

# Property-led regeneration: understanding and supporting small town commercial property development initiatives

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NEW ZEALAND

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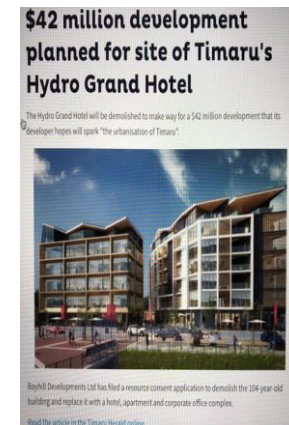
National  
**Science**  
Challenges

**BUILDING BETTER  
HOMES, TOWNS  
AND CITIES**

Ko Ngā wā Kainga hei  
whakamāhorahora

# Timaru/Ashburton

- We report a study of Timaru and Ashburton, in New Zealand's South Island, focusing on the role of commercial property development in second-tier settlement towns centre regeneration
- In Timaru (population 49,000) and Ashburton (population 34,000) with economic bases in agricultural servicing, food processing and allied transport infrastructure there are excellent examples of developers *proposing to build new service-orientated town centre properties in challenging circumstances*



## Approach & Foci



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- Our starting point (Year 1) was to talk to a wide range of regeneration stakeholders about their aspirations and activities
- The challenges of service-orientated commercial property development in the regenerating town centre stood out as an area in need of attention
- Interviews with a range of stakeholders – property entrepreneurs, local politicians, council staff, business people, real estate agents; additional media and archival searches
- Our fieldwork focused on the proposed development of the Eastfield Precinct (Ashburton) & Hydro Grand Hotel site (Timaru)
- Engaged with literature on property-led regeneration and small town regeneration

# Finding #1



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## **The developers**

- Entrepreneurs - local business people, passionate about their towns, strong place attachment, “putting their necks on the line” to effect change
- Little experience as property developers, but past success in other businesses which has enabled branching into property ventures

## **The developments**

- Large developments (Timaru \$42m, Ashburton \$40m)
- Generally low returns and high risk due to local economic uncertainty in small regional settlements
- Financing difficult and in some cases virtually impossible

## Finding # 2



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### **The planning process**

- These inexperienced developers found the planning process difficult to understand
- Exacerbated by what they saw as conflicting advice from consultants and council planners
- A lack of town centre master planning in Ashburton and Timaru increased uncertainty and frustration
- Council planners had little experience in dealing with large service-orientated town centre development/regeneration proposals (as these are rarities) and beyond Resource Management Act/District Plan regulatory advice had little to offer the developers

## Findings # 3



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### Local councils

- The councils involved have limited tax bases and financial resources and these have to be allocated across a wide range of areas beyond urban land use planning and property development – therefore difficult to take an active role in such things as master planning and advising on and facilitating the activities of neophyte developers
- Small town politics can create a structural divide between councillors' individual aspirations and the working out of medium to long term town planning including master planning and the operationalisation of those plans

## Conclusion



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- There is typically little or no presence of large institutional property investors in New Zealand's 2<sup>nd</sup>-tier settlements
- Service-orientated commercial property development in the regenerating town centres of these small towns is often dependent on successful local business people who are property development neophytes
- They have little or no understanding of the processes and pitfalls of the development planning and consenting process
- They find the processes complex and frustrating: local councils are often not able to take facilitative and enabling roles
- There is scope for policy development designed to help entrepreneurs, local government and other stakeholders to engage more effectively and cooperatively in this space.