PROPERTY ECONOMICS

ASHBURTON RESIDENTIAL AND BUSINESS LAND ECONOMIC ASSESSMENT

Project No: 52392

Date: December 2024

Client: Ashburton District Council

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SCHEDULE

Code	Date	Information / Comments	Project Leader
52392.5	December 2024	Report	Tim Heath / Phil Osborne

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1. INTRODUCTION

Property Economics has been engaged by Ashburton District Council (ADC) to undertake an economic assessment of Ashburton District's current and future residential and business markets, and subsequent land requirements to provide a detailed picture of the planning implications for the district's long term growth prospects.

The economic analysis in this report is designed to provide an understanding of how each of the property sectors individually influences and interrelates to each other in a cumulative context, i.e., the level of residential growth has implications for the growth profile of retail demand, labour force participation rates, industrial and commercial growth, and the growth in the Ashburton economy. This in turn impacts zone and land provision requirements and market efficiency.

There is a large amount of information, statistics, and data in this economic assessment to digest, and to assist the report is split into three main components:

(1) Residential Land Sufficiency Analysis

(2) Industrial and Commercial Land Sufficiency Analysis

(3) Town Centre and Retail Development Potential Analysis

The results of this economic assessment will offer valuable insights into the implications of the district's projected growth for the business and residential sectors through 2053, from a long-term economic and strategic planning perspective.

1.1. KEY RESEARCH OBJECTIVES

To assist in understanding the methodology and assessment scope, the following highlights the analyses undertaken in the economic assessment.

Part 1: Residential Land Sufficiency Analysis (Sections 4 – 6)

- Delineate the residential market in the Ashburton District within the context of the surrounding competitive environment, including geospatial mapping of key settlements within the district.
- Assess and quantify the district's population and household growth (demand) to 2053 using Stats NZ's latest Medium and High growth projections.
- Provide a high-level overview of the economic implications of the Ashburton Second Urban Bridge project and the consented Southern Parallel Sports Campus development in terms of the district's efficient residential growth pattern.
- Assess household and total dwelling growth (demand) by typology and size based on the projected household composition required to accommodate future growth in the district.
- Provide a high-level overview of the residential zoned provisions and vacant zone capacity within the district to determine whether additional zoned capacity is required over the short (3 years), medium (10 years), and long term (30 years).
- Identify, at a high level, suitable and efficient locations for any new zoned residential supply required within the district from an economic perspective.
- Outline the high-level economic costs and benefits of providing for additional zone land supply within the district, in considering the projected residential capacity sufficiency status of the district over the next 30 years.

Part 2: Industrial and Commercial Land Sufficiency Analysis (Sections 7 – 8)

- Undertake a detailed analysis of the employment trends and market movements in the commercial and industrial sectors within the district over the last 23 years, using the latest Stats NZ Business Demography statistics.
- Geospatially identify and quantify the existing Industrial and Commercial zone land provisions across the district based on the District Plan zonings.
- Identify and quantify vacant zoned capacity for industrial and commercial land uses across the district (ha).
- Forecast commercial and industrial employment potential within the district and determine the respective land requirements for commercial (excluding retail) and industrial uses over the next 30 years, under different growth scenarios.

- Assess the sufficiency of industrial and commercial land capacity within the district over the short, medium, and long term, considering existing zoned land provisions and projected land requirements.

- Provide a high-level overview of the economic costs and benefits of providing sufficient zoned capacity for these land uses from an economic perspective.

Part 3: Town Centre and Retail Development Potential Analysis (Sections 9 – 10)

- Evaluate the current 'state', role, function, retail quality, built environment, and shopping experience of the Ashburton Town Centre, and outline the implications for policy within the District Plan.

- Undertake a retail growth forecast to estimate retail expenditure (in $m) and the gross floor area (in sqm) required within the district through 2053. This analysis will consider proportional retail spending patterns and the net retail position for the district.

- Specifically forecast the sustainable gross floor area (in sqm) and land requirements (in ha) for "big box" retail / large format retail (LFR) in the district over the next 30 years.

- Quantify the current land supply zoned for "big box" retail under the District Plan and assess the sufficiency of existing Business B zoned land throughout the broader district based on the above forecasts.

- Assess the future of LFR activities in Ashburton, including potential impacts and implications for the role, function, and growth potential of the Ashburton Town Centre.

1.2. INFORMATION AND DATA SOURCES

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

- Ashburton Catchment Map – Google Maps, ESRI, LINZ[1]

- Ashburton Town Centre Visit – Property Economics

- Ashburton Operative District Plan – Ashburton District Council

- Ashburton Rating Units - Canterbury Regional Council

- Average House Price - QV

[1] *Land Information New Zealand*

- Business Classifications – ANZSIC[2]
- Business Demography Statistics – Stats NZ
- Business Land Demand Forecasts – Property Economics
- Industrial and Commercial Employment Projections – Property Economics
- National Policy Statement on Urban Development 2020 – Ministry for the Environment
- NZ Census of Population and Dwellings 2018 - Stats NZ
- Population and Household Estimates & Projections – Stats NZ
- Residential Capacity Sufficiency – Property Economics
- Retail Growth Model – Property Economics
- Statistics Area 1 & 2 – Stats NZ
- Land Use Capability Classification - NZLRI[3]

[2] *Australia New Zealand Standard Industrial Classification 2006*

[3] *New Zealand Land Resource Inventory*

2. EXECUTIVE SUMMARY

In this economic analysis for ADC, Property Economics has assessed the current and future dynamics of the district's residential and business markets, as well as the related land requirements, from a long-term perspective. The key findings from each component of the economic analysis are summarised below.

RESIDENTIAL CAPACITY SUFFICIENCY

Based on Stats NZ's latest estimates, the Ashburton District has a current (2023) population base of approximately 36,750 people, equating to just over 15,000 households. Under the optimistic Stats NZ High growth scenario, the district would require approximately 5,100 additional dwellings over the next 30 years with unoccupied dwellings (e.g., for holiday homes) and NPS-UD demand buffer included.

Based on Property Economics' ground truthing and analysis, the district currently has a significant level of vacant zoned residential capacity and development potential of approximately 4,208 dwellings, if Aquatic Park Zone (APZ) is not considered. This capacity assumes providing all the projected growth on greenfield zoned land based on minimum lot size requirement by the District Plan within the respective residential zones.

Consequently, the forecasts suggest that there is sufficient zoned capacity within the existing residential zoned provision to accommodate the future residential growth requirements of the district in the short to medium term. However, in the long term, there is a projected residential capacity shortfall of around 1,660 dwellings within the district. Based on a one dwelling per 360sqm assumption, this shortfall would require circa 60ha (net) of residentially zoned land in the district.

Under a scenario which included the estimated potential vacant capacity provided by the APZ, the total vacant capacity would be increased to around 4,680 dwellings. This would reduce the anticipated long-term shortfall to around 1,190 dwellings. This would require circa 43ha (net) of residentially zoned land in the district over the long term.

When identifying appropriate greenfield locations to accommodate the required residential capacity, several factors must be considered, including infrastructure serviceability, site accessibility, land use status (e.g., whether the land contains the most productive soils), development constraints (e.g., due to natural hazards), among others.

As such, in Property Economics' view, the areas located southeast of Tinwald (on the south side of the Ashburton River) and southeast of Ashburton's current urban boundary (on the north side of the Ashburton River) would represent the most suitable options for accommodating additional greenfield residential development within the district. These areas are in proximity to established urban zones, allowing for a seamless *'plug-in'* integration with the existing urban fabric. This integration would also enhance the utilisation of Ashburton's significant new infrastructure asset, the second Ashburton Bridge, and reduce marginal infrastructure cost.

An alternative approach (or part of a brownfield / greenfield combination), which Property Economics considers as a more economically efficient development approach, is to upzone an existing lower-density residential area that is in an efficient location. This approach would allow for more efficient use of existing infrastructure and has the potential to improve land use efficiency.

A high-level analysis of the land-to-capital ratios for Ashburton's existing lower-density residential areas indicates that the area to the north of the existing Residential B zone in Allenton is well-suited for upzoning. This area has a higher concentration of blocks that are valuable enough to justify significant new investment. Therefore, upzoning in this location would likely result in a notable enhancement in land use efficiency for the affected sites, especially when compared to other areas within the same lower-density residential zone (i.e., Residential C).

INDUSTRIAL CAPACITY SUFFICIENCY

Although the district has seen a cumulative 43% growth in industrial employment over the past 23 years, not all industrial sectors have expanded at the same rate. Thus, it is important when looking forward to ensuring that sufficient industrial land provision is available to facilitate future growth in respective sectors and enable the opportunity for the district's core productive base and economy to expand and increase in relevance.

According to our forecasts, the district's industrial employment is expected to grow by approximately 2,460 people over the next 30 years (by 2053), even under the most optimistic High growth scenario. This growth would require around 71ha of industrial land (at grade), including the NPS-UD demand buffer.

However, given the substantial existing zoned capacity in the industrial zones (Business D & Business E Zone) of just under 200ha, it is reasonable to anticipate that the district has more than sufficient industrial land capacity to accommodate the projected employment growth over the assessed period (2023 – 2053).

Given this, it is not recommended to allocate additional industrial land within the district during the assessed period. However, it is crucial for ADC to closely monitor the uptake of existing industrial land, its practical availability on the market, and any conversions of industrial land to other uses throughout the district.

The Business D Zone contains a substantial amount of vacant industrial land capacity within the district (around 70ha or 35% of the overall vacant industrial land capacity). If this vacancy is determined to be undevelopable due to geotechnical, infrastructure, or environmental constraints, any additional industrial land should be efficiently situated along the northern boundary of the Ashburton Business Estate.

COMMERCIAL CAPACITY SUFFICIENCY

Although the district's commercial sector has a smaller employment base compared to the industrial sector, it has experienced more substantial employment growth over the past 23 years. This growth is indicative of a shift towards a more service-oriented economy, with businesses adapting to evolving consumer needs and preferences.

According to our forecasts, the district's commercial employment could grow by approximately 1,510 people over the next 30 years under the most optimistic High scenario. While the development of the SPSC may offer additional temporary and permanent employment opportunities for the local community, it is not expected to significantly increase the demand for commercial land within the district. Under the SPSC scenario, it is projected that around 5.8ha of commercial land (at grade) will be required over the next 30 years, which is noticeably lower than the 8.2ha (at grade) required under the High scenario.

Given the estimated commercial land vacant capacity of around 2.3ha, the district is anticipated to have sufficient capacity in the short term. However, over the long term, an additional 3.5ha of commercial land (at grade) would be required under the SPSC scenario. This increases to a more significant shortfall of around 5.9ha net (at grade) if High scenario is considered.

From an economic perspective, the anticipated additional commercial land requirements are most efficient and appropriate to be located in and around the Ashburton Town Centre area (i.e., Business A Zone), a location where most of the existing and future commercial office demand occurs. The commercial areas in other townships / settlements, comparatively, are less efficient and competitive to provide for additional commercial office land provision given the remoter distance from the primary commercial workforce of the district and the lack of demand for such provisions.

ROLE AND FUNCTION OF THE ASHBURTON TOWN CENTRE

Based on Property Economics' economic evaluation and ground-truthing, the Ashburton Town Centre (ATC) is transitioning from a retail-centric centre to include more professional and community services, broadening its employment base and reflecting a critical mass of demand for diverse services. This shift indicates that the service sector is increasingly vital to the ATC's economy and local employment.

It is worth mentioning that industrial sector employment in the ATC exceeds that of the retail sector, demonstrating significant capacity for future retail and commercial growth. Accommodating this growth is essential for the ATC to meet district plan objectives and strengthen its role as the primary commercial, retail, recreational, cultural, public transport, and entertainment hub for the district. This rebalancing may enhance business agglomeration effects, contributing to a more sustainable business environment.

Some of the key metrics of the ATC such as store vacancy at 11%, large number of low-quality stores and low-quality built form of many tenancies indicates a centre struggling economically. However, in terms of quality of environment, shopping experience and amenity afforded the community the ATC has improved considerably since 2019. There has been significant investment in the public realm and civic functions over the last five years which has improved the centre markedly.

This has also catalysed some private sector investment in the built form of the centre which leverages off the public sector investment to the benefit of all the community. This is still continuing with multiple properties / tenancies with improvements under construction.

Recent lower levels of employment and performance are likely a reflection of the construction period in which the public works were being undertaken in the ATC and not a reflection of the ATC today. It is basically '*the pain before the gain*'.

Additionally, as the public realm and civic works ended, this coincided with a significantly weaker economic environment, a retail market under considerable stress and the country going into an economic recession. Suffice to say the timing was unfortunate and the recent weaker metrics are more a reflection of the '*state*' of the wider economy rather than the outcomes of the ATC investment.

Overall, the ATC has undergone a significant rejuvenation to enhance its current business environment and competitive position in the market. This has placed the ATC in a strong position moving forward to better leverage the opportunities provided by the district's future growth.

Overall, the ATC has experienced significant rejuvenation, enhancing its business environment and competitive market position. This revitalisation positions the ATC to effectively capitalise on the opportunities presented by the district's future growth.

LARGE FORMAT RETAIL FLOORSPACE DEMAND

The Business B Zone is the only zoning provision designated to accommodate Large-Format Retail (LFR) activities within the district. Based on Property Economics' ground truthing and desktop analysis, the existing LFR activities within the Business B Zone has a total estimated GFA of around 27,400sqm.

Based on the forecasts, the total sustainable LFR GFA within the Business B Zone would be around 50,700sqm under the High scenario and around 43,800sqm under the Medium scenario. This would support an additional 6-8 ha of LFR provision in the market.

However, considering the role and function of the ATC and extensive redevelopment capacity within the Business A zone, it would be more appropriate and efficient from an economic perspective to improve the utilisation of the existing commercial land in Business A and Business B (i.e., 35ha of commercial zoned land, cumulatively), rather than allocating new LFR land within the district or expanding the current Business B Zone at the front end of the period.

This approach should enable / facilitate the relocating of existing non-commercial activities within the ATC to more suitable business locations over time, thereby '*freeing up*' valuable land to accommodate market growth in retail and commercial uses.

Additional business zone land for LFR tenancies is not considered appropriate to rezone at the front end of the period, as that land is likely to be developed first at the expense of redevelopment opportunities within the existing Business A and B zones. The outcome of such a scenario would be an even greater dispersal of commercial, and in particular LFR, activity at the expense of the ATC and its ongoing rejuvenation and recovery. This would lower the competitiveness, role, quality, amenity and performance of the ATC over the medium term, a time crucial to the ongoing recovery of the town centre.

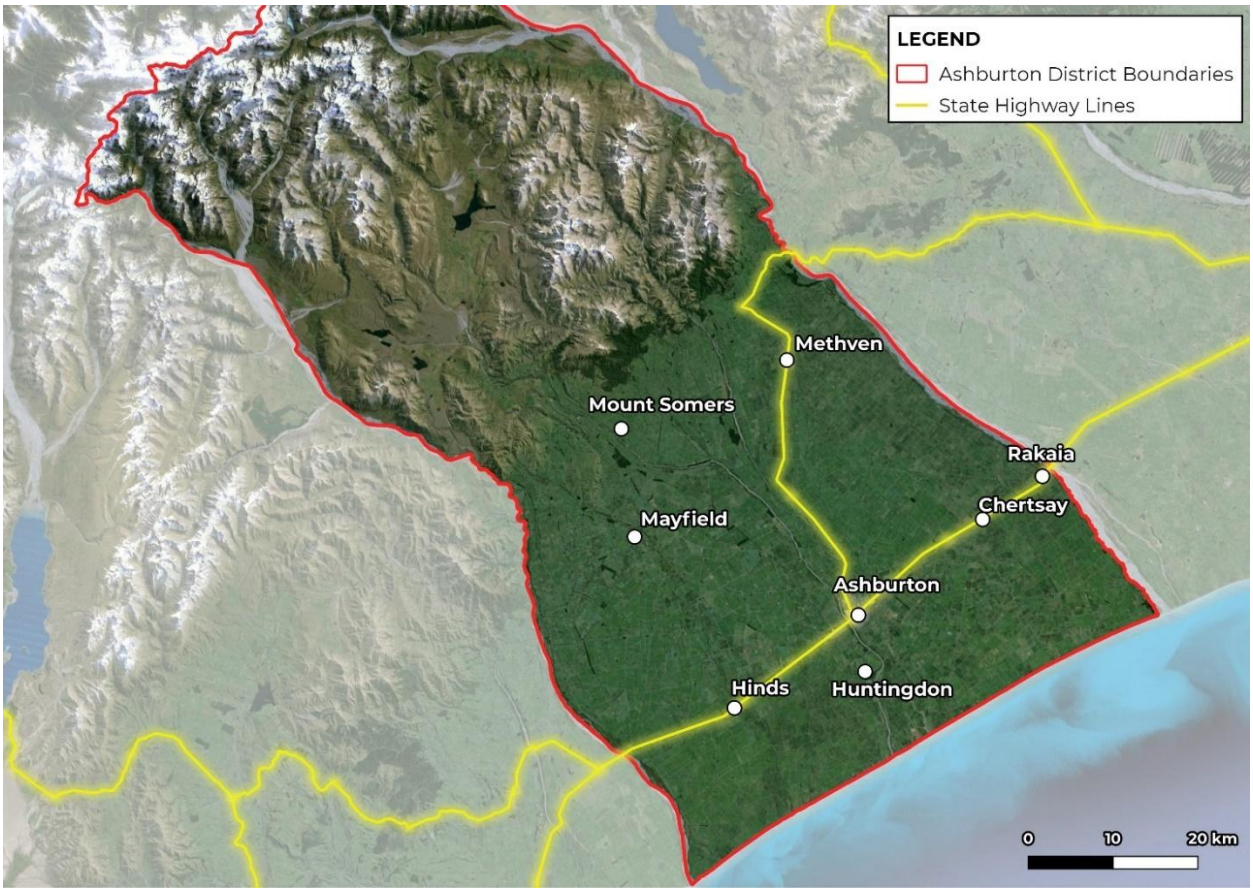
In Property Economics' view, the priority for the ADC lies in making more efficient use of the current infrastructure, buildings, and resources available in existing commercial centres, particularly the ATC. By revitalising the ATC, its full potential can be realised before considering any further expansion.

3. ASHBURTON ECONOMIC CATCHMENT

The figure below shows the Ashburton District catchment area (i.e., the Study Area) for this economic assessment. Key townships and settlements within the district are identified in relation to the existing state highway network.

Located in central Canterbury, the Ashburton District features diverse urban environments, with the town of Ashburton serving as the principal urban centre in the district. It is also situated around 85km southwest of Christchurch, the largest city in the South Island. This makes Ashburton well-connected for those needing access to larger markets, urban services and amenities. Timaru, another significant urban centre, lies about 75km south of Ashburton or a one-hour drive via State Highway 1, further enhancing Ashburton's regional positioning.

FIGURE 1: GEOSPATIAL EXTENT OF THE ASHBURTON DISTRICT CATCHMENT



Source: Google Maps, LINZ

The district's primary townships, Ashburton and Methven, are approximately 34km apart via State Highway 77. Effective spatial planning for both Ashburton and Methven would enhance the district's economic profile, efficiency and improve each townships' ability to attract and accommodate future growth.

For this economic assessment, the entire Ashburton District will be used as the primary residential and business catchment area. Any marginal adjustments to the catchment boundaries, such as including rural areas just outside the district, are unlikely to significantly impact the population and household base, zone requirements or affect the catchment and development potential.

4. POPULATION AND HOUSEHOLD GROWTH

This section assesses the recent, current, and projected growth of the Ashburton District, based on the latest Stats NZ estimates and Medium and High growth scenarios for the period between 2018 and 2048. For the economic assessment, Property Economics has extended the forecast to 2053 to offer a 30-year (long-term) projection period, using Stats NZ projection trends. This also aligns with the NPS-UD[4] long term timeframe.

As shown in Figure 2, Ashburton District overall has a current (2023) total population base of around 36,750 people, which represents growth of around +6.2% above the 2018 population. This growth rate means the current population growth profile for the district is tracking between the Stats NZ High and Medium growth scenario.

To provide a broader comparative context, the wider Canterbury Region has experienced a slightly higher average growth of around +7% in population over the same timeframe (i.e., 2018 – 2023). This suggests that Ashburton District is growing slightly slower than the rest of the Canterbury Region. Two notable examples are the Selwyn District and the Waimakariri District, which have experienced significant population increases of around +28% and +12%, respectively, over the past five years.

Under the High growth scenario, the Ashburton District's population is forecast to grow by around +38.5% between 2023 and 2053. This equates to annual average growth of around 470 people net and result in a population base of nearly 51,000 people by 2053.

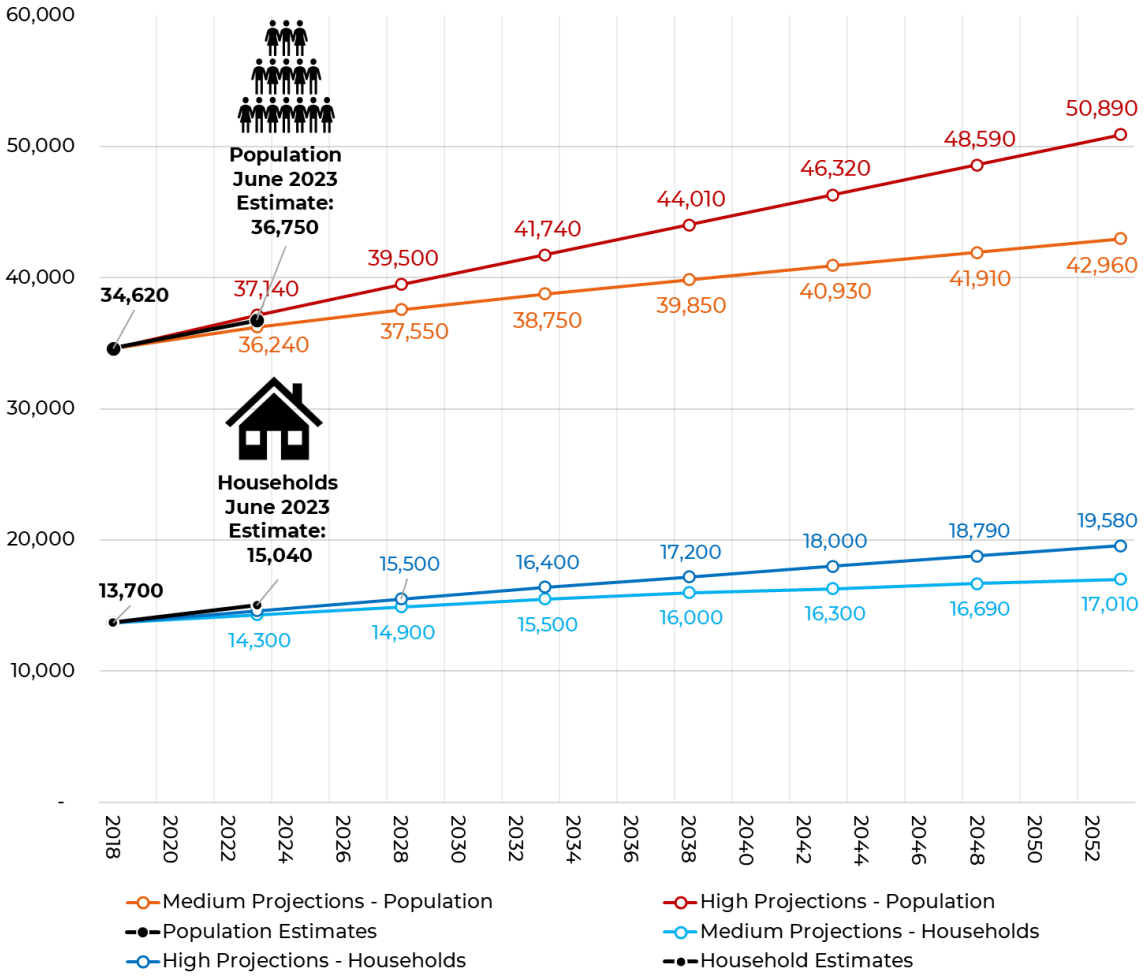
Meanwhile, the High growth scenario projects that the number of households in the district would grow to around 19,580 by 2053. This growth would require around +4,540 new dwellings within the district to accommodate the expected growth on a one household per dwelling basis.

Note that this residential demand does not include unoccupied dwellings or holiday homes. This is important to factor in to forward dwelling demand to provide a more complete picture of total dwelling demand for the district. Based on the 2018 Census data[5], the dwelling occupancy ratio within the district was around 89%. Applying this ratio suggests that the district would require a total of approximately 5,100 new dwellings by 2053 or around 170 new dwellings per annum over the next 30 years, to accommodate the High growth scenario.

[4] *National Policy Statement on Urban Development 2020 – Ministry for the Environment*

[5] *Note that the latest dwelling occupancy rate in the 2023 Census has not been made available at the date of this economic analysis.*

FIGURE 2: ASHBURTON DISTRICT POPULATION AND HOUSEHOLD PROJECTIONS



Source: Stats NZ, Property Economics

The Medium growth projection is more conservative, forecasting a future population of just under 43,000 people by 2053, reflecting a 17% increase. This translates to a net growth of 207 people per annum over the assessed period.

Under this scenario, the district's household base would reach just over 17,000 dwellings by 2053, representing a net increase of around 1,970 households. Including unoccupied homes, the total requirement would be around 2,210 dwellings.

In the long term, the High Growth scenario is likely to better reflect the district's potential population increase. This will be attributed to Ashburton's growing attractiveness as a residential area due to its lifestyle and wellbeing benefits, enhanced and faster transport connections to Christchurch (which offer greater employment and business opportunities), improvements in amenities (such as the Ashburton CBD Revitalisation Project and the Southern Parallel Sports Campus development), and lower housing prices relative to Christchurch (providing more affordable and accessible to the market).

Under this High scenario, the district could potentially reach a population of nearly 51,000 people by 2053. This would spur local economic growth and increase demand for business activities and employment opportunities, particularly within the district's major townships, fostering a more efficient and self-sufficient urban environment.

IMPLICATIONS OF ASHBURTON SECOND URBAN BRIDGE

State Highway 1 (SH1) through Ashburton is the major route for regional and South Island vehicle movements through the district. This results in SH1, at the bridge crossing the Ashburton River, being a '*pinch point*' for traffic during certain times of the day or under certain conditions creating a lot of delay and inefficiencies in the network. Also, being the only crossing of Ashburton River within the main urban area of Ashburton, there is also concern Ashburton's economy and infrastructure network would be exposed if there was a failure in the existing bridge given any repairs or replacement would take a period of time.

Property Economics understands that ADC has approved a detailed business case for a second urban bridge off Chalmers Avenue in Ashburton. This project involves constructing a new bridge across the Ashburton River to alleviate traffic congestion on SH1 and enhance connectivity within the southern urban areas of Ashburton.

It can be expected that this new bridge will complement the existing SH1 Ashburton bridge, significantly improving the transportation infrastructure and supporting the district's growing demands. By enhancing connectivity and resilience, the new bridge will facilitate more efficient access to businesses, services, and residential areas, which can further stimulate local economic growth.

However, Property Economics anticipates that the impact of this second bridge on the district's long-term population growth would be relatively modest. While the bridge will enhance connections between Ashburton's central suburbs and Tinwald, the potential for generating additional residential demand in Ashburton directly attributable to this project is limited. In essence, the impact of the second bridge project on the residential market will primarily be a 'redistribution' effect rather than a 'generation' effect.

In other words, the development of the second bridge would make Tinwald a more attractive location for residents, development and new investment, thereby balancing the demand across the wider township. This could reduce pressure on existing residential areas in Ashburton central suburbs and encourage a more sustainable and balanced expansion of the township.

Although the construction of the bridge will temporarily create employment opportunities, such as those related to the construction of the asset, it is considered unlikely to result in a material long term increase in employment within Ashburton, rather the opportunity for redistribution of residential growth within Ashburton.

IMPLICATIONS OF CONSENTED SOUTHERN PARALLEL SPORTS CAMPUS

The Southern Parallel Sports Campus Centre (**SPSC**) development, situated along the banks of Lake Hood to the southeast of Ashburton's urban extent, has recently received land use consent approval (subject to conditions). This project is comprised of two key facilities[6]:

(1) Southern Parallel Sports: Deliver targeted resilience training, academic and business education programs, and catering; specifically, to high performance athletes, disabled athletes, and wounded service peoples physical, mental, self-esteem, and education needs.

(2) Southern Parallel Equestrian Sports: Offer horse polo, show jumping, dressage, eventing and cross-country facilities of an international standard and associated accommodation.

Once fully developed, the SPSC is expected to become a regionally significant hub for education, sports, and recreation, catering to a wide range of sporting, recreational and community activities. Importantly, this development would have a positive economic impact on the Ashburton District by creating local employment opportunities during the construction phase and generating ongoing jobs related to facility management and event hosting.

In addition, the SPSC is likely to attract visitors and events, which will contribute to the local economy through increased tourism and spending. In the long term, the SPSC would be an important '*point of difference*' asset for the Ashburton District, supporting the health and well-being of the community, broadening the district's economic base and income while making the district a more attractive place to live and invest.

In light of these considerations, alongside the Stats NZ Medium and High growth scenarios, an additional scenario incorporating the potential growth spurred by SPSC will be undertaken in the following economic assessment. This will provide a more comprehensive understanding of the likely future growth profile of the wider district under different scenarios.

OTHER GROWTH SCENARIO

A further scenario of slow district population declines over the long-term was also considered. This would trigger the assessment of a much broader set of issues than simply residential and business zone land provision. The zone implications under such a scenario over the long term would primarily be the status quo remains in place, and with demand falling long term, no additional residential or business zone land would likely be required. This scenario is considered highly unlikely, as for example a short-medium term loss in demand and fall in house prices relative to wider regional markets may catalyse demand for Ashburton long term as a result of increased competitiveness and affordability. As such this scenario is not considered realistic or representative of a likely outcome at this point in time.

[6] *Master Plan Report – Southern Parallel Sports Campus Project, November 2022*

5. RESIDENTIAL CAPACITY AND SUFFICIENCY

This section provides a high-level overview of the residential zoned provisions within the district and identifies the vacant zoned capacity based on Property Economics' ground truthing visit and desktop assessment of existing building footprints. This assists in understanding the future demand for residentially zoned capacity within the district in the short-, medium-, and long-term (3-, 10-, and 30-year periods).

5.1. EXISTING RESIDENTIAL ZONING PROVISIONS

The figure on the following page geospatially maps the location and extent of the residentially zoned land within the district, under the District Plan zone framework.

Overall, within the district, the residential zoned land encompasses a total of around 3,030ha. This includes:

- 61ha of Residential A (High Density – Ashburton Central)
- 113ha of Residential B (Medium-High Density)
- 1,376ha of Residential C (Medium-Low Density)
- 1,479ha of Residential D (Low Density).

Ashburton is the largest urban area / township in the district. It has a residential zoned provision of about 1,992ha, accounting for around two-thirds of the district's total capacity. Specifically, Residential C and D are the largest residential areas in Ashburton, providing for around 1,860ha of land.

Methven is the second-largest urban settlement with residential zones spanning approximately 551ha, including 181ha of land zoned Residential C and 370ha of land zoned Residential D.

Rakaia is a riverside settlement located on the northeastern boundary of the district, providing for a total residential zoned provision of approximately 170ha.

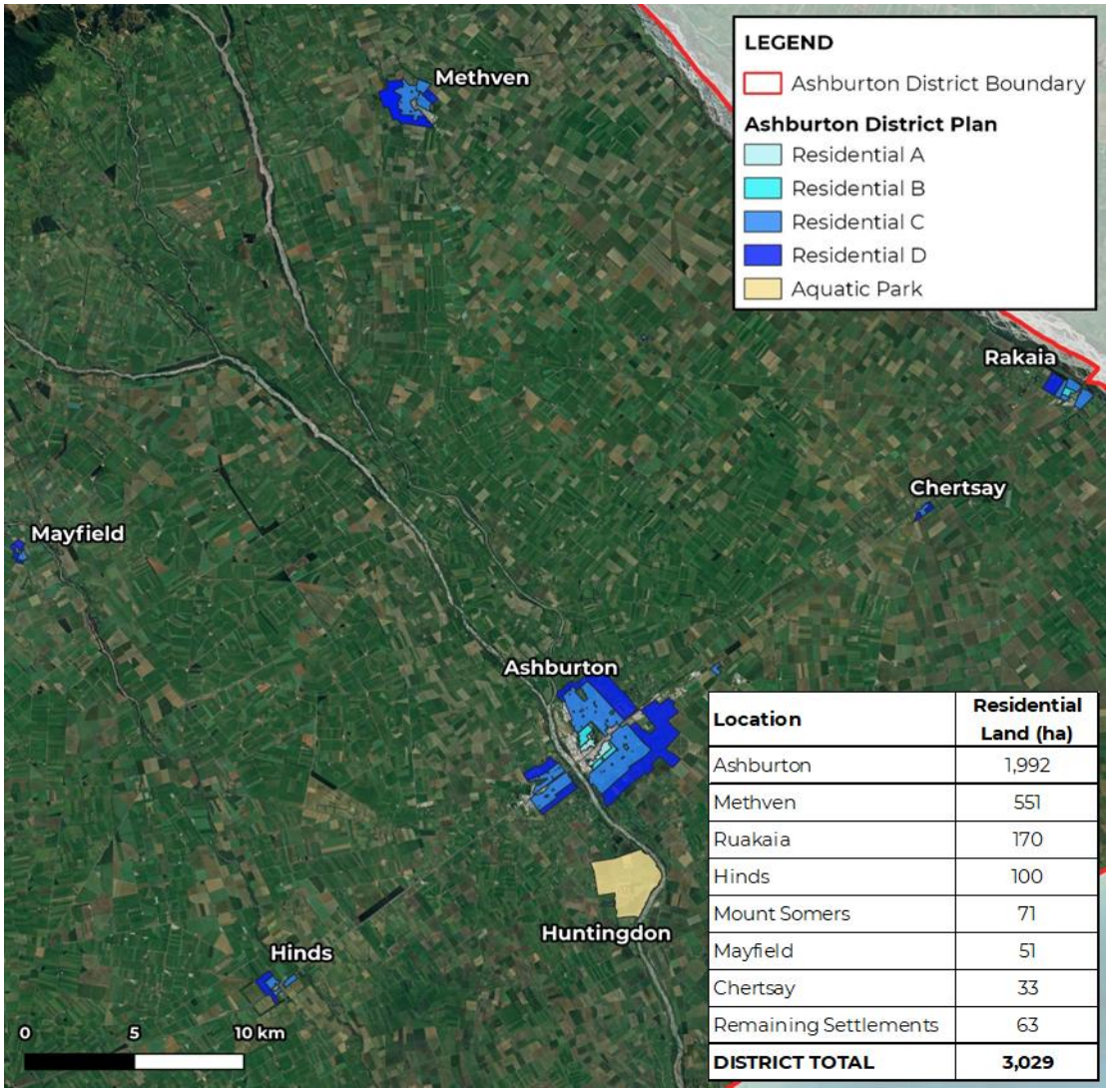
Other settlements within the district are relatively smaller in size and correspondingly provide for a smaller quantum of residential capacity.

Note that in addition to Residential A, B, C and D, which are specifically designated for residential activities, the Aquatic Park Zone (APZ) in Huntingdon enables the development of residential areas associated with Lake Hood. The Outline Development Plan (ODP), presented in Appendix 1 of this report, provides a visual illustration of the anticipated locations of Existing Residential, Residential and Rural Residential and Higher-density Residential-Commercial areas in the Huntingdon locality.

Note that although the APZ is not specifically designated for residential use and is only present in Huntingdon, the capacity it enables and the anticipated residential development within this

area contributes to the accommodation of the district's future residential demand. Therefore, the residential development potential within the APZ's identified residential areas is included in the subsequent assessment as a separate capacity scenario.

FIGURE 3: ASHBURTON DISTRICT EXISTING RESIDENTIAL ZONES (PART)



Location	Residential Land (ha)
Ashburton	1,992
Methven	551
Ruakaia	170
Hinds	100
Mount Somers	71
Mayfield	51
Chertsay	33
Remaining Settlements	63
DISTRICT TOTAL	**3,029**

Source: ADC, Google Maps, LINZ, Property Economics.

5.2. EXISTING RESIDENTIAL CAPACITY

Property Economics has broadly estimated existing dwelling capacity for the district. This assists in understanding the sufficiency of capacity for residential development moving forward and the district's current ability to accommodate future growth. This involved visiting the existing parcels of residential zoned land that are vacant and estimating the number of dwellings able to fit on that parcel.

In total, it is estimated that around 763ha gross, or around a quarter of zoned residential land (out of 3,029ha zoned) in the district, is currently vacant and available to accommodate future dwelling demand.

With an assumption that 40% of the identified gross vacant land would be used for infrastructure on average (accounting for roads, easements, paths, landscaping, stormwater management, etc.), the net developable vacant residential land within the wider district would be decreased from 763ha to around 458ha. This represents the estimated developable area of the gross zoned provision.

To estimate the likely yield of the identified vacant zoned developable area, a range of assumptions are applied based on the relevant District Plan residential zoning provisions. These are:

- There are no geotechnical constraints on the residential zoned land;
- The minimum net areas for residential units, as outlined in the relevant zoning provisions of the District Plan, are as follows:
    - 120sqm within Residential A
    - 280sqm within Residential B
    - 650sqm within Residential C – Lochhead ODP Area
    - 1,000sqm within Residential C – The Village Green ODP Area
    - 2,000sqm within Residential C – Redmond ODP Area
    - 360sqm within other Residential C areas
    - 4,000sqm within Residential D

Note that these assumptions are based on the minimum lot size requirement within the respective zone and therefore would represent a maximum dwelling yield scenario that may be possible under the District Plan provisions. Applying the above assumptions, it can be estimated that the 458ha of net developable residential land would provide an additional 4,208 dwellings, with infill and redevelopment opportunities excluded.

Note that factors such as engineering, environmental and market conditions that may make the development of dwellings on identified parcels more or less feasible or realisable are not factored into the estimation. As such, the assessed capacity figure might overstate the 'actual' feasible capacity potential of the areas once of practical constraints are factored in.

As mentioned earlier, on top of the zones specifically designed for residential purposes, the APZ also enables the development of residential units in identified areas under the ODP.

Based on Property Economics' high-level estimate, these identified residential areas have a total current vacant land area of just over 180ha. This can accommodate in the order of 470 dwellings, based on 40% infrastructure assumption and the utilisation of minimum net area of 4,000sqm for site within the Rural Residential area and minimum net area of 120sqm within the identified Higher-density residential area (in accordance with the provisions in the District Plan Section 7.9.1).

As a result, the district's cumulative vacant residential capacity increases from 4,208 dwellings to around 4,680 dwellings, within the residential zones (A-D) and the APZ.

A consolidated breakdown of assessed residential capacity by zone is provide in Table 1.

TABLE 1: ASHBURTON ESTIMATED ZONED RESIDENTIAL CAPACITY (EXCL. AQUATIC PARK ZONE)

Zone	Zoned Land (ha)	Estimated Vacancy (ha)	Net Developable Land (ha)	Estimated Capacity (Dwellings)
Residential A (High Density)	61	0.1	0.06	5
Residential B (Medium - High Density)	113	0.4	0.25	9
Residential C (Medium - Low Density)	1,376	214	128	3,372
Lochhead ODP Area	27	12	7	114
The Village Green ODP Area	20	5	3	31
Redmond ODP Area	9	3	2	10
Other Residential C Zoned Areas	1,319	193	116	3,216
Residential D (Low Density)	1,479	548	329	823
RESIDENTIAL ZONES TOTAL	**3,029**	**763**	**458**	**4,208**

Source: ADC, Property Economics. Notes: "ODP" refers to Outline Development Plan.

5.3. RESIDENTIAL CAPACITY SUFFICIENCY FORECASTS

The table on the following page outlines the projected dwelling sufficiency based on the high-level assessment of existing plan-enabled residential capacity and High growth projection.

Note that the district's current (2023) household base of around 15,040 has already exceeded the Medium growth projection of around of 14,660 people for 2026. Therefore, using this Medium growth scenario would imply negative household growth over the next three years, which is highly unlikely for the district. Given this context, in combination with the analysis undertaken in Section 4, Property Economics considers that the High growth scenario is more appropriate for residential demand forecasts and forward planning purposes.

Under the High growth scenario, it is estimated that the district will require an additional 515 dwellings by 2026 (short term). This is projected to increase further to 2,425 dwellings by 2033 (medium term) and 5,100 dwellings by 2053 (long term).

While it is not necessary for many smaller councils to provide sufficient capacity based on incorporating NPS-UD margins[7], providing such a buffer allows markets to operate more efficiently, maintain relative competitiveness and provide greater choice in location, price, and typology. These are considered sound economic reasons to apply to any market and not just Tier 1 and Tier 2 territorial authorities under the NPS-UD.

[7] *NPS-US margins are 20% over the short-medium term and 15% over the long term.*

Including these NPS-UD buffers increases the net additional dwelling requirement from 5,100 dwellings to approximately 5,870 dwellings over the next 30 years (by 2053).

TABLE 2: RESIDENTIAL CAPACITY AND SUFFICIENCY FORECAST – WITHOUT AQUATIC PARK ZONE

Stats NZ High Growth Scenario	Base Year 2023	Short-term 2026	Medium-term 2033	Long-term 2053
District Population	36,750	38,400	41,740	50,890
District Households	15,040	15,500	17,200	19,580
District Total Dwellings (incl. Unoccupied Dwellings)	16,900	17,415	19,325	22,000
District Net Additional Dwellings Requirement	-	515	2,425	5,100
Net Additional Dwellings Requirement + NPS-UD Buffer	-	**620**	**2,910**	**5,870**
District Total Vacant Zoned Residential Capacity	**4,208**			
District Residential Capacity Sufficiency (Rounded)	-	**+3,590**	**+1,300**	**-1,660**

Source: Property Economics

Comparing the estimated zoned capacity to the estimated net dwelling requirement incorporating the NPS-UD buffers, the district is projected to have more than sufficient residential capacity over the short and medium term with circa 1,300 dwellings of zoned capacity remaining by 2033. However, in the long term, there is an anticipated shortfall of around 1,660 dwellings within the district by 2053.

Based on a one dwelling per 360sqm assumption, which is the minimum net area for residential units within the Medium – Low density residential zones (i.e., Residential C), the estimated shortfall of 1,660 dwellings would require circa 60ha net (circa 100ha gross) of residentially zoned land in the wider district over the long term.

Incorporating The Aquatic Park Zone

The following table provides a separate capacity scenario which considers the potential residential capacity enabled within the APZ. As estimated earlier, the inclusion of the APZ's designated residential areas would further increase the vacant capacity to around 4,680 dwellings. Consequently, the district is projected to have greater remaining capacity over the short and medium term and a smaller long-term shortfall of around 1,190 dwellings.

Incorporating the APZ slightly lowers the district's long-term shortfall by requiring only 43ha net (approximately 72ha gross) of additional residential zoned land over the long term.

TABLE 3: RESIDENTIAL CAPACITYAND SUFFICIENCY FORECAST – WITH AQUATIC PARK ZONE

Stats NZ High Growth Scenario	Base Year 2023	Short-term 2026	Medium-term 2033	Long-term 2053
District Population	36,750	38,400	41,740	50,890
District Households	15,040	15,500	17,200	19,580
District Total Dwellings (incl. Unoccupied Dwellings)	16,900	17,415	19,325	22,000
District Net Additional Dwellings Requirement	-	515	2,425	5,100
Net Additional Dwellings Requirement + NPS-UD Buffer	-	**620**	**2,910**	**5,870**
District Total Vacant Zoned Residential Capacity	**4,680**			
District Residential Capacity Sufficiency (Rounded)	-	**+4,060**	**+1,770**	**-1,190**

Source: Property Economics

5.4. POTENTIAL LOCATION(S) OF FUTURE RESIDENTIAL LAND

In this assessment Property Economics have opted not to specify particular greenfield sites for potential future residential development due to market implications and a greater level of detail required to better understand and evaluate the merits of potential location options. This process requires a comprehensive understanding of various practical issues, including existing infrastructure capacity, any new infrastructure requirement costs, geotechnical constraints, flood mapping, environmental constraints, ecological constraints and transportation impacts, many of which remain unclear at this stage.

Addressing these considerations requires input from experts across multiple disciplines, Council and the community, making the identification of specific sites a multifaceted endeavour rather than a pure economic focus.

As such, for the purposes of this analysis, we aim to identify a general area that appears suitable for future greenfield development from an economic perspective subject to further investigation. This takes into account key economic factors such as population growth and distribution, existing and known proposed infrastructure assets, area accessibility, integration with the existing urban environment, economic efficiency, and current productive soil status.

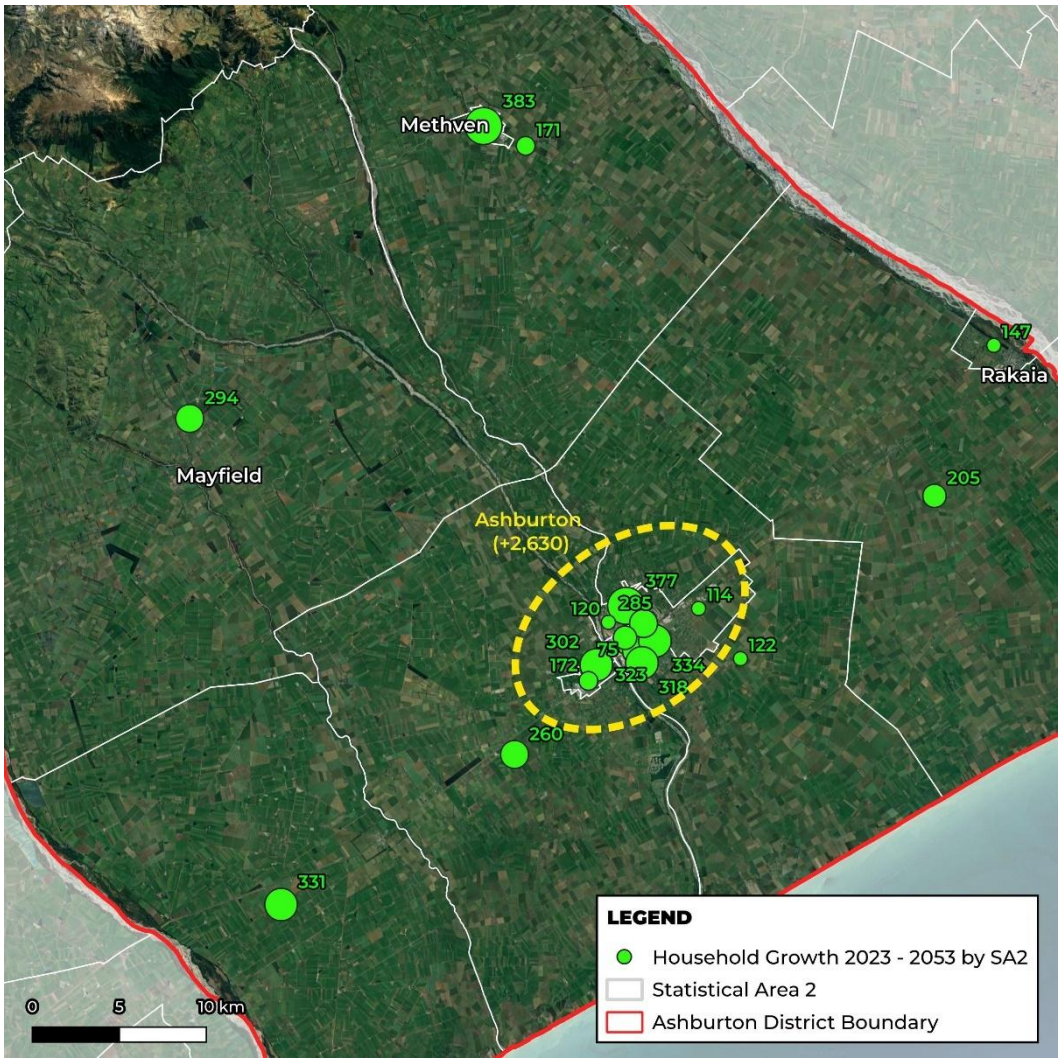
Greenfield Location Options

In terms of the appropriate greenfield location(s) of the district's additional residential capacity, in Property Economics' view, there is a range of key economic factors that should be considered.

Firstly - different settlements / areas of the district will experience different rates of growth in population and households over the assessed period (2023- 2053). Larger residential clusters or urban environments will gain from greater agglomeration benefits and efficiencies due to the significant level of supporting infrastructure, amenities and services that is being provided and to be provided in the area.

To provide a context for the anticipated growth of different areas, the figure following geospatially identifies the locations of the projected 30-year household growth at the Statistical Area 2 (SA2) level under the High growth scenario.

FIGURE 4: DISTRIBUTION OF HOUSEHOLD GROWTH (2023 - 2053) UNDER HIGH SCENARIO



Source: Stats NZ, Google Maps, LINZ

The above figure shows that the Ashburton township itself is projected to experience a cumulative growth of around 2,630 households over the next 30 years. This would account for around 58% of the district's total household growth over the same timeframe.

Methven, the second-largest township in the district, is anticipated grow by 383 households between 2023 and 2053, accounting for around 8% of the overall household growth in the district. Other projected growth will be distributed across the rural settlements and the surrounding rural areas of the district.

Given the anticipated household growth, Ashburton township is likely to expand continuously as its critical mass grows and accommodate a higher proportion of growth within the district, i.e., 70-80% of the district's net additional capacity requirement over the long term. This represents a significant proportion and clearly where focus needs to be applied.

Methven currently accounts for only 5% of the district's population and household base and an estimated 8% of the next 30-years of growth for the district under the High growth scenario. However, the level of existing amenities, infrastructure, services, as well as the quantum of employment opportunities, is noticeably lower in Methven, albeit being the second-largest township in the district. Methven's economy has a significant injection from visitors to Mt Hutt, particularly during the winter months. These visitors are non-permanent residents, meaning growth in a significant proportion of Methven's economy is less driven by a requirement for permanent residents and zone provision relative to other locations.

Secondly - when identifying suitable greenfield locations for future residential capacity, the ability to '*plug into*' existing infrastructure needs to be a key consideration. Constructing entirely new infrastructure networks can be prohibitively expensive, both for developers and ADC. By plugging into established infrastructure networks, any new financial burden could be minimised, making the development more economically viable and potentially lowering marginal infrastructure and housing costs for future residents.

In addition, greenfield sites that connect seamlessly to existing infrastructure networks can be better integrated into the broader urban fabric. This ensures that new residential areas have access to essential services like public transportation, healthcare, and education, enhancing the overall quality of life for residents. It also promotes social cohesion by linking new communities with established neighbourhoods. Leveraging existing networks would also accelerate the development process, enabling quicker delivery of housing supply to the market.

Thirdly - the distribution of highly productive land is another factor to consider in the context of the National Policy Statement for Highly Productive Land (NPS-HPL). According to the NZLRI Land Use Capability (LUC) classification, the land surrounding the major settlements of the district all encompass some highly productive land (HPL), i.e., land that is classified as either LUC Class 1, 2 or 3 (refer to Appendix 2).

This means that to mitigate the potential adverse impact on the productive capacity of the district, providing for additional residential capacity directly adjacent to the existing urban environment would be more appropriate when compared to more remote / separate greenfield locations. These more remote greenfield locations have a higher potential to cause significant fragmentation of highly productive land.

The figure below illustrates Ashburton's existing residential environments in relation to HPL and flood risk areas. It highlights that the only non-HPL surrounding Ashburton township is LUC Class 4, predominantly located around the river channel. However, this Class 4 soil is also prone to flooding, making it less suitable for urban development.

LUC Class 3 soil, the lowest classed HPL around the township, is primarily located between Fairton and Newland, as well as south of Tinwald. Developing these areas for residential uses would thus have a lesser impact on the district's highly productive land compared to areas with Class 1 and 2 soils.

However, other practical considerations must still be taken into account, such as infrastructure costs, land suitability, accessibility, and the overall feasibility of development in these locations. These factors are essential to ensure that the chosen sites are not only suitable in the context of the NPS-HPL but also sustainable and capable of supporting efficient long-term growth.

FIGURE 5: RESIDENTIAL ZONES IN THE HIGHLY PRODUCTIVE LAND AND FLOOD RISK CONTEXT

Source: ADC, NZLRI, Google Maps

In terms of greenfield areas, in Property Economics' view, the areas southeast of Tinwald (on the south side of the Ashburton River) and southeast of Ashburton's existing urban extent (on the north side of the Ashburton River) provide the most appropriate location options and potential to accommodate additional residential development from an economic perspective.

These locations are adjacent to existing urban areas facilitating an efficient '*plug-in*' integration with the existing urban environment and would increase utilisation of Ashburton's major new infrastructure asset of the second Ashburton bridge.

Development of these areas have the potential to reduce the marginal infrastructure cost of the second bridge with an increase in population around this asset would improve the efficiency of local infrastructure and services. The second bridge will significantly improve connectivity and catalyse development and investment around the asset, improving the efficiency of Ashburton as a whole.

It is important to note that instead of rezoning rural land for urban residential use, upzoning part of the existing lower-density Residential C Zone to medium and higher density zones, such as Residential A or Residential B, would be a more economically efficient option to meet the anticipated future demand.

Brownfield Location Options

Upzoning existing lower-density residential areas typically involves lower infrastructure costs since the requisite services, such as roads, utilities, and public amenities, may already be in place. Expanding into rural or greenfield areas, on the other hand, often requires more significant investment in new infrastructure, which can be costly and time-consuming. This makes upzoning a more efficient option from an economic planning perspective, subject to market requirements and preferences.

In addition, upzoning existing residential areas increases housing density without expanding the urban footprint, making more efficient use of the land and existing infrastructure. This approach helps to accommodate population growth within established neighbourhoods, reducing urban sprawl and preserving highly productive lands.

In terms of the specific locations within the existing lower-density residential environments, one factor to consider are the areas with relatively lower land improvement value. Lower land improvement values often indicate underutilised or vacant land.

Upzoning such land for higher density residential use has the potential to improve land use efficiency, ensuring that scarce brownfield land resources are utilised effectively to meet the growing demand for housing.

Moreover, land with fewer pre-existing improvements offer greater flexibility in urban planning and economic efficiency benefits. ADC can promote residential designs that align with modern standards and community needs without being constrained by existing structures or layouts. This flexibility has the potential to lead to more cohesive and sustainable community developments.

Given the above considerations, the figure on the following page illustrates the distribution of residential zoned blocks that have a land-to-capital ratio greater than 0.6, using data from the Canterbury Regional Council's rating units data.

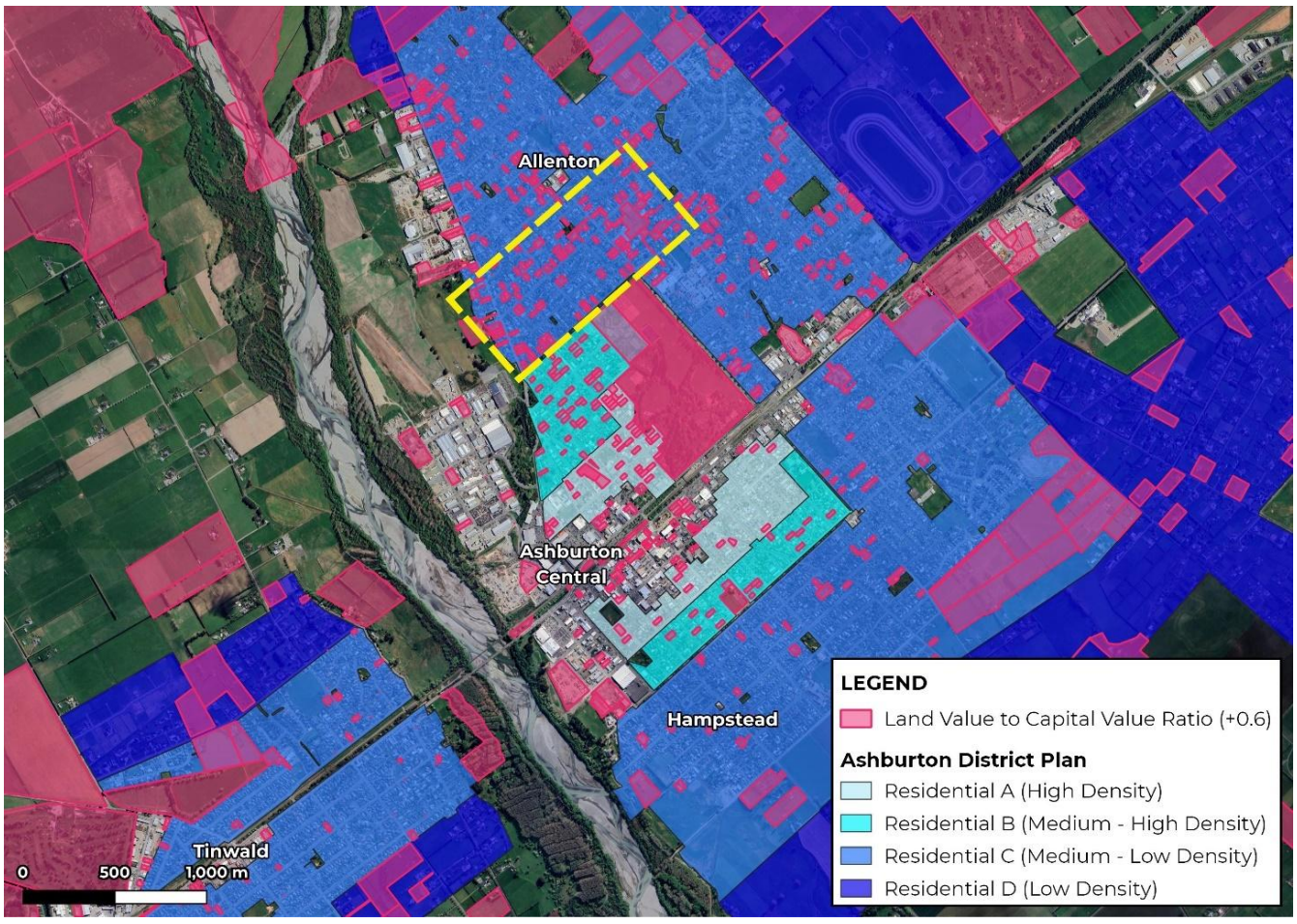
In essence, a higher land-to-capital ratio means that the land represents a larger share of the overall property value compared to the improvements on it. The blocks with a high ratio therefore would have greater redevelopment opportunities as the land is valuable enough to justify significant new investment.

As shown in the figure following, within the lower-density residential zones, the area to the north of the existing Residential B Zone in Allenton contains a large number of parcels with a land-to-capital ratio exceeding 0.6 (refer to the Yellow Dashed Area). This area is currently zoned Residential C and is within a 1.5km distance of the Ashburton Town Centre.

Upzoning this area could therefore unlock significant development potential by allowing for densification and more intensive land use in proximity to the existing employment opportunities, amenities and services.

This land's direct connection with the existing Residential B Zone also means that upzoning the land would not materially alter the established residential environment in the surrounds.

FIGURE 6: RESIDENTIAL ZONED BLOCKS WITH A HIGH LAND VALUE TO CAPITAL VALUE RATIO



Source: Canterbury Regional Council, ADC, Google Maps

Note that the above analysis is purely from an economic perspective and does not account for potential geotechnical constraints (if any), environmental considerations, or the infrastructure costs associated with supporting densification in the area.

Therefore, the area highlighted in the figure is indicative only and should not be viewed as the sole (upzoning) option for providing additional residential capacity in the district.

In addition, it is appropriate to adopt a more balanced approach to accommodate residential demand within the district, considering both brownfield and greenfield development opportunities. This approach would ensure a comprehensive and sustainable growth strategy that takes into account the diverse needs and potential of different areas within the district.

6. DWELLING TYPOLOGY DEMAND

While this report utilises a spread of population and household projections as identified earlier, information is more limited on the composition of household growth by dwelling type. This section assesses the proportional composition of household structure types required over the forecast period to paint a clearer picture of estimated demand by dwelling type, i.e., how the projected changing household structure is likely to influence changes in dwelling type demand.

Note that for the purposes of analysis, it is assumed that Stats NZ demographic changes will be reflected in the wider Ashburton District and that these composition trends are consistent across all projected growth scenarios assessed.

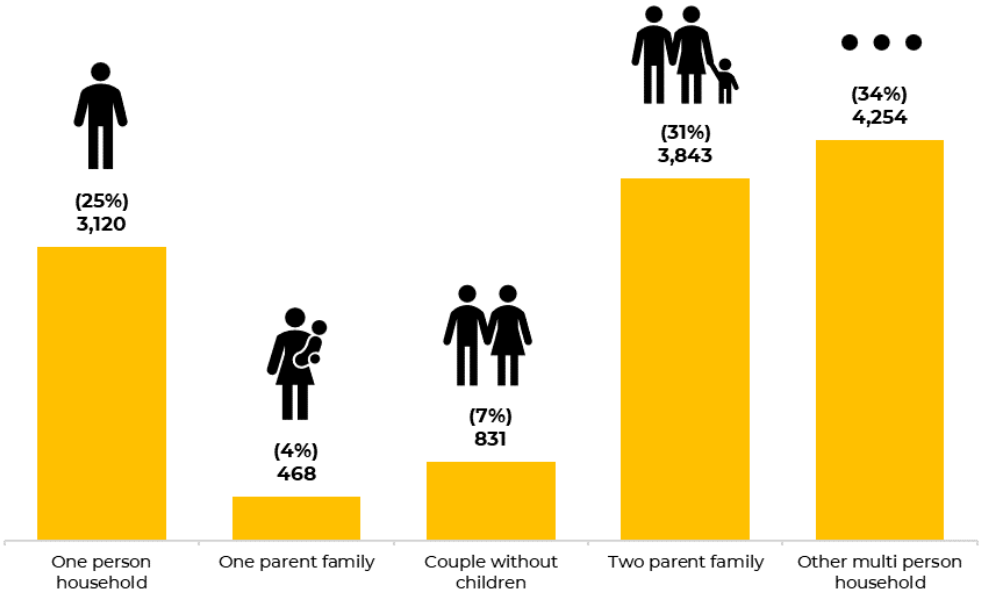
6.1. HOUSEHOLD STRUCTURE AND DWELLING TYPE PREFERENCES

The following figure shows the estimated propensity across each household structure type for living in each respective dwelling type (i.e., standalone, terraced and apartments) that they current reside within.

It indicates smaller households, such as One-Person households, have a higher propensity for living in smaller higher density dwellings such as terraced houses and apartments (25%), while larger households such as Two Parent Families and Other Multi-person Households having a higher propensity for living in lower density standalone dwellings (31% and 34%, respectively).

Though, it should be noted that this is largely determined by the current provision that exists in the Ashburton market today and this will continue to be the case as the supply and demand sides of the housing market influences one another in shaping residential composition.

FIGURE 7: ASHBURTON DISTRICT EXISTING HOUSEHOLD TYPE (2018)



Source: Stats NZ

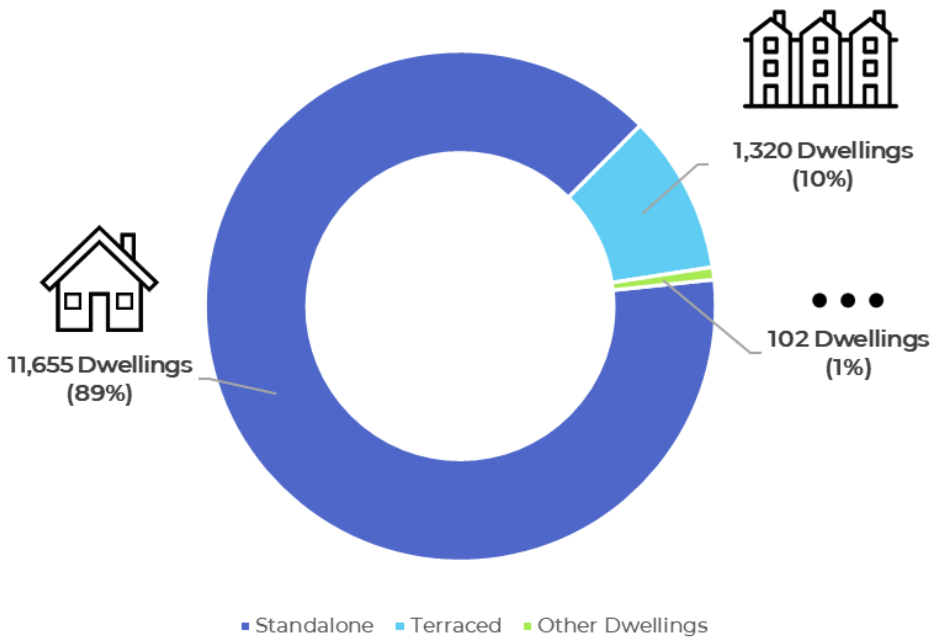
House prices and rising construction costs, along with subdued wage growth on a comparative basis, has had a marked effect on what people can afford to purchase and the level of household debt serviceability. This is forcing some sectors of the market to re-think their property expectations around housing typology choices from typology preferences to what they can actually afford / service.

Smaller typologies typically have small land holdings and dwelling footprint which in turn means new dwellings can be delivered to the market at a lower price point. This is fuelled by typically costs being amortised over a greater number of dwellings in a higher density development, and economic benefits being generated during the construction phase and in land use efficiencies.

The following figure further shows that the existing dwellings within the district are predominantly Standalone, which accounted for approximately 89% of the total dwelling supply of the district. This is not unusual for well-established semi-rural townships across New Zealand.

In contrast, Terraced dwellings accounted for around 10% of the total dwellings. This significant difference indicates the simple structure of the local residential market which historically may not have had the market pressure, in respect of price, to develop smaller typologies in the wider district.

FIGURE 8: ASHBURTON DISTRICT EXISTING OCCUPIED DWELLING TYPOLOGY (2018)



Source: Stats NZ. Note: 'Other Typologies' refer to other private dwellings such as dwellings in a motor camp, mobile dwellings not in a motor camp, improvised dwellings or shelter, roofless or rough sleeper, etc.

6.2. FUTURE RESIDENTIAL DEMAND BY TYPOLOGY

The following table shows the estimated demand for new dwellings by typology within the district over the 2023 - 2053 period based on the High growth projection. Again, the breakdown of dwelling typology is derived using Stats NZ 2018 Census data about occupied private dwellings, household structure and family type.

Furthermore, this forecast assumes a gradual decline in the proportion of standalone dwellings within the district's market over the long term, with a corresponding increase in the share of terraced dwellings. This shift is expected to better meet the needs of the local community, particularly in response to an aging population, while also offering greater housing options in the market.

The forecast also allows household composition to change over time as estimated by Stats NZ. This provides an approximation of future demand across each dwelling type based on the changes in the household demographic over the foreseeable future.

As shown earlier, the district is estimated to require a total of approximately 5,870 new dwellings (including NPS UD margins) by 2053 to accommodate the projected population growth within the district under the High growth scenario.

Specifically, Standalone dwellings are forecast to remain the predominant typology in the district with an estimated additional capacity of approximately 5,048 dwellings by 2053, accounting for around 86% of the total demand.

Demand for terraced dwellings accounts for an anticipated 13% of the total dwelling demand. This is equivalent to demand for additional 763 terrace dwellings by 2053. In essence, the wider Ashburton District is projected to continue to be a standalone dwelling market.

TABLE 4: ASHBURTON DISTRICT CUMULATIVE ADDITIONAL RESIDENTIAL DEMAND BY TYPOLOGY

Dwelling Typology	2026	2033	2053
Standalone	552	2,561	5,048
Terraced	62	320	763
Other Typologies	6	29	59
Total Net Additional Dwelling Demand	**620**	**2,910**	**5,870**

Source: Property Economics.

Note: 'Other Typologies' refer to other private dwellings such as dwellings in a motor camp, mobile dwellings not in a motor camp, improvised dwellings or shelter, roofless or rough sleeper, etc.

Based on the above forecasts, it can be expected that if the dwelling product in the right locations can be provided to the market (assuming an acceptable price point and quality), then the opportunity for terraced homes and other higher density dwellings to yield a growing proportion of future dwellings is possible in the longer term.

This is considered a more likely outcome as people grow to accept more diversified dwelling development over time, developers get better at building these products, and affordability becomes an increasingly influential consideration in home purchasing decisions.

This would be the case in Ashburton with its predominant proportion of Single and Couple households, along with the increasing house prices, serviceability and building costs across the country.

To provide a context, based on the latest average house prices data by QV[8], over the last five years between July 2019 and July 2024, Ashburton District's average house price has grown by around +62%, reaching the peak at around $576,760 currently.

This is significantly higher than that of the NZ average of around +31% over the same period. This difference highlights the increased value the market is placing on Ashburton as a place to live and the lifestyle offered.

However, recent interest rates increase is impacting house prices and housing affordability of New Zealand residents and consequently their dwelling typology preferences, with the Ashburton District being no exception. While house prices may have dropped recently, this has been more than offset by increasing interest rates, which in many markets has actually lowered household serviceability.

7. BUSINESS GROWTH TRENDS

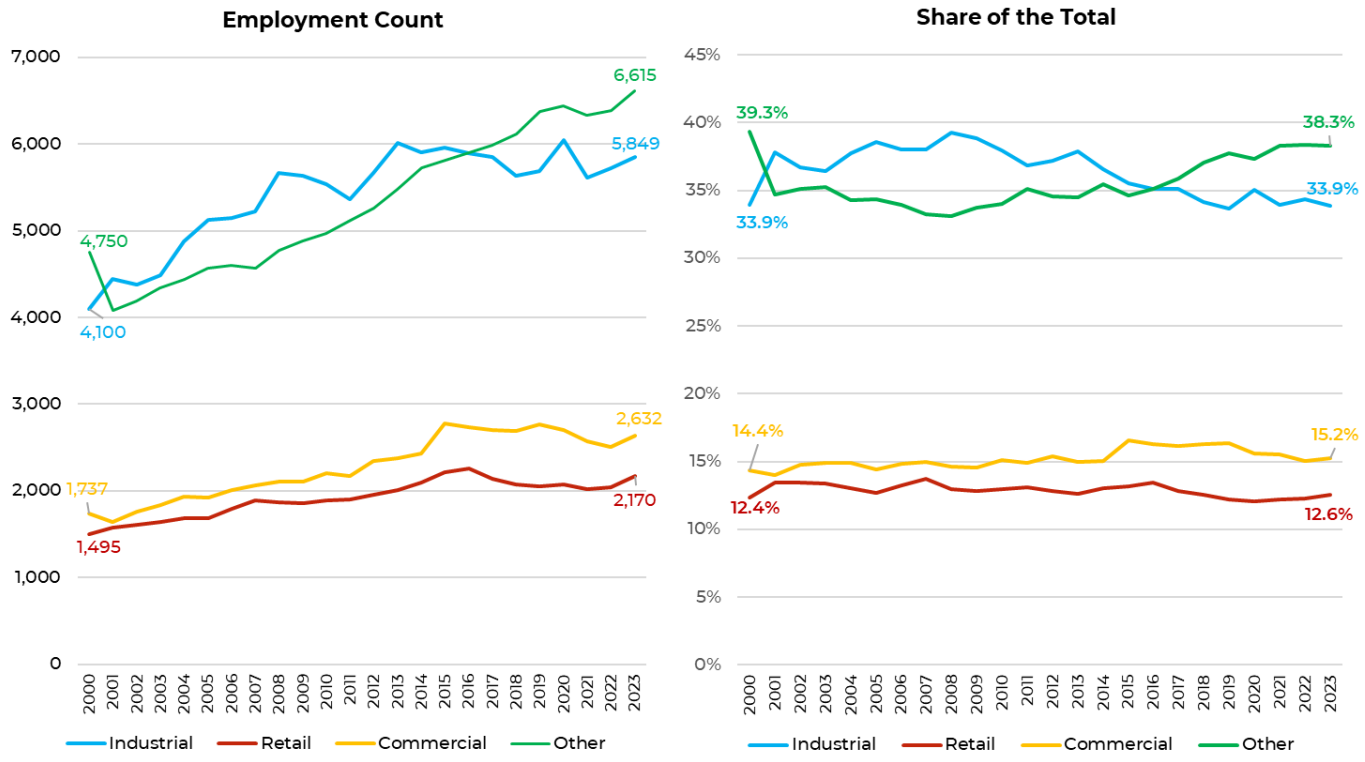
This section assesses Ashburton District's business trends and changes in employment structure for the local economy over the last 23 years. This informs the current dominant sectors in the district and the recent performance of those sectors. Additionally, the historic performance of commercial and industrial employment is used to inform future growth in these two sectors. This analysis is useful to contextualise office and industrial sector opportunities with the district's strategic planning development.

Property Economics utilises the most recent version of ANZSIC data as guidance, whereby businesses are assigned an industry according to their predominant land use. 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 3.

[8] *Source: https://www.qv.co.nz/price-index/*

The following figure identifies the employment trends of the district on a temporal basis from 2000 to 2023 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 9: ASHBURTON DISTRICT EMPLOYMENT TRENDS BY CORE SECTOR



Source: Stats NZ, Property Economics

The total employment in the district has grown by around +43% during the 2000-2023 period, from around 12,080 people employed in 2000 to around 17,270 people in 2023. In addition, the growth trends in all four sectors have been relatively constant over the last 23 years. This has resulted in a relatively stable (broader) business structure of the district.

Specifically, the Other (services) employment sector, which is primarily comprised of Public Administration and Safety, Education and Training, Health Care and Social Assistance, and Arts and Recreations Services, has a current employment base of around 6,615 people. This has made the Other sector the largest employment sector in the district. This Other sector has also experienced the highest level of growth nominally, with a net increase of about +1,870 employees, or an annual average increase of around +80 people in this sector's employment base since 2000.

The second largest sector of the district is Industrial with a current employment base of around 5,850 people. This accounts for around one-third of the district's total 2023 employment base.

In contrast to Other and Industrial sectors, the Commercial and Retail sectors, which are primarily concentrated in existing commercial centres and business areas, have a relatively smaller employment base proportionally, cumulatively contributing to the remaining one-third of the district's total employment.

A breakdown of the industrial and commercial employment by ANZSIC sector s are provided in the following sub-sections.

7.1. INDUSTRIAL SECTORS

The following figure illustrates that Ashburton District's industrial employment grew by +43%, reaching just over 6,000 employees in 2020. However, the Covid-19 pandemic led to a decrease of about 200 employees, or 3.3%, from 2020 to 2023, largely due to declining trends in the Manufacturing and Wholesale Trade sectors.

Currently, Manufacturing remains the largest sector in the district, providing around 2,630 jobs, which represents about 45% of the district's total industrial employment in 2023. Despite this, the sector has been experiencing a slow decline for over a decade. Compared to its peak in 2010, Manufacturing now employs approximately 470 fewer people. This trend suggests that manufacturing activities in the district have been either declining or evolving, possibly due to automation, changing industry demands, or increased competition from other districts.

This does not necessarily equate to a reduced contribution to district GDP by the Manufacturing sector with increased capital investment in manufacturing systems and machinery meaning fewer jobs are required to generate the same, or higher, productive output. This trend is required to improve productive efficiency, labour productivity and sector competitiveness both domestically and internationally.

Construction is the second-largest industrial employment sector within the district, accounting for around 24% of the district's 2023 industrial employment base. It is also the fastest-growing industrial sector in the district, with a growth of around +880 people or +170% over the last 23 years. This accounts for around a half of the district's overall industrial employment growth over the same timeframe.

The significant employment growth in the Construction sector partly reflects the increasing demand within the wider district for retail, commercial and infrastructure development catalysed by the post-Global Financial Crisis recovery. The Construction sector boom was a trend seen around the country over the same period.

In addition to Construction, Wholesale Trade is the sector with the second-highest level of employment growth over the last 23 years, totalling around +410 people. At present, Wholesale Trade employs around 870 people in 2023, accounting for around 15% of the district's total industrial employment.

TABLE 5: ASHBURTON DISTRICT INDUSTRIAL EMPLOYMENT COUNT TRENDS

ANZSIC Sector	2000	2005	2010	2015	2020	2023	2000-23 Growth (#)	2000-23 Growth (%)
A - Agriculture, Forestry and Fishing	254	281	302	366	390	389	**135**	**53%**

Source: Stats NZ, Property Economics

7.2. COMMERCIAL SECTORS

The following table shows that the district has a current (2023) commercial employment base of around 2,630 people, equating to +51% growth over the last 23 years. This represents the increasing ability of the district to provide for commercial services to support the needs of the district's growing population base and wider business community

The largest commercial employment sector in the district is the Professional, Scientific, and Technical sector, which employees 636 people in 2023. This equates to around 24% of the district's current (2023) commercial employment base.

Interestingly, both Health Care and Social Assistance and Information Media and Telecommunications have experienced a decrease in their employment. Specifically, the Health Care and Social Assistance sector's employment base has declined from around 440 people in 2000 to only 320 people in 2023, representing a 122 people loss over the last 23 years.

This loss is offset by the more significant growth in other sectors such as Professional, Scientific and Technical Services and Administrative and Support Services. These two sectors cumulatively have grown by around 615 people over the last 23 years. This accounts for around 69% of the district's overall commercial employment growth from 2000 to 2023.

TABLE 6: ASHBURTON DISTRICT COMMERCIAL EMPLOYMENT COUNT TRENDS

ANZSIC Sector	2000	2005	2010	2015	2020	2023	2000-23 Growth (#)	2000-23 Growth (%)
H - Accommodation and Food Services	258	335	362	453	439	453	194	75%
J - Information Media and Telecommunications	88	171	224	258	87	60	-28	-32%
K - Financial and Insurance Services	156	187	204	201	225	216	60	38%
L - Rental, Hiring and Real Estate Services	81	94	111	94	128	122	41	51%
M - Professional, Scientific and Technical Services	320	374	495	617	630	636	316	99%
N - Administrative and Support Services	234	337	363	659	597	533	299	128%
O - Public Administration and Safety	29	36	40	45	62	57	28	95%
P - Education and Training	90	95	110	129	146	150	60	67%
Q - Health Care and Social Assistance	442	253	249	266	310	320	-122	-28%
R - Arts and Recreation Services	39	40	49	59	73	86	47	119%
Total Commercial Employment	**1,740**	**1,920**	**2,210**	**2,780**	**2,700**	**2,630**	**+890**	**+51%**

Source: Stats NZ, Property Economics

Overall, Commercial activity employment tends be the result of population growth and servicing the (larger) population, whereas industrial activity employment tends to drive economic and productive sector growth. Stimulating industrial sector growth is important for any economic development strategy for both the Ashburton township and the district overall.

These trends indicate Ashburton has transitioned slightly in recent decades from a heavy reliance and focus on a productive centric economy to a more balanced economy with a wider range of professional services making an increased contribution to district GDP, albeit the productive sector is still crucial and dominates. This represents a diversification and broadening of the district's economic base, which is healthy and should be facilitated.

8. BUSINESS LAND CAPACITY AND SUFFICIENCY

8.1. EXISTING BUSINESS LAND PROVISIONS

Within the context of the District Plan, there are six distinct business zone provisions, each serving a different role and function within the district's business environment.

The figure on the next page geospatially maps the distribution of industrial and business land provisions within the district, with a summary of their land area, location and envisaged role and function presented below. A more detailed illustration of the Business A, B, and C Zones is provided in Appendix 4 of this report.

- Business A (51ha): Located in main townships of the district, covering the retail and commercial centres of Ashburton, Rakaia, Methven, Mt Somers, Hinds, Mayfield and Chertsey. This zone has the primary function of servicing the local retail and service needs of the surrounding community.

- Business B (10ha): This zone provides predominately for large-scale (or large format) retail activities and is located in Ashburton township only, adjoining the Ashburton Town Centre to the southeast.

- Business C (71ha): This zone provides for a mix range of activities, including limited commercial activities (e.g., recreational facilities and entertainment activities), service and community activities, as well as a range of light industrial activities. At present, Business C zones are primarily provided in Ashburton (61.6ha) and Tinwald (6ha).

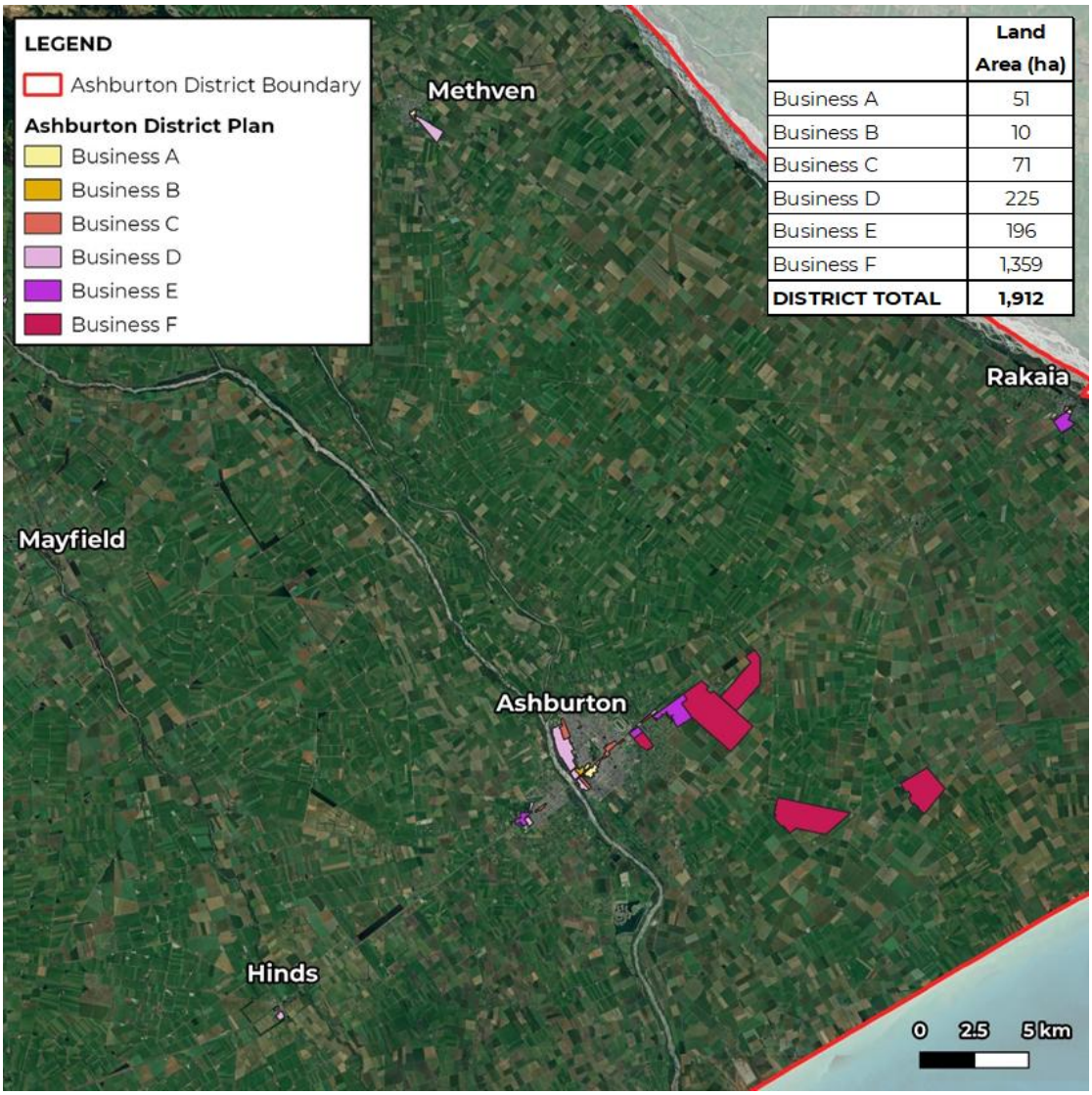
- Business D (225ha): Light industrial, service and limited commercial activities are anticipated within this zone. Retailing activities and offices need to be ancillary to an industrial or service activity for the purpose of ensuring the variability of the district's main commercial areas. At present, Business D zones are located in Ashburton (140.5ha), Methven (52ha), Tinwald (15.3ha), Hinds (11.5ha) and Mt Somers (5.2ha).

- Business E (196ha): This zone provides for medium to heavy industrial activities that may create adverse environmental effects. Ashburton and Tinwald currently have a cumulative Business E zoned land area of around 156ha, accounting for around 80% of the district's total Business E land provision. This is followed by Methven, which has around 52ha of land zoned as Business E.

- Business F (1,359ha): Business F is the most extensive business land provision under the District Plan, accounting for around 71% of the district's total business land provision.

This zone provides for all activities specifically related to meat processing[9] including the yarding and slaughtering of animals, the associated meat rendering, freezing, packing and storage of meat and associated products. The only exception is Area 2 which enables Service Activities[10] to be established on this site, including storage, repair or maintenance activities.

FIGURE 10: ASHBURTON DISTRICT EXISTING BUSINESS ZONED LAND



	Land Area (ha)
Business A	51
Business B	10
Business C	71
Business D	225
Business E	196
Business F	1,359
DISTRICT TOTAL	**1,912**

Source: ADC, Google Maps, LINZ, Property Economics.

[9] *As per District Plan 5.7.23, meat, food and produce processing are not anticipated to locate within Business A-D Zones given amenity values within and surrounding those locations, and also issues of compatibility with activities provided for in those zones.*

[10] *As per District Plan 5.7.24, Service Activities tend to involve storage, repair or maintenance elements which can be more compatible with medium to heavier industry.*

Given the above business zone provision context, the district's business land can be broadly grouped into three main categories:

- Commercial Land: This includes Business A (commercial centres), Business B (LFR), and Business C (mixed use), totalling around 132ha of land or around 7% of the overall business land provisions.

- Industrial Land: This includes Business D (light industry) and Business E (medium to heavy industry), totalling around 421ha of land or 22% of the overall business land provisions.

- Special Purpose Business Land: This refers to Business F. Given that only limited range of activities, i.e., meat processing and related activities, effluent activities (on some defined areas) and services activities (on defined sites), is permitted within this Business F subject to the ODP, the potential of the land to accommodate general industrial activities is very limited.

  As such, Property Economics considers that Business F does not form part of the district's industrial land provision and is not available for general industrial market development unless additional land use consent is obtained.

  Given this consideration, any vacant sites within Business F have not been identified as industrial land vacant capacity in the following economic analysis.

8.2. VACANT BUSINESS LAND CAPACITY

Based on Property Economics' assessment and ground truthing, the district's existing commercial and industrial zone vacant land capacity is estimated to be around 2.3ha and 198.8ha, respectively.

Specifically, within the relevant industrial zones, Business B and Business D each have a remaining land capacity of around 100ha. It is worth noting that Property Economics' 2019 assessment indicated a cumulative vacant capacity of around 245ha, which was comprised of around 115ha of Business D land and 130ha of Business E land.

This reduction in vacant industrial land capacity of around 46ha was primarily attributed to the uptake of land in the Ashburton Business Estate.

Within the relevant commercial zones (i.e., Business A, B and C), the estimated vacant land capacity is only 2.3ha, consisting of 1.8ha of Business A land and 0.4ha of Business C land. As a result, the current vacancy rate of the relevant commercial zoned land within the district is quite limited.

Specifically, the 1.8ha of vacant Business A land is primarily located at the intersection of Burnett Street and Cass Street in Ashburton Town Centre and is currently utilised for car parking. The Methven Town Centre also has a few vacant blocks, cumulatively amounting to around 4,400sqm. Other town centres and relevant commercial zones have very limited vacant capacity that is available to accommodate future commercial sector growth.

These estimated commercial and industrial zone land capacity (supply) will be contrasted to the projected commercial and industrial land requirements (demand) to assist in understanding the requirement for any additional business land provision within the district from a long-term planning perspective.

TABLE 7: ESTIMATED COMMERCIAL AND INDUSTRIAL VACANT LAND CAPACITY BY ZONE

	Zoned Land Area (ha)	Estimated Vacancy (ha)	Estimated Vacancy Rate
Business A	51.3	1.8	4%
Business B	9.7	0	0%
Business C	71.2	0.4	1%
Business D	224.6	100.0	45%
Business E	196.0	98.8	50%
Total Commercial (Business A, B, C)	**132.3**	**2.3**	**2%**
Total Industrial (Business D & E)	**420.6**	**198.8**	**47%**

Source: Property Economics. Note: Business A contains industrial activities that are not reflected in the vacancy metric but are considered to represent the zone's potential to accommodate further retail and commercial activities such as LFR, medical, hotel, etc.

The following figures show the geospatial distribution of vacant industrial capacity in the main settlements of the district.

FIGURE 11: DISTRICT VACANT INDUSTRIAL ZONE LAND GEOSPATIALLY

Source: ADC, Google Maps, LINZ, Property Economics.

8.3. BUSINESS LAND DEMAND FORECAST METHODOLOGY

Using the earlier identified population forecasts under the High and Medium growth scenarios, historic employment trends and the changing demographic profile and economic structure of the district, Property Economics have projected industrial and commercial employment for the district out to 2053 factoring in changing labour force participation rates over the period.

This forecast also considers an additional growth scenario to incorporate the potential additional growth in industrial and commercial sector resulting from a full development of the consented SPSC development in Huntingdon.

Specifically, the sector projected employment for the following areas is based on a variety of factors including:

- The ratio of net land to employee by industrial and commercial sector (these estimates are based on specific sectors and have been compiled based on empirical data such as regional rating databases).
- A locational assessment of efficient land utilisation (i.e., whether the local price is such that business land will be efficiently used).
- Historical trends by sector towards increased land and / or labour efficiencies.
- Changes in technology (increased efficiency, changes in input prices, etc.).
- Labour force projections (skilled / unskilled).
- Ability to accommodate growth, especially the potential relocation of business activity from the wider area.
- Relative business land supply and prices within the localised and wider market.
- Trend growth and changes in the district's economy over the past 23 years.
- Economic development directions.
- Key business location criteria by sector / market competitiveness.
- District and local supply of inputted goods and location of market.
- Business sector analysis.
- Changing working age.

These projections do not factor in changes in land prices resulting from changes to the district's competitiveness and price changes in surrounding districts. These factors can influence where businesses decide to locate, however given the unpredictability of land values, for the purpose of this assessment it has been assumed that relative prices between the district and the rest of NZ remain constant over the forecast period.

The projections also do not factor in '*one off*' or unforeseen (specially of a large scale) businesses that may establish within the district. These '*one-offs*' often have quite specific locational requirements dependent on the sector and products produced. It is considered a high-risk option, as well as inefficient and generally cost prohibitive, for Council to provide serviced land zoned, on a speculative basis, for these activities, given their often unique requirements and ability to undertake supported consents or private plan changes for specially identified (and uniquely suitable) locations.

8.4. FORECAST INDUSTRIAL LAND REQUIREMENT

The table on the following page summarises the projected sufficiency of industrial land within the district over the next 30 years across three different scenarios. A more detailed breakdown of future employment forecasts by ANZSIC sector is presented in Appendix 5.

Overall, all three scenarios indicate that the district has more than sufficient industrial land capacity to accommodate the projected growth in industrial employment over the next 30 years. Given the substantial existing industrial land capacity of just under 200ha (as identified in Section 8.2), the district would not require additional industrial land even in the longer term, beyond 2053.

Specifically, industrial employment within the district is projected to increase by 1,170 people over the next 30 years under the Medium scenario, and by around 2,460 people under the High scenario. As a result, the district would require around 33.5ha (gross) and 70.7ha (gross) of industrial land, respectively, over the next 30 years, including the NPS-UD margins[11].

While Ashburton District is not required to provide an NPS-UD buffer (as it is not a Tier 1 or Tier 2 territorial authority) it has been included as a measure of robustness on demand for industrial land to provide sufficient choice in price and location of industrial land and facilitate a competitive industrial land market.

With an estimated existing industrial land capacity of 198.8ha, the district is projected to have sufficient capacity by 2053 under both the Medium and High growth scenarios. Given these forecasts, it can be expected that the district would not require additional industrial zone land to accommodate the anticipated industrial employment growth and the industrial output demand of the local community over the short-, medium- and long-term.

[11] *As per the NPS-UD, the competitiveness margins for both housing and business land are: 20% for the short term (3 years); 20% for the medium term (3 – 10 years) and 15% for the long term (10 – 30 years).*

TABLE 8: ASHBURTON DISTRICT INDUSTRIAL LAND CAPACITY SUFFICIENCY FORECAST

Stats NZ High Gowth Scenario	Short-term 2026	Medium-term 2033	Long-term 2053
Industrial Employment Growth	390	1,000	2,460
Gross Industrial Land Requirement (at grade, ha)	8.8	24.0	61.5
Industrial Land Requirement + NPS-UD Buffer (ha)	10.6	28.8	70.7
Existing Industrial Land Vacant Capacity (ha)	198.8		
Industrial Land Capacity Sufficiency (ha)	**+188.2**	**+170.0**	**+128.1**

Stats NZ Medium Gowth Scenario	Short-term 2026	Medium-term 2033	Long-term 2053
Industrial Employment Growth	200	350	1,170
Gross Industrial Land Requirement (at grade, ha)	4.5	8.4	29.1
Industrial Land Requirement + NPS-UD Buffer (ha)	5.4	10.1	33.5
Existing Industrial Land Vacant Capacity (ha)	198.8		
Industrial Land Capacity Sufficiency (ha)	**+193.4**	**+188.7**	**+165.3**

SPSC Scenario	Short-term 2026	Medium-term 2033	Long-term 2053
Industrial Employment Growth	460	440	1,290
Gross Industrial Land Requirement (at grade, ha)	10.5	10.5	32.3
Industrial Land Requirement + NPS-UD Buffer (ha)	12.6	12.6	37.1
Existing Industrial Land Vacant Capacity (ha)	198.8		
Industrial Land Capacity Sufficiency (ha)	**+186.2**	**+186.2**	**+161.7**

Source: Property Economics.

SPSC Scenario

Note that under the scenario where the additional growth triggered by the consented SPSC development is considered, the district's industrial employment is projected to grow by around 1,290 people over the long term, around 120 people higher than the projection under the Medium growth scenario.

Note that the projected medium term (2033) industrial employment growth in the district under this SPSC scenario is around 440 people, which is around 20 fewer people when compared to the projected short term (2026) industrial employment growth of 460 people. This is mainly due to the anticipated departure of some construction workers once the SPSC development is completed.

Under this SPSC Scenario, the district would require a total of around 37ha of industrial land (incl. NPS-UD margin) over the long term. As with the High and Medium scenarios, this demand can be accommodated within the district's existing industrial zoning provisions, resulting in no additional industrial land requirement over the forecast period.

Note that the industrial land demand figures in the table refer to the 'at grade' requirements under the assessed scenarios. Typically, industrial development, over a countrywide area inclusive of relatively lower density development, will be accommodated at between 1 – 2 levels. If a higher average is applied (i.e., 2-levels), the district's projected industrial land demand would be halved.

Ultimately, the same conclusion could be reached, namely, the district with around 200ha of existing vacant industrial zone land would not require additional industrial land provisions over the forecast period (2023 – 2053).

However, if Ashburton's Business D zone vacant capacity was deemed not developable due to any geotechnical, infrastructure or environmental constraints, any additional industrial land capacity offset is considered most efficiently located on the northern boundary of Ashburton Business Estate.

This would represent a '*plug-in*' extension northward increasing the efficiencies, agglomeration benefits and marginal cost of existing infrastructure assets already deployed in the Ashburton Business Estate.

In the future there could also be a strengthened road connection between proposed future residential greenfield areas identified earlier in this report and the (larger) Ashburton Business Estate. This would add efficiencies to the market and ease the burden on SH1.

8.5. COMMERCIAL OFFICE LAND REQUIREMENT FORECAST

The table on the following page outlines the commercial (office) employment and land demand projections for the district from the similar assessment process identified above.

By 2053, the district's commercial employment base is projected to increase by approximately 860 people under the Medium scenario compared to the 2023 base year. This growth could potentially double to around 1,510 people under the High scenario. To accommodate this growth, the district would require about 4.7ha and 8.2ha (gross) of commercial land respectively over the next 30 years, including the NPS-UD margins.

Currently, with only 2.3ha of zoned vacant commercial land, the district has sufficient capacity to support short-medium term commercial office employment growth up to around 2029. However, as the commercial office sector continues to expand, the district is projected to need an additional 0.4ha of commercial land by 2033 under the Medium scenario, increasing to 1.4ha under the High scenario. Over the long term, these projected shortfalls could grow to around 2.4ha under the Medium scenario and 5.9ha under the High scenario.

Under the SPSC scenario, it is projected that the commercial employment of the district will grow by around 1,060 people, reaching a 2053 commercial employment base of around 3,690 people. This is around 200 more people than that projected by the Medium scenario.

Consequently, the district would require a total of around 5.8ha of commercial land across the district over the long term under this scenario. This would result in a net additional requirement of around 1.6ha over the medium term, increasing to around 3.5ha additional over the long term.

TABLE 9: ASHBUTON DISTRICT COMMERCIAL LAND CAPACITY SUFFICIENCY FORECAST

Stats NZ High Gowth Scenario	Short-term 2026	Medium-term 2033	Long-term 2053
Commercial Employment Growth	175	610	1,510
Gross Commercial Land Requirement (at grade, ha)	0.9	3.1	7.2
Commercial Land Requirement + NPS-UD Buffer (ha)	1.1	3.7	8.2
Existing Commercial Land Vacant Capacity (ha)		2.3	
Commercial Land Capacity Sufficiency (ha)	+1.2	-1.4	-5.9

Stats NZ Medium Gowth Scenario	Short-term 2026	Medium-term 2033	Long-term 2053
Commercial Employment Growth	90	460	860
Gross Commercial Land Requirement (at grade, ha)	0.5	2.3	4.1
Commercial Land Requirement + NPS-UD Buffer (ha)	0.6	2.7	4.7
Existing Commercial Land Vacant Capacity (ha)		2.3	
Commercial Land Capacity Sufficiency (ha)	+1.7	-0.4	-2.4

SPSC Scenario	Short-term 2026	Medium-term 2033	Long-term 2053
Commercial Employment Growth	130	650	1,060
Gross Commercial Land Requirement (at grade, ha)	0.7	3.2	5.0
Commercial Land Requirement + NPS-UD Buffer (ha)	0.8	3.9	5.8
Existing Commercial Land Vacant Capacity (ha)		2.3	
Commercial Land Capacity Sufficiency (ha)	+1.5	-1.6	-3.5

Source: Property Economics

Note that as with the previous forecasts for the industrial sector, the commercial land demand forecasts presented in the table above consider a scenario where future commercial developments were only one-level or 'at grade'.

Typically, commercial development in main commercial centres of an area inclusive of higher density development, will be accommodated at between 2-3 levels. Applying an average of 2.5 levels would suggest that the district would only require additional 1ha - 2.4ha of commercial land across the district over the long term, depending on the scenario.

From an economic perspective, the anticipated additional commercial land requirements are most efficient and appropriate to be located in and around the Ashburton Town Centre (i.e., Business A Zone), a location where most of the existing and future commercial office demand is most efficiently positioned.

Other townships and settlements, comparatively, are less efficient and competitive for providing additional commercial office land (unless servicing their immediate community predominantly) due to their greater distance from the district's primary commercial destination and workforce, and comparatively lower amenity levels.

In addition, during the site visit, Property Economics noted that Ashburton Town Centre has a few 'out-of-zone' commercial activities located within the existing residential zones (e.g., the blocks near the Victoria Street and Cass Street intersection and the blocks in between Park Street and Business A) to service the local community. The local demand for such activities can be expected to increase as the population of the district grows over the next 30 years.

Failing to accommodate this demand within an appropriate zone could undermine the distribution of commercial sector growth, reduce commercial activity efficiency and slow down the overall growth of the wider district economy.

8.6. ECONOMIC COSTS AND BENEFITS OF ADDITIONAL LAND PROVISION

In the presence of projected future land shortfall, the economic benefits of providing sufficient zoned capacity are important to consider and have the potential to drive local economic growth. Sufficient zoning provision can also stimulate economic activity by attracting new businesses, creating jobs, and boosting local spending, all of which contribute to overall economic growth.

Additionally, sufficient land provision will provide greater certainty for the growth of local businesses, safeguarding a continuous expansion of economic activities out of zone, which is important for improving the competitiveness of local businesses and the resilience of the overall economy.

Well-planned commercial zones have the potential to result in the ongoing development of vibrant, mixed-use communities that offer a diverse range of amenities, improving the quality of life for residents and attracting additional investment.

Conversely, the economic costs of enabling dispersed commercial zone capacity would be multifaceted. One major cost would be the investment required for infrastructure servicing. Expanding or upgrading infrastructure such as roads, utilities, and public services to support new land uses can be expensive, involving both initial capital expenditure and ongoing maintenance costs.

Additionally, there is an opportunity cost associated with allocating land for specific uses, depending on the existing zone provision and land use. In cases where rurally zoned land is allocated for urban business activities, the availability or potential of land for other valuable purposes, such as conservation, agriculture, or recreational spaces will be impacted. This requires a careful consideration in the context of the NPS-HPL.

Market saturation is another potential risk. Minor to moderate provision surplus has the potential to provide for greater certainty for the sectors. However, significant over-zoning for certain land uses all at the start of a 30-year period has the potential to lead to an oversupply over the short-medium term, resulting in lower property values, reduced rental income, and underutilised spaces. This requires an efficient monitoring of the uptake of land provisions across the wider district to mitigate any potential over-supply and inefficient use of land resources.

Overall, the economic costs and benefits of providing sufficient zone capacity must be carefully balanced to achieve sustainable growth and efficient development. While there might be some costs, including infrastructure expenses, opportunity costs, and potential environmental and social impacts, the economic benefits - such as economic growth, business competitiveness often outweigh such costs.

Thoughtful strategic planning that considers long-term economic goals, environmental sustainability, and community needs and aspirations can help maximise these benefits while minimising associated costs.

9. ASHBURTON TOWN CENTRE HEATLH ANALYSIS

9.1. 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 district, regional and sometimes national profile for business and therefore contributes to an area's economic competitive advantage.

Considering these factors, the following analysis evaluates the condition and vitality of the Ashburton Town Centre (ATC) based on Property Economics' visit undertaken in July 2024, as well as analysis of the centre's employment trends. The vacancy rate of the centre is also quantified at a high-level to highlight the centre's attractiveness for investment and current level of overall vitality.

Based on Property Economics professional experience across the country, an appropriate (in terms of providing a good quality retail environment and shopping 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, function and amenity.

9.2. ASHBURTON TOWN CENTRE ZONE EXTENT

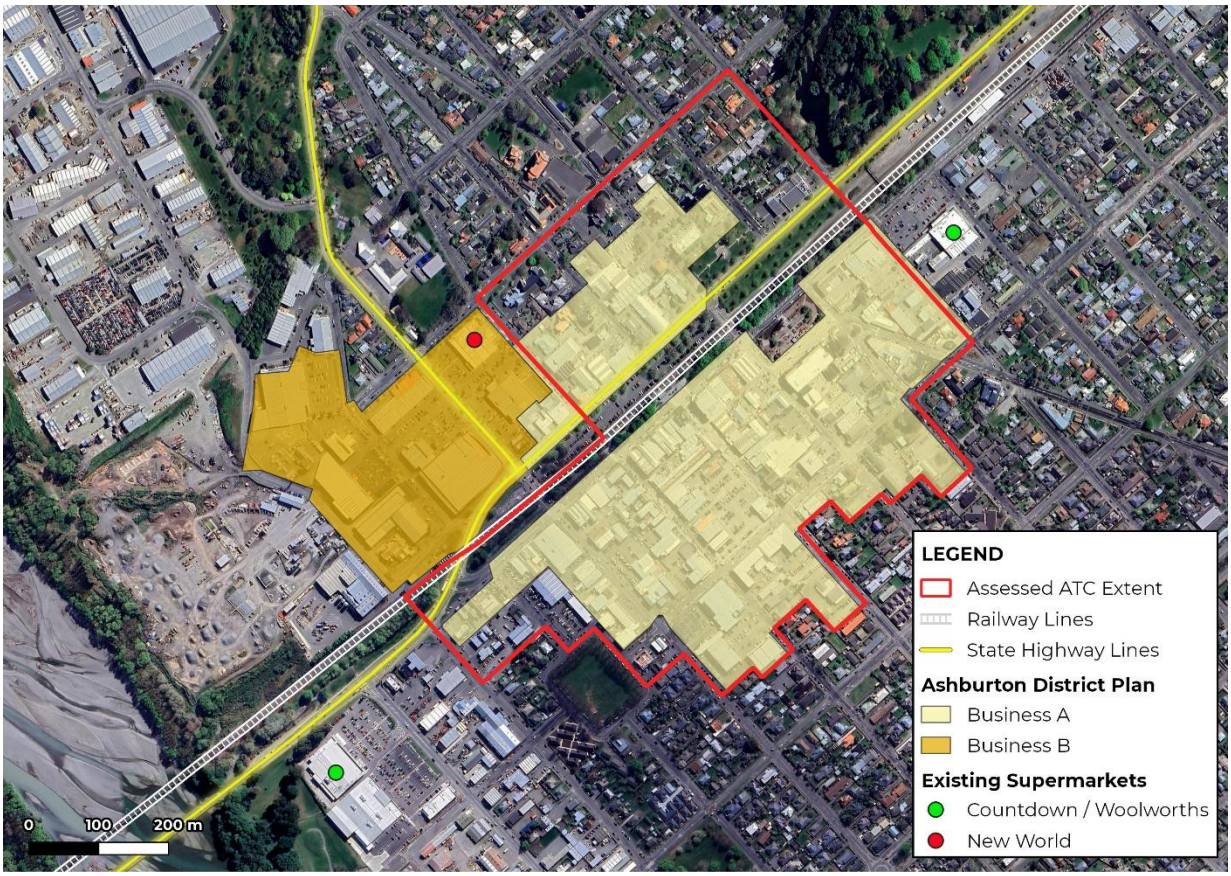
The figure on the next page illustrates the location and extent of the ATC (Business A) under the District Plan zoning. It also identifies Business B (LFR) and existing supermarkets, given their proximity and contribution to the functionality of the ATC.

Currently, the ATC covers approximately 26ha of Business A-zoned land, divided by SH1 and the railway line. This division means the eastern part of the ATC is not directly connected to the western side, limiting integration and the formation of a single consolidated retail and commercial cluster. Retail and commercial activities are predominantly concentrated on the eastern side of SH1 and the railway line, where there is a larger area of zoned land (20.5ha compared to 5.4ha on the western side).

In accordance with District Plan Policy 5.1A, business activities within the ATC are required to "*reinforce and strengthen the function, integrity, convenience, and viability*" of the centre, ensuring it fulfils its role as the "*primary commercial, retail, recreational, cultural, and entertainment hub for the district."*

Given this provision, it is important to assess whether the ATC is efficiently serving its intended role within the district and identify opportunities (if any) for further improvement to meet existing and future demand more effectively.

FIGURE 12: LOCATION AND ZONED EXTENT OF THE ASHBURTON TOWN CENTRE



Source: ADC, Google Maps, LINZ

9.3. EMPLOYMENT TRENDS

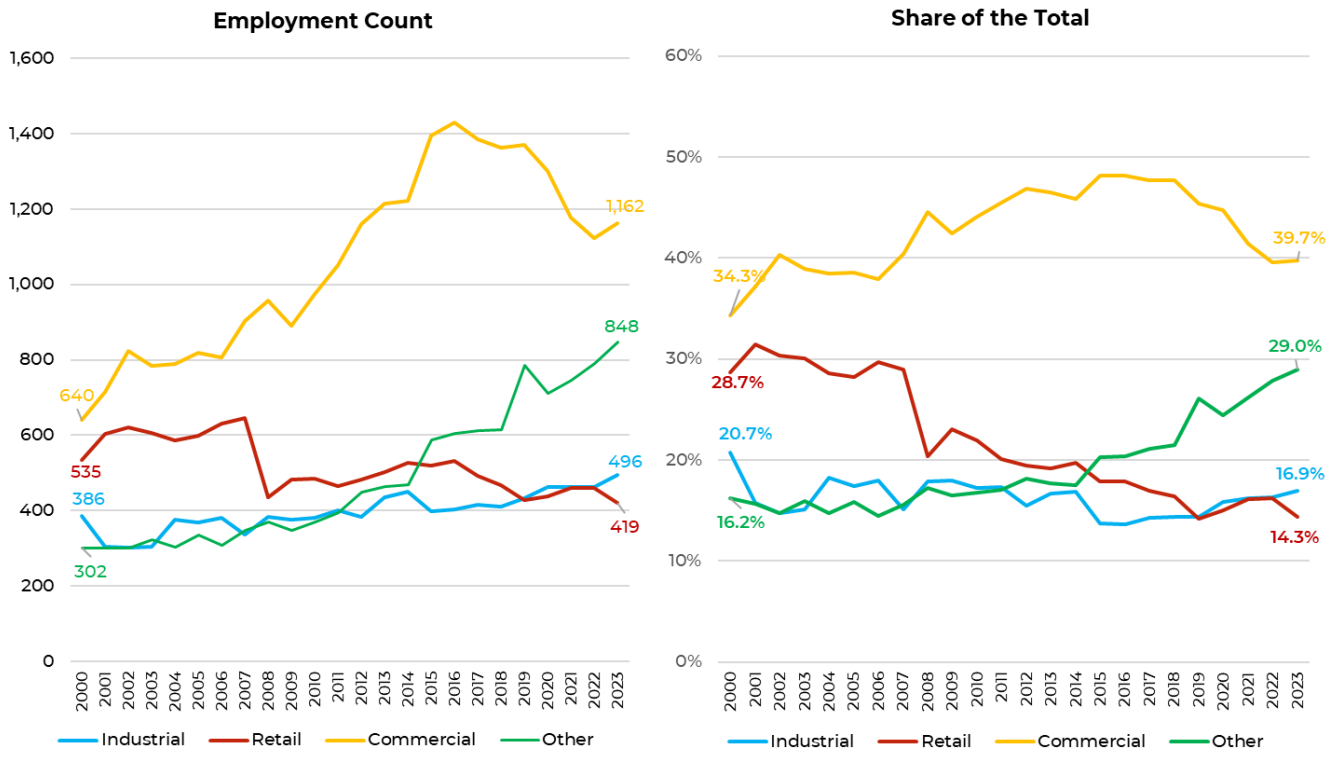
The figure on the next page identifies the employment trends of the ATC on a temporal basis from 2000 to 2023 to highlight the changing composition of town centre employment by sector over the last two decades, and consequently, each sector's performance relative to the broader market in terms of employment trends.

A breakdown of what ANZSIC activity has been included in each category has been set out in Appendix 2.

Overall, total employment in the ATC has increased by +57% over the 2000-2023 period, from 1,860 people employed in 2000 to around 2,930 people in 2023. The largest employment sector in the ATC is the Commercial sector which currently accounts for around 1,160 employees. While this equates to a significant 40% of the centre's total employment base, this proportion is noticeably lower than the peak in 2016, i.e., circa 48%.

Over the last 23 years, the employment of the Commercial sector has grown by around +520 people, within the ATC.

FIGURE 13: ASHBURTON TOWN CENTRE EMPLOYMENT COUNT TRENDS BY CORE SECTOR



Source: Stats NZ, Property Economics

Interestingly, the Retail sector, which is a critical sector and contributor to the ATC's amenity, business activity and therefore employment, is the smallest sector in the ATC, accounting for only 14% of the centre's overall employment in 2023.

More concerning is the steady decline of this sector's employment levels over the last two decades from its peak at around 31% in 2001 to 14% currently. In nominal terms, this corresponds to a loss of about 120 retail jobs (-22%) in the ATC over the past 23 years. This is over a period where the district's retail market grew significantly, indicating the relevance of the ATC as a retail centre in the market has weakened on a relative basis.

In combination with the recent declining trend in the Commercial sector (with an employment base back to 2011/12 levels), the ATC's overall retail and commercial employment accounts for around 54% of the centre's total employment base which is around 17% lower than that in 2002.

The diminishing proportion in the Retail and Commercial sectors is mainly attributed to the growth in the Other sector (i.e., employment in community services, Council, health, education and recreational activities). This sector has experienced the highest level of employment growth in the ATC, with a net increase of about 550 employees, or a +181% since 2000. This equates to over a half of the centre's total employment growth over the last 23 years.

Clearly the data shows the ATC is rebalancing its composition and becoming less retail centric by offering more professional and community services and amenity. This broadens the ATC's employment base and suggests Ashburton has reached a critical mass and demographic

structure where more services can be sustained and are required to meet the community's needs. Service sectors have increasingly become an important component of ATC's economy and important source of employment for the local community.

The table below provides a further breakdown of the ATC's employment composition by ANZSIC sector.

TABLE 10: ASHBURTON TOWN CENTRE EMPLOYMENT COUNT TRENDS

ANZSIC	2000	2005	2010	2015	2020	2023	2000-23 Growth	
							#	%
A - Agriculture, Forestry and Fishing	18	21	9	147	217	298	280	1556%
B - Mining	0	0	0	0	6	9	9	n.a
C - Manufacturing	71	33	36	51	84	140	69	97%
D - Electricity, Gas, Water and Waste Services	6	9	9	9	9	12	6	100%
E - Construction	43	54	60	124	159	150	107	249%
F - Wholesale Trade	111	191	181	150	154	140	29	26%
G - Retail Trade	452	503	369	358	321	303	-149	-33%
H - Accommodation and Food Services	159	185	225	310	225	224	65	41%
I - Transport, Postal and Warehousing	125	65	65	34	21	18	-107	-86%
J - Information Media and Telecommunications	88	94	140	144	72	42	-46	-52%
K - Financial and Insurance Services	135	175	180	168	207	183	48	36%
L - Rental, Hiring and Real Estate Services	81	54	89	57	48	33	-48	-59%
M - Professional, Scientific and Technical Services	188	253	307	321	334	334	146	78%
N - Administrative and Support Services	67	131	137	508	472	384	317	473%
O - Public Administration and Safety	124	131	182	217	247	255	131	106%
P - Education and Training	30	21	3	30	48	46	16	53%
Q - Health Care and Social Assistance	48	88	75	123	115	151	103	215%
R - Arts and Recreation Services	6	3	15	18	30	36	30	500%
S - Other Services	110	113	131	133	145	167	57	52%
Total All Industries	**1,862**	**2,124**	**2,213**	**2,902**	**2,914**	**2,925**	**+1,063**	**+57%**
Percentage of the District's Total Employment	**15.4%**	**16.0%**	**15.1%**	**17.3%**	**16.9%**	**16.9%**	**+1.5%**	

Source: Stats NZ, Property Economics

Interestingly, there is more industrial sector employment in the ATC than retail sector employment. This indicates there remains a material level of capacity within the ATC to accommodate future retail and commercial growth.

Accommodating this growth is required to facilitate the ATC better meeting its district plan objectives and improving its envisaged role and function in the market (the preeminent commercial, retail, recreational, cultural, public transport and entertainment centre for the district).

This rebalancing could enhance business agglomeration effects, which would contribute to a more robust and sustainable business environment.

9.4. GROUND TRUTHING - BUSINESS ASSESSMENT 2024

In the previous 2019 economic assessment, Property Economics identified that the ATC had a vacancy rate of around 11%. Based on our ground truthing in July 2024, the vacancy rate within the ATC is at a similar level.

A vacancy rate of 11% is considered high and less than desirable from a consumer, community and centre functionality perspective, and indicates that the centre is struggling to attract customers to an appropriate level relative to its scale, generates a lower level of retail sales than required to sustain the centre's retail GFA, is struggling to perform its role and function and generally a centre not in good 'health' economically and socially.

However, in terms of quality of environment, shopping experience and amenity afforded the community the ATC has improved considerably. There has been significant investment in the public realm and civic functions over the last five years which has improved the centre markedly.

This has also catalysed some private sector investment in the built form of the centre which leverages off the public sector investment to the benefit of all the community. This is still continuing based on my site visit with multiple properties / tenancies with improvements under construction.

Recent lower levels of employment and performance are likely a reflection of the construction period in which the public works were being undertaken in the ATC and not a reflection of the ATC today. It is basically '*the pain before the gain*'.

Additionally, as the public realm and civic works ended, this coincided with a significantly weaker economic environment, a retail market under considerable stress and the country going into an economic recession. Suffice to say the timing was unfortunate and the recent weaker metrics are more a reflection of the 'state' of the wider economy rather than the outcomes of the ATC investment.

Moving forward, it is anticipated the benefits of recent public and private sector benefits will bear fruit for the ATC, its business activity, retailers and the community. The ATC is now positioned to accommodate future growth in the market and provide an environment that is attractive to both retailers and consumers.

It also now provides a more competitive business location with significantly higher levels of amenity for businesses and employees. This should catalyse business investment and growth in the future.

However, the job is not complete. There does remain a large number of 'lower end' store types and buildings that over time can drag down ATC's overall environment and undermine its competitive position, albeit these appear less in number than in 2019.

The recent public sector investment should stimulate private sector investment in built form, particularly in a growing market, to improve investment returns. Recent momentum needs to be maintained to ensure the maximum benefits of the community's recent investment can be realised and the ATC 'comes out' of the recession in a better position and '*state*' than other competitor commercial centres.

As shown earlier in Figure 11, there are no supermarkets within the ATC (Business A) provision at present. However, there are three supermarkets adjacent to the town centre that play a supporting role to the town centre functionality, providing good access to supermarket and food retailing provision ensuring the community is not disenabled in terms of access to Ashburton's food retail provision.

Overall, the ATC has undergone a significant rejuvenation to enhance its current business environment and competitive position in the market. This has placed the ATC in a strong position moving forward to better leverage the opportunities provided by the district's future growth.

9.5. CASE STUDY – IMPACT OF COVID-19 ON COMMERCIAL CENTRES

This following high-level case study evaluates the performance of the ATC relative to other similar commercial centres recently assessed by Property Economics. The evaluation focuses on employment count data as a key metric in the post-COVID era drawing on the latest Business Demography Statistics.

Overall, the case study shows the significant effects of Covid-19 on all assessed commercial centres, as evidenced by material declines in retail and overall employment. For example, New Plymouth City Centre, Paraparaumu Town Centre, and Blenheim Town Centre experienced notable reductions in retail employment between 2020 and 2024, ranging from -10% to -17%. Similarly, Matamata Town Centre and Upper Hutt City Centre recorded significant overall employment declines during this period, at -20% and -13%, respectively.

In contrast, the ATC saw a relatively modest decrease in retail employment, with approximately 40 fewer retail employees (-9.3%), while its overall employment levels remained fairly stable compared to pre-pandemic figures. This indicates ATC's performance on a comparative basis has been better than the other assessed centres relative maintaining its employment base post pandemic.

The data and performance of ATC indicates the town centre is now in a stronger position as a business location to compete for new activity (commercial and non-commercial) and continue to attract private and public sector investment moving forward. In essence the ATC is an improved and more competitive business location than what it was pre-COVID.

TABLE 11: CENTRE COMPARATIVE EMPLOYMENT ANALYSIS - 2020 VS 2024

		2020	2024	Growth (#)	Growth (%)
New Plymouth City Centre	***Total Employment***	**6,985**	**6,834**	**-151**	**-2.2%**
	Retail Employment Count	1,651	1,374	**-277**	**-16.8%**
Upper Hutt City Centre	***Total Employment***	2,433	2,127	**-306**	**-12.6%**
	Retail Employment Count	971	902	**-69**	**-7.1%**
Matamata Town Centre	***Total Employment***	2,317	1,861	**-456**	**-19.7%**
	Retail Employment Count	504	477	**-27**	**-5.4%**
Whanganui Town Centre	***Total Employment***	2,894	2,778	**-116**	**-4.0%**
	Retail Employment Count	796	760	**-36**	**-4.5%**
Blenheim Town Centre	***Total Employment***	2,410	2,433	**+23**	**+1.0%**
	Retail Employment Count	708	637	**-71**	**-10.0%**
Paraparaumu Town Centre	***Total Employment***	**2,829**	**2,747**	**-82**	**-2.9%**
	Retail Employment Count	995	884	**-111**	**-11.1%**
Ashburton Town Centre	***Total Employment***	**2,914**	**2,838**	**-76**	**-2.6%**
	Retail Employment Count	438	397	**-41**	**-9.3%**

Source: Stats NZ, Property Economics

9.6. IMPLICATIONS OF ONLINE RETAIL ON COMMERCIAL CENTRES

Online retail is reshaping the dynamics of NZ's commercial centres, with implications for both LFR and smaller convenience stores. For LFR, sectors such as electronics, furniture, appliances, hardware and department stores, are particularly affected. Online platforms typically offer customers the convenience of comparing prices (typically cheaper with lower cost structures) and accessing broader product ranges. This reduces foot traffic to physical stores.

Retailers in these sectors therefore face pressure to adapt by integrating omnichannel strategies, such as click-and-collect services, or by rethinking their in-store experiences to attract and retain customers.

Smaller convenience retail stores, while less directly affected by online retail compared to LFR, are also experiencing shifts. The ease of online grocery and essentials shopping through platforms like supermarkets' delivery services or third-party apps poses a challenge. However, their reliance on impulse purchases and the need for immediate goods gives them a slight buffer, provided they maintain convenience, accessibility and a good quality environment and experience.

Overall, online retail is transforming the role and function of commercial centres, shifting their focus from being primarily shopping destinations to becoming multi-purpose hubs that integrate retail, entertainment, and community services.

As online shopping captures a growing share of consumer spending, traditional brick-and-mortar stores are losing their monopoly on convenience and price competitiveness. This has prompted a need for commercial centres to redefine their value proposition, emphasising experiences and services that cannot be replicated online. This is seeing an elevation in importance of the social aspect of a centre's offer and environment rather than just a transactional focus.

One key implication is the growing importance of experiential offerings, such as dining, entertainment, and leisure activities, which encourage longer visits and create a sense of community. Commercial centres are increasingly incorporating mixed-use developments, blending residential, office, and recreational spaces to ensure a steady flow of activity throughout the day.

Additionally, the rise of online retail is altering the tenant mix within commercial centres. Retailers that rely heavily on discretionary or commodity goods may be replaced by service-based tenants, such as health and wellness providers, co-working spaces, and educational facilities. These changes reflect a broader trend of commercial centres evolving into lifestyle destinations rather than purely shopping precincts.

Given the above, it can be expected that as online retail continues to grow, the success of commercial centres will depend on their ability to remain relevant by embracing flexibility, innovation, and a more diverse range of uses.

10. RETAIL GROWTH FORECAST

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

10.1. RETAIL EXPENDITURE MODEL

A more detailed breakdown of the model and its inputs is set out in Appendix 6.

The following flow chart provides a graphic representing the Property Economics Retail Model to assist ADC in better understanding the 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.

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.

10.2. TOTAL RETAIL EXPENDITURE ADJUSTED FOR NET FLOW POSITION

The following table forecasts and disaggregates the total annual retail expenditure[12] by ANZSIC retail sector category generated by the district's future population base over the 2023 – 2053 period adjusted for the level of inflow and leakage that is likely experienced across the sectors.

Note that according to our 2019 Economic Assessment[13], the district had a total net flow position of around -10%, i.e., while the district losses 34% of its generated retail spend, with this offset to some degree by the 24% inflow of spend into the district. Without updated data Property Economics has applied this -10% for the purpose of the following analysis to reflect the most recently assessed net retail flow position of the district.

Having factored in the net flow position of -10%, Ashburton District is currently (2023) estimated to generate approximately $514m in annual retail expenditure. This is broadly representative of the 'pool' of retail spend that the district would generate annually.

Under the Medium growth scenario, this total annual retail expenditure is expected to grow by approximately $278m to around $792m per annum by 2053. This increases to around $915m of retail spend per annum by 2053 under the High growth scenario is utilised.

The largest sector is Food Retailing, which includes supermarket shopping. This sector accounts for about 40% of all retail expenditure generated within the district and currently totals $204m in annual expenditure generated. It is projected that Food Retailing would grow to approximately $318m and $371m per annum by 2053, under the Medium and High growth scenario respectively.

Food and Beverage Services is the second-largest sector with an estimated annualised expenditure at $106m per annum, accounting for around 21% of the district's total retail expenditure. It is anticipated that Food and Beverage Services would grow by $61m to around

[12] *All figures are in 2023-dollar terms.*

[13] *Ashburton Town Centre Zoning Economic Assessment, Property Economics, December 2019*

$167m annually by 2053 under the Medium growth scenario and by around $86m to around $193m annually by 2053 under the High growth scenario.

The balance of the retail sectors is a lot smaller nominally 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.

TABLE 12: DISTRICT ANNUALISED RETAIL SPEND ADJUSTED MARKETVIEW NETFLOWS ($M)

Stats NZ Medium Growth Scenario	2023	2028	2033	2038	2043	2048	2053	2023-53 Growth	
								$m	%
 Food retailing	$204	$221	$239	$257	$275	$295	$318	$113	56%
 Clothing, footwear and personal accessories retailing	$32	$34	$37	$39	$40	$43	$46	$14	46%
 Furniture, floor coverings, houseware and textile goods retailing	$19	$20	$22	$23	$24	$26	$29	$10	52%
 Electrical and electronic goods retailing	$22	$23	$25	$27	$29	$31	$33	$12	54%
 Pharmaceutical and personal care goods retailing	$63	$69	$76	$80	$86	$91	$97	$34	54%
 Department stores	$44	$48	$51	$54	$57	$60	$65	$21	47%
 Recreational goods retailing	$24	$26	$29	$31	$32	$34	$37	$13	52%
 Food and beverage services	$106	$116	$126	$136	$146	$156	$167	$61	58%
Total Retail Spend ($m)	**$514**	**$557**	**$605**	**$646**	**$688**	**$736**	**$792**	**$278**	**54%**

Stats NZ High Growth Scenario	2023	2028	2033	2038	2043	2048	2053	2023-53 Growth	
								$m	%
 Food retailing	$204	$230	$256	$281	$308	$338	$371	$167	81%
 Clothing, footwear and personal accessories retailing	$32	$36	$40	$41	$44	$48	$52	$21	66%
 Furniture, floor coverings, houseware and textile goods retailing	$19	$21	$23	$25	$28	$31	$33	$14	76%
 Electrical and electronic goods retailing	$22	$24	$27	$30	$32	$36	$40	$18	83%
 Pharmaceutical and personal care goods retailing	$63	$72	$79	$86	$93	$101	$109	$46	73%
 Department stores	$44	$50	$55	$59	$63	$69	$76	$32	71%
 Recreational goods retailing	$24	$28	$31	$32	$35	$39	$41	$17	70%
 Food and beverage services	$106	$121	$134	$147	$161	$176	$193	$86	81%
Total Retail Spend ($m)	**$514**	**$581**	**$644**	**$700**	**$764**	**$837**	**$914**	**$401**	**78%**

Source: Property Economics

10.3. TOTAL SUSTAINABLE RETAIL GFA ADJUSTED FOR NET FLOW POSITION

The following table illustrates the level of sustainable retail GFA (sqm) within the district by ANZSIC sector having adjusted for the Net Flow position.

The total sustainable GFA equates to around 85,400sqm (rounded) in 2023 and is expected to grow further to 130,900sqm by 2053 under the Medium growth scenario, and to 151,000sqm by 2053 under the High growth scenario.

This equates to growth in sustainable retail GFA of around 45,500sqm – 65,600sqm by 2053 across all assessed retail sectors under the Medium and High growth scenarios respectively.

TABLE 13: DISTRICT SUSTAINABLE GFA ADJSUTED FOR MARKETVIEW NETFLOWS (SQM)

Stats NZ Medium Growth Scenario	2023	2028	2033	2038	2043	2048	2053	2023-53 Growth	
								sqm	%
Food retailing	21,900	23,600	25,700	27,500	29,500	31,700	34,100	12,200	56%
Clothing, footwear and personal accessories retailing	5,400	5,900	6,400	6,600	6,800	7,300	7,800	2,400	44%
Furniture, floor coverings, houseware and textile goods retailing	5,500	5,900	6,400	6,800	7,200	7,700	8,400	2,900	53%
Electrical and electronic goods retailing	5,200	5,600	6,000	6,500	6,900	7,500	8,000	2,800	54%
Pharmaceutical and personal care goods retailing	12,600	13,900	15,100	16,000	17,000	18,200	19,400	6,800	54%
Department stores	13,200	14,200	15,400	16,200	17,000	18,200	19,500	6,300	48%
Recreational goods retailing	5,700	6,200	6,800	7,100	7,600	8,100	8,600	2,900	51%
Food and beverage services	15,900	17,400	19,000	20,300	21,900	23,400	25,100	9,200	58%
Total Sustainable Retail GFA (sqm)	**85,400**	**92,700**	**100,800**	**107,000**	**113,900**	**122,100**	**130,900**	**45,500**	**53%**

Stats NZ High Growth Scenario	2023	2028	2033	2038	2043	2048	2053	2023-53 Growth	
								sqm	%
Food retailing	21,900	24,800	27,500	30,200	33,000	36,300	39,800	17,900	82%
Clothing, footwear and personal accessories retailing	5,400	6,100	6,800	7,100	7,500	8,100	8,800	3,400	63%
Furniture, floor coverings, houseware and textile goods retailing	5,500	6,200	6,800	7,500	8,200	9,000	9,900	4,400	80%
Electrical and electronic goods retailing	5,200	5,900	6,600	7,100	7,800	8,600	9,500	4,300	83%
Pharmaceutical and personal care goods retailing	12,600	14,300	15,800	17,100	18,500	20,100	21,800	9,200	73%
Department stores	13,200	14,900	16,400	17,600	18,900	20,700	22,600	9,400	71%
Recreational goods retailing	5,700	6,400	7,100	7,700	8,300	9,000	9,800	4,100	72%
Food and beverage services	15,900	18,100	20,100	22,100	24,100	26,400	28,800	12,900	81%
Total Sustainable Retail GFA (sqm)	**85,400**	**96,700**	**107,100**	**116,400**	**126,300**	**138,200**	**151,000**	**65,600**	**77%**

Source: Property Economics

It is important to note that this represents the amount of GFA that can be sustained by the district's generated retail spend irrespective of where retail supply is located.

Food and beverage retailing accounts for nearly half the projected retail growth. These are crucial sectors to facilitate and accommodate in the ATC where practical and efficient. These store types provide amenity for shoppers / visitors and economic and social wellbeing for the community.

These store types are also important for providing amenity for visitors / tourists. Increased amenity and reasons for tourists to visit and stay in the district would boost the district's economy. The SPSC development would provide impetus for increased accommodation options, with the area with the highest amenity being the Ashburton Town Centre. A new hotel in the ATC would represent an efficient location and provide amenity, choice and a boost to town centre businesses (cafes, bars and restaurants, and hotel support services in particular)

A further growth sector, particularly with an aging population base, is medical services and facilities. Additional medical services will be required to better service the growing needs of the Ashburton community, and the ATC represents an efficient location for such facilities.

10.4. LFR SPEND AND SUSTAINABLE GFA FORECAST

LFR activities refer to the operations and business strategies of retailers who operate in larger footprint stores, often characterised by extensive product ranges and high volumes of goods. These retailers typically serve a wide range of customer needs under one roof and are known for their sizable floor plans.

The table on the next page presents the forecasts specifically for the district's LFR store types over the next 30 years.

LFR store spend is projected to grow from the current (2023) spend of just under $270m to around $413m - $480m per annum under the Medium growth and High growth scenarios respectively.

The LFR market demand translates into an estimated sustainable LFR footprint of around 68,800sqm to 79,800sqm by 2053 under the Medium and High growth scenarios. A more detailed breakdown of the LFR spend and sustainable GFA by ANZSIC sector can be found in Appendix 7.

TABLE 14: DISTRICT LFR SPEND AND SUSTAINABLE GFA ADJUSTED FOR NETFLOW POSITION

LFR Annual Spend ($m)	2023	2028	2033	2038	2043	2048	2053
Medium Growth Scenario	$269	$290	$315	$336	$358	$384	$413
High Growth Scenario		$304	$336	$366	$399	$438	$480

LFR Sustainable GFA (sqm)	2023	2028	2033	2038	2043	2048	2053
Medium Growth Scenario	45,100	48,700	53,000	56,200	59,800	64,000	68,800
High Growth Scenario		51,100	56,600	61,300	66,500	72,900	79,800

Source: Property Economics

10.5. BUSINESS B ZONE SUSTAINABLE FUTURE LFR PROVISION

The Business B Zone is located close to the inner commercial area of Ashburton and already contains a significant number of LFR activities, which frequently require large areas of associated car-parking or outdoor space. These LFR activities are limited to single-purpose stores to prevent the establishment of smaller specialty stores restricting the potential for dispersal of retail activities and, therefore, detraction from the role and function of the Business A Zone area of Ashburton.

Based on Property Economics' ground truthing, the existing LFR activities within the Business B Zone has a total estimated GFA of around 27,400sqm, including the following tenancies with associated estimated store sizes (rounded):

- The Warehouse: 5,300sqm
- Briscoes: 1,700sqm
- Rebel Sport: 1,700sqm
- Chemist Warehouse: 1,600sqm
- Noel Leeming & Macpac: 1,500sqm
- Mitre 10 MEGA: 6,900
- 100% Smith & Church: 800sqm
- Kathmandu, Postie, Beds R Us, The Frontrunner & Supercheap Auto: 2,500sqm
- Harvey Norman: 2,400sqm
- New World: 3,000sqm

Other activities within the Business B Zone are either with a GFA less than 500sqm or being "non-retail", including Farm Source Ashburton, Bio Oils New Zealand, Evolution Vets, New Zealand Biograins Ltd, and McDonalds. These tenancies, therefore, are not considered forming part of the Business B Zone's LFR provision or supply but do consume land available for LFR activity.

The above estimates contextualise the forecast LFR demand implications of the growth scenarios for the Business B Zone but does not reflect the GFA Council should consider accommodating as part of their strategic planning process for business land demand and development.

Based on the analysis presented in Table 13, it is estimated that the sustainable market demand for additional LFR land will reach approximately 6-8ha by 2053. However, considering the role and function of the ATC and extensive redevelopment capacity within the Business A zone, it would be more appropriate and efficient from an economic perspective to improve the utilisation of the existing commercial land in Business A and Business B (i.e., 35ha of commercial zoned land, cumulatively), rather than allocating new LFR land within the district

or expanding the current Business B Zone at the front end of the period. This approach should enable / facilitate the relocating of existing non-commercial activities within the ATC to more suitable business locations over time, thereby '*freeing up*' valuable land to accommodate market growth in retail and commercial uses.

Additional business zone land for LFR tenancies is not considered appropriate to rezone at the front end of the period, as that land is likely to be developed first at the expense of redevelopment opportunities within the existing Business A and B zones. The outcome of such a scenario would be an even greater dispersal of commercial, and in particular LFR, activity at the expense of the ATC and its ongoing rejuvenation and recovery. This would lower the competitiveness, role, quality, amenity and performance of the ATC over the medium term, a time crucial to the ongoing recovery of the town centre.

Based on Property Economics' ground-truthing, the existing LFR area / Business B Zone has performed well and attracted new investments that have improved its role and function. With the projected market growth, it can be anticipated that consolidating additional LFR activities in the existing Ashburton Central business cluster would further bolster the area's attractiveness and functionality.

In Property Economics' view, the priority for the ADC lies in making more efficient use of the current infrastructure, buildings, and resources available in existing commercial centres, particularly the ATC. By revitalising the ATC, its full potential can be realised before considering any further expansion.

It is, therefore, suggested that future revitalisation efforts should focus on improving the overall appearance, functionality, and attractiveness of the ATC to enhance its competitiveness in attracting businesses, customers, and investments. In essence, the role and function of the Business B Zone should complement the ATC, regardless of its future growth, rather than diminish its retail growth potential.

10.6. MODERN DAY LFR TRENDS

There is a common premise LFR centres are different to shopping malls and other retail centres and that they do not compete with one another but complement one another. This does not reflect the market reality of modern day LFR centres.

The genesis of LFR centres, approximately 25 years ago, was based on a new larger store footprint to deliver bulky / larger retail products. In essence some store types started to prefer a larger store floor area to display their 'larger' products. These were typically home appliances (whiteware such as fridges, washing machines, dryers, dishwashers and electronics), home furniture stores (dining settings, bed shops, lounge suites, flooring, etc) and hardware and home improvement stores (Mitre 10 Mega, Bunnings, PlaceMakers).

These initial centres were called 'bulk retail centres' back in the 1990s and early 2000s when they emerged in the market and sold predominantly 'bulky retail goods'. However, over the years many retailers have seen the benefits of this larger footprint format (leading to these centre types being called 'large format centres' based purely on store size) and the product lines sold have got smaller and smaller to the point now where there is no difference in the goods sold in LFR centres and traditional shopping malls and retail centres. The term 'LFR Centre' is now considered a historical reference relevant on store size only and not the types of goods sold. The reality today is these centres are just another retail centre.

By way of example, my local LFR centre in Auckland (Albany Mega Centre) now includes Hallensteins, Mac Pac, Cotton On, Chemist Warehouse, North Beach, Kathmandu, Baby Factory and Ezibuy. These primarily fashion and pharmaceutical stores compete directly with the fashion retailers in the Albany Mall (located across the road from the Albany Mega Centre).

The same applies to Ashburton's Business B zone activity. This includes stores like Frontrunner, Postie Plus. Kathmandu, Rebel Sport, Chemist Warehouse, Mac Pac stores competing with fashion store in the ATC Business A zone. A consumer generates a certain level of fashion spend annually and every fashion store is competing for that spend, so every dollar spent in a fashion store in a LFR centre is not available for fashion stores in other retail centres.

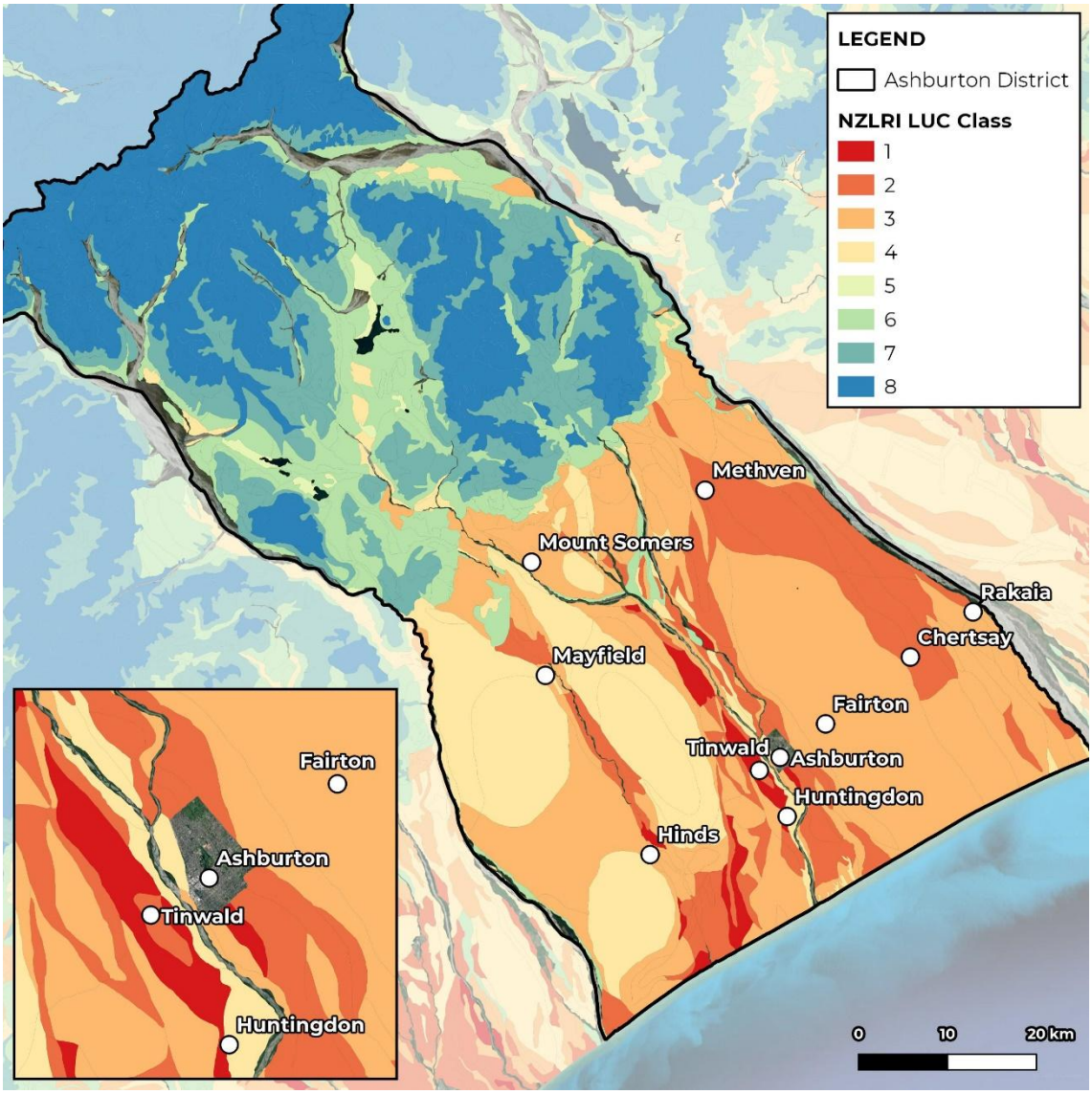
Even The Warehouse store in the Business B zone (like many upgraded The Warehouse stores around the country) has an increasing component of the store footprint attributable to fashion (men's, women's, children and baby clothing, shoes, bags, jewellery, cosmetics and perfumes), while the more traditional 'bulky' products are pushed to the edge of the store. This is not a criticism of The Warehouse, simply a reflection of the morphing trends of LFR centres and LFR retailers, and a reflection of the highest profit margin goods. The new Kmart store beside the Woolworths supermarket in the Business B zone at the southern end of the town centre is similar.

LFR stores no longer sell 'different' goods from stores in shopping centres and malls, they sell everything and compete directly with all retail stores and centres in the market.
The challenge for ATC to navigate in the future, given the above, LFR GFA growth and that these stores have been locating outside the ATC over the last 10-15 years (and therefore competing directly with the ATC) will be how to attract and accommodate these store types in the ATC and more efficiently utilise the existing commercial zone provision.

APPENDIX 1. AQUATIC PARK ZONE OUTLINE DEVELOPMENT PLAN

Source: ADC

APPENDIX 2. HIGHLY PRODUCTIVE LAND DISTRIBUTION



Source: NZLRI, LINZ, Google Maps

APPENDIX 3. BUSINESS CLASSIFICATIONS

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:

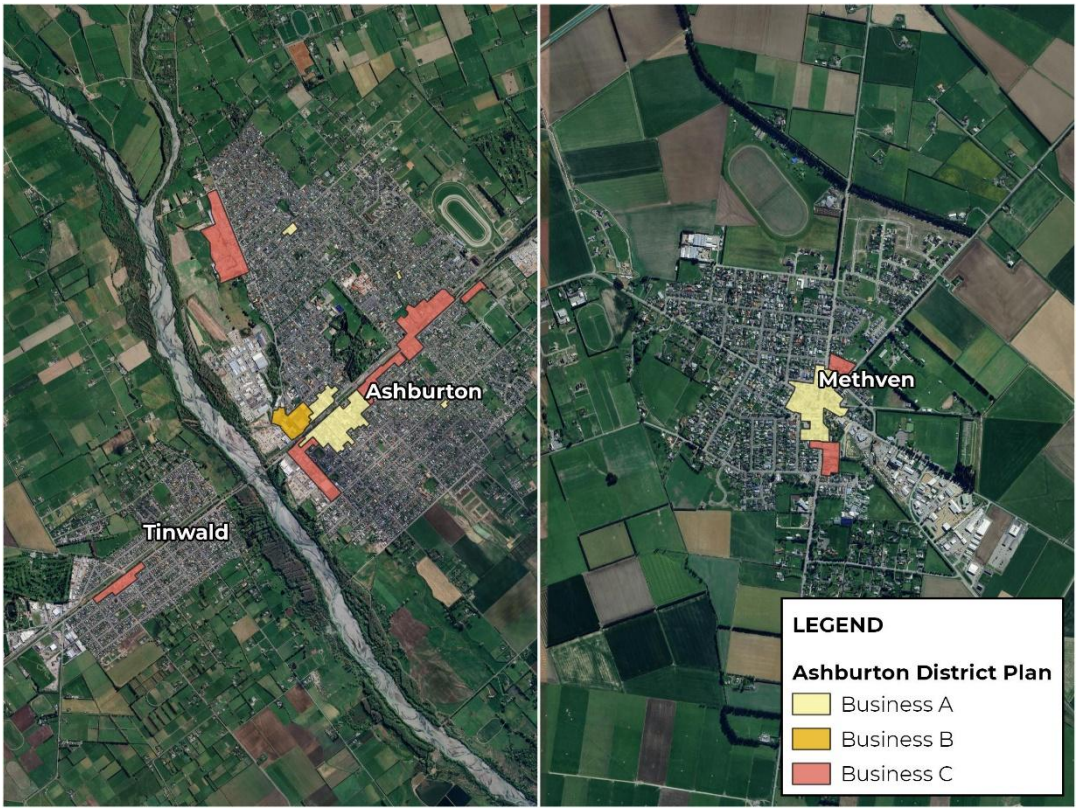
- 10% of Agriculture, Forestry and Fishing
- 10% of Mining
- Manufacturing
- 30% Electricity, Gas, Water and Waste Services
- Construction
- Wholesale Trade
- Transport, Postal and Warehousing
- 40% Rental, Hiring and Real Estate Services

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 Heath care and Social Assistance
- 25% of Arts and Recreation Services

APPENDIX 4. DISTRICT BUSINESS A, B, AND C ZONES



APPENDIX 5. DISTRICT EMPLOYMENT FORECASTS BY SECTOR

ANZSIC Sector	2023	Stats NZ High			Stats NZ Medium			SPSC		
		2026	2033	2053	2026	2033	2053	2026	2033	2053
A - Agriculture, Forestry and Fishing	3,888	4,147	4,655	5,780	4,020	4,312	4,879	4,020	4,322	4,890
B - Mining	21	22	31	46	22	34	39	22	34	39
C - Manufacturing	2,626	2,801	3,024	3,602	2,715	2,687	3,041	2,722	2,698	3,052
D - Electricity, Gas, Water and Waste Services	185	197	234	306	191	228	258	201	233	265
E - Construction	1,397	1,490	1,639	1,992	1,444	1,486	1,682	1,665	1,496	1,725
F - Wholesale Trade	874	932	1,064	1,342	904	1,001	1,133	917	1,038	1,171
G - Retail Trade	1,680	1,792	2,011	2,496	1,737	1,862	2,107	1,747	1,903	2,150
H - Accommodation and Food Services	943	1,006	1,127	1,398	975	1,043	1,180	985	1,095	1,233
I - Transport, Postal and Warehousing	424	452	487	579	438	432	489	455	442	502
J - Information Media and Telecommunications	60	64	73	93	62	70	79	65	70	79
K - Financial and Insurance Services	216	230	265	338	223	252	286	234	263	297
L - Rental, Hiring and Real Estate Services	204	218	243	299	211	223	252	221	264	295
M - Professional, Scientific and Technical Services	636	678	804	1,052	658	785	888	668	847	952
N - Administrative and Support Services	533	568	635	785	551	586	663	555	606	684
O - Public Administration and Safety	377	402	481	634	390	473	536	390	473	536
P - Education and Training	1,000	1,066	1,285	1,706	1,034	1,272	1,440	1,034	1,583	1,751
Q - Health Care and Social Assistance	1,280	1,365	1,586	2,037	1,324	1,520	1,720	1,324	1,530	1,730
R - Arts and Recreation Services	342	365	465	647	354	483	546	354	483	546
S - Other Services	580	619	752	1,008	600	752	851	607	803	903
Total All Industries (Rounded)	**17,270**	**18,410**	**20,860**	**26,140**	**17,850**	**19,500**	**22,070**	**18,190**	**20,180**	**22,800**

Source: Stats NZ, Property Economics

APPENDIX 6. PROPERTY ECONOMIC RETAIL 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 & 2 2018 Boundaries

All analysis has been based on Statistical Area 1 & 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 pace, 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 7. BREAKDOWN OF SUSTAINABLE LFR GFA FORECASTS

Stats NZ Medium Growth Scenario	2023	2028	2033	2038	2043	2048	2053	2023-53 Growth	
								sqm	%
Food retailing	15,300	16,500	18,000	19,300	20,700	22,200	23,900	8,600	56%
Clothing, footwear and personal accessories retailing	800	900	1,000	1,000	1,100	1,200	1,300	500	63%
Furniture, floor coverings, houseware and textile goods retailing	5,300	5,600	6,100	6,500	6,900	7,400	8,000	2,700	51%
Electrical and electronic goods retailing	3,300	3,500	3,800	4,000	4,300	4,700	5,000	1,700	52%
Pharmaceutical and personal care goods retailing	2,600	2,900	3,200	3,400	3,600	3,800	4,000	1,400	54%
Department stores	13,800	14,900	16,100	16,900	17,800	19,000	20,400	6,600	48%
Recreational goods retailing	4,000	4,400	4,800	5,100	5,400	5,700	6,200	2,200	55%
Total Sustainable LFR GFA (sqm)	**45,100**	**48,700**	**53,000**	**56,200**	**59,800**	**64,000**	**68,800**	**23,700**	**53%**

Stats NZ High Growth Scenario	2023	2028	2033	2038	2043	2048	2053	2023-53 Growth	
								sqm	%
Food retailing	15,300	17,400	19,300	21,200	23,100	25,400	27,900	12,600	82%
Clothing, footwear and personal accessories retailing	800	1,000	1,100	1,100	1,200	1,300	1,400	600	75%
Furniture, floor coverings, houseware and textile goods retailing	5,300	5,900	6,600	7,100	7,800	8,600	9,500	4,200	79%
Electrical and electronic goods retailing	3,300	3,700	4,100	4,500	4,900	5,400	5,900	2,600	79%
Pharmaceutical and personal care goods retailing	2,600	3,000	3,300	3,600	3,900	4,200	4,500	1,900	73%
Department stores	13,800	15,500	17,100	18,300	19,700	21,600	23,600	9,800	71%
Recreational goods retailing	4,000	4,600	5,100	5,500	5,900	6,400	7,000	3,000	75%
Total Sustainable LFR GFA (sqm)	**45,100**	**51,100**	**56,600**	**61,300**	**66,500**	**72,900**	**79,800**	**34,700**	**77%**

Source: Property Economics