



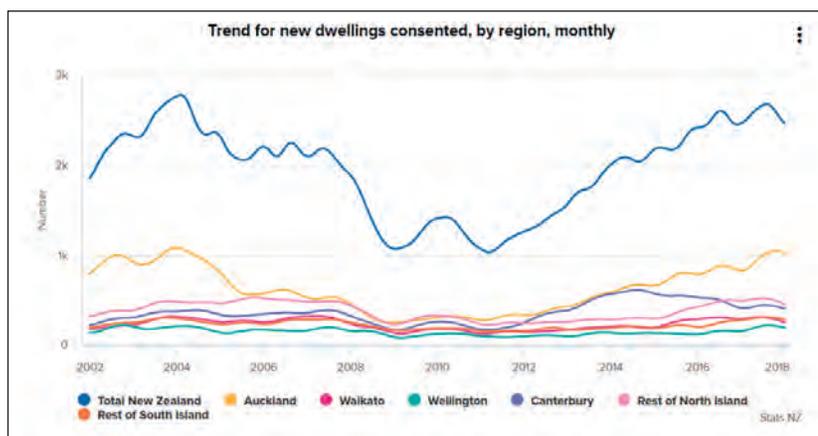
Carl Salmons, BSurv, MNZIS, MCSNZ, Licensed Cadastral Surveyor

VOLUMES. GRADIENTS. LEVELS. CLAIMS. CONTRACT PROGRAMME. SLEEPLESS NIGHTS. THE SURVEYOR PRACTISING IN LAND DEVELOPMENT IN NEW ZEALAND WILL BE FAMILIAR WITH THESE TERMS. THIS ARTICLE FOCUSES ON THE SURVEYOR'S ROLE IN CONTENDING WITH HIGH LEVELS OF DEVELOPMENT ACTIVITY POST THE GLOBAL FINANCIAL CRISIS.

Setting the scene

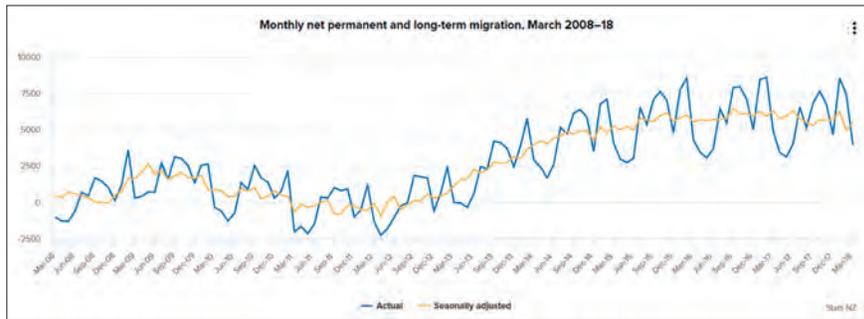
During the Global Financial Crisis (GFC) and aftermath (say 2008 to 2012), there wasn't much residential land development happening in New Zealand. Surveyors were heading overseas, or the ones lucky enough to have work were operating in rural areas, or doing work for councils and other public sector clients. Surveying graduates had a hard time getting a job and many left for Australia and the UK.

During this time, the local councils shed planning and engineering staff and didn't replace the ones who left. The Auckland coun-



Graph 1: building consents since 2002

cils amalgamated and restructured. Senior staff with institutional knowledge hung up their scale rules and retired.



Graph 2: monthly net migration since 2009

Large developments that had built up steam leading up to 2008 (by then, you couldn't go wrong in land development) suffered catastrophic shifts in the availability of finance, and buyers and builders vanished. The developers who had been bullish and put vast sums into infrastructure extensions and high-end landscaped subdivisions all of a sudden had the rug pulled from underneath them.

Suffice to say, most private firms with a focus on land development, councils and also contractors were running a lean crew by about 2011/2012.

A useful way to illustrate this low level of work is to look at the number of building consents issued since 2002. The trend on Graph 1, sourced from Statistics New Zealand, shows the heady days of the early 2000s, where almost 3000 building consents were issued in New Zealand per month, followed by the 2008-2012 period where this number was halved.

If most of your business was land development, theoretically you would have needed to halve your staff over the period of 2008-2010 to stay afloat. Firms had to plan for the worst, and structure accordingly.

The bounce

With skeleton staff and often meagre profits, firms were ticking over. Banks and second-tier lenders were still licking their wounds from the GFC and developers were not flavour of the month.

The length of the slow economic times (4-5 years) in my opinion changed the behaviour of surveyors practising in land development. They tended to become more risk averse and conservative, particularly those in management who had to face just breaking even each month and let their good staff go in the quieter times. Councils were equally conservative and capital spending on infrastructure projects was put on the backburner. This mentality extended well into the economic recovery period.

Graph 2 illustrates the monthly net permanent and long-term migration for the past 10 years. The numbers coming into New Zealand from mid-2015 to date are quite remarkable, about 6000 more people per month.

Low levels of new building consents (which include alterations) and high levels of new migrants into a re-

covering development sector – a recipe for a significant residential boom was at hand.

So, when 2012 came along, the Christchurch rebuild was under way and net migration into New Zealand turned positive, the surveyor's equivalent of the 'home guard' was in place to face the onslaught of residential land developers.

Starting off in the cities, led by Christchurch and then Auckland, vast greenfield and brownfield subdivisions were commissioned. Surveyors found themselves, almost overnight, needing to resource large projects for their clients.

Busy times

Land development was popular again. Builders were scaling up, contractors were hiring and banks were starting to lend to developers. Surveyors, however, were scratching for staff. Where had they all gone? Councils couldn't find land development engineers. Plan approvals and 224(c) timelines dragged out. Recruiters were having a feast as everyone was hiring.

Having had low levels of work for almost half a decade, many surveyors took on land development work quickly as it came in the door.

Many firms were overwhelmed. Skilled and experienced staff were doing long hours to keep up, and junior staff, without the benefit of land development experience during slow times, found themselves at times in the deep end. Cashflows were under pressure as profits were used to fund growth.

Projects muddled their way through the design, consenting and construction phases, and often changed hands many times at the council as staff turned over quickly. Earthworks were done well into winter to try to bring product to market faster. Design errors were carried through to site and firms were kicked off projects. Long-standing relationships were tested.

Many land development practitioners during this time were suffering from high levels of stress. Policies, procedures and attitudes that worked for organisations during the quieter times no longer worked during the busy times. Staff turnover was high. The projects kept coming.

The role of the surveyor in land development

In busy times when resources are stretched, the role of the surveyor in land development becomes even more critical. In my experience this role is defined in one word – leadership.

Boundaries (pun not intended) are tested by developers, contractors and others – quality, cost and time are always under pressure.

It is the surveyor who is connected to all of the key stakeholders in a land development project. Therefore, it is the surveyor who must apply their skills and experience to guide a project through, as calmly and as best as they can, to a successful completion.

Surveyors are involved in all facets of the land development process – initial feasibility advice to the client, procurement of other services, planning, design, construction monitoring, surveying and completion. In small rural practices, the surveyor is the planner, engineer and surveyor, as well as the guidance counsellor and financial adviser to the project.

In urban areas, where large land development projects exist, surveyors are often on the sidelines as ‘legal peggers’ or ‘topo guys’ with civil engineers leading projects. In reality, both are quite capable of running a project as there is a significant overlap in the discipline when it comes to land development. What is important is for professional disciplines to know their limits and leverage off each other’s skills and experience to deliver a good project outcome.

In some areas, the ability for surveyors to sign off land development works are slowly but steadily being eroded. The reasons for this are multi-faceted and I believe that this is a key challenge for the wider industry and NZIS to tackle head-on. There are not enough land development professionals in New Zealand generally and removing the certification rights of surveyors unnecessarily will only compound the current and ongoing housing supply issues.

Risk

Understanding where the risk sits in a land development project and managing that is a good way to reduce the occurrence of problems. Cost risk and programme risk are equally critical on a developer’s radar and the more that can be done to mitigate this upfront, the better.

The usual suspects, in my experience, are earthworks volumes and contractor resourcing. Having a robust project review process after a project is completed ensures that lessons are learnt.

Communicating risk to the client as early as possible is crucial, as they cannot manage risk they are not aware of.

Workshopping with key stakeholders in a project early on is a good way of identifying risk and mitigating it. A ‘troubleshooting’ session at the outset of a project, and again prior to construction can save a lot of pain.

Communication

Leadership requires good communication, internally (other staff), and externally (clients, councils, contractors and other disciplines). I have found it is most important to understand how others work. This allows you to communicate at their level – for example, an email to one party insisting on action may not work for another who prefers using the phone.

Since the GFC, a huge number of workers trained and experienced overseas have migrated to New Zealand. This includes surveyors and land development engineers. These people are a major part of the solution to the skills shortage here – however, where language is a barrier, firms and councils have another challenge to work through and patience must be applied on all sides.

Summary and looking forward

In the main centres of New Zealand, land development activity looks to be cooling following a peak in 2016/17. Net migration shows signs of slowing slightly. However, interest rates remain low and there is a large ‘backlog’ of homes that need to be built to cater for demand and it is expected that these drivers will continue to, partially at least, fuel land development for some time yet.

Surveyors by nature ‘just get on with it’ and when we are busy, tend to keep a low profile and get the job done. However, surveyors have had a hand in each and every allotment, unit and lease area created, often as the lead of the project, and this should be celebrated. The profession has a lot to do in terms of promoting its land development capabilities to the industry.

Surveyors have gained a lot of land development experience in the last four to five years during the economic recovery. It is important that this experience is not wasted and that surveyors continue to provide input into all levels of land development – from design, through to submitting on engineering codes of practice, attending council workshops and leading major projects.

Land development is not for the faint hearted – it is high risk, and invariably high stress from time to time. It can also be highly rewarding, however, and is an essential part of providing for the growing and changing population of New Zealand.

Carl Salmons has worked in the land development sector for 12 years in New Zealand. Carl is a Licensed Cadastral Surveyor and Director of multi-disciplinary firm Maven.

www.maven.co.nz

