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**KAIAPOI TOWN CENTRE
BUSINESS LAND REQUIREMENTS**

WAIMAKARIRI DISTRICT COUNCIL



Code	Date	Information / Comments	Project Leader
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1. INTRODUCTION

Property Economics has been engaged by Waimakariri District Council (WDC) to undertake an economic assessment of the Kaiapoi Town Centre with specific focus on quantifying the future business land requirements of the town in terms of demand generated by the town centre's core market (current and future), and how best to cater for Kaiapoi's future business requirements.

The report will determine the implications of projected growth in relation to business land provision, and what this means for future on-the-ground retail commercial service, office and light industrial activity and land requirements as a whole within the Kaiapoi Town Centre. The report will also take into account the effects of the Canterbury earthquakes, recovery implications, and altered shopping patterns to ensure the assessment is relevant for the post-earthquake environment, and looking ahead, appropriate for the city's and wider regional recovery.

This will provide WDC robust market intelligence based on sound economic enquiry that will assist in understanding the anticipated land quantum's required for the Kaiapoi market both currently and over the foreseeable future, identify any relevant changes required to the town centre business land provision to better meet the markets future commercial requirements, and purposefully takes an optimistic view of growth to ensure an appropriate capacity buffer is provided for Long Term Plan (LTP) purposes, and Kaiapoi's infrastructure planning in particular. For LTP purposes, the forecast planning horizon utilised in this report is to 2043.

Furthermore, the report will also assess movements in retail expenditures flows, quantify future growth in the market, and identify opportunities and the potential for Kaiapoi within the wider commercial centre network.

1.1. OBJECTIVES

The main objectives of this report are to:

- Delineate the geo-spatial extent for the likely core economic market for the Kaiapoi Town Centre, and quantify the market size of the catchment.
- Project the core economic market's population and household growth over the projection period to 2043 based on the growth scenarios provided to Property Economics by WDC. These growth scenarios are purposefully optimistic and are utilised to ensure consistency with other LTP planning documents.
- Provide a detailed profile of the key economic and social demographia of the core market to assist in understanding market composition of the localised market.
- Calculate the level of annualised retail expenditure generated by Kaiapoi's core economic market within the relevant retail sectors, and project this out to 2043.
- Determine the amount of retail floorspace that can be sustained by the core market in the relevant retail sectors, both currently and over the assessed forecast horizon, taking into account the influence of the wider retail network and net expenditure flows.
- Identify where consumers who reside in the identified core market are currently undertaking their retail shopping on a proportional basis.
- Identify where retail expenditure within the identified core economic market is derived on a proportional basis.
- Undertake a retail audit of retail activity within the Kaiapoi Town Centre to estimate the net trade area of retail activity in the centre.
- Identify the commercial implications of market growth and net expenditure flows.
- Assess other commercial (non-retail) sector trends in the Kaiapoi Town Centre and forecast growth and land requirements out to 2043.
- Determine all commercial market growth implications for the Kaiapoi Town Centre and make recommendations for the town centre on the most efficient and practical manner in which the town centre can and should accommodate future business land requirements.

1.2. INFORMATION SOURCES

Information has been obtained from a variety of sources and publications available to Property Economics, including:

- Census of Population and Dwellings 2006 and 2013 - Statistics NZ (extrapolated to 2015 by Property Economics)
- Household and Population Projections – WDC
- Household Economic Survey - Statistics NZ
- Retail Trade Survey - Statistics NZ
- Business Frame Employment Data – Statistics NZ
- Labour Force Participation Estimates: - Ministry of Labour
- Core Economic Market Visit – Property Economics
- Kaiapoi Town Centre Retail Audit 2015 – Property Economics
- MarketView Retail Transaction Data 2008 – BNZ
- Kaiapoi RoNS - NZTA

2. EXECUTIVE SUMMARY

The core economic market of Kaiapoi is projected, under two WDC enumerated LTP growth scenarios, to experience net growth in its population base of between 4,700 and 10,800 residents over the period to 2043. This is equivalent to growth of between 27% and 62% for the low and high growth scenarios respectively off its current population base. Applying the high growth scenario, judicious for long term planning purposes and as directed by WDC to ensure capacity, this level of proportional growth suggests this area is forecast to be one of the growth 'hot spots' within Canterbury which will by default generate 'growing pains' in respect of building pressure on Council infrastructure and service resources that will need to be planned in advance to accommodate the forecast growth.

This growth flows through to increased demand and land provision requirements for business activities in Kaiapoi, with this report determining the land requirements for retail, commercial service, office and industrial activities. These activities represent to core consumers of business land in an area and will dominate Kaiapoi's business land consumption over the LTP period.

In respect of the retail market, Kaiapoi is predominantly a supermarket based convenience centre with a small scattering of comparison store types. Kaiapoi has a significant level of competition both within the district (Rangiora Town Centre and the burgeoning Southbrook locale) and in Christchurch (primarily Northwood Supa Centa, Northlands, and in the future Styx Town Centre). All these centres are 'higher order' centres in terms of having a larger and wider range retail offer, and playing a broader role and function in the market. They are also in close proximity to Kaiapoi meaning the future potential of Kaiapoi over the LTP period is limited to its current status based on commercial realities.

As a result of this high level of competition, Kaiapoi experiences significant retail leakage out of its core market. This is not unexpected, and will continue, however the opportunity for Kaiapoi is to improve its local offer and internalise more of its generated retail spend in the sectors it competes in, i.e. secure a higher proportion of the supermarket and convenience sectors annual expenditure.

At present Kaiapoi only captures around a net 45% of its annualised generated retail spend, i.e. over half of all retail spend generated locally is spent outside the core market. By 2043, Property Economics consider a well performing Kaiapoi Town Centre has the opportunity to capture a net retail expenditure level equivalent to around 50 – 60% of that generated by the core catchment on the basis its current role and function is maintained. A growing local critical mass should provide a natural stimulus to achieving this aspiration.

In terms of commercial office and industrial employment trends, over the last 14 years Kaiapoi has experienced strong growth. This has been fuelled by the economic boom of 2000-2008, followed subsequently by the earthquakes recovery process since 2011. The market was relatively static in the immediate post-GFC period, like many other areas of NZ.

Since 2011, Kaiapoi has out-performed many other markets around NZ, and the country as a whole in respect of employment growth across all sectors. This is a positive sign, and pleasingly the sectors of strongest growth have been the productive sectors, rather than service sector growth. This is important for a few reasons; first it broadens the productive base of the local economy. Second, it places Kaiapoi in a stronger position to assist addressing the district's poor employment retention rates (or district employment internalisation). This is currently 46% - the lowest territorial authority employment retention rate for the whole country. Third, more local jobs increases the opportunity for projected growth to be realised (and potentially at a faster rate).

In terms of employment growth over the LTP period, industrial employment is forecast to continue growing (both district and local Kaiapoi market). Kaiapoi's core market is forecast to experience industrial sector employment growth of around 1,500 employees (90%), while commercial office employment is projected to increase by around 70% over the same period. The crucial aspect for Kaiapoi, and its challenge, is providing enough land to accommodate as much of this growth as possible within its core market.

The table below provides a synopsis of the Kaiapoi additional land requirements by activity type, followed by the net additional land requirement for the core Kaiapoi market based on offsetting existing vacant land supply. The vacant B1 and B2 land data, as supplied by WDC includes 4.2ha in and around the town centre and the 8ha block on the corner of SH1 and Smith Street.

High Scenario	Kaipoi Core Catchment	Additional Land Requirements (ha)
	Retail	2.5
	Commercial Service	1.7
	Industrial	33.0
	Commercial Office	2.6
	Total	39.8
	less Vacant B1 / B2 Land	12.2
	Net Additional Land Requirement	27.6

In terms of the additional retail, commercial service and commercial office land requirements this appears to be able to be comfortably accommodated within the existing business land provision in and around the Kaiapoi Town Centre, particularly given a high proportion of the office provision can be accommodated above ground level applying efficient development principles.

The most '*land hungry*' sector, as is typically the case, is the industrial activities with an additional land requirement of 33ha based on projected growth (over 80% of additional land demand). Given the other land uses appear able to be accommodated in and around the existing Kaipoi Town Centre footprint, the balance of the business zoned land in locales beyond these area seems appropriate for industrial activity. In respect of industrial activity, the market would be predominantly delivering light industrial and trade / yard based industrial activity. The heavier industrial activities are typically larger in scale and service a wider market, making other business locales in the district potentially more appealing.

For these smaller scale light and trade based activity there is merit in developing the existing light industrial and trade precincts in Kaiapoi. The SH1 / Smith Street land holding of around 8ha is a suitable piece of land to accommodate some of this growth as its well located for transport links and can provide a 8ha cluster (efficient development).

The other area worth consideration is an extension of the business zone land around the Ohoka Road and Stone Street industrial precinct. This builds on the existing infrastructure in the area, and could utilise land east of the current business zone (and across the rail line) no longer suitable for residential activity (as Property Economics understands). This could provide a more efficient outcome compared to establishing a new business precinct elsewhere in Kaiapoi. As alluded to earlier the industrial activities to be accommodated are predominantly light industry and trade / yard based activity, which can more comfortably be sited closer to the town centre and residential areas than heavier industrial activity, with appropriate buffers in place and sensitivity issues addressed. Note this would also depend on geotech issues be satisfied in this area. This area is also central to the Kaiapoi employment base, can enable efficient industrial development and better utilise any existing infrastructure capacity potentially minimise infrastructure investment over the LTP timeframe.

3. KAIAPOI CORE ECONOMIC MARKET

Figure 1 and 2 illustrates the indicative core economic market (core retail trade catchment) for the Kaiapoi Town Centre in context to the wider district. This catchment has been based on a previous assessment of the Waimakariri market provided to Property Economics by WDC.

It is also important to note that this is an indicative core economic market only, and residents within this trade catchment will also shop in centres outside of the identified area due to the layering of centre catchments, i.e. centres have different roles and functions in the market depending on their size, offer, retail composition, type and position in the commercial hierarchy of the market.

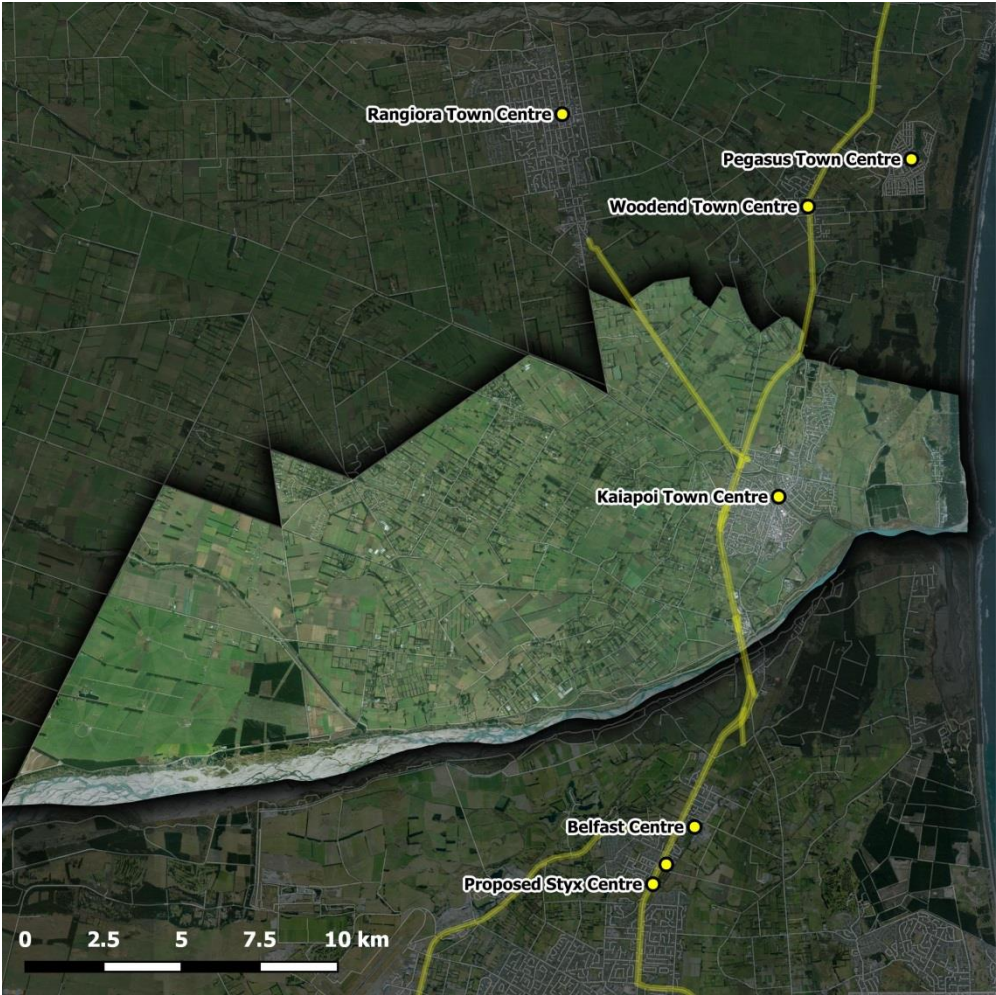
It is this core economic market on which the subsequent analysis in this report is based.

FIGURE 1: KAIAPOI'S INDICATIVE CORE ECONOMIC MARKET WIDER DISTRICT CONTEXT



Source: Property Economics, Google

FIGURE 2: KAIAPOI'S INDICATIVE CORE ECONOMIC MARKET



Source: Property Economics, Google

4. DEMOGRAPHIC PROFILING

This section identifies some of the key economic and social demographia of the core Kaiapoi catchment and compares them to wider Waimakariri District and Canterbury Regional average for comparison purposes. A more detailed breakdown of the demographic profiles has been attached in Appendix 1.

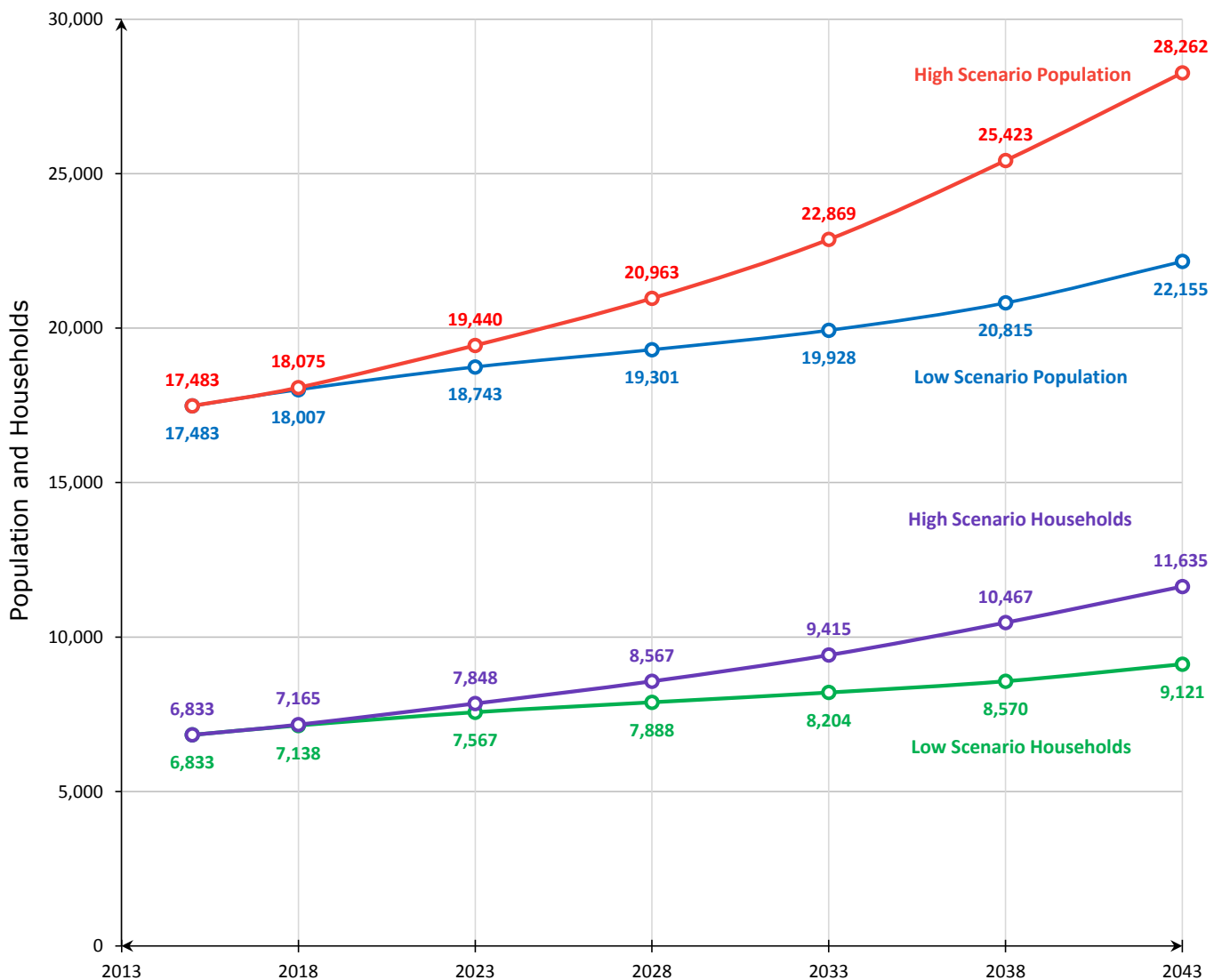
Some of the salient findings from the profiling for retail analysis purposes include:

- The core catchment currently has around 17,500 residents and approximately 6,900 households (rounded), equating to 2.56 persons per dwelling. The person per dwelling ratio is the same as the wider Waimakariri District average, but higher than the Canterbury Regional average of 2.45.
- Comparatively, the core catchment and wider Waimakariri District has a higher proportion of 'Two Parent Family' households at 33%, compared to the wider regional average of 29%. This helps drive up the person per dwelling ratio. Conversely, the catchment has a smaller proportion of 'Single' households (20%) compared Canterbury Regional average (24%). This is a reflection of the more family orientated population base within the Waimakariri District and the higher proportion of peoples in their 20's and 30's residing with the wider Canterbury Region (particularly in Christchurch).
- Within the catchment the household and individual income profiles match closely to the wider District and Regional averages, despite differences in household composition. While around 46% of all households within the Canterbury Region earn over \$70,000 per annum, in the core Kaiapoi market this proportion is higher at nearly 50%.
- Within the Kaiapoi market 28% of the working age population are without any qualifications vs 25% and 22% within the wider district and region respectively. This correlates with 10% having a Bachelor's Degree or higher within the catchment and 12% and 18% within the wider Waimakariri District and Regional markets. Typically lower education qualifications result in lower income levels, however interestingly this is not reflected in this instance.
- The demographic profiling also indicates that there are proportionally fewer workers in the catchment in Professional employment (15%), and conversely significantly more workers in labour intensive positions (17%). Trade and labour based jobs typically have lower wage rates relative to professional positions. However these household income and level of qualification attainment differentials maybe fuelled by the large rural base of the core Kaiapoi catchment which shows this criterion comparison compared to more urban environments.

5. POPULATION & HOUSEHOLD PROJECTIONS

The population projections utilised in this assessment have been based on district growth projections supplied by WDC. Property Economics have not checked the validity of these projections, simply adopted them to ensure consistency with other Council LTP documents and forecasting. Households have been estimated based on these projections by utilising Statistics NZ persons per household ratios. An overview of these projections is summarised in Figure 3.

FIGURE 3: CORE KAIAPOI MARKET POPULATION AND HOUSEHOLD PROJECTIONS



Source: Property Economics

The core catchment is currently population base of around 17,500 people and contains around 6,800 households. Under the low series growth scenario, by 2043 net population is forecast to increase by around 4,700 residents, while under the higher growth scenario 10,800 residents.

By 2043, it is estimated that the core Kaiapoi market is projected to experience net population growth to a level that would give it a population base of between 21,000 and 28,300 (rounded) people.

In terms of household, the scenario growth spread equates to a household base by 2043 of between 9,100 and 11,700 (rounded) households.

For the purposes of this analysis Property Economics will consider of requirements under both scenarios, but focus on the more optimistic growth scenario outputs predominantly to ensure enough capacity is provided in the LTP process.

Table 1 indicates that growth in the number of households is to increase at a faster rate than the population due to a projected fall in the person per dwelling ratio over the forecast period. This trend is not isolated to the identified but projected to occur across the whole country due to an aging population, smaller families and a higher proportion of 'split' or single parent households. Many smaller townships across NZ are expected to see a similar trend as Kaiapoi with population falling over the projected 18-year period while households are forecast to continue increasing reflecting a significant fall in the person per household ratio.

6. RETAIL EXPENDITURE AND SUSTAINABLE CFA

This section of the report estimates the level of retail sector expenditure that is generated by the identified markets on an annualised basis using the latest ANZSIC¹ categorisation system.

Retail expenditure forecasts have been based on the aforementioned core Kaiapoi market and capacities shown in Table 1, and has been prepared using the Property Economics Retail Expenditure Model. A more detailed breakdown of the model and its inputs can be seen in Appendix 2.

Note the figures below exclude the retail activities, as categorised under the ANZSIC classification system, of:

- Accommodation (hotels, motels, backpackers, etc.)
- Vehicle and marine sales & services (petrol stations, car yards, boat shops, caravan sales, and stores such as Repco, Super Cheap Autos, tyre stores, panel beating, auto electrical and mechanical repairs, etc.)
- Hardware, home improvement, building and garden supplies retailing (e.g. Mitre 10, Hammer Hardware, Bunnings, PlaceMakers, ITM, Kings Plant Barn, Palmers Garden Centres, etc.)

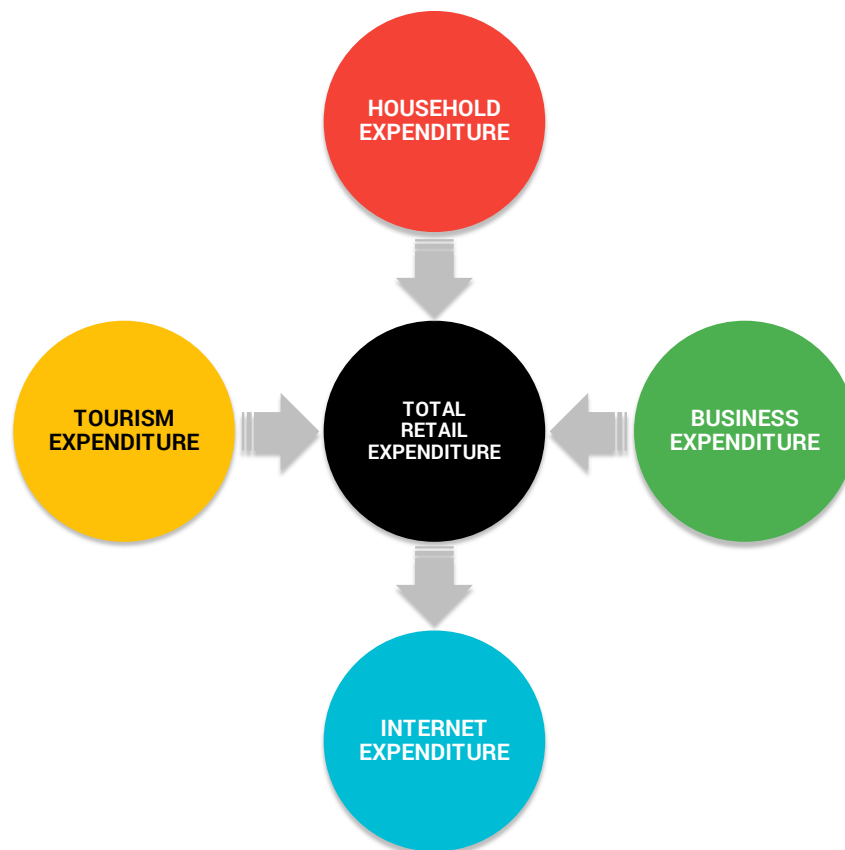
The above activities are not considered to be core retail expenditure, nor fundamental retail centre activities in terms of visibility, location, viability or functionality. The latter two bullet points contain activity types that generally have great difficulty establishing new stores in centres for land economic and site constraint reasons, i.e. the commercial reality is that for most of these activities it would be unviable to establish new stores in centres given their modern store footprint requirements and untenable to remain located within them for an extended period of time (beyond an initial lease term) due to property economic considerations such as rent, operating expenses, land value, site sizes, etc.

Also excluded are trade based activities such as kitchen showrooms, plumbing stores, electrical stores, paint stores, etc. for similar reasons.

This is not to imply that these activity types are not situated in centres, as in many instances some of these land uses remain operating in centres as an historical overhang. However, moving forward it is increasingly difficult from a retail economic perspective to see these store types establishing stores in centres (new or residential), albeit they likely have equal planning opportunity to do so.

¹ Australia New Zealand Standard Industrial Classification 2006

The following flow chart provides a simple graphic representation of the Property Economics Retail Expenditure Model to assist WDC in the better understanding the methodology and key inputs utilised.



Growth in real retail spend has also been incorporated at a rate of 1% per annum over the forecast period. The 1% rate is an estimate based on the level of debt retail spending, interest rates and changes in disposable income levels, and is the average inflation adjusted increase in spend per household over the assessed period.

It is important to note that the retail expenditure generated in the identified market does not necessarily equate to the sales of any retail stores within the market. Residents can freely travel in and out of the area, and they will typically choose the centres with their preferred range of stores, products, brands, proximity, accessibility and price points.

A good quality centre will attract customers from beyond its core market, whereas a low quality centre will have retail expenditure leakage out of its core market. Therefore, the retail expenditure generated in an area represents the sales centres or retail stores within that area could potentially achieve.

Furthermore, retail stores in general can be split into Specialty and Large Format Retailing (LFR). Specialty retailing generally consists of smaller, boutique more specialised stores typically operating within, and offering products from, a specific retail sector. These are typically stores for items such as clothing, footwear, pharmaceuticals, and food and beverages, with the vast majority of store sizes for this type of retailing under 500sqm GFA.

LFR activity is typically identified as stores with a larger store footprint, generally over 500sqm GFA, and includes store types such as supermarkets, furniture, appliances, hardware and department stores. It is important to note that these store type examples are not mutually exclusive and can include a range of products across a number of retail sectors. In smaller provincial areas the LFR threshold is often slightly lower at 450sqm GFA due to the smaller store footprint requirements of retailers in smaller markets.

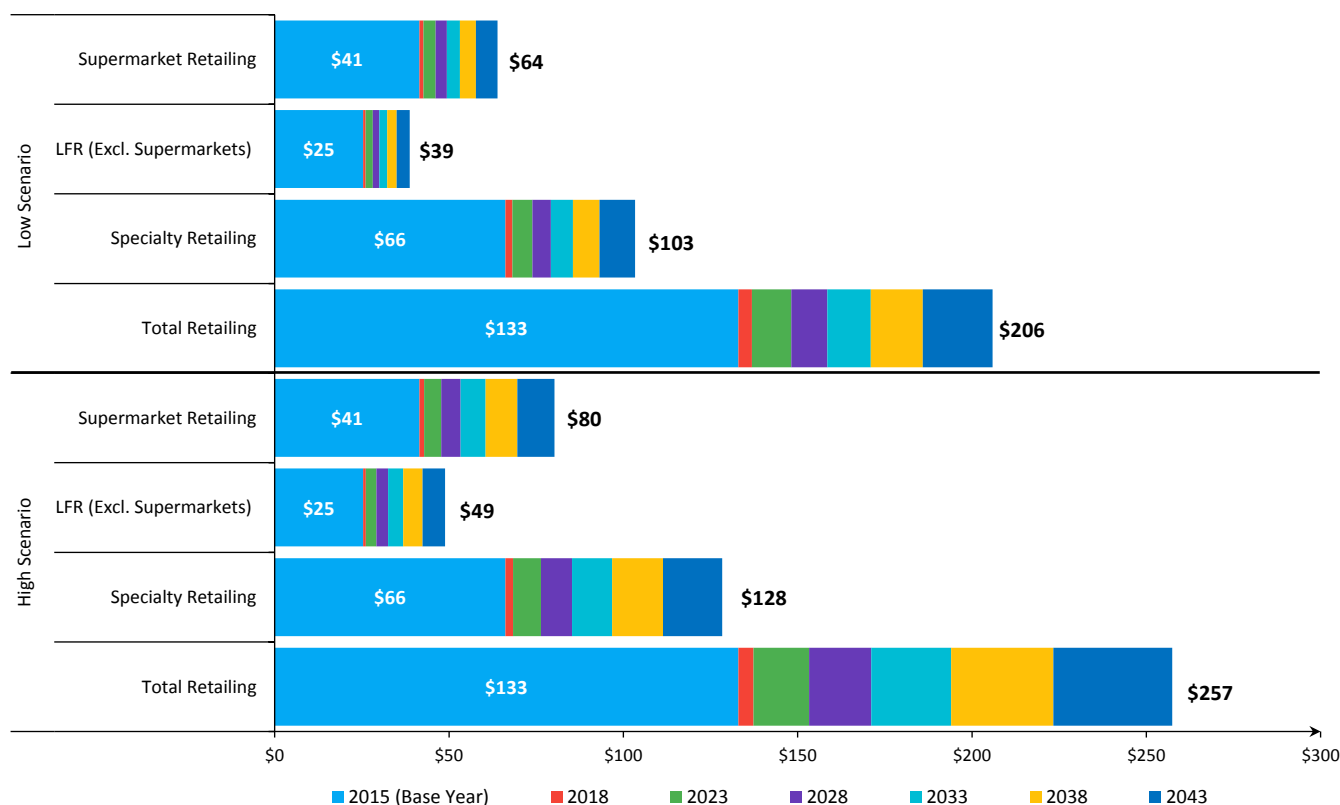
LFR stores, while large in floorspace terms comparatively, typically represent only a small proportion of physical stores nominally. These LFR store types, with the exception of supermarkets, generally trade at lower productivities on a per sqm basis relative to smaller Specialty stores, but are able to remain profitable by selling more in terms of volume, having superior 'purchasing power' (i.e. LFR stores can typically purchase goods at lower wholesale costs on a per unit basis due to the larger volumes bought, particularly for national retail chains), and typically lower per square metre rental rates.

Conversely, due to the size and breadth of offer, supermarkets (and the fact they sell many frequently required consumer food and beverage essentials) typically have a higher trading productivity of between \$10,000 to \$20,000 per square metre depending on brand, market size and level of competition. This means supermarkets generate significantly more '*shopper traffic*' than department stores enabling supermarkets to generate more significant flow-on economic benefits to centres where well integrated.

Despite being a large footprint store, supermarkets are a convenience store due to the frequency of use by the market for main food and grocery and 'top-up' shopping. Given the large number of such stores in a market, their core trading catchment are generally quite localised compared to other LFR storetypes, and market efficiencies are generated when supermarkets are provided at localised level to meet surrounding market requirements. In effect, supermarkets are convenience stores that sell staple goods for households through a high number of largely homogeneous stores dispersed throughout a market, fuelling a highly competitive sector.

Figure 4 breaks down the total retail market for the identified catchment as categorised by Specialty, LFR and Supermarket retailing based on ANZSIC codes for the assessed period on an annualised basis.

FIGURE 4: CORE MARKET RETAIL EXPENDITURE FORECASTS (\$M PA)



Source: Property Economics

The core Kaiapoi market currently generates around \$133m per annum in total retail expenditure, with projected growth in the market of over the assessed 28-year period under the low and high growth scenarios to \$206m and nearly \$260m pa respectively by 2043 in 2015 dollars. This equates to net annual expenditure of \$73m to \$124m higher respectively in 2043 compared to the 2015 base year.

Supermarket retailing, which accounts for approximately 75% of food retailing expenditure represents over 30% of total retail expenditure generated within the core Kaiapoi market. By 2043, spending within the supermarket sector is estimated to grow to \$64m to \$80m per annum under the low and high growth scenarios respectively.

LFR (excluding supermarkets) expenditure generation from core catchment residents is estimated to equate to around \$25m annually at present, growing over the assessed period to nearly \$40m to \$50m by 2043. As a proportion of total market expenditure, LFR (excluding supermarkets) is estimated to form 19% or just under a fifth of retail spending.

Specialty Retailing, within the catchment is estimated to comprise over half of all retail spending made by catchment residents, equating to near \$66m per annum at present. This is

estimated to increase at on average of around \$1.3m to \$2.2m per annum to \$100m to \$130m per annum by 2043 under the low and high growth scenarios.

6.1. SUSTAINABLE RETAIL GFA FORECASTS

Table 1 illustrates the level of sustainable retail gross floor area (GFA) within each retail sector that can be supported by the generated spend within the identified core economic market.

This analysis assesses retail demand by adopting a sustainable retail footprint approach. Sustainable floorspace in this context refers to the level of floorspace proportionate to an area's retainable retail expenditure that is likely to result in an appropriate quality and offer in the retail environment. This does not necessarily represent the 'break even' point, but a level of sales productivity (\$/sqm) that allows retail stores to trade profitable and provides a good quality retail environment.

There is also a need to translate net retail trading floorspace into GFA as net retail trading floorspace excludes floor area in a retail store used for storage, warehousing, staff facilities, office, toilets, etc. These activities typically occupy around 25-30% of a convenience retail store's GFA. It is important to separate out this 'back office' floorspace as it does not generate any retail spend and represents an area the general public is typically excluded.

TABLE 1: CORE MARKET SUSTAINABLE GFA FORECASTS (SQM)

Low Scenario	2015	2018	2023	2028	2033	2038	2043
Supermarket Retailing	4,700	4,900	5,300	5,600	6,100	6,600	7,300
LFR (Excl. Supermarkets)	8,600	8,800	9,500	10,100	10,900	11,800	13,100
Specialty Retailing	11,100	11,400	12,400	13,200	14,300	15,600	17,300
Total Retailing	24,400	25,100	27,200	28,900	31,300	34,000	37,700

High Scenario	2015	2018	2023	2028	2033	2038	2043
Supermarket Retailing	4,700	4,900	5,500	6,100	6,900	8,000	9,200
LFR (Excl. Supermarkets)	8,600	8,800	9,800	11,000	12,400	14,300	16,500
Specialty Retailing	11,100	11,400	12,800	14,300	16,200	18,600	21,500
Total Retailing	24,400	25,100	28,100	31,400	35,500	40,900	47,200

Source: Property Economics

Kaiapoi's core market currently generates enough retail expenditure on an annualised basis to sustain an estimated 24,400sqm of retail GFA. This is forecast to increase to around 37,700sqm by 2043 under the low growth scenario, and 47,200sqm under the high growth scenario. This represents a net sustainable GFA in 2043, 13,300sqm to 22,800sqm higher than the current 2015 base year.

These figures represent the GFA sustainable if all retail expenditure generated in the core market was internalised and annualised net retail leakage / inflow resulted in a neutral position². Such a position is not usual and does not represent Property Economics recommendation, but is an approach that provides useful context as a benchmark from which to undertake any impact assessment and forms the basis of determining the future opportunity in Kaiapoi and long term business land requirement.

The core market alone can currently sustain a Supermarket Retailing GFA provision of around 4,700sqm, with this estimated to increase to around 7,300sqm to 9,200sqm by 2043 under the growth scenarios.

Sustainable Specialty retailing GFA is forecast to increase up to 21,500sqm by 2043, with current base year sustainable levels of 11,100sqm GFA.

² The represents a theoretical position at this point in the methodology grounded with real spending flows analysis later in the study.

7. CURRENT TOWN CENTRE RETAIL SUPPLY

In September 2015 Property Economics undertook a retail audit of the Kaiapoi Town Centre. This involved measuring the net retail floorspace of all retail stores within Kaiapoi by sector. These figures were then translated to GFA using an average 70% net to GFA ratio.

The results of the audit are displayed below in Table 2 and show the total GFA supply within the main centres (combined) and the proportion of retail supply within each ANZSIC retail sector.

TABLE 2: KAIAPOI TOWN CENTRE RETAIL AUDIT SEPTEMBER 2015

ANZSIC06 RETAIL CLASSIFICATIONS	Store #	Store %	GFA #	GFA %
Supermarket	2	3%	5,460	35%
Other Food retailing	8	13%	1,050	7%
Clothing, footwear and personal accessories retailing	3	5%	140	1%
Furniture, floor coverings, houseware and textile goods retailing	1	2%	290	2%
Electrical and electronic goods retailing				
Pharmaceutical and personal care goods retailing	3	5%	550	4%
Department stores	1	2%	1,030	7%
Recreational goods retailing	2	3%	370	2%
Other goods retailing	12	19%	1,680	11%
Food and beverage services	23	37%	3,930	25%
Vacant	7	11%	1,130	7%
Total	62	100%	15,630	100%

Source: Property Economics

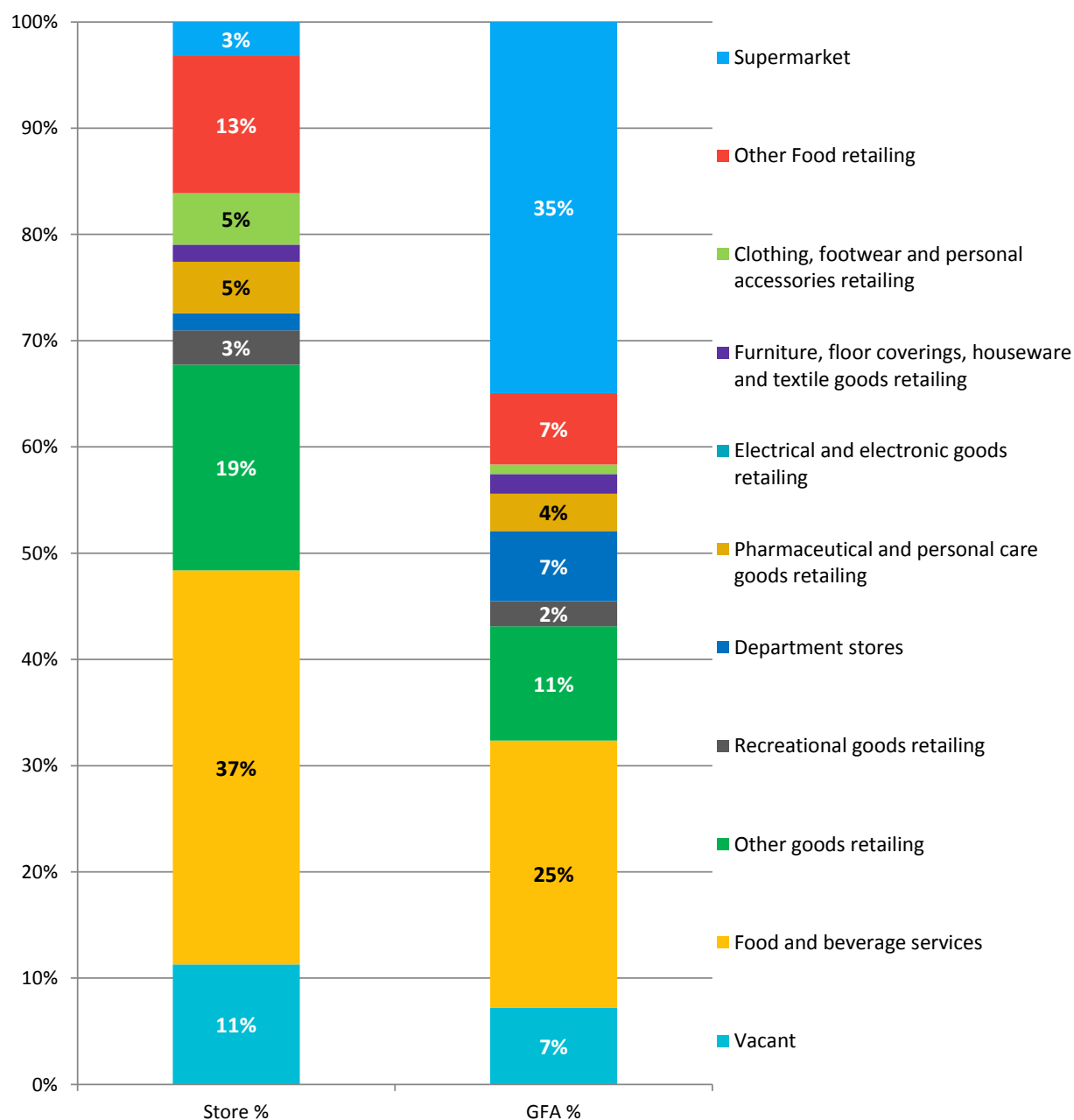
Within the Kaiapoi Town Centre there are currently 62 retail stores with an estimated 15,600sqm (rounded) of retail GFA. Current vacancy levels in the town centre at the time of the audit totalled 7 stores, encompassing an estimated 1,100sqm in GFA. This represents 11% of the total town centre retail supply by store number and 7% by GFA. This vacancy level is considered slightly higher than desirable from a market and centre functionality perspective in terms of physical vacant stores, but has been assisted by the reduction in the GFA footprint of the centre

as a result of the earthquakes and subsequent building demolition. A more acceptable level of retail store vacancy from a retail economic perspective in a thriving retail centre is around 5%.

It is worth noting the survey represents a 'snapshot' in time and retail stores are constantly opening, closing and relocating due to a variety of individual store and owner circumstances. In this regard the retail market is fluid and undergoing constant change. Given this, the vacancy percentage within the district is of concern at its current level and represents an inefficient use of the districts built form resources. However, the counterfactual of this is an opportunity for the district to improve performance and retail sales by recapturing a portion of lost retail expenditure.

Figure 5 below illustrates the current retail composition of the Kaiapoi Town Centre by store count and GFA distributed by retail sector. This is a graphical representation of the information in Table 2.

FIGURE 5: KAIAPOI TOWN CENTRE RETAIL COMPOSITION SEPTEMBER 2015



Source: Property Economics

Food and Beverage services (i.e. cafes, restaurants, and takeaways) make up the largest proportion of the Kaiapoi retail composition by store type representing 37% of stores. A high proportion of Food and Beverage, and Food Retailing stores is not unusual for centres, and is in fact desirable for centres like the Kaiapoi Town Centre to play their role and function successfully in the market, however it's the quality and scope of the offer that is important. This sector is important for convenience stores and the 'lifestyle' it can bring to a community.

'Other Stores' represents the second largest proportion of the market in terms of store count with 12 stores, with a significant 1 out of 5 stores (19%) in the market being an 'Other Store'. This proportion is of concern as 'Others Stores' typically represent smaller low quality, second hand and unbranded store types that do not perform or generate the same level of retail productivity as stores in other sectors. These stores lack the '*pulling power*' of national banner brands and are often classified in this category as these stores are not easily classified, i.e. they often contain a mix of products across a range of sectors, and therefore have no definitive focus or offer.

These store types can affect the long term vitality and 'health' of the centre, whereby the trading productivity per sqm is generally lower for 'Other Stores', requiring lower rental rates for sustainability while lowering overall attractiveness and amenity of a centre. As this happens rental rates for other locations can fall as a result leading to more 'Other Stores' causing a snowballing downward effect.

Fashion retailing (i.e. Clothing, Jewellery and Personal Accessories and Footwear), as a proportion of the Kaiapoi retail market in terms of store number, total 3 stores or 5% of the market. Fashion Retail is an important component for town centres such as Kaiapoi as they are higher order comparison goods. They are important '*statement stores*' for centres and are important determinates to the overall pitch of a centre's quality, amenity and environment. Within its current composition Kaiapoi is considered to have a suboptimal proportion of fashion retailing, with the proportion of fashion retailing equating to around half the average level that would be considered appropriate for Kaiapoi given its market size.

The most obvious point to note from Figure 5 is the dominance of supermarket provision from a GFA perspective. In terms of GFA, the town centre supermarket provision only encompasses two stores (3%) but accounts for a significant 55% of GFA. These are clearly two important anchor stores for the town centre and represent two fundamental stores the balance of the town centre's retail and commercial service offer can (and should) be built around.

Note this data reflects the retail activity in the Kaiapoi Town Centre only, and not the total GFA of the centre as it excludes non-retail activity such as commercial services, community, recreational, professional offices, etc. which all add to a centre's role, function and attraction. This is addressed separately later in the report.

Table 3 breaks the retail audit down further into store numbers in three store size categories, namely 0 - 499sqm, 500 - 999sqm and 1,000sqm plus. This has been undertaken to differentiate between Specialty and LFR store types.

TABLE 3: KAIAPOI RETAIL STORE SIZE BREAKDOWN

ANZSIC06 RETAIL CLASSIFICATION	Store Count				GFA (sqm)			
	0-499	500-999	1000+	Total	0-499	500-999	1000+	Total
Supermarket			2	2			5,460	5,460
Other Food retailing	8			8	1,050			1,050
Clothing, footwear and personal accessories retailing	3			3	140			140
Furniture, floor coverings, houseware and textile goods retailing	1			1	290			290
Electrical and electronic goods retailing								
Pharmaceutical and personal care goods retailing	3			3	550			550
Department stores			1	1			1,030	1,030
Recreational goods retailing	2			2	370			370
Other goods retailing	12			12	1,680			1,680
Food and beverage services	22	1		23	3,420	510		3,930
Vacant	7			7	1,130			1,130
Total	58	1	3	62	8,630	510	6,490	15,630
Total %	94%	2%	5%	100%	55%	3%	42%	100%

Source: Property Economics

This sheds somewhat of a different light on the structure of the current retail supply in the Kaiapoi Town Centre. At present, a substantial 94% of the retail stores in the assessed centre are small (below 500sqm) specialty / finer grain retailers, however these smaller boutique and often 'one off' stores and only represent 55% of total retail GFA.

This shows these smaller Specialty stores represent the core of Kaiapoi Town Centre's retail offer and are crucial for the town centre moving forward if its retail provision is to continue to play (and improve) its role and function successfully. Interestingly, retail stores 500sqm GFA plus (i.e. LFR stores) represent only 7% of stores nominally but 45% of retail GFA, with the supermarkets and department stores dominating, and are also critical to the district retail provision's ongoing performance and function. The four LFR stores are clearly important 'anchor' tenants for the town centre and important core retailers to build improved performance, function and amenity around.

8. SHOPPER RETAIL SPENDING PATTERNS

Retail expenditure spending patterns for the purposes of this research and analysis have been assessed using retail transaction data sourced from MarketView (a service provided by the Bank of New Zealand (BNZ)).

BNZ MarketView data is based on the spending and retail transactions of BNZ credit and debit (EFTPOS) cardholders. It excludes business and corporate cards. The transaction values include GST, but exclude cash out with purchases. BNZ MarketView does not pick up Hire Purchase, direct debit / credit payments or cash based spending.

MarketView data is based on aggregations of BNZ cardholder transactions by destination and origin by store type (sector). These include transactions completed using BNZ EFTPOS and credit cards. BNZ currently holds approximately 20% market share of the electronic card market in NZ, while electronic card transactions accounts for approximately 60% of retail spending within NZ.

The retail transactional data sources for the Kaiapoi Town Centre are based on previous analysis undertaken for CCC in 2008. While this was some time ago now, this period highlights the retail flows within the Canterbury market pre-earthquakes, and provides an indication of the potential post-recovery market opportunity for the Kaiapoi Township. It is worth noting this data is prior to the development of Pak’N Save Southbrook which would draw some supermarket spend out of Kaiapoi’s core catchment.

The MarketView data has been collected from numerous Canterbury retailers, from national chains to small independent stores, across the spectrum as assessed retail sectors. Due to the limited scope of the previous study undertaken for CCC only retail spending at key retail centres have been accounted for. This makes spending made outside of Canterbury retail centres, i.e. out of centre activities, is excluded from the following analysis making the leakage analysis conservative. A full list of the retail centres accounted for in this section has been provided in Appendix 3.

Given the large sample size of BNZ card holders and the prolific use of EFTPOS within NZ, MarketView data is considered to provide a robust and accurate depiction of the destination and origin of retail spending flows in and out of Kaiapoi, and hence has been used as a basis for this assessment.

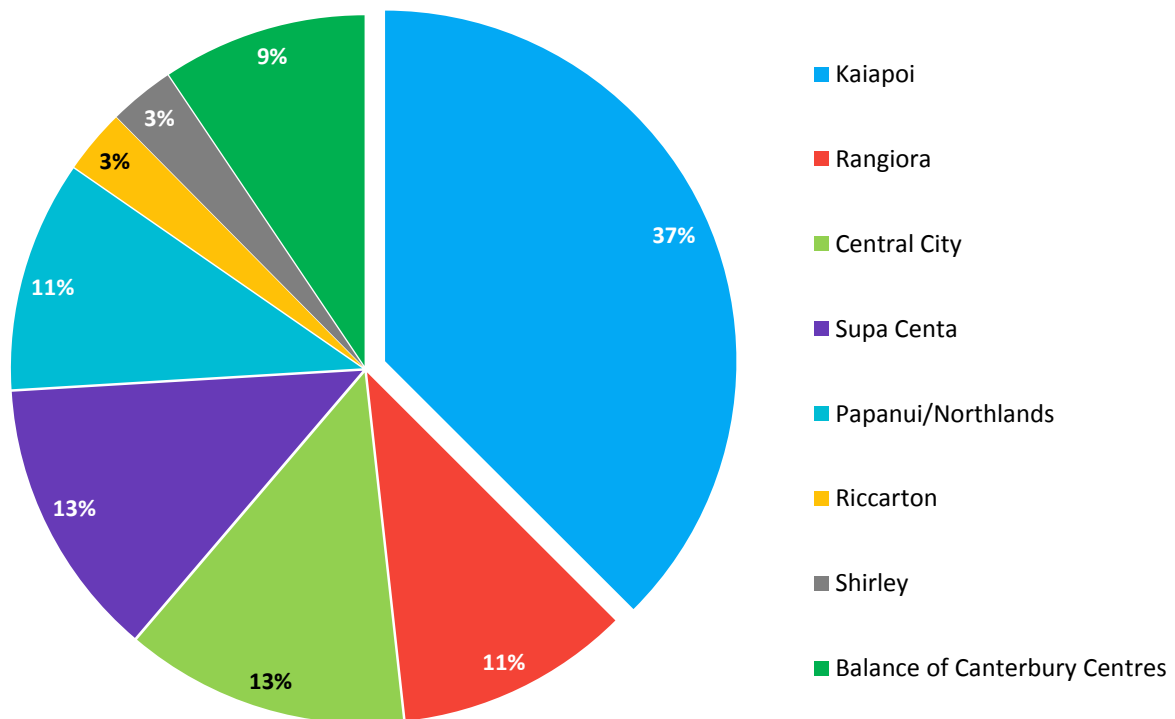
8.1. DESTINATION OF CATCHMENT AREA RETAIL SPENDING

'Destination' retail spending is derived from identifying where retail expenditure generated in the Kaiapoi is spent, and therefore quantifying the 'outflow' of spend from the Kaiapoi market.

As a starting point, it is anticipated the Kaiapoi market would experience significant retail leakage (predominately to Christchurch) as the town centre does not have a full / comprehensive retail offer across all retail sectors or storetypes. This section will quantify this to assist understanding the scope of opportunity available.

Figure 6 illustrates the composition of retail spending by 'destination' made by residents residing in the Kaiapoi core catchment within Canterbury retail centres.

FIGURE 6: DESTINATION OF KAIAPOI CATCHMENT RETAIL SPENDING



Source: Property Economics, MarketView

Some of the salient points to note in Figure 6 include:

- Only 37% of all centre retail expenditure generated by Kaiapoi residents is internalised within Kaiapoi, i.e. being spent within the local market. With only 11% of retail centre spending made within Rangiora, over half of Kaiapoi's retail centre expenditure is being spent outside of Waimakariri.

- Christchurch centres appear to be the next preferred retail destination and the default centre for many Kaiapoi residents. This is not unexpected given its proximity relative to other alternative options available and significantly large offer available in the largest urban centre of the South Island, but it is interesting that the Supa Centa and Northlands attracts a quarter of the core catchment's retail centre spending, highlighting the importance of proximity and accessibility.

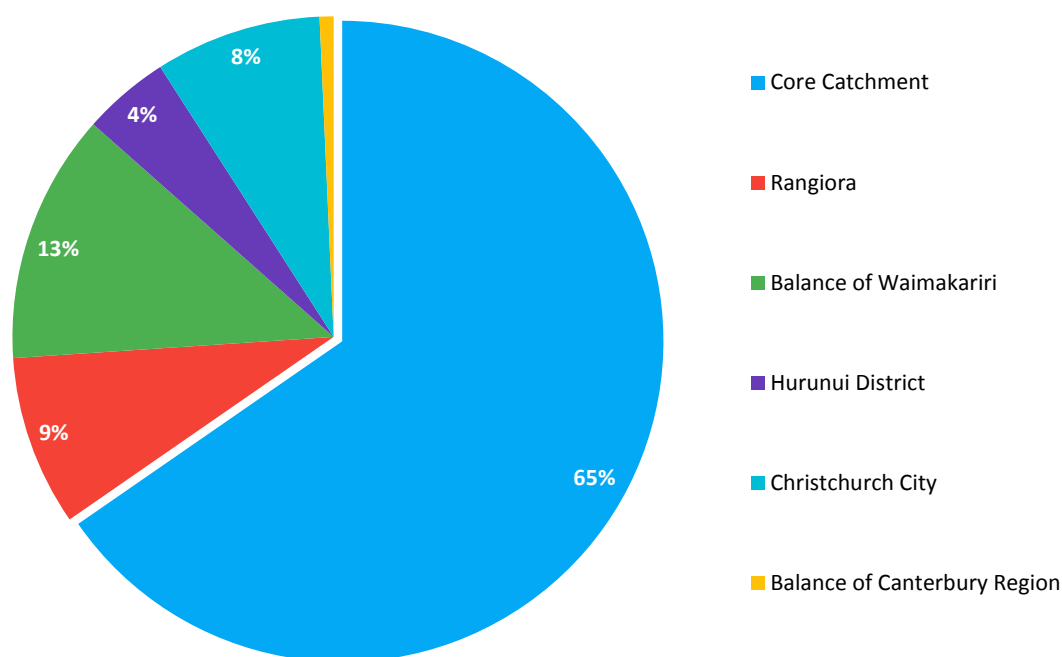
Note while the Christchurch Central City accounted for 13% of Kaiapoi market spend, this obviously is not the situation at present. But again the rebuild of the Central City (over the long term) provides a useful indication of what proportion of the Kaiapoi market could be attributed to the central city by 2043.

8.2. ORIGIN OF KAIAPOI TOWN CENTRE RETAIL SPENDING

Origin of retail spending represents where retail spend within the Kaiapoi Town Centre is derived, i.e. where do Kaiapoi Town Centre shoppers reside. This enables the quantification of the 'inflow' of retail dollars into the Kaiapoi Town Centre, and from where it is derived.

Figure 7 illustrates the proportional composition of retail spending within the Kaiapoi Town Centre originating from the Canterbury Region.

FIGURE 7: ORIGIN OF RETAIL SPENDING IN KAIAPOI TOWN CENTRE FROM CANTERBURY



Source: Property Economics, MarketView

Some of the salient points to note in Figure 7 include:

- Figure 6 illustrates a substantial level of retail sales at the Kaiapoi Town Centre originating from consumers residing within the identified core Kaiapoi catchment. This indicates that the geospatial extent of Kaiapoi's core market is appropriate with approximately two thirds of spend derived from this area.
- Over a fifth of retail spending within the catchment is attributable to the balance of the wider Waimakariri District market, confirming that the Kaiapoi Town Centre is predominately a centre that services Waimakariri District residents and would experience only limited inflow of spend. In this regard it confines Kaiapoi Town Centre's function of predominately convenience retail and commercial services targeted at meeting these essential requirements of the local community. Given the close proximity of Christchurch (particularly Northwood Supa Centa and the proposed Styx Town Centre), the ability for the Kaiapoi Town Centre to play a larger role in the market is considered very limited and unrealistic over the LTP period to 2043.

8.3. MARKETVIEW CONCLUSIONS

While the datasets are based on centres data only, it can be estimated that the outflow of retail expenditure from Kaiapoi to external retail centres in Canterbury is around 60% (this excludes any Kaiapoi resident spending at out of centre locations). Conversely there is a level of inflow that the Kaiapoi Town Centre captures from residents living outside of its core catchment, albeit this is significantly lower than the retail leakage from the catchment generating a net loss of spend from the core market.

Overall it is estimated that the core catchment currently experiences a net outflow in the order of **65%**, accounting for the outflow and inflow of retail dollars to the Kaiapoi Town Centre. This means that the town centre as a proportion captures around **45%** of what is generated locally. As identified earlier, this is not unexpected given range of higher order centres surrounding the Kaiapoi market in relatively close proximity. As centres work in a hierarchal manner (i.e. convenience, town centre, city centres) a natural level of leakage of is expected to occur as it would be unfeasible for smaller centres to provide the same range and scope as their higher order equivalents.

However, as the Kaiapoi market grows and a larger population base and critical mass establishes, there will be greater opportunity to reduce the level of retail leakage from the catchment through a slightly wider offer and improved environment.

9. KAIAPOI TOWN CENTRE NET RETAIL DEMAND VS SUPPLY

Adopting the capture rate determined in the previous section, retail spending within the Kaiapoi Town Centre is current estimated to be in the order of \$60m per annum, equating to a sustainable GFA of around 11,000sqm. This indicates a potential oversupply in retail activity within the centre at present.

Assessing current demand against total sustainable GFA, the current market appears to have supermarket provision slightly higher than that generated within the core catchment (5,500sqm vs 4,700sqm GFA). However leakage to other supermarkets (i.e. Pak’N Save Southbrook) would quickly balance this out. This is to be expected given Kaiapoi Town Centre position within Waimakariri. With Supermarkets generally providing a staple and near homogeneous offer, residents typically shop at supermarkets most convenience or in closest proximity. This in effect retains the majority of spending from the core catchment.

The LFR (excl. supermarkets) provision within the catchment is comprised on a single Department Store and large restaurant. This is a reflection of Kaiapoi Town Centre’s role within the wider market and the close proximity of competition, with the majority of LFR spending instead being directed to higher order centres such as Rangiora and those within Christchurch City (particularly Northwood Supa Centa).

Specialty retailing provision however is currently sitting at around 78% supply vs sustainable demand. Given the estimated level of leakage out of Kaiapoi Town Centre it is likely that there is some lower productivity stores operating in the town centre at present. This creates a difficult retail environment as stores have to adapt to lower sales levels or closedown / leave the market completely in due course as low productivity stores are difficult to maintain for extended periods of time.

With the growth in population, retail demand will increase at an increasing rate as the market reaches higher critical mass thresholds. Managing the development of retail activity during the recovery phase and while retail demand grows will help the centre in developing a more compelling retail offer and environment required for Kaiapoi Town Centre to maintain (and grow) its level of inflow and retention of retail spending, providing a significant economic boost to the local economy.

A more attractive and functional Kaiapoi Town Centre also improves the competitive position of Kaiapoi to attract businesses to the town, and stimulate employment growth. It also places the town centre on a better platform to recapture a higher proportion of retail spend generated locally, which will help stimulate reinvestment into the town’s public realm, built form and retail stores. Many of the building blocks required for having a quality and functional town centre are already in Kaiapoi, but it needs to be appropriately scaled for the market it services to ensure the positives and experiences afforded the community are not diluted over an unnecessarily large area.

By 2043, a well performing Kaiapoi Town Centre in Property Economics' opinion, has the opportunity to capture a net retail expenditure level equivalent to around 50 – 60% of that generated by the core catchment. Taking the mid-point of this estimate, this equates to retail expenditure levels of **\$113m** pa under the low scenario, and over **\$140m** pa under the high scenario.

This translates to sustainable retail GFA for the town centre in the order of **20,700sqm** to **26,000sqm** by 2043. Adopting the high scenario this equates to an efficiently development and 'at grade' total land requirement of 5.0ha of developable land for retail activities.

10. EMPLOYMENT TRENDS

This section breaks down the temporal trended employment composition of the Waimakariri District given its close relationship with the Kaiapoi market, i.e. employment changes within other areas of Waimakariri will effect Kaiapoi employment.

Table 4 identifies the employment composition of Waimakariri on a temporal basis from 2000-2014 to highlight the trended movement in the composition over the last 14 years. It is important to note the 2000-2007 timeframe was a period of strong economic growth or 'economic boom', while the years 2008-2010 the economy experienced a significant downturn, or 'economic bust'. The more recent period of 2012 – 2014 represents a period of economic recovery from the GFC and the effects of Canterbury earthquake recovery on the Waimakariri market.

TABLE 4: WAIMAKARIRI EMPLOYMENT TRENDS 2000-2014

WAIMAKARIRI	2000	2002	2004	2006	2008	2010	2012	2014
Industrial	2,248	2,581	3,035	3,268	3,403	3,332	3,813	4,784
Retail	1,555	1,661	1,835	2,156	2,322	2,241	2,501	2,444
Commercial	1,024	1,099	1,397	1,474	1,684	1,660	1,831	1,955
Other	2,601	2,824	2,938	2,929	3,157	3,355	3,468	3,785
Total	7,427	8,165	9,205	9,827	10,566	10,588	11,613	12,968

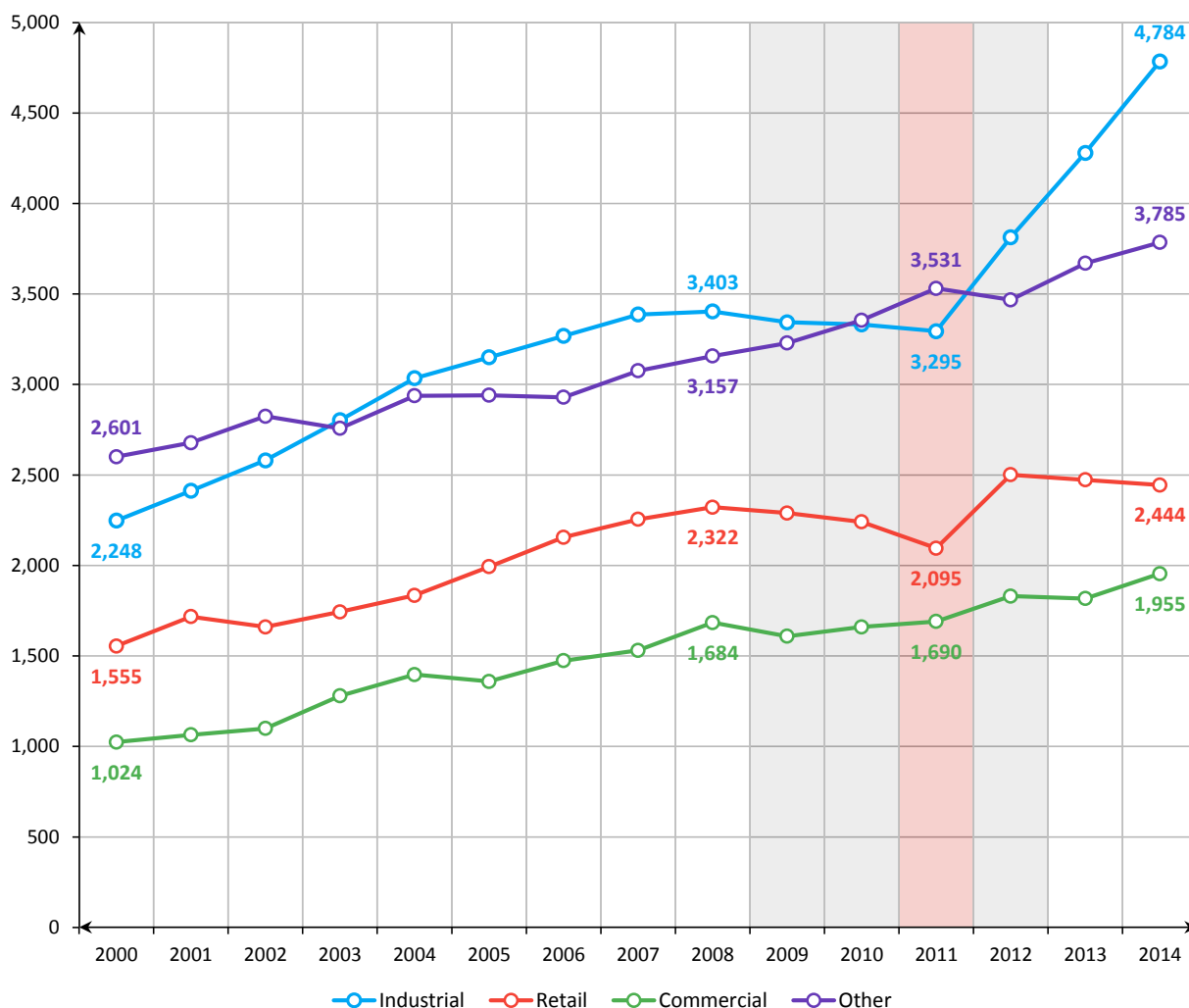
Source: Property Economics, Statistics NZ

Some of the key points of note in Table 4 include:

- Overall the Waimakariri District has experienced significant growth over the period with the GFC stagnating the market for a relatively short period of time compared to many other districts within NZ.
- The majority of employment within Waimakariri is related to industrial activity, with this sector comprising around 37% of total employment currently within the district. This has overtaken Other activity which previously had 2,600 employees in 2000 compared to industrial employment at only 2,200. This indicates a notable shift in employment opportunities within the Waimakariri market.

Figure 8 graphs the Waimakariri employment trends from Table 4, illustrating the movements in employment across the sectors over time, and highlighting the impacts of the GFC (grey) and the Canterbury earthquakes (red).

FIGURE 8: WAIMAKARIRI EMPLOYMENT TRENDS BY SECTOR 2000 - 2014



Source: Property Economics, Statistics NZ

Figure 8 illustrates the steady growth rates of the pre-GFC era (2000 – 2008) across all employment sectors, this growth stagnates over the years of 2009 – 2010. As a result of the Canterbury earthquakes the recorded employment level for Waimakariri for Industrial and Retail activity dropped significantly before experiencing a sharp increase in employment as part of the wider Canterbury recovery. This is particularly the case of industrial employment which has increased by 45% or around 1,500 employees since 2011, with Construction sector providing significant impetus. In contrast over the 11 periods between the years of 2000 – 2011, there was only an increase of around 1,150 industrial employees.

It is important to note that while these growth rates play a role in assessing future growth potential for the district, the shifts regionally (due also in part to the earthquakes) has been considered in the long term projections. This implies that some of the growth experienced by Waimakariri has been the result of businesses relocating due to safety and damage issues as is unlikely to be wholly replicated in the future.

10.1. KAIAPOI BUSINESS ACTIVITY

Table 5 highlights the employment trends of the Kaiapoi Catchment on a temporal basis to identify the changing compositions of the Kaiapoi market by sector, and consequently each sector's performance relative to the wider market in terms of employment since 2000.

TABLE 5: KAIAPOI EMPLOYMENT TRENDS 2000-2014

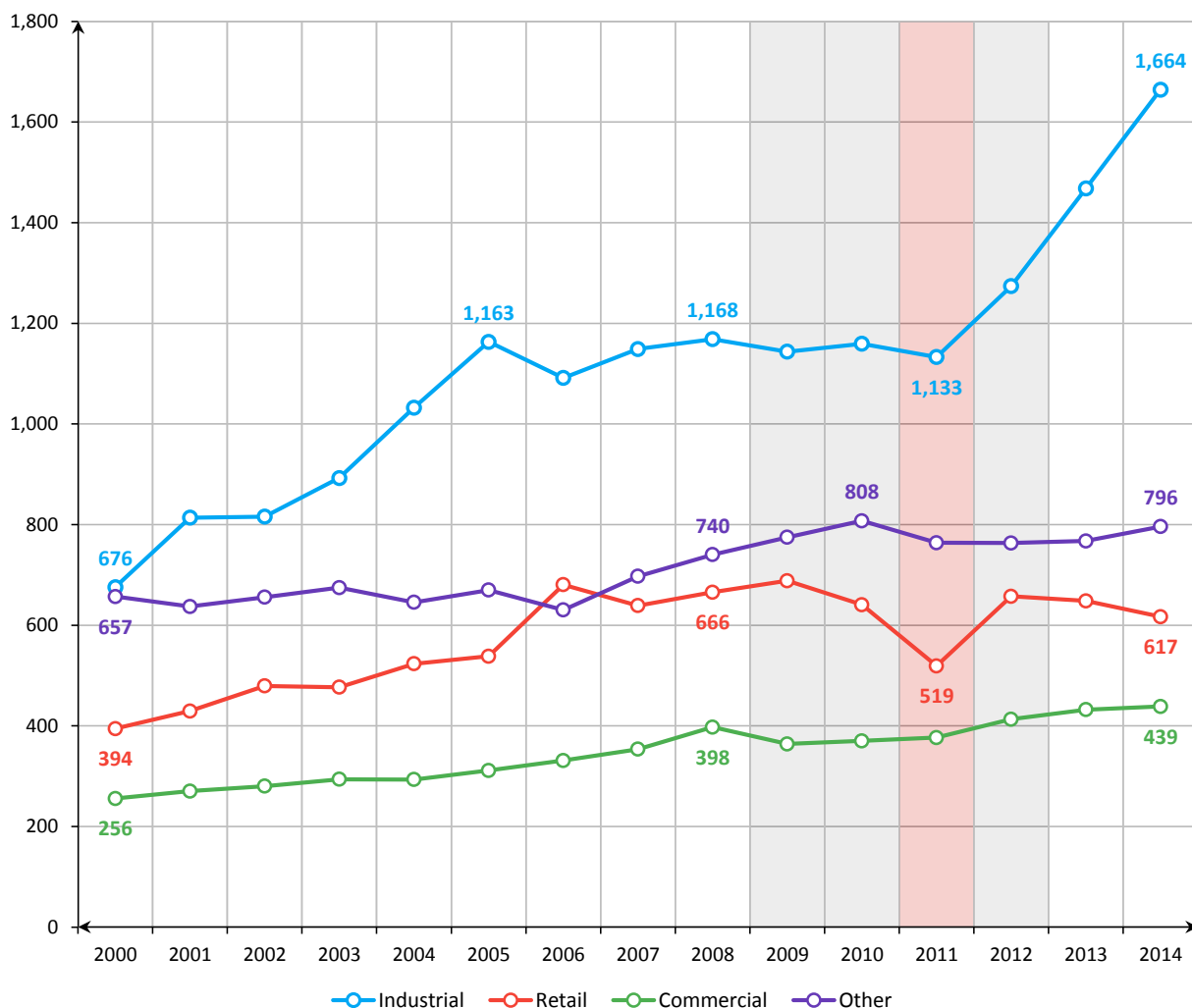
	2000	2002	2004	2006	2008	2010	2012	2014
Industrial	676	816	1,032	1,092	1,168	1,160	1,274	1,664
Retail	394	479	524	681	666	641	658	617
Commercial	256	280	293	331	398	370	413	439
Other	657	656	646	630	740	808	763	796
Total	1,983	2,231	2,495	2,734	2,972	2,978	3,108	3,516
New Zealand	1,596,209	1,670,499	1,795,536	1,891,706	1,977,343	1,902,251	1,929,044	1,994,684

Source: Statistics NZ

Overall, the Kaiapoi employment base has increased by around 77% over the assessed period, whereas over the same period New Zealand's employment base grew by 25%. This growth is slightly higher than the growth Waimakariri experienced over the same period (75%). The Kaiapoi market current comprises 27% of employment within the wider District. It is interesting to note these figures show that Kaiapoi is not alone in experiencing the relatively high growth experienced in the district compared to the wider national trend.

This suggests the Kaiapoi economy and wider Waimakariri (in terms of employment) has grown in relevance within the nation since the year 2000.

FIGURE 9: KAIAPOI TOWN CENTRE RETAIL COMPOSITION SEPTEMBER 2015



Source: Property Economics, Statistics NZ

The historical trends of Kaiapoi follow a similar path to that of the wider district, with steady growth in most sectors (with industrial employment experiencing a boom over the 2002 – 2005 period), before experiencing stagnation in 2008 due to the GFC, followed by a hit in employment as a result of the Canterbury earthquakes.

Like the wider district, an increase industrial employee has been required as a result of earthquake recovery process, resulting in higher growth in industrial employment over the last four years than the previous decade (2000 – 2011).

10.2. EMPLOYMENT RETENTION

Table 7 shows the level of net employment retention across the territorial authorities of Canterbury. This is the ratio between the number of employees within a district / city, compared to its employed labour force population, i.e. workers residing in the area vs number of jobs. This provides an estimate of the net employment flows within an area and an indication of its self-sustainability.

A full list of with all territorial authorities has been attached in Appendix 5.

TABLE 6: CANTERBURY EMPLOYMENT RETENTION

Territorial Authority	Employed Labour Force	Employment Count 2014	Retention Rate %
Waimakariri District	28,053	12,968	46%
Selwyn District	27,163	15,030	55%
Waimate District	3,730	2,409	65%
Hurunui District	6,176	4,527	73%
Kaikoura District	2,000	1,573	79%
Ashburton District	17,599	16,048	91%
Waitaki District	10,120	9,560	94%
Timaru District	23,012	22,482	98%
Christchurch City	188,822	197,159	104%
Mackenzie District	1,840	2,125	116%

Source: Property Economics

Waimakariri comparatively has the lowest employment retention rate within the Canterbury Region (and nationally). This is a reflection of the influence Christchurch City has on Waimakariri with significant volumes of employees residing in Waimakariri but working in Christchurch, resulting in a low level of employee self-containment.

It is important to note that Waimakariri has a similar level of labour force participation and employment level compared to the Canterbury Region, meaning that there is a significant workforce but the district lacks employment opportunities.

11. EMPLOYMENT PROJECTIONS

The following section projects employment by sector for the Waimakariri District at a broad level adopting the high growth scenario population projections outlined earlier, which feeds into the land demand forecasts for the Kaiapoi market. This is necessary given the interrelationship between Kaiapoi and the wider market, as demand for business land, particularly industrial land is often dependent on wider market demand and supply and are not isolated to their localised markets.

This first estimates employment growth (and subsequently land demand) with a weighting towards current trends, in terms of retention and sector type.

The projections in this section are based on the reported EC's (Employment Count) for each area. Property Economics is aware that up to 30% of employees in any given area do not register the location of their job and therefore are not covered by this statistic. The ratios applied within this report are based on that shortfall and compensate for it in terms of relevant land demand.

TABLE 7: WAIMAKARIRI EMPLOYMENT GROWTH PROJECTIONS

Waimakariri	2012	2013	2014	2018	2023	2028	2033	2038	2043
Industrial	3,813	4,280	4,784	5,403	5,969	6,572	7,102	7,773	8,390
Retail	2,501	2,473	2,444	2,787	2,977	3,185	3,299	3,610	3,897
Commercial	1,831	1,818	1,955	2,133	2,372	2,629	2,866	3,137	3,386
Other	3,468	3,670	3,785	4,052	4,341	4,634	4,867	5,327	5,749
Total	11,613	12,240	12,968	14,218	15,504	16,851	18,025	19,729	21,294

Source: Property Economics

It is estimated that the Waimakariri District will experience employment growth of around 65% growth over the 2014 – 2043 period, with the majority of the growth being driven by industrial activity, with Industrial employment within the district forecast to increase by around 3,600 employees over the next three decades. Its relevance to the Waimakariri market is forecast to increase as Retail and Other sector employment shrink as a proportion of total employment.

That is not to say the retail employment is not forecast to grow significantly over the period, (estimated at around 60%), but that industrial employment will play a large role within Waimakariri in the future.

Commercial activity is also forecast to experience significant growth in Waimakariri, with employment increasing from just under 2,000 employees in 2014 to 3,400 by 2043, an increase of over 70% over the next three decades.

TABLE 8: KAIAPOI EMPLOYMENT GROWTH PROJECTIONS

Kaiapoi	2012	2013	2014	2018	2023	2028	2033	2038	2043
Industrial	1,274	1,468	1,664	1,918	2,149	2,425	2,656	2,930	3,163
Retail	658	648	617	697	714	748	778	866	935
Commercial	413	432	439	469	517	568	613	690	745
Other	763	768	796	875	929	969	998	1,119	1,207
Total	3,108	3,316	3,516	3,959	4,309	4,710	5,046	5,606	6,050

Source: Property Economics

The high growth projections experienced in the wider Waimakariri are reflected in the projected growth for the Kaiapoi business environment. Over the years 2014 – 2043, employment is forecast to increase by nearly 3,000 employees, with the Kaiapoi market experiencing over 70% growth over the period.

Like the wider Waimakariri District, Kaiapoi is forecast to experience strong industrial employment growth, with an increase of around 90% of its employment count by 2043 compared to in 2014, comprising over 50% of all employment within Kaiapoi.

Commercial employment likewise has high forecasted employment growth of over 70% over the 2014 – 2043 period, representing an increase of over 300 employees.

11.1. BUSINESS LAND PROJECTIONS

This section discusses the estimated demand for business land in the Kaiapoi market.

The employment projections undertaken here for Kaiapoi by Property Economics are based on a variety of factors including:

- National and Regional GDP and employment projections
- Population projections – these are key both to labour force projections and population based employment.

- Labour Force projections (skilled / unskilled)
- Regional ability to accommodate growth, especially the potential relocation of business (industrial) activity from Christchurch.
- Kaiapoi sub-regions relative business land supply and prices
- Trended growth
- Economic development directions
- Locational criteria by sector
- National / Regional and local supply of inputted goods and location of market
- Business sector analysis
- Increasing working age

Table 9 below calculates the potential level of business land demand for the Kaiapoi market. It is important to note that the figures in the tables are net and do not include servicing requirements and are round to the nearest whole number for ease of understanding. It is also prudent to be aware that these figures are based upon the current business environment. Any legislative changes that would impact upon the relative competitiveness of this environment are likely to alter these projections.

This is based on single level commercial activity and would be reduced if a greater level of multi-storied commercial buildings were developed. It would therefore be prudent to apply planning regulations over these projections to assess the likely spatial outcomes produced by the market and therefore total 'expected' land required at these development levels.

TABLE 9: KAIAPOI ADDITIONAL HIGH SCENARIO BUSINESS LAND REQUIREMENTS 2015 - 2043

Kaiapoi High Scenario	2018	2023	2028	2033	2038	2043	Total
Industrial	5.6	5.1	6.1	5.1	6.0	5.1	33.0
Retail	0.1	0.3	0.4	0.5	0.6	0.7	2.5
Commercial Office	0.3	0.4	0.4	0.4	0.7	0.5	2.6
Commercial Service	0.1	0.2	0.2	0.3	0.4	0.5	1.7
Total	6.0	6.0	7.1	6.2	7.7	6.7	39.8

Source: Property Economics

Under the high growth scenario approximately 40ha of business land is required to accommodate projected demand over the next 28-years. The bulk of the provision required will be in industrial land (33ha) which has experienced significant and consistent historical growth. While there has been a boom in industrial requirement as a result of the Canterbury recovery process, historically Waimakariri has been industrially focused district and this is expected to continue over the foreseeable future.

Net Commercial office land requirements are forecast to increase at nearly 1,000sqm per year, with a total additional land requirement of around 2.6ha by 2043 (if all future GFA for this activity type were to be provided at ground level). This is not an efficient form of development for such activity, and it would be expected a significant proportion of this GFA could be provided in 2-3 storey buildings which would reduce the land requirement correspondingly.

Retail and Commercial Service requirements which are intrinsically tied to each other have a combined net additional requirement of around 4.2ha under the higher scenario by 2043. Again some of the commercial service activity could efficiently be accommodated above ground level, but the retail activity should be provided 'at grade' to ensure maximum opportunity for success and to better facilitate its convenience function.

The proportional shift in land demand for these sectors is significant under differing development scenarios and is also dependent on the ultimate demand (higher demand greater propensity to develop higher level commercial activity due to greater rents and prices). Under a simple scenario of an average build across Kaiapoi of 1.6 levels this retail and commercial land demand would fall to just over 2.5ha of land.

11.2. ALTERNATIVE PROJECTION METHODOLOGY (LOW)

WDC has requested that Property Economics provide an alternative land demand projection scenario, based on an employment per capita approach, to understand any land demand differentials generated adopting such an approach. This approach essentially proportions the district's employment growth projections by proportional population growth. Thus the population projections for the Kaiapoi catchment essentially drive employment growth. It is important to note that this scenario does not consider the in and outflow of employees into the catchment, nor the potential to improve employment retention in the area.

TABLE 10: KAIAPOI BUSINESS LAND REQUIREMENTS (PER CAPITA APPROACH)

Kaiapoi Per Capita Scenario	2018	2023	2028	2033	2038	2043	Total
Industrial	3.7	2.7	2.1	1.9	3.2	4.2	17.8
Retail	0.1	0.2	0.2	0.3	0.3	0.4	1.5
Commercial Office	0.2	0.2	0.1	0.1	0.3	0.4	1.4
Commercial Service	0.1	0.2	0.1	0.2	0.2	0.3	1.0
Total	4.0	3.3	2.5	2.5	4.1	5.3	21.7

Source: Property Economics

Adopting this approach approximately 22ha of business land is required to accommodate projected demand over the next 28-years. Like in Table 9, the bulk of the provision required will be in industrial land at around 18ha.

The core distinction between the methodologies is that the previous (Table 9) approach is based around the identified population growth projections, as well as a proportion of district demand based on stages in employment compositions as a proportion of district growth. This alternative employment per capita methodology as depicted in Table 10 outcomes, includes the low population projection series as well as the proportional distribution of employment growth at a district level per capita.

Property Economics consider forecasting business land requirements for Kaiapoi adopting the employment per capita approach is not as robust and generates a significantly lower future business land requirement. This in effect would facilitate a downgrading of the Kaiapoi catchment's economic competitiveness in relation to business and business employment comparatively relative to the balance of the market (Waimakariri and Christchurch) over the period. In effect, the future business land provision in Kaiapoi would not be enough to maintain its competitive position in the market based on forecast population and employment growth.

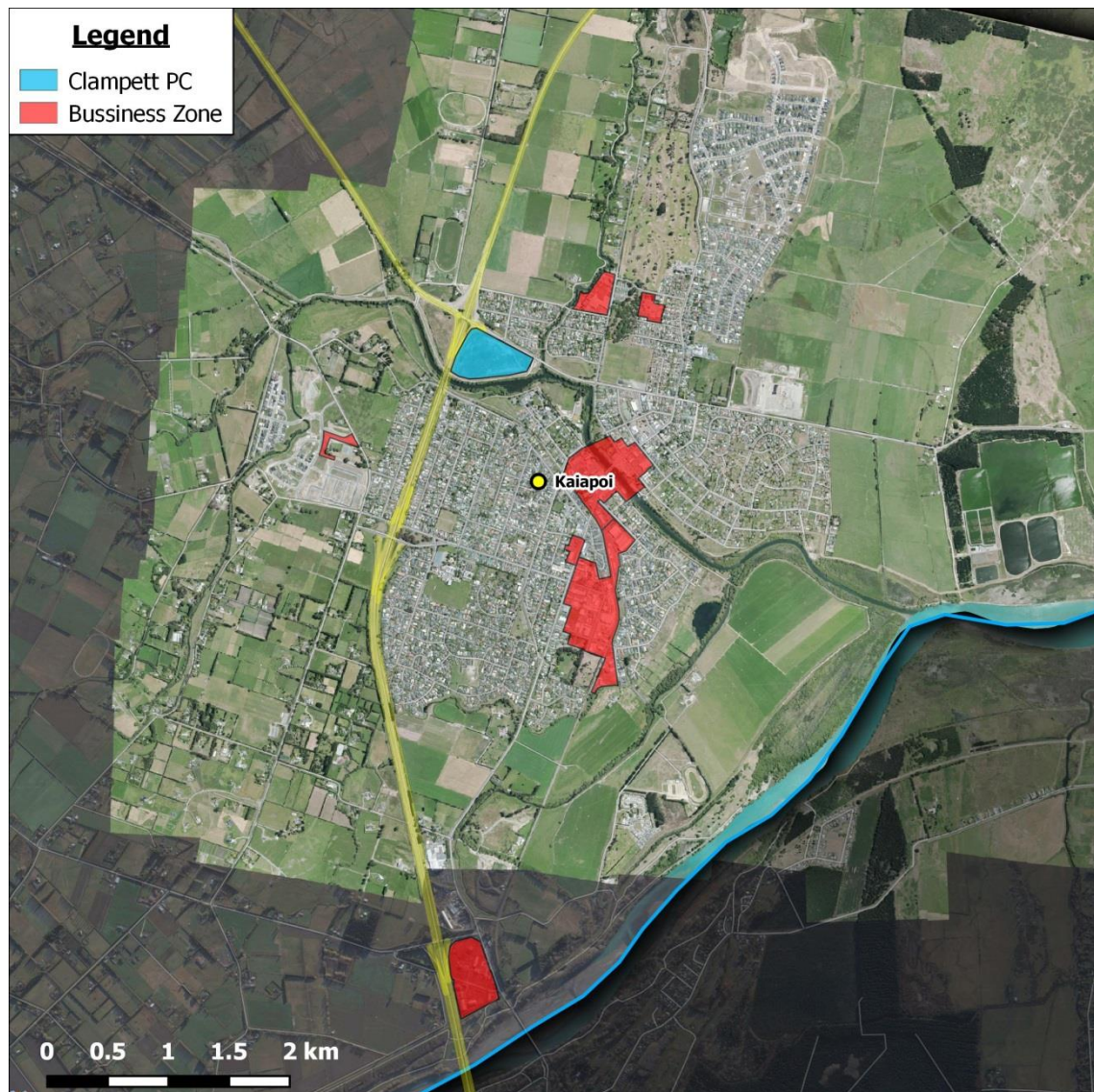
Property Economics considers Table 9 to provide a more robust and appropriate indication of forward business land requirements for Kaiapoi over the assessed long term period and ensure the area maintains its current competitive position.

11.3. KAIAPOI CURRENT BUSINESS LAND ENVIRONMENT

In assessing the future land requirement for Kaiapoi it is important to account for current business land provisions available within the market. Figure 10 highlights the business zoned land area as determined by council for the Kaiapoi market.

It is Property Economics' understanding that within Kaiapoi there is in the order of an additional 8ha available as part of the Clampett Plan Change. This has also been included in Figure 10 and is highlighted in blue. A map of the specific site of which it sits in the context of the Kaiapoi market has also been included in Appendix 4.

FIGURE 10: KAIAPOI BUSINESS ZONE LAND



Source: Property Economics, WDC, Google

TABLE 11: KAIAPOI BUSINESS ZONED LAND

Area	Business Zoned Land (ha)
Kaiapoi Town Centre	15.9
Kaiapoi Surrounds	37.1
Total Existing Kaiapoi	53.1
Clampett PC	8.0
Total Future Kaiapoi	61.1
Waimakariri District	461.6

Source: Property Economics, WDC

Table 12 shows the current provision of business land within the Kaiapoi area is in the order of 53ha, with over a quarter of that provided for within the town centre. The Clampett Plan Change has recently added an additional 15% or 8ha of business land to the Kaiapoi market, increasing total provision to over 61ha.

Relative to the wider District, Kaiapoi forms just 13% of the business land environment of Waimakariri. Some of this 'balance' Waimakariri business land would also service part of the Kaiapoi core market's business needs.

11.4. KAIAPOI BUSINESS LAND VACANCY AND OPPORTUNITY

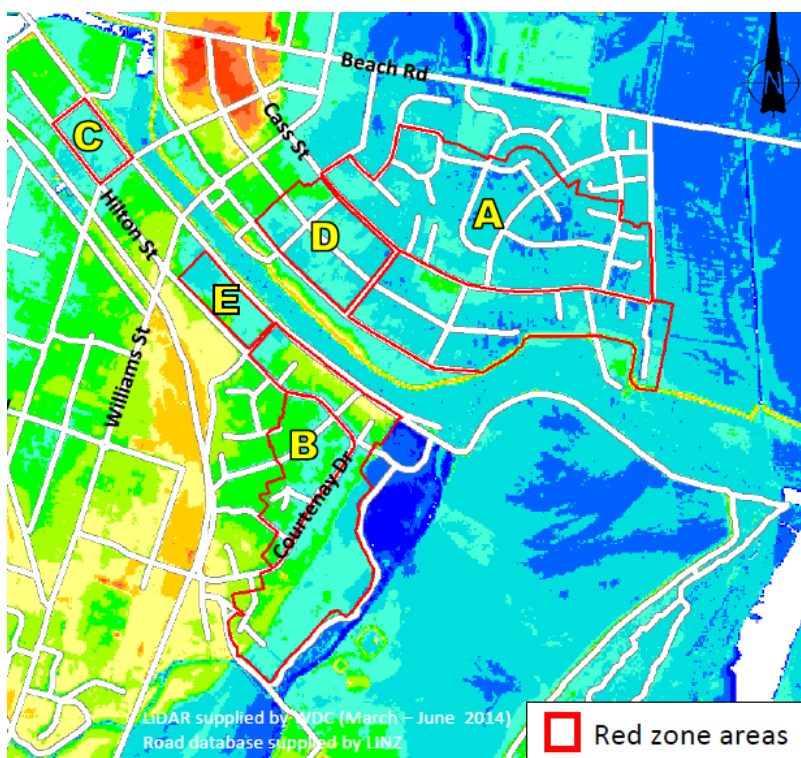
It is Property Economics' understanding that there is currently 4.2ha of Business 1 (B1) and Business 2 (B2) zoned land vacant within the Kaiapoi market at present, with 1ha within the Town Centre and 3.2ha located just south of the town centre. These figures have been provided by WDC as part of their Development Activity Score Card (April to June 2015), and are considered to represent the most up-to-date vacant land data in Kaiapoi available at present.

It has also been noted that *"the estimated amount of land 'vacant' reflects sites with no improvements, very low improvement values relative to site, very low building footprint relative to site (within the town centres), sites containing only non-permanent structures, and sites privately owned and used solely for car parking not specifically provided for adjoining retail activity. 'Vacant' land figures identified above appropriately exclude Council parks, reserves, public facilities and spaces, cemeteries, and schools."*

It is also important to note that the vacant levels of business land do not necessarily represent all inefficiently utilised sites such as those whose current activity levels are proportionately low or completely vacant premises.

Figure 11 below identifies red zone area in Kaiapoi. These are areas where some limited trade and yard based light industrial activity may potentially be suitable. Areas A and D east of Kaiapoi River are also flood zones making them of limited suitability for such development, and with alternative locales available are not considered areas of opportunity over the assessed period.

FIGURE 11: KAIAPOI RED ZONE AREAS



Source: WDC, Tonkin Taylor

Area C has residential activity developed on the land making it unavailable for industrial and commercial development. That leaves Areas E and B, which being west (higher relative to east of the river) of the Kaiapoi River have significantly lower flood risk. While this is red zone land, yard and trade based activity would appear a suitable use of the land given its central location and links to the Kaiapoi market.

The counterfactual alternative would be to source an equivalent land quantum elsewhere in the core Kaiapoi catchment which is likely to be new greenfield land on the outskirts of Kaiapoi's urban area. This would need to be considered in a wider context with an economic cost benefit analysis a crucial component of this process.

12. NORTHERN CHRISTCHURCH CORRIDORS

This section takes a helicopter view of the proposed RoNS northern Christchurch projects and identifies some of the challenges for Kaiapoi from an economic perspective.

These projects represent significant infrastructural investment by the Government into the region involving the improvement of the Northern Arterial and the Western Corridor (SH1) in conjunction with the Western Belfast Bypass. The upgrades are designed to improve the efficiency of the connections between the main freight hubs of the South Island, as well as improving the congestion and safety of this critical piece of the road network.

FIGURE 12: NORTHERN CHRISTCHURCH RONS



Source: CCC, NZTA

The likely outcomes of these projects once delivered from Kaiapoi's perspective could result in both positive and negative impacts in regard to economic matters. This gives rise to both risks and opportunities for Kaiapoi that Council should be mindful of in the LTP process for Waimakariri. Kaiapoi being closet to SH1, the proposed road improvement zone and Christchurch are likely to be more susceptible to the risks and opportunities associated with the roading projects planned in the district, and in particular those in the southern border area with Christchurch. A few of these are identified below:

RISKS:

- Both travel distance and travel time to Christchurch will be reduced with less congestion and increased safety, meaning easier accessibility to Christchurch for Kaiapoi businesses and employees. The Christchurch market has larger more competitive business environments, and already draws significant employment from Kaiapoi. This may result in increased employment leakage to business locales in Christchurch.
- Kaiapoi will be more easily by-passed as a result of more seamless and improved connection from northern Christchurch to Woodend. This may reduce traffic flows through the Kaiapoi Town Centre, with local retailers being subjected to the consequential loss of custom on a proportional basis. However, this is likely to be minor in scale and quickly offset by projected local market growth, meaning any loss of trade would not endure and 'hurt' businesses for only a short period of time.
- Changes in regional infrastructure, the rate of growth environment forecast for Kaiapoi and the increasing threat from other business locations due to their closer proximity and increased accessibility, means Kaiapoi may not be able to generate a competitive market response in an increasingly competitive market, i.e. increased employment leakage out of Kaiapoi not being offset by increased employment inflow or local employment generation, making the stimulus for a competitive response more difficult.

OPPORTUNITIES:

- Christchurch will be easier (and closer) to service from a business perspective, making Kaiapoi a more attractive proposition from a business location viewpoint.
- Kaiapoi currently has more competitive industrial and commercial land prices, leases, and other property economic factors than most of the Christchurch markets, making Kaiapoi an attractive and more competitive location to service the South Island market based on property market fundamentals.
- The northern Christchurch corridor, linking other road improvements in the region, is likely to shift the focus of Christchurch's industrial market from a locational perspective west and onto this enhanced road spine, which may stimulate some repositioning of industrial activity location within the region. Limited appropriate land supply on this spine may make Kaiapoi an attractive (and more economic) alternative proposition to consider, and thus an opportunity for Kaiapoi to secure such businesses.
- Kaiapoi is also more competitively priced from a property market perspective than Christchurch, meaning Kaiapoi is also well positioned to attract industrial activity from this market.

Managing the risks and facilitating the opportunities will be important for establishing Kaiapoi's future path. Neither will be easy, but Kaiapoi is not alone in facing these issues, and it is likely to be those towns that encapsulate the opportunities best that will benefit economically in the future.

There are other opportunities for Kaiapoi, such as promoting lifestyle attributes as a key point of difference, however critical for Kaiapoi though is generating employment growth opportunities in its core economic market. Without employment growth, there is likely to be constrained business growth and restricted population growth. With an aging population, job growth is crucial to Kaiapoi's future and replenishing its employment stock.

There are other economic implications for Kaiapoi resulting from the RoNS projects but this is outside the scope of the report.

APPENDIX : 1

DEMOGRAPHIC PROFILING

		CATCHMENT	WAIMAKARIRI DISTRICT	CANTERBURY REGION
GENERAL	Population	17,483	55,437	581,931
	Households	6,833	21,665	237,281
	Person Per Dwelling Ratio	2.56	2.56	2.45
AGE PROFILE	0-4 Years	5%	6%	6%
	5-9 Years	7%	7%	6%
	10-14 Years	8%	8%	6%
	15-19 Years	7%	7%	7%
	20-24 Years	5%	4%	7%
	25-29 Years	3%	4%	6%
	30-34 Years	4%	4%	6%
	35-39 Years	6%	6%	6%
	40-44 Years	8%	8%	7%
	45-49 Years	9%	8%	7%
	50-54 Years	8%	8%	7%
	55-59 Years	7%	7%	6%
	60-64 Years	7%	7%	6%
	65 years and Over	18%	17%	16%
HOUSEHOLD INCOME	\$20,000 or Less	7%	8%	10%
	\$20,001-\$30,000	11%	10%	11%
	\$30,001-\$50,000	17%	18%	18%
	\$50,001-\$70,000	15%	15%	15%
	\$70,001-\$100,000	21%	20%	19%
	\$100,001 or More	28%	29%	27%
PERSONAL INCOME	\$5,000 or Less	11%	12%	12%
	\$5,001-\$10,000	4%	4%	5%
	\$10,001-\$20,000	20%	19%	19%
	\$20,001-\$30,000	15%	14%	14%
	\$30,001-\$50,000	23%	22%	23%
	\$50,001 or More	27%	28%	27%
ETHNICITY	European Ethnic Groups	87%	89%	81%
	Māori Ethnic Group	9%	7%	8%
	Pacific Peoples' Ethnic Groups	1%	1%	2%
	Asian Ethnic Groups	2%	2%	6%
	MELAA Ethnic Groups	0%	0%	1%
	Other Ethnic Groups	2%	2%	2%
QUALIFICATION ATTAINMENT	No Qualification	28%	24%	22%
	Level 1 Certificate	17%	16%	14%
	Level 2 Certificate	11%	12%	11%
	Level 3 Certificate	7%	8%	9%
	Level 4 Certificate	13%	13%	10%
	Level 5 or Level 6 Diploma	9%	10%	10%
	Bachelor Degree and Level 7 Qualifications	7%	9%	12%
	Postgraduate and Honours Degrees	2%	2%	3%
	Masters Degree	1%	1%	2%
	Doctorate Degree	0%	0%	1%
	Overseas Secondary School Qualification	4%	4%	5%

		CATCHMENT	WAIMAKARIRI DISTRICT	CANTERBURY REGION
EMPLOYMENT	Employed - Full Time	50%	51%	50%
	Employed - Part Time	15%	16%	15%
	Unemployed	3%	3%	3%
	Not in Labour Force	31%	31%	31%
EMPLOYMENT CLASSIFICATION	Managers	16%	19%	18%
	Professionals	15%	17%	20%
	Technicians and Trades Workers	17%	16%	14%
	Community and Personal Service Workers	9%	8%	9%
	Clerical and Administrative Workers	13%	13%	12%
	Sales Workers	10%	9%	9%
	Machinery Operators and Drivers	8%	6%	6%
	Labourers	13%	12%	12%
STUDENT RATIO	Full Time	7%	7%	10%
	Part Time	3%	3%	4%
	Full-time and Part-time Study	0%	0%	0%
	Not Studying	90%	89%	86%
HOUSEHOLD INCOME SOURCES	Wages, Salary, Commissions, Bonuses etc	70%	69%	70%
	Self-employment or Business	24%	27%	22%
	Interest, Dividends, Rent, Other Invest.	28%	30%	30%
	Payments from a Work Accident Insurer	3%	3%	2%
	NZ Superannuation or Veterans Pension	27%	26%	23%
	Other Super., Pensions, Annuities	4%	4%	4%
	Unemployment Benefit	2%	2%	3%
	Sickness Benefit	2%	2%	3%
	Domestic Purposes Benefit	3%	3%	3%
	Invalids Benefit	3%	3%	4%
	Student Allowance	1%	2%	3%
	Other Govt Benefits, Payments or Pension	6%	6%	6%
	Other Sources of Income	2%	2%	3%
	No Source of Income During That Time	0%	0%	0%
INDUSTRY OF EMPLOYMENT	Agriculture, Forestry and Fishing	5%	8%	7%
	Mining	0%	0%	0%
	Manufacturing	15%	12%	12%
	Electricity, Gas, Water and Waste Services	1%	1%	1%
	Construction	14%	15%	11%
	Wholesale Trade	5%	5%	5%
	Retail Trade	11%	10%	10%
	Accommodation and Food Services	4%	4%	5%
	Transport, Postal and Warehousing	5%	5%	4%
	Information Media and Telecommunications	1%	1%	1%
	Financial and Insurance Services	2%	2%	3%
	Rental, Hiring and Real Estate Services	3%	2%	2%
	Professional, Scientific and Technical Services	5%	6%	8%
	Administrative and Support Services	3%	3%	3%
	Public Administration and Safety	4%	4%	4%
	Education and Training	5%	6%	7%
	Health Care and Social Assistance	10%	9%	10%
	Arts and Recreation Services	1%	1%	2%
	Other Services	5%	5%	4%

		CATCHMENT	WAIMAKARIRI DISTRICT	CANTERBURY REGION
HOUSEHOLDS	Single	20%	19%	24%
	Couple	35%	36%	32%
	Single Parent With Children	10%	9%	10%
	Two Parent Family	33%	33%	29%
	Other Multi-person	3%	2%	5%
NUMBER OF RESIDENTS	1 Residents	19%	19%	24%
	2 Residents	38%	39%	36%
	3 Residents	16%	15%	16%
	4 Residents	16%	17%	15%
	5 Residents	7%	7%	6%
	6 Residents	2%	2%	2%
	7 Residents	1%	1%	1%
	8 Plus Residents	0%	0%	0%
HOME OWNERSHIP	Dwelling Owned or Partly Owned	66%	66%	55%
	Dwelling Not Owned and Not Held in a Family Trust	20%	19%	32%
	Dwelling Held in a Family Trust	14%	15%	14%
YEARS AT RESIDENCE	0 Years	20%	21%	22%
	1–4 Years	27%	31%	30%
	5–9 Years	25%	24%	21%
	10–14 Years	12%	11%	11%
	15–29 Years	12%	11%	12%
	30 Years or More	4%	3%	5%
NUMBER OF BEDROOMS	One Bedroom	5%	4%	5%
	Two Bedrooms	15%	15%	21%
	Three Bedrooms	41%	41%	44%
	Four Bedrooms	30%	32%	24%
	Five Bedrooms	7%	6%	5%
	Six Bedrooms	1%	1%	1%
	Seven Bedrooms	0%	0%	0%
	Eight or More Bedrooms	0%	0%	0%
WEEKLY RENT PAID	Under \$100	12%	7%	10%
	\$100–\$149	16%	12%	10%
	\$150–\$199	9%	7%	7%
	\$200–\$249	10%	12%	12%
	\$250–\$299	16%	15%	16%
	\$300–\$349	20%	18%	15%
	\$350 and Over	16%	29%	30%

APPENDIX : 2 PEL RETAIL EXPENDITURE MODEL

This overview outlines the methodology that has been used to estimate retail spend generated at Census Area Unit (CAU) level for the identified catchment out to 2031.

CAU 2013 Boundaries

All analysis has been based on Census Area Unit 2013 boundaries, the most recent available.

Permanent Private Households (PPH) 2013

These are the total Occupied Households as determined by the Census 2013. PPHs are the primary basis of retail spend generation and account for approximately 71% of all retail sales. PPHs have regard for (exclude) the proportion of dwellings that are vacant at any one time in a locality, which can vary significantly, and in this respect account for the movement of some domestic tourists.

Permanent Private Household Forecasts 2006-2031

These are based on Statistics NZ Census Area Unit (CAU) Medium Series Population Growth Projections and have been adjusted to account for residential building consent activity occurring between 2006 and 2011, with this extrapolated to the year of concern. This accounts for recent building activity, particularly important for the 5-10 year forecasts, and effectively updates Statistics NZ projections to reflect recent trends.

International Tourist Spend

The total international tourism retail spend has been derived from the Ministry of Economic Development Tourism Strategy Group (MEDTSG) estimates nationally. This has been distributed regionally on a 'spend per employee' basis, using regional spend estimates prepared by the MEDTSG. Domestic and business based tourism spend is incorporated in the employee and PPH estimates. Employees are the preferred basis for distributing regional spend geo-spatially as tourists tend to gravitate toward areas of commercial activity, however they are very mobile.

Total Tourist Spend Forecast

Growth is conservatively forecast in the model at 2% per annum for the 2011-2031 period.

2013-2031 PPH Average Household Retail Spend

This has been determined by analysing the national relationship between PPH average household income (by income bracket) as determined by the 2013 Census, and the average PPH expenditure of retail goods (by income bracket) as determined by the Household Economic Survey (HES) prepared by Statistics NZ.

While there are variables other than household income that will affect retail spending levels, such as wealth, access to retail, population age, household types and cultural preferences, the effects of these are not able to be assessed given data limitations, and have been excluded from these estimates.

Real Retail Spend Growth (excl. trade based retailing)

Real retail spend growth has been factored in at 1% per annum. This accounts for the increasing wealth of the population and the subsequent increase in retail spend. The following explanation has been provided.

Retail Spend is an important factor in determining the level of retail activity and hence the 'sustainable amount' of retail floorspace for a given catchment. For the purposes of this outline 'retail' is defined by the following categories:

- Food Retailing
- Footwear
- Clothing and Softgoods
- Furniture and Floor coverings
- Appliance Retailing
- Chemist
- Department Stores
- Recreational Goods
- Cafes, Restaurants and Takeaways
- Personal and Household Services
- Other Stores.

These are the retail categories as currently defined by the ANZSIC codes (Australia New Zealand Standard Industry Classification).

Assessing the level and growth of retail spend is fundamental in planning for retail networking and land use within a regional network.

Internet Retail Spend Growth

Internet retailing within New Zealand has seen significant growth over the last few decades. This growth has led to an increasing variety of business structures and retailing methods including; internet auctions, just-in-time retailing, online ordering, virtual stores, and etc.

As some of internet spend is being made to on-the-ground stores, a proportion of internet expenditure is being represented in the Statistics NZ Retail Trade Survey (RTS) while a large majority remain unrecorded. At the same time this expenditure is being recorded under the Household Economic Survey (HES) as part of household retail spend, making the two datasets incompatible. For this reason Property Economics has assumed a flat 5% adjustment percentage on HES retail expenditure, representing internet retailing that was never recorded within the RTS.

Additionally, growth of internet retailing for virtual stores, auctions and overseas stores is leading to a decrease in on-the-ground spend and floorspace demand. In order to account for this, a non-linear percentage decrease of 2.5% in 2016 growing to 9% by 2031 has been applied to retail expenditure encompassing all retail categories in our retail model. These losses represent the retail diversion from on-the-ground stores to internet based retailing that will no longer contribute to retail floorspace demand.

Retail Spend Determinants

Retail Spend for a given area is determined by: the population, number of households, size and composition of households, income levels, available retail offer and real retail growth. Changes in any of these factors can have a significant impact on the available amount of retail spend generated by the area. The coefficient that determines the level of 'retail spend' that eventuates from these factors is the MPC (Marginal Propensity to Consume). This is how much people will spend of their income on retail items. The MPC is influenced by the amount of disposable and discretionary income people are able to access.

Retail Spend Economic Variables

Income levels and household MPC are directly influenced by several macroeconomic variables that will alter the amount of spend. Real retail growth does not rely on the base determinants changing but a change in the financial and economic environment under which these determinants operate. These variables include:

Interest Rates: Changing interest rates has a direct impact upon households' discretionary income as a greater proportion of income is needed to finance debt and typically lowers general domestic business activity. Higher interest rates typically lower real retail growth.

Government Policy (Spending): Both Monetary and Fiscal Policy play a part in domestic retail spending. Fiscal policy, regarding government spending, has played a big part recently with government policy being blamed for inflationary spending. Higher government spending (targeting on consumer goods, direct and indirectly) typically increases the amount of nominal retail spend. Much of this spend does not, however, translate into floorspace since it is inflationary and only serves to drive up prices.

Wealth/Equity/Debt: This in the early-mid 2000s had a dramatic impact on the level of retail spending nationally. The increase in property prices has increased home owners unrealised equity in their properties. This has led to a significant increase in debt funded spending, with residents borrowing against this equity to fund consumable spending. This debt spending is a growth facet of New Zealand retail. In 1960 households saved 14.6% of their income, while households currently spend 14% more than their household income.

Inflation: As discussed above, this factor may increase the amount spent by consumers but typically does not dramatically influence the level of sustainable retail floorspace. This is the reason that productivity levels are not adjusted but similarly inflation is factored out of retail spend assessments.

Exchange Rate: Apart from having a general influence over the national balance of payments accounts, the exchange rate directly influences retail spending. A change in the \$NZ influences the price of imports and therefore their quantity and the level of spend.

General consumer confidence: This indicator is important as consumers consider the future and the level of security/finances they will require over the coming year.

Economic/Income growth: Income growth has a similar impact to confidence. Although a large proportion of this growth may not impact upon households MPC (rather just increasing the income determinant) it does impact upon households discretionary spending and therefore likely retail spend.

Mandatory Expenses: The cost of goods and services that are necessary has an impact on the level of discretionary income that is available from a households disposal income. Important

factors include housing costs and oil prices. As these increase the level of household discretionary income drops reducing the likely real retail growth rate.

Current and Future Conditions

Retail spend has experienced a significant real increase in the early-mid 2000s. This was due in large part to the increasing housing market. Although retail growth is tempered or crowded out in some part by the increased cost of housing it showed massive gains as home owners, prematurely, access their potential equity gains. This resulted in strong growth in debt / equity spending as residents borrow against capital gains to fund retail spending on consumption goods. A seemingly strong economy also influenced these recent spending trends, with decreased employment and greater job security producing an environment where households were more willing to accept debt.

Over the last 5 years this has now reversed with the worldwide GFC recession taken grip. As such, the economic environment has undergone rapid transformation. The national market is currently experiencing low interest rates (although expected to increase over this coming year) and a highly inflated \$NZ (increasing importing however disproportionately). Now emerging is a rebound in the property market and an increase in general business confidence as the economy starts to recover from the post-GFC hangover. These factors will continue to influence retail spending throughout the next 5 or so years. Given the previous years (pre-2008) substantial growth and high levels of debt repayment likely to be experienced by New Zealand households it is expected that real retail growth rates will continue to be subdued for the short term.

Impacts of Changing Retail Spend

At this point in time a 1% real retail growth rate is being applied by Property Economics over the longer term 20 year period. This rate is highly volatile however and is likely to be in the order of 0.5% to 1% over the next 5 – 10 years rising to 1% - 2% over the more medium term as the economy stabilises and experiences cyclical growth. This would mean that it would be prudent in the shorter term to be conservative with regard to the level of sustainable retail floorspace within given centres.

Business Spend 2013

This is the total retail spend generated by businesses. This has been determined by subtracting PPH retail spend and Tourist retail spend from the Total Retail Sales as determined by the Retail Trade Survey (RTS) which is prepared by Statistics NZ. All categories are included with the exception of accommodation and automotive related spend. In total, Business Spend accounts for 26% of all retail sales in NZ. Business spend is distributed based on the location of employees in each Census Area Unit and the national average retail spend per employee.

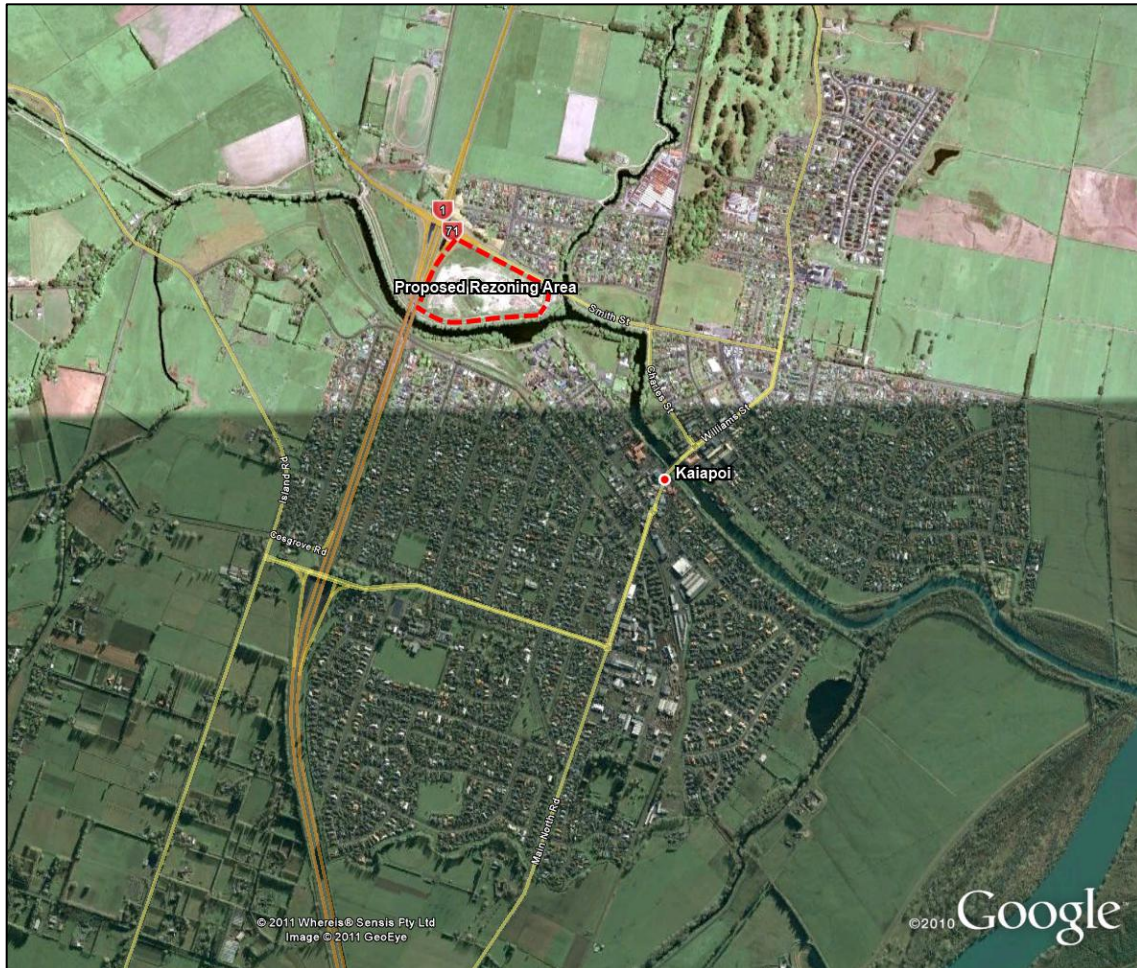
Business Spend Forecast 2013-2031

Business spend has been forecasted at the same rate of growth estimated to be achieved by PPH retail sales in the absence reliable information on business retail spend trends. It is noted that while working age population may be decreasing as a proportion of total population, employees are likely to become more productive over time and therefore offset the relative decrease in the size of the total workforce.

APPENDIX : 3 CANTERBURY RETAIL CENTRES

- Addington
- Ashburton
- Barrington
- Belfast
- Bishopdale
- Central City
- Church Corner
- Fendalton
- Ferrymead
- Hanmer Springs
- Hornby
- Kaiapoi
- Linwood
- Lyttelton
- Merivale
- Moorhouse
- New Brighton
- Papanui/Northlands
- Rangiora
- Riccarton
- Shirley
- South City
- Sumner
- Supa Centa
- Tower Junction
- Woolston
- Ilam/Clyde
- Wairakei/Greers

APPENDIX : 4 CLAMPETT PLAN CHANGE AREA



APPENDIX : 5

EMPLOYMENT RETENTION

Territorial Authority	Employed Labour Force	Employment Count 2014	Retention Rate %
Waimakariri District	28,053	12,968	46%
Waikato District	32,447	15,978	49%
Upper Hutt City	20,824	10,761	52%
Kapiti Coast District	22,322	11,791	53%
Selwyn District	27,163	15,030	55%
Manawatu District	14,109	8,157	58%
Porirua City	25,297	15,146	60%
Western Bay of Plenty District	21,792	13,491	62%
South Wairarapa District	4,964	3,080	62%
Kaipara District	8,737	5,494	63%
Waimate District	3,730	2,409	65%
Carterton District	4,375	2,826	65%
Horowhenua District	12,496	8,089	65%
Waipa District	25,039	16,657	67%
Stratford District	4,229	2,903	69%
Hurunui District	6,176	4,527	73%
Far North District	23,420	17,373	74%
Otorohanga District	4,643	3,533	76%
Hauraki District	7,516	5,801	77%
Kaikoura District	2,000	1,573	79%
Taranua District	7,780	6,284	81%
Westland District	4,692	3,801	81%
Tasman District	24,508	20,319	83%
Whangarei District	36,758	30,605	83%
Thames-Coromandel District	11,300	9,440	84%
Lower Hutt City	49,983	41,864	84%
South Waikato District	9,182	7,769	85%
Opotiki District	3,559	3,021	85%
Matamata-Piako District	15,683	13,362	85%
Napier City	27,804	23,843	86%
Rangitikei District	6,548	5,693	87%
Central Hawke's Bay District	6,505	5,719	88%
Whakatane District	14,360	12,716	89%

Territorial Authority (Continued)	Employed Labour Force	Employment Count 2014	Retention Rate %
Taupo District	16,419	14,602	89%
Wanganui District	18,278	16,421	90%
Auckland	733,799	668,381	91%
Dunedin City	59,133	53,908	91%
Ashburton District	17,599	16,048	91%
Masterton District	11,278	10,321	92%
New Plymouth District	38,617	35,358	92%
Buller District	5,007	4,686	94%
Tauranga City	55,809	52,548	94%
Waitaki District	10,120	9,560	94%
Rotorua District	31,369	29,950	95%
Clutha District	8,799	8,558	97%
Timaru District	23,012	22,482	98%
Grey District	6,870	6,728	98%
Invercargill City	26,442	25,969	98%
Marlborough District	22,474	22,124	98%
Chatham Islands Territory	343	341	100%
Queenstown-Lakes District	18,322	18,324	100%
South Taranaki District	12,352	12,447	101%
Gisborne District	20,057	20,323	101%
Nelson City	24,553	25,252	103%
Gore District	6,134	6,341	103%
Christchurch City	188,822	197,159	104%
Southland District	15,426	16,114	104%
Ruapehu District	4,685	5,002	107%
Wairoa District	3,141	3,438	109%
Hamilton City	71,038	78,978	111%
Waitomo District	3,954	4,419	112%
Hastings District	36,079	40,702	113%
Kawerau District	1,998	2,295	115%
Palmerston North City	40,272	46,331	115%
Central Otago District	9,780	11,252	115%
Mackenzie District	1,840	2,125	116%
Wellington City	113,034	144,150	128%