

Dunedin Business Land Research Report

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Executive Summary

BACKGROUND	The NPS-UD requires the DCC to develop a Future Development Strategy (FDS) with the ORC	The FDS will set out how the DCC will provide enough business land capacity for the next 30 years
	In addition to the FDS requirements, the DCC is considering if any changes are needed to the 2GP in relation to business land	DCC commissioned a business land capacity assessment and a retail trends study. This research report provides additional qualitative research
METHODOLOGY	Interviews and meetings were conducted with a range of businesses and organisations across Dunedin	This consultation aimed to identify the current state of business land needs and any trends or changes that could impact business land use in the future
	Findings from the interviews are supported by quantitative data from various sources	
FINDINGS	There is no requirement for additional office or retail space, although sites would benefit from changes in building size and improved building quality	Whilst there appears to be demand for additional LFR, external research suggests there is little appetite from developers to develop such land, given the current economic climate
	There is no requirement for additional Campus zoned land	There is a shortfall in industrial land with additional demand likely in the future. It was not possible, through this research, to accurately predict how much industrial land is required
INDUSTRIAL REQUIREMENTS	Additional industrial land should be of various sizes, including large warehousing space, flat, with good transport links and buffered from residential zones	Harbourside is often the preferred location, however issues with occupancy levels, ownership, costs and building quality are limiting options for many businesses
INDUSTRIAL GROWTH AREAS	Existing industrial land in Burnside, Fairfield, Green Island and Mosgiel is increasingly popular, particularly when owner-occupier options are available	Options for new industrial land have been proposed in the Burnside, Green Island, Fairfield, East Taieri and Allanton areas. These are generally rural zoned; some are also highly productive land
ADDITIONAL INDUSTRIAL DEMAND	The hospital build is impacting on industrial land, with the possibility of related commercial activities extending into the neighbouring industrial zone	The developing retail trend of off-site storage and customer collection sites may also add additional demand to sought-after industrial land close to the CBD
FUTURE TRENDS	There may be a requirement for additional business land in the suburban centres to cater for health hubs, retail and cafes in the future	
PLAN ISSUES	In general, the 2GP is not a barrier to business land requirements. Development limitations are often due to topography or existing land ownership	

Context

The National Policy Statement on Urban Development 2020 (NPS-UD) requires the Dunedin City Council (DCC) to develop a Future Development Strategy (FDS) jointly with Otago Regional Council (ORC). The aim of the FDS is to promote long-term integrated strategic planning and will, among other matters, set out how the DCC and ORC will provide enough business land capacity for the next 30 years.

In response to the NPS-UD requirement, and to support the development of the FDS, the DCC commissioned Principal Economics to complete a business development capacity assessment (HBA).¹ In summary, this quantitative assessment concluded Dunedin has:

- sufficient land for office use
- a potential requirement for more retail land in the long term under a high growth scenario
- a requirement for additional large format retail (LFR) in the short term
- a requirement for more industrial land (approximately 10.8ha – 17.4ha) in the short term.

To further bolster DCC's understanding of business land needs for the retail sector, the DCC commissioned First Retail Group to conduct a retail trends and land use study.² This qualitative and quantitative assessment provided a range of insights into retail trends and concluded that Dunedin has sufficient land for retail use except in a few nuanced cases.

In addition to these national requirements, the DCC is also considering if any changes are needed to the proposed Second-Generation Dunedin City District Plan (2GP) in relation to business land, including any shortfalls in capacity or specific plan issues.

Purpose

The purpose of this research is to support evidenced based planning decisions in relation to business land for both the FDS and any potential business-related plan changes. Along with the Retail Trends study, it will provide further insight into the findings of the HBA.

Methodology

The research was carried out in two parts:

- (a) interviews with local business experts and leaders, including business owners, real estate agents, health and education managers and mana whenua; and
- (b) desktop information gathering on a number of potential areas of expected change within the city, to provide baseline information to inform further assessment and analysis.

¹ https://www.dunedin.govt.nz/_data/assets/pdf_file/0011/712874/Business-Demand-and-Capacity-Assessment-Final.pdf

² https://www.dunedin.govt.nz/_data/assets/pdf_file/0008/972134/First-Retail-Dunedin-Retail-Trends-Final-Report.pdf

Part A: Interviews

The research team conducted 16 interviews between January and March 2023, plus additional consultation through informal meetings and emails. The interviewees spanned a range of business sector expertise, including retail, office, industrial, health and education.

The questions posed to the interviewees were designed to identify the current state of local business land needs, plus trends or changes that could impact business land use in the short (up to 2027), medium (up to 2034) and long term (up to 2054).

Key themes were identified for each business land type. In addition, interviewees were asked specific questions about key areas of potential change in the city, if relevant to their area of expertise.

Interviews were conducted on a confidential basis. The responses are summarised by theme. The qualitative findings from the interviews are supported by quantitative data from various sources including DCC and Stats NZ.

As noted above, the DCC commissioned First Retail to conduct a specific retail trends study.³ Their findings are largely consistent with the findings of this research.

Part B: Desktop information gathering

During the initial research scoping phase and through the interviews in Part A the team identified specific geographical areas where change is occurring or may reasonably occur in the medium term. Information was collected on these areas, including existing land use, land ownership, recent resource consent activity, recent land purchases, presence of protected heritage buildings, to inform further assessment of the need to enable land use change through the FDS or plan provisions. The areas are listed below:

Mosgiel Industrial Land Particularly the Dukes Road area which is experiencing extensive development	Burnside Industrial Land Reportedly a popular area for additional industrial land	Kaikorai Valley Road / Stone Street area Site of the new commercial development
Health Precinct Likely changes to the area considering the new hospital build		

³ https://www.dunedin.govt.nz/_data/assets/pdf_file/0008/972134/First-Retail-Dunedin-Retail-Trends-Final-Report.pdf

Part A: Findings by Sector

Office

No additional office space is required

Significant office developments will increase the amount of available space in the short to medium term

There is demand for good quality office space

The impacts of working from home will have little effect on office land requirements

Interviewees repeatedly stated that no additional office space is required. This is largely due to new office developments for the ACC⁴, ORC⁵, and Pacific Radiology⁶. Combined, these three new buildings will be able to house over 1,000 staff members, all vacating existing inner city office sites. The vacant sites will likely be available for lease or development, potentially creating a flood of excess office space in the short to medium term.

Whilst there appears to be no requirement for additional office space, it was noted by many that there is demand for good quality office space, which is limited in Dunedin.

A common theme was the impact of more staff working from home (WFH) since the beginning of COVID pandemic. A recent New Zealand research study found that 78% of its respondents worked remotely some or all of the time and the popularity of WHF is set to continue.⁷ In Dunedin, WFH appears to be making little impact on office land use as many workers adopt a hybrid model combining WFH and working from the office.

⁴ <https://www.acc.co.nz/newsroom/stories/ngai-tahu-and-acc-to-build-new-central-city-dunedin-acc-office/>

⁵ <https://www.odt.co.nz/news/dunedin/building-be-repurposed-orc>

⁶ <https://pacificradiology.com/about/news/pacific-radiologys-new-flagship-branch-revealed-major-boost-south-island-cancer-services>

⁷ <https://www.rnz.co.nz/news/business/485435/an-employee-drive-people-still-keen-on-working-from-home-survey-finds>

There is no requirement for additional retail land; however, larger sites could attract additional brands

An increase in off-site distribution may impact both retail land use and industrial land demand

The increased popularity of regional shopping locations and online shopping is considered a threat to Dunedin's retail sector

There appears to be demand for LFR. However, there is little interest from developers to develop such sites in the current market

Current situation

Interviewees did not believe additional retail land was required in Dunedin; however, some commented that footprint sizes are often too small to attract national brands. This is particularly an issue in the central business district (CBD) as properties are largely owned by individual investors and therefore redevelopment of several adjoining small properties into one large property is not possible without a joint venture.

The latest George Street retail occupancy count⁸ shows an overall vacancy level of 11%, suggesting there is retail space available in the CBD, although this may not be suitably sized or located for all business models. Vacancy levels increased during both the first and second quarters of 2023. This comes after declining throughout 2021 and 2022, to a seven year low in late 2022 of 8%.

The number of retail employees increased by 4.9% to 6,400 people in the 12 months to February 2022, largely driven by the food sector.

Future trends and changes

Dunedin has at least two stores which have developed off-site storage and customer collection sites. This allows more of the store to be used for retail sales, which increases productivity. This is an increasingly common trend across the country and impacts on industrial land use as many of the off-site locations are situated on industrial zoned land which, as discussed later in this document, is in demand.

The increase in working from home (WFH) since COVID has resulted in the closure of some CBD cafés and stores specifically targeting the office worker market. Interviewees advised that at least seven such stores have closed in recent years. This is extending the availability of small retail spaces in the CBD. However, it doesn't appear to change the total requirement for retail space, with one interviewee noting that while foot traffic has declined during the week, weekends are often busier.

One interviewee commented on the continued requirement for parking spaces as a significant proportion of shoppers still travel via car.

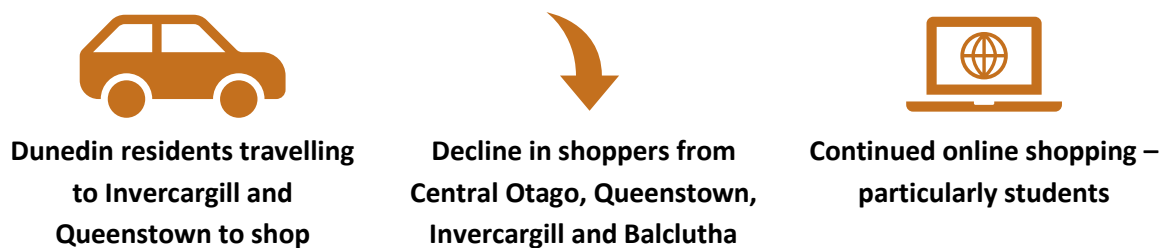
⁸ George Street Retail Occupancy Count - Quarter 1 2023, conducted by Quantifying Consultancy Limited

Some interviewees commented on the diversification of retail in the CBD. For example, the introduction of a car showroom in Wall Street Mall and a gym in Meridian Mall. However, there were no reports that this would alter the amount of retail land required.

It is anticipated the new hospital will positively impact retail spend in the CBD.

Threats

Three threats to Dunedin's retail sector were identified:



Dunedin residents are reportedly travelling to Invercargill and Queenstown to shop at destination stores. The example provided was Kmart - this situation is expected to change when Kmart opens in Dunedin in early 2024.⁹ The availability of destination stores elsewhere has also caused a decline in shoppers travelling from Invercargill, Queenstown, Balclutha and surrounding towns who historically travelled to Dunedin to shop but now have extensive options closer to home.

Online shopping is a particular threat to Dunedin because of its high student population, which is web literate and often without loyalty to local Dunedin businesses. However, it should be noted the student population still accounts for a significant proportion of spend. Local research referenced by one interviewee suggests students account for a third of spend in some areas of the CBD.

Trade related and large format retail (LFR)

The Business Development Capacity Assessment indicated that there would be a shortfall in large format retail (LFR) land in the short term. However, the First Retail study concluded that there was little appetite by developers to develop such land at the present time, or national retailers to move to Dunedin.

Interviewees were specifically asked about the demand for additional LFR land. Some interviewees identified a requirement for additional large flat sites with available parking to cater for large national brands and suggested a need for additional LFR sites around the Andersons Bay Road area. The example used was Kmart, which has now been resolved through the construction of a new Kmart close to Anderson Bar Road. No other examples were provided.

The Andersons Bay Road area is a mix of trade related, industrial and South Dunedin Large Format¹⁰ zoning, with a number of existing large format retail outlets. Interviewees commented on the creep

⁹ <https://www.odt.co.nz/business/kmart-comeback-likely-2024>

¹⁰ This zone provides for large format retail, trade related retail and industry activity.

of retail into the trade related and industrial zones in this area, arguing that much of the industrial zone is now too expensive for industrial businesses and only suitable for retail.

Currently there are several retail outlets in the industrial zone, including car dealers and trade related retail such as building, plumbing and electrical supplies. It was predicted by some interviewees that this will be exacerbated in the future with the development of the new Kmart and a New World on Midland Street, which, as destination stores, may attract other retailers to the area¹¹.

Interviewees with relevant knowledge were asked about the need for additional trade related retail land, given the current level of construction activity in the city. None of the respondents reported any predicted change in trade related retail requirements, particularly as large infrastructure projects source materials elsewhere.

The interviews provided conflicting reports on the impact any additional LFR in the Andersons Bay Road area would have on retail in the CBD.



¹¹ Kmart is being constructed within the South Dunedin Large Format Zone and New World is within the Trade Retailed Retail Zone; however both are close to industrial-zoned land within the Andersons Bay / Portsmouth Drive area

There is unmet demand for industrial land of all sizes and more demand is likely in the future due to large infrastructure projects (planned and underway)

Businesses are prepared to travel further than previously.

Consequently, there is increasing demand for land in Burnside, Fairfield, Green Island, Mosgiel and the Taieri

Large industrial areas in Milton and Oamaru are a threat to growth in Dunedin

The full extent of the demand for industrial land in Dunedin is unknown

Current situation

Interviewees repeatedly stated there is not enough industrial land in Dunedin of any size, including large warehousing space. This reflects the findings of the Business Development Capacity Assessment, which concludes that there will be a shortfall of industrial land in the short term (2024- 2027).

While existing businesses are not forced to leave Dunedin due to the affordability or availability of land, some interviewees commented that Dunedin's reputation for lack of industrial land may be preventing external enquiries, therefore the true level of demand is unknown.

The harbourside area is often considered the most desirable industrial location due to its proximity to arterial routes, port, deliveries, and wider customer base. However, it is often at capacity. Furthermore, over 60% of the area is owned by two entities who have high criteria for onward sale. Consequently, leasing land is often the only option within the harbourside area, but it is not suitable for all businesses due to issues such as cost, building quality, layout and/or footprint. Many interviewees commented on the strong demand for owner occupied sites.

In addition, pressure on industrial land, particularly around the harbourside, has been exaggerated by hospital build contractors taking up low quality, historically vacant land in the area, which subsequently increases the value of industrial land.

These factors, coupled with better transport efficiency, have led to an increase in popularity in areas which have previously been considered too far away, for example Burnside, Fairfield, Green Island, Mosgiel and the Taieri. Furthermore, some businesses require more discreet locations due to the smell or noise created, in these cases locations away from harbourside and residential areas are required.

Many interviewees noted the increased popularity in industrial land along Kaikorai Valley Road. However, there is little opportunity for expansion in this area without redevelopment of existing sites. Some car yards in the area have consolidated or downsized in recent years, which has created some additional space within the industrial zone, however this is a limited amount.

Threats

Some interviewees commented on the competition Dunedin faces from other South Island industrial locations, in particular Milton and Oamaru. Milton offers 330ha of industrial land with specific land for large format industrial use.¹² Waitaki District Council is currently conducting a plan review which proposes to change some mixed-use land in Oamaru to industrial land.¹³

Characteristics of land needed



Future trends and changes



Some Dunedin businesses are growing and need more land to expand their operations.

In addition, large infrastructure projects, planned and underway, will increase the demand for industrial land. Examples include the hospital build, water and roading upgrades, new office and retail builds, and Kāinga Ora housing, which will require supporting industries such as concrete panel yards, fabricators, engineers etc.

Increased demand for land, coupled with limited availability, may continue to increase the value of industrial land, which in turn increases leasing costs.

One participant noted the national trend for more collaborative sites for long term projects. This involves industrial warehousing, storage, and office space at a location close to the project. This could lead to additional demand for large industrial / multi-use sites in the future.

¹² <https://www.cluthadc.govt.nz/property-rates-and-building/planning-and-resource-consents/zoning-review>

¹³ <https://www.waitaki.govt.nz/Council/Consultation/district-plan-review>

Comments on specific industrial areas and potential locations for new industrial land

The Dukes Road area in Mosgiel has grown in popularity in recent years with more businesses prepared to travel further from harbourside due to the factors outlined previously. It is not, however, suitable for all industrial businesses with the cost of fuel and time (distance from arterial routes and Mosgiel traffic) making it too expensive for some businesses using large trucks for example. Similarly, one interviewee noted the lack of infrastructure as a potential issue.

Interviewees noted that there is still capacity in the Dukes Road area, and it provides an option for Dunedin's high demand for owner-occupier land. However, there are reports this is changing, with more developers purchasing land and offering long term leases.

Several interviewees commented on the likely increase in rail use for logistics as businesses move to reduce their carbon footprint. Port Otago and Fonterra plan to develop a freight hub in the area, which would involve goods being transported by rail to the port, rather than by road. If developed, this may continue to increase the popularity of the area.

A second industrial area in Mosgiel is located around Gow Street. Interviewees had little to report on this area, although it was noted that one company has recently purchased approximately 3ha of land to expand their existing operation in Green Island. This leaves a small section of land in the area undeveloped, which is owned by a single entity.

Numerous interviewees commented on the increasing popularity of the Green Island and Fairfield areas for industrial use, largely due to the good transport links and flat land. Recent Stats NZ data shows a decline of 4% in employee numbers in Green Island in the 12 months to February 2022; however, a 22% annual increase in employee numbers in Fairfield. This increase was largely due to construction and manufacturing industries which account for over two thirds of employees. The development of a small-scale industrial park at Chadwick Street in Fairfield may continue this upward trend.

Several interviewees discussed the suitability of the Burnside area for additional industrial land, due to the good transport links and natural extension of the Green Island and Kaikorai Valley Road industrial areas.

Several suggestions for areas potentially suitable for new industrial land were made by the interviewees. Many of these would require a plan change to rezone the sites to industrial, and a number are classified as highly productive land (HPL). HPL can only be developed for urban use if specific criteria are met, including a lack of suitable sites that are not highly productive¹⁴.

¹⁴ See the National Policy Statement for Urban Development: [National Policy Statement for Highly Productive Land | Ministry for the Environment](#)

GREEN ISLAND LANDFILL

This site is zoned rural and industrial. If technically viable, the site could be considered for industrial land at the end of its life in approx. 2030

OLD MAXWELL LANDFILL

This 73ha site south of Walton Park, Fairfield, is zoned rural. If technically viable, the site could be considered for industrial use.
The site is partly covered by highly productive land

**HILLSIDE ROAD – KIWIRAIL
SITE**

There is the potential for further small-scale industrial development on this large site if it is not all needed by Kiwirail. Kiwirail has not finalised its plans at this stage. The site is industrial zoned but designated for railway purposes

**GREEN ISLAND
REDEVELOPMENT**

Interviewees suggested under-utilised land, including car parking areas, within the Green Island industrial zone could be redeveloped, creating additional space without a plan change

FAIRFIELD

There is potential for 17ha of additional industrial development in Fairfield. Subject to rezoning from rural and sale/lease by the landowner. The site is covered by highly productive land

BURNSIDE AREA

Two landowners propose an industrial estate in the Burnside area. The rural zoned site covers approximately 16ha, most of which is classified highly productive land. The site also has potential contamination issues, which the owners consider are remediable

EAST TAIERI AREA

Rural zoned land in this area is flat and close to road and rail access. However, there is currently lifestyle development in the area, and highly productive land

ALLANTON AREA

Rural zoned land in this area is flat and close to road and rail access. However, land to the north of State Highway 1 is highly productive land

Further information on industrial areas at Mosgiel and Burnside/ Green Island are included in Part B of this report.

Tertiary Education

No additional campus space is required

Te Pūkenga and Otago University's budget cuts could result in the sale of land

Any sales could release land in the campus zone

Based on responses from interviewees, neither of Dunedin's tertiary education establishments require additional land or rezoning at present with projected land needs met by existing assets.

Te Pūkenga was created earlier this year by merging all individual polytechnics into one institution. It has been reported that it now needs to cut its budget by up to \$40m.¹⁵ Similarly, Otago University needs to make budget cuts of \$60m.¹⁶ Options are being considered for savings, but could potentially include asset sales.¹⁷

Consequently, it is possible both or either institution could sell underutilised properties or cease leases to assist budget requirements.



Photo: DunedinNZ



¹⁵ <https://www.rnz.co.nz/national/programmes/ninetoon/audio/2018884094/te-pukenga-ceo-on-challenges-for-the-mega-polytechnic>

¹⁶ <https://www.rnz.co.nz/news/national/488349/university-of-otago-proposes-cutting-several-hundred-jobs>

¹⁷ <https://www.odt.co.nz/news/dunedin/campus/investigation-uni-budget-gap-deliberately-omitted>

Broad Themes

A number of other broad themes emerged from the interviews. These are discussed below.



A potential need for more business land, or provision for business activities, in suburban areas was mentioned by several interviewees; however, the overall need for additional land is limited.



Expansion of centres

One interviewee noted a longstanding demand for retail land in Roslyn, Māori Hill and St Clair (including cafés, gyms and health and wellbeing stores). However, space and vacancies are limited.

Suburban hubs

The First Retail study concluded that whilst Dunedin has experienced an uplift in spending outside the CBD, land capacity exists through infill and redevelopment opportunities. The only exception is North East Valley where there is a need for additional capacity to satisfy demand for a competitive supermarket proposition.

Commercial activities to support WFH

Many interviewees speculated that the increase in people WFH will create more demand for cafes and small-scale convenience retail in suburban hubs. However, whilst this has occurred elsewhere in the country, it has not yet materialised in Dunedin.¹⁸ There were requests to enable essential businesses, for example food retail, in residential areas, rather than treating all businesses equally. Dairies are currently provided for in residential zones, but no other retail activities.

Health hubs

The 2022 health reforms stipulate health and wellbeing services will be delivered in local communities. This will partly be through a 'localities model'.¹⁹ Localities are geographic areas that cover distinct communities with a population between 20-100k.²⁰ Everywhere in New Zealand will have its own locality by July 2024.

Services to be provided in each locality are likely to vary depending on local need. Localities are likely to include staff from various organisations, for example healthcare professionals working alongside social services such as the Ministry of Social Development.

Health hubs located in suburban Dunedin could create demand for commercial redevelopment such as retail and cafés to cater for staff and users.

Dunedin localities, and their potential hub locations, are currently unknown.

¹⁸ <https://www.rnz.co.nz/national/programmes/checkpoint/audio/2018834794/working-from-home-a-boon-for-suburban-outlets>

¹⁹ <https://www.futureofhealth.govt.nz/about-the-reforms/how-health-system-changing/localities/>

²⁰ <https://www.lgnz.co.nz/assets/2022-May-iHNZ-iMHA-Localities-Presentation-Mayors-Chairs-CEs-Local-Govt.pdf>



Financial situation

Many interviewees commented on the current financial situation and financial uncertainty, including the high cost of living and high inflation, as having an impact on the demand for business land in the short to medium term. Reduced consumer spending is likely to prevent many businesses and developers from embarking on new or additional ventures.



Building quality

Almost all interviewees discussed Dunedin's poor quality building stock. This covered all sectors of business. Questions were also raised about the earthquake strengthening requirements and if some of the existing buildings will be too costly to remedy, thus left beyond repair and discouraging investment.



Photo: DunedinNZ

Part B: Information on specific geographical areas

The following areas were identified by the research team as potential areas of change. Information on zoning, land use, recent land sales and resource consents, has been collated, to assist with decisions on the need for any changes to planning provisions for each area.

Mosgiel – Dukes Road Industrial Area

Dukes Road industrial area has grown in popularity and there is still demand for land

DCC Property is the largest property owner (18.9ha), but there are no plans to develop or sell the land at present

Whilst it has grown in popularity it is not suitable for all industrial businesses, such as those using large trucks, where the distance from arterial routes is too great

There is some remaining capacity and if the existing zone was extending, there would likely be demand for the land

Subdivisions are taking place

The Dukes Road industrial area extends along Dukes Road North, to the north of the Taieri Aerodrome. The industrially-zoned area is 100ha in area, and has gained in popularity in recent years. This is reflected in the seven property sales between 1 May 2021 and 1 May 2023, and three subdivision consents during the same period, creating seven lots. This is in addition to the large-scale subdivision of Otago Business Park (157 Dukes Road) in 2019.²¹

Approximately one third of the area is vacant. Of this, approximately 19ha (20% of the total area) is not yet available for industrial use. This area is owned by DCC and development is dependent on creation of a masterplan for the land, including a stormwater strategy. There is currently no timeline for this.

6 ORGANISATIONS OWN 67% OF THE TOTAL LAND AREA

7 PROPERTY SALES

In the past 2 years

16 RESOURCE CONSENT APPLICATIONS

Lodged and resolved in the last two years - all granted

²¹ <http://www.otagobusinesspark.co.nz/>

Dukes Road Industrial Area Map



Dukes Road recent resource consent applications

Resource Consents *(lodged date: 01/05/2021 - 01/05/2023)*

Map Ref	Consent No	Lodged Date	Address	Description	Decision
1	LUC-2021-440	09/07/2021	115 Dukes Road North	Establish an industrial building, and associated sign and vehicle access	Granted
2	SUB-2021-215	28/07/2021	69 Sinclair Road	3-Lot Industrial Subdivision	Granted
3	LUC-2021-675	24/11/2021	157 Dukes Road North	Large-scale subdivision earthworks	Granted
4	LUC-2021-689	29/11/2021	1 Tarakihana Drive	To establish a new industrial building and a vehicle crossing, and undertake associated earthworks	Granted
5	LUC-2022-22	24/01/2022	4 - 180 Dukes Road North	Construction of a new extension to existing workshop and new showroom which	Granted
6	LUC-2022-124	30/03/2022	4 Tarakihana Drive	The establishment of an LPG tanker storage facility	Granted

Resource Consents *(lodged date: 01/05/2021 - 01/05/2023)*

Map Ref	Consent No	Lodged Date	Address	Description	Decision
7	LUC-2022-129	04/04/2022	5 Hazlett Road	Earthworks – large scale; construction of an office building with setback and no mobility parking. Development on Hazard 2 (flood) overlay zone	Granted
8	SUB-2022-42	04/04/2022	1 Hazlett Road	Staged subdivision creating four industrial lots	Granted
9	LUC-2022-204	23/05/2022	12 Benson Close	To establish and operate an industrial activity being the construction of relocatable homes	Granted
10	LUC-2022-209	25/05/2022	169 Dukes Road North	The establishment of a purpose-built comprehensive funeral facility associated with an existing crematorium and earthworks.	Granted
11	LUC-2022-271	08/07/2022	5 - 180 Dukes Road North	The establishment of an industrial activity and building within the Hazard 2 (flood) overlay	Granted
12	SUB-2022-113	05/08/2022	11 Odilins Place Mosgiel	The subdivision to adjust the boundaries of the existing two sites	Granted
13	LUC-2022-324	05/08/2022	11 Odilins Place Mosgiel	The establishment of an industrial activity and building and undertaking earthworks-large scale within the Hazard 2 (flood) overlay on Lot 1 SUB-2022-113.	Granted
14	LUC-2022-450	14/10/2022	159 Dukes Road North	Land use and development of a natural hazard potentially sensitive activity, including a building greater than 60m2 in area, within the Hazard 2 (flood) Overlay Zone, and insufficient width of landscaping strip	Granted
15	LUC-2022-540	19/12/2022	163 Dukes Road North	Construction of an industrial building within hazard 2 (flood) overlay zone	Granted
16	LUC-2023-49	13/02/2023	111 Dukes Road North	Establish an industrial activity, associated vehicle access, and undertake earthworks	Granted

Dukes Road recent property sales

Property Sales

(sale date: 01/05/2021 – 01/05/2023)

Map Ref	Address	Sale Date	Map Ref	Address	Sale Date
A	42 Stedman Road	24/12/2021	E	1 Odilins Place	23/09/2022
B	51B Sinclair Road	15/03/2022	F	8 Benson Close	08/11/2022
C	1 Hazlett Road	16/05/2022	G	10 Benson Close	22/12/2022
D	11 Odilins Place	23/09/2022			

There is potential for the development of a 16ha industrial estate in Burnside, which is a desirable industrial location

Some Landowners propose the creation of a new industrial estate covering approximately 16ha

Popular location with good transport connections

Currently zoned rural slopes and partly covered by highly productive land layer

The Burnside area was identified by the research team as having the potential for further industrial use. The area assessed encompasses rural and industrial zoned land between Townleys Road and Carnforth Street.

3 ORGANISATIONS OWN 84% OF THE TOTAL LAND AREA

48% INDUSTRIAL LAND USE

48% of the total area has an industrial land use description and a further 22% a rural industry land use description

HALF ENGINEERING AND METAL WORKING

Of the industrial properties, half the area is recorded as engineering and metalworking

11 PROPERTY SALES

Within the last two years

3 RESOURCE CONSENT APPLICATIONS - 1 RELEVANT

Lodged and resolved in the last two years, all granted

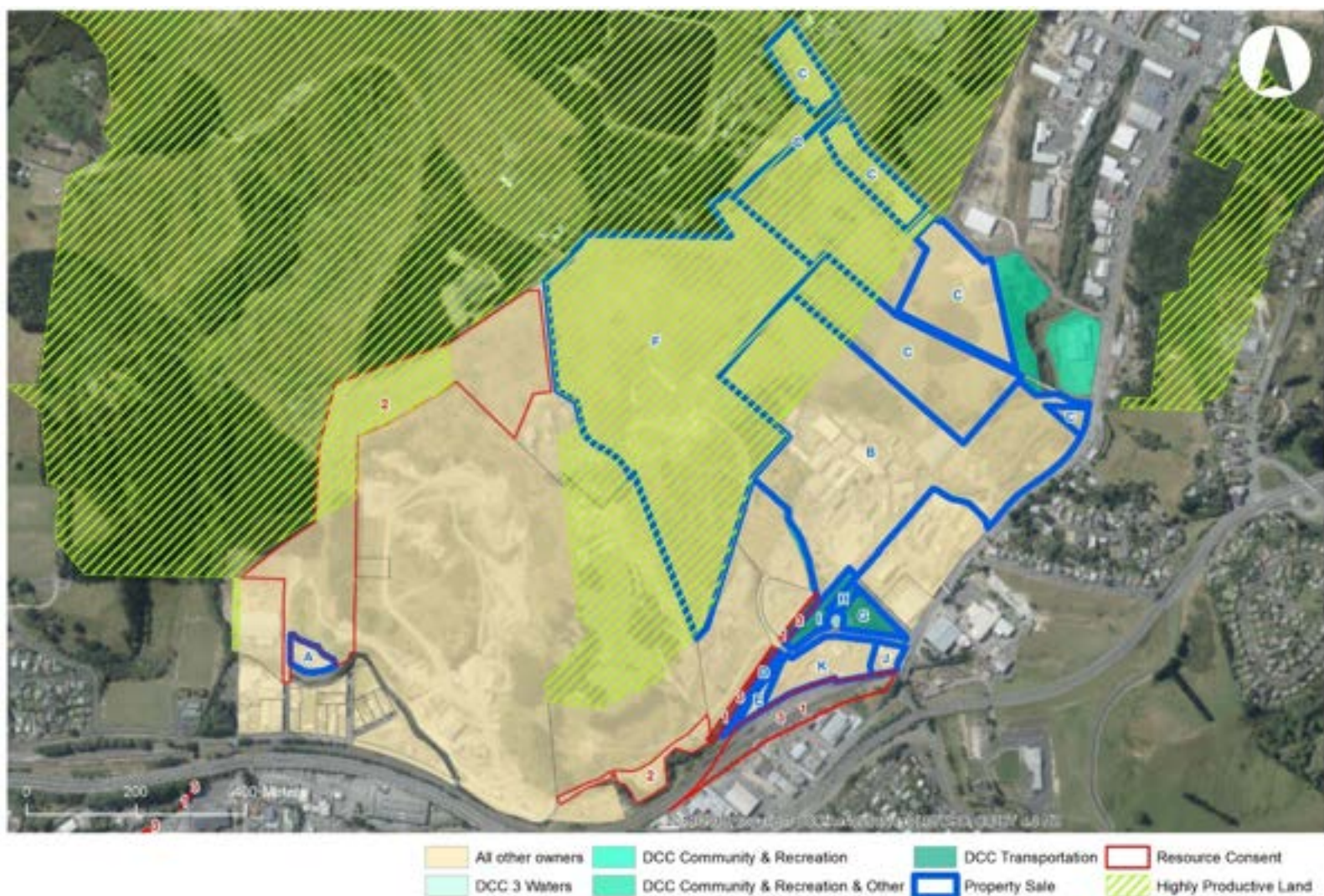
Three organisations own 84% of the total land area, this equates to approximately 93ha. In addition, DCC owns 4ha of land.

48% of the area has an industrial land use description, of which engineering and metalworking is the most popular subcategory accounting for approximately half. The rural industry land use description accounts for 22% of the area and largely involves forestry and stock finishing.

Of the 11 property sales over the last two years, most were in the centre and east of the area. Three properties, equating to 1ha of land, were sold to DCC Transport.

Of the three resource consent applications received and resolved over the past two years, only one relates directly to this area. This involves a subdivision, and the consent was granted.

Burnside area map



Burnside area recent resource consent applications

Resource Consents (lodged date: 01/05/2021 – 01/05/2023)

Map Ref	Consent No	Lodged Date	Address	Description	Decision
1	LUC-2021-501	20/08/2021	SEC 1 Dunedin - Tranzrail Dunedin	Establishment of a network utility structure – large scale, being a 30 000L water tank for firefighting purposes	Granted
2	SUB-2021-282	9/12/2021	Part 45 Boundary Road	A seven-lot subdivision of seven existing sites and a partial waiver of the esplanade reserve provisions	Granted
3	LUC-2022-473	4/11/2022	SEC 1 Dunedin - Tranzrail	The installation of murals on pillars underneath KiwiRail Bridge 229, and the south facing wall of rail corridor land adjoining 10 Cameron Street.	Granted

Burnside area recent property sales

Property Sales

(sale date: 01/05/2021 – 01/05/2023)

Map Ref	Address	Sale Date	Map Ref	Address	Sale Date
A	5 Crimp Street	19/08/2021	G	9 Eclipse Road	1/12/2021
B	694 Kaikorai Valley Road	24/09/2021	H	15 Eclipse Road	1/12/2021
C	25 Townleys Road	24/09/2021	I	6 McLeods Road	1/12/2021
D	9 McLeods Road	24/09/2021	J	720 Kaikorai Valley Road	31/03/2022
E	7 McLeods Road	24/09/2021	K	714 Kaikorai Valley Road	31/03/2022
F	19 Boundary Road	14/10/2021			

Kaikorai Valley Road / Stone Street Area

Land use is changing with increasing commercial development, but there is still demand for industrial land

Whilst there is demand for industrial land along Kaikorai Valley Road, there is little opportunity for expansion without redevelopment

Some car yards are consolidating or downsizing, creating some additional space within the industrial zone

A training facility/campus is being created for trade and industrial education on Glenelg Street

This area is zoned industrial, with the exception of some General Residential 1 zoning on Glenelg Street. Recent commercial development has occurred in the industrial-zoned old woollen mills at the intersection of Kaikorai Valley Road and Stone Street, prompting consideration of whether this trend will continue and whether the zoning in the area remains appropriate. However, interviewees had no insights into future development in this area.

INDIVIDUAL OWNERS

Several individual property owners, the largest area being the site of the recent commercial development

69% INDUSTRIAL LAND USE

21% COMMERCIAL LAND USE

3 PROPERTY SALES

Within the last two years

2 RESOURCE CONSENTS

Relating to a training facility and a workshop

The area is owned by a number of individual owners, with no one owning more than one site. The site of the new commercial complex has the largest area, covering 2.4ha.

Over two thirds of land use is industrial in the area (including multi-use industrial) and 21% is commercial.

There have been three property sales in the area over the last two years and two resource consent applications. The applications related to the establishment of a training facility and a workshop, and both were approved.

Kaikorai Valley Road / Stone Street area map



Kaikorai Valley Road / Stone Street area resource consents

Resource Consents *(lodged date: 01/05/2021 – 01/05/2023)*

Map Ref	Consent No	Lodged Date	Address	Description	Decision
1	LUC-2021-516	3/09/2021	284 Kaikorai Valley Road	Establishment of a new garage workshop and undertaking additions and alterations to an existing building	Granted
2	LUC-2022-332	11/08/2022	11 Glenelg Street	The establishment of a training facility.	Granted

Kaikorai Valley Road / Stone Street roundabout area property sales

Property Sales

(sale date: 01/05/2021 – 01/05/2023)

Map Ref	Address	Sale Date	Map Ref	Address	Sale Date
A	305 Kaikorai Valley Road	27/09/2021	C	303 Kaikorai Valley Road	5/12/2022
B	11 Glenelg Street	3/10/2022			

Health Precinct

The new hospital is likely to create demand for additional allied health providers, office space, childcare, retail and cafes within the precinct and surrounding area

The new hospital will create a significant increase in footfall - staff, students, patients, and family – to an area with currently limited facilities

Could place more demand on land in the neighbouring industrial zone from allied health providers

Potential uptake of office space near the hospital for non-clinical staff

The area of interest is a combination of the precincts identified in the Te Whatu Ora masterplan²² and the University of Otago masterplan²³, along with surrounding land. Te Whatu Ora's aim is for the precinct to be more attractive to patients and staff, including more green spaces, encouraging active transport and the availability of residential opportunities in the heart of the city for staff.

MINISTRY FOR HEALTH AND THE SOUTHERN DISTRICT HEALTH BOARD OWN 60% OF THE TOTAL LAND AREA

COMMUNITY SERVICE AND COMMERCIAL LAND USE

55% has a community service land use description and a further 25% commercial

NO PROPERTY SALES

No property sales in the area within the last two years

4 RESOURCE CONSENT APPLICATIONS

Lodged in the last two years, all granted

6 HERITAGE BUILDINGS

University of Otago buildings, physio pool, Cadbury's dairy building and former Post Office

NEW DUNEDIN HOSPITAL COMPLETION DATES

Outpatient building - due 2025
Inpatient building - due 2029

The Southern District Health Board is the largest property owner in the area with approximately 6.9ha (38%). The Ministry of Health owns 4ha (22%), including the site of the new hospital.

The zoning of the health precinct is a mixture of CBD-Edge Commercial (the new hospital site), Dunedin Hospital Zone (the current hospital site), Campus Zone, Suburban Centre (along Albany Street) and Otago Museum. The zoning of the surrounding land is industrial, CBD and residential.

Land ownership is stable, with no property sales in the precinct area between 01/05/2021 and 01/05/2023. The most significant resource consent applications within the last two years relate to the new hospital build. There are six heritage buildings within the area.

²² <https://www.southernhealth.nz/sites/default/files/2022-04/Precinct%20Masterplan%20Report.pdf>

²³ [‘Health Precinct’ vision unveiled by University, News and events, Campus Development Division | University of Otago](#)

Interviews

Many participants noted the predicted positive impacts of the health precinct on the city, both through the build stage and into the future, such as increased footfall in the city. Te Whatu Ora estimates the new hospital project will contribute an estimated \$429 million GDP.²⁴

Currently there are 3,500 staff members at the hospital, as well as students. It was anticipated by several interviewees that the hospital precinct will attract allied health professionals, research organisations, childcare providers, retail and cafes to the precinct and surrounding area. An example of this is the new Pacific Radiology building on Great King Street. This expansion could create a significant shift in dynamics immediately surrounding the new hospital, an area which currently has limited facilities. There is also potential for land in the neighbouring industrial zone along Castle Street to be in demand for health-related activities, which would put additional pressure on the availability of industrial land.

The hospital currently leases various spaces in the CBD, including the new Filleul Street minor operations building. It is unclear if similar arrangements will continue once the new hospital is built. As noted previously, there is currently excess office space in the city. However, as the new hospital is built some non-clinical staff could take up some of the excess space in the area.

One interviewee suggested that private healthcare providers are interested in moving to Dunedin, particularly with the development of the new hospital. However, they are unable to do so due to a lack of suitable space near the new hospital site. It was also suggested that having move private providers would make Dunedin a more attractive place for medical professionals to work and live.

There has been no formal decision regarding the future of the existing hospital buildings, including the Wakari site. Potential uses include education, housing and mixed use commercial. Dunedin Hospital can transition to Campus Zone if it is no longer needed for hospital activity. Wakari Hospital can transition to General Residential 1 Zone if no longer needed for hospital use.

Health Precinct Map (overleaf)

²⁴ <https://www.newdunedinhospital.nz/our-health-system/infrastructure-and-investment/new-dunedin-hospital/>



Health Precinct recent resource consents

Resource Consents (01/05/2021 – 01/05/2023)

Map Ref	Consent No	Lodged Date	Address	Description	Decision
1	LUC-2021-540	13/08/2021	336 Cumberland Street	New Dunedin Hospital - Stage One (to authorise the inground enabling works across the three NDH blocks)	Granted
2	LUC-2021-599	13/10/2021	155 Hanover Street	Removal of significant tree T294 (Raywood Ash)	Granted
3	LUC-2022-126	30/03/2022	270 Great King Street	The erection of new eight new signs along the road reserve signposting the heritage precinct	Granted
4	LUC-2022-136	8/04/2022	360 Cumberland Street	New Dunedin Hospital – Stage Two (Outpatients Building)	Granted

Health Precinct heritage buildings

Heritage Sites

Plan ID	Name	Address	Protection
B030	Cadbury Confectionery Ltd Buildings (dairy building)	280 Cumberland Street	Facade to Castle Street
B1292	Otago Therapeutic Pool	464 Cumberland Street	Entire building envelope and interior reinforced concrete portal frames
B243	University of Otago D2014 Lindo Ferguson Building	270 Great King Street	Facade to Great King Street
B244	Scott Building - Otago Medical School	266 Great King Street	Facade to Great King Street
B245	Dunedin North Post Office (former)	361 Great King Street	Entire external building envelope
B736	University of Otago Zoology Building	340 Great King Street	Facade to Great King Street
B820	Dental School / Walsh Building	35 Fredrick Street	Entire building envelope

A changing face without amendments to the plan

Princes Street was discussed by many interviewees regarding its potential for change in the short, medium, and long term. It is reportedly popular with independent businesses due to the cheaper leasing costs. Potential changes anticipated include:

**Increase in retail and cafés**

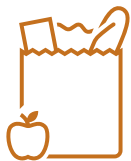
Due to more office space being developed in the area

**Increase in residential properties**

Kāinga Ora's potential development of the Go Bus site could change the dynamic of the Princes Street area by increasing the residential population, and consequently the type of businesses required to serve it²⁵

**Off-site storage and customer collection**

South Princes Street (CBD-Edge Commercial South Zone) could offer a suitable space for off-site storage and customer collection sites if this trend continues as it has done elsewhere in the country

**Development of a food quarter**

Three artisan food stores have located in the area in recent years. One interviewee suggested that along with the organic supermarket in the neighbouring High Street, there is the beginning of a food quarter, which is a trend also identified in the First Retail study.

No changes to zoning or plan rules would be required to enable the trends identified above.

²⁵ <https://www.odt.co.nz/news/dunedin/put-brakes-bus-depot-sale-union-says>

Other Areas

The previous section sets out the geographic areas repeatedly highlighted by interviewees. In addition, the following issues were mentioned.

CAVERSHAM

Development at Te Kāika health centre will likely increase footfall in the area – staff and users. This could result in additional businesses and the redevelopment of poor-quality buildings

KARITANE

There is potential for business land requirements to increase if proposed rūnaka projects proceed

FORBURY PARK

The future use of the site, which is currently unknown, is likely to affect the land use in the surrounding area. For example, medium density housing may support additional retail development

QUARRIES

Dunedin's existing rock and gravel quarries could be exhausted in the short to medium term, meaning additional quarries may need to be identified and developed

ENTERTAINMENT VENUES

There is limited space suitable for live music venues in Dunedin

Specific 2GP Issues

In general, the 2GP was not identified as a barrier when considering the availability of business land, rather, development limitations were often due to topography or existing land ownership. Nonetheless, the following plan specific issues were identified:

Active frontage	Requirements for ground floor retail / active frontage in primary pedestrian frontage areas (in parts of the CBD and centres zones) means it is difficult for new housing to be developed in these areas.
Office space outside CBD	Allowance should be made for older buildings (not listed heritage buildings) to be developed into office spaces outside the CBD, to increase the options for characterful office spaces and preserve the city's heritage.

Conclusion

No additional office or retail land is required

This research has not identified any need for additional office, retail, or campus land. While it has identified that the office and retail sectors could benefit from changes in footprint size and building quality, these are not considered factors to be addressed through the FDS or potential plan review.

This is consistent with the findings of the First Retail study, but inconsistent with the Business Development Capacity Assessment. The capacity assessment suggested a potential requirement for more retail land in the short and long term (under a high growth scenario) and large format retail in the short term.

More industrial land is required

This research has identified a shortfall in industrial land, with additional demand predicted in the future, particularly considering the hospital build, road and water infrastructure upgrades, housing, retail and office builds. This is consistent with the Business Development Capacity Assessment, which concluded there is a requirement for more industrial land, but only in the short term.

Any new industrial land should be of various sizes, including large warehousing space. It should be flat, with good road and rail links, and buffered from residential zones.

This research was not able to identify the total amount of additional industrial land required, with interviewees commenting that the true level of demand is currently unknown. However, the Principal Economics capacity assessment estimates 53,894m² of industrial floorspace is required in the short term (2027) under a medium growth scenario. This equates to between 10.8ha and 17.4ha of land, depending on the floorspace to land area ratio used. However, the assessment also predicts excess industrial land in the medium (2034) and long term (2054) due to development of vacant land, more efficient land use and impacts of the Climate Change Commission report.

Whilst the harbourside area is still the ideal location for many, industrial businesses are prepared to travel further than previously. Consequently Burnside, Fairfield, Green Island and Mosgiel are increasingly popular, particularly when owner-occupier options are available.

A number of potential options for new industrial land were identified. Most of these would require a zone change, and some are classified as highly productive land, which can only be developed for urban use if certain criteria are met. There are also sites that are already zoned industrial that could be developed more efficiently, to provide additional industrial opportunities.

Future trends

The new hospital build will significantly impact the city. There is no immediate call for additional land for the hospital precinct itself. However, it is predicted that the increase in allied health providers, childcare providers, office, retail, and café spaces, could put pressure on the neighbouring industrial area, which is already in demand.

Similarly, the potential retail trend of off-site storage and customer collection sites may also add additional demand to industrial land close to the CBD.

In the future there may be a requirement for additional business land in the suburban centres to cater for health hubs, retail, and cafes; however, the locations and extent of such hubs are currently unknown.

Second Generation Plan

In general, the 2GP was not identified as a barrier when considering the availability of business land. Rather, development limitations were often due to topography or existing land ownership.