

# PROPERTY **E**CONOMICS



**NGAARUAWAAHIA AND**

**TAUPIRI CENTRES**

**ECONOMIC OVERVIEW**

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## 1. INTRODUCTION

Property Economics has been engaged by Waikato District Council (WDC) to undertake an economic assessment of the Ngaaruawaahia and Taupiri commercial centres to assist Council in their strategic planning of their respective areas to ensure each centre is positioned to meet the future commercial requirements of the communities they serve and can successfully play their envisaged role and function.

The main purpose of this report is to provide reliable data and ground truthed information to assess the current health and 'state' of the centres in terms of built form, quality of shopping environment and tenancies, and current level of vacancy in each centre. The report will also outline implications of projected growth in demand, estimate future community size and quantify future retail / commercial / industrial land requirements for each centre to assist WDC in the development of a robust Structure Plan for the Ngaaruawaahia and Taupiri areas.

Output of this economic assessment will provide a greater level of understanding of the implications of the area's projected growth over the period to 2053 from a strategic planning and long-term Spatial Plan perspective.

### 1.1. KEY RESEARCH OBJECTIVES

- Delineate and geospatially map the extent of the Ngaaruawaahia, Taupiri and Hopuhopu economic catchment and the location of the Ngaaruawaahia and Taupiri centres and Hopuhopu area in the context of the surrounding competitive environment.
- Evaluate and quantify population growth (demand) projections to 2053 within the catchment using Stats NZ's most up-to-date Medium and High population and household growth projections.



- Undertake demographic profiling of the identified market in terms of key economic and social characteristics to identify the market's key customer base.
- Breakdown the employment trends and market movements of the commercial and industrial sectors over the last 22 years in the catchment based on the latest Stats NZ Business Demography Statistics.
- Forecast the level of retail expenditure generated within the economic catchments on an annualised basis across the relevant ANZSIC retail sectors and forecast this out to 2053 to quantify growth in retail market size.
- Assess and quantify MarketView retail spending patterns, and flow of food and beverage spend in particular, to better understand sustainable market opportunity and current performance.
- Quantify the amount of sustainable retail floorspace (GFA) that can be supported by the catchments both currently and over the forecast period by relevant sector and assess against current retail supply.
- Undertake a business audit of existing activities in the Ngaaruawaahia and Taupiri centres to assess the current 'state', role, function, health, quality of retail offer, built environment and shopping experience of each centre. This includes a geospatial distribution of vacant tenancies within the Ngaaruawaahia centre.
- Review the Future Proof Business Development Capacity Assessment 2021 and outline the economic implications for the Structure Plan area.
- Review the Waikato 2070 and Tainui's Hopuhopu aspirations and assess economic / market implications of the aforementioned economic analysis in the context of these documents and the Structure Plan.

## 1.2. INFORMATION AND DATA SOURCES

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

- Business Classifications – ANZSIC<sup>1</sup>
- Business Demography Statistics – Stats NZ
- Catchment Maps – Google Maps, ESRI, LINZ<sup>2</sup>

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<sup>1</sup> Australia New Zealand Standard Industrial Classification 2006

<sup>2</sup> Land Information New Zealand



- Centre Business Audit – Property Economics
- Future Proof Business Development Capacity Assessment 2021 – Market Economics
- NZ Census of Population and Dwellings 2013 & 2018 - Stats NZ
- Retail Spending Pattern Data – MarketView
- Waikato District Plan –Waikato District Council
- Population and Household Estimates & Projections – Stats NZ
- National Policy Statement on Urban Development 2020 – Ministry for the Environment
- Retail Growth Model – Property Economics
- Site and Centre Visits – Property Economics
- Statistics Area 1 & 2 – Stats NZ
- Waikato 2070 – Waikato District Council

## 2. EXECUTIVE SUMMARY

Population and household growth are critical drivers of future urban land demand within the Ngaaruawaahia market. Given the recent growth profile of the area, this economic assessment utilises Stats NZ High growth projections as the major input of land requirement forecasts for the Ngaaruawaahia Structure Plan catchment area.

Both Ngaaruawaahia and Taupiri are projected to experience steady population and household growth over the next 30 years. While this appears robust growth on a proportional basis, nominally in retail market terms it is less impactful.

The Ngaaruawaahia catchment currently (2023) generates an estimated \$127m in annual retail expenditure. The majority of this is spent outside the district in Hamilton. By 2053, the catchment's generated retail expenditure is projected increase to \$237m annually.

While this represents a solid increase in annual retail expenditure, the main benefactors of this are likely to be retail stores in Hamilton. Based on the latest MarketView retail spend data, a total of 78% of the catchment's generated retail expenditure leaves the area and is spent elsewhere. Specifically, around 66% of this is spent in Hamilton.

In light of this significant retail spend leakage, there is increasing opportunity for Ngaaruawaahia to internalise a higher proportion of this spend to the benefit of the local community and economy. This is best achieved not through a larger centre but a better-quality centre.

Based on Property Economics' grounding truthing, there is noticeable room for improvement in the quality of the offer and environment to better satisfy the consumers modern day retail needs. There has been a significant increase in the number of vacant stores (currently 22%) in Ngaaruawaahia Town Centre indicating a centre in a deteriorating state, particularly since COVID-19.

A vacancy rate of 22% is unhealthy in retail terms and highlights an underperforming centre. It is clear the centre requires a circuit breaker response rather than 'more of the same' to change its growth trajectory.

This requires focus on the Jesmond Street commercial area, which serves as an important core component of the wider Ngaaruawaahia Town Centre. However, our ground truthing indicates a considerable number of unoccupied tenancies in this area and one burnt down building (Waipā Hotel). This indicates that significant investment from both public and private sectors are necessary to catalyse the revitalisation of the area, enabling it to better fulfil its intended purpose and function.

Any market growth in Ngaaruawaahia should initially be channelled into supporting the existing provision, vacant stores and consolidating the centre into a more coherent, walkable centre. A core area (Jesmond Street) should be identified to focus private and public sector investment to improve the built form, public realm, shopping experience and centre

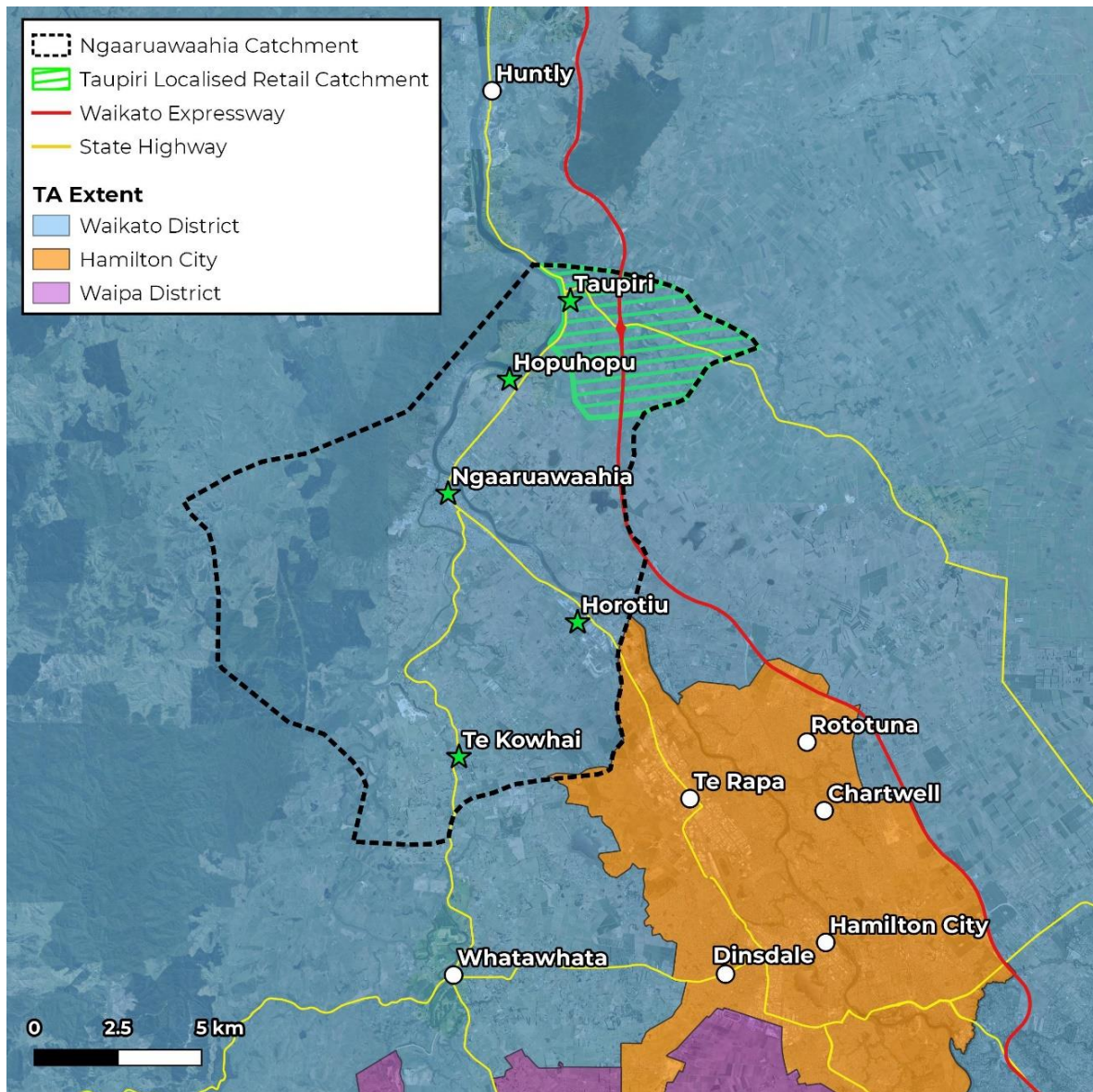
environment. No additional commercial zone land in the Ngaaruawaahia Town Centre is required to meet future requirements, focussing efforts on producing a better use of the existing zoned provision would provide a more appropriate and efficient economic outcome.

The Taupiri Centre is a very small convenience-based retail centre. The commercial zone is spread out and like Ngaaruawaahia identification of a core area to focus future investment and development would be appropriate. Growth potential is low with the Taupiri Service Centre limiting its potential and this centre also service Taupiri given its close proximity. So, no additional commercial zone land is required with sufficient capacity existing in the centre.

### 3. NGAARUAWAAHIA CATCHMENT

The following figure illustrates the indicative economic catchment for Ngaaruawaahia. This has been based on the centre's composition and scale (current and likely future), proximity to other competing retail and commercial activity (i.e. centres fulfilling similar role and function), demographic distribution, Stats NZ Statistical Area 2 (SA2) for statistical analysis purposes, the roading network, other natural and physical geographic barriers, and the professional opinion of Property Economics factoring in known retail spending patterns and trade areas for similar size and type centres in NZ.

**FIGURE 1: ECONOMIC CATCHMENTS FOR NGAARUAWAAHIA AND TAUPIRI**



Source: Google Maps, LINZ, Property Economics

Any marginal reshaping of the catchment boundaries is unlikely to materially change the population and household base, and therefore the catchment and market size.

It is important to note that this is an indicative economic catchment only, and residents within this catchment will also shop in centres outside of the catchment and vice versa. In this regard the catchment illustrated in the figure illustrates the geographic extent of Ngaaruawaahia and Taupiri's core economic catchment and represents the area where the Ngaaruawaahia and Taupiri's commercial centres would derive the majority of its customers and sales.

For the purpose of context, the Ngaaruawaahia township as well as other key settlements in the surrounding area have also been identified on the figure above. It is these catchments on which the subsequent analysis in this assessment is based.

The identified localised catchment of Taupiri in the figure is the localised market for the retail provision in Taupiri, excluding the Taupiri Service Centre situated beside SH1. The service centre primarily attracts customer spend from passing SH1 traffic and is not reliant on the size of the local Taupiri market to be viable.

This is a niche centre in Waikato driven by SH1 and not the localised population base with retail brands that would not be located in Taupiri if it were not for the centre's ability to draw in SH1 traffic. As such, the Taupiri Service Centre, while an important part of the Waikato District retail offer given the centre draws in a significant amount of 'out-of-district' retail expenditure into the district on an annualised basis, is not given significant time in this report due to the focus being more on the Ngaaruawaahia and Taupiri centres specifically.

## 4. POPULATION AND HOUSEHOLD GROWTH

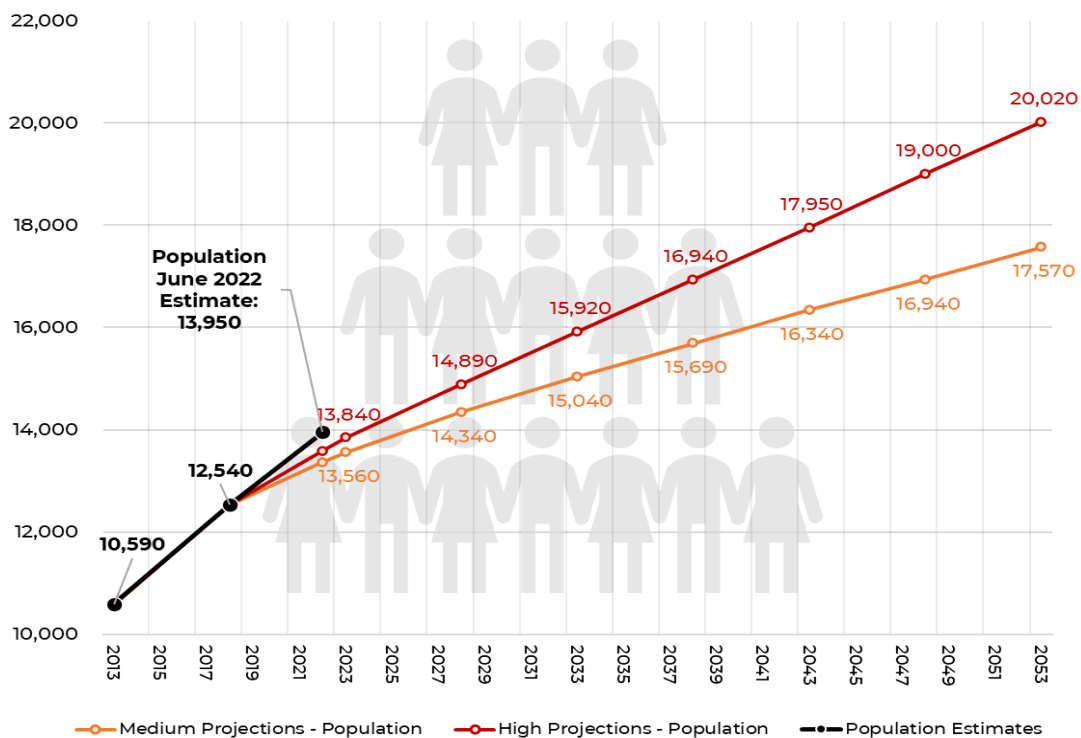
This section assesses the recent, current, and projected growth of the identified catchments (i.e., the Ngaaruawaahia catchment and the Taupiri retail catchment) based on the latest Stats NZ population estimates under their latest Medium and High growth scenarios for the period between 2013 and 2048. Property Economics has extended the forecast out to 2053 to provide a 30-year (long term) projection period based on the Stats NZ projections trends.

Note that Waikato District Council has recently adopted the University of Waikato's High population projections, which are considered conservative compared to Stats NZ's High growth scenario. In line with the Property Economics report from 2014 and Waikato 2070, this economic assessment relies on Stats NZ projections and represents a more optimistic growth profile for the area. This is particularly important considering the potential increase in residents resulting from future residential provision supply outlined in the proposed Waikato District Plan (PDP) and increasing affordability issues in main urban centres adjacent to the district.

### 4.1. NGAARUAWAAHIA CATCHMENT

It is estimated that the Ngaaruawaahia catchment has a current (2022) total population of around 13,950 people, which represents +32% growth above the 2013 population base. This is considered robust growth. As a result, the current population growth profile for the catchment is tracking above the Stats NZ High growth scenario.

**FIGURE 2: NGAARUAWAAHIA CATCHMENT POPULATION PROJECTIONS**

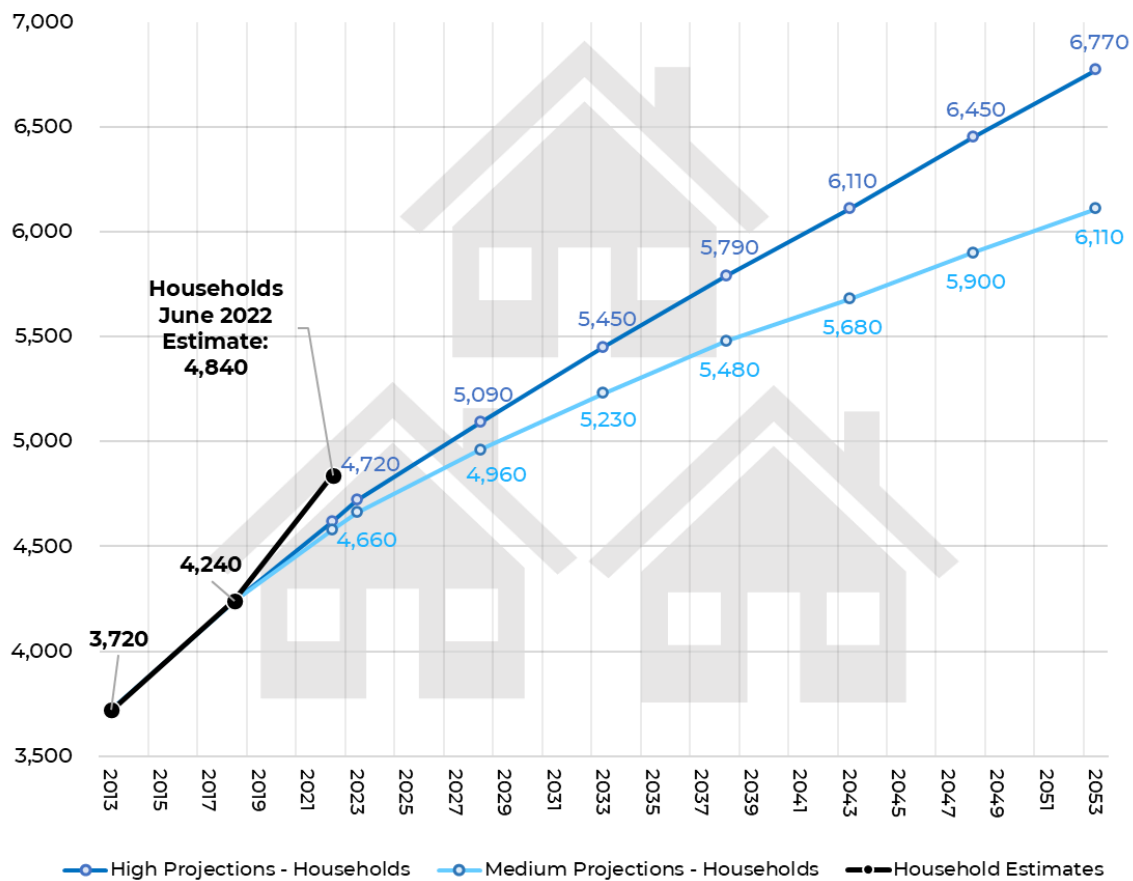


Source: Stats NZ, Property Economics

Under the Stats NZ High growth scenario, the Ngaaruawaahia catchment's population is forecast to grow by around +44% between 2022 and 2053. This equates to annual average growth of nearly 200 people net and result in a population base of just over 20,000 people by 2053.

It is projected that the number of households in the Ngaaruawaahia catchment would grow to 6,770 by 2053 under the High growth scenario. This growth would require around 700 new dwellings within the catchment to accommodate the expected growth on a one household per dwelling basis.

**FIGURE 3: NGAARUAWAAHIA CATCHMENT HOUSEHOLD PROJECTIONS**



Source: Stats NZ, Property Economics

The Medium growth projection is more conservative and represents a future population base of around 17,570 people by 2053, or +26% growth in population. This equates to net growth of 117 people per annum over the assessed period.

In the long-term, it is anticipated that the High growth scenario would better represent the likely future population growth track of the Ngaaruawaahia catchment due to improved transport connections to Hamilton and Auckland (for employment and business opportunities) reducing travel times.



This would mean that the Ngaaruawaahia catchment would reach a population base of around 20,200 people by 2053. This would create economic growth locally and generate additional demand for business activities and employment opportunities in the local economy, particularly within the area to create an efficient and more self-sufficient urban environment.

Increasing house prices in Hamilton, and to a lesser degree Auckland, on a relative basis is also likely to increase the attraction of Ngaaruawaahia as a place to live. Ngaaruawaahia has a more affordable price point for purchasers which is likely to be an increasingly attractive proposition to the market moving forward due to New Zealand's lower wage growth patterns. The implications of this mean Ngaaruawaahia could sustain a higher growth path than indicated in the Stats NZ growth projections over the long term.

#### 4.2. TAUPIRI RETAIL CATCHMENT

The following figures presents the population and household forecast for the identified Taupiri retail catchment.

As with the Ngaaruawaahia catchment, Taupiri retail catchment is tracking above the Stats NZ High growth scenario with a current (2022) population base of around 800 people and 280 households.

Under the Stats NZ High growth scenario, Taupiri retail catchment's population is forecast to grow by around +73% by 2053. This equates to annual average growth of around 19 people net and result in a population base of around 1,380 people by 2053.

The Medium growth projection represents a future Taupiri population base of around 1,240 people by 2053, or +55% growth in population above the 2022 base. This equates to net growth of only 14 people per annum over the assessed period.

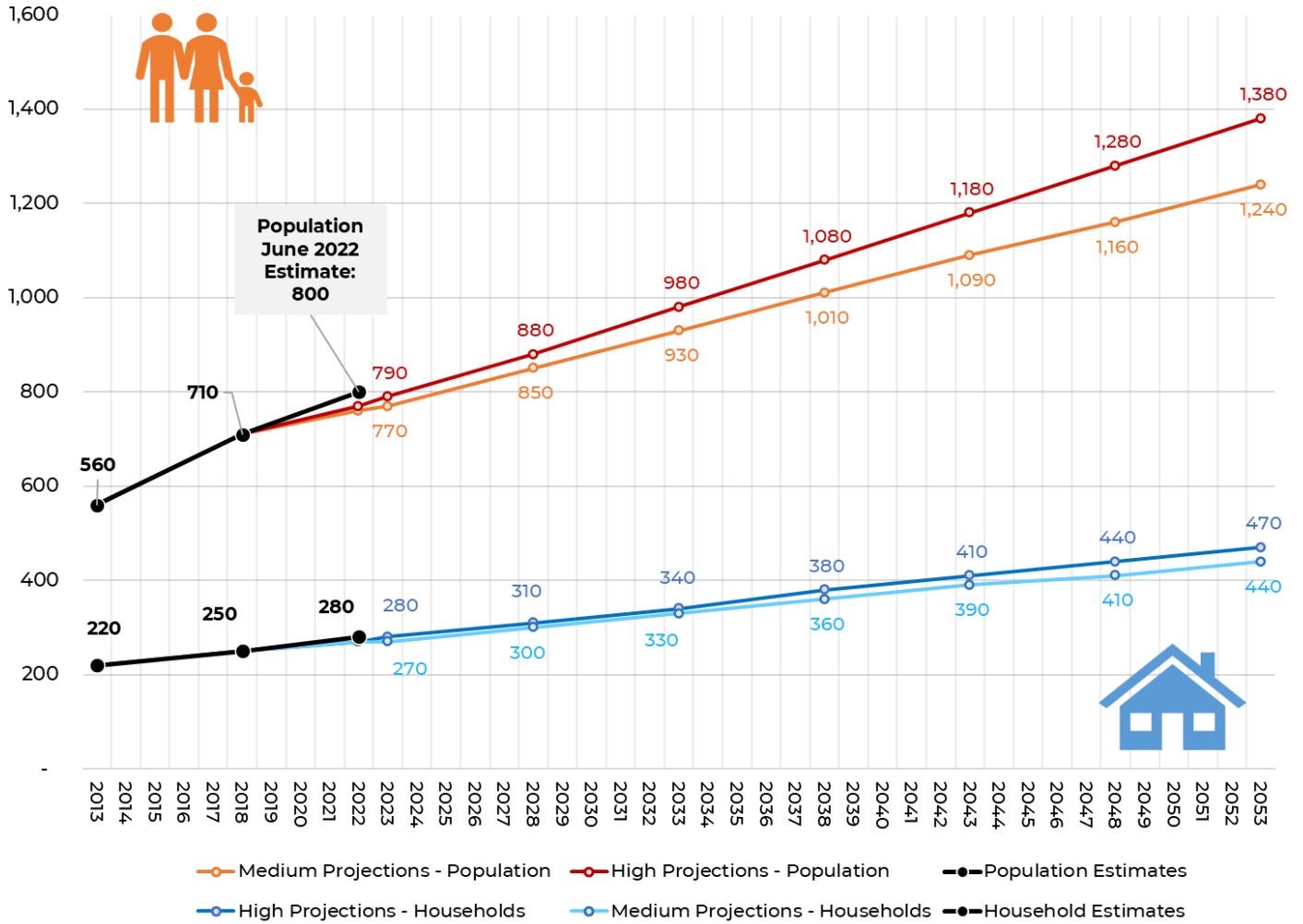
The figure below also shows the corresponding household projections for the Taupiri retail catchment. Currently, the catchment is estimated to have just 280 households, which is in line with the Stats NZ High growth scenario.

It is projected that Taupiri catchment households would grow further to around 470 households in 2053 under the High growth scenario, equating to a 68% increase by 2053.

The anticipated continuous growth in Taupiri and the wider Ngaaruawaahia catchment's population and household base would generate additional demand for retail, commercial and industrial activity across the area.

For similar reasons outlined for Ngaaruawaahia, Taupiri's local catchment could grow at a slightly faster rate than projected.

**FIGURE 4: TAUPIRI CATCHMENT POPULATION AND HOUSEHOLD FORECASTS**



Source: Stats NZ, Property Economics

Table 1 following is a summary table of the projected Medium and High growth scenarios for the catchment broken down by more localised areas. The largest urban area, by some margin, is Ngaaruawaahia and this is projected to continue in this role and be the primary area of urban growth over the next 30 years. This includes the Hopuhopu area.

**TABLE 1: CATCHMENT GROWTH SUMMARY BY AREA**

SA1 Extent	2022 Estimate	Stats NZ Scenario	2023	2033	2043	2053	2023 - 2053 Growth	
							Nominal	Percentage
Ngaaruawaahia	8,760	Medium	8,420	8,900	9,200	9,470	+1,050	+12%
		High	8,590	9,430	10,190	10,950	+2,360	+27%
Taupiri	580	Medium	560	690	810	920	+360	+64%
		High	570	720	870	1,010	+440	+77%
Horotiu	860	Medium	870	1,060	1,260	1,470	+600	+69%
		High	890	1,130	1,370	1,630	+740	+83%
Rest of the Catchment	3,750	Medium	3,710	4,390	5,070	5,710	+2,000	+54%
		High	3,790	4,640	5,520	6,430	+2,640	+70%
<b>Catchment total</b>	<b>13,950</b>	<b>Medium</b>	<b>13,560</b>	<b>15,040</b>	<b>16,340</b>	<b>17,570</b>	<b>+4,010</b>	<b>+30%</b>
		<b>High</b>	<b>13,840</b>	<b>15,920</b>	<b>17,950</b>	<b>20,020</b>	<b>+6,180</b>	<b>+45%</b>

Source: Stats NZ, Property Economics.

Note that the figures for Ngaaruawaahia, Taupiri and Horotiu are based on township's Statistical Area 1 (SA1) extent which do not directly equate to the extent of Ngaaruawaahia and Taupiri catchments identified earlier in Section 3.

## 5. DEMOGRAPHIC PROFILING

This section identifies some of the relevant economic and social demographics of the identified catchments and compares them with the wider Waikato District and the national average demographics for comparative context. A full breakdown of the demographic profiling has been provided in Appendix 1.

### NGAARUAWAAHIA CATCHMENT

- The Ngaaruawaahia catchment currently has around 13,950 residents and approximately 4,840 households, giving an average size of around 2.9 persons per household. This ratio is marginally higher than the Waikato District average (2.8) and the national average (2.7). This catchment represents around 16% of the Waikato District's total population base.
- The Ngaaruawaahia catchment area has a larger proportion of residents aged under 30 years (46%) and conversely a smaller proportion of residents aged 40+ years (42%). As a result, the Ngaaruawaahia catchment area has a younger age structure and higher proportion of children relative to the wider district and national averages.
- The catchment has a lower annual average household income at around \$78,000pa compared with \$86,000pa within the wider district. Lower household income typically translates into lower levels of annualised retail expenditure generated on a per household unit basis, and lower discretionary spending power.
- There is a lower proportion of people in the Ngaaruawaahia area that identify as European (56%) compared to the district's 66%. There is also a higher proportion of Māori in the catchment (35%), compared to the wider district's 23%.
- In respect to qualification attainment, there is a higher proportion of the catchment (around 25%) without qualifications, compared to the district average of 21% and national average of 18%. Similarly, only 15% of the working age population have a Bachelor's Degree or higher, compared with 20% of the district and 25% of the wider country. Overall, the Ngaaruawaahia catchment has a lower level of qualification attainment proportionally.
- Residents within the catchment are also more likely to own the home that they live in, with 60% of households owning / partly owning their own home which is higher than both the wider district and the national average (56% and 51%, respectively). This is likely a reflection of cheaper housing stock within the catchment area relative to the comparative areas.
- Furthermore, the Ngaaruawaahia catchment area is a proportionately cheaper place to reside when compared to the national average. The area currently has 94% of residents paying less than \$400 per week for rent compared to 83% within the wider district and 63% in the wider NZ.

- Overall, the Ngaaruawaahia catchment can be considered as having a significantly younger, a Māori ethnic predisposition (proportionally), earning a slightly lower annual income, residing in lower price properties (on average), but having a higher level of home ownership.

#### TAUPIRI RETAIL CATCHMENT

- The Taupiri catchment area has a current estimated population base of approximately 800 people and 280 households, with a slightly larger average person per household ratio of 2.86 compared to the district average of 2.79 persons. The Taupiri catchment area represents only 1% of the district's current (2022) population base and 5.7% of the wider Ngaaruawaahia catchment's current population base. In retail terms, the Taupiri catchment represents a very small market.
- The Taupiri catchment area has a higher proportion of elderly (aged 60+ years) than the wider Ngaaruawaahia catchment and the district. Of Taupiri's population base 22% are estimated to be 60+ years. This is 18% for Waikato District.
- While the distribution of household income for Taupiri and surrounding areas' residents across the income bands is not entirely dissimilar from the district averages, the median household income in the Taupiri catchment is slightly higher at \$90,000 per annum relative to the \$86,000 per annum within the wider district and the national average of \$76,000. A high 45% of households in Taupiri earn in the higher annual income bracket of \$100,000 plus., above the district and national averages 43% and 37%, respectively.
- In the Taupiri catchment area, 11% of residents receive jobseeker support compared to 7% at the district level. This is directly attributable to the greater number of residents that are not in the labour force and a smaller number of full-time employees.
- The Taupiri catchment area is a proportionately more expensive place to reside when compared to the district average due to its newer housing stock. It currently has 100% of residents paying less than \$400 per week for rent compared to only 94% across the Ngaaruawaahia wider catchment and the district average of 83%.
- Overall, the Taupiri catchment area can be considered as having a slightly older (relative to the rest of the district), earning a proportionally higher income, and having a high level; of home ownership.

## 6. WAIKATO 2070 CONTEXT

Waikato 2070 draws on the initiatives and ambitions that are identified in the Waikato District Blueprint to inform future planning, investment, and decision-making by the Council for the wider district. It has outlined development plans for both Ngaaruawaahia and Taupiri, providing indicative extent and timing for future growth cells by broader land use type.

These development plans are attached in Appendix 2.

Using the Stats NZ projections as the basis, Waikato 2070 anticipated that Ngaaruawaahia (refer to the 'township', not the identified catchment) and Taupiri would have a population base of around 10,500 people and 4,000 people, respectively, over the next 50 years (i.e., by 2070).

To accommodate the expected growth, in Ngaaruawaahia, the development plan outlines that the Town Centre will be expanded to include up to four levels of shops and commercial activity over the next 10 to 30 years. There will also be different types of housing built around the centre, including standalone houses, townhouses, and lifestyle lots over the same time period. The Hopuhopu Business Park will also be developed to meet the local demand for industrial land use.

Taupiri Town Centre will also be developed to include up to four levels of shops and businesses, as well as different types of housing. There will also be an industrial cluster near State Highway 1, which will take around 30 years to fully develop.

Although Waikato 2070 has ambitious plans for the growth and development of both towns, it is not yet clear how much land will be needed to accommodate the expected population growth. The following assessment will be carried out to understand the amount of floorspace / extent of land area needed for different types of buildings, including retail (including supermarket), commercial and industrial uses.

## 7. RETAIL GROWTH FORECAST

This section sets out the projected retail expenditure and sustainable GFA forecasts for the identified catchment areas. These forecasts have been based on the Stats NZ High growth population and household projections, business spend and retail shopping patterns, and prepared using Property Economics' Retail Model.

### 7.1. RETAIL EXPENDITURE MODEL

A more detailed breakdown of the retail model and its inputs is set out in Appendix 3.

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



### GROWTH IN REAL RETAIL EXPENDITURE

For the purposes of projecting retail expenditure, growth in real retail spend has been incorporated into the model at an average rate of 1% per annum over the forecast period. This 1% rate is 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.



## LAYERED RETAIL CATCHMENTS

It is important to note that the retail expenditure generated in the identified market does not necessarily equate to the sales within that particular area. 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 offering will attract customers from beyond its core market, whereas a low-quality offering is likely to experience retail expenditure leakage out of its core market.

For that reason, it is appropriate for modern retail markets to be assessed on the basis of “layered catchments”. This is where consumers spread their retail spending across a wider spectrum of centres, with the majority of their “higher order” spend going to “higher order” centres (predominantly large scale regional or main metropolitan shopping destinations). Meanwhile, convenience spend tends to remain more localised, triggering a layering of centre catchments across the city. In other words, a consumer could be in the primary catchment of numerous centres, not just one.

Therefore, the retail expenditure generated in an area represents the sales centres or retail stores within that area could potentially achieve and is the key influence on what the market can potentially sustain. This should not be interpreted as a negative, but simply represents normal commercial market mechanisms (competition) and is a consideration that needs to be appropriately accounted for in any retail analysis.

## EXCLUDED ACTIVITIES

The retail expenditure figures below are in 2023 NZ dollars and exclude the following retail activities, as categorised under the ANZSIC categorisation system:

- 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 classified as retail by ANZSIC have been excluded because they are not considered to be core retail expenditure, nor fundamental retail centre activities in terms of visibility, location, viability or functionality. Modern retail centres do not rely on these types of stores to be viable or retain their role and function in the market as such stores have the potential to generate only consequential trade competition effects rather than flow-on retail distribution effects. Therefore, the retail centre network’s economic wellbeing and social amenity cannot be unduly compromised.

The latter two bullet points contain activity types that generally have difficulty establishing new stores in centres for land economic and site constraint reasons, i.e. the commercial reality is that for most of these activity types 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) in successful centres due to property economic considerations such as rent, operating expenses, land value and site sizes.

Trade orientated activities such as kitchen showrooms, plumbing stores, electrical stores, tile warehouses and paint stores are also excluded from the model for similar reasons. As such, demand for these store types is additional to the retail demand assessed in this analysis.

However, in the future, it is increasingly difficult from a retail economic perspective to see these store types establishing in centres (new or redeveloped), albeit they likely have equal planning opportunity to do so. As such, demand for these store types is additional to the retail demand assessed in this analysis.

#### SUSTAINABLE GFA

This analysis uses a sustainable footprint approach to assess retail demand. Sustainable floorspace in this context refers to the level of floor space 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 profitably and provide a good quality retail environment, and thus economic wellbeing and amenity.

It is necessary to separate the Gross Floor Area into:

- Net retail floorspace (Sustainable Floorspace); and
- Back office floorspace that does not generate any retail spend.

A store's net retail floor area only includes the area which displays the goods and services sold and represents the area to which the general public has access. By contrast, the Gross Floor Area typically represents the total area leased by a retailer. Back Office Floorspace in a retail store is the area used for storage, warehousing, staff facilities, admin functions or toilets and other 'back office' uses.

These activities typically occupy around 25-30% of a store's GFA. It is important to separate out such back office floorspace from sustainable floorspace because back office floorspace does not generate any retail spend. For the purposes of this analysis a 30% ratio has been applied and included in the figures outlined in the following analysis.

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.









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.

## 7.2. NGAARUAWAAHIA CATCHMENT RETAIL FORECAST

The following table forecasts and disaggregates the total annual retail expenditure by ANZSIC retail sector category over the 2023 – 2053 period generated by the Ngaaruawaahia catchment. All figures are in 2023-dollar terms.

The Ngaaruawaahia catchment is currently (2023) estimated to generate approximately \$127m in annual retail expenditure. This is broadly representative of the 'pool' of retail spend that the catchment area would generate annually.

**TABLE 2: NGAARUAWAAHIA CATCHMENT ANNUALISED RETAIL SPEND (\$M) FORECAST**

ANZSIC Sector	2023	2028	2033	2038	2043	2048	2053	2023-53 Growth	
								\$m	%
 Food retailing	\$59.2	\$66.3	\$74.0	\$82.0	\$90.6	\$101.5	\$112.2	\$53.0	90%
 Clothing, footwear and personal accessories retailing	\$6.6	\$7.2	\$7.9	\$8.5	\$9.2	\$10.6	\$11.7	\$5.1	77%
 Furniture, floor coverings, houseware and textile goods retailing	\$4.8	\$5.3	\$5.9	\$6.6	\$7.2	\$8.2	\$9.1	\$4.3	89%
 Electrical and electronic goods retailing	\$6.7	\$7.4	\$8.3	\$9.1	\$10.1	\$11.4	\$12.7	\$6.0	89%
 Pharmaceutical and other store-based retailing	\$10.5	\$11.7	\$13.0	\$14.3	\$15.7	\$17.6	\$19.4	\$8.9	85%
 Department stores	\$9.5	\$10.3	\$11.4	\$12.4	\$13.4	\$15.5	\$17.1	\$7.7	81%
 Recreational goods retailing	\$3.8	\$4.2	\$4.7	\$5.1	\$5.6	\$6.3	\$7.0	\$3.2	83%
 Food and beverage services	\$25.7	\$28.9	\$32.2	\$35.6	\$39.2	\$43.3	\$47.5	\$21.9	85%
<b>Total Retail Spend (\$m)</b>	<b>\$127</b>	<b>\$141</b>	<b>\$157</b>	<b>\$174</b>	<b>\$191</b>	<b>\$214</b>	<b>\$237</b>	<b>\$110</b>	<b>87%</b>

Source: Property Economics

Under the Stats NZ High growth scenario, this total annual retail expenditure is expected to grow by approximately \$110m annually (or 87%) to around \$237 per annum by 2053.

The largest sector is Food Retailing<sup>3</sup>, which includes supermarket shopping. This sector accounts for about 47% of all retail expenditure generated within the catchment area and currently totals around \$59m in annual expenditure generated. It is estimated that Food Retailing would grow by \$53m (or 90%) to approximately \$112m annually by 2053.

Food and Beverage Services<sup>4</sup> is the second-largest sector with a current estimated annualised expenditure at \$26m (or 20% of total retail expenditure). It is anticipated that Food and Beverage Services would grow by \$22m (or 85%) to around \$48m annually by 2053.

The balance of the retail sectors is comparatively smaller (in nominal figures) and involve a lot of goods consumers are prepared to travel greater distances to purchase. This is particularly the case for the more competitive LFR store types.

The following table illustrates the level of sustainable retail GFA (sqm) within each retail sector that can be supported by the generated total retail spend within the Ngaaruawaahia catchment area.

The total sustainable GFA based on the Ngaaruawaahia catchment's total generated retail spend equates to 24,100sqm (rounded) in 2023 and is expected to grow further to around 44,800sqm by 2053. This equates to an additional growth in sustainable GFA of around 20,700sqm between 2023 and 2053 across all assessed retail sectors.

It is important to note that this is not the total retail GFA currently being supplied by the Ngaaruawaahia market, but rather the amount of GFA that can be sustained by the catchment's generated retail spend irrespective of where retail supply is located, or if this total generated retail expenditure was internalised within the area.









Despite comprising around 47% of retail expenditure, Food Retailing encompasses just 32% of 2053 sustainable GFA. This is a reflection simultaneously of higher productivity rates (sales/sqm) of supermarkets and the scale of which supermarkets are built / demanded.

In contrast, Department Stores which have relatively lower floorspace productivity rates, represents 7% of retail expenditure but around 14% of total sustainable GFA. For the Fashion and Department Store sectors, cumulatively, the generated spend in the catchment could sustain around 8,500sqm GFA, around 19% of the area's sustainable GFA by 2053.

<sup>3</sup> Includes supermarkets, fruit & vege stores, bakeries, butchers, dairies, fish shops, cake shops, etc.

<sup>4</sup> Includes cafes, bars, restaurants and takeaway food services.

**TABLE 3: NGAARUAWAAHIA CATCHMENT SUSTAINABLE GFA (SQM) FORECAST**

ANZSIC Sector	2023	2028	2033	2038	2043	2048	2053	2023-53 Growth	
								sqm	%
 Food retailing	7,560	8,470	9,450	10,470	11,570	12,960	14,330	<b>6,770</b>	<b>90%</b>
 Clothing, footwear and personal accessories retailing	1,340	1,460	1,600	1,730	1,860	2,160	2,380	<b>1,040</b>	<b>78%</b>
 Furniture, floor coverings, houseware and textile goods retailing	1,680	1,870	2,080	2,300	2,530	2,870	3,180	<b>1,500</b>	<b>89%</b>
 Electrical and electronic goods retailing	1,910	2,130	2,370	2,610	2,870	3,260	3,620	<b>1,710</b>	<b>90%</b>
 Pharmaceutical and other store-based retailing	2,570	2,860	3,180	3,500	3,840	4,300	4,740	<b>2,170</b>	<b>84%</b>
 Department stores	3,380	3,690	4,060	4,410	4,780	5,540	6,120	<b>2,740</b>	<b>81%</b>
 Recreational goods retailing	1,060	1,180	1,300	1,430	1,560	1,770	1,950	<b>890</b>	<b>84%</b>
 Food and beverage services	4,580	5,160	5,750	6,350	7,010	7,720	8,490	<b>3,910</b>	<b>85%</b>
<b>Total Retail Sustainable GFA (sqm)</b>	<b>24,100</b>	<b>26,800</b>	<b>29,800</b>	<b>32,800</b>	<b>36,000</b>	<b>40,600</b>	<b>44,800</b>	<b>20,700</b>	<b>86%</b>

Source: Property Economics

For context, at present the Ngaaruawaahia town centre contains an estimated 7,200sqm GFA (rounded) of retail floorspace, of which an estimated 21% is vacant.

The above estimates contextualise the forecast retail demand implications of the growth scenarios for the total retail market but does not reflect the GFA Council should consider accommodating as part of their strategic planning process for business land demand and Spatial Plan development. This is due to market leakage from the catchment to Hamilton predominantly, which lowers the sustainable GFA provision appropriate to accommodate in Ngaaruawaahia.

In addition to the forecast demand, based on Property Economics' grounding truthing, there is a significant room for improvement in the quality of the offer, on average, to better meet the modern-day retail needs of the market. This approach to better service local resident retail requirements would internalise more spend and would magnify positive impacts on the wider Ngaaruawaahia area's retail economy.

#### SUPERMARKET SPEND AND SUSTAINABLE GFA

The following table presents the projected supermarket retail spend (\$m) and sustainable GFA (sqm) within the Ngaaruawaahia catchment.

As of 2023, \$44m of annualised supermarket spend is generated within the Ngaaruawaahia catchment. This is broadly representative of the 'pool' of supermarket retail spend that the supermarket provision would be competing for within the Ngaaruawaahia catchment.

Under the High growth scenario, the annualised supermarket retail spend is anticipated to grow by around 90% or \$40m per annum by 2053 and represents a total pool in the order of

\$84m in annualised supermarket retail spend. This is translated into a net additional supermarket retail GFA requirement of around 9,600sqm between 2023 and 2053 within the Ngaaruawaahia catchment.

It is of importance to note that not all this net increase in sustainable GFA will be delivered in new floorspace but delivered through a combination of new GFA and increased store productivities.

**TABLE 4: NGAARUAWAAHIA CATCHMENT ANNUALISED SUPERMARKET SPEND & SUSTAINABLE GFA**

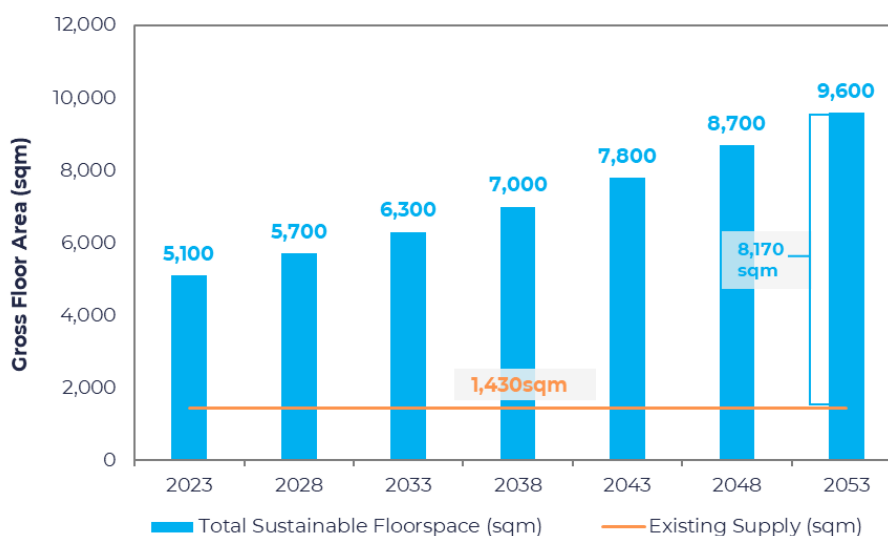
	2023	2028	2033	2038	2043	2048	2053	2023-53 Growth	
								sqm	%
Supermarket Spend (\$m)	\$44	\$50	\$55	\$61	\$68	\$76	\$84	\$40	90%
Supermarket Sustainable GFA (sqm)	5,100	5,700	6,300	7,000	7,800	8,700	9,600	4,500	88%

Source: Property Economics

The following figure illustrates the total existing supermarket floorspace supply versus the forecast sustainable retail requirement GFA to satisfy future demand within the catchment to 2053.

It shows that the Ngaaruawaahia catchment generates sufficient food retailing expenditure to sustain an additional 3,670sqm (5,100sqm-1,430sqm) of supermarket GFA. If no further change in supply, this differential is projected to rise to around 8,170sqm (9,600sqm-1,430sqm) by 2053.

**FIGURE 5: NGAARUAWAAHIA CATCHMENT SUPERMARKET SUPPLY-DEMAND DIFFERENTIAL**



Source: Property Economics.

Note that the existing supply includes SuperValue Ngaaruawaahia. While not larger than 1,000sqm GFA (the typical GFA threshold to be defined as a supermarket), Ngaaruawaahia is a smaller market and the

*store's inclusion recognises it plays a higher order role and function in the community than the local dairies or superettes.*

Based on the above forecast, the current supermarket supply levels are below the Ngaaruawaahia catchment's sustainable GFA indicating significant capacity for expansion with this differential projected to grow unless a new or expanded supermarket provision is developed in the Ngaaruawaahia market.

Given supermarkets are a fundamental store type for a local community, the Spatial Plan for Ngaaruawaahia should have the ability to accommodate a new or expanded supermarket in the future.

Note that not all of the expenditure that is generated by the Ngaaruawaahia catchment will be internalised and captured by the local supermarket and retail tenancies. This is because leakage occurs to other larger supermarkets or centres outside the catchment (such as in Hamilton) draw significant spend out of the area.

#### RETAIL SPEND LEAKAGE

In the following analysis, retail expenditure spending patterns have been assessed using retail transaction data sourced from MarketView. MarketView data is based on the spending and retail transactions of credit and debit (EFTPOS) cardholders. The MarketView data has been collected from a range of stores across the spectrum of assessed retailers in the market, from national chains to small independent stores.

The retail transactional data sources for the Ngaaruawaahia catchment are based on the most recently available year ending May 2023.

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

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

The following figure illustrates the composition of retail spending made by residents residing in the catchment by 'destination'. Due to the relatively limited mix of retail activities within the catchment and MarketView confidentiality criteria, only broader retail categories (i.e., "Food Retailing" – supermarkets and groceries and "All Other Categories") are used for analysis.

Separating the catchment's resident spend by destination indicates that only 22% of all retail expenditure generated within the catchment is spent locally (or internalised within the catchment). This means that only approximately \$1 out of every \$5 dollars spent by Ngaaruawaahia residents is spent within the catchment's retail stores.



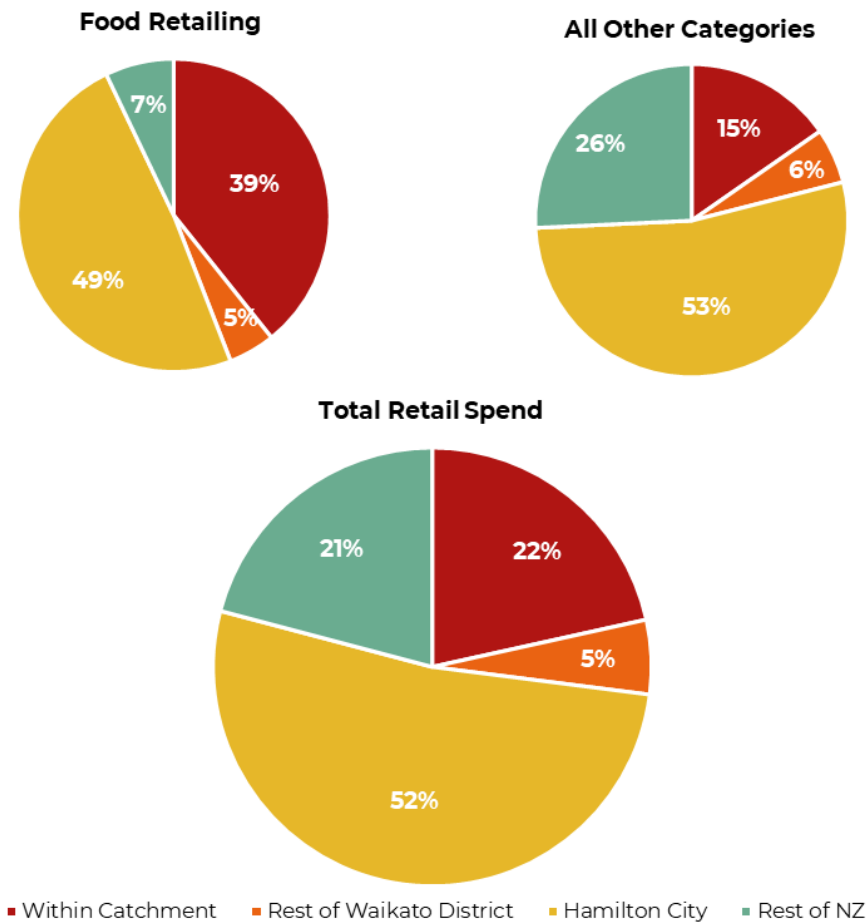
Conversely, a total of 78% of the catchment's generated expenditure leaves the area and is spent elsewhere. Specifically, around 66% of this is spent in Hamilton. This is the result of shopping trips to Hamilton, especially the major shopping malls (e.g., The Base) due to the catchment's relatively short drive to Hamilton and frequent employment travel to Hamilton by many of the catchment's residents.

The rest of the Waikato District captures only 5% of the total retail spend, while the rest of NZ captures 21% with the bulk of this going to Auckland.

The food retailing sector performs better with 39% of retail spend in this sector internalised, i.e., lower levels of retail leakage. This is the result of New World and SuperValue stores giving the catchment a better retail presence and offer in this sector relative to other retail categories.

A yet to be actioned consent for a new Pak’N Save supermarket in Te Rapa (opposite the Base shopping centre) will increase the draw of food retailing spend out of the Ngaaruawaahia catchment when the store is developed given its close proximity to Ngaaruawaahia. This could decrease the proportion of internalised food retailing spend in Ngaaruawaahia in the future.

**FIGURE 6: NGAARUAWAAHIA CATCHMENT DESTINATION OF RETAIL SPEND**



Source: MarketView

Based on analysis of other similar catchments / markets with similar geographic attributes<sup>5</sup>, the Ngaaruawaahia catchment could aim to retain around half of its generated retail expenditure (including supermarket) locally. This would assist Ngaaruawaahia becoming more self-sufficient, improve market efficiency and catalyse the local economy and local employment opportunities.

However, applying a more commercially practical lens to the Ngaaruawaahia catchment, given its close proximity to one of the region's largest and most comprehensive retail destinations (The Base), a more realistic aim of retaining 35% of the retail sectors the centre can meaningfully compete in (food retailing, food and beverage, and pharmaceuticals and other sectors) is considered more pragmatic. This equates to around \$63m per annum in retail expenditure by 2053. This spend equates to a sustainable local market provision of around 11,000sqm by 2053. This is approximately 4,000sqm GFA more than the current retail provision in the Ngaaruawaahia centre by 2053.

However, emphasis over the short-medium term (i.e., the next 10 years) should be to consolidate and focus on improving the performance and viability of the existing GFA in the town centre, particularly with projected growth and the rate of that growth still to be realised.

Specifically, a better local supermarket provision in Ngaaruawaahia is possible with a market that could sustain an additional 1,800sqm GFA at present. By 2053 the Ngaaruawaahia catchment could sustain an additional large format supermarket of 3,500 – 4,000sqm GFA over the current provision.

### 7.3. TAUPIRI CATCHMENT RETAIL FORECAST

The following table breaks down the total retail market for Taupiri over the assessed 30-year period to 2053 on an annualised basis.

It is estimated that the Taupiri retail catchment would generate a total of around \$9m per annum of retail expenditure in 2023 from which retail stores can draw sales. This is projected to grow to around \$19m by 2053, a net +113% increase. This equates to an additional \$10m in annualised retail expenditure above the 2023 base year. This confirms the Taupiri market is small in retail market terms both at present and in 2053.

Note this projection excludes the SH1 spend market potential captured by the new Taupiri Service Centre. This is considered a niche centre that is designed to primarily service SH1 traffic and customers who reside in areas outside the catchment. This inflow has not been factored into Taupiri's catchment potential for the purposes of this report.

As the Waikato 2070 anticipated that the longer-term population base of Taupiri would be around 4,000 people. Applying this possible population base would further increase the









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<sup>5</sup> Retail catchments on the edge of main urban centres such as Rangiora, Kaiapoi, Rolleston, Omokoroa, Te Puke, Otaki, Te Awamutu, Cambridge, Huntly, Pokeno and Tuakau.

annualised retail spend to approximately \$56m by 2070. This is significantly higher than the Stats NZ High projection so should be treated with caution.

At the sectoral level, Food Retailing and Food and Beverage Services are estimated to be the sectors with the most significant annualised retail spend over the next 30 years. These two sectors cumulatively would generate around \$15m of retail spend per annum in 2053, which accounts for around two thirds of the total annualised retail spend generated within the catchment.

**TABLE 5: TAUPIRI RETAIL CATCHMENT ANNUALISED RETAIL SPEND (\$M) FORECAST**

ANZSIC Sector	2023	2028	2033	2038	2043	2048	2053	2023-53 Growth	
								\$m	%
 Food retailing	\$4.1	\$4.8	\$5.5	\$6.3	\$7.1	\$8.1	\$9.2	\$5.0	121%
 Clothing, footwear and personal accessories retailing	\$0.5	\$0.5	\$0.6	\$0.7	\$0.7	\$0.9	\$1.0	\$0.5	98%
 Furniture, floor coverings, houseware and textile goods retailing	\$0.3	\$0.3	\$0.4	\$0.4	\$0.5	\$0.5	\$0.6	\$0.3	128%
 Electrical and electronic goods retailing	\$0.4	\$0.4	\$0.5	\$0.5	\$0.6	\$0.7	\$0.8	\$0.5	128%
 Pharmaceutical and other store-based retailing	\$0.8	\$0.9	\$1.0	\$1.1	\$1.2	\$1.4	\$1.6	\$0.8	103%
 Department stores	\$0.6	\$0.7	\$0.8	\$0.9	\$1.0	\$1.2	\$1.3	\$0.7	112%
 Recreational goods retailing	\$0.3	\$0.3	\$0.4	\$0.4	\$0.5	\$0.5	\$0.6	\$0.3	107%
 Food and beverage services	\$2.1	\$2.5	\$2.8	\$3.1	\$3.5	\$3.9	\$4.3	\$2.1	100%
<b>Total Retail Spend (\$m)</b>	<b>\$9</b>	<b>\$10</b>	<b>\$12</b>	<b>\$13</b>	<b>\$15</b>	<b>\$17</b>	<b>\$19</b>	<b>\$10</b>	<b>113%</b>

Source: Property Economics

For context, at present the Taupiri centre contains an estimated 400sqm GFA (rounded) of retail floorspace across two primary locations - the Taupiri Tavern location and the dairy on Te Putu Street.

The following table illustrates the level of sustainable retail GFA (sqm) within each retail sector that can be supported by the generated total retail spend within the Taupiri retail catchment.









The total sustainable GFA based on the catchment's total generated retail spend equates to 1,700sqm (rounded) in 2023 and is expected to grow further to around 3,600sqm by 2053. This equates to an additional growth in sustainable GFA of around 1,900sqm by 2053.

Once again not all this GFA should be provided locally within Taupiri. Ngaaruawaahia town centre would capture some of this spend, as would Huntly and centres in Hamilton. All are within a short drive from Taupiri. The reality is only the fundamental convenience retail stores are likely to be sustainable in Taupiri over the foreseeable future.

The diversion of SH1 and its through traffic away from Taupiri has adversely affected the market potential in the Taupiri centre. This market potential has been picked up in a new location at the Taupiri Service Centre so is not lost to Taupiri altogether. Simple been transferred to another location in Taupiri.

Applying the possible 2070 population of 4,000 people would further increase the sustainable GFA to approximately 10,400sqm by 2070. This equates to additional 8,740sqm GFA by 2070. This is considered improbable.

**TABLE 6: TAUPIRI CATCHMENT SUSTAINABLE GFA (SQM) FORECAST**

ANZSIC Sector	2023	2028	2033	2038	2043	2048	2053	2023-53 Growth	
								sqm	%
 Food retailing	530	610	700	800	910	1,040	1,170	640	121%
 Clothing, footwear and personal accessories retailing	100	110	120	140	150	180	200	100	100%
 Furniture, floor coverings, houseware and textile goods retailing	100	110	130	150	160	190	220	120	120%
 Electrical and electronic goods retailing	100	120	140	160	180	210	240	140	140%
 Pharmaceutical and other store-based retailing	190	210	240	270	300	340	380	190	100%
 Department stores	220	250	290	320	350	420	470	250	114%
 Recreational goods retailing	80	90	100	120	130	150	170	90	113%
 Food and beverage services	380	440	500	560	620	690	760	380	100%
<b>Total Retail Sustainable GFA (sqm)</b>	<b>1,700</b>	<b>1,900</b>	<b>2,200</b>	<b>2,500</b>	<b>2,800</b>	<b>3,200</b>	<b>3,600</b>	<b>1,900</b>	<b>112%</b>

Source: Property Economics

### SUPERMARKET DEVELOPMENT POTENTIAL IN TAUPIRI

Given the current and projected population base of the Taupiri catchment, Property Economics considers that Taupiri has limited propensity to sustain a supermarket over the next 30 years (by 2053).

In the short to medium term, local retail demand can be comfortably accommodated by the existing retail and commercial provisions as well as the distinctive offerings within the newly opened Waikato Expressway Taupiri Service Centre. In the long run, a new grocery outlet with a smaller scale, such as a Superette, would be sustainable and could cater to the smaller day-to-day and frequently required 'top-up' convenience needs of the Taupiri community.

## IMPLICATIONS OF MR HOWARD LOVELL'S PROPOSED CONCEPT PLAN

Property Economics notes that Mr Lovell, in his appeal to the PDP, has proposed a concept plan for the Lovell South Blocks in Taupiri. This will largely accommodate projected growth rather than generate additional growth. This concept plan can be found in Appendix 4.

From Property Economics' perspective, even if these proposed residential areas are developed in the future, there is no need for additional commercial land in Taupiri. The existing zoned commercial land area is already more than sufficient to accommodate the expected growth, including the new residents resulting from the concept plan's residential developments.

Additionally, the nearby Taupiri Service Centre also materially contributes to meeting the frequently required convenience needs of the local Taupiri market.

### 7.4. IMPLICATIONS OF RECENT ONLINE SHOPPING TRENDS

The COVID-19 pandemic has catalysed online spending in NZ and had a significant impact on New Zealanders attitudes and acceptance of purchasing retail goods and services online. Online shopping is becoming increasingly normalised, and it is now unusual for New Zealand retailers not to have an online presence and the ability for consumers to purchase goods through an online channel.

The size of New Zealand's online retail market is just over \$8b per annum<sup>6</sup> at present and anticipated to continue growing albeit at a slightly more subdued rate than experienced during the COVID-19 period.

There are important implications of the growth in internet retailing (or e-tailing) for consumers, businesses, and the economy as a whole. Following are some of the key implications that are relevant to the future centre development of the wider Ngaaruawaahia area:

- **Increased online spending:** The Ngaaruawaahia market will not be immune to growth in e-tailing, albeit the impact of internet retailing on localised centres such as Ngaaruawaahia and Taupiri is anticipated to be minimal given their strong convenience retailing focus. The effects of e-tailing are more impactful on larger national banner retail chains and therefore larger retail centres such as The Base tend to bear the brunt of any impacts via reduced in-store sales.

Impacts in relation to Ngaaruawaahia specifically are likely focused on the supermarket stores. Supermarkets have a growing online presence with click'n collect a growing shopping purchasing option for many shoppers now. This growth has led to changes in supermarket store design to accommodate the evolution in this side of their business. Any new, expanded or reconfigured supermarket in Ngaaruawaahia is likely to have an improved offer for this type of shopping.

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<sup>6</sup> <https://www.ibisworld.com/nz/industry/online-shopping/1905/>

The Ngaaruawaahia community will undertake more shopping online in the future, but as identified above these are likely to be from stores in Hamilton, Auckland or internationally. Therefore, the effects of increased e-tailing in Ngaaruawaahia will not likely impact the on-the-ground opportunities in the Ngaaruawaahia Town Centre.

- **Shift in consumer preferences:** The pandemic has also led to a shift in consumer preferences towards contactless and online shopping experiences. Retailers who are able to adapt to this new reality by investing in e-commerce platforms and improving their online presence are likely to thrive in the post-pandemic era. Online retailers need to continuously improve their website layout, customer navigation, security, reliability and efficiency to remain competitive and grow sales. Shoppers are also becoming more discerning online and seek greater choice, value and improved shopping experience.
- **Opportunities for small businesses:** The pandemic has created opportunities for small businesses to establish an online presence and reach customers beyond their local markets. This has led to an increase in the number of small businesses offering online services and products, which could help to diversify the local economy. There is some opportunity here for Ngaaruawaahia Town Centre to potentially trial some tenancies for incubator businesses and 'start ups' designed to serve not only a local but wider online market. This would diversify the town centre offering, increase profile and hopefully catalyse business success.
- **Challenges for brick-and-mortar stores:** Physical retailers were hit hard by the pandemic, with many struggling to survive due to reduced foot traffic and social distancing requirements. This can be seen in the Ngaaruawaahia Town Centre with the significant increase in vacant stores since the previous audit. Some retailers have responded by shifting towards online sales, while others have closed their physical stores altogether.
- **Impact on the economy:** The surge in online spending has had a positive impact on the NZ economy, particularly in the eCommerce sector. This has been at the expense of physical store performance for many retailers. The shift of a portion of spend away from physical retail has had negative implications for the commercial real estate sector and traditional brick-and-mortar stores in many centres with softening rents for landlords and store viability concerns for retailers. This restructuring of the market is still playing out with online sales growing as a proportion of the total retail market. This is likely to be an ongoing challenge for the commercial market and retailers in the foreseeable future.

As the world continues to navigate through the post-pandemic period, commercial centres within the wider Ngaaruawaahia catchment area will need to adapt to a new normal and implement strategies to rebuild customer confidence and drive foot traffic. Here are some potential actions commercial centres could take:

- **Improve shopping environment:** Commercial centres need to provide reasons for customers to visit centres. This includes both retail and non-retail reasons. Ngaaruawaahia Town Centre need to improve its retail environment and improve its shopping experience. This includes both physical built form and the public realm.
- **Consolidate the town centre:** The Ngaaruawaahia Town Centre is disjointed as a retail centre at the moment and should be consolidated as a core centre area. This will improve walkability, vitality and focus activity in an area more appropriate to the size of the market the centre services.
- **Offer value to customers:** In the post-pandemic period and current state of the economy, many customers may be facing financial hardships, so commercial centres should look for ways to offer value to customers, such as discounts or special promotions.
- **Embrace positive change:** Commercial centres should consider investing in technology solutions such as online ordering, curbside pickup, and delivery options to make it easier for customers to shop.
- **Focus on experiences:** To entice customers to visit the Ngaaruawaahia Town Centre, commercial centres need to focus on creating memorable experiences for customers, such as hosting events or offering unique services.
- **Support local businesses:** The pandemic has hit small businesses particularly hard, so commercial centres should consider ways to support local businesses such as offering discounted rent, marketing support, or collaborative promotions.

## 8. CENTRE HEALTH ANALYSIS

### 8.1. METHODOLOGY

The health and success of a centre is generally determined by its ability to attract businesses and customers, especially better-quality retail and commercial businesses. There are two reasons for this, the first is that these businesses are both more productive than others and are the drivers of productivity growth. The second is that a high profile and successful centre provides a regional and national profile for business and therefore contributes to a city's economic competitive advantage.

Given these factors the following analysis assesses the 'state' and health of the subject centres / commercial areas based on Property Economics' centre visits and ground truthing undertaken in February 2023. The number of vacant (and under-construction, if any) tenancies / lots are quantified in contrast to the level of total tenancies to highlight the centre's attractiveness for investment and current level of overall vitality.

The business audit results are also compared to Property Economics' previous retail audit undertaken for Ngaaruawaahia in 2014 as part of the economic assessment for the Ngaaruawaahia Structure Plan 2017.

Based on Property Economics professional experience across the country, an appropriate (in terms of providing a good quality retail environment and experience) vacancy rate for a destination shopping location is often between 3 - 7%. Centres with a vacancy rate higher than 7% tend to be underperforming relative to their respective market opportunity and in need of assistance to improve their envisaged role and function.

### 8.2. NGAARUAWAHIA TOWN CENTRE BUSINESS AUDIT

Based on Property Economics' centre business audit, Ngaaruawaahia Town Centre is comprised of 59 operating retail and commercial tenancies. This is increased to 76 stores when accounting for vacant tenancies. Notably, virtually all stores have a small footprint (less than 500sqm GFA), and therefore have a convenience / specialty store focus. The one exception is the New World supermarket with a footprint around 1,000sqm, albeit that is small for a modern-day supermarket which typically have footprints above 3,000sqm GFA.

The Ngaaruawaahia Town Centre has a strong food and takeaway shops focus with nearly 60% of retail stores within these sectors. There are a total of 33 retail stores within the town centre. This excludes the SuperValue store due to its standalone location outside the town centre.

In addition, there are 26 commercial service businesses, ranging from hairdressers, beauty therapy / message, real estate agencies to medical practitioners.

An important measure of a centre's health is the level of vacancy, of which the Ngaaruawaahia Town Centre currently has 17 vacant stores. Proportionally, this equates to a very high 22%,



which indicates the Ngaaruawaahia Town Centre is not healthy, underperforming relative to its market size and in need of assistance to successfully play its envisaged role and function.

The following table also contains the store count comparison between the 2014 retail audit and the 2023 business audit for the centre. It shows that the current vacancy rate of 22% is significantly higher than the 7% recorded in 2014.

Whilst these vacancies are not directly comparable given that non-retail activities were not identified in the 2014 Business Audit survey, the current 22% vacancy rate is a significant step backwards for the health and vitality of the centre and potentially reflects the impacts of the COVID-19 pandemic on the town centre. This statistic alone suggests the current 'state' of the Ngaaruawaahia Town Centre is worse than when assessed in 2014. This is also reflected in the current condition of many of the retail stores and buildings in the town centre which are not considered of good quality.

**TABLE 7: NGAARUAWAAHIA CENTRE BUSINESS AUDIT (2014 VS 2023)**

<b>Ngaaruawaahia Centre</b>	<b>2023</b>	<b>2014 (Retail)</b>
<b>Retail Sector</b>	<b>33</b>	<b>29</b>
Supermarket retailing	1	1
Food retailing	5	6
Food and beverage services	15	12
Clothing, footwear and personal accessories	1	0
Pharmaceuticals	2	1
Other Retail (e.g., Petrol, Antiques, Florists, Gift Shops)	9	9
<b>Non-Retail Sector</b>	<b>26</b>	
<b>Community Facilities</b>	<b>7</b>	
Library / Council / WINZ	4	
Other (e.g., Community Hall / RSA)	3	
<b>Commercial Services</b>	<b>19</b>	
Hairdresser	5	
Financial Advisors	1	
Beauty Therapy / Massage	2	
Real Estate	2	
Vets / Pet Daycare	1	
Childcare / Daycare facilities	2	
Dentists	1	
Physiotherapists	1	
Medical Centre	1	
Other (Panelbeater, Print, IT Support, Architects, Design, etc)	3	
<b>Vacant</b>	<b>17</b>	<b>2</b>
<b>TOTAL TENANCIES (excl. vacant)</b>	<b>59</b>	<b>29</b>
<b>TOTAL TENANCIES (incl. vacant)</b>	<b>76</b>	<b>31</b>

Source: Property Economics

The figure following shows the locations of the vacant & occupied tenancies within the assessed area.

**FIGURE 7: NGAARUAWAAHIA BUSINESS AUDIT SUMMARY BY OCCUPANCY STATUS**



Source: Property Economics, LINZ

### 8.3. TAUPIRI CENTRE BUSINESS AUDIT

The Taupiri Centre comprises a small number of business activities within the Business zone, consisting of eight tenancies. Notably, the centre offers a limited range of retailers, including one Food Retailing and one Food and Beverage Services (i.e., a pub). Additionally, there are six non-retail services / activities within the area, servicing the Taupiri local demand.

The small provision is not unexpected given the small localised market. There is no existing supermarket in Taupiri as the market is not of a sufficient size to sustain that store type. As such, while the local convenience 'top up' retail demand can be serviced by the small dairy on Te Putu Street, the vast majority of food retailing expenditure generated in Taupiri is spent outside the catchment.

The Taupiri Centre had only one identified vacant store. However, during the visit Property Economics noted that the geospatial distribution of retail and commercial activities in Taupiri is spread and an improvement in the quality of the commercial environment would be beneficial to the centre. Additional retail activity over time would assist Taupiri's centre environment and generate greater business agglomeration effects and local employment opportunities. Growth in the local market over the next 30 years should catalyse this in due course.

**TABLE 8: TAUPIRI CENTRE BUSINESS AUDIT (2023)**

Taupiri	Business Zone	Waikato Expressway Taupiri Service Centre
<b>Retail Sector</b>	<b>2</b>	<b>6</b>
Food retailing	1	3
Food and beverage services	1	3
Other Retail (e.g., Petrol)		1
<b>Non-Retail Sector</b>	<b>6</b>	
Community Facilities	1	
Vets / Pet Daycare	1	
Commercial Services	1	
Childcare / Daycare facilities	1	
Industrial Activities	2	
<b>Vacant</b>	<b>1</b>	<b>3</b>
<b>TOTAL TENANCIES (excl. vacant)</b>	<b>8</b>	<b>6</b>
<b>TOTAL TENANCIES (incl. vacant)</b>	<b>9</b>	<b>9</b>

Source: Property Economics

The commercial activity that is likely to limit retail growth in the Taupiri urban area is the new Taupiri Service Centre located a few minutes' drive from Taupiri at the intersection of Gordonton Road and Waikato Expressway. The Service Centre comprises six national banner brand retail tenants at present, including McDonald's, Taco Bell, Robert Harris, Subway and BP.

The Service Centre's close proximity to Taupiri means these stores also service the Taupiri market, albeit that is not their primary target market (which is SH1 passing traffic).

There are currently three vacant tenancies within this Service Centre, indicating that further retail tenancies will be developed in due course increasing its attraction for current and future Taupiri residents.

#### 8.4. IMPLICATIONS ON CENTRE FUTURE GROWTH DIRECTION

In Property Economics view, the priority for the Council lies in revitalising existing commercial centres rather than expanding or creating new ones within the Ngaaruawaahia catchment. This approach would make more efficient use of the current infrastructure, buildings, and resources available in commercial centres, particularly the Ngaaruawaahia Town Centre. By

revitalising these areas, their full potential can be realised before considering any further expansion.

Property Economics suggests that future revitalisation efforts should focus on improving the overall appearance, functionality, and attractiveness of commercial centres to enhance their competitiveness in attracting businesses, customers, and investments. A vibrant and well-maintained commercial centre is expected to create a positive image and stimulate more economic activity.

Supporting existing local businesses is crucial for the recovery and revitalization of commercial centres. This involves creating an environment that promotes growth and sustainability, addressing challenges they may face, and providing opportunities for them to thrive, thereby better contributing to the local economy.

Additionally, meeting the community's needs is vital for the future growth of Ngaruawaahia's commercial centres. In addition to considering expansion, existing commercial centres need to ensure that the preferences and requirements of the local population are taken into account. By addressing community needs and enhancing the quality of the commercial centre offer, residents are more likely to support and engage with local businesses.

Overall, Property Economics considers that revitalising commercial centres before any future expansion would ensure that existing assets are optimised, businesses are supported, and community needs are met. This would set a strong foundation for future growth and expansion in a strategic and well-planned manner.

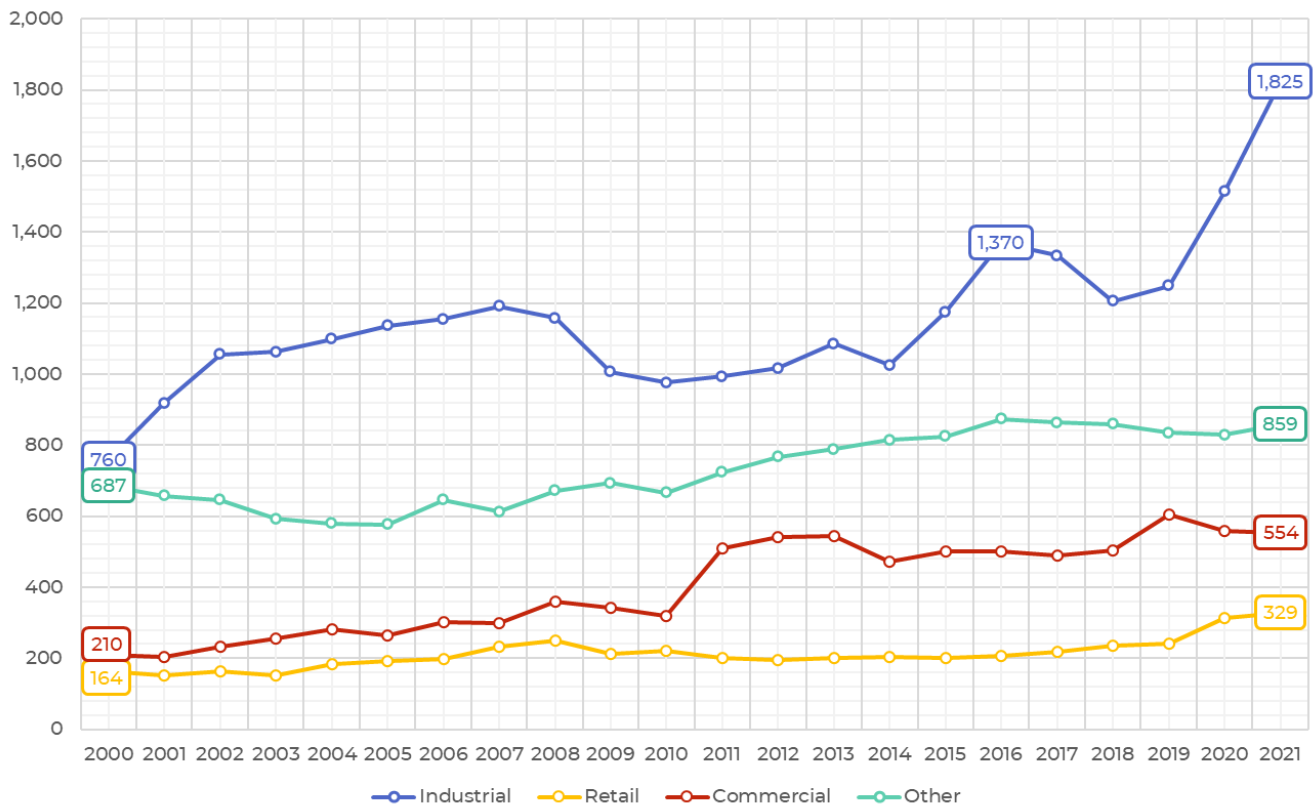
## 9. BUSINESS GROWTH TRENDS

This section assesses employment trends and changes in the employment structure of the Ngaaruawaahia and Taupiri catchments over the last 22 years. This informs the current dominant sectors in the areas and the recent performance of those sectors. Additionally, the historic performance of commercial and industrial employment is used to inform future growth in these two sectors. This analysis is useful to contextualise commercial and industrial sector opportunities with the Ngaaruawaahia Structure Plan area.

Property Economics utilises the most recent version of the ANZSIC system as guidance, whereby businesses are assigned an industry according to their predominant economic activity. The employment base has been aggregated into four core categories – Industrial, Retail, Commercial and Other. A breakdown of what ANZSIC activity has been included in each category has been set out in Appendix 5.

The figure following identifies the employment trends of the Ngaaruawaahia catchment on a temporal basis from 2000 to 2022 to highlight the changing composition of the local market by sector over the last two decades, and consequently, each sector’s performance relative to the broader market in terms of employment trends.

**FIGURE 8: NGAARUAWAAHIA CATCHMENT EMPLOYMENT COUNT TRENDS BY CORE SECTOR**



Source: Stats NZ, Property Economics

Total employment in the Ngaruawaahia catchment area has increased by +19% during the 2000-2022 period, from 1,820 people employed in 2000 to just over 2,170 people in 2022.




















The Industrial sector has experienced the highest level of nominal growth, with a net increase of about 1,020 employees, or a 134% increase in this sector's employment base since 2000. This equates to around 62% of the catchment's total employment growth over the last 22 years. Clearly the data shows industrial activity is an important component of the district's economy and important source of employment for the local community.

The second-largest sector in the catchment is the Other sector (i.e., employment in community services, Council, health, education and recreational activities) which has seen a +177% growth in employment. The current employment base of the Other sector (i.e., around 780 persons) accounts for about 22% of the catchment's total employment base.

Retail has had a relatively constant employment base over the last 22 years, with low increases in retail employment as the market has grown.

A breakdown of the catchment's employment composition by ANZSIC sectors are provided in the table below.

**TABLE 9: NGAARUAWAAHIA CATCHMENT EMPLOYMENT COUNT TRENDS**

ANZSIC	2000	2005	2010	2015	2020	2022	2000-22 Growth	
							#	%
 A - Agriculture, Forestry and Fishing	196	191	157	102	123	145	-51	-32%
 B - Mining	18	42	45	53	12	12	-6	-13%
 C - Manufacturing	424	497	658	598	589	643	219	33%
 D - Electricity, Gas, Water and Waste Services	9	9	3	3	3	3	-6	-200%
 E - Construction	227	188	181	220	193	199	-28	-15%
 F - Wholesale Trade	21	57	54	57	106	94	73	135%
 G - Retail Trade	136	133	142	127	139	150	14	10%
 H - Accommodation and Food Services	33	21	27	30	54	51	18	67%
 I - Transport, Postal and Warehousing	57	142	131	152	174	161	104	79%
 J - Information Media and Telecommunications	15	18	21	21	18	18	3	14%
 K - Financial and Insurance Services	15	15	18	15	12	12	-3	-17%
 L - Rental, Hiring and Real Estate Services	18	21	24	48	56	58	40	167%
 M - Professional, Scientific and Technical Services	6	3	3	6	9	3	-3	-100%
 N - Administrative and Support Services	12	15	30	42	54	51	39	130%
 O - Public Administration and Safety	192	183	196	209	243	230	38	19%
 P - Education and Training	261	200	226	201	219	204	-57	-25%
 Q - Health Care and Social Assistance	75	67	67	64	63	75	0	0%
 R - Arts and Recreation Services	85	104	94	80	50	36	-49	-52%
 S - Other Services	21	24	21	36	27	27	6	29%
<b>Total All Industries</b>	<b>1,821</b>	<b>1,930</b>	<b>2,098</b>	<b>2,064</b>	<b>2,144</b>	<b>2,172</b>	<b>+351</b>	<b>+19%</b>

Source: Stats NZ, Property Economics

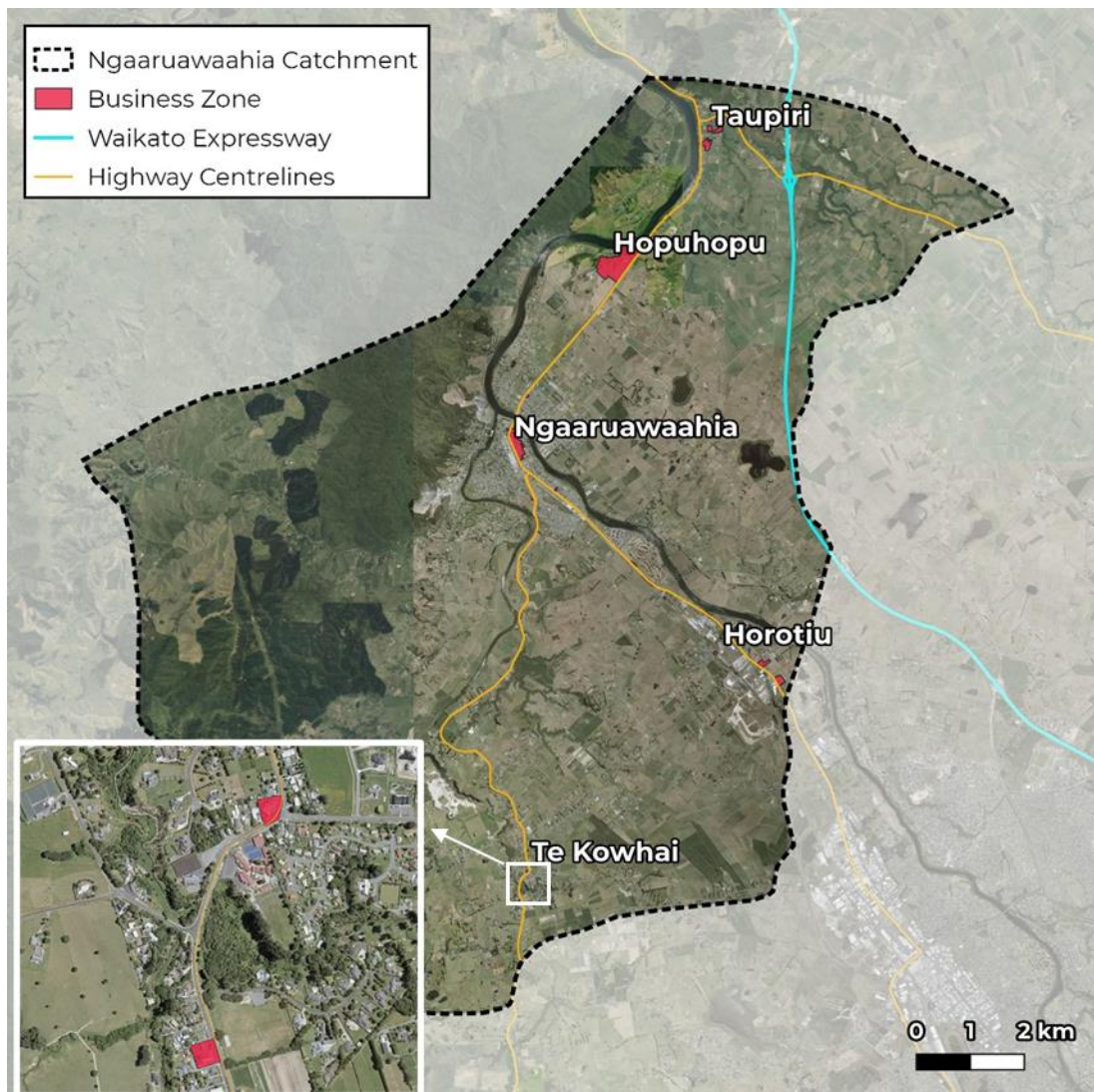


## 10. COMMERCIAL LAND CAPACITY SUFFICIENCY

This section provides a high-level overview of the Business zoned provisions within the Ngaaruawaahia catchment and reviews the future demand for Business zoned capacity within the area in the short (3 years), medium (10 years) and long term (30 years) based on the Future Proof Business Development Capacity Assessment (BDCA) 2021.

The following figure geospatially maps the distribution of business land provisions within the Ngaaruawaahia catchment area.

**FIGURE 9: EXISTING BUSINESS LAND PROVISIONS WITHIN THE NGAARUAWAAHIA CATCHMENT**



Source: Waikato District Council, LINZ, Property Economics

The total business land zoned provisions are estimated at around 53ha. In particular, the largest tranche of business land is in Hopuhopu, encompassing a total of approximately 33ha. This is followed by the Ngaaruawaahia Town Centre, which has a business zoned provision of circa 9ha.

The Taupiri Town Centre spans across three non-contiguous areas south of Gordonton Road and is roughly half the size of the Ngaaruawaahia Town Centre.

The figure following depicts the “zoomed in” extent of Ngaaruawaahia and Taupiri Town Centres based on the ODP zonings.

Hopuhopu currently has existing business land provision, which is not fully developed and is anchored primarily by the Hopuhopu Innovation Hub / Precinct. It is anticipated that once the Hub is fully developed, Hopuhopu will become a key business employment hub within the broader Ngaaruawaahia catchment area. This will partly address the demand for business activity and employment opportunities in the local market.

According to the BDCA 2021 (pp.93), there is approximately 73ha of vacant commercial land capacity in Ngaaruawaahia<sup>7</sup>. This capacity is more than enough to meet the projected long-term demand for 1.5ha of commercial land in Ngaaruawaahia and its surrounding areas between 2021 and 2051. However, this is inflated by Hopuhopu where the bulk of this particularly vacant land provision is located.

**TABLE 10: WAIKATO DISTRICT COMMERCIAL LAND SUFFICIENCY SUMMARY (HA)**

Name	Short Term	Medium Term	Long Term	Total Vacant Land (ha)	Short Term	Medium Term	Long Term
Pokeno	0.2	0.6	1.3	34.5			
Tuakau	0.9	2.2	3.5	94.0			
Te Kauwhata	0.4	1.4	2.4	28.2			
Huntly	0.2	0.7	1.6	9.1			
Ngaruawahia	0.0	0.4	1.5	73.3			
Raglan	0.4	1.0	2.5	4.4			
Rest of Waikato	-	0.1	1.5	72.2			
<b>Total</b>	<b>1.9</b>	<b>7.7</b>	<b>19.2</b>	<b>315.6</b>			

Source: Future Proof Partners, Market Economics

In terms of the Ngaaruawaahia Town Centre, the commercial land area equates to approximately 9ha. The centre is very dispersed and spreads across a number of retail street frontages. This is partly a reflection of a number of retail tenancies trading to what was SH1 previously.

The centre is also not densely developed indicating there is a lot of development potential in the existing commercial zone of the centre. This would be better (re)developed first from an economic perspective to ensure the centre consolidates and generates the economic efficiencies and benefits of such centres rather than disperses further.

<sup>7</sup> Note that this Ngaaruawaahia area is different from the identified Ngaaruawaahia catchment used in this economic assessment. The BDCA's estimates were estimated at a proxy-town level based around the significant townships, urban areas and their connectivity (pp.61).



Therefore, there is no need for additional commercial land provision in the Ngaaruawaahia Town Centre in the foreseeable future, just a more efficient use of the centre's existing commercial zone land resource. The same applies to Taupiri.

The Ngaaruawaahia Town Centre currently has a significant level of tenancy vacancies in the centre, while a lot of the balance of centre with operating tenancies do not appear to be performing strongly, i.e., these stores could be performing better with improved sales performance within the same store footprint.

Increased retail expenditure generated by growth in the Ngaaruawaahia catchment in the foreseeable future should be channelled into improving the performance of the existing stores and filling vacant tenancies, particularly in the core / main street on the Ngaaruawaahia Town Centre (Jesmond Street). Expanding the zone / centre further would only serve to dilute sales and centre performance over a greater area and undermine the improvement of performance and environment in the existing centre.

The New World supermarket is a crucial retail tenant for the Ngaaruawaahia Town Centre. The analysis in this report indicates a larger store could be supported by the catchment currently, and future growth only grows this potential. Council should work with the store owner and Foodstuffs to look at options for improving the size and offer of this store. An improved supermarket would reduce retail leakage and catalyse activity and investment in the centre.

**FIGURE 10: NGAARUAWAAHIA TOWN CENTRE ZONED EXTENT**



Source: WDC, LINZ, Property Economics

In terms of Taupiri commercial centre the following figure identifies the geospatial spread of the zone. Property Economics consider WDC need to identify a core commercial area for convenience retail and commercial activity to ensure commercial activity in Taupiri is developed in a consolidated area. This would represent a more efficient outcome and provide a single clustered commercial destination for the community. This would assist infrastructure and public realm cost efficiencies also.

**FIGURE 11: TAUPIRI TOWN CENTRE ZONED EXTENT**



Source: WDC, LINZ, Property Economics



## 11. INDUSTRIAL LAND CAPACITY SUFFICIENCY

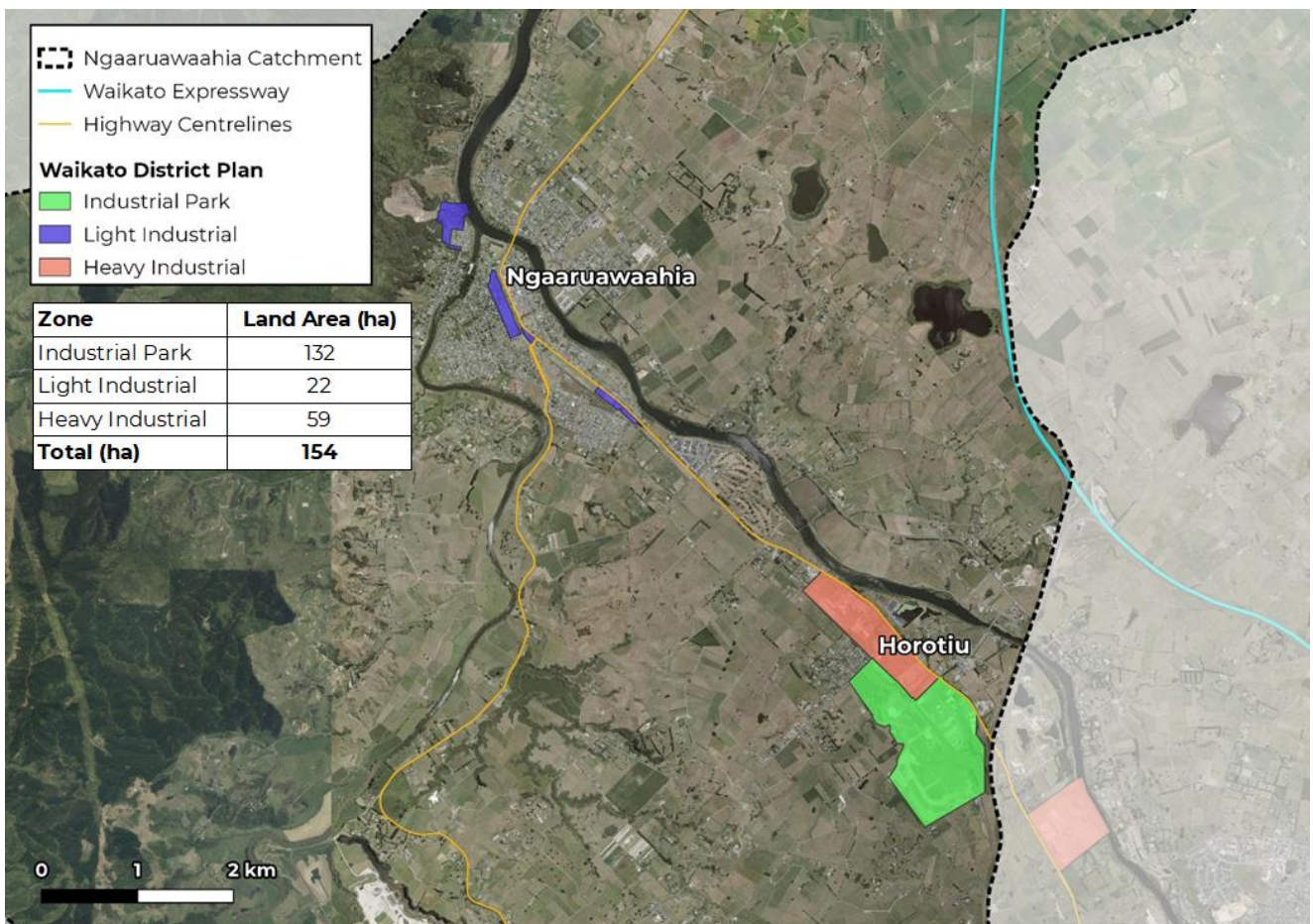
This section provides a high-level overview of the industrial zoned provisions within the Ngaaruawaahia catchment and reviews the future demand for industrially zoned capacity within the area in the short (3 years), medium (10 years) and long term (30 years) based on the BDCA 2021.

The following figure geospatially maps the location and extent of the industrially zoned land within the wider Ngaaruawaahia catchment area, under the WDP industrial zonings.

The existing residentially zoned land within the area is concentrated in Ngaaruawaahia and Horotiu, encompassing a total of approximately 154ha. Specifically, the Industrial Park in Horotiu (circa 132ha) dominates the supply and accounts for approximately 86% of the catchment's total capacity.

Ngaaruawaahia has a light industrial zoned provision of about 22ha. The remaining 59ha of industrial land is in Horotiu and zoned for heavy industrial activities. There is no existing industrial land provision in other settlements, such as Taupiri, within the catchment area.

**FIGURE 12: EXISTING INDUSTRIAL LAND PROVISIONS WITHIN THE NGAARUAWAAHIA CATCHMENT**



Source: Waikato District Council, LINZ, Property Economics

The following table is sourced from the BDCA 2021 (pp.95). It indicates that the Ngaruawaahia area has a total vacant industrial land capacity of around 259ha. This capacity is more than sufficient to accommodate the projected short-, medium- and long-term industrial land in Ngaruawaahia and surrounding areas (i.e., a total of 5.4ha over the long term). As such, Ngaruawaahia does not require additional industrial land provisions over the assessed period (i.e., 2021 – 2051) based on the BDCA methodology.

**TABLE 11: WAIKATO DISTRICT INDUSTRIAL LAND SUFFICIENCY SUMMARY (HA)**

Name	Short Term	Medium Term	Long Term	Total Vacant Land (ha)	Short Term	Medium Term	Long Term
Pokeno	-	0.0	4.2	19.7	53.3		
Tuakau		7.6	14.1	20.9	103.0		
Te Kauwhata		1.1	8.0	13.7	14.0		
Huntly		1.9	4.3	9.5	3.3	Insufficient	Insufficient
Ngaruawahia	-	1.7	0.1	5.4	258.8		
Raglan		2.2	6.5	17.0	1.2	Insufficient	Insufficient
Rest of Waikato		1.5	17.8	58.7	740.8		
<b>Total</b>		<b>12.4</b>	<b>55.1</b>	<b>144.9</b>	<b>1,174.4</b>		

Source: Future Proof Partners, ME

The BDCA, however, also identified that “Huntly faces demand growth in the short, medium and long term that is not likely to be able to meet locally”. Given the close proximity to Huntly, the residual capacity within the wider Ngaruawaahia area is well-positioned to capture some of the Huntly’s future industrial land demand. This is considered one opportunity for Ngaruawaahia and WDC over the longer term.

Property Economics considers the new SH1 Waikato Expressway could create additional industrial opportunities that may see industrial demand and growth in the Waikato District exceed the BDCA projections. Accessibility to Auckland is vastly improved by the new SH1 and land prices are significantly cheaper, likely making any new industrial land provision competitive in the broader market.

Industrial land options adjacent to the expressway would likely provide additional impetus to the district’s industrial land demand projections and accelerate local employment opportunities. Development of this opportunity would be subject to a separate piece of economic work outside the scope of this report but is an opportunity WDC should give further consideration to undertaking as the economic benefits the opportunity could bring to the local economy is potentially significant.

#### COMMENTARY ON RUDY VAN DAM’S APPEAL

Relevant to the identification of additional industrial land in the catchment is an appeal made by Rudy Van Dam to the PDP. Rudy Van Dam and Howard Lovell jointly submitted a request to extend the Residential Zone, Country Living / Village (CLV) Zone, and the Commercial / Light Industrial Zone (CLI) in Taupiri, as outlined in his Notice of Appeal (NoA).

According to Appendix A and B of the NoA (refer to Appendix 6 of this report), the submitters propose locating the CLI zone adjacent to the Taupiri Service Centre, bordering three distinct residential zones to the west.

In Property Economics view, the proposed CLI extension would be well-positioned geographically to provide additional industrial land capacity, benefiting from its proximity to the Waikato Expressway and other major highways.

However, Property Economics has concern around the potential negative impact on the surrounding residential environments, particularly the interfaces with the proposed living zones, the proposed CLI extension requires closer scrutiny with the CLI zone likely resulting in a decrease in the overall amenity value of the surrounding residential areas if effects are not appropriately mitigated or managed. This could undermine the potential economic benefits of the zone.

Additionally, based on the proposed concept plan, there would be a merging of industrial and residential traffic and road usage, as both the proposed CLI and other residential zones rely on the same local road. Management of this potential conflict would need to be carefully considered also.

Considering the above high-level comments, Property Economics does not consider the submission to extend the CLI as an efficient distribution of future land uses in Taupiri without further information being available of effects.

In regard to commercial activity, the commercial area is not required or sustainable by the development area. The zoned Taupiri commercial area and the Service Centre is more than sufficient to accommodate the retail requirements of Taupiri (currently and future).

A new commercial area would only dilute the existing areas and undermine their potential to grow. The future market is not large enough to sustain three commercial nodes for convenience activities in Taupiri. In essence, Taupiri a very small market (current and future) with the Service Centre already relying on Waikato Expressway (non-Taupiri resident) drive-by traffic for the bulk of its sales.

Again, it is not industrial activity to service Taupiri as the market's too small, but simply playing on its location next to the Waikato Expressway. Council needs to consider the site as a new industrial area and whether this location is appropriate for the future.

Industrial locations around / in close proximity to SH1 intersections are generally popular and sought after by the industrial market for efficiency reasons. A new industrial hub in this location is really targeting non-Taupiri industrial activity and therefore Council needs to take a broader perspective and consider if this is the right location to grow WDC's industrial market.

It could generate some relocations of industrial business activity from Huntly to Taupiri due to the rerouting of SH1, and these businesses being in a better location to service Huntly as well as a broader market. Any relocations from Huntly (or elsewhere in WDC) to this site would not represent growth, simple a redistribution of existing WDC industrial activity to a new location.

There are also potential reverse sensitivity issues that need to be considered and addressed. This may not be a deal breaker if mitigated and managed appropriately but given the adjacent proximity of the residential and industrial areas this needs to be carefully thought through, particularly if larger industrial businesses are attracted to the site due to its location.

## APPENDIX 1. DEMOGRAPHIC PROFILE

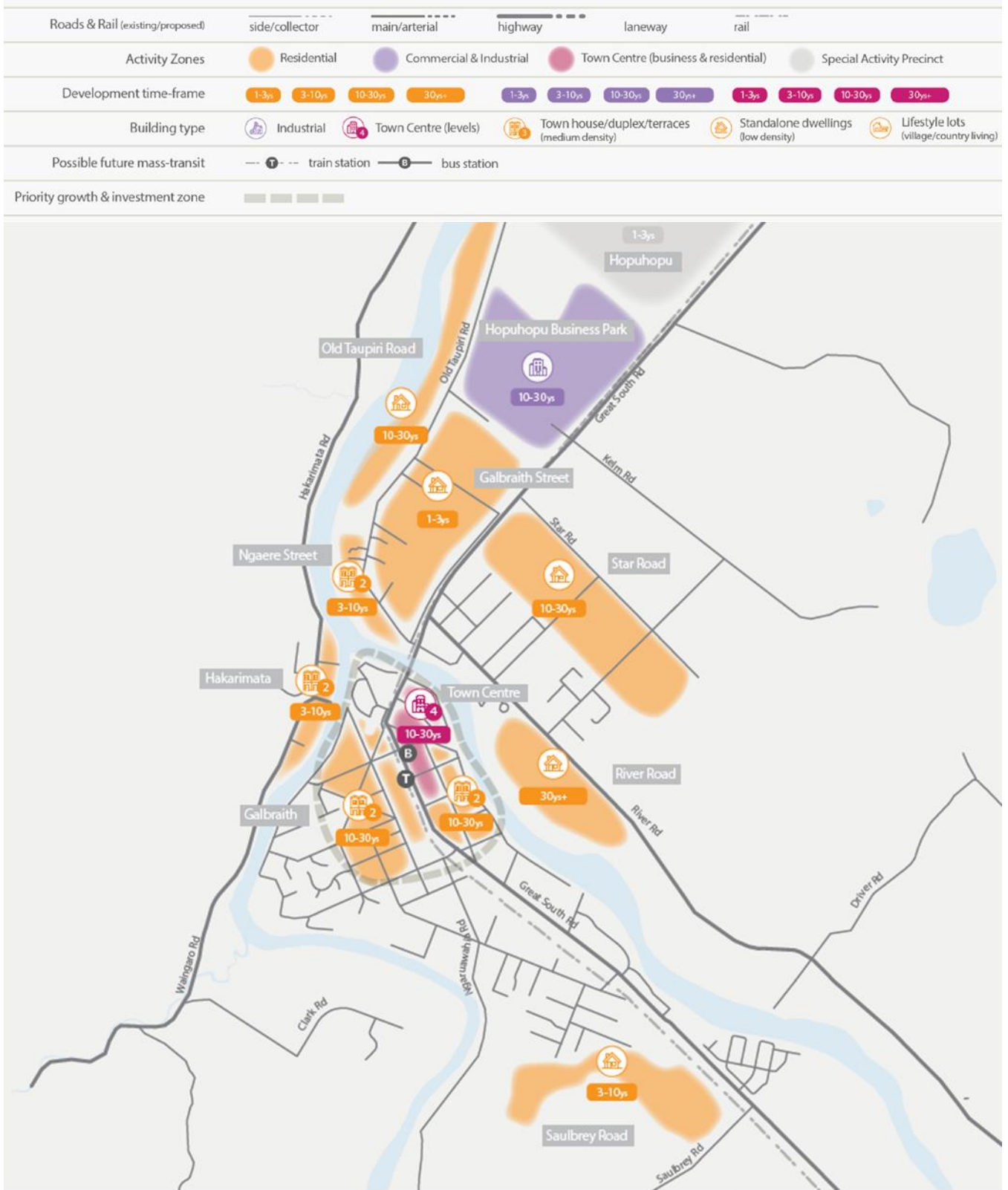
		Ngaaruawaahia Catchment	Taupiri Retail Catchment	Waikato District	New Zealand
GENERAL	Population	13,950	800	88,870	5,124,130
	Households	4,840	280	31,860	1,927,620
	Person Per Household Ratio	2.88	2.86	2.79	2.66
	Intercensal Population Growth (Total   %	1,952   3.4%	152   4.9%	15,141   4.5%	462,280   2.0%
AGE PROFILE	0 - 9 Years	17%	15%	15%	13%
	10 - 19 Years	16%	13%	15%	13%
	20 - 29 Years	13%	11%	11%	14%
	30 - 39 Years	13%	12%	12%	13%
	40 - 49 Years	13%	13%	14%	13%
	50 - 59 Years	13%	13%	14%	13%
	60 - 69 Years	9%	11%	10%	10%
	70 - 79 Years	5%	7%	6%	7%
	80 Years and Over	2%	4%	2%	4%
	<b>Median Age</b>	<b>33.3</b>	<b>38.4</b>	<b>37.8</b>	<b>37.4</b>
Household Income	\$20,000 or less	9%	8%	8%	9%
	\$20,001-\$30,000	8%	6%	7%	10%
	\$30,001-\$50,000	14%	12%	13%	15%
	\$50,001-\$70,000	13%	12%	13%	13%
	\$70,001-\$100,000	18%	18%	17%	16%
	\$100,001-\$150,000	22%	24%	22%	19%
	\$150,001 or more	15%	21%	21%	18%
	<b>Median Income</b>	<b>\$78,000</b>	<b>\$90,000</b>	<b>\$86,000</b>	<b>\$76,000</b>
ETHNICITY	Asian	3%	1%	5%	13%
	European	56%	67%	66%	62%
	Maori	35%	26%	23%	15%
	Middle Eastern Latin American African	0%	0%	1%	1%
	New Zealander	1%	1%	1%	1%
	Other Ethnicity	1%	1%	1%	1%
	Pacific Peoples	4%	3%	4%	7%
QUALIFICATION ATTAINMENT	No qualification	25%	30%	21%	18%
	Overseas secondary school qualification	2%	3%	3%	6%
	Level 1 certificate	14%	18%	14%	11%
	Level 2 certificate	11%	10%	11%	10%
	Level 3 certificate	12%	8%	11%	11%
	Level 4 certificate	12%	12%	11%	9%
	Level 5 diploma	5%	4%	5%	5%
	Level 6 diploma	3%	2%	4%	5%
	Bachelor degree and Level 7 qualification	10%	7%	12%	15%
	Post graduate and honours degrees	3%	4%	5%	6%
	Masters degree	1%	2%	3%	4%
	Doctorate degree	0%	0%	1%	1%
LOCATION 5 YEARS AGO	Elsewhere in New Zealand	49%	50%	50%	45%
	No fixed abode five years ago	0%	0%	0%	0%
	Not born five years ago	10%	9%	8%	7%
	Overseas	1%	3%	3%	8%
	Same as usual residence	40%	38%	39%	40%

		Ngaaruawaahia Catchment	Taupiri Retail Catchment	Waikato District	New Zealand
<b>EMPLOYMENT</b>	Employed Full time	53%	49%	53%	50%
	Employed Part time	13%	13%	15%	15%
	Not in the Labour Force	28%	30%	28%	31%
	Unemployed	6%	8%	4%	4%
<b>EMPLOYMENT CLASSIFICATION</b>	Clerical and Administrative Workers	12%	11%	11%	11%
	Community and Personal Service Workers	8%	7%	8%	10%
	Labourers	14%	11%	12%	11%
	Machinery Operators and Drivers	9%	11%	8%	6%
	Managers	17%	21%	22%	18%
	Professionals	18%	19%	20%	23%
	Sales Workers	8%	8%	7%	9%
	Technicians and Trades Workers	14%	12%	13%	12%
<b>PERSONAL INCOME SOURCES</b>	Wages, Salary, Commissions, Bonuses etc paid by my employer	62%	55%	59%	61%
	Interest, Dividends, Rent, Other Investments	10%	11%	15%	17%
	Jobseeker Support	10%	11%	7%	6%
	New Zealand Superannuation or Veteran s Pension	14%	18%	15%	17%
	Other government benefits, Payments or Pension	5%	4%	4%	4%
	Other Sources of Income	1%	1%	1%	2%
	Other Superannuation, Pensions or Annuities	1%	1%	2%	2%
	Regular payments from ACC or a Private Work Accident Insurer	2%	1%	2%	2%
	Self Employment or Business I own and work in	13%	19%	20%	15%
	Sole Parent Support	2%	1%	2%	2%
	Student Allowance	2%	2%	1%	2%
	Supported Living Payment	2%	2%	1%	2%
	No source of income during that time	7%	7%	7%	6%
	<b>INDUSTRY OF EMPLOYMENT</b>	Accommodation and Food Services	4%	4%	4%
Administrative and Support Services		4%	5%	4%	5%
Agriculture Forestry and Fishing		5%	15%	12%	6%
Arts and Recreation Services		1%	0%	2%	2%
Construction		12%	14%	12%	9%
Education and Training		8%	11%	9%	8%
Electricity Gas Water and Waste Services		1%	2%	1%	1%
Financial and Insurance Services		2%	0%	2%	3%
Health Care and Social Assistance		8%	6%	8%	10%
Information Media and Telecommunications		1%	0%	1%	2%
Manufacturing		16%	14%	12%	10%
Mining		0%	0%	1%	0%
Other Services		4%	1%	4%	4%
Professional Scientific and Technical Services		7%	6%	8%	10%
Public Administration and Safety		7%	6%	5%	5%
Rental Hiring and Real Estate Services		1%	0%	2%	2%
Retail Trade		9%	7%	7%	9%
Transport Postal and Warehousing		4%	7%	4%	4%
Wholesale Trade		5%	3%	5%	5%

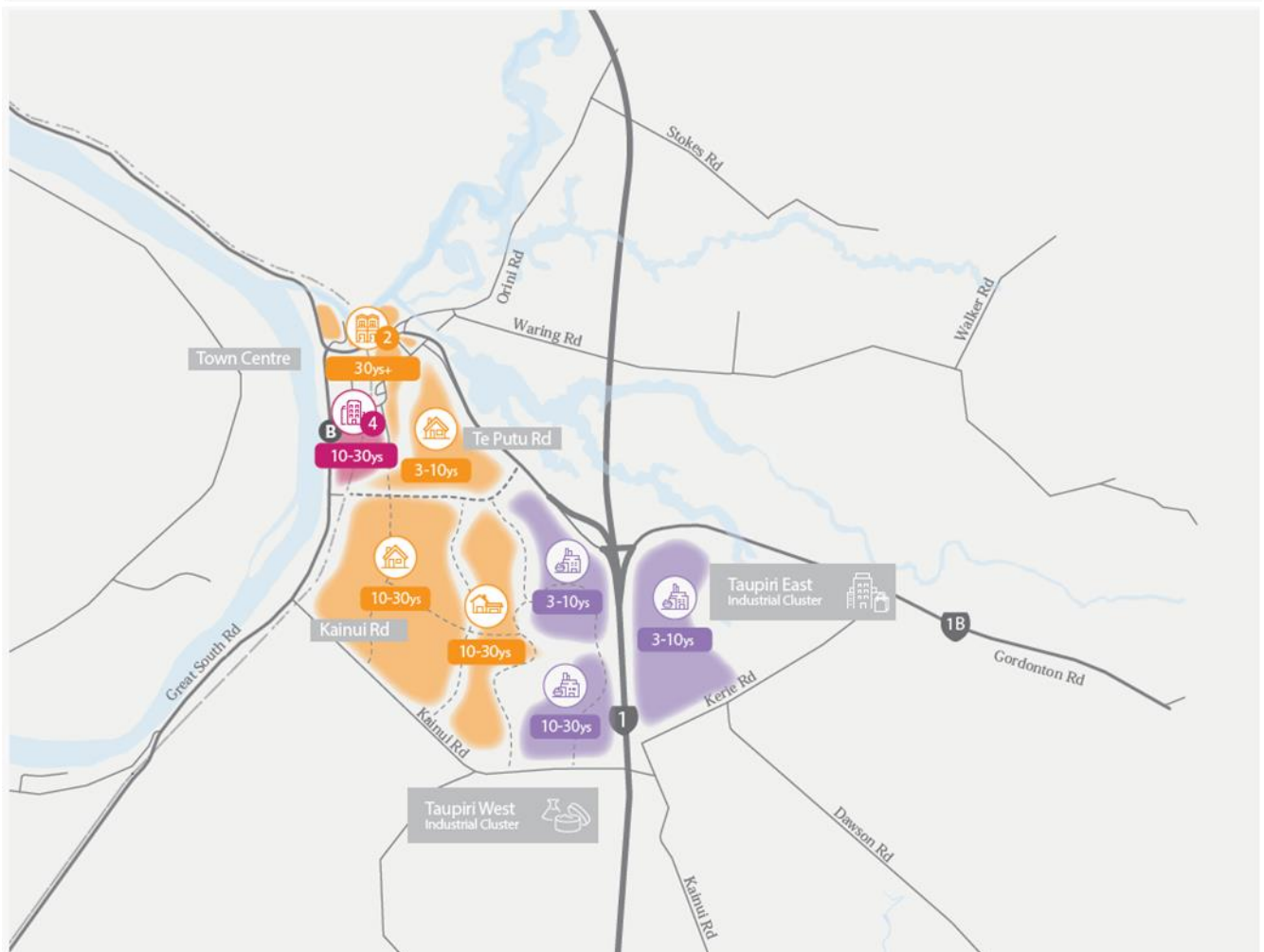


		Ngaaruawaahia Catchment	Taupiri Retail Catchment	Waikato District	New Zealand
WEEKLY RENT PAID	Under \$100	5%	0%	5%	7%
	\$100 - 149	10%	8%	8%	9%
	\$150 - 199	9%	0%	6%	6%
	\$200 - 299	20%	15%	30%	18%
	\$300 - 399	49%	77%	34%	22%
	\$400 - 499	5%	0%	12%	17%
	\$500 - 599	0%	0%	4%	10%
	\$600 and over	1%	0%	1%	10%
DWELLING OWNERSHIP	Dwelling held in a family trust	10%	9%	15%	13%
	Dwelling not owned and not held in a family trust	30%	32%	30%	35%
	Dwelling owned or partly owned	60%	60%	56%	51%
DWELLING TYPE	Joined dwelling	4%	3%	5%	15%
	Other private dwelling	1%	1%	1%	1%
	Private dwelling not further defined	0%	0%	0%	0%
	Separate house	95%	95%	94%	84%
DWELLING OCCUPANCY	Dwelling Under Construction	0%	0%	1%	1%
	Empty Dwelling	4%	3%	5%	5%
	Occupied Dwelling	93%	91%	89%	89%
	Residents Away	3%	5%	5%	5%
NUMBER OF BEDROOMS	One bedroom	4%	2%	4%	6%
	Two bedrooms	13%	14%	12%	19%
	Three bedrooms	48%	56%	42%	44%
	Four bedrooms	27%	23%	32%	24%
	Five or more bedrooms	7%	5%	10%	7%
STUDYING	Full time study	24%	21%	22%	21%
	Not studying	74%	78%	75%	76%
	Part time study	2%	2%	2%	3%
Household Size	One usual resident	18%	15%	18%	23%
	Two usual residents	31%	36%	34%	33%
	Three usual residents	17%	16%	16%	16%
	Four usual residents	16%	18%	17%	16%
	Five usual residents	10%	9%	9%	7%
	Six usual residents	4%	3%	4%	3%
	Seven usual residents	2%	1%	1%	1%
	Eight or more usual residents	2%	2%	1%	1%
	Number of usual residents unidentifiable	4%	5%	5%	4%

## APPENDIX 2. WAIKATO 2070 – NGARUAWAARIA & TAUPIRI



Roads & Rail (existing/proposed)	side/collector	main/arterial	highway	laneway	rail			
Activity Zones	Residential	Commercial & Industrial	Town Centre (business & residential)	Special Activity Precinct				
Development time-frame	1-3ys	3-10ys	10-30ys	30ys+	1-3ys	3-10ys	10-30ys	30ys+
Building type	Industrial	Town Centre (levels)	Town house/duplex/terraces (medium density)	Standalone dwellings (low density)	Lifestyle lots (village/country living)			
Possible future mass-transit	--- T --- train station    --- B --- bus station							
Priority growth & investment zone	■ ■ ■ ■ ■							



Source: Waikato District Council

## APPENDIX 3. RETAIL GROWTH MODEL

This overview outlines the methodology that is applied to estimate retail spend generated for an identified catchment for a specific projection period.

### Statistical Area 1 2018 Boundaries

All analysis has been based on Statistical Area 2 2018 boundaries, the most recent available.

### Household Estimates

As a key base input into Property Economics Retail Model. Specifically, the household count projections from Statistics New Zealand, based off the 2018 Census (available at the SA1 level) and Statistics New Zealand's population growth projections, have been applied in the model. These projections also make adjustments for changes in the population per household ratios at a national level. The Statistics New Zealand household projections are cross referenced with any more specific projections provided by the client.

### Population Growth

The population growth projections used in projecting future household retail growth are outlined in the report. These are derived from Statistics New Zealand's most recent population projection series. These are cross referenced with any more specific population growth projections provided by the client.

Although the demographics at the household level drive the estimates in the distribution of the household retail spend, the growth in population has been used as the input to project future retail growth.

Statistics New Zealand's latest household projections are based on the assumption of a decreasing household size, resulting in proportionally greater household growth than population. However, the Household Expenditure Survey shows a clear positive relationship between household size and retail expenditure. Therefore, relying solely on the household growth as an indicator without adjusting for the changing demographic would artificially inflate the projected retail growth.

Given the recent trends of an increasing household size contrary to the projection assumptions, Property Economics considers projecting the retail growth based on future population growth rather than households is a more appropriate assumption. This is ultimately a conservative assumption in the decreasing household size scenario and will be more accurate the less the demographics shift.

### International Tourist Spend

The total tourism retail spend has been derived from the Tourism Satellite Account and distributed to each district according to the data as published by MBIE. Within each district, this has been distributed on a 'spend per retail employee' basis. 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 forecast in the model at 3% per annum.

### Average Household Retail Spend

The Household Expenditure survey breaks down average weekly spend by retail category on a national level by annual household income brackets and by the average number of usual residents. These have been applied to each of the geospatial units based on the distribution of household size and income for that geospatial unit, as determined in the 2018 Census.

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 Soft goods
- Furniture and Floor coverings
- Appliance Retailing
- Chemist
- Department Stores
- Recreational Goods
- Cafes, Restaurants and Takeaways
- Personal and Household Services
- Other (Retail) 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, etc.

Additionally, growth of internet retailing for virtual stores, auctions and overseas stores is leading to a proportional decrease in on-the-ground spend and floor space demand. To account for this, a non-linear percentage decrease of 8% in 2020 growing to 12.5% by 2053 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 floor space 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 can 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 floor space, since it is inflationary and only serves to drive up prices.

**Wealth / Equity / Debt:** This had a dramatic impact in the early-mid 2000s on the level of retail spending nationally. The increase in property prices has increased homeowners unrealised equity in their properties. This has led to a significant increase in debt funded spending, with residents borrowing against this equity to fund consumer 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 floor space. This is the reason that productivity levels are not adjusted and 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 household's disposal income. Important factors include housing costs and oil prices. As this 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 significant gains as homeowners, 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 spending trends, with decreased employment and greater job security producing an environment where households were more willing to accept debt.

New Zealand's economy has been impacted on by several key events over the last two decades. Firstly, this trend temporally reversed in the light of the worldwide GFC recession in 2008 with economic uncertainty and job losses reducing consumers' willingness and ability to accept debt. Following this however, New Zealand's economy recovered with growth in the first half of the 2010-2020 decade fuelled by the Christchurch earthquake. Additionally, rapid inflation in the construction industry has contributed to the rapidly rising house prices. This has had a significant impact on reducing disposable income, which has flow-on effects to the rate of retail growth. Finally, most recently the COVID-19 global pandemic resulted in a national lockdown with retailers forced to close under alert Level 3 and 4.

Despite this, New Zealand's economy so far has not fallen to the extent economists predicted heading into the first lockdown during the first quarter of 2020. Data available on Statistics New Zealand showed that total retail expenditure declined by only 0.2% between 2020 and



2019. This is in comparison to the average annual growth of just over 5% per annum between 2010 – 2019.

From an economic perspective, COVID-19 represents significant uncertainty and thereby making the already difficult job of anticipating the future, that much harder. There are several unpredictable factors that will decide the fate of worldwide economy and it is difficult to accurately predict what long term impacts this global pandemic will have on international travel, the domestic economy and retail trends as it relates to internet retailing.

### Impacts of Changing Retail Spend

At this point, a 1% real retail growth rate is being applied by Property Economics over the longer term 30-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 regarding the level of sustainable retail floor space within given centres.

### Business Spend

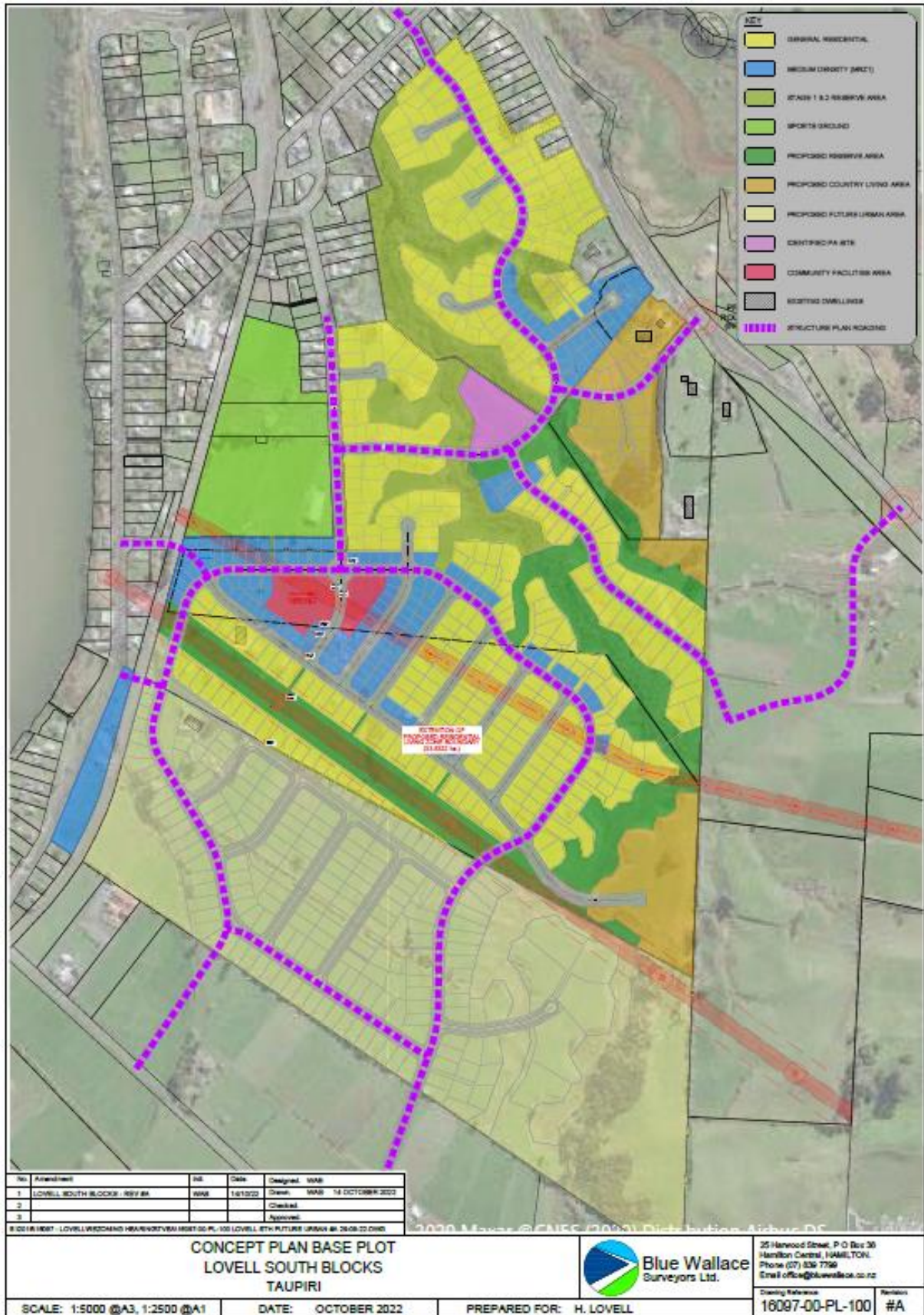
This is the total retail spend generated by businesses. This has been determined by subtracting International tourism retail spend and the household retail expenditure from the total retail sales, as determined by the Retail Trade Survey (RTS) which is prepared by Statistics NZ. All categories are included with the exception of accommodation and automotive related spend. In total, business spend accounts for 36% 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

Business spend has been forecasted at the same rate of growth estimated to be achieved by household retail sales in the absence of 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 4. PROPOSED TAUPIRI CONCEPT PLAN



## APPENDIX 5. BUSINESS CLASSIFICATION

Property Economics utilises the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) as guidance, whereby businesses are assigned an industry according to their predominant economic activity.

A proportion of employees coded within industrial categories can work within other more commercial (office) arms of a business in other locations, e.g., employees in the sales branch of electrical companies are coded in the electricity, gas, water and waste services. Despite being in the industrial industry, these employees are technically not industrial employees.

For planning purposes commercial and industrial employees are those working on zoned business land corresponding to their respective sector. Often this is not the case, whereby activities such as hospitals, schools, police services and etc. are classified under commercial services focused sectors but are typically not zoned as such.

For this reason, Property Economics has divided these classifications into industrial, commercial, retail and other sectors. These sectors correspond to the zoning of industrial, commercial, retail and special land zonings by the local authorities.

Industrial activities in general refer to land extensive activities, it includes part of the primary sector, largely raw material extraction industries such as mining and farming; the secondary sector, involving refining, construction, and manufacturing; and part of the tertiary sector, which involves distribution of manufactured goods. The employees work for the following sectors are considered an industrial sector employee:

- 10% of Agriculture, Forestry and Fishing
- 10% of Mining
- Manufacturing
- 30% Electricity, Gas, Water and Waste Services
- Construction
- Wholesale Trade
- Transport, Postal and Warehousing
- 40% Rental, Hiring and Real Estate Services

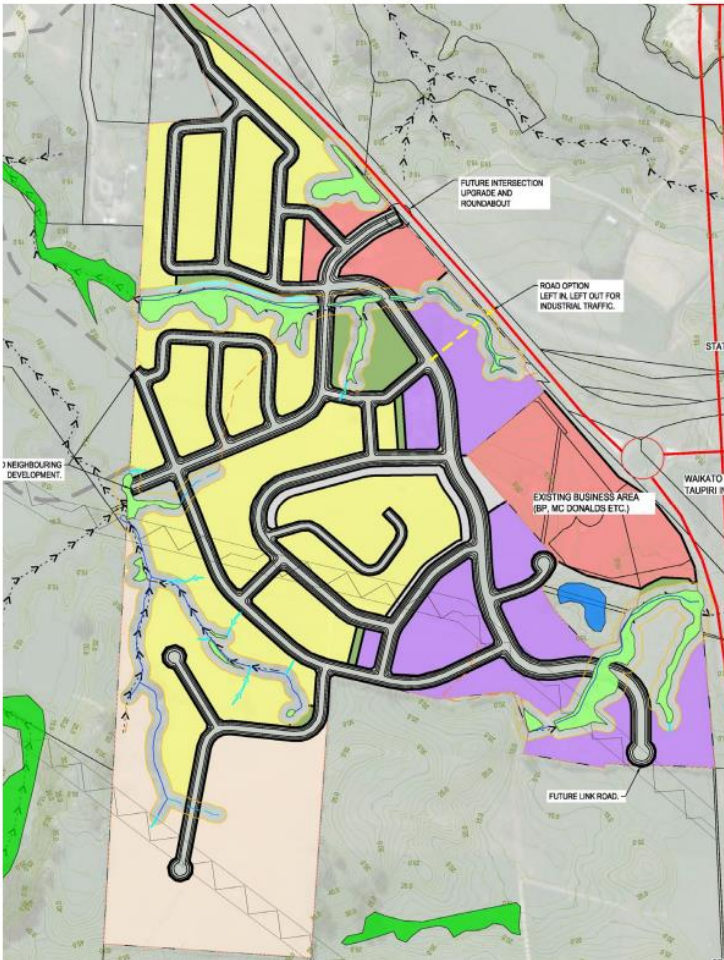
Commercial activities generally refer to land intensive activities. They include a large proportion of the tertiary sector of an economy, which deals with services; and the quaternary sector, focusing on technological research, design and development. The employees working for the following sectors are considered commercial sector employees:

- 15% of Accommodation and Food Services

- Information Media and Telecommunications
- Financial and Insurance Services
- 60% of Rental, Hiring and Real Estate Services
- Administrative and Support Services
- 35% of Public Administration and Safety
- 15% of Education and Training
- 25% of Health care and Social Assistance
- 25% of Arts and Recreation Services



## APPENDIX 6. VAN DAM FARM PROPOSED STRUCTURE PLAN



	EXISTING BOUNDARIES		EX. OVERHEAD POWER
	EXTENT OF DEVELOPMENT		PERENNIAL
	FUTURE BOUNDARY		EPHEMERAL
	EX MAJ CONTOUR		FLOW PATH
	EX MIN CONTOUR		ARTIFICIAL
	RESIDENTIAL LIVING		WETLAND
	BUSINESS		WETLAND OFFSITE
	INDUSTRIAL		COMBINED WETLAND STREAM SETBACKS (10m) 6.8054 Ha
	COUNTRY LIVING		EFFLUENT PONDS (DECOMMISSIONED)
	OPEN SPACE ZONE		BP STORMWATER POND
	BATTER/RETAINING		
	EXISTING OLFP		