



APRIL 2014

TUAKAU, WAIKATO
STRUCTURE PLAN CENTRE ASSESSMENT
WAIKATO DISTRICT COUNCIL



Code	Date	Information / Comments	Project Leader
50931.3	April 2014	Report	Tim Heath

DISCLAIMER

Property Economics has taken every care to ensure the correctness of all the information contained in this report. All information has been obtained by what are considered to be reliable sources, and Property Economics has no reason to doubt its accuracy. It is however the responsibility of all parties acting on information contained in this report to make their own enquiries to verify correctness. This document has been prepared for the use of Waikato District Council only. Copyright © 2014 by Property Economics Ltd.

TABLE OF CONTENTS

1. INTRODUCTION.....	5
1.1. OBJECTIVES	6
1.2. INFORMATION SOURCES.....	7
2. INDICATIVE TUAKAU TRADE CATCHMENT.....	8
3. DEMOGRAPHIC PROFILING	10
4. POPULATION AND HOUSEHOLD FORECASTS	11
5. RETAIL EXPENDITURE AND GFA PROJECTIONS	13
5.1. SUPERMARKET RETAIL.....	15
5.2. CONVENIENCE RETAIL	15
6. CURRENT RETAIL SUPPLY	17
7. RETAIL SUPPLY VS. SUSTAINABLE DEMAND	21
8. EMPLOYMENT ACTIVITY.....	24
8.1. RELATIVE TOWN CENTRE PERFORMANCE	26
APPENDIX : 1 TUAKAU STUDY AREA.....	27
APPENDIX : 2 CONCEPT PLAN FOR WIDER TUAKAU.....	28
APPENDIX : 3 DEMOGRAPHIC PROFILING	29
APPENDIX : 4 RETAIL EXPENDITURE MODEL	31
APPENDIX : 5 ANZSIC RETAIL CATEGORIES.....	37
APPENDIX : 6 CONVENIENCE STORE TYPES	52

LIST OF TABLES

TABLE 1: CATCHMENT POPULATION AND HOUSEHOLD FORECASTS	11
TABLE 2: CATCHMENT RETAIL EXPENDITURE AND GFA FORECASTS	14
TABLE 3: CATCHMENT SUPERMARKET RETAIL EXPENDITURE AND FLOORSPACE FORECASTS	15
TABLE 4: CATCHMENT CONVENIENCE EXPENDITURE AND FLOORSPACE FORECASTS	16
TABLE 5: TUAKAU TOWN CENTRE RETAIL AUDIT FEBRUARY 2014	17
TABLE 6: TUAKAU TOWN CENTRE STORE SIZE BREAKDOWN	20
TABLE 7: CATCHMENT EXISTING SUPPLY VS. SUSTAINABLE GFA DEMAND	21
TABLE 8: TUAKAU DISTRICT EMPLOYMENT TRENDS 2000-2013	24
TABLE 10: TUAKAU TOWN CENTRE COMMERCIAL OFFICE GROWTH PROJECTIONS.....	25

LIST OF FIGURES

FIGURE 1: INDICATIVE CORE TRADE CATCHMENT	9
FIGURE 2: TUAKAU TOWN CENTRE RETAIL COMPOSITION FEBRUARY 2014	18
FIGURE 4: RETAIL AND COMMERCIAL EMPLOYMENT GROWTH 2000-2013	26



1. INTRODUCTION

Property Economics has been engaged by Waikato District Council (**WDC**) to undertake an assessment of Tuakau's core economic market (as defined by the Tuakau Structure Plan Study Area), and implications for the Tuakau Township. Appendix 1 identifies the Study Area provided to Property Economics by WDC, and represents the market of focus for this assessment.

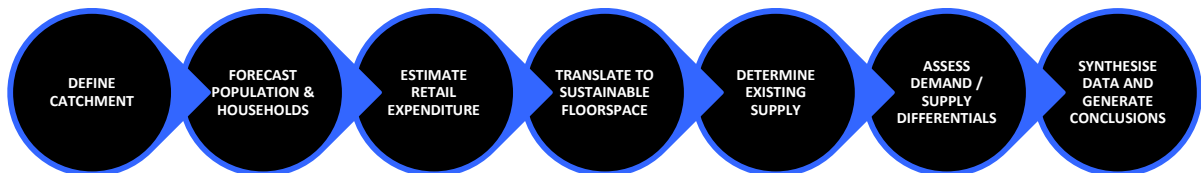
WDC is developing a Structure Plan for the town of Tuakau which is situated in the northern part of the Waikato District territorial authority, and just south of the Pukekohe and Auckland Council territorial boundary.

In fulfilment of the Auckland Plan, Auckland Council plan to double the size of Pukekohe's urban population to cater for anticipated population growth in Auckland. Based on Auckland Council's boundary, this is likely to have implications on the rate and scale of growth achieved in Tuakau over the Structure Plan assessment period. The Waikato Council expects some spill-over growth implications for the Tuakau area due to its close proximity to Pukekohe and competitive house prices.

The purpose of the structure plan is to provide an appropriate spatial plan framework for guiding on-going development of the township. The initial concept plan for the wider Tuakau area, also provided to Property Economics by WDC, is attached in Appendix 2.

The main purpose of this report is to provide reliable and valid information to assess the socio-economic and forward land demand projections to assist WDC in the development of a robust Structure Plan for Tuakau, and determine the future commercial and retail requirements of zoned land within the Structure Plan area.

To assist in understanding the methodology, the following ‘high level’ flow chart illustrates the sequential steps undertaken in the retail assessment adopted for the purposes of this assessment.



1.1. OBJECTIVES

The central objectives of this report are to:

- Identify an appropriate retail trade catchment for the study area within the framework of the wider centre network to identify the core commercial market the centre will operate within.
- Determine the market size of Tuakau’s core commercial catchment in terms of its population and household base (current and future – 2014 to 2041).
- Profile the key economic and social demographia of the catchment.
- Determine the existing level of retail activity within the Tuakau Town Centre and assess the composition and quality of the retail offering.
- Calculate the level of retail expenditure generated within the catchment on an annualised basis by ANZSIC¹ retail sectors based on catchment characteristics, income and expenditure levels, and forecast growth in this market out to 2041.
- Determine the amount of sustainable retail floorspace that can be supported by the catchment both currently and over the forecast period by relevant sectors, and assess against current retail supply (via a comparison with the centre audit and composition analysis).
- Assess the Supermarket and Convenience subsets of the retail market and sustainable retail floorspace forecasts, given the likely role, function and composition of the township.
- Determine the land requirements for retail activity within Tuakau based on the appropriate additional GFA requirements as assessed.

¹ Australia New Zealand Standard Industrial Classification

- Forecast commercial sector² employment growth for Tuakau out to the planning horizon of 2041.
- Determine the existing employment and business composition of the Tuakau Township, and identify recent trends / changes since 2000, and implications.
- Model future land requirements for commercial sectors out to 2041 factoring in wider market influences such as Pokeno, Drury and Pukekohe.
- Assess the net additional commercial land requirement for the Structure Plan Area.

1.2. INFORMATION SOURCES

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

- Census of Population and Dwellings 2006 and 2013 - Statistics NZ
- Household and Population Projections – WDC, Statistics NZ, Auckland Council
- Residential Dwelling Consent Data – Statistics NZ
- Household Economic Survey - Statistics NZ
- Retail Trade Survey - Statistics NZ
- Business Demographia – Statistics NZ
- Business Frame Employment Data – Statistics NZ
- Retail Audit of Tuakau Town Centre – Property Economics
- Tuakau Structure Plan Study Area (Appendix 1) – WDC
- Tuakau Structure Plan – Concept Plan for Wider Tuakau (Appendix 2) – WDC

² Commercial Sector refers to office based business activity for the purposes of this assessment.

2. INDICATIVE TUAKAU TRADE CATCHMENT

Figure 1 illustrates the indicative core economic catchment for Tuakau. 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 or a higher order role and function), demographic distribution, Statistics NZ meshblock boundaries 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.

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 core 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 Figure 1 illustrates the geographic extent of Tuakau's core economic trade catchment and represents the area where the Tuakau commercial centre will derive the majority of its customers and sales.

For the purpose of context, the Tuakau Township as well as other key retail and commercial centres in the surrounding area have also been identified on Figure 1. It is this catchment on which the subsequent analysis in this report is based.

FIGURE 1: INDICATIVE CORE TUAKAU TRADE CATCHMENT



Source: Property Economics, Google Earth

3. DEMOGRAPHIC PROFILING

This section identifies some of the relevant key economic and social demographics of the identified catchment and compares them with the Pukekohe Urban Area and the wider Waikato District demographics to provide context. A full breakdown of the demographic profiling has been provided in Appendix 3.

Some of the salient findings from the demographic profiling include:

- The Tuakau catchment currently has around 5,600 residents and approximately 2,000 households, giving an average size of 2.8 persons per household, which is marginally higher than the Pukekohe Urban Area average (2.7) but the same as the Waikato District average. The catchment represents around 8.5% of the Waikato District's population base.
- Compared to the Pukekohe Urban Area and the Waikato District averages, the Tuakau catchment has a lower annual average household income at around \$68,600pa compared with \$72,100pa and \$73,700pa respectively for the other two areas. Lower household income typically translates into lower levels of annualised retail expenditure generated on a per household unit basis, and lower discretionary spending power.
- In respect to qualification attainment, around 33% of catchment population are without qualifications, compared to the district average of 27%. Similarly, only 6% of the working age population have a Bachelor's Degree or higher, compared with 10% of the district. Overall the Tuakau catchment has lower levels of qualification attainment comparatively.
- A high level of education qualification is typically a driver for higher proportions of employment in white collar positions and is a contributing factor to higher income levels. Within the catchment, only 56% of workers are in white collar employment, compared to the other assessed areas where the average is 65%. This is reinforced by the fact that Tuakau has a significantly lower percentage of people earning \$100,001 plus per annum (only 16% vs. 19% in Pukekohe area and 22% in the Waikato District).
- When compared with the Waikato District, the catchment shows a higher proportion of 'Single Parent With Children' households (19% vs. 14%) whereas the district shows a higher proportion of 'Couple' and 'Two Parent Family' households. Less Two-Parent households can also contribute to lower average household incomes as there is a lower probability of there being multiple income earners per household.
- Residents within the catchment are also more likely to own the home that they live in, with 69% of households owning their own home which is higher than the Pukekohe Urban Area at 65%. This is a reflection of cheaper housing within the catchment.

4. POPULATION AND HOUSEHOLD FORECASTS

Table 1 displays the population and household growth projections within the Tuakau catchment. These projections are derived from the Property Economics Growth Model with the key inputs from the 2013 census population and household counts as the most recent factual base, Statistics NZ medium series projections and Waikato District Council projections and new residential building consent data 2000 - 2013.

TABLE 1: CATCHMENT POPULATION AND HOUSEHOLD FORECASTS

Tuakau Catchment	2014	2016	2021	2026	2031	2036	2041
Population	5,624	5,901	6,515	7,121	7,755	8,394	8,630
Households	2,000	2,120	2,399	2,680	2,981	3,283	3,405
Household Size	2.81	2.78	2.72	2.66	2.60	2.56	2.53
Population Growth (p.a.)		2.43%	2.00%	1.79%	1.72%	1.59%	0.56%
Household Growth (p.a.)		2.95%	2.50%	2.24%	2.15%	1.95%	0.73%

Source: Property Economics

For the purpose of this report, 2013 is classified as current (colour coded blue), year 2016 is classified as short term (colour coded yellow), year 2021 is classified as medium term (colour coded green) and years 2026 - 2041 are classified as long term (colour coded pink).

The Tuakau catchment has a current population base of around 5,600 people residing in around 2,000 households. This is expected to increase to around 8,600 people and 3,400 households over the forecast period to 2041. This represents population and household growth of around 53% and 70% respectively. In essence, the catchment is projected to experience average net growth of around 111 people and 52 households per annum over the next 27 years.

Comparatively, the Waikato District and Region are forecast to experience net population growths of 32% and 22% respectively over the same period, identifying this market as a 'hot spot' growth area within the wider district and region. This is the result of the likely 'spillover' effect from the strong growth projected for Auckland over the same period.

Table 1 also indicates that overall the number of households is increasing at a faster rate than the population (70% vs. 53% respectively in this market) due to a projected fall in the person per dwelling ratio over the forecast period. This is not isolated to the Tuakau catchment, but a trend projected to occur across the whole country due to an aging population, smaller families and a higher proportion of 'split' or single parent households.

This analysis shows potential for the catchment to generate significant economic benefits and retail growth going forward.

As a cautionary comment, Property Economics are aware of sizeable new resident developments in the former Franklin District Council area that are designed to accommodate significant levels of resident activity at more 'affordable' house price levels. These are likely to compete with Tuakau residential demand in the future and potentially soften the residential projection outlook for the Structure Plan area. These new developments are more accessible and attractive locations than Tuakau giving them a competitive advantage and include Karaka, Paerata and Pokeno.

5. RETAIL EXPENDITURE AND GFA PROJECTIONS

This section of the report estimates the level of retail expenditure that is generated in the identified catchment on an annualised basis in 2014 NZ dollars by retail sector.

Retail expenditure forecasts have been based on the aforementioned population and household growth projections as outlined in Section 4 and has been prepared using the Property Economics Retail Expenditure Model. A more detailed breakdown of the model and its inputs can be seen in Appendix 4, and a full list of the ANZSIC retail sectors and the store types contained within is attached in Appendix 5.

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

Note the figures below are in 2014 dollars and exclude the retail categories of:

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

The above sectors are not considered to be core retail expenditure, nor fundamental retail centre activities in terms of visibility, location, viability or functionality. Also excluded are trade based activities such as kitchen showrooms, plumbing stores, electrical stores, paint shops etc. for similar reasons.

It is important to note that the retail expenditure generated in the identified catchment does not necessarily equate to the sales of the retail stores within the catchment. Residents can freely travel in and out of the catchment, and they will typically choose the centres with their preferred range of stores, products, brands, proximity, accessibility and price points. A good quality centre will attract customers from beyond its catchment, whereas a low quality centre will have retail expenditure leakage out of its catchment. Therefore, the retail expenditure generated in a catchment represents the sales centres or retail stores within the catchment could potentially achieve.

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

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

Table 2 illustrates the total retail expenditure and floorspace forecasts for the identified catchment.

TABLE 2: TUAKAU RETAIL EXPENDITURE AND GFA FORECASTS

Tuakau Catchment - Total Retail	2014	2016	2021	2026	2031	2036	2041
Total Retail Expenditure (\$m)	\$39	\$42	\$48	\$54	\$61	\$68	\$73
Total Sustainable Net Floorspace (sqm)	6,303	6,680	7,638	8,641	9,733	10,948	11,698
Total Sustainable GFA (sqm)	9,004	9,543	10,911	12,345	13,904	15,640	16,712

Source: Property Economics

The core Tuakau catchment currently generates an estimated \$39m per annum in retail expenditure. To put this into context, the Waikato District currently generates approximately half a billion dollars of retail expenditure annually. The Tuakau market is projected to grow to \$73m per annum by 2041 (in 2014 NZ dollars), which equates to an average net increase in retail expenditure generation of around \$1.3m per year.

In total, the catchment can sustain around 9,000sqm of retail GFA currently, increasing to around 16,700sqm GFA by 2041, which equates to a growth in retail GFA of around 85%.

Applying a pragmatic commercial market lens, the Tuakau Township will primarily perform a convenience function along with some localised commercial and professional services. For this reason the report will focus on the retail sectors of Supermarket and Convenience, as it is within these markets that Tuakau's commercial centre will operate and compete in.

These are considered to be the retail sectors most relevant for analysis regarding the Tuakau Town Centre, and are a subset of the total market identified above.

5.1. SUPERMARKET RETAIL

Supermarket retail expenditure, also considered convenience retailing (albeit via a large store footprint), is estimated to represent around 75% of all food and beverage retail spend, and operates as a large format food store.

Table 3 illustrates the Supermarket retail expenditure generated in the Tuakau catchment (in 2014 NZ dollars), and the resulting level of sustainable GFA.

TABLE 3: TUAKAU SUPERMARKET RETAIL EXPENDITURE AND FLOORSPACE FORECASTS

Tuakau Catchment - Supermarket Retail	2014	2016	2021	2026	2031	2036	2041
Supermarket Retail Expenditure (\$m)	\$12	\$13	\$15	\$17	\$19	\$22	\$23
Supermarket Sustainable Net Floorspace (sqm)	1,238	1,313	1,501	1,698	1,911	2,150	2,297
Supermarket Sustainable GFA (sqm)	1,769	1,875	2,144	2,425	2,731	3,072	3,282

Source: Property Economics

The Tuakau catchment currently generates an estimated \$12m per annum in Supermarket retail expenditure. Over the forecast period this is estimated to increase by around 92% to approximately \$23m pa by 2041. This translates to a sustainable supermarket GFA of around 3,300sqm by 2041.

This is equivalent to one new modern supermarket, albeit once retail leakage (to Pukekohe predominately) is factor into this sector analysis, it is unlikely a new large format supermarket will be delivered to the Tuakau market in the foreseeable future. The opportunity over the next 10-15 years is to establish a smaller format supermarket store (approximately 1,500sqm GFA) to better meet the community's needs in this sector.

5.2. CONVENIENCE RETAIL

Convenience retail can be generally defined as stores used for quick stop and frequently required shopping, used primarily due to their close proximity to the customer. These stores are not exclusive to any one retail category with examples of such stores including, dairies, bakeries, fruit & vegetable stores, cafes and restaurants.

Nationwide, convenience retail spend (excluding Supermarket expenditure), is estimated to represent around 19% of all retail expenditure, and this ratio has been adopted for the purpose of this analysis given the minimal variation at a localised level. In order to provide a more detailed understanding of convenience retail, a more comprehensive list of convenience store types is provided in Appendix 6.

Table 4 illustrates Convenience retail expenditure generated in the Tuakau catchment and the resulting level of sustainable retail GFA.

TABLE 4: TUAKAU CONVENIENCE EXPENDITURE AND GFA FORECASTS

Tuakau Catchment - Convenience Retail	2014	2016	2021	2026	2031	2036	2041
Convenience Retail Expenditure (\$m)	\$7	\$8	\$9	\$10	\$11	\$13	\$14
Convenience Sustainable Net Floorspace (sqm)	1,024	1,085	1,241	1,404	1,581	1,779	1,900
Convenience Sustainable GFA (sqm)	1,463	1,551	1,773	2,006	2,259	2,541	2,715

Source: Property Economics

The Tuakau catchment is currently estimated to generate around \$7m per annum (rounded) of Convenience retail expenditure. Growth in this Convenience market is estimated to increase by 100% by the end of the assessed period to \$14m per annum. Total sustainable Convenience retail GFA in the catchment is estimated to be around 1,500sqm at present, increasing to around 2,700sqm by 2041.

6. CURRENT RETAIL SUPPLY

In February 2014 Property Economics undertook a retail audit of centre retail activity within the Tuakau catchment. This involved measuring the net retail floorspace of all operational and vacant retail stores within the centres by sector. These figures were then translated to GFA using an average 70% net to GFA ratio.

The summarised results of the audit are displayed below in Table 5 and show the current retail provision within the town centre by each ANZSIC retail sector. The store types classified in each retail sector for reference are identified in Appendix 5.

TABLE 5: TUAKAU RETAIL AUDIT FEBRUARY 2014

Tuakau	Store #	GFA (sqm)	Store %	GFA %
Supermarket	1	420	2%	5%
Food retailing	8	1,296	20%	15%
Clothing, footwear and personal accessories retailing	1	87	2%	1%
Furniture, floor coverings, houseware and textile goods retailing				
Electrical and electronic goods retailing				
Pharmaceutical and personal care goods retailing	2	300	5%	3%
Department stores				
Recreational goods retailing	1	143	2%	2%
Other goods retailing	8	2,313	20%	26%
Food and beverage services	15	1,987	37%	22%
Vacant	4	1,150	10%	13%
Under Construction	1	1,151	2%	13%
Total	41	8,847	100%	100%

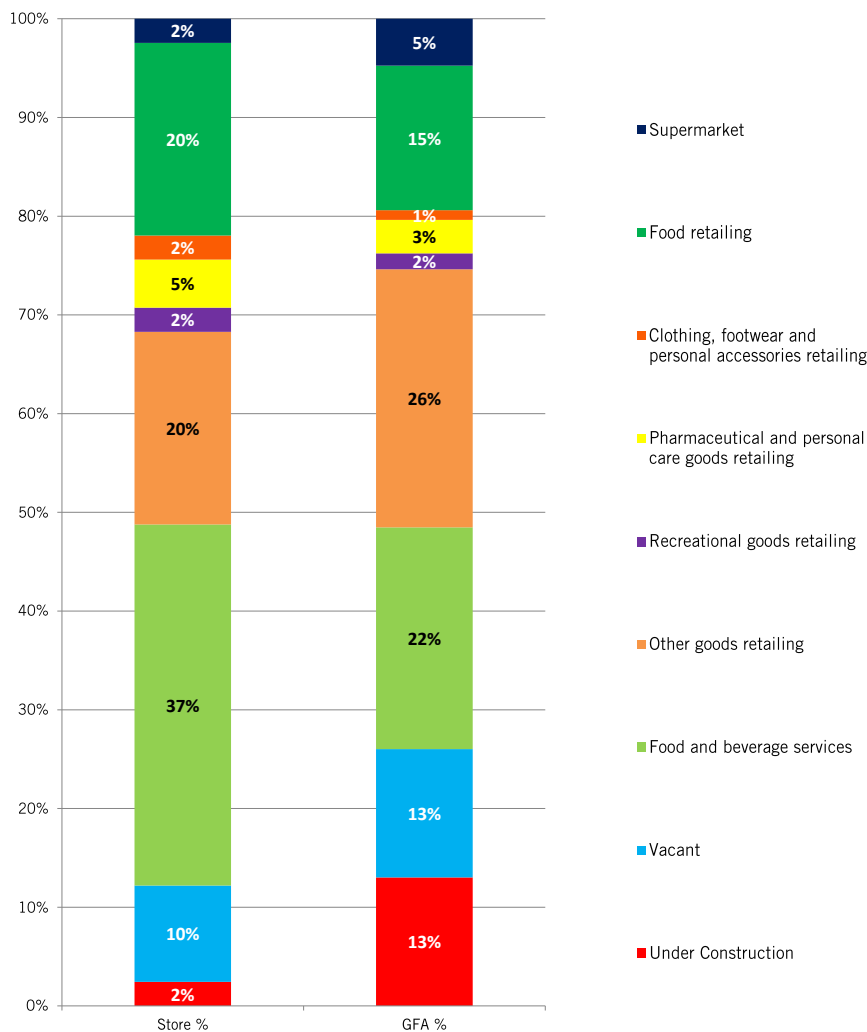
Source: Property Economics

Within the Tuakau Township, there are currently 41 retail stores encompassing an estimated 8,900sqm (rounded) of retail GFA. Current vacancy levels in the centre total 4 stores, covering an estimated 1,200sqm in GFA. This represents 10% of total centre retail activity by store number and 13% by GFA. Given the post-GFC 'downturn' and slow recovery in the retail market nationally, this vacancy level is not uncommon albeit considered high.

It is worth noting the survey represents a 'snapshot' in time and retail stores are constantly opening, closing and relocating due to a variety of individual store and owner circumstances, and is a reflection of the competitive nature and changing trends of both consumers and the retail market. In this regard the retail market is fluid and undergoing constant change. Given this, the vacancy percentage within the catchment is of a concerning level at this point, and improvement is considered necessary to elevate the quality and performance of the town centre, and the amenity it affords the community it services.

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

FIGURE 2: TUAKAU TOWN CENTRE RETAIL COMPOSITION FEBRUARY 2014



Source: Property Economics

The retail sector representing the largest proportion of the market in terms of store count is Food and Beverage services (i.e. cafes, restaurants, pubs, taverns, bars and takeaways) with 15 stores, or 37% of the total retail market by store number. This is not surprising for a convenience and service oriented centre, and helps define the centre's role and function in the market, though it is the quality and scope of the offer that is important.

Other Goods Retailing is another important retail sector in terms of store count with 8 stores representing 20% of the total market. This proportion is of some concern as 'Others Stores' often represent smaller low quality, second hand and unbranded store types that do not perform or generate the same level of retail productivity as stores in other sectors. These store types can affect the long term vitality, quality and 'health' of the centre, whereby the trading productivity per sqm is generally lower for 'Other Stores', requiring lower rental rates for sustainability while lowering overall attractiveness and amenity of a centre. As this happens rental rates for other locations can fall as a result leading to more 'Other Stores' causing a snowballing downward effect.

Equally important is Food Retailing which also totals 8 stores or 20% of the market and further defines the Tuakau Town Centre as a crucial convenience hub for the localised catchment.

It is worth noting the GFA occupied by the Supermarket retail sector is relatively small when compared with other towns of a similar size. This represents one SuperValue store in the town centre. This store has the potential to expand in the future as the market grows, and should be encouraged to expand to improve the performance and self-sufficiency of the Tuakau market moving forward. Enabling a larger supermarket is a critical component of the structure planning process given their fundamental role in the community.

Note this data only reflects the retail activity in the town centre audited, and not the total GFA of the centre as it excludes non-retail activity such as commercial services, community, recreational, etc., which all add to the centre's role, function and attraction.

Table 6 drills down into the retail audit further by accessing store numbers across three store size categories, namely 0 - 499sqm, 500 - 999sqm and 1,000sqm GFA plus. This has been undertaken to differentiate between Specialty and LFR store types.

TABLE 6: TUAKAU TOWN CENTRE STORE SIZE BREAKDOWN

Tuakau	Store #				GFA (sqm)			
	0-500	500-1000	1000+	Total	0-500	500-1000	1000+	Total
Supermarket	1			1	420			420
Food retailing	8			8	1,296			1,296
Clothing, footwear and personal accessories retailing	1			1	87			87
Furniture, floor coverings, houseware and textile goods retailing								
Electrical and electronic goods retailing								
Pharmaceutical and personal care goods retailing	2			2	300			300
Department stores								
Recreational goods retailing	1			1	143			143
Other goods retailing	6	2		8	934	1,379		2,313
Food and beverage services	15			15	1,987			1,987
Vacant	3	1		4	513	637		1,150
Under Construction				1			1,151	1,151
Total	37	3	1	41	5,680	2,016	1,151	8,847
%	90%	7%	2%	100%	64%	23%	13%	100%

Source: Property Economics

This sheds somewhat of a different light on the structure of the current retail provision in the Tuakau Town Centre. At present, a substantial 90% of the retail stores in the catchment are smaller (below 500sqm) Speciality and Convenience stores, however these store types represent a proportionally lower 64% of total retail GFA within the town.

This shows these smaller Specialty and Convenience type stores represent the core of the retail offer and are crucial for the catchment moving forward and to the ongoing 'health' of the Tuakau Town Centre.

The LFR offering in Tuakau is currently dominated by 'Other Stores' (antiques and opportunity shop) as well a large vacant site and a substantial retail space that is under construction in The Palms.

Realistically Tuakau is unlikely to experience consequential LFR development. These store types are provided and serviced in Pukekohe (and beyond in Auckland) and therefore these sectors are unlikely to form a material component of the future Tuakau Town Centre composition or Structure Plan process. There is simply not the level of demand in the catchment (current and forecast) to sustain branded LFR stores.

7. RETAIL SUPPLY VS. SUSTAINABLE DEMAND

This section of the report compares the total existing retail provision within the catchment, as outlined in Section 6 against forecast sustainable retail demand as determined in Section 5. The information presented in the tables in this section illustrates variation in forecast sustainable demand against existing supply, providing an overview of the supply vs. demand differential of the identified market over the assessed period.

It is important to note that retail supply does not, and is unlikely to, exactly match sustainable retail GFA. Therefore figures presented in the tables should not be regarded as strict guidelines towards what is appropriate to provide. The key component of the tables is identifying the 'Differential' which in effect provides a 'net position' on the demand / supply analysis. This analysis gives a snapshot of any current under / oversupply and gaps in the market that could be taken advantage of and to guide the strategic direction considered appropriate for Council to move towards.

Table 7 illustrates the existing supply vs. current and forecast sustainable GFA demand within the catchment with a breakdown by Supermarket and Convenience retail sectors.

TABLE 7: CATCHMENT EXISTING SUPPLY VS. SUSTAINABLE GFA DEMAND

Tuakau Catchment - Total Retail	2014	2016	2021	2026	2031	2036	2041
Sustainable Demand	9,004	9,543	10,911	12,345	13,904	15,640	16,712
Existing Provision	8,847	8,847	8,847	8,847	8,847	8,847	8,847
Differential (Shortfall)	157	696	2,064	3,498	5,057	6,793	7,865

Tuakau Catchment - Supermarket Retail	2014	2016	2021	2026	2031	2036	2041
Sustainable Demand	1,769	1,875	2,144	2,425	2,731	3,072	3,282
Existing Provision	420	420	420	420	420	420	420
Differential (Shortfall)	1,349	1,455	1,724	2,005	2,311	2,652	2,862

Tuakau Catchment - Convenience Retail	2014	2016	2021	2026	2031	2036	2041
Sustainable Demand	1,463	1,551	1,773	2,006	2,259	2,541	2,715
Existing Provision	3,583	3,583	3,583	3,583	3,583	3,583	3,583
Differential (Shortfall)	-2,120	-2,032	-1,810	-1,577	-1,324	-1,042	-868

Source: Property Economics

Within the assessed economic catchment, there is a current estimated net differential where sustainable demand exceeds on-the-ground supply by around 200sqm. In effect the market is in a theoretical approximate equilibrium if all retail expenditure was internalised. However, once likely retail leakage is factored in (estimated at over 50%) then a more realistic picture of the market reality is provided.

The current theoretical shortfall in market supply becomes more pronounced moving forward as the market grows. By 2041, the theoretical shortfall is estimated to be around 7,900sqm GFA without any further retail development within the catchment. Assuming around 50% leakage (considered likely to be slightly higher but outside the scope of this report to quantify), then the sustainable GFA is approximately equivalent to current supply, suggesting no additional GFA is requirement to meet future demand. Market growth is better channelled into the existing GFA provision to make it more sustainable and higher quality.

Further to this, it is Property Economics' opinion that the growth projections are optimistic, and given the existing Tuakau Town Centre composition, role and function, it is unlikely that the centre will expand on its role over the foreseeable future, and should therefore focus on its Supermarket and Convenience retail offerings.

When splitting the market into Supermarket and Convenience retail a slightly different picture begins to emerge.

In regards to Supermarket retail provision, there is currently a net surplus of sustainable demand when assessed against on-the-ground supply of around 1,400sqm GFA, based on there being very little supermarket provision within the catchment at present. This is estimated to increase to around 2,900sqm by the end of the forecast period, indicating that there is demand for a larger supermarket provision within the Tuakau Town Centre once future growth is realised.

Given that the town centre currently has one small SuperValue supermarket, additional provision would be best provided by expanding and upgrading this store. Supermarket retail is an important component for town centres as they act as an 'anchor'³ tenant for the centre with a higher propensity to attract customers, leading to flow-on benefits such as cross-shopping (i.e. customers going to the Tuakau Town Centre for supermarket retail and utilise other shops in the same trip).

In terms of Convenience retail, the analysis in the report estimates a market which is currently oversupplied by around 2,100sqm of GFA, estimated to decrease to an oversupply of 900sqm by 2041 as market growth occurs.

³ 'Anchor Stores' are typically the larger, branded retail chains in a centre that attracts the most significant custom such as department stores (Farmers, The Warehouse) and supermarkets (Pak'N Save, Countdown) in retail centres.

In a wider market situation where an oversupply exists, the level of sales may be 'squeezed' across all retailers within their retail sector, resulting in retail stores trading at lower productivity levels. It is likely this scenario is occurring within Tuakau, with Convenience retailers operating at lower than average levels of productivity. This affects retail quality and amenity afforded consumers, lowering the retail experience across the board.

8. EMPLOYMENT ACTIVITY

This section breaks down the temporal trended employment composition of the Tuakau Catchment since the year 2000. The report then projects the commercial office employment component of this market out to 2041 (complementing the previous retail sector projections), and quantifies these projections in terms of GFA and land area requirements.

Table 8 highlights the employment trends of the Tuakau Catchment on a temporal basis to identify the changing compositions of the Tuakau market by sector, and consequently each sector's performance relative to the wider market in terms of employment since 2000.

TABLE 8: TUAKAU EMPLOYMENT TRENDS 2000-2013

Tuakau Catchment	2000	2006	2008	2012	2013
Industrial	421	428	375	345	384
Retail	110	103	95	102	111
Commercial	61	117	123	113	77
Other	473	549	522	490	483
Total	1,065	1,196	1,116	1,050	1,055
New Zealand	1,584,603	1,888,502	1,968,850	1,927,338	1,941,209

Source: Statistics NZ

Overall, the Tuakau employment base has declined marginally (0.9%) over the assessed period, whereas over the same period New Zealand's employment base grew by 22.5%. This suggests the Tuakau economy (in terms of employment) has not grown at the same rate as the wider market despite the healthy growth within the country, and indicates the catchment's economy has a lower level of relevance in 2013, in the region and nationally, than it did over a decade ago.

A key reason for the declining trend discussed above is the falling employment base within the industrial sectors. The net retail employment base remained stagnant, while commercial office activity grew slightly. Overall, the Tuakau market experienced a net employment base decline of 10 employees, basically representing a 'flat lining' of employment growth over the last decade.

Table 11 projects the commercial office sector demand out to 2031 for the Tuakau catchment to estimate the level of GFA and land required to meet estimated 'new' demand over the period.

TABLE 9: TUAKAU TOWN CENTRE COMMERCIAL OFFICE GROWTH PROJECTIONS

Tuakau Catchment	2016	2021	2026	2031	2036	2041	Total
Floor Area GFA (sqm)	140	302	332	545	604	1,019	2,942
Land Area (Ha)	0.0	0.1	0.1	0.1	0.2	0.3	0.7

Source: Property Economics

The estimated net GFA requirement, which is most appropriately provided in the Tuakau Town Centre as a result of projected commercial sector office employment growth is forecast to total around 2,950sqm GFA. This results in an 'at grade' land requirement of around 0.7ha (rounded). However, some of this 'growth' could be accommodated in existing vacant space within the town centre, so the reality in this instance is that only a small proportion of new commercial office GFA is required to be developed in the town centre to accommodate future growth in these sectors.

On this basis the 0.7ha land requirement reduces, but ultimately the land requirement can comfortably be accommodated within the existing town centre zone.

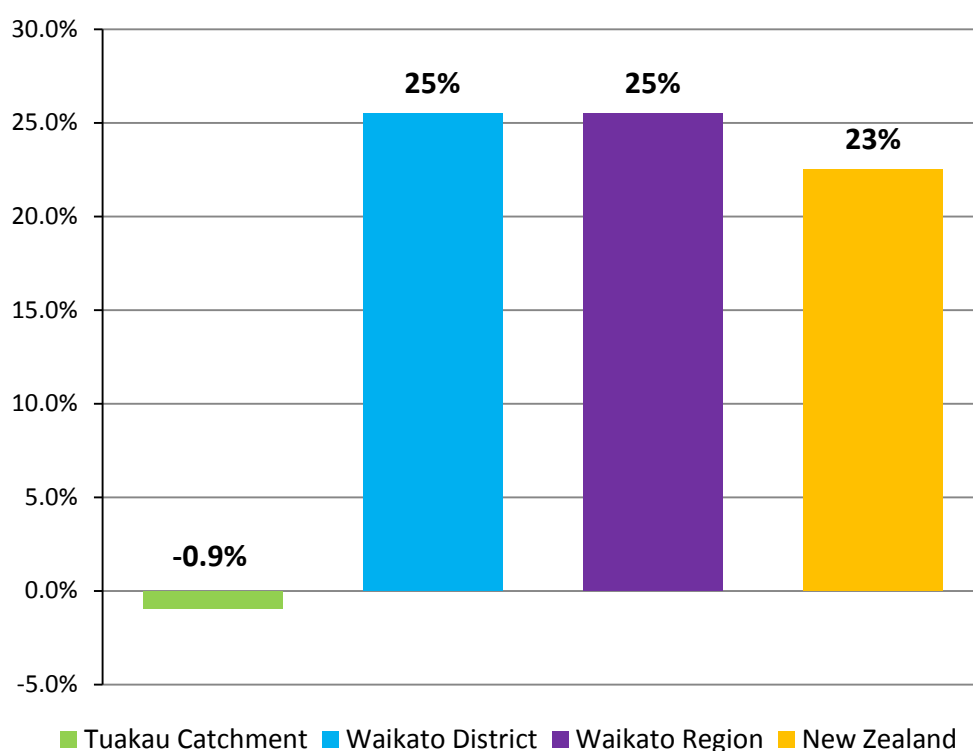
This is a similar prognosis to the retail sector analysis. That is, projected growth over the 2014-2031 planning horizon can comfortably be accommodated in the existing built form of the town centre as a result of surplus and underperforming space currently. A caveat should be placed on this conclusion pending the outcome of any heritage building assessments and earthquake strengthening requirements to bring some of the town centre buildings up to current building code requirements. However, given the level of vacancy within the town centre, it is unlikely the conclusion would change.

Given the level of retail and commercial growth and land requirements, Property Economics considers the appropriate planning response for the Structure Plan process would be to consolidate town centre activity into the existing bounds of the town centre built form, and not let retail and commercial development be developed in an ad hoc manner around the catchment. This approach would lead to higher productivity, performance, vitality, accessibility and social and economic wellbeing for the community the Tuakau Town Centre services.

8.1. RELATIVE TOWN CENTRE PERFORMANCE

Figure 3 quantifies the performance of the retail and commercial employment sectors of the Tuakau Town Centre specifically on a comparative basis against the District, Region and wider NZ markets. These sectors are the two most important sectors to a town centre in terms of their role and function they play in the market, and centre composition.

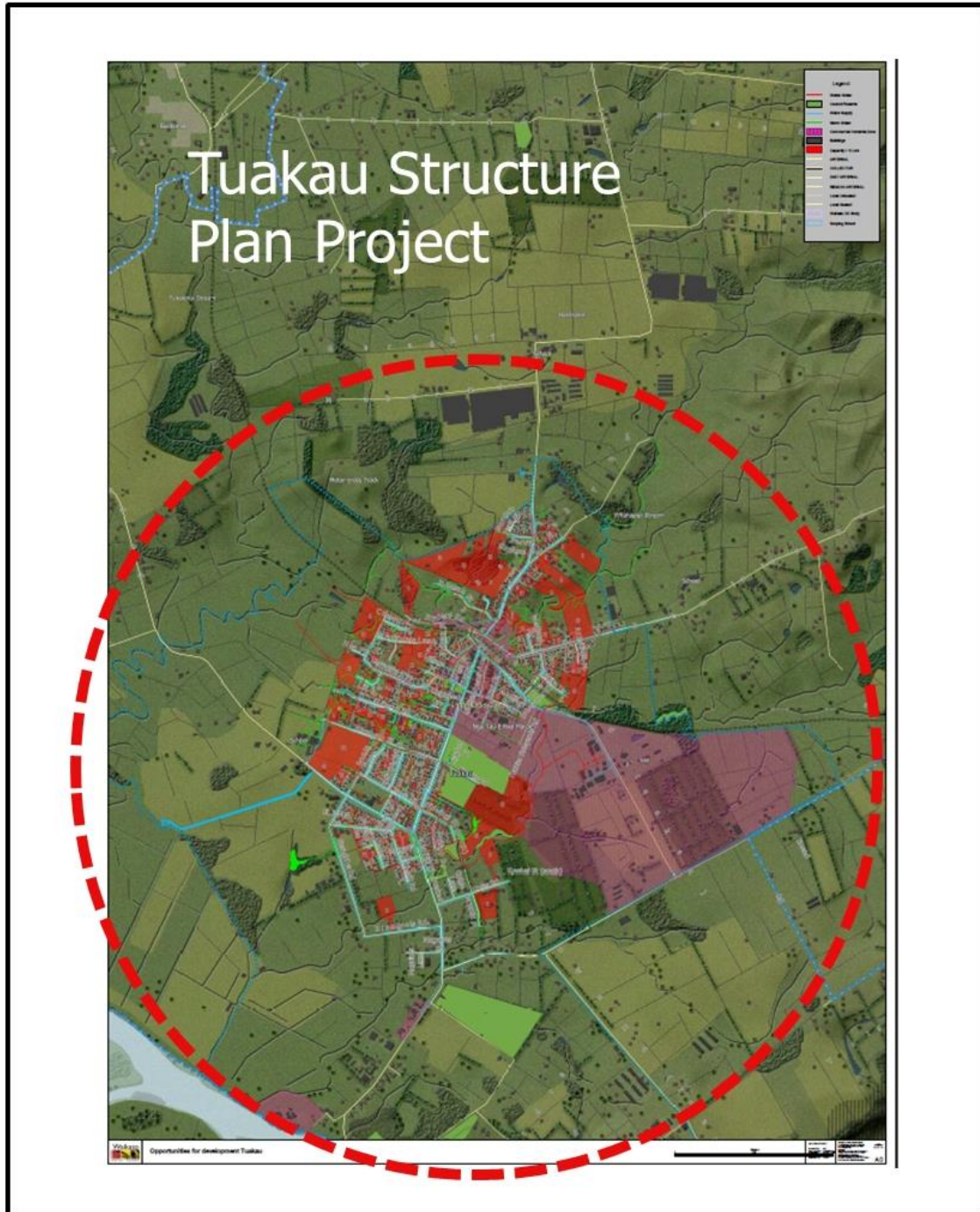
FIGURE 3: RETAIL AND COMMERCIAL EMPLOYMENT GROWTH 2000-2013



Source: *Property Economics*

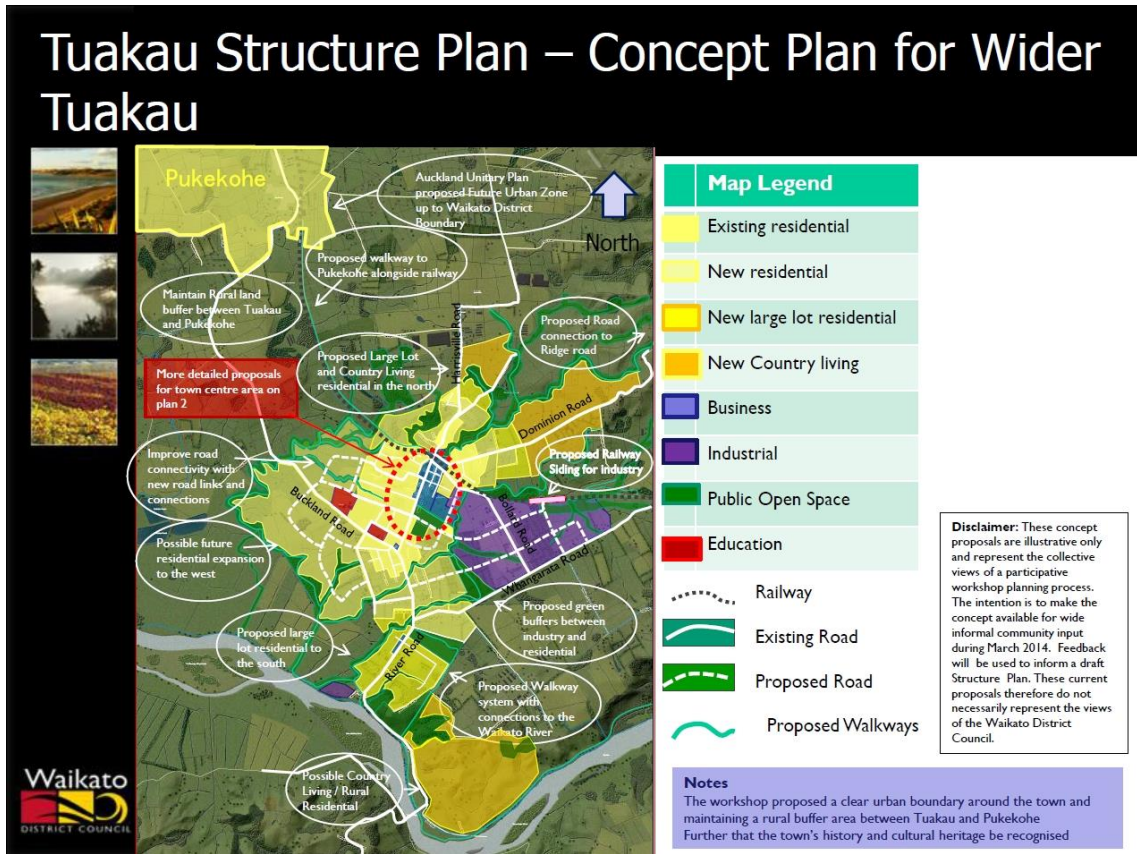
Figure 3 clearly highlights the lower and slower level of retail and commercial employment growth within Tuakau over the last decade. The interesting aspect of Figure 3 is the level of growth experienced in the surrounding markets compared against the relatively poor showing for Tuakau. This supports the earlier proposition that Tuakau is losing relevant as a commercial centre.

APPENDIX : 1 TUAKAU STUDY AREA



Source: Waikato District Council

APPENDIX : 2 CONCEPT PLAN FOR WIDER TUAKAU



Source: Waikato District Council

APPENDIX : 3 DEMOGRAPHIC PROFILING

GENERAL	Tuakau Catchment	Pukekohe Urban Area	Waikato District
Population	5,624	19,806	66,422
Households	2,000	7,285	24,045
Person Per Dwelling Ratio	2.8	2.7	2.8

AGE PROFILE	Tuakau Catchment	Pukekohe Urban Area	Waikato District
Average Age	33	34	35
0-9 years	19%	17%	17%
10-19 years	15%	16%	16%
20-29 years	11%	11%	10%
30-39 years	16%	16%	14%
40-49 years	15%	14%	16%
50-64 years	15%	14%	17%
65 plus years	9%	12%	10%

HOUSEHOLD INCOME PROFILE	Tuakau Catchment	Pukekohe Urban Area	Waikato District
Average (pa)	\$68,615	\$72,135	\$73,719
\$0-\$30,000 (pa)	28%	27%	26%
\$30,001-\$50,000 (pa)	23%	19%	19%
\$50,001-\$70,000 (pa)	18%	17%	17%
\$70,001-\$100,000 (pa)	15%	18%	17%
\$100,001 plus (pa)	16%	19%	22%

EMPLOYMENT	Tuakau Catchment	Pukekohe Urban Area	Waikato District
Employed - Full Time	76%	76%	74%
Employed - Part Time	19%	19%	21%
Not in Labour Force	27%	31%	28%

YEARS AT RESIDENCE	Tuakau Catchment	Pukekohe Urban Area	Waikato District
Less Than 5 Years	63%	64%	55%
5 - 14 Years	25%	23%	28%
15 Plus Years	12%	12%	17%

IMMIGRATION	Tuakau Catchment	Pukekohe Urban Area	Waikato District
NZ Born	91%	85%	93%
Immigrated 0-9 Years Ago	4%	8%	3%
Immigrated 10-19 Years Ago	2%	2%	1%
Immigrated 20 Plus Years Ago	3%	5%	3%

ETHNICITY	Tuakau Catchment	Pukekohe Urban Area	Waikato District
European Ethnic Groups	59%	61%	63%
Māori Ethnic Group	26%	17%	22%
Pacific Peoples' Ethnic Groups	4%	5%	2%
Asian Ethnic Groups	4%	7%	3%
MELAA Ethnic Groups	0%	0%	0%
Other Ethnic Groups	7%	8%	10%

QUALIFICATION ATTAINMENT	Tuakau Catchment	Pukekohe Urban Area	Waikato District
No Qualification	33%	27%	27%
Secondary School	34%	35%	33%
Trade / Vocational	15%	18%	18%
Bachelor Degree	5%	7%	7%
Higher Degree	1%	2%	3%
Other	13%	12%	13%

INDUSTRY OF EMPLOYMENT	Tuakau Catchment	Pukekohe Urban Area	Waikato District
White Collar	56%	65%	65%
Blue Collar	44%	35%	35%

STUDENT PROPORTIONS	Tuakau Catchment	Pukekohe Urban Area	Waikato District
Full Time	6%	7%	8%
Part Time	5%	5%	5%
Not Studying	89%	88%	87%

SOURCE OF INCOME	Tuakau Catchment	Pukekohe Urban Area	Waikato District
Unemployment Benefit	2%	2%	2%
Self Employed/Own Business	12%	10%	17%
Wages/Salary	47%	45%	40%
Other Income	35%	40%	37%
No Income	4%	4%	4%

WEEKLY HOURS WORKED	Tuakau Catchment	Pukekohe Urban Area	Waikato District
1 hr - 19 hrs	12%	12%	13%
20 hrs - 39 hrs	19%	20%	20%
40 hrs - 59 hrs	59%	59%	51%
60 plus hrs	10%	9%	16%

NUMBER OF RESIDENTS	Tuakau Catchment	Pukekohe Urban Area	Waikato District
1 Residents	17%	22%	18%
2 Residents	32%	31%	34%
3 Residents	18%	17%	17%
4 Residents	16%	16%	16%
5 Residents	9%	8%	9%
6 Residents	5%	3%	4%
7 Residents	1%	1%	1%
8 Plus Residents	1%	1%	1%

HOUSEHOLD STRUCTURE	Tuakau Catchment	Pukekohe Urban Area	Waikato District
Single	17%	22%	17%
Couple	27%	26%	30%
Single Parent With Children	19%	15%	14%
Two Parent Family	34%	34%	36%
Other Multi-person	3%	3%	3%

HOME OWNERSHIP	Tuakau Catchment	Pukekohe Urban Area	Waikato District
Residents Own / Mortgage	69%	65%	70%
Rent	31%	35%	30%

APPENDIX : 4 RETAIL EXPENDITURE MODEL

This overview outlines the methodology that has been used to estimate retail spend generated at Meshblock (MB) level for the identified catchments out to 2031.

Statistics New Zealand Boundaries

Analysis has been based on Meshblock and Census Area Unit (CAU) 2006 / 2013 boundaries, depending on the format of the most recently available datasets.

Permanent Private Households (PPH) 2013

These are the total Occupied Households as determined by the Census 2013. PPHs are the primary basis of retail spend generation and account for approximately 66% of all retail sales. PPHs have regard for (exclude) the proportion of dwellings that are vacant at any one time in a locality, which can vary significantly, and in this respect account for the movement of some domestic tourists.

Permanent Private Household Forecasts 2013-2031

These are based on Statistics NZ Census Area Unit (CAU) Medium Series Population Growth Projections and have been adjusted to account for residential building consent activity occurring between 2006 and 2013, with this extrapolated to the year of concern. This accounts for recent building activity, particularly important for the 5-10 year forecasts, and effectively updates Statistics NZ projections to reflect recent trends. Geo-spatial differences in growth between 2006 and 2013 CAUs and MBs have been accounted for with a pro rata distribution.

International Tourist Spend

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

Total Tourist Spend Forecast

Growth is conservatively forecast in the model at 2% per annum for the 2014-2031 period.

2013-2031 PPH Average Household Retail Spend

This has been determined by analysing the national relationship between PPH average household income (by income bracket) as determined by the 2006 Census, and the average PPH expenditure of retail goods (by income bracket) as determined by the Household Economic Survey (HES) prepared by Statistics NZ.

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

Real Retail Spend Growth (excl. trade based retailing)

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

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

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

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

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

Internet Retail Spend Growth

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

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

Additionally, growth of internet retailing for virtual stores, auctions and overseas stores is leading to a decrease in on-the-ground spend and floorspace demand. In order to account for this, a non-linear percentage decrease of 6.3% in 2016 growing to 10% by 2031 has been applied to retail expenditure encompassing all retail categories in our retail model. These losses represent the retail diversion from on-the-ground stores to internet based retailing that will no longer contribute to retail floorspace demand.

Retail Spend Determinants

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

Retail Spend Economic Variables

Income levels and household MPC are directly influenced by several macroeconomic variables that will alter the amount of spend. Real retail growth does not rely on the base determinants

changing but a change in the financial and economic environment under which these determinants operate. These variables include:

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

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

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

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

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

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

Economic/Income growth: Income growth has a similar impact to confidence. Although a large proportion of this growth may not impact upon households MPC (rather just increasing the

income determinant) it does impact upon households discretionary spending and therefore likely retail spend.

Mandatory Expenses: The cost of goods and services that are necessary has an impact on the level of discretionary income that is available from a households disposal income. Important factors include housing costs and oil prices. As these increase the level of household discretionary income drops reducing the likely real retail growth rate.

Current and Future Conditions

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

Over the years 2008 – 2012 this trend reversed with the worldwide GFC recession taken grip. As such, the economic environment underwent rapid transformation. The national market is currently experiencing low interest rates (although expected to increase over this coming year) and a highly inflated \$NZ (increasing importing however disproportionately). Now emerging is a rebound in the property market and in general business confidence as the economy starts to recover from the post-GFC hangover. These factors will continue to influence retail spending throughout the next 5 or so years. Given the previous years (pre-2008) substantial growth and high levels of debt repayment likely to be experienced by New Zealand households, it is expected that real retail growth rates will continue to be subdued for the short term.

Impacts of Changing Retail Spend

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

Business Spend

This is the total retail spend generated by businesses. This has been determined by subtracting PPH retail spend and Tourist retail spend from the Total Retail Sales as determined by the Retail Trade Survey (RTS) which is prepared by Statistics NZ. All categories are included with the exception of accommodation and automotive related spend. In total, Business Spend accounts for 18% 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 2014-2031

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

APPENDIX : 5 ANZSIC RETAIL CATEGORIES

AUSTRALIAN AND NEW ZEALAND STANDARD INDUSTRIAL CLASSIFICATION (ANZSIC) 2006

DIVISION G – RETAIL TRADE

The Retail Trade Division includes units mainly engaged in the purchase and onselling of goods, without significant transformation, to the general public. Units are classified to the Retail Trade Division in the first instance if they buy goods and then onsell them (including on a commission basis) to the general public. Retail units generally operate from premises located and designed to attract a high volume of walk-in customers, have an extensive display of goods, and/or use mass media advertising designed to attract customers. The display and advertising of goods may be physical or electronic.

Physical display and advertising includes shops, printed catalogues, billboards and print advertisements. Electronic display and advertising includes catalogues, internet websites, television and radio advertisements and infomercials. While non-store retailers, by definition, do not possess the physical characteristics of traditional retail units with a physical shop-front location, these units share the requisite function of the purchasing and onselling of goods to the general public, and are therefore included in this division.

A unit which sells to both businesses and the general public will be classified to the Retail Trade Division if it operates from shop-front premises, arranges and displays stock to attract a high proportion of walk-in customers and utilises mass media advertising to attract customers.

The buying of goods for resale to the general public is a characteristic of Retail Trade units that distinguishes them from units in the Agriculture, Forestry and Fishing; Manufacturing; and Construction industries. For example, farms that sell their products, at or from, the point of production are not classified in Retail Trade, but rather in Agriculture as the production of agricultural output are these units primary activity. Units in all these industries provide their output to the market for sale. Similarly, units that both manufacture and sell their products to the general public are not classified in Retail Trade, but rather in Manufacturing.

Wholesale units also engage in the buying of goods for resale, but typically operate from a warehouse or office and neither the design nor the location of these premises is intended to solicit a high volume of walk-in traffic. In general, wholesale units have large storage facilities and small display area, while the reverse is true for retail units. Units in Retail often undertake non-retail secondary activities, such as watch and jewellery stores, that undertake repairs of these goods as well as retailing new items. However, units whose primary activity is the provision of repair and maintenance services are excluded from this division, and are classified to the Other Services Division.

411 SUPERMARKET AND GROCERY STORES

4110 Supermarket and Grocery Stores

This class consists of units mainly engaged in retailing groceries or non-specialised food lines (including convenience stores), whether or not the selling is organised on a self-service basis.

Primary activities

- Convenience store operation
- Grocery retailing
- Grocery supermarket operation

Exclusions/References

Units mainly engaged in retailing specialised food lines are included in the appropriate classes of Group 412 Specialised Food Retailing.

412 SPECIALISED FOOD RETAILING

4121 Fresh Meat, Fish and Poultry Retailing

This class consists of units mainly engaged in retailing fresh meat, fish or poultry.

Primary Activities

- Butcher's shop operation (retail)
- Fish, fresh, retailing
- Meat, fresh, retailing
- Poultry, fresh, retailing
- Seafood, fresh, retailing

4122 Fruit and Vegetable Retailing

This class consists of units mainly engaged in retailing fresh fruit or vegetables.

Primary activities

- Fruit, fresh, retailing
- Greengrocery operation (retail)
- Vegetable, fresh, retailing

4123 Liquor Retailing

This class consists of units mainly engaged in retailing beer, wine or spirits for consumption off the premises only.

Primary activities

- Alcoholic beverage retailing (for consumption off the premises only)

Exclusions/References

Units mainly engaged in selling alcoholic beverages for consumption on the premises, such as hotels, bars and similar units (except hospitality clubs), are included in Class 4520 Pubs, Taverns and Bars.

4129 Other Specialised Food Retailing

This class consists of units mainly engaged in retailing specialised food lines, such as confectionery or smallgoods or bread and cakes (not manufactured on the same premises).

Primary activities

- Biscuit retailing (not manufactured on the same premises)
- Bread retailing (not manufactured on the same premises)
- Bread vendor (not manufactured on the same premises)
- Cake retailing (not manufactured on the same premises)
- Confectionery retailing
- Non-alcoholic drinks retailing
- Pastry retailing (not manufactured on the same premises)
- Smallgoods retailing
- Specialised food retailing n.e.c.

Exclusions/References

Units mainly engaged in

- retailing a wide range of food lines are included in Class 4110 Supermarket and Grocery Stores;
- providing food services for immediate consumption for taking away or consumption in limited seating areas are included in Class 4512 Takeaway Food Services;
- manufacturing bakery products and selling those products from the same premises are included in Class 1174 Bakery Product Manufacturing (Non-factory based); and
- retailing food through vending machines or other non-store means (except mobile vans) are included in Class 4310 Non-Store Retailing.

421 FURNITURE, FLOOR COVERINGS, HOUSEWARE AND TEXTILE GOODS RETAILING

4211 Furniture Retailing

This class consists of units mainly engaged in retailing furniture, blinds or awnings.

Primary activities

- Antique reproduction furniture retailing
- Awning retailing
- Blind retailing
- Furniture retailing
- Mattress retailing

Exclusions/References

Units mainly engaged in

- the installation of household blinds or awnings are included in Class 3239 Other Building Installation Services;

- manufacturing blinds or awnings are included in the appropriate classes of Division C Manufacturing, according to the materials used in the manufacturing process;
- retailing second-hand or antique furniture are included in Class 4273 Antique and Used Goods Retailing; and
- retailing curtains are included in Class 4214 Manchester and Other Textile Goods Retailing.

4212 Floor Coverings Retailing

This class consists of units mainly engaged in retailing floor coverings (except ceramic floor tiles).

Primary activities

- Carpet retailing
- Floor coverings retailing (except ceramic floor tiles)
- Floor rug retailing
- Floor tile retailing (lino, vinyl, cork, carpet or rubber)
- Parquetry retailing

Exclusions/References

Units mainly engaged in

- laying floor coverings are included in the appropriate classes of Division E Construction; and
- retailing ceramic floor tiles are included in Class 4231 Hardware and Building Supplies Retailing.

4213 Houseware Retailing

This class consists of units mainly engaged in retailing kitchenware, china, glassware, silverware or other houseware goods.

Primary activities

- Brushware retailing
- Chinaware retailing
- Cooking utensil retailing (except electric)
- Crockery retailing
- Cutlery retailing
- Enamelware retailing
- Glassware retailing
- Kitchenware retailing
- Picnicware retailing
- Plastic container retailing
- Silverware retailing

Exclusions/References

Units mainly engaged in retailing electric cooking utensils are included in Class 4221 Electrical, Electronic and Gas Appliance Retailing.

4214 Manchester and Other Textile Goods Retailing

This class consists of units mainly engaged in retailing fabrics, curtains or household textiles.

Primary activities

- Blanket retailing
- Curtain retailing
- Dressmaking requisites retailing
- Fabric, textile, retailing
- Household textile retailing
- Linen retailing
- Piece-goods retailing
- Soft furnishing retailing
- Yarn retailing

Exclusions/References

Units mainly engaged in

- installing awnings, blinds, shutters or curtains are included in Class 3239 Other Building Installation Services; and
- manufacturing curtains or cushions are included in Class 1333 Cut and Sewn Textile Product Manufacturing.

422 ELECTRICAL AND ELECTRONIC GOODS RETAILING

4221 Electrical, Electronic and Gas Appliance Retailing

This class consists of units mainly engaged in retailing electrical, electronic or gas appliances (except computers and computer peripherals).

Primary activities

- Air conditioner retailing
- Appliance, electric, retailing
- Barbecue retailing
- Camera retailing
- Compact disc player retailing
- Cooking utensil, electric, retailing
- Digital versatile disc (DVD) player retailing
- Electronic beeper retailing
- Fan, electric, retailing
- Floor polisher, electric, retailing
- Gas appliance retailing
- Heating equipment, electric or gas, retailing
- Mobile phone retailing
- Modem retailing
- Pager retailing
- Pocket calculator, electronic, retailing

- Projector retailing
- Radio receiving set retailing (except car radios)
- Refrigerator, retailing
- Shaver, electric, retailing
- Sound reproducing equipment retailing
- Stereo retailing
- Stove, retailing
- Television antennae retailing
- Television set retailing
- Two-way radio equipment retailing
- Vacuum cleaner retailing
- Video cassette recorder (VCR) retailing
- Washing machine retailing

Exclusions/References

Units mainly engaged in

- retailing computer or computer peripheral equipment are included in Class 4222 Computer and Computer Peripheral Retailing;
- retailing CDs, DVDs or other entertainment media are included in Class 4242 Entertainment Media Retailing;
- retailing car radios are included in Class 3921 Motor Vehicle Parts Retailing;
- installing heating, refrigeration or air conditioning equipment are included in Class 3233 Air Conditioning and Heating Services;
- hiring household appliances are included in Class 6639 Other Goods and Equipment Rental and Hiring n.e.c.; and
- repairing and maintaining electrical, electronic and gas domestic appliances are included in Class 9421 Domestic Appliance Repair and Maintenance.

4222 Computer and Computer Peripheral Retailing

This class consists of units mainly engaged in retailing computers or computer peripheral equipment.

Primary activities

- Compact disc burner retailing
- Computer equipment retailing
- Computer game console retailing
- Computer hardware retailing
- Computer software retailing (except computer games)
- Printer retailing
- Visual display unit (VDU) retailing

Exclusions/References

Units mainly engaged in retailing computer games are included in Class 4242 Entertainment Media Retailing.

4229 Other Electrical and Electronic Goods Retailing

This class consists of units mainly engaged in retailing electrical and electronic goods not elsewhere classified.

Primary activities

- Dry cell battery retailing
- Electric light fittings retailing
- Electrical goods retailing n.e.c.
- Electronic goods retailing n.e.c.

424 RECREATIONAL GOODS RETAILING

4241 Sport and Camping Equipment Retailing

This class consists of units mainly engaged in retailing sporting goods, camping equipment or bicycles.

Primary activities

- Ammunition retailing
- Bicycle retailing
- Camping equipment retailing
- Canoe retailing
- Equestrian equipment retailing
- Fishing tackle retailing
- Fitness equipment retailing
- Golfing equipment retailing
- Gun or rifle retailing
- Gymnasium equipment retailing
- Sailboard retailing
- Snow ski retailing
- Sporting equipment retailing (except clothing or footwear)
- Wetsuit retailing

Exclusions/References

Units mainly engaged in

- retailing sports apparel (clothing and footwear) are included in Classes 4251 Clothing Retailing and 4252 Footwear Retailing; and
- retailing new or used boats are included in Class 4245 Marine Equipment Retailing.

4242 Entertainment Media Retailing

This class consists of units mainly engaged in retailing audio tapes, compact discs, computer games, digital versatile discs or video cassettes.

Primary activities

- Audio cassette retailing
- Compact disc retailing
- Computer game retailing
- Digital versatile disc (DVD) retailing
- Video cassette retailing

Exclusions/References

Units mainly engaged in

- retailing second-hand records, tapes, CDs, DVDs or videos are included in Class 4273 Antique and Used Goods Retailing;
- retailing CD players, DVD players, VCRs or other appliances are included in Class 4221 Electrical, Electronic and Gas Appliance Retailing; and
- retailing computers and computer peripherals are included in Class 4222 Computer and Computer Peripheral Retailing.

4243 Toy and Game Retailing

This class consists of units mainly engaged in retailing toys or games (except computer games).

Primary activities

- Doll retailing
- Game retailing
- Toy retailing

Exclusions/References

Units mainly engaged in retailing computer games are included in Class 4242 Entertainment Media Retailing.

4244 Newspaper and Book Retailing

This class consists of units mainly engaged in retailing books, periodicals and newspapers.

Primary activities

- Book retailing
- Magazine retailing
- Newspaper retailing
- Periodical retailing
- Religious book retailing

Exclusions/References

Units mainly engaged in

- retailing stationery and writing goods are included in Class 4272 Stationery Goods Retailing; and
- retailing second-hand books are included in Class 4273 Antique and Used Goods Retailing.

425 CLOTHING, FOOTWEAR AND PERSONAL ACCESSORY RETAILING

4251 Clothing Retailing

This class consists of units mainly engaged in retailing clothing or clothing accessories.

Primary activities

- Clothing accessory retailing
- Clothing retailing
- Foundation garment retailing
- Fur clothing retailing
- Glove retailing
- Hosiery retailing
- Leather clothing retailing
- Millinery retailing
- Sports clothing retailing
- Work clothing retailing

Exclusions/References

Units mainly engaged in

- retailing second-hand clothing are included in Class 4273 Antique and Used Goods Retailing; and
- retailing personal accessories (except clothing and footwear) are included in Class 4259 Other Personal Accessory Retailing.

4252 Footwear Retailing

This class consists of units mainly engaged in retailing boots, shoes or other footwear.

Primary activities

- Boot retailing
- Footwear retailing
- Shoe retailing
- Sports footwear retailing

4253 Watch and Jewellery Retailing

This class consists of units mainly engaged in retailing new watches and jewellery (except clocks and silverware).

Primary activities

- Jewellery retailing
- Watch retailing

Exclusions/References

- Units mainly engaged in
- retailing second-hand jewellery are included in Class 4273 Antique and Used Goods Retailing;

- retailing clocks are included in Class 4279 Other Store-Based Retailing n.e.c.; and
- retailing silverware are included in Class 4213 Houseware Retailing.

4259 Other Personal Accessory Retailing

This class consists of units mainly engaged in retailing other personal accessories, including new handbags, sunglasses, leather goods, luggage and other personal accessories not elsewhere classified.

Primary activities

- Briefcase retailing
- Handbag retailing
- Leather goods retailing (except clothing and footwear)
- Luggage retailing
- Personal accessory retailing n.e.c.
- Sunglass retailing
- Umbrella retailing
- Wig retailing

Exclusions/References

Units mainly engaged in

- retailing leather clothing are included in Class 4251 Clothing Retailing; and
- retailing leather footwear are included in Class 4252 Footwear Retailing.

426 DEPARTMENT STORES

4260 Department Stores

This class consists of units engaged in retailing a wide variety of goods, other than food or groceries, but the variety is such that no predominant activity can be determined. These units have predominant retail sales in at least four of the following six product groups:

- Clothing
- Furniture
- Kitchenware, china, glassware and other housewares
- Textile goods
- Electrical, electronic and gas appliances
- Perfumes, cosmetics and toiletries

The products primary to these headings, as well as other products, are normally sold by or displayed in separate departments or sections supervised by managers (with specialised product knowledge) within the store, and, generally, merchandising, advertising, customer service, accounting and budgetary control functions are undertaken on a departmentalised basis.

Primary activities

- Department store operation

Exclusions/References

Units mainly engaged in

- retailing food and groceries on a departmentalised basis are included in Class 4110 Supermarket and Grocery Stores;
- retailing clothing; furniture; kitchenware, china, glassware and other housewares; textile goods; electrical, electronic and gas appliances; or perfumes, cosmetics and toiletries on a specialised basis are included in the appropriate classes of Subdivision 42 Other Store-Based Retailing; and
- retailing a wide variety of products that are not sold, displayed, managed or administered on a departmentalised basis (i.e. gift shops or souvenir shops) are included in Class 4279 Other Store-Based Retailing n.e.c.

427 PHARMACEUTICAL AND OTHER STORE-BASED RETAILING

4271 Pharmaceutical, Cosmetic and Toiletry Goods Retailing

This class consists of units mainly engaged in retailing prescription drugs or patent medicines, cosmetics or toiletries.

Primary activities

- Cosmetic retailing
- Drug retailing
- Patent medicine retailing
- Perfume retailing
- Pharmacy, retail, operation
- Prescription, medicine, dispensing
- Toiletry retailing

4272 Stationery Goods Retailing

This class consists of units mainly engaged in retailing stationery goods and writing materials.

Primary activities

- Artists' supplies retailing
- Ink retailing
- Note book retailing
- Pen or pencil retailing
- Stationery retailing
- Writing material retailing

Exclusions/References

Units mainly engaged in retailing books or magazines are included in Class 4244 Newspaper and Book Retailing.

4273 Antique and Used Goods Retailing

This class consists of units mainly engaged in retailing antiques or second-hand goods (except motor vehicles or motor cycles and parts).

Primary activities

- Antique retailing
- Coin dealing (retailing)

- Disposals retailing
- Pawnbroking
- Second-hand book retailing
- Second-hand cloth retailing
- Second-hand electrical, electronic or computer equipment retailing
- Second-hand furniture retailing
- Second-hand goods retailing n.e.c.
- Second-hand jewellery retailing
- Second-hand record, tape, CD, DVD or videos retailing
- Second-hand sports card retailing
- Stamp, collectible, dealing (retailing)

Exclusions/References

Units mainly engaged in

- retailing second-hand motor vehicles are included in Class 3911 Car Retailing;
- retailing second-hand motor cycles are included in Class 3912 Motor Cycle Retailing;
- retailing second-hand motor vehicle or motor cycle parts are included in Class 3921 Motor Vehicle Parts Retailing; and
- providing auctioning services are included in Class 3800 Commission-Based Wholesaling.

4274 Flower Retailing

This class consists of units mainly engaged in retailing cut flowers or display foliage.

Primary Activities

- Cut flower retailing
- Display foliage retailing
- Dried flower retailing
- Florist, retail, operation

4279 Other Store-Based Retailing n.e.c.

This class consists of units mainly engaged in retailing goods not elsewhere classified from store-based premises.

Primary activities

- Art gallery operation (retail)
- Binocular retailing
- Bottled liquefied petroleum gas (LPG) retailing
- Briquette retailing
- Clock retailing
- Coal retailing
- Coke retailing
- Computer consumables (toners, inks) retailing

- Craft goods retailing
- Duty free store operation
- Firewood retailing
- Firework retailing
- Greeting card retailing
- Ice retailing
- Map retailing
- Musical instrument retailing
- Pet and pet accessory retailing
- Photographic chemical retailing
- Photographic film or paper retailing
- Pram retailing
- Religious goods (except books) retailing
- Specialty stores n.e.c.
- Store-based retailing n.e.c.
- Swimming pool retailing
- Tobacco product retailing
- Variety store operation

Exclusions/References

Units mainly engaged in

- retailing second-hand sports cards are included in Class 4273 Antique and Used Goods Retailing;
- retailing religious books are included in Class 4244 Newspaper and Book Retailing;
- retailing goods without the use of a shopfront or physical store presence are included in Class 4310 Non-Store Retailing; and
- retailing goods on a commission basis are included in Class 4320 Retail Commission-Based Buying and/or Selling.

451 CAFES, RESTAURANTS AND TAKEAWAY FOOD SERVICES

4511 Cafes and Restaurants

This class consists of units mainly engaged in providing food and beverage serving services for consumption on the premises. Customers generally order and are served while seated (i.e. waiter/waitress service) and pay after eating.

Primary activities

- Cafe operation
- Restaurant operation

Exclusions/References

Units mainly engaged in

- providing food ready to be taken away for immediate consumption are included in Class 4512 Takeaway Food Services;

- providing catering services (including airline food catering services) at specified locations or events are included in Class 4513 Catering Services;
- selling alcoholic beverages both for consumption on and off the premises are included in Class 4520 Pubs, Taverns and Bars; and
- operating theatre restaurants mainly engaged in providing live theatrical productions with food and beverages are included in Class 9001 Performing Arts Operation.

4512 Takeaway Food Services

This class consists of units mainly engaged in providing food services ready to be taken away for immediate consumption. Customers order or select items and pay before eating. Items are usually provided in takeaway containers or packaging. Food is either consumed on the premises in limited seating facilities, taken away by the customer or delivered. This class also includes units mainly engaged in supplying food services in food halls and food courts.

Primary activities

- Juice bar operation
- Mobile food van operation
- Takeaway food operation

Exclusions/References

Units mainly engaged in

- providing food services for consumption on the premises only are included in Class 4511 Cafes and Restaurants;
- providing catering services (including airline food catering services) at specified locations or events are included in Class 4513 Catering Services;
- retailing baked goods manufactured on the same premises are included in Class 1174 Bakery Product Manufacturing (Non-factory based);
- retailing baked goods manufactured at other premises are included in Class 4129 Other Specialised Food Retailing; and
- retailing beer, wine or spirits for consumption off the premises only are included in Class 4123 Liquor Retailing.
- Cafes and Restaurants;
- providing food ready to be taken away for immediate consumption are included in Class 4512 Takeaway Food Services; and
- manufacturing food products (including snack foods and prepared meals) are included in Class 1199 Other Food Product Manufacturing n.e.c.

452 PUBS, TAVERNS AND BARS

4520 Pubs, Taverns and Bars

This class consists of hotels, bars or similar units (except hospitality clubs) mainly engaged in serving alcoholic beverages for consumption on the premises, or in selling alcoholic beverages both for consumption on and off the premises. These units may also provide food services and/or present live entertainment.

Primary activities

-
- Bar operation
 - Hotel bar operation
 - Night club operation
 - Pub operation
 - Tavern operation
 - Wine bar operation

Exclusions/References

Units mainly engaged in

- retailing alcoholic beverages for consumption off the premises only are included in Class 4123 Liquor Retailing; and
- operating hospitality clubs are included in Class 4530 Clubs (Hospitality).

APPENDIX : 6 CONVENIENCE STORE TYPES

Note this is not intended to represent an exhaustive list.

EXAMPLES OF CONVENIENCE RETAIL STORE TYPES

- Superette / Dairy / Mini-mart
- Fish shop
- Butcher
- Bakery
- Post Shop / Stationery
- Fruit & Vege Shop
- Delicatessen
- Cake Shop
- Ice Cream Parlour
- Liquor / Wine Shop
- Takeaways (Fish & Chips, Pizza, Chinese, Thai, Turkish, Indian, etc.)
- Cafés & Restaurants
- Video store
- Newsagent
- Pub / Bar
- Florist
- Gift Shops
- Pharmacy

EXAMPLES OF CONVENIENCE COMMERCIAL PREMISES / ACTIVITIES

- Camera / Photography Shop
- Optometrist
- Locksmith
- Hairdresser
- Drycleaners
- Doctors
- Accountants
- Physiotherapists
- Medical practitioners
- Dentists
- Child care facilities
- Gym
- Lawyers

