

**BEFORE A BOARD OF INQUIRY
NORTHERN CORRIDOR IMPROVEMENTS PROPOSAL**

IN THE MATTER of the Resource Management Act 1991 (RMA)

AND

IN THE MATTER of a Board of Inquiry appointed under s149J of the RMA to consider notices of requirement and resource consent applications by the New Zealand Transport Agency for the Northern Corridor Improvements Proposal

**STATEMENT OF EVIDENCE OF STEPHEN LUKE DOYLE FOR KIWI SELF
STORAGE LIMITED**

REGISTERED VALUER

DATED 25 MAY 2017

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1. Introduction

- 1.1 My full name is Stephen Luke Doyle.
- 1.2 I am currently employed as the National Director – Strategic Advisory, Hotels and Hospitality at Jones Lang LaSalle Limited and have held that position since 2013. I have been a Registered Valuer practising in the New Zealand and South Pacific (Fiji, Vanuatu & Cook Islands) real estate markets since 1999. Previously I worked for CBRE Hotels as the Director of Hotels Valuation and Advisory New Zealand. In both roles, the Hotels valuation division were responsible for the valuation of self-storage facilities given their alignment with other going concern assets.
- 1.3 I hold a Bachelor of Property from the University of Auckland and am also an Associate of the New Zealand Institute of Valuers. I am an approved Panel Valuer with all key financial institutions that operate an approved panel of Valuers in New Zealand. I have experience in the valuation of specialist cashflow-focused assets such as self-storage facilities, hotels/motels as well as large-scale land development projects.
- 1.4 My role in relation to Kiwi Self Storage Limited's (**Kiwi**) submission on the six notices of requirement and 25 resource consent applications for the Northern Corridor Improvements project (**the NCI project**) in Auckland has been to investigate and analyse preliminary value outcomes relating to Kiwi's site at 12 Holder Place, Rosedale, Auckland (**site**) before and after the project.
- 1.5 I visited Kiwi's site on 4 May 2017 to inspect the proposed area land of Kiwi's site to land to be acquired and visualise the nature of works adjoining the Kiwi site, to assist in understanding the potential effect that the proposed works are expected to have on the market value of Kiwi's Freehold Going Concern interest at the Site.

2. Code of Conduct

- 2.1 I confirm that I have read Section 7 of the Code of Conduct for expert witnesses contained in the Environment Court of New Zealand Practice Note 2014 and that I have complied with it when preparing my evidence. Other than when I state I

am relying on the advice of another person, this evidence is entirely within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

3. **Scope of this evidence**

3.1 In my evidence I will discuss the following:

- (a) Effects of the proposed retaining wall, bus lane and shared use path, reduction of visibility, and reduced vehicle circulation on the value of Kiwi's business.

4. **Effects of the retaining wall, bus lane and shared use path, reduction of visibility, and reduced vehicle circulation on the value of Kiwi's business**

4.1 There are a number of effects on Kiwi's Freehold Going Concern interest in the Site that will be created by the proposed bus lane and shared use path (**SUP**) to be developed on the western side of Kiwi's site. These proposed works will result in a material reduction of Kiwi's current visibility to State Highway 1 (**SH1**), and adversely impact upon the circulation areas adjoining the existing buildings. These effects are forecast to soften both the occupancy of the facility and investment capitalisation rate.

Occupancy at Kiwi's site

4.2 I understand Kiwi operates around 787 self-storage units within two purpose built buildings, and 24 partially demarcated outdoor vehicle storage spaces.

4.3 The proposed works are expected to negatively affect Kiwi's business and its ability to rent all the storage spaces. I consider a decrease of financial occupancy will occur in the order of -10%, following a re-stabilisation period. It is likely that primarily due to the reduction in exposure to SH1 that the Kiwi facility may over time, experience a reduction in market share.

4.4 I consider that the occupancy forecast following completion of the NCI project would be consistent with investor expectations of a reasonable-performing self-storage facility within a regional centre. However, post completion of the NCI project, it will not be an asset that benefits from exceptional circumstances, such

as being exposed to a main arterial like SH1, which the Kiwi site currently benefits from.

Advertising at Kiwi's site

- 4.5 Additional expenditure will be required to allow for increased advertising and marketing, however in the interests of simplicity and in order to reduce subjectivity, I have not specifically considered the extent of this additional sum.

Capitalisation

- 4.6 I am of the opinion that the property prior to the NCI project is a 'prime' asset within the self-storage market. This is because of its location within a regional centre and because of its high levels of exposure from a major arterial route (SH1), its historical cashflow performance and the nature of the existing buildings (i.e. their unit configuration).

- 4.7 However, after the acquisition of land and the completion of the proposed works as they currently stand, I consider the property would become a property with less desirable, or secondary locational characteristics (principally the absence of high levels of State Highway exposure), and increase the vulnerability of the property to the introduction of new self-storage supply that may (post the NCI project) be located with a more visible location by comparison to the site. The impacts of this would soften the investment yield.

5. Conclusion

- 5.1 For the reasons set out in this evidence, I consider that the economic impacts on Kiwi's site are significant, especially by comparison to the relatively small area of physical land to be acquired. The property before the proposed acquisition has high levels of exposure to SH1 which will be materially reduced by the proposed acquisition and works. This will affect the value of Kiwi's Freehold Going Concern interest in the Site



Stephen Luke Doyle

25 May 2017