifestyle for the people living there.



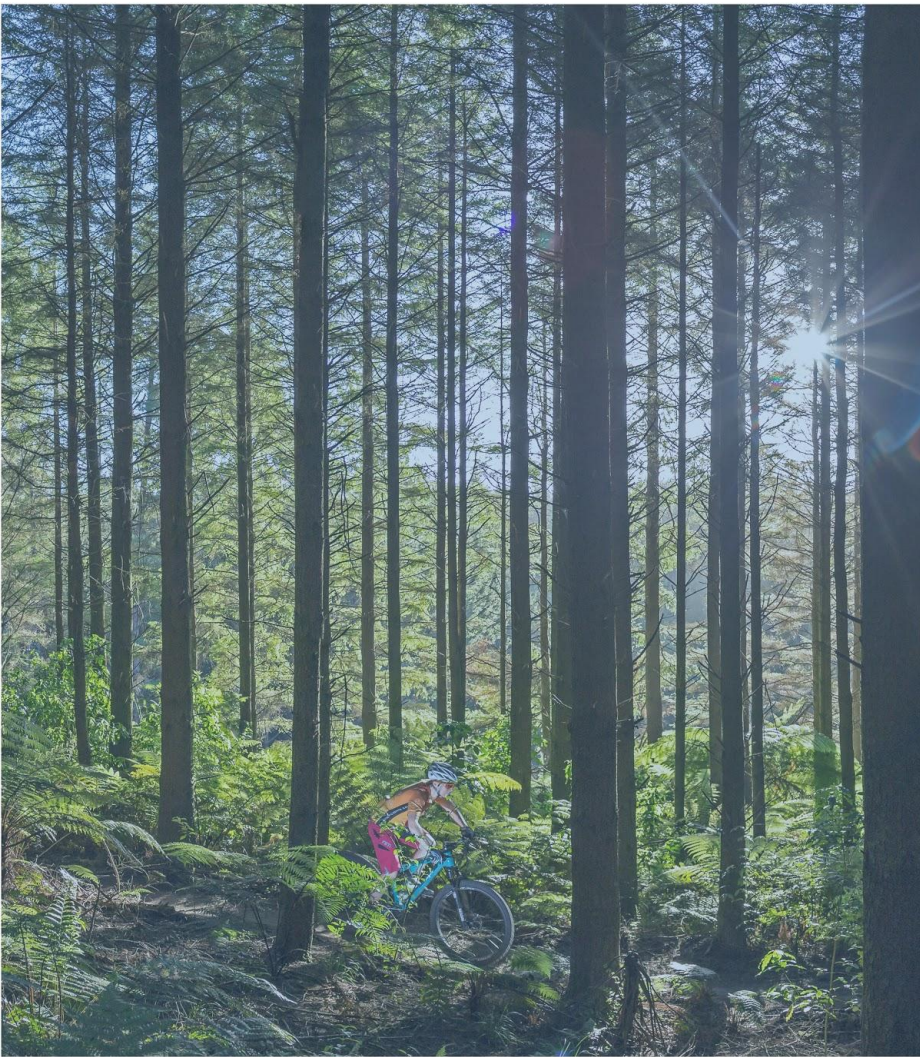
// BOULDER, COLORADO

LIVING IN 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, with many people preferring 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, or the opportunity to still live in semi-rural areas less than 30 minutes to the CBD. Traffic jams in Rotorua are virtually non-existent.





LIVING IN ROTORUA

The median house price in Rotorua is \$420,000, compared to double that in Auckland at \$850,000. 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

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