

Before an Independent Hearings Panel

The Proposed Waikato District Plan (Stage 1)

IN THE MATTER OF the Resource Management Act 1991 (**RMA**)

IN THE MATTER OF hearing submissions and further submissions on the Proposed
Waikato District Plan (Stage 1):

Topic 25 – Zone Extents

**PRIMARY ECONOMIC EVIDENCE OF ADAM JEFFREY THOMPSON
ON BEHALF OF HUGH GREEN GROUP**

11 February 2021

1. INTRODUCTION

- 1.1 My full name is Adam Jeffrey Thompson. I am an urban economist and property market analyst.
- 1.2 I hold a Bachelor of Resource Studies from Lincoln University (1998), a Master of Planning from Auckland University (2000) and a Dissertation in Urban Economics from the London School of Economics (2014). I have studied urban economics at Auckland University and environmental economics at Lincoln University.
- 1.3 For the past 20 years I have provided consulting services in the fields of urban economics, property market analysis and property development advisory. For the past 16 years I have owned and managed two consulting firms that have provided services in these fields. I am presently the director of Urban Economics Limited.
- 1.4 I have undertaken over 600 economic and property market assessments for a range of private and public sector clients. I have attached my resume in the Appendix.

2. SCOPE OF EVIDENCE

- 2.1 My evidence evaluates the economic costs and benefits of the proposed Business Zone as outlined in Figure 1.

3. CODE OF CONDUCT

- 3.1 I have read the Environment Court's Code of Conduct for Expert Witnesses, and I agree to comply with it. My qualifications as an expert are set out above. I confirm that the issues addressed in this brief of evidence are within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

4. SITE & PROPOSAL

4.1 The following figure displays the proposed site zoning. The proposal is to apply the Business Zone to the sites owned by Hugh Green Commercial Limited (labelled as HGG in Figure 1) and neighbouring sites (labelled as Non-HGG in Figure 1) that are immediately to the north of the Business Town Centre zone.

Figure 1: Site Map

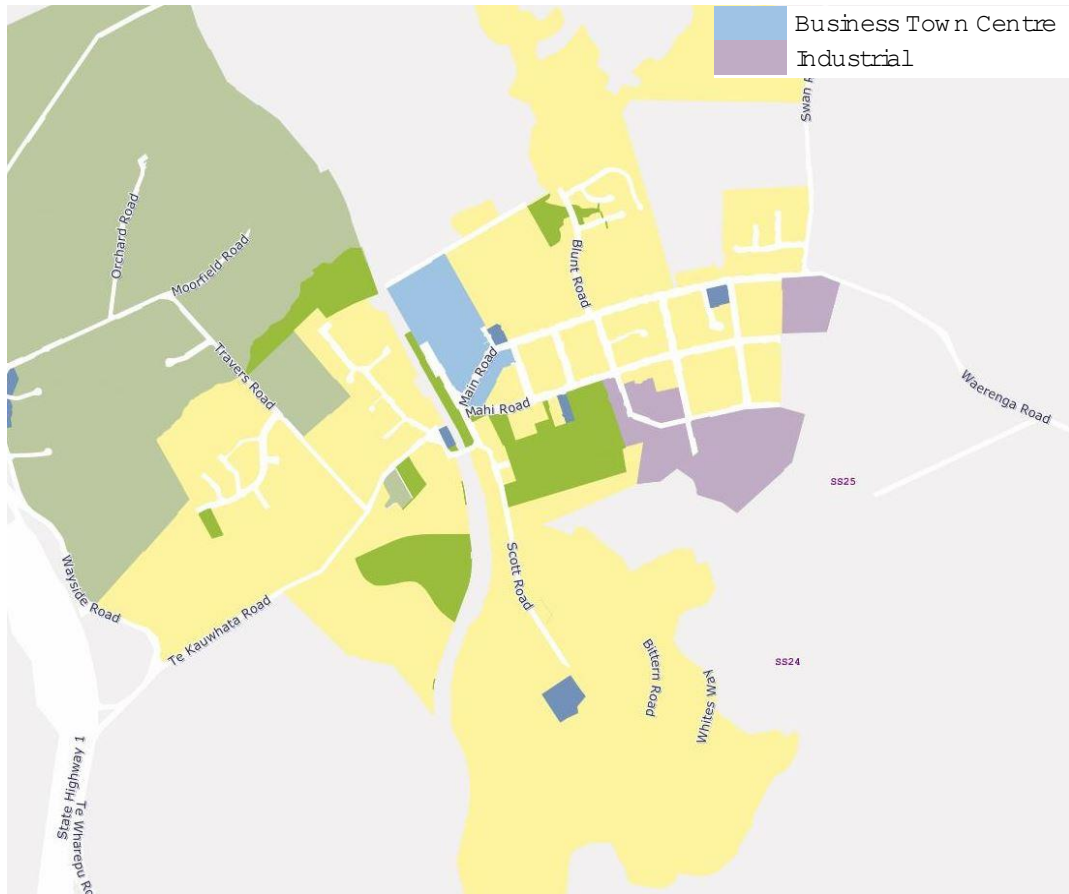


Source: Civil Plan

5. PWDP ZONING

- 5.1 The Proposed Waikato District Plan (PWDP) includes a range of Business Town Centre Zone, Business Zone and Industrial Zone land, as shown in Figures 2 and 3. The proposed additional business zone land is assumed to achieve a 60% yield after roads and landscaping is excluded.

Figure 2: Proposed Waikato District Council District Plan Zone Map



Source: Waikato District Council

Figure 3: PWDP vs HGG Land Zoning

Zone	PWDP	HGG
Business Town Centre	8.5	3.1
Business Zone	0.6	6.0
<i>Total Commercial</i>	9.1	9.1
<i>Total Vacant Commercial</i>	5.4	5.4
Industrial	24.7	24.7

Source: Waikato District Council

6. TE KAUWHATA POPULATION

6.1 The following figure displays the Waikato District Council population projections for Te Kauwhata (based on a household size of 2.5). This shows the population will increase from 2,310 in 2020 to 5,710 in 2030 (an increase of 3,400 or 150%) and to 7,680 by 2050 (an increase of 5,370 or 230% from 2020). This is a rapid rate of population growth.

Figure 4: Population Projection in Te Kauwhata

Year	Population Projection
2020	2,310
2023	4,520
2030	5,710
2050	7,680

Source: Waikato District Council

7. DEMAND FOR RETAIL AND COMMERCIAL FLOORSPACE AND LAND

7.1 The Waikato District Council’s Business Capacity Assessment 2017 report provides an estimate of the future demand for business land in Te Kauwhata (pages 96-97). This is displayed in Figure 5.

Figure 5: WDC Business Land Demand Forecasts for Te Kauwhata

Zone	Demand (Ha)			Total Supply (Ha)
	Short Term (0 - 3)	Medium Term (0 - 10)	Long Term (0 - 30)	
Commercial	0.1	0.5	1.1	6.6
Retail	0.0	0.2	0.4	2.2
<i>Total Business</i>	<i>0.1</i>	<i>0.7</i>	<i>1.5</i>	8.8
Industrial	0.4	1.9	4.8	5.4

Source: M.E. Business Capacity Assessment, 2017

7.2 Waikato District Council estimate demand for 0.7 hectares of business zone land over the next ten years, and 1.5 hectares over the next 30 years.

7.3 Waikato District Council estimate that there is total supply of 8.8 hectares. This is approximately the same as my estimates presented in figure 3 (9.1 hectares). Of this, 5.4 hectares are vacant and are available to meet future growth in demand. Based on Councils demand estimate, this is more land than is required (i.e. 5.4 hectares or land to meet 1.5 hectares of demand over the next 30 years).

7.4 I have undertaken an assessment of several comparable small towns across New Zealand to determine the amount of business zone land that is required and whether there are any supermarket or other large format retail stores.

7.5 The following figures display the results of this analysis. The key points to note are:

- These towns have an average of 8.9 hectares of business zone land, or 2.2 hectares per 1,000 people.
- Most of the small towns have a supermarket, and a few have other large format retail stores, some of which that are likely to service a wider rural area.
- Once towns get to 3,000 – 4,000 people, a small supermarket tends to be viable.

Figure 6: Smaller Town Population vs Business Land Case Studies

Town	Population	Town Centre Business Land (Ha)	Hectares per 1000 people	Large Form at Retail GFA	Large Form at Retail Description
Bulls	2,150	8.8	4.1	730	Four Square
Waipawa	2,250	3.0	1.3	970	Four Square
Leeston	2,370	11.0	4.6	630	Fresh Choice
Winton	2,470	4.3	1.7	3,160	New World, RD1
Greytown	2,690	7.9	2.9	1,920	Fresh Choice
Arrowtown	3,030	2.8	0.9	380	Four Square
Helensville	3,070	10.0	3.3	5,650	Countdown, RD1, Mitre 10 Mega
Pokeno	4,020	3.9	1.0	3,500	Countdown
Opotiki	5,210	16.0	3.1	4,440	New World, RD1, ITM
Tuakau	5,390	6.7	1.2	None	None
Marton	5,470	4.7	0.9	2,630	New World, Countdown
Stratford	6,030	9.1	1.5	5,160	Countdown, New World, Four Square
Kaitiaki	6,300	21.0	3.3	12,360	Pak'n Save, The Warehouse, RD1, Placemakers
Thames	7,380	21.0	2.8	16,094	Pak'n Save, Four Square, The Warehouse, Postie, Furniture Jungle, Bed, Bath, and Beyond
Huntly	8,730	3.8	0.4	3,510	Countdown
Average	4,440	8.9	2.2	4,367	

Source: Urban Economics, Various

7.6 By 2030 Te Kauwhata will have a population of 5,710 indicating that the total provision of approximately 9.1 hectares of business zone land will be sufficient to meet demand. This is consistent with the additional land in the PWDP, however is a higher demand estimate than prepared by the Council.

7.7 The main large format retail store that Te Kauwhata will need will be a supermarket. A small supermarket (e.g. 2,000m² New World) generally is viable with a population of 5,000 and a larger supermarket (e.g. 4,000m² Countdown) generally is viable with a population of 10,000. This means that Te Kauwhata will support a small supermarket before 2030 and a large supermarket by 2050.

7.8 A small supermarket would require around 6,000m² of land and a large supermarket would require around 1.2 hectares of land. In addition, there may be demand for another large format store, such as an RD1, within Te Kauwhata, to service Te Kauwhata and the surrounding area. This confirms that TE Kauwhata requires a substantial addition of commercial land that can accommodate a supermarket, possibly a second large format store, and a number of smaller specialty stores and commercial services.

8. ZONING ASSESSMENT

8.1 The PWDP includes an additional 5.4 hectares of Business Town Centre land and no additional Business Zone land. A key difference between these zones is that the Business Town Centre zone has retail above 500m² (i.e. a supermarket) as a non-complying activity, whereas the Business Zone anticipates large format retail (refer Policy 4.5.10).

8.2 Given that there is demand for a supermarket within Te Kauwhata within the next ten years, and potentially a second large format store, there is a need to have provision to meet this demand, to provide more efficient access to day-to-day goods and services for the community, and to meet the provisions of the NPS-UD which requires demand for business activities is met in the medium term with suitably zoned land.

8.3 As only the Business Zone provides for a supermarket and other large format stores, speciality retail and a range of other commercial activities, it is considered to be the optimal zone for the subject land.

8.4 It should also be noted that a supermarket should ideally be located near to the main street (in this case the Business Town Centre Zone) to enable shoppers to visit the supermarket and the mainstreet efficiently in one trip. The proposal would enable this outcome, however the PWDP would not.

9. CONCLUSION AND RECOMMENDATION

9.1 Based on the need for a supermarket, the potential need for a second large format retail store, and a variety of other retail and commercial services in Te Kauwhata, I conclude that the Business Zone is optimal for the assessed land.

Adam Thompson

11.02.2021