Waimakariri District Business Land Assessment

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m.e consulting

Waimakariri District
Business Land Assessment

Final

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Contents

Figures

Executive Summary

Waimakariri District Council (WDC) is currently reviewing its operative District Plan, and to support the review process, Council has commissioned this current economic research of the District's business land requirements. Recent assessment of these requirements has indicated that there may be insufficient supply of some types of business land in the District.

Waimakariri District is one of the fastest growing territorial areas in New Zealand, and recent growth has been substantially faster than was anticipated, in part due to the effects of the Christchurch earthquakes. The current plan review needs to take account of this recent growth, and high ongoing growth that is projected, in order to provide sufficient business land to allow the District economy to function efficiently and to adequately provide for the needs of the community.

Policy Context

There are three key planning documents relevant to this study, the National Policy Statement on Urban Development Capacity (NPS-UDC), the Canterbury Regional Policy Statement (CRPS) and the operative Waimakariri District Plan (ODP). Generally the objectives and policies of those three documents are in alignment, although there are areas where greater consistency could be achieved. The current Plan review is an opportunity to improve that consistency.

The NPS-UDC requires WDC to develop a minimum prescribed evidence base by undertaking research of current market conditions and assessing projected demand growth to ensure that there is sufficient supply to meet expected demand out to a 30 year horizon. The results in the Greater Christchurch Partners' NPS-UDC report were aggregated by location and sector, and increased resolution is necessary for Proposed District Plan (PDP) planning purposes.[1] The CRPS contains similar policies, in that it is concerned with enabling growth and encouraging growth that is sustainable and self-sufficient, and (with respect to commercial activities) focussed in existing centres, or new centres to provide for new residential areas. The ODP is generally consistent with the other two documents, however parts are not consistent with the CRPS, and while the ODP provides a flexible planning framework, that can create uncertainty and risk which can impede business activity and decision making.

District Economy

Waimakariri's population grew rapidly between 2000 and 2017, increasing 60% in that time, and occurring consistently before and after the earthquakes. Total District employment grew at a similar rate, with strongest growth in construction, commercial activities, government and retail and household services. Business numbers followed similar trends, with a focus on small to medium sized businesses – there are only 40 businesses in the District with more than 20 employees. Businesses are spread throughout the District, including a significant presence in home occupations (predominantly smaller businesses), while medium sized businesses tend to locate in the traditional business zones (1, 2 and 4), and larger businesses are located either in a spot zone, residential zones (e.g. hospitals) or rural areas (e.g. Hellers).

[1] Greater Christchurch Partnership (2018) Business Development Capacity Assessment.

District GDP almost doubled between 2000 and 2017, averaging annual growth of 4.2%, well ahead of employment at 2.7%. Most of the additional GDP value was associated with sectors providing higher value jobs that service the community (retail, commercial and construction). The primary sector became relatively less important to the District economy, with employment and GDP both declining from 2000. In the retail sector, District businesses' sales growth was well ahead of population growth, reflecting an increase in self-sufficiency through locally retained spending. Population growth increased 33% over the last eight years, but many storetypes experienced sales growth of more than double that, as retail spending 'leakage' decreased substantially. Over the last eight years Kaiapoi residents' local spend increased from 46% to 53% of their total spend, in Rangiora that increase was from 62% to 65%, and elsewhere the increase was 51% to 58%. Sales to non-Waimakariri residents also increase significantly.

Rangiora is the largest retail and commercial centre in the District, with 55,000m^2 retail and household services gross floor area (GFA), some three and a half times more than in Kaiapoi. There has recently been a large retail presence emerge in the Business 2 zone at Southbrook, an unintended outcome resulting from the relatively permissive ODP. Only much smaller retail presences are located in other places, although some new retail supply will be appropriate to service the growing Woodend/ Pegasus/Ravenswood population.

Economic Projections

Four projections are provided in the assessment. The Medium-High projection from the EFM series concords with the GCP reporting for the NPS-UDC requirements, while the High scenario presents a high growth future that is useful to understand the potential effect of uncertainty in the Medium-High projections should growth be more rapid than expected. Employment in Waimakariri is expected to experience strong growth over the period to 2048, and to exceed growth observed in both the wider UDS area and the Region.

Six growth industries are expected to generate two-thirds of employment growth out to 2048, with strongest growth in retail, followed by a number of service sectors. Total employment is projected to grow by between 8,800 (Medium) and 11,600 (High) jobs, or even higher if existing entity relationships persist. These employment projections are generally consistent with recent trends, and the population growth rates expected.

Retail sector growth will be driven primarily by growth in the market size, especially household counts. District household projections indicate projected growth of 16,200-19,100 over the next 30 years, an increase of 68-79%. Retail growth is expected to be slightly faster than that, given the historic tendency of each consumer to spend more on average each year, and the retail spend of Waimakariri consumers is projected to more than double out to 2048. Given the recent trend in leakage reduction across the District, and in most storetypes, and the growing population, future leakage is likely to continue to reduce as the population reaches a critical mass that can support a broader range of retail storetypes.

Core retail spend in the District is projected to increase by 137-155% over the next 30 years, well ahead of household growth. That will support a significant increase in the amount of floorspace required in the District to accommodate retail activity, with an extra 112,000-128,000m^2 of core retail GFA needed by 2048, and around 30,000m^2 of additional auto/hardware GFA. That additional core retail space will be split relatively evenly between stores of less than 450m^2 and larger stores. The different store sizes will have implications for how additional space is accommodated, with larger stores being generally more difficult to

provide for in established centres (although they are important in some respects given anchor roles that some LFR such as supermarkets and department stores play), and often less desirable there from an urban form perspective. Rangiora will continue to be the primary retail node the District, with Kaiapoi continuing to function as a smaller centre. The projections presented include the NPS-UDC prescribed buffers.

Both the size and location splits presented in the assessment should be considered approximate only, given that flexibility in where retailers might choose to locate within the District, and what type of tenancy they wish to establish in. The distinction between Rangiora, Kaiapoi and Woodend/Pegasus reflects a continuation of recent location preferences, and the most suitable location for retail is to some extent a policy decision, although given functional amenity considerations Rangiora should remain as the largest retail node in the District. However it would be possible for a large new retail node to develop, such as at Ravenswood, for LFR, and still appropriately provide for the community's retail needs.

There is also expected to be growth in industrial and office-based business activity. However, the results in this report have confirmed the NPS-UDC findings that the ODP provides ample development opportunities to provide for these types of activities.

Sufficiency of Business Land Supply

There is potential to supply some of the projected demand growth assessed within existing business areas where there is land that is currently vacant[2] (or vacant potential[3]), particularly in the Business 2 zone. However, over time the existing ODP zones are projected to provide insufficient supply to provide for future retail and commercial land demand. That is, the demand-supply assessment indicates that Business 1 and Business 5 supply will be inadequate under the ODP policy option, and additional land will be required in those zones to adequately provide for the needs of the future Waimakariri population. A large share of vacant potential land in Rangiora's Business 1 zone (92%) will need to be developed to accommodate the demand for retail and services activity, particularly smaller format retail, but also including some larger format retail as well. The lack of supply in Business 5 may also drive additional demand into the Business 1 zone. That indicates there is insufficient Business 1 zone in Rangiora under the ODP, as it is unrealistic to expect that nearly all of the vacant potential land there might be converted within 15 years.

[2] Vacant is defined as a parcel that has no building – i.e. land that is vacant. This report has separated vacant land into two categories – vacant and vacant (carpark).

[3] Vacant Potential is defined as a parcel that has buildings, but is currently developed to a low intensity. This means that the land could be redeveloped and provide more potential for economic activity.

Figure 0.1: Waimakariri ODP Sufficiency Test Medium-High Growth Future (2033)

	Floorspace (000m² GFA)							Land Area (ha)			
	Vacant	Vacant (carpark)	Vacant Potential	Total Supply	Demand growth 2018-33	Supply Demand balance 2033	% of vacant potential reqd.	Vacant	Vacant (carpark)	Vacant Potential	Total Supply
Business 1, 4 and 5											
Rangiora	1.9	17.4	43.6	62.9	42.0	20.9	92%	0.3	2.4	6.1	8.8
Kaiapoi	22.5	1.3	27.6	51.4	12.6	38.8	0%	5.5	0.2	4.2	9.9
Woodend-Pegasus	36.8	-	10.7	47.5	0.9	46.6	0%	5.8	-	2.9	8.7
Other	4.4	-	6.7	11.1	2.2	8.9	0%	0.6	-	1.3	1.9
Total Business 1, 4, 5	65.6	18.7	88.6	172.9	57.7	115.2	0%	12.2	2.6	14.5	29.3
Business 2											
Total Business 2	269.3	-	205.8	475.1	228.5	246.6	0%	72.2	-	42.7	114.9

The draft PDP policy option would provide more zoned land in those two zones, and would help to alleviate or avoid the pressure identified under the ODP policy option by expanding Rangiora's Business 1 zone; creating a new Business 5 area at Ravenswood and changing rules around the types of retail activity that can locate in the zone, and providing for trade retail in the Business 2 zone.

The draft PDP policy option then would provide sufficient B1, B2 and B5 supply for the life of the PDP, and likely even through to a 30 year horizon. Toward the end of that 30 year horizon some pressure may begin to arise on both B1 and B5 land supply. The draft PDP policy option represents a prudent response to likely demand over the life of the PDP without overstretching and seeking to provide zoned land too far in excess of what is required to meet RPS and NPS-UDC objectives.

Figure 0.2: Waimakariri draft PDP Sufficiency Test Medium-High Growth Future (2033)

	Floorspace (000m² GFA)							Land Area (ha)			
	Vacant	Vacant (carpark)	Vacant Potential	Total Supply	Demand growth 2018-33	Supply Demand balance 2033	% of vacant potential reqd.	Vacant	Vacant (carpark)	Vacant Potential	Total Supply
Business 1, 4 and 5											
Rangiora	2.2	17.4	68.9	88.5	42.0	46.5	58%	0.3	2.4	9.6	12.4
Kaiapoi	22.5	1.3	27.6	51.4	12.6	38.8	0%	5.5	0.2	4.2	9.9
Woodend-Pegasus	35.2	-	10.7	45.9	0.9	45.0	0%	8.2	-	2.3	10.6
Other	4.4	-	6.7	11.1	2.2	8.9	0%	0.6	-	1.3	1.9
Total Business 1, 4, 5	64.3	18.7	113.9	196.9	57.7	139.2	0%	14.6	2.6	17.4	34.7
Business 2											
Total Business 2	274.4	-	196.2	470.6	228.5	455.7	0%	72.5	-	41.0	113.5

1 Introduction

Waimakariri District Council (WDC) is currently reviewing its operative Waimakariri District Plan (ODP). This review will give effect to the requirements of the National Policy Statement on Urban Development Capacity (NPS-UDC), the Canterbury Regional Policy Statement (CRPS) and other relevant planning requirements. To support the review process, Council has commissioned economic research on the business land requirements.

As part of the overall assessment (Effectiveness reports) the following challenges and shortfalls have been identified (in the district plan):

- Retail businesses establishing outside of town centres can affect the viability of town centres for business and community activities.
- The need to enable a range of business activities in order become a more self-sufficient district.
- Whether and how to provide for Large Format Retail stores ('Big Box').
- The protection of rural production from the spread other business activities.

WDC has completed a significant level of analysis covering existing level of capacity for business activity and future business requirements at the District level.[4] The Council has also been a party to the research undertaken by the Greater Christchurch Partnership (GCP) for the wider Christchurch area.[5] These studies have indicated that there may be insufficient supply of some types of business land in the District under the ODP zonings and within the life of the PDP (to 2033).

1.1 Background

Waimakariri District has been one of the fastest growing territorial areas in New Zealand, both in terms of population and economic activity.[6] There are many factors that have driven this growth, including proximity to the second largest economy in New Zealand, significant population growth, displacement caused by the earthquakes, earthquake rebuild activity, strong performance of the national economy, immigration, intensification of rural land use and consistent tourism growth. The growth in the District has been substantially faster than was anticipated in the previous planning approach, which means that there is a pressing need to update planning documents to facilitate the higher growth.

In summary, the economic and population projections suggest that the District is likely to continue growing more rapidly than the Region and New Zealand. This growth has important implications for WDC planning, especially in terms of zoning and associated infrastructure. The following report focuses on future economic demand and options for the provision of supply for the potential business activities that could operate in the District.

[4] Market Economics (2017) Waimakariri Capacity for Growth Model.

[5] Market Economics (2017) Economic Futures Model - GCP.

[6] Statistics New Zealand (2017) Sub-National Population Estimates, and Statistics New Zealand (2017) Business Demography Statistics.

1.2 Scope

The project scope is centred around providing economic research and policy development support. The research and support focus on the development of the proposed District Plan, and ensuring that it provides for adequate and appropriate business activity (e.g. with consideration of the provisions and spatial distribution patterns) while at the same time responding and aligning to higher order planning frameworks.

At a finer level, the project scope is to provide the following research and support:

- Provide an evidence base on the historic and current economic activity within the District.
- Present projections of economic activity for the District.
- Collaborate with other experts and WDC to establish a range of potential policy options available to enable expected economic activity.
- Provide robust advice on the implications of the policy options available to ensure that they enable (or manage) business activities both inside and outside of the business zones with due consideration of urban form matters.

1.3 Objective

To provide a robust evidence base relating to the current and projected future state of the Waimakariri economy. The evidence base that was developed during the research is presented in this document (referred to as this 'Report'). The evidence base will be used to inform decision making around how the proposed District Plan (PDP) manages and provides for business activity, particularly retail and commercial activity, in Waimakariri District.

1.4 Data Sources

The following subsection lists the key data inputs that have been used in this Report. The datasets have been grouped according to custodians and importance of the data sets, which includes

Council

- **Zoning:** The WDC GIS team has provided spatial layers of the District's zones.[7] The land use rules for each zone have been provided by WDC planners.[8]
- **Rateable Property**: This dataset records each rateable property in the District. Each record includes the property's Legal Description, Street Address and Rate Analysis Code (some properties have different rates).[9] In addition, the GIS team have provided some of the CoreLogic (formerly Quotable Value) data that is used to establish the rateable value.

[7] Waimakariri District Council (2017) Land Use Zones.

[8] Waimakariri District Council (2017) Land Use Rules.

[9] Waimakariri District Council (2017) Rateable Property.

- **Building Consents:** shows the nature and location of building work across the District between 1950 and 2017 (July). [10] The building consent data records the floor area, location and value of works.
- **Floorspace Survey:** Jones Lang LaSalle (2018) Field survey of Business zones in UDS area.
- Various maps and other information provided by council officers via email, meetings or other feedback.

Greater Christchurch Partnership

- **NPS-UDC Reports**: the GCP has commissioned a number of reports to meet the requirements of the NPS-UDC. There are three key reports which are used in this assessment,
    - Urban Development Indicators - Quarterly Monitoring Reports (no 1 – June 2017 and no 2 – September 2017, no 3 – December, no 4 – March),
    - Housing and Business Development Capacity Assessment (March 2018)
    - Business Development Capacity Assessment (March 2018)

Land Information New Zealand

- **Primary Parcels**: can be thought of as the 'base level' of the 'jigsaw puzzle' of all land making up New Zealand. LINZ maintains the **current** primary parcel polygons and some associated descriptive data that details the appellation (legal description), purpose, size and a list of titles that have an interest in the parcel.[11]
- **Building Outlines:** This data set consists of building outlines for the areas of Canterbury Region and is part of a pilot to understand the benefit of making building outline data openly available through the LINZ Data Service.[12]

Market Economics

- **Modified Employment Count (MEC):** data records the numbers of jobs by detailed industry level 6DANZSIC according to the specific character of the business they undertake. This job count is different to the standard Statistics New Zealand (SNZ) Employment Count (EC) or census employment by workplace address because it includes estimates of the number of people that are working proprietors.
- **Economic Futures Model:** the GCP commissioned M.E to update and extend the Economic Futures Model (EFM) for the Waimakariri, Selwyn and Christchurch Districts.[13] The EFM produces scenarios of employment growth by territorial authority and industry sector out to 2048.

[10] Waimakariri District Council (2017) Building Consent Data 1950-2016.

[11] Land Information New Zealand (2017) NZ Primary Parcels.

[12] Land Information New Zealand (2016) NZ Building Outlines (Pilot).

[13] Market Economics (2017) Greater Christchurch Urban Development Strategy Economic Futures Model – Technical Report.

- **Waimakariri District Capacity for Growth Model (WCGM):** WDC commissioned M.E to produce a growth model for the District. This model studied the potential demand and supply of land for both residential and business land. The model included Entity Relationship scenarios of business growth.

Marketview: is a dataset that records retail spend by location, along with information about the origin of the customers for BNZ customer cardholders, as explained in more detail in Appendix A1.3.

Ministry of Business, Innovations and Employment: MBIE produces estimates of GDP for Districts and industries.[14]

Planz: has been commissioned by WDC to provide planning research for the PDP, and that research was conducted in conjunction with this report. The Planz research has been used to define the current policy position (section 2) and to inform the calculation of the supply enabled in policy options (section 5).

Statistics New Zealand (SNZ): Census, Population Projections and Employment Count (EC) information have been used in the economic projections, although are not discussed in detail. The reader should refer to the Market Economics technical report to the GCP on the EFM for more detail. Other important data on business count and business demography was also sourced from SNZ.

1.5 Report Structure

This report is structured into seven subsequent sections, as follows:

- Section 2 briefly discusses the current policy situation. This section is important as it provides an understanding of the current objectives and policies that the community previously supported (ODP) and which will guide/constrain options for the PDP (CRPS and NPS-UDC). The results from this section are used to set the policy options in section 5.
- Section 3 describes the historic trends in economic activity and assesses the current location of economic activity in the District (revealed preference). This assessment analyses key spatial data, including employment, GDP, business count, land, floorspace and spend data (where available). This assessment, together with that in section 4 informs conclusions as to the sufficiency of business land supply.
- Section 4 briefly describes the economic projections that are used in the subsequent sections to establish the growth in business activity across the District.
- Section 5 describes the method used to estimate the development potential (supply) across the District, under both the ODP and a PDP policy option. That assessment feeds into section 6.

[14] MBIE (2017) Modelled Territorial Authority Gross Domestic Product.

- Section 6 describes the results from the modelling of the interactions between the potential supply (as enabled in the policy options from section 5), projected demand (from the economic projections in section 4) and the revealed preferences of businesses (section 3).
- Section 7 provides conclusions.

2 Policy Context

This section provides a brief summary of the relevant policies, specifically the NPS-UDC, CRPS and ODP, and draws from the Planz report[15], WDC planners and our own knowledge of the policy frameworks in the area. The subsections focus on the issues, objectives and policies identified in the planning documents as they relate to business activity and economic concepts. The purpose of this section is to establish the current baseline policy, and to identify constraints and motivations that will guide the development of policy options in the PDP. The results from this section are used in section 5 to establish the plan-enabled capacity.

2.1 NPS Urban Development Capacity

National Policy Statements are issued by the Government to provide direction to local authorities on matters of national significance. The recent 2016 NPS on Urban Development Capacity (NPS-UDC) is relevant to this report and business land. The NPS-UDC is concerned with recognising the national significance of:

- Urban environments and the need to enable these environments to develop and change; and,
- Ensuring sufficient development capacity is provided to meet the needs of people, communities and future generations within the urban environments where they work, live, recreate or socialise.

Councils are required to develop a **minimum** prescribed evidence base by undertaking research of the current market conditions (quarterly) and sufficiency of supply over the coming decades to meet the expected demand (triennially). Of particular importance, is the NPS-UDC requirement that local authorities must provide sufficient development capacity in their resource management plans for housing and business growth to meet demand for three decades. 'Development capacity' refers to the amount of urban development allowed by zoning and regulations in plans that is supported by local authority controlled infrastructure.

The GCP has coordinated the NPS-UDC reporting response for the partners. This GCP report has drawn on work commissioned by GCP and each of the partners (including Waimakariri District Council), but is the **minimum** prescribed evidence base required to assess the adequacy of business land provision in the GCP area, and has identified certain issues that will require further consideration by various parties of the GCP member councils. In part, this report is WDC's response to some of the issues identified in the GCP NPS-UDC reports.

The following subsections provide context on the NPS-UDC objectives and policies (section 2.1.1), a summary of the relevant parts of the GCP report for the NPS-UDC (section 2.1.2) and the implications of the NPS-UDC (section 2.1.3) in relation to Waimakariri District business land.

[15] Planz (2018) District Plan Review Waimakariri District Council - Proposed replacement District Plan Commercial & Industrial Framework.

2.1.1 NPS-UDC Objectives and Policies

The NPS-UDC objectives and policies are grouped into four divisions which are discussed briefly in the following subsections of this report. The four divisions of the NPS-UDC are,

- Outcomes for Planning Decisions,
- Evidence and monitoring,
- Responsive planning and
- Coordinated planning evidence and decision-making.

2.1.1.1 Outcomes for Planning Decisions OA1–OA3 and PA1–PA4

In summary the objectives of this division of the NPS-UDC are to ensure decisions enable effective and efficient urban environments that provide for wellbeing of the community (OA1), a range of locations for working environments and businesses (OA2) and allow urban environments to change in response to needs of the community (OA3).

The NPS-UDC presents a number of policies that relate to these objectives. The core policy requirement is for a local authority to ensure there is sufficient development capacity for housing and business activity, in short, medium and long terms (PA1). A council must satisfy itself that adequate infrastructure for urban development is likely to be available (PA2), and that people and communities have sufficient development capacity to meet their wellbeing requirements, and choices, while promoting the efficient use of land and infrastructure, and limiting adverse effects (PA3).

Decision-makers must also take account of the benefits of urban development in enabling people and communities to meet their needs, and the benefits and costs of urban development at national, inter-regional, regional and district level, and local effects (PA4).

2.1.1.2 Evidence and Monitoring OB1 and PB1–PB7

The objective of OB1 is to develop knowledge and an evidence base as part of responsibilities to provide evidence and support for planning decisions by the NPS-UDC.

Importantly, for this report the NPS requirements include the Business Development Capacity Assessment (BDCA) as set out in Policy PB1. The assessments must:

- Carry out a housing and business development capacity assessment (PB1), including information and analysis on demand for business land and floor area by type and location to meet demand (PB1 b); and,
- Take into account demographic growth and change, and business growth and change, and key market indicators (PB2).
- Examine the sufficiency of development capacity including cumulative effects of the suite of plan provisions and the availability of development infrastructure (waters and land transport) and other infrastructure (PB3).

- Estimate additional capacity needed if supply is considered unlikely to meet demand (PB4).

The NPS specifies a suite of quarterly monitoring requirements on demand and development outcomes, with a range of inter-related market indicators. These include prices and rental levels, for business land, including shifts and trends over time (PB6a). In addition, PB7 describes price efficiency indicators.

2.1.1.3 Responsive Planning: OC1–OC2 and PC1–PC4

In summary, the objectives of this part of the NPS-UDC are to ensure decisions enable urban development that provides for community wellbeing in the future (OC1) and local authorities respond to the evidence in a timely way (OC2).

Policy PC1 focuses on feasible development capacity - that is, capacity which is both plan-enabled and feasible to develop from a commercial perspective. This policy group further requires allowance for a margin or buffer of feasible capacity (PC1, PC2) including a larger than standard margin if required.

Policy PC3 has a specific requirement that if the capacity assessment indicates a potential shortfall in short, medium or long term, then the council must within 12 months provide further development capacity and enable development.[16] Importantly, this requirement is linked specifically with PA1 (sufficient business land capacity into the long term), as well as PC1, PC2 and PC4. The assessment of sufficiency must take into account policy group PB1 to PB7. This means there is a specific link between (among other matters) the assessment of market efficiency including prices (PB7) and the specific requirement for actions to provide for more land and enable development[17].

Policy PC4 requires the local authority to consider all practicable options available to provide sufficient development capacity. Unlike housing, there are no minimum targets or associated requirement to develop a Future Development Strategy for business land.[18]

2.1.1.4 Coordinated planning evidence and decision-making OD1 – OD2 and PD1 – PD4

In summary the objectives of this division of the NPS-UDC are to ensure integration across urban environments (OD1) and coordinate planning decisions across Local Authority Boundaries (OD2). Policies PD1, PD2, PD3 and PD4 implement this coordination.

2.1.2 NPS-UDC Greater Christchurch Partnership

The Greater Christchurch Partnership was defined as a 'High Growth' area, and the partners agreed to coordinate as a group to meet the requirements of the NPS-UDC. As a 'High Growth' area the GCP was

[16] The NPS-UDC explains immediately before PC1 that "the application of these policies is not restricted to the boundaries of the urban area". However, we note that the GCP has elected to limit the geographic scope of their assessments to the UDS area, which in Waimakariri is only the south-eastern part of the District, including Rangiora, Kaiapoi, Woodend and Pegasus and the rural areas in between to the border of Christchurch.

[17] The draft NPS indicated a price "trigger mechanism" was being considered. This is not part of the NPS as implemented.

[18] PC7-PC11 set minimum targets for housing and PC12-PC14 require High Growth councils to produce a Future Development Strategy.

required to produce research on key market economic indicators and capacity assessment, and in June 2017 the government issued guidance on those deliverables.[19]

As required by the NPS-UDS, the GCP has completed and released the following documents that relate to business land, quarterly monitoring of a range of market indicators[20], summary assessment of housing and business capacity[21] and detailed supporting assessment of business development capacity[22].

In summary, the GCP reports indicate the following for the Waimakariri area:

- **Market Indicators reports:** the four quarterly reports provided limited business indicators data for the Waimakariri area. Recently, additional data was collected for WDC's commercial (Business 1) and industrial (Business 2) zones.[23] That data indicated that there are very low floorspace vacancy rates in many locations in the District (below 5%), meaning that the low rate of floorspace vacancy may indicate supply shortages.
- **Business Development Capacity reports**: the results from the NPS-UDC research show that there is:
    - **Industrial Zone:** very likely to be sufficient industrial land supply to meet projected needs for the next 30 years in all parts of the GCP (including Waimakariri).
    - **Commercial Zone:** likely to be insufficient commercial land supply to meet projected needs for all periods (short, medium and long term) in Waimakariri District, based on ODP zoning.[24] However, if redevelopment of existing buildings occurs, and/or some change in policy approach such as facilitating movement of trade retail to the Business 2 zone, there may be sufficient supply for the medium term.

2.1.3 NPS-UDC Implications

The GCP NPS-UDC report on business land was assessed by MBIE and found to be "an example of best practice".[25] The results indicate there may be insufficient supply to meet the demands of the businesses that wish to locate in commercial zones in Waimakariri District based on ODP provisions.

However, it is important to understand that the results presented in the GCP NPS-UDC reports represent a minimum threshold of research and are aggregated – both in terms of location (only one location reported for Waimakariri) and broad sectors (the economy is aggregated to only three sectors). The reporting does not consider the implications of demand and supply at a zone/township level or for specific types of activity

[19] MBIE and MFE (2017) National Policy Statement on Urban Development Capacity: Guide on Evidence and Monitoring.

[20] Greater Christchurch Partnership (2017) Urban Development Indicators - Quarterly Monitoring Report (no 1 June and no 2 Sept).

[21] Greater Christchurch Partnership (2018) Housing and Business Development Capacity Assessment Summary (March).

[22] Greater Christchurch Partnership (2018) Business Development Capacity Assessment (March).

[23] Jones Lang LaSalle (2018) Field survey of Business zones in UDS area.

[24] The other parts of the GCP also have insufficient commercial land supply medium and long term.

[25] MBIE (2018) National Policy Statement on Urban Development Capacity—draft summary evaluation report of Housing and Business Development Capacity Assessments for high-growth urban areas.

within each broad sector category. The GCP recommend that more detailed assessment "*will need further discussion and investigation as part of the Future Development Strategy process*"[26].

For example, the NPS-UDC requires councils to report results for "retail". This aggregate activity type does not translate into one single business zone and is not sufficiently detailed to provide an understanding of the range of activities within this broad grouping (which can have very different space requirements i.e. Large Format Retail etc.). This means that it is not possible to directly rely on the NPS-UDC results to inform practical decisions on planning policy options. Therefore, the NPS-UDC results should be viewed as a minimum level of assessment which does not provide sufficient detail to enable the development of practical planning responses by the member councils of the GCP. The NPS-UDC acts as a monitoring or warning system that indicates where there may be need for further detailed assessment. This report is one such assessment.

Finally, the NPS-UDC requires councils to consider all practicable options available to it to provide sufficient development capacity, and many policy responses could be applied to enable sufficient supply (greenfield, brownfield, rule changes etc) to accommodate expected growth.

The research in this report and the Planz[27] report, draws from and extends the NPS-UDC work to develop a more detailed evidence base and recommend potential policy responses.

2.2 Canterbury Regional Policy Statement

Regional Policy Statements (RPS) are a crucial planning document for economic outcomes and associated business activity. The Resource Management Act (RMA) requires Territorial Authorities (TA) to develop plans that give effect to the provisions of the RPS, which includes the provision for business activities.[28] The 2013 Canterbury Regional Policy Statement (CRPS) is the RPS that relates to Waimakariri District. The following discussion of the CRPS draws from the Planz (2018) report on the Planning Framework.

Chapters 5 and 6 of the CRPS deal with general land use (Chapter 5) and specific provisions associated with earthquake recovery (Chapter 6), and both are relevant to planning for the location and nature of business activities in Waimakariri. Chapter 6 is the more prescriptive part, and was added to the CRPS by the Canterbury Earthquake Recovery Act 2011. Chapter 6 provides specific direction for the areas within Greater Christchurch (the larger towns of Rangiora, Woodend/ Pegasus, and Kaiapoi, and rural areas in the south eastern corner of the District). Chapter 5 is more general and mainly addresses business activities for the remainder of the District's small settlements and rural areas.

Finally, while Chapter 6 focuses on earthquake rebuild and recovery, the content in Chapter 6, especially the objectives and policies, will continue to be relevant after the rebuild has finished and until the RPS is reviewed. Chapter 6 will therefore remain relevant well into the life of the PDP to direct planning for future growth – particularly for planning associated with intensification in and around existing centres.

[26] Greater Christchurch Partnership (2018) Business Development Capacity Assessment (March). p105

[27] Planz (2018) District Plan Review Waimakariri District Council - Proposed replacement District Plan Commercial & Industrial Framework.

[28] Resource Management Act s75(3).

Both chapters use concepts that are important to economics, the economy and business activity through:

- Providing for growth by planning for social, economic and cultural wellbeing (enabling).
- Focusing growth into existing urban areas (a centres based philosophy) to assist redevelopment of existing centres (Central City and Key Activity Centres (KAC)) that need to be rebuilt, while ensuring that economic activity does not disperse into industrial areas.
- Encouraging the sustainable and self-sufficient growth of existing centres (Rangiora, Kaiapoi, and Woodend).
- Controlling growth for conflicts between incompatible activities (externalities and reverse sensitivity etc).
- Ensuring that transport and infrastructure are used efficiently.
- Protecting rural productivity from fragmentation and/or proliferation of employment that is not related to rural activity.
- Ensuring design outcomes give effect to principles of good urban design and high-quality development to maximise business retention, investment and health working environments.

The following subsections briefly outline key objectives and policies of the CRPS that are relevant to business activity in Waimakariri District. Chapter 6 is addressed in section 2.2.1, Chapter 5 in section 2.2.2, and the implications of the CRPS are discussed in section 2.2.3.

2.2.1 CRPS Chapter 6 - Recovery and Rebuilding of Greater Christchurch

Chapter 6 is of greater importance for understanding business activity in Waimakariri District than Chapter 5 because most of the District's economic and business activity is located in the areas governed by this chapter the part close to Christchurch City.

Chapter 6 takes a 'centres-based' approach to providing for retail and commercial growth, so as to encourage efficient use of existing centres after the earthquakes. Objective 6.2.1(1) and (2) identifies priority areas and KACs as being a focus for development, and this is reinforced by (3) which aims to avoid development outside of existing urban areas (or greenfield priority areas), and therefore to focus growth inside existing urban limits or defined greenfields areas.[29] However, some greenfield development may be required to meet anticipated demand (Objective 6.2.2(4)).

Chapter 6 prescribes intensification targets for Greater Christchurch (Objective 6.2.2(1)(a),(b),(c)). These targets suggest that a significant (and increasing) proportion of growth in the medium term should be focused into existing urban areas (from 35% in 2013 to 55% in 2022). This has obvious implications for the spatial form (rural/urban) in Waimakariri District and business activity in terms of its spatial location.

Objective 6.2.2(5) is also particularly important for Waimakariri District, as it specifies that settlement patterns should encourage the sustainable and self-sufficient growth of Rangiora, Kaiapoi, and Woodend.

[29] Policy 6.3.6 (1) "Promotes the utilisation and redevelopment of existing business land, and provides sufficient additional greenfield priority area land for business land" and Policy 6.3.6 (3)-(4) that recognise and reinforces the roles of the Key Activity Centres as locations for commercial activity.

Importantly, **Policy 6.3.6(10)** explains that self-sufficiency is "within communities" rather than Greater Christchurch as a whole.

The centres-based approach is outlined in more detail in **Objectives 6.2.5** and **6.2.6**. They prescribe that the existing network of centres should be the focal point for business activity (commercial and services) during the recovery period. Industrial land should continue to be used primarily for industrial activities and not be redeveloped for new commercial activities (**Objective 6.2.6(3)**) unless it can be shown that development will not cause significant adverse effects on KACs.[30] Similarly, policies direct that any other developments that are likely to impact the function or viability of KACs should be avoided.[31]

There are also other important objectives and policies that have implications for the economy, including efficient use of infrastructure (**Objective 6.2.1(11)** and **Policy 6.3.5**), and control of conflicting uses (**Policy 6.3.6(8)**). Chapter 6 does not explicitly cover business activity in rural areas, however that issue is implicitly covered by the objectives and policies that encourage business activity to locate in existing centres and that seek to avoid urban activities locating outside of existing urban areas or identified greenfield priority areas. The CRPS contains definitions for 'rural activities' that includes traditional primary sector land uses (agriculture, horticulture, aquaculture, forestry, quarrying, quarries and strategic infrastructure) and 'businesses that support rural land use activities'. While this definition is sufficiently broad, the types of supporting industries will generally be related either to direct outputs (processing, transport) or inputs (vets, maintenance) of the primary sectors.

There are also a number of policies that relate to design outcomes that could have implications for the economy and the attraction of business activity to the District. These are considered in more depth in the Planz report.[32]

All other business activities that do not fall within the above definition are considered to be an 'urban activity' and therefore subject to the strong direction to locate within existing urban areas or identified greenfield urban growth areas.

2.2.2 CRPS Chapter 5 - Land-Use and Infrastructure

Chapter 5 covers the majority of land in Waimakariri District, including the area north of the Ashley River and west of Two Chain Road. While that area is substantial, most of the land is used for rural activities and some small settlements, so there is much less economic activity in this area than the GCP part of the District.

Broadly, Chapter 5 mostly applies similar concepts to Chapter 6. Relevant to business activity and economics, Chapter 5 seeks the following key outcomes:

- **Enable Growth:** People and communities should be able to provide for their social, economic and cultural wellbeing and health and safety, including encouraging sustainable economic development by enabling business activities in appropriate locations (**Objective 5.2.1(2)(c)**);

[30] Policy 6.3.8.

[31] Policy 6.3.1(6) and 6.3.6(4).

[32] Planz (2018) District Plan Review Waimakariri District Council - Proposed replacement District Plan Commercial & Industrial Framework.

- **Consolidation:** development patterns should be concentrated, or are attached to, existing urban areas in order to promote a consolidated pattern of development (**Policy 5.3.1(1)**). Therefore, recreation, community facilities, and business opportunities should be encouraged within urban areas (**Policy 5.3.1(2)**) which will maintain and enhance the sense of identity and character of the region's urban areas (**Policy 5.3.1(4)**);
- **Control Conflicts**: Avoid conflicts between incompatible activities (**Objective 5.2.1(2)(i)**);
- **Efficient Infrastructure**: A safe, efficient and effective transport system (**Objective 5.2.3**). In relation to the strategic land transport network and arterial roads, the avoidance of development which adversely affects the safe, efficient and effective functioning of the network (**Policy 5.3.7**);
- **Rural Business:** Avoid development and fragmentation to maintain rural productivity (**Policy 5.3.12**); and
- **Design Outcomes:** Encourage high quality urban design, including the maintenance and enhancement of amenity values (**Policy 5.3.1(5)**).

One key difference between chapters 5 and 6 is that in Chapter 5 there is no reference to self-sufficiency, which is logical as the nature of the small settlements and rural areas means that it would be very difficult to achieve self-sufficiency there. Chapter 5 is also less prescriptive, and provides no targets for intensification as a method for enabling growth and it applies effects-based planning approach which that allows business activity in the rural areas to be assessed on a case-by-case basis.

2.2.3 CRPS Implications

The CRPS has a range of objectives and policies that relate both to economic concepts and business activity. Of most relevance to this report are the objectives and policies in Chapter 6, with those in Chapter 5 being of less importance. The CRPS has a strong centres-based approach, which is the most important principle to guide the assessments in this report relating to retail and commercial activity. For Waimakariri District this is important as it suggests that most future growth should be focussed in and around the existing centres, especially for the larger centres near the boundary with Christchurch City (Rangiora, Kaiapoi, and Woodend). There is also strong guidance that the industrial areas should not be allowed to become de facto centres via commercial redevelopments.

Other important economic concepts in the CRPS include those relating to utilising infrastructure (efficiency), controlling conflicts between uses (externalities), avoiding non-rural development in rural areas (irreversibility) and design outcomes (amenity). While those economic concepts are important, it is difficult to assess them at a district or regional level and it is not possible to test the implications of different policy options for those other economic concepts. For that reason, the definition of the policy options assessed in this report focuses on the centres-based direction in the CRPS.

Finally, the CRPS was initially developed over half a decade ago and was revised in 2017. It is likely that the CRPS will be updated in the medium term (not before 2022), which could have implications for future business activity in Waimakariri District, although the nature of any changes is unknown, so this report assumes no change to the CRPS.

2.3 Waimakariri District Plan

District Plans are important planning documents for local economies and the associated business activity. The RMA requires territorial authorities to develop plans that give effect to the provisions of the higher order policies such as RMA, NPS, RPS and Mahaanui Iwi Management Plans.

The operative Waimakariri District Plan (ODP) was developed over a decade ago and is currently undergoing a review process.[33] It has become outdated in many aspects because of the scale and nature of growth that has occurred over the past decade (per section 3's discussion on growth). Along similar lines as the summary of the CRPS provided in the previous section, the following subsections provide a summary of the key parts of the ODP, drawn from the Planz (2018) report.

2.3.1 ODP Policy Framework

Naturally, business activity is spread throughout the District, albeit concentrated in several nodes in the larger towns. The wide spread of economic activity means that every location has relevant policy, objectives and rules in the ODP that seek to encourage or enable certain types of business activity.

The following subsections discuss the policy framework in the ODP that relate to business activity under five headings: Urban Growth, Commercial Outcomes, Industrial Outcomes, Rural Outcomes and Residential Outcomes. The relevant objectives and policies are discussed briefly, with the focus on how they compare to the CRPS.

2.3.1.1 Urban Growth

Growth-related policies in the ODP focus on ensuring new urban growth areas avoid locations subject to a typical range of planning matters such as high natural hazard risk, high landscape, ecological, or cultural values, effects on strategic infrastructure, or locations that cannot be efficiently serviced by network infrastructure and roading.

Of relevance to this report is the policy direction that growth should 'avoid or mitigate significant adverse effects on the form and function of the Business 1 Zones including its role as a dominant community focal point within the four main towns' (Policy 18.1.1.1(i)). There are also policies that seek to limit the extent and type of activity that is enabled in some of the centres:

- The Kaiapoi urban area has been restricted to south and west (Policy 18.1.1.4)
- The Pegasus centre which is intended to have a local role for convenience and community activities (Policy 18.1.1.11).

Policy 16.1.1.1 seeks to recognise and provide for several business zones with differing qualities and characteristics to meet the needs of the community. This includes avoiding the loss of business activities to elsewhere in the towns, the District, or to Christchurch, that is the policy seeks to focus new business activity within existing business zones and to avoid the leakage of such activity to Christchurch. Also, clause

[33] WDC is undertaking a 'rolling review' which means that some sections are older than decade and others have already been updated.

(Policy 18.1.1.1(u)) of this policy seeks to 'enable local communities to be more self-sustaining'. This ODP policy reflects the 'centres-based' approach and self-sufficiency in the CRPS.

The ODP takes an enabling approach using policies that apply merits-based planning. Policy 18.1.1.1 specifically encourages private land holders to request changes to the Plan to enable new types of activity. Any requested plan change would be judged on its merits, rather than adopting a more prescriptive planning approach.

The ODP also includes a policy that seeks to manage conflicts and reverse sensitivity (Policy 18.1.1.3).

2.3.1.2 Commercial Outcomes

The ODP sets out a range of objectives and policies that generally encourage commercial activity into existing centres (for KAC see Objective 15.1.2 and Policy 15.1.2.1) and ensures that these centres are maintained as a key focal point (Policy 16.1.1.1). There are additional objectives and policies that seek intensification within the Rangiora KAC (Objective 16.1.2 and Policy 16.1.2.1). These policies are consistent with the centres-based approach set out in the CRPS.

More generally, Policy 16.1.1.2 is an enabling policy that looks to encourage the establishment of business activities within the District, provided that such establishment avoids adverse effects on the function and viability of KACs. This merit-based approach may be inconsistent with the CRPS which seeks to limit growth locating in new or unplanned locations.

Policy 12.1.1.19 relates to the management of retail activity within the Land Use Recovery Plan greenfield priority areas. The subclauses seeks to manage retail to reduce adverse impacts on KACs (a), provide for local needs (b), avoid retail in rural (c) and residential (d) areas, and ensure that office activity is located in the KAC other than ancillary office uses in residential, industrial and rural zones. In Waimakariri, KACs have been identified for Rangiora and Kaiapoi town centres, with their boundaries generally aligned with the extent of the Business 1 zoning (noting that a portion of the Rangiora KAC includes a B2 zone with a B1 overlay which permits retail activity).

The key commercial zones in the ODP are the Business 1 and Business 4 zones. The bulk of commercial land in the District is zoned Business 1, covering the larger town centres of Woodend, Rangiora, Kaiapoi, and Oxford. This zone is commonly perceived as the 'main streets' of these townships, with the on-the-ground outcomes typically 1-2 storey commercial buildings with a mix of retail, commercial services, and food and beverage at ground level and small format offices above. Policy 16.1.1.3 sets out the urban design outcomes anticipated in the Business 1 zones, consistent with providing high quality, attractive town centres.

The Business 4 zone is applied across a small number of discrete, dispersed locations. Business 4 provides areas of local convenience shops in suburban locations and is typically less than 1,000m^2 (5-10 tenancies). Policy 16.1.1.8 relates to the Business 4 zones and seeks to recognise and provide for specific sites to enable the existing activity to continue, but with limited provision for future expansion.

2.3.1.3 Industrial Outcomes

Industrial activities (including trade suppliers) are accommodated primarily in the District's Business 2 and Business 5 zones, because most activity in these zones are land extensive.

Policy 16.1.1.1 provides a helpful summary for the outcomes anticipated in the Business 2 zone, which are "predominantly industrial", "large-scale buildings" and "activities with potential environmental effects unsuited to a town centre location". Objective 15.1.2 seeks to provide for only limited retail activities in the Business 2 zones in order to be supportive of KACs. Policy 16.1.1.6 likewise looks to provide for a variety of industrial and discrete commercial activities within the Business 2 zones.

Policy 12.1.1.19 relates to the management of activities in the Land Use Recovery Plan greenfield priority areas, and describes the types of activity that are encouraged in Business 2, which includes "commercial and industrial activity" (f) while office activity is restricted to ancillary space (h).

The Business 5 zone provides for trade suppliers and large floor plate office activities (Policy 16.1.1.9), with other retail activities limited to those that support the first two primary functions e.g. convenience food and beverage outlets. Retail that has a character and function which is provided for in the Business 1 or 4 zones is not encouraged in Business 5 zone, to ensure that there is no impact on the role and function of the KACs.

The rural zone also anticipates (subject to resource consent) some industrial activity that is related to rural activity (e.g. dairy factory, meat works, quarry, infrastructure etc.), and there are spot zones for specific business activities (Business 3 MDF plant and Business 6 function centre). While these zones allow business activity that is comparable to the Business 2 zone, they are not discussed or assessed further in this report. Given the relatively rare nature of these activities there is limited need to undertake research on the growth of these activities.

2.3.1.4 Rural Outcomes

The ODP sets out a range of objectives and policies that generally encourage and protect the rural areas for traditional primary activity (Objective 14.1.1 and Policy 14.1.1.2). Most of the policy and objectives focus on controlling (intensive) residential development of the rural zones (Objective 14.5.1 and Policy 14.5.1.1).

The ODP has historically provided little clear direction regarding the management of urban activities wishing to establish in rural zoned areas (effects-based planning). Following the Canterbury Earthquake sequence, Objective 14.5.1 and Policy 14.5.1.1 were inserted into the ODP which has set a high threshold that requires a clear nexus to rural activities. However, rural zones outside the Greater Christchurch is still covered by the effect-based planning rules.

2.3.1.5 Residential Outcomes

There are seven residential zones which each have varying policy and objectives that seek to enable (or control) business activity (Objective 17.1.1 and associated Policies 17.1.1.1 and 17.1.1.2). Broadly, the higher density residential zones (which commonly border Business 1 zone) allow community services (schools, hospitals, religious), business services and local shops. There is little direction provided at a policy level regarding the management of non-residential activities in residential zones.

2.3.2 ODP Regulatory Framework

The regulatory framework in the ODP is set out in the rules, zones and the spatial extents of the zones. This framework establishes what the types of activity and land use can occur in part of the District. The following

discussion focusses on the key rules that relate to business activity, with a focus on commercial zones (Business 1 and 4), industrial zones (Business 2 and 5), rural zones and residential zones.

2.3.2.1 Business 1

The rules for Business 1 zones are relatively permissive for small developments, but not for larger developments. The rules in the ODP mainly relate to urban design and street frontage requirements (31.21.1.1) to protect the mainstreet nature (shop frontage under 20m). It is relatively difficult to undertake a development of a medium or large format building in the Business 1 zone, with buildings over 450m^2 being fully discretionary (31.24.2).

In addition, the rules for Business 1 are centres-based, which protects existing centres. The regulatory framework makes it very difficult to develop a new town centre in the District, with any centre of more than 1,500m^2 of floorspace, or a single tenancy over 450m^2 being non-complying (31.27.3). There are also limits on providing on-site carparking on principal shopping streets in order to achieve urban design outcomes. Proposals that seek to provide on-site parking are a non-complying activity (30.10.3).

While these rules allow for traditional mainstreet activities, there may need to be more flexibility to allow for new types of activity that may be expected to occur in the future (i.e. multi storey office or accommodation).

2.3.2.2 Business 4

There are no limitations on retail or office activity in the Business 4 zone. The Business 4 zone is primarily managed by the small size of such zones, which restricts the type and nature of activity – i.e. each zoned area is less than 1,000m^2 which means that limited office or retail types can physically fit or locate in the zone. There is a site-specific rule package is in place for the B4 west Kaiapoi growth area and Mandeville Business 4 zone(31.27.2)

2.3.2.3 Business 2

The rules for Business 2 are permissive for traditional industrial activities, with warehouse and industrial activities being permitted by virtue of not being otherwise specified as being subject to a rule. The rules also allow for some ancillary retail (less than 20% of net floor area and products produced on site 31.21.1.9). Any other retail activity is not encouraged in Business 2 zone (fully discretionary 31.24.1).

There is an allowance for large format retail in the part of the Business 2 zone that is located within in the Rangiora KAC – which has been created to allow the operation of a few key retailers such as The Warehouse (31.21.2.1). In Rangiora there is no other zone that would allow large format retail.

Stand-alone offices are permitted in the B2 zone, provided they do not have a direct customer service element and thereby avoid getting caught under the retail rules (31.21.1.8 and 31.21.1.9). Greenfield Business 2 zones do not enable offices (non-complying), other than where they are ancillary to a retail activity (31.28.3).

While these rules allow for traditional industrial activities, the presence of only two main Business zones in the ODP (Business 1 and 2) made it difficult to plan for where business activities locate, resulting in outcomes such as the development of LFR within the Business 2 part of the Rangiora KAC. The use of

additional zones such as Mixed Use or General Business (from the National Planning Standards) would be one possible mechanism to encourage development in the places where it is intended.

2.3.2.4 Business 5

The rules for the Business 5 zone, which is a spot zone for one development, have been designed to allow both trade suppliers and traditional industrial activities. The spot zone also allows some food and beverage outlets up to a maximum of 2,000m^2 or 20% of net floor area of all buildings in zone (31.21.1.10). The total office space in the zone may not exceed 1,500m^2 or be located in a tenancy of less than 120m^2, while offices that are ancillary to permitted activities are also permitted (31.21.1.11). All other retail or office is non-complying (31.25.1).

2.3.2.5 Rural

The ODP seeks to maintain and enhance both rural production and the rural character of the Rural Zones. The objective to maintain the continued domination of intensive and extensive agricultural, pastoral and horticultural land use activities (14.1.1).

The ODP has historically provided little clear direction regarding the management of urban activities wishing to establish in rural zoned areas. Such activities at an individual lot basis could generally demonstrate that the wider rural character and predominance of pastoral activities were being maintained. This non-directive approach was consistent with the non-directive effects-based urban growth provisions set out above.

Following the Canterbury Earthquake sequence, additional objectives and policy were inserted for the Greater Christchurch Area which added a high consenting policy hurdle for urban activities or 'development' seeking to establish in rural areas in the UDS, unless a clear nexus can be demonstrated with regards to the proposed activity supporting rural land uses (Objective 14.5.1 and Policy 14.5.1.1).

For the balance of the District outside of the Greater Christchurch area the Plan retains a reasonably enabling and non-directive policy framework regarding the establishment of business activities in rural areas.

2.3.2.6 Residential

The residential zone descriptions anticipate a degree of non-residential activity, with this enablement balanced against the anticipated residential character and amenity outcomes which can assist in the management of any larger non-residential proposals. Overall, there is minimal policy direction regarding the management of non-residential activities in residential zones.

Planz' summary of the residential zone framework shows the following expectations regarding non-residential activities are as follows:

- Residential 1: non-residential activities include schools, limited commercial, reserves, churches, and service-related businesses.
- Residential 2: non-residential activities include schools, local shops, reserves, churches, and places of assembly.

- **Residential 3**: non-residential activities include churches, reserves, local shops, and camping grounds, with a mixed use centre in Tuahiwi focusing on community facilities, convenience retail, recreational and business opportunities.
- **Residential 4:** no non-residential activities are anticipated.
- **Residential 5, 6, and 7:** No non-residential activities are anticipated in the Residential 5 and 7 zones (although the R7 zone includes a small B4 zoned area). In Residential 6 anticipated non-residential activities include schools, local shops and service-related businesses, reserves, and community facilities.

2.3.3 ODP Implications

The Planz review of the Policy and Regulatory framework suggests that much of the ODP reflects the CRPS, however there are some parts which do not. Additionally, there are some rules in the regulatory framework that do not match either the CRPS or the Policy framework in the ODP.[34]

The ODP has objectives, policies and rules that guide the location and type of economic activity that can occur in the District, and from an economic perspective the ODP mostly aligns with and encourages beneficial outcomes, and many aspects should be retained in the PDP.

Importantly, the consolidation approach that is applied in the ODP is likely to result in efficient outcomes and encourage growth in the economy. Similarly, the aim of self-sufficiency will become more important as the community and economy grows, because it will become more difficult to manage the effects that naturally arise from a lack of self-sufficiency. Increasing self-sufficiency in a growing population will improve the role of the existing centres and reduce the impacts of growth on key infrastructure (such as transport networks). In addition, externalities associated with different activities are an important issue which should be managed to minimise conflicts and reverse sensitivity.

However, the ODP does include merits-based planning, which may introduce uncertainty and risk which can impede business activity and decision making. While it is important to allow flexibility in the ODP to encourage growth, there may be an opportunity in the ODP review process to reduce the extent of this provision by introducing new rules, zones or locations that allow for a wider range of activity.

Some of the rules in the ODP require updating to better reflect the current retail, commercial and industrial environment, as there are some types of business activity that do not fit well within the existing regulatory framework. This is a function of the District's rapid growth from a rural-based economy with small service towns and settlements to greater urbanisation of the townships and peri-urbanisation around south-eastern rural areas. The ODP was developed when the types and scale of economic activity were relatively limited compared to current and future activities. This means that the existing regulatory framework is relatively simple compared to other urban district plans. From an economic perspective, the rules could be improved to allow for a greater range of business activity, including medium-large format retail, offices and mixed use, and to better reflect the larger economy and community now present in the District.

[34] E.g. CRPS requirement to avoid urban activities in rural areas yet the applicable rules being discretionary (retail) or restricted discrepancy for traffic, with no directive rules regarding the activities themselves.

2.4 Policy Context Findings

Broadly, the NPS-UDC, CRPS and ODP have many common objectives and policies in alignment. The objectives and policies in the operative plans have many concepts that are important to business activity and are based on concepts from economics.

The key feature of each of the policies is that they consider that planning should encourage and protect the role of existing centres (centres-based approach). However, the plans are intended to be enabling, in such a way that growth is provided to meet the needs of both the community and the economy.

The review by Planz and M.E suggests that there is a degree of disconnection between the ODP, NPS-UDC and CRPS which is mainly apparent in the transcription of the objectives and policies into rules. This disconnect has been created over time as the Waimakariri economy has changed in structure and has grown rapidly, along with provisions introduced in response to the Canterbury earthquakes. There are some changes that may be made to the ODP which would better reflect, encourage and enable the current and future business activity, as identified in detail in the Planz report.

Finally, the GCP reporting for the NPS-UDC indicates (at a broad level) that there may not be enough supply of Business 1 zoned land in Waimakariri District to meet medium and long-term demands.

The following sections of this report provides a more detailed assessment of the nature and quantum of the potential business activity (sections 3 and 4) and how the ODP could be changed to meet these demands (section 5 and 6).

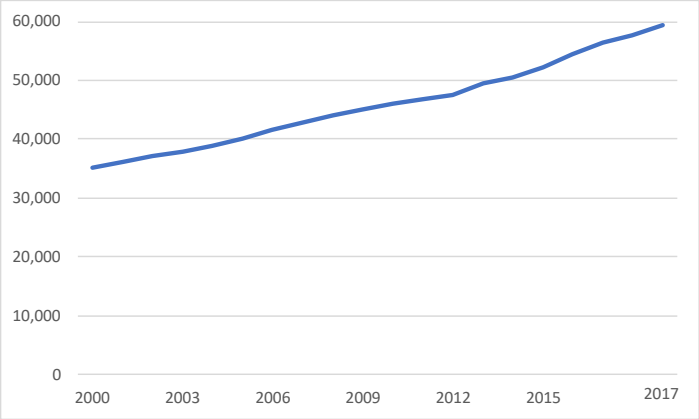
3 District Economy

3.1 Overview

This section provides a discussion of the existing structure of the economy and how it has changed over the last two decades. We have used four key economic metrics to describe the economy, employment, business count, GDP (value added) and gross output (sales). The trends in this section are important because they provide context, and they form part of the basis of the economic projections (section 4) and property market outcomes (section 6).

The Waimakariri population grew rapidly between 2000 and 2017, from 37,100 to 59,300 people, growth of 60%, or average annual growth of 3%. Only two other territorial areas (Queenstown and Selwyn) grew faster over this period. That growth was relatively consistent over time (see Figure 3.1). There was an increase in growth immediately after the earthquakes with growth reaching 4% per annum in 2011, however, the background trend of high growth (between 2-3% per annum) was consistent both before the earthquakes and has continued in recent years.

Figure 3.1: Waimakariri District Population (2000-2017)



Also of relevance are demographic changes in the population, particularly in relation to age. The District's population, along with all others in New Zealand, has been aging since 2000 and is projected to continue to do so. These changes will have influenced, and will continue to influence changes in the types and quantum of services and businesses in the economy. The population aged 65 or older has grown by 130%, and now one out of every five residents in the district are in this cohort. Conversely, while the number of children living in the District has increased markedly, this cohort group has dropped from a quarter in 2000 to less than a fifth in 2017. Waimakariri's population growth was different to other high growth areas in New Zealand which were predominately driven by immigration of young adults (i.e. Auckland, Christchurch).[35]

[35] Natalie Jackson (2017) Waimakariri – Review of Demographics (Part A).

3.2 Approach

The first step required to model and understand the Waimakariri economy was to analyse the historic level of economic activity supported in WDC across the different sectors of the economy. In this assessment the following key economic metrics have been assessed: employment (MEC), business count (GEO), economic value (GDP) and gross output (retail sales). Where possible, detailed data was assessed at the industry and/or sector level from 2000 to 2017.

The following results provide a broad description of the changing structure of the economy. However, it is important to understand that the official SNZ industry definition (ANZSIC06) is based on activity type, not zone or land demand. While the following information cannot be used to build a complete understanding of the location or scale of economic activity by zone within the District, it provides a good basis for the assessment provided in this report.

Notwithstanding the limitation of the industry definition data for understanding zone or land demand, the following tables present six 'sectors' which are groupings of the ANZSIC06 industries that predominantly or typically locate in specific zones. In the following tables the industries in each sector are defined and indicated as follows,

- Primary sector (Green) – which is predominantly located in rural zones (Agriculture, Forestry, Fishing and Mining).
- Industrial sector (Brown) – which is predominantly located in industrial zones (Manufacturing, Electricity, Gas, Water and Waste Services, Wholesale Trade, Transport, Postal and Warehousing, Information Media and Telecommunications).
- Construction (Grey) – which is predominantly located in residential zones (Construction) because most building firms are small and registered to the builder's home address. This industry is reported separately because of this trend as well as the abnormality of the earthquake rebuilding, which has generated substantial and ongoing employment in the short and medium terms.
- Mainstreet sector (Red) – which is predominantly located in commercial zones in more accessible locations, i.e. at ground level along main streets (Retail Trade, Accommodation and Food Services, Arts and Recreation Services and Other Services).
- Commercial sector (Blue) – which is predominantly located in commercial zones (or as home occupations) and commonly in office type space (Financial and Insurance services, Rental, Hiring and Real Estate Services, Professional, Scientific and technical services, Administration and Support Services).
- Government Sector (Purple) – which is located in a wide range of zones (Public Administration and safety, Education and Training, Health Care and Social Assistance).

3.3 District Employment

Demand for business zoned land in an urban economy commonly focusses on the relationship between workers and their space requirement. In the case of the NPS-UDC the employment metric is considered to be the most relevant, because growth in employment in an urban economy commonly manifests as demand for floorspace and/or land – i.e. existing businesses expand into new premises or a new business operation.[36]

The employment data presented in this report differs from the official EC data that is available from SNZ because data in this section includes both employees and working proprietors – a Modified Employment Count (MEC), whereas ECs do not capture working proprietors. The MEC is a more accurate representation of total employment, especially for locations which have more small businesses.[37] There are a significant number of working proprietors in many of WDC's industries, for example: agriculture (40%), real estate (50%), professional services (37%), admin support (34%), construction (29%) and some types of retail (smaller shops).

Figure 3.2 shows the structure of the economy in MEC terms between 2000 and 2017. Employment in the District has grown rapidly from 10,930 in 2000 to nearly 18,140 in 2017, which is equivalent to 3% per annum.

Figure 3.2: Employment Structure of Waimakariri District – 2000-2017 (MECs)

Industry	2000	2006	2012	2015	2016	2017	Change 2000-2017	% change p.a.	Share of Growth
Agriculture, Forestry and Fishing	2,790	2,390	2,100	2,070	2,060	2,070	- 720	-2%	-10%
Mining	10	10	10	-	10	10	-	0%	0%
Manufacturing	1,290	1,500	1,640	1,820	1,980	1,960	670	2%	9%
Electricity, Gas, Water and Waste Services	60	90	230	220	230	250	190	9%	3%
Wholesale Trade	220	470	440	500	510	540	320	5%	4%
Transport, Postal and Warehousing	440	430	380	390	420	450	10	0%	0%
Information Media and Telecommunications	70	100	70	80	70	70	-	0%	0%
Construction	1,030	1,720	2,310	3,420	3,500	3,210	2,180	7%	30%
Retail Trade	1,260	1,660	1,920	1,960	2,150	2,180	920	3%	13%
Accommodation and Food Services	630	800	910	990	1,010	1,020	390	3%	5%
Arts and Recreation Services	100	190	230	300	290	350	250	8%	3%
Other Services	460	460	470	590	550	760	300	3%	4%
Financial and Insurance Services	110	120	160	160	170	160	50	2%	1%
Rental, Hiring and Real Estate Services	370	320	470	450	450	450	80	1%	1%
Professional, Scientific and Technical Services	330	530	680	860	860	940	610	6%	8%
Administrative and Support Services	180	410	480	510	530	580	400	7%	6%
Public Administration and Safety	250	260	340	400	410	430	180	3%	2%
Education and Training	780	920	1,170	1,390	1,460	1,540	760	4%	11%
Health Care and Social Assistance	550	740	900	1,100	1,100	1,170	620	5%	9%
Total	**10,930**	**13,120**	**14,910**	**17,210**	**17,760**	**18,140**	**7,210**	**3%**	**100%**

[36] MBIE and MFE (2017) National Policy Statement on Urban Development Capacity: Guide on Evidence and Monitoring.

[37] For example, SNZ records 179 sheep farms in the District and only 52 employees (i.e. ECs only includes farm hands and does not include farmers themselves). The MEC includes farmers (as working proprietors) and identifies 188 jobs in sheep farming in the District.

Over this period the Primary sector (Agriculture, Forestry and Fishing & Mining) decreased in importance. In 2000 the Primary sector was the most important sector, supporting 2,790 jobs (26% of total District employment). Since 2000, that employment dropped by 2% per annum to below 2,070.

The majority of the growth in the economy was focused on sectors that service the growing community. There has also been substantial growth in Construction (7% per annum), the Commercial sector (5% per annum), Government sector (4% per annum), Mainstreet sector (3% per annum),and Industrial sector (3% per annum). It is likely that growth in these sectors was positively impacted by the earthquake rebuild. Most obviously Construction employment grew rapidly during the rebuild phase (averaging 18% per annum between 2012 to 2015), before plateauing in 2016 and declining in 2017 (-8%).[38]

Seven industries generated over 90% of the growth (Figure 3.2). These key industries mostly service the demands of the rapidly growing local population (i.e. Housing, Retail, Education, Health, Food/Accommodation) and local economy (Professional, Scientific and Technical Services):

- **Construction** is now the largest employer in the District and has grown by 2,180 jobs, 30% of total District employment growth since 2000.
- **Retail Trade** is now the second largest employer in the District and increased by 920 jobs, 13% of the District growth.
- **Education and Training Services** increased by 760 jobs, 11% of District growth.
- **Manufacturing** increased by 670 jobs, 9% of District growth.
- **Health Care and Social Assistance** increased by 620 jobs, 9% of District growth.
- **Professional, Scientific and Technical Services** increased by 610 jobs, 8% of District growth.
- **Administrative and Support Services** increased by 400 jobs, 5% of District growth.
- **Accommodation and Food Services** increased by 390 jobs, 5% of District growth.

3.4 District Businesses

The business demography is relevant to planning for land use and business zones. This is because the type of land and/or building space required is generally related to both the industry that the business operates in and the size of the business. There will be many businesses in Waimakariri that operate from home offices (i.e. sole traders with no employees such as accountants and builders), and they will have very different demands for land, buildings and business zones than businesses that have employees, and will not generally be able to locate in residential spaces.

This sub-section discusses the change in business numbers in each industry between 2000 and 2017. The business numbers are compared to employment (from the previous subsection) to establish the changing size of businesses in the District.

[38] Excluding construction employment, the employment in the rest of the economy grew by 2.5% per annum between 2000 and 2017.

Figure 3.3 displays the number of businesses in the District by each sector and industry. When compared to the employment data in Figure 3.2 the following points of interest are highlighted:

- The total number of businesses has grown at 2% per annum which is a slightly slower rate than employment overall. This means that the average size of businesses in the District has increased marginally, from 2.6 MECs in 2000 to 2.9 MECs in 2017.
- The majority of businesses in the economy are in the primary sector. However, there are now 330 fewer businesses in this industry than there were in 2000. That decline was slower than the drop in employment, which means that the average business size decreased from 1.5 MECs in 2000 to 1.3 MECs in 2017. This decline reflects the overall trend observed in most rural areas, with farms growing in size (consolidating) and number of farm hands required to work a farm decreasing (mainly via technology changes).
- The number of businesses in the Industrial sector has grown consistently, at between 1% and 4% per annum. The average business size has increased from 4 MECs in 2000 to 5 MECs in 2017. Most of these business will be operating within the industrial zone (Business 2) or rural zone (primary sector related manufacturing).
- The rapid change in the Construction industry has generated the biggest growth in business numbers (580). However, much of this growth has been driven by the rebuild associated with the earthquakes, which peaked in 2016 and is now declining, with a drop of 4% in 2017. This industry is characterised by small businesses, with an average business size of approximately 3 jobs, and often the workers are mobile contractors and linked to residential addresses.
- The number of businesses in the Mainstreet sector has grown more rapidly than either of the primary or industrial sectors (mostly above 3% per annum). In total there were an average of 20 new businesses opening each year between 2000 and 2017. The average business size in this sector has remained relatively static at around 5 jobs. Most of these businesses operate from commercial zones (Business 1 and 4), with a smaller presence in other zones (Business 2, rural and residential).
- The number of businesses in the Commercial sector has grown significantly (more than 6% per annum), and over half of the new businesses in the District were in this sector. In addition, the increase in the number of businesses was faster than the increase in overall employment, meaning that the average business size decreased from 1.5 MECs in 2000 to 1.1 MECs in 2016. Many of the smaller businesses will be operating from residential or rural premises (i.e. home offices), while the larger businesses generally operate in the commercial zones (Business 1 and 4).
- Finally, the number of businesses in the Government sector has grown at a similar rate as the Mainstreet sector (around 3% per annum). This sector is characterised by larger businesses, with an average business size of approximately 10 jobs. Most of the growth in businesses in these industries will have located in residential zones (schools and hospitals) and some growth in commercial zones Business 1 (police, council, social services etc).

Figure 3.3: Business Count of Waimakariri District – 2000-2017 (GEO)

Industry	2000	2006	2012	2015	2016	2017	Change 2000-2017	% change p.a.
Agriculture, Forestry and Fishing	1,890	2,060	1,870	1,660	1,700	1,560	- 330	-1%
Mining	-	-	10	10	10	10	10	0%
Manufacturing	200	240	250	260	270	270	70	2%
Electricity, Gas, Water and Waste Services	20	30	30	30	30	40	20	4%
Wholesale Trade	120	170	160	200	190	190	70	3%
Transport, Postal and Warehousing	120	170	160	140	150	150	30	1%
Information Media and Telecommunications	10	20	20	20	20	20	10	4%
Construction	430	670	830	1,000	1,050	1,010	580	5%
Retail Trade	200	260	270	310	290	320	120	3%
Accommodation and Food Services	100	120	120	150	140	140	40	2%
Arts and Recreation Services	70	90	110	110	110	120	50	3%
Other Services	140	190	240	240	250	270	130	4%
Financial and Insurance Services	40	110	200	260	220	250	210	11%
Rental, Hiring and Real Estate Services	440	730	890	1,070	1,050	1,050	610	5%
Professional, Scientific and Technical Services	140	260	350	450	420	450	310	7%
Administrative and Support Services	70	140	180	190	190	190	120	6%
Public Administration and Safety	30	30	30	30	30	30	-	0%
Education and Training	60	70	80	100	100	110	50	4%
Health Care and Social Assistance	90	110	140	140	150	160	70	3%
Total	**4,170**	**5,470**	**5,940**	**6,370**	**6,370**	**6,340**	**2,170**	**2%**

3.5 Business Size

Figure 3.4 displays the number of businesses in each industry by employment size for 2016. The demographic data presented in the figure was sourced directly from SNZ as an EC, and so excludes owner operators (there is no equivalent data that relates to MECs, or includes working proprietors).[39]

The following key points can be extracted from this data:

- The majority of businesses in the District have no employees (over 60%). These are likely to be sole traders with one or more working proprietors. Most of these are in Agriculture (farmers), Construction (builders, plumbers, electrician etc.), Real Estate (landlords), Professional Services (accountants, lawyers, architects etc), Financial (brokers), Admin support (cleaners etc), Retail Trade (dairy, boutique etc) and some manufacturing (craft).
- Small enterprises with employment of between 1 and 5 account for 12% of the businesses in the District.
- Medium enterprises with employment between 6 and 19 account for 2% of the businesses in the District.
- The data only records approximately 40 large businesses - those with employment over 20 ECs.
- The remaining 20% of the business are not reported due to confidentiality. It is likely that many of the remaining businesses are small-medium enterprises, although some will be large. For

[39] There are confidentiality restrictions which means that M.E is unable to develop a demographic data set which includes MEC's.

example, there are fewer than three department stores in the District, this means that the data for those stores is not published by SNZ due to confidentiality concerns. However, by the nature of department stores they will employ more than 20 ECs, and so be large businesses.

Figure 3.4: Business Demography of Waimakariri District – 2016 (GEO by EC number)

Industry	Zero	1 to 5	6 to 9	10 to 19	20 to 49	50+	conf	Total
Agriculture, Forestry and Fishing	1,180	110	20	10	-	-	390	1,710
Mining	-	-	-	-	-	-	10	10
Manufacturing	90	20	10	-	-	-	160	280
Electricity, Gas, Water and Waste Services	10	-	-	-	-	-	10	20
Wholesale Trade	60	20	-	-	-	-	100	180
Transport, Postal and Warehousing	60	20	10	-	-	-	60	150
Information Media and Telecommunications	-	-	-	-	-	-	20	20
Construction	590	280	40	20	10	-	120	1,060
Retail Trade	90	50	-	20	-	-	130	290
Accommodation and Food Services	40	30	10	20	-	-	40	140
Arts and Recreation Services	70	10	-	-	-	-	30	110
Other Services	130	70	20	-	-	-	30	250
Financial and Insurance Services	210	-	-	-	-	-	10	220
Rental, Hiring and Real Estate Services	960	30	-	-	-	-	70	1,060
Professional, Scientific and Technical Services	290	60	-	-	-	-	70	420
Administrative and Support Services	120	30	-	-	-	-	40	190
Public Administration and Safety	-	-	-	-	-	-	30	30
Education and Training	-	10	10	10	20	-	60	110
Health Care and Social Assistance	70	30	-	10	-	10	30	150
Total	**3,970**	**770**	**120**	**90**	**30**	**10**	**1,410**	**6,400**

Industry	Zero	1 to 5	6 to 9	10 to 19	20 to 49	50+	conf	Total
Agriculture, Forestry and Fishing	1,179	111	15	6	-	-	392	1,703
Mining	-	-	-	-	-	-	10	10
Manufacturing	90	21	6	-	-	-	158	275
Electricity, Gas, Water and Waste Services	12	-	-	-	-	-	14	26
Wholesale Trade	63	24	-	-	-	-	98	185
Transport, Postal and Warehousing	57	24	6	-	-	-	60	147
Information Media and Telecommunications	-	-	-	-	-	-	18	18
Construction	594	276	39	15	9	-	118	1,051
Retail Trade	90	51	-	15	-	-	130	286
Accommodation and Food Services	36	27	12	24	-	-	40	139
Arts and Recreation Services	69	12	-	-	-	-	30	111
Other Services	126	66	21	3	-	-	34	250
Financial and Insurance Services	207	-	3	-	-	-	10	220
Rental, Hiring and Real Estate Services	957	30	-	-	-	-	67	1,054
Professional, Scientific and Technical Services	285	57	3	3	-	-	70	418
Administrative and Support Services	120	27	-	-	-	-	42	189
Public Administration and Safety	3	-	-	-	-	-	27	30
Education and Training	-	9	9	9	18	-	57	102
Health Care and Social Assistance	69	30	3	6	-	6	34	148
Total	**3,957**	**765**	**117**	**81**	**27**	**6**	**1,409**	**6,362**

The locational preferences of businesses are generally related to the size of the operation. In the case of Waimakariri many sole-traders will primarily choose to operate from home offices in residential or rural zones, while small enterprises (1 to 5 employees) will be located across many different zones, including residential, rural and business zones. Medium sized businesses (6-19 employees) will predominantly locate within traditional business zones as they require much more space and flexibility. Finally, many of large

businesses (20+ employees) are located either in a spot zone (MDF plant), residential zones (hospitals and schools) or rural areas (Hellers, Karikaas, Ready Mix Concrete).

It is probable that there are some large businesses that are not recorded in this data due to confidentiality, when they are one of few businesses in a particular size-industry category, including;

- Retail: including Pak'n Save, Countdown, New World, Farmers, The Warehouse, Warehouse Stationery, Noel Leeming, Briscoes, automotive (Bridgestone) etc;
- Government: Waimakariri District Council and potentially other central government providers (Ministry of Social Development);
- Trade Suppliers: PCG Wrightson, Mitre 10 Mega, RD1, Placemakers, etc.;
- Other Services: banks, real estate agencies, Artisan Bakery, there may be other large cafes and takeaways (McDonalds etc);
- Commercial Offices: MainPower New Zealand.

As would be expected given the zoning rules, most of these larger businesses use land intensively and are located in the Business 1 zone. There are also some larger businesses with intense land use in the Business 2 zone, especially in Rangiora and recent developments in Southbrook. Of particular interest is the large scale office block and retail/restaurants in this area which traditionally would be located in commercial zones rather than industrial. For example, MainPower New Zealand shifted from High Street in central Rangiora to their new building in Southbrook, and Mitre 10 Mega and Pak'n Save have both located nearby as well.

3.6 District Economic Value

The economic value generated by an economy is commonly measured in terms of Gross Domestic Product (GDP). GDP is New Zealand's official measure of economic value and growth. It represents the total value of output (or production) carried out by all firms, government bodies, non-profit institutions and households in a given area, in a given period, as a result of the goods and services it produces. The GDP measure also encompasses all incomes (wages, salaries and profits) generated within the economy.

In terms of the NPS-UDC, GDP provides an additional metric to cross reference against employment. The GDP associated with an industry or sector has a close relationship to the employment in that sector and will generally follow the same trend. However, in some industries there has been a continuous substitution away from labour (employment) to capital (machines) which has resulted in greater productivity with fewer jobs. This trend is most notable in the industrial and agriculture sectors, and for this reason it is useful to also assess the GDP generated as well as the employment sustained.

While Statistics New Zealand does not release official GDP estimates at the territorial authority level, MBIE has developed estimates of GDP which it calls the Modelled Territorial Authority Gross Domestic Product (MTAGDP). This data provides an estimate of GDP at both territorial and industry level between 2000 and 2015. In the following tables the GDP is reported in 'real' terms, which controls for inflation by converting the values in each year to a common base year.

Figure 3.5 shows the real GDP by industry for Waimakariri District. While many of the trends observed in the table are similar to the employment data (Figure 3.2) there are some interesting additional points:

- At the district level GDP generated almost doubled over the period with a growth rate of 4.2% per annum, compared to 2.7% growth in employment.
- Because District GDP grew faster than employment, the real income received from economic activity in the district has increased from $47,000 to $56,000 per employee.
- Broadly, the additional GDP value was mostly associated with sectors that service the community (nearly 60% of growth was in the Mainstreet, Commercial, Government and Construction sectors). The majority of the industries in these sectors grew faster than the entire district economy (i.e. growth of over 4.2% per annum). These sectors tend to consist of higher value jobs relative to primary or industrial sectors.
- Conversely, the GDP value generated by the agriculture industry has declined, albeit at a slower rate than the decrease in employment. This means value generated per farm employee has actually increased over the period.

Figure 3.5: Economic Value of Waimakariri District – 2000-2015 (GDP)

	2000	2006	2011	2015	Change 2000-2015	% change p.a.
Agriculture	$ 103	$ 84	$ 69	$ 86	-$ 17	-1.2%
Forestry, Fishing, Mining, Electricity, Gas, Water and Waste Services	$ 36	$ 68	$ 110	$ 100	$ 64	7.0%
Manufacturing	$ 54	$ 73	$ 83	$ 82	$ 28	2.8%
Wholesale Trade	$ 7	$ 23	$ 23	$ 28	$ 21	10.1%
Transport, Postal and Warehousing	$ 16	$ 18	$ 17	$ 19	$ 3	1.1%
Information Media, Telecommunications and Other Services	$ 21	$ 26	$ 30	$ 37	$ 16	3.8%
Construction	$ 46	$ 74	$ 75	$ 157	$ 110	8.5%
Retail Trade	$ 31	$ 42	$ 45	$ 61	$ 31	4.7%
Accommodation and Food Services	$ 12	$ 15	$ 15	$ 19	$ 7	3.1%
Financial and Insurance Services	$ 12	$ 13	$ 12	$ 16	$ 4	1.8%
Rental, Hiring and Real Estate Services	$ 36	$ 45	$ 88	$ 79	$ 43	5.3%
Professional, Scientific and Technical Services	$ 15	$ 21	$ 27	$ 34	$ 19	5.6%
Administrative and Support Services	$ 3	$ 6	$ 5	$ 7	$ 5	7.4%
Public Administration and Safety	$ 11	$ 12	$ 16	$ 17	$ 6	2.9%
Education and Training	$ 38	$ 39	$ 42	$ 44	$ 6	1.1%
Health Care and Social Assistance	$ 14	$ 22	$ 25	$ 32	$ 17	5.4%
Owner-Occupied Property Operation	$ 28	$ 39	$ 46	$ 65	$ 37	5.8%
GST on Production, Import Duties and Other Taxes	$ 31	$ 44	$ 55	$ 77	$ 45	6.1%
Total	**$ 515**	**$ 663**	**$ 783**	**$ 960**	**$ 446**	**4.2%**

3.7 District Gross Output - Retail

Finally, this report presents the gross output for retail businesses, commonly referred to as turnover or sales. Given the nature of retail trading (i.e. exchange of physical goods), the wide scope of different types of retail (large format, mainstreet, etc.) and the consumption patterns, it is useful to understand both the quantum of sales and demand. In this study, card transaction data for the District and the local residents is used to provide an understanding of the recent changes in retail activity in the District.

Before the retail data is discussed, it is important to note the following key features of the sector:

- **Customers**: in rural districts there tend to be one or two larger centres in the larger towns, with a network of centres in small towns that have a smaller retail range generally focused on day-to-day convenience goods, rather than higher order (less frequently purchased) goods. Most retail sales in rural districts are generated by local consumers (residents and businesses of Waimakariri), with much smaller amounts of spending coming from tourism and residents from nearby districts (Christchurch, Hurunui and Kaikoura).

- **Leakage**: another key feature is that there are generally significant outflows (leakage) of retail spend from rural districts, and much of the spend generated by local consumers flows to nearby larger cities. In the case of Waimakariri District, the larger centres in Christchurch have a wider range of retail products and draw customers from Waimakariri and other rural areas surrounding Christchurch.

- **Scale**: as an economy grows the types of retail that are viable increases, and this can result in greater self-sufficiency and less retail leakage to other locations. The rapid growth experienced in Waimakariri District is likely to have positively impacted the range and types of retail that can be offered by larger retailers.

The following figures show patterns in gross output of the retail sector by type of sales over the past decade.[40] The scale and range of retail has increased markedly over the last decade, resulting in some significant changes in retail sales and local retention of retail spending. Two different measures are presented in the figures below: total retail sales (by storetype, merchant location and year), and retail leakage (by storetype, customer location and year). The retail sales charts are split into two, due to the large volume of sales in food retail making the constant scale difficult to interpret if applied to all stores. Note that the merchant and customer location are defined the same way, and include all of the urban area around Rangiora and Kaiapoi, with the rest of Waimakariri including everywhere else, including Woodend/Pegasus, Oxford and rural areas.

The retail sales figures (Figure 3.6 and Figure 3.7) show a consistent increase in sales over the last eight years across most storetypes and merchant locations. To assess these trends a customised dataset was commissioned from BNZ Marketview. Marketview records all debit and credit card transactions from BNZ customers, and establishes the geographic link between the residential address of the cardholders and the location and type of merchant involved in the transaction, and is a sufficiently large sample of all transactions that is statistically representative of the broader economy. Total spend covered in the Marketview data increased from $236m in 2009 to $329m in 2013 (+40%), and $437m in 2017 (+ another 32%). These rates of growth are far in advance of population/household growth (+33% over the eight years), and are reflected in a much increased local retention of retail spend from Waimakariri households.

Some key observations from the data include that:

- Growth was particularly strong growth in hospitality (café/restaurant/takeaway/pubs) businesses (+86% then a further +76%)

- Growth was stronger in Rangiora's retail and hospitality sales (+96% since 2009), than Kaiapoi's (+35%). Rest of Waimakariri (RoWDC) sales nearly tripled in this time, albeit off a small base.

[40] MarketView (2018) Waimakariri District 2009-2018 - custom dataset

- Leakage has decreased consistently over the last eight years, across most storetype-customer origin combinations. Kaiapoi residents now direct 53% of their spend to Waimakariri retailers (up from 46% in 2009), Rangiora residents' local spend has increased from 62% to 65%, RoWDC increased from 47% to 55%, and overall Waimakariri residents in 2017 directed 58% of their spend to Waimakariri businesses, up from 51% in 2009.
- Sales to non-Waimakariri residents increased at a faster rate than sales to locals, so a greater share of Waimakariri retail sales are now made to non-locals. Stores in all three merchant locations made 72% of their sales to Waimakariri residents in 2017, down from 78-80% in 2009.
- The storetypes with the highest proportions of spend that is retained locally are food retail, hardware and takeaways, with other types (notably apparel, appliances, department stores and furniture) continuing to exhibit higher levels of non-local spend.
- Total food retail spend in Rangiora increased significantly, reflecting the investment by both of the major supermarket operators in the town, with the new Ivory St Countdown and the Southbrook Pak'n Save. Rangiora sales in this sector more than doubled in the space of eight years. A more stable sales level was observed in Kaiapoi, indicating that much of the market growth is being served by the new entrants at Rangiora.

Figure 3.6: Waimakariri Food Retail Sales Trends 2009-2017 (to customers from all locations)

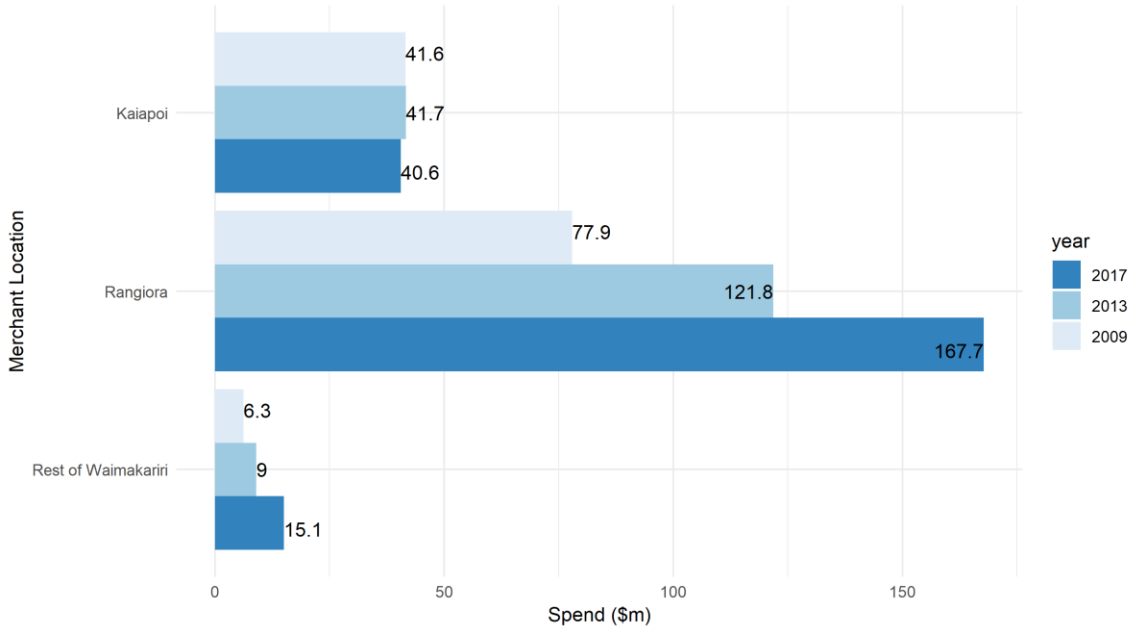
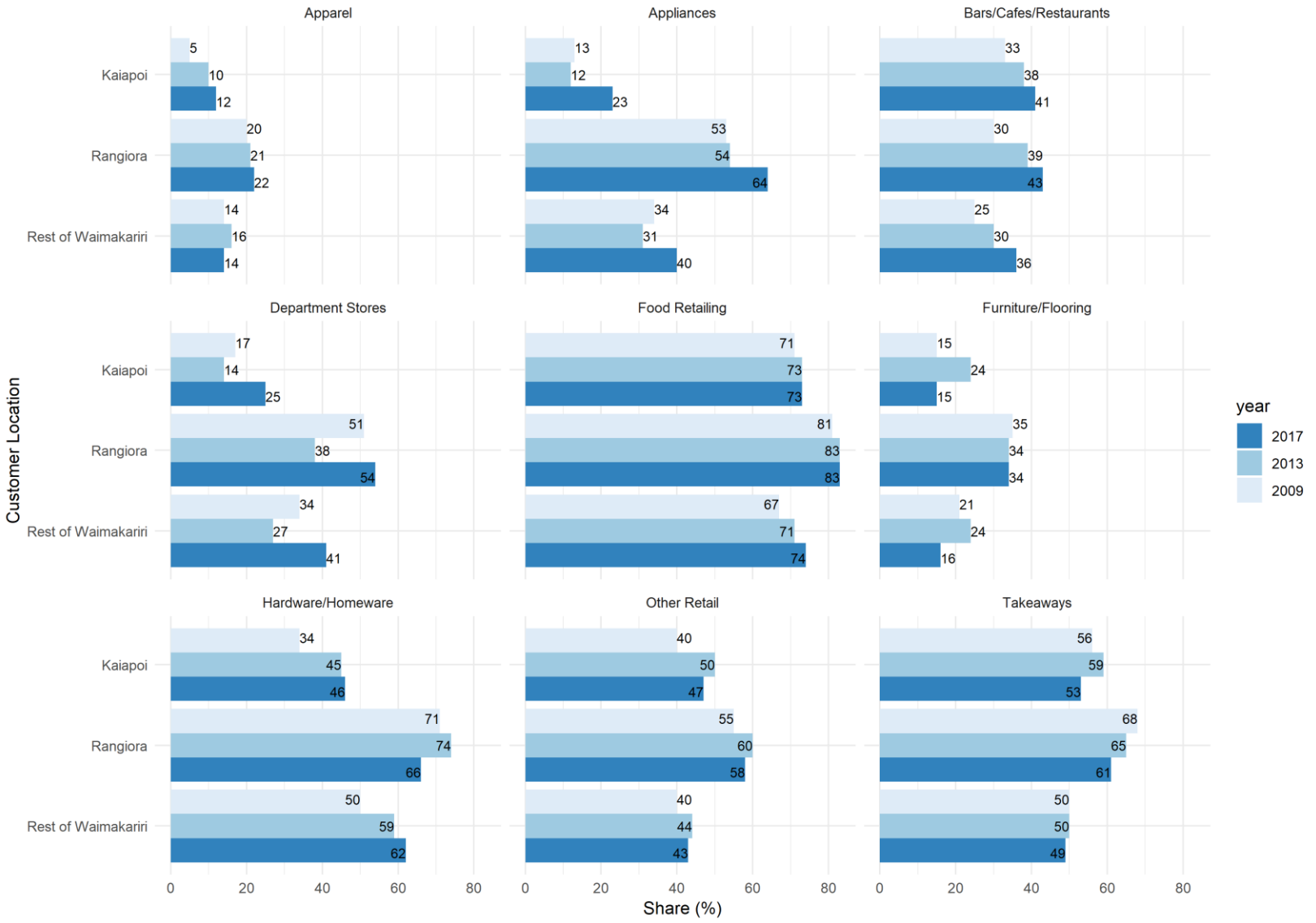


Figure 3.7: Waimakariri Retail Sales Trends 2009-2017 (to customers from all locations)

Figure 3.8: Waimakariri Retail Retention Trends 2009-2017: Share of Retail Spend Retained in the District



4 Economic Projections

This report uses three methods to create projections of future economic activity at the District level: retail modelling, the Economic Futures Model (EFM), and Entity Relationships. Retail modelling was developed specifically to provide a more detailed understanding of the demands of this sector, as a key driver of commercial land demand. The other two projections were developed in previously commissioned studies, the EFM was commissioned by GCP to meet the requirements of the NPS-UDC[41] and the Entity Relationships method was commissioned by WDC as an add-on to the residential Growth Modelling before the NPS-UDC was issued[42].

These three methods provide different economic projections that together yield a range of potential outcomes that is likely to encompass future economic activity. Given that the future is inherently uncertain, it is prudent to present a set of projections that provides an understanding of the range of potential outcomes that could occur.

The issue of uncertainty is particularly important when modelling the medium and long term periods that are set out in the NPS-UDC. The issue of uncertainty is also important when dealing with areas that could experience significant change, either through high growth or structural change such as that expected in Waimakariri District.

For ease of application and clarity, we have not reported all of the projections in subsequent sections, but have instead focussed on presenting the results associated with the medium-high and highest growth scenarios. From a planning perspective these two projections encompass the key range of outcomes for the District Plan review. If the District Plan provides sufficient zoned land to meet the demand within the range of these projections then it is unlikely that economy will be constrained by insufficient supply. A strategic decision has been made by WDC that the medium-high scenario is more appropriate to use than the medium scenario, based on recent research of growth observations[43] and borne out of a desire to not undersupply business land. Therefore, it is not essential to model each projection within the range or low growth projections (below the range). One challenge of establishing new zoned areas is avoiding over-provision of business land which would make consolidation, a key objective of the PDP, more difficult to achieve.

In summary, the medium-high growth scenario is the outcome that concords with the GCP reporting for the NPS-UDC requirements. While the high growth scenario presents a potential outcome that could be relied on to provide more conservative (generous) provision of future zoned area.

Importantly, the results from the EFM medium-high projection were used as the base of the NPS-UDC reporting for the Waimakariri District. The GCP report for the NPS-UDC reported on three aggregated commercial activities – retail, office and industrial.[44] Unfortunately these three types of activity are not as

[41] Market Economics (2017) Greater Christchurch Urban Development Strategy Economic Futures Model.

[42] Market Economics (2017) Waimakariri Capacity for Growth Model.

[43] Natalie Jackson (2017) Waimakariri – Review of Demographics (Part A).

[44] Greater Christchurch Partnership (2018) Housing and Business Development Capacity Assessment.

relevant for small economies like Waimakariri. Specifically, the three activities do not match that well to the District zones or WCGM outputs, and as a result the GCP developed the three definitions:

- 'Retail': was defined as traditional retail in commercial zones (Business 1 and Business 4 for Waimakariri) – i.e. shops that sell **goods** to a consumer. This excludes service, café/takeaways and other activities that have similar nature to traditional retail (e.g. banks, real-estate, hair dressers, dentists, etc). These services and other activities make up a significant proportion of main street shops in most towns.

- 'Office': was defined as all non-retail activity in commercial zones (Business 1 and Business 4). This includes traditional business that operate from offices, like accountants and lawyers. But this also includes activity that was not traditional office, services and other activities.

- 'Industrial': was all activity in the Business 2 zone (some of which can be retail and office).

These three definitions have been modified for this report. Most importantly, 'retail' and 'office' have been changed for this study.

First, 'retail' has been extended to include services, which includes café, takeaways and other services. The 'retail and services' demand definition used in this report is much wider than the NPS-UDC reporting.

Second, 'office' has been reduced to exclude services (café, takeaways, hairdressers, banks, real-estate etc), community (government, education and health etc) and other (transport, construction etc). The remaining economic activity in the commercial zones is assumed to locate in "offices", which includes accountants, lawyers, other professionals, administration etc. This is much narrower than the NPS-UDC reporting.

This report applies these updated definitions as they are a better representation of the types of space used (i.e. shop vs office) than is presented in the NPS-UDC and will provide decision makers with a better understanding of the types of demand.

This section focuses mostly on retail and services demand projections, which are primarily used to assess the detailed needs of this section of the economy. The remainder of the economy was modelled using the EFM and Entity relationships. However, as there was little concern about the ability of the ODP to accommodate these other parts of the economy this report has placed less focus these aspects.

Also, it is important to note that the following projections that are presented in this section are not directly comparable to the results presented in the GCP report for the NPS-UDC. There are three key differences:

- GCP report for the NPS-UDC focused on the UDS area, which is the high growth area of the District. The projections presented in this section cover the whole District.

- GCP report for the NPS-UDC includes a buffer of 20% for the short term and medium term, then 15% for the long term. The projections presented in this section have no buffer incorporated, the buffer is addressed in section 6.

- GCP report for the NPS-UDC is a gross land demand measure which includes land for roading and other infrastructure. This section presents net land demanded, i.e. the parcel area of land required.

4.1 Retail and Services Demand Projections

4.1.1 Overview

Retail demand projections are used to understand the future quantum of retail spending that is expected to occur in a market, and the built space needed to support that level of spending. That approach has been applied for this assessment, to show the future floorspace that will be supported in the District. The key for Council then is to plan for how to provide for that amount of floorspace, depending on the type of floorspace anticipated, including distribution of tenancy sizes, expected retail activities, and location within the District.

A description of the process applied is presented in Appendix A. Two growth scenarios are presented:

- Medium-High: this scenario applies the total quantum of household growth projected in the Waimakariri UDS area that is used by the UDS partners, but those projections are only available for the UDS part of Waimakariri. For the non-UDS area (essentially rural Waimakariri) Statistics NZ (SNZ) projections[45] are used, and taken as a point half-way between SNZ's Medium and High scenarios. The UDS provides no spatial distribution of household projections, and the spatial distribution of the SNZ projections is applied.
- High: this scenario is the SNZ High projections series, for all of the District.

As discussed above, lower growth scenarios are not important for business land planning. Households are used in preference to population because households are the key economic unit and driver of retail spending. We note that the projections used are consistent with the projections used in "Our Space 2018-2048"[46] which was endorsed on 14 June 2019 by the Greater Christchurch Partnership Committee. Our Space adopted the projections used by WDC, which were provided to us for use in this assessment.

Demand data is presented for two key retail types - Core Retail and Services[47]; Auto/Hardware[48]. The underlying analysis is undertaken for 14 storetypes, and each is assessed separately through the demand-supply modelling. In this document summary types are presented for ease of interpretation, and because it is only the summary level (group storetypes) that is important. In terms of providing for future retail needs, it is unimportant whether current town centre supply is, for example, a clothing store or a pharmacy, because those uses are likely to change in the future. The key point is the total demand for and supply of all retail types with comparable characteristics, and Core Retail/Services and Auto/Hardware are the two types with most in common (typically mainstreet vs not mainstreet location), notwithstanding different tenancy size requirements, which are also provided to distinguish different types of demand.

Following are subsections providing results of the assessment, structured as follows:

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[45] The SNZ projections used are from SNZ's most recent (late 2017) household projections, provided at Census Area Unit level to Market Economics as a customised dataset.

[46] http://greaterchristchurch.org.nz/ourspace/

[47] All retail except automotive, hardware and garden centres. Includes household services (retail banking, drycleaners, hairdressers, real estate, appliance repair, childcare, non-hospital medical (dentists, physios, GPs, etc.)

[48] All automotive retail including vehicle and fuel sales, servicing and panelbeaters etc. Also hardware and garden centres (includes Bunnings, Mitre 10 Mega, Placemakers etc.).

- Household projections;
- Total demand (in $ terms) generated by Waimakariri households;
- Leakage assessment of inflows and outflows of retail spend;
- Assess demand (in $ terms) retained in Waimakariri by locals, and directed to Waimakariri by non-locals, based on assumed future leakage;
- Translate $-based projections of that demand into a sustainable floorspace equivalent;
- Compare floorspace demand projections against current floorspace supply to derive estimates of additional future space required.

4.1.2 Household Projections

The household projections indicate that Waimakariri is expected to experience quite rapid, and sustained household growth over the next three decades. Currently there are around 24,000 households resident in the District, but that will increase by an average of around 540-640 households per year over the next 30 years (Medium High vs High), to reach around 40,200-43,300 households per year by 2048, an increase of 68-79%. .The fastest growth rate is projected in Woodend/Pegasus[49] (130 households or 3.7% per annum, albeit off a smaller base than Rangiora and Kaiapoi). Slower growth, although a larger quantum (+5,100-7,000) is projected in the Rest of the District (Figure 4.1 and Figure 4.2). That Rest of District growth is spread across many locations, and large areas, with notable growth around Mandeville, Fernside and Woodend Beach, and spread throughout rural areas.

Figure 4.1: Household and Population Projections Medium-High

	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
Population								
Rangiora	18,500	22,000	23,600	25,000	27,900	9,400	151%	1.4%
Kaiapoi	13,600	16,000	16,900	17,600	18,800	5,200	138%	1.1%
Woodend/Pegasus	5,500	8,300	9,700	11,100	13,800	8,300	251%	3.1%
Rest of District	25,000	30,300	32,700	35,000	39,000	14,000	156%	1.5%
Total WDC	62,600	76,600	82,900	88,700	99,500	36,900	159%	1.6%
Households								
Rangiora	7,500	9,400	10,100	10,700	12,100	4,600	161%	1.6%
Kaiapoi	5,300	6,600	7,000	7,300	7,900	2,600	149%	1.3%
Woodend/Pegasus	2,000	3,300	3,900	4,600	6,000	4,000	300%	3.7%
Rest of District	9,100	11,300	12,100	12,900	14,200	5,100	156%	1.5%
Total WDC	24,000	30,700	33,100	35,500	40,200	16,200	168%	1.7%

[49] This area includes Ravenswood. Note the same future projected growth in the two scenarios for Woodend/Pegasus. That is a function of rounding (the unrounded values are not identical) and the similarity between the Medium-High and High scenario projections for that area.

Figure 4.2: Household and Population Projections High

	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
Population								
Rangiora	19,000	23,400	25,400	27,400	31,400	12,400	165%	1.7%
Kaiapoi	14,100	17,300	18,500	19,600	21,700	7,600	154%	1.4%
Woodend/Pegasus	5,600	8,900	10,500	12,100	15,400	9,800	275%	3.4%
Rest of District	25,700	32,200	35,400	38,400	44,100	18,400	172%	1.8%
Total WDC	64,400	81,800	89,800	97,500	112,600	48,200	175%	1.9%
Households								
Rangiora	7,400	9,300	10,100	10,900	12,400	5,000	168%	1.7%
Kaiapoi	5,400	6,800	7,300	7,700	8,500	3,100	157%	1.5%
Woodend/Pegasus	2,000	3,300	4,000	4,700	6,000	4,000	300%	3.7%
Rest of District	9,400	12,000	13,200	14,300	16,400	7,000	174%	1.9%
Total WDC	24,200	31,500	34,700	37,600	43,300	19,100	179%	2.0%

4.1.3 Retail demand generated in all locations

Retail demand is projected to grow significantly in the future, given the underlying household growth, and economic growth (relevant to spend by businesses) described above. However, retail demand growth in all locations is projected to grow even faster than household growth, given recent trends in spend per household, which show a long-run average growth of around 1% per annum, which rate is assumed for this assessment.

The total retail spend from all Waimakariri consumers (households, businesses, and tourists) is projected to increase from $665m of core retail spend and $336m in auto/hardware to more than double by 2048, to reach $1.4-1.5b (core retail) and $700-750m (auto/hardware). That equates to average annual growth of 2.5-2.7% (Figure 4.3 to Figure 4.6). This retail spending is the total spend by all Waimakariri consumers in all locations, of which only part will be directed to Waimakariri businesses, with some flowing out to Christchurch. The demand projections in this subsection are therefore independent of any assumptions made about retail leakage.

Figure 4.3: Core Retail Demand to All Destinations (Medium-High)

Customer catchment	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
Rangiora	$ 207	$ 280	$ 312	$ 346	$ 427	$ 220	206%	2.4%
Kaiapoi	$ 142	$ 192	$ 210	$ 230	$ 272	$ 130	191%	2.2%
Woodend/Pegasus	$ 57	$ 97	$ 118	$ 143	$ 197	$ 141	348%	4.2%
Rest of District	$ 259	$ 338	$ 376	$ 415	$ 496	$ 238	192%	2.2%
Total WDC	$ 665	$ 906	$ 1,016	$ 1,134	$ 1,392	$ 728	210%	2.5%

Figure 4.4: Core Retail Demand to All Destinations (High)

Customer catchment	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
Rangiora	$ 205	$ 277	$ 313	$ 351	$ 435	$ 230	212%	2.5%
Kaiapoi	$ 145	$ 197	$ 220	$ 243	$ 291	$ 147	202%	2.4%
Woodend/Pegasus	$ 57	$ 97	$ 120	$ 145	$ 200	$ 143	350%	4.3%
Rest of District	$ 265	$ 360	$ 410	$ 462	$ 573	$ 308	216%	2.6%
Total WDC	$ 672	$ 931	$ 1,064	$ 1,201	$ 1,499	$ 827	223%	2.7%

Note that these projections take into account not only the assumed average annual increase in retail spend per household (1%), but also a changing socio demographic structure, and the associated change in retail spend that comes with that. That changing structure is a key driver behind the average household spend in Kaiapoi increasing at a faster rate than other parts of the District, and is why a smaller amount of household growth in Kaiapoi than in Woodend/Pegasus/Ravenswood is projected to yield a larger increase in retail demand, over the next three decades.

Figure 4.5: Auto/Hardware Retail Demand to All Destinations (Medium-High)

Customer catchment	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
Rangiora	$ 104	$ 141	$ 157	$ 175	$ 215	$ 111	206%	2.4%
Kaiapoi	$ 71	$ 96	$ 105	$ 114	$ 136	$ 65	191%	2.2%
Woodend/Pegasus	$ 29	$ 50	$ 61	$ 73	$ 100	$ 70	342%	4.2%
Rest of District	$ 132	$ 173	$ 191	$ 211	$ 252	$ 120	191%	2.2%
Total WDC	$ 336	$ 460	$ 514	$ 573	$ 703	$ 367	209%	2.5%

Figure 4.6: Auto/Hardware Retail Demand to All Destinations (High)

Customer catchment	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
Rangiora	$ 103	$ 140	$ 158	$ 177	$ 220	$ 116	212%	2.5%
Kaiapoi	$ 72	$ 98	$ 110	$ 121	$ 146	$ 73	202%	2.4%
Woodend/Pegasus	$ 29	$ 50	$ 62	$ 74	$ 101	$ 72	344%	4.2%
Rest of District	$ 135	$ 184	$ 209	$ 235	$ 291	$ 156	215%	2.6%
Total WDC	$ 340	$ 472	$ 539	$ 607	$ 757	$ 417	223%	2.7%

4.1.4 Leakage assessment

Not all of the spend generated by Waimakariri consumers is spent in Waimakariri businesses. A significant proportion leaks to destinations outside Waimakariri, as discussed in the Marketview leakage assessment in section 3.7. Some spend will continue to leak in the future, given the close proximity of Waimakariri to large, diverse retail offerings in Christchurch. However, current leakage rates would be expected to decrease from current levels as the Waimakariri population increases, and can support more retail stores, including stores of different types, sizes and brands. For example, at some point new retail brands not currently in the District will see an opportunity to operate profitably there, and seek to establish in Waimakariri.

For this assessment future leakage targets have been set with reference to past trends (since 2009, from Marketview leakage data). Different targets have been set for each storetype, and the same targets are applied to the Medium-High and High scenarios. The assumption applied is that Christchurch residents will continue to direct the same proportion of their spend to Waimakariri (<1%), which equates to an increasing amount of spend ($) from that segment, given growth in Christchurch household counts. If the total quantum of spend directed to Waimakariri by Christchurch residents were to remain constant (rather than the share of their spend), that would reduce total need for retail space in Waimakariri by around 4% from the numbers projected in the subsequent assessment below.

The historic local retention of Waimakariri residents retail spend increased from 54% in 2009 to 60% in 2017, an average increase in local retention of 0.8% per year (across all Core Retail and Auto/Hardware)[50]. For this modelling a continuing increase in local retention is assumed, although at a decreasing rate, so that over the next 30 years the average increase in local retention will be 0.4% per year, from 61% (in 2018) to 73% (2048) (Figure 4.7 and Figure 4.8). A decrease in annual local retention growth is assumed because as retention increases there are less inroads able to be made. However, there are still significant gains to be made in particular storetypes, particularly those that are poorly represented in the District (furniture, electronics etc.). Much smaller gains will be made in other storetypes (e.g. supermarkets, where local offer is already relatively solid). The assumed future leakage (73% in 2048) is therefore consistent with recent trends, and could even be on the low side of possible future leakage outcomes, based on natural retail spend changes as the Waimakariri market increases.

Figure 4.7: Share of Core Retail Demand Retained in Waimakariri (Medium-High and High)

Customer catchment	2018	2028	2033	2038	2048
Rangiora	63%	67%	69%	71%	73%
Kaiapoi	50%	56%	59%	62%	65%
Woodend/Pegasus	57%	62%	64%	67%	69%
Rest of District	52%	58%	61%	64%	67%
Total WDC	56%	61%	64%	66%	69%

[50] Note that these figures differ slightly from the data in section 3.7, because leakage in this section is calculated as a weighted average of all relevant storetypes, and more constituent storetypes are used in this analysis than were provided by Marketview. That means that leakage for some grouped storetypes (e.g. Marketview grouped Hardware and Homewares) was applied to those two components individually, which when weighted according to our demand estimates by storetype results in different average weightings. The important part is the relativity between historic, current and future leakage rates, and these are consistent in the modelled data with the raw Marketview data.

Figure 4.8: Share of Auto/Hardware Retail Demand Retained in Waimakariri (Medium-High and High)

Customer catchment	2018	2028	2033	2038	2048
Rangiora	78%	80%	81%	81%	82%
Kaiapoi	66%	71%	73%	76%	78%
Woodend/Pegasus	72%	75%	77%	78%	80%
Rest of District	70%	73%	75%	76%	78%
Total WDC	72%	75%	76%	78%	80%

4.1.5 Retail Activity Projections (Sales)

The locally retained demand will equate to sales made in Waimakariri retail and service businesses in the future. That demand will also be supported by spend in Waimakariri by non-locals, particularly from Christchurch, but also by other NZ residents and international visitors. Tables in this section show sales projections for Waimakariri businesses by customer origin, taking into account consumer growth projections and the leakage targets described in the section 4.1.4.

Currently (2018) Waimakariri's Core Retail businesses are estimated to make sales of $480-490m, with sales of around $310m by Auto/Hardware businesses. Some 76% of that spend is by Waimakariri consumers (locals), but a significant 24% is by non-locals (split fairly evenly between Christchurch vs all other).

Given the local retention assumptions described above, which were applied to each storetype and market segment individually, and then aggregated for display in this report, total Waimakariri sales are projected to increase more than double by 2048, to reach $1.15-1.25b (core retail) and $670-720m (auto/hardware). That equates to average annual growth of 2.6-3.2% (Figure 4.9 to Figure 4.12, below).

Figure 4.9: Core Retail Spend in Waimakariri (Medium-High)

Customer catchment	2018	2028	2033	2038	2048	Growth 2018-48		
						n	%	avg ann.
Rangiora	$ 131	$ 188	$ 216	$ 247	$ 313	$ 182	239%	2.9%
Kaiapoi	$ 72	$ 108	$ 124	$ 143	$ 178	$ 106	248%	3.1%
Woodend/Pegasus	$ 32	$ 60	$ 76	$ 95	$ 137	$ 105	427%	5.0%
Rest of District	$ 134	$ 196	$ 229	$ 265	$ 334	$ 200	249%	3.1%
Christchurch	$ 54	$ 65	$ 71	$ 76	$ 88	$ 34	162%	1.6%
Other places	$ 60	$ 72	$ 78	$ 84	$ 97	$ 37	162%	1.6%
Total WDC	$ 483	$ 689	$ 794	$ 910	$ 1,147	$ 664	237%	2.9%

Figure 4.10: Core Retail Spend in Waimakariri (High)

Customer catchment	2018	2028	2033	2038	2048	Growth 2018-48 n	Growth 2018-48 %	Growth 2018-48 avg ann.
Rangiora	$ 130	$ 186	$ 217	$ 250	$ 320	$ 190	246%	3.0%
Kaiapoi	$ 73	$ 111	$ 130	$ 151	$ 191	$ 118	262%	3.3%
Woodend/Pegasus	$ 32	$ 60	$ 77	$ 97	$ 139	$ 106	429%	5.0%
Rest of District	$ 138	$ 209	$ 250	$ 295	$ 385	$ 248	280%	3.5%
Christchurch	$ 56	$ 70	$ 77	$ 85	$ 102	$ 47	184%	2.1%
Other places	$ 60	$ 76	$ 84	$ 92	$ 111	$ 51	184%	2.1%
Total WDC	$ 489	$ 711	$ 836	$ 971	$ 1,248	$ 759	255%	3.2%

Figure 4.11: Auto/Hardware Spend in Waimakariri (Medium-High)

Customer catchment	2018	2028	2033	2038	2048	Growth 2018-48 n	Growth 2018-48 %	Growth 2018-48 avg ann.
Rangiora	$ 82	$ 113	$ 127	$ 142	$ 177	$ 95	217%	2.6%
Kaiapoi	$ 47	$ 68	$ 77	$ 86	$ 106	$ 59	227%	2.8%
Woodend/Pegasus	$ 21	$ 38	$ 47	$ 57	$ 80	$ 59	382%	4.6%
Rest of District	$ 93	$ 127	$ 143	$ 161	$ 196	$ 104	212%	2.5%
Christchurch	$ 31	$ 37	$ 40	$ 43	$ 50	$ 19	161%	1.6%
Other places	$ 35	$ 42	$ 45	$ 49	$ 56	$ 21	161%	1.6%
Total WDC	$ 308	$ 424	$ 479	$ 539	$ 665	$ 358	216%	2.6%

Figure 4.12: Auto/Hardware Spend in Waimakariri (High)

Customer catchment	2018	2028	2033	2038	2048	Growth 2018-48 n	Growth 2018-48 %	Growth 2018-48 avg ann.
Rangiora	$ 81	$ 112	$ 127	$ 144	$ 180	$ 100	223%	2.7%
Kaiapoi	$ 47	$ 69	$ 80	$ 91	$ 113	$ 66	239%	3.0%
Woodend/Pegasus	$ 21	$ 38	$ 47	$ 58	$ 81	$ 60	384%	4.6%
Rest of District	$ 95	$ 135	$ 157	$ 180	$ 227	$ 132	238%	2.9%
Christchurch	$ 32	$ 40	$ 44	$ 49	$ 58	$ 26	183%	2.0%
Other places	$ 35	$ 44	$ 49	$ 53	$ 64	$ 29	183%	2.0%
Total WDC	$ 311	$ 438	$ 504	$ 575	$ 724	$ 413	233%	2.9%

4.1.6 Sustainable Floorspace Projections (GFA)

The businesses making the sales projected in section 4.1.5 will require space to operate in, and the amount of floorspace that is required is referred to as Waimakariri's future "sustainable" floorspace (gross floor area, GFA). The conversion from dollar demand to sustainable GFA applies average sales productivities ($/m^2 of GFA) per storetype, as sourced from our internal retail models and databases. All projections in this section include allowance for NPS buffers, amounting to 20% in the short and medium terms (out to and including 2028), and 15% thereafter.

The sustainable floorspace projections in this report are most accurate when viewed at an aggregate level (spatially, by store size and by storetype). Detail (spatial and by store size) is provided to assist in planning for the provision of this space, however, due to the relatively small geographic distance between the most

populous parts of the Waimakariri market[51] there is significant potential to supply the sustainable GFA in different ways. However, there are some constraints around how future retail space that is developed will be distributed, including: land availability; the effect on existing centres; the appropriateness of co-locating with existing centres-space; KAC concerns and proximity to transport networks.

Currently there is sufficient demand to support nearly 95,000m^2 GFA of Core Retail floorspace and around 30,000m^2 of Auto/Hardware GFA. This is not the additional GFA needed now, rather it is total GFA needed now, and in fact current GFA supply is adequate to support current sales, per discussion in section 6.1.1. However, because Waimakariri retail sales are projected to increase significantly in the next three decades, the amount of floorspace required in the District will also increase, and sustainable GFA will more than double by 2048. Slightly stronger growth is projected in Core Retail than Auto/Hardware, due to assumptions about local spend retention increasing more in the former than the latter. Core Retail sustainable GFA would increase to 207,000-224,000m^2 (an increase of 112,000-128,000m^2), while Auto/Hardware space would increase by 28,000-33,000m^2 (Figure 4.13 to Figure 4.16, below).

In the following tables floorspace estimates and the land area required to support that amount of floorspace are presented. The land area is calculated using floor area ratios (FAR) of 0.35 and 0.45. If all development is single level, that equates to buildings covering 35-45% of each site, on average.

Figure 4.13: Sustainable Core Retail Demand by Location (Medium-High)

Retail location	2018	2028	2033	2038	2048	Growth 2018-48		
						n	%	avg ann.
GFA (sqm)								
Rangiora	67,800	96,000	105,400	120,000	150,100	82,300	221%	2.7%
Kaiapoi	20,900	29,600	32,200	36,300	45,000	24,100	215%	2.6%
Woodend/Pegasus	900	1,600	1,800	2,200	2,900	2,000	322%	4.0%
Rest of District	5,000	6,400	6,700	7,500	8,600	3,600	172%	1.8%
Total WDC	94,600	133,600	146,100	166,000	206,600	112,000	218%	2.6%
Land area (ha)								
Rangiora	15.1-19.4	21.3-27.4	23.4-30.1	26.7-34.3	33.4-42.9	18.3-23.5		
Kaiapoi	4.6-6.0	6.6-8.5	7.2-9.2	8.1-10.4	10.0-12.9	5.4-6.9		
Woodend/Pegasus	0.2-0.3	0.4-0.5	0.4-0.5	0.5-0.6	0.6-0.8	0.4-0.6		
Rest of District	1.1-1.4	1.4-1.8	1.5-1.9	1.7-2.1	1.9-2.5	0.8-1.0		
Total WDC	21.0-27.0	29.7-38.2	32.5-41.7	36.9-47.4	45.9-59.0	24.9-32.0		

[51] more than 70% of District households live in an 8km radius circle centred near Tuahiwi

Figure 4.14: Sustainable Core Retail Demand by Location (High)

Retail location	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
GFA (sqm)								
Rangiora	68,500	98,800	110,500	127,200	162,200	93,700	237%	2.9%
Kaiapoi	21,300	30,500	33,900	38,600	48,700	27,400	229%	2.8%
Woodend/Pegasus	900	1,600	1,800	2,200	2,900	2,000	322%	4.0%
Rest of District	5,100	6,700	7,300	8,300	10,100	5,000	198%	2.3%
Total WDC	95,800	137,600	153,500	176,300	223,900	128,100	234%	2.9%
Land area (ha)								
Rangiora	15.2-19.6	22.0-28.2	24.6-31.6	28.3-36.3	36.0-46.3	20.8-26.8		
Kaiapoi	4.7-6.1	6.8-8.7	7.5-9.7	8.6-11.0	10.8-13.9	6.1-7.8		
Woodend/Pegasus	0.2-0.3	0.4-0.5	0.4-0.5	0.5-0.6	0.6-0.8	0.4-0.6		
Rest of District	1.1-1.5	1.5-1.9	1.6-2.1	1.8-2.4	2.2-2.9	1.1-1.4		
Total WDC	21.3-27.4	30.6-39.3	34.1-43.9	39.2-50.4	49.8-64.0	28.5-36.6		

Figure 4.15: Sustainable Auto/Hardware Retail Demand by Location (Medium-High)

Retail location	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
GFA (sqm)								
Rangiora	22,200	29,900	32,100	35,700	43,700	21,500	197%	2.3%
Kaiapoi	3,900	5,400	5,800	6,300	7,700	3,800	197%	2.3%
Woodend/Pegasus	700	1,000	1,300	1,500	1,900	1,200	271%	3.4%
Rest of District	3,000	3,700	3,800	4,200	4,600	1,600	153%	1.4%
Total WDC	29,800	40,000	43,000	47,700	57,900	28,100	194%	2.2%
Land area (ha)								
Rangiora	4.9-6.3	6.6-8.5	7.1-9.2	7.9-10.2	9.7-12.5	4.8-6.1		
Kaiapoi	0.9-1.1	1.2-1.5	1.3-1.7	1.4-1.8	1.7-2.2	0.8-1.1		
Woodend/Pegasus	0.2-0.2	0.2-0.3	0.3-0.4	0.3-0.4	0.4-0.5	0.3-0.3		
Rest of District	0.7-0.9	0.8-1.1	0.8-1.1	0.9-1.2	1.0-1.3	0.4-0.5		
Total WDC	6.6-8.5	8.9-11.4	9.6-12.3	10.6-13.6	12.9-16.5	6.2-8.0		

Figure 4.16: Sustainable Auto/Hardware Retail Demand by Location (High)

Retail location	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
GFA (sqm)								
Rangiora	22,500	30,900	33,600	37,800	47,100	24,600	209%	2.5%
Kaiapoi	3,900	5,500	6,000	6,700	8,300	4,400	213%	2.5%
Woodend/Pegasus	700	1,000	1,300	1,500	2,000	1,300	286%	3.6%
Rest of District	3,100	4,000	4,200	4,500	5,400	2,300	174%	1.9%
Total WDC	30,200	41,400	45,100	50,500	62,800	32,600	208%	2.5%
Land area (ha)								
Rangiora	5.0-6.4	6.9-8.8	7.5-9.6	8.4-10.8	10.5-13.5	5.5-7.0		
Kaiapoi	0.9-1.1	1.2-1.6	1.3-1.7	1.5-1.9	1.8-2.4	1.0-1.3		
Woodend/Pegasus	0.2-0.2	0.2-0.3	0.3-0.4	0.3-0.4	0.4-0.6	0.3-0.4		
Rest of District	0.7-0.9	0.9-1.1	0.9-1.2	1.0-1.3	1.2-1.5	0.5-0.7		
Total WDC	6.7-8.6	9.2-11.8	10.0-12.9	11.2-14.4	14.0-17.9	7.2-9.3		

4.1.7 Sustainable Floorspace Projections by Tenancy Size

This subsection presents projections of the amount of floorspace sustainable in Waimakariri split by size, where less than 450m^2 is classified as small format retail (SFR), and more than 450m^2 is large format retail (LFR). There is no absolute limit than defines SFR vs LFR, or is used universally in District Plans to manage the location of retail of different sizes, however an individual tenancy size of somewhere around 450m^2 is a common threshold.

There is merit in having a size threshold to define different types of retail to provide Council's with some ability to influence the built form in different locations. A common approach applied is to be less enabling of larger tenancy sizes in a mainstreet environment, instead promoting a more fine-grained built form there to encourage the provision of active street frontages and pedestrian friendly environments. An exception to this is retail anchors such as department stores and supermarkets, which can play an important role in supporting SFR, although some thought needs to be given to how they will integrate into the fine-grained built form. That has been achieved relatively successfully with both the new Farmers store (which includes SFR sleeving fronting High St), and The Warehouse complex (being located at the eastern end of the Rangiora town centre).

Larger premises may have zones where they are permitted activities and where SFR is not, and in which larger warehouse-type buildings dominate and the environment is somewhat more utilitarian. A distinction is applied between SFR and LFR in this section so as to provide an evidence base for planning to accommodate different types of retail in different places in Waimakariri.

Only Core Retail projections are presented in this section because Auto/Hardware floorspace is already differentiated from mainstreet type activities by virtue of the nature of their activity. Auto/Hardware activities will tend to locate away from mainstreet areas, often in (at least semi-) industrial zones due to how they would be incompatible with many retail and commercial activities for reverse sensitivity reasons.

Just over half of the growth is sustainable Core Retail floorspace in Waimakariri is projected to be in LFR space, indicating a need for an additional 53-60,000m^2 GFA of SFR space and 59,000-68,000m^2 of LFR space (450m^2+), over the next 30 years (Figure 4.17 to Figure 4.20, below).

Figure 4.17: Sustainable Core Retail Demand in SFR (<450m^2) by Location (Medium-High)

Retail location	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
GFA (sqm)								
Rangiora	29,500	42,100	46,400	53,000	66,400	36,900	225%	2.7%
Kaiapoi	10,400	14,800	16,200	18,300	22,700	12,300	218%	2.6%
Woodend/Pegasus	500	900	1,000	1,200	1,700	1,200	340%	4.2%
Rest of District	2,800	3,700	3,900	4,400	5,100	2,300	182%	2.0%
Total WDC	43,200	61,500	67,500	76,900	95,900	52,700	222%	2.7%
Land area (ha)								
Rangiora	6.6-8.4	9.4-12.0	10.3-13.3	11.8-15.1	14.8-19.0	8.2-10.5		
Kaiapoi	2.3-3.0	3.3-4.2	3.6-4.6	4.1-5.2	5.0-6.5	2.7-3.5		
Woodend/Pegasus	0.1-0.1	0.2-0.3	0.2-0.3	0.3-0.3	0.4-0.5	0.3-0.3		
Rest of District	0.6-0.8	0.8-1.1	0.9-1.1	1.0-1.3	1.1-1.5	0.5-0.7		
Total WDC	9.6-12.3	13.7-17.6	15.0-19.3	17.1-22.0	21.3-27.4	11.7-15.1		

Figure 4.18: Sustainable Core Retail Demand in SFR (<450m^2) by Location (High)

Retail location	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
GFA (sqm)								
Rangiora	29,800	43,300	48,600	56,200	71,800	42,000	241%	3.0%
Kaiapoi	10,500	15,300	17,000	19,500	24,600	14,100	234%	2.9%
Woodend/Pegasus	500	900	1,000	1,200	1,700	1,200	340%	4.2%
Rest of District	2,900	3,900	4,300	4,900	6,000	3,100	207%	2.5%
Total WDC	43,700	63,400	70,900	81,800	104,100	60,400	238%	2.9%
Land area (ha)								
Rangiora	6.6-8.5	9.6-12.4	10.8-13.9	12.5-16.1	16.0-20.5	9.3-12.0		
Kaiapoi	2.3-3.0	3.4-4.4	3.8-4.9	4.3-5.6	5.5-7.0	3.1-4.0		
Woodend/Pegasus	0.1-0.1	0.2-0.3	0.2-0.3	0.3-0.3	0.4-0.5	0.3-0.3		
Rest of District	0.6-0.8	0.9-1.1	1.0-1.2	1.1-1.4	1.3-1.7	0.7-0.9		
Total WDC	9.7-12.5	14.1-18.1	15.8-20.3	18.2-23.4	23.1-29.7	13.4-17.3		

Those GFA areas (m^2) equate to an amount of land required to accommodate that floorspace. The land area required will vary by development, by town and over time, as different developments use land more or less efficiently and site constraints vary. For this assessment the land areas required assume Floor Area Ratios (FAR) of 35-45%, which are broadly representative of the development densities that might be expected in towns such as Waimakariri's. Those FARs allow for the balance of the site to be used for carparks, delivery vehicle access, landscaping and footpaths, etc.

The additional 53,000-60,000m^2 GFA of SFR space and 59,000-68,000m^2 of LFR space (450m^2+) assessed equates to 11.7-17.3ha of land for SFR, and 13.2-19.3ha of land for LFR, over the next 30 years. In total then, Core Retail SFR and LFR together would occupy up to 24.9-36.6ha of land more by 2048 than they do now. Options for accommodating that increased demand are discussed below in section 5. There is nothing to indicate that the current share of retail demand that is satisfied in LFR stores is likely to change much, and with plenty of LFR brands not currently represented in the District, and each new LFR store representing a relatively large addition of floorspace, it is reasonable to assume that the share of growth floorspace that is LFR vs SFR will remain similar to the current share.

Figure 4.19: Sustainable Core Retail Demand in LFR (450m^2+) by Location (Medium-High)

Retail location	2018	2028	2033	2038	2048	Growth 2018-48 n	%	avg ann.
GFA (sqm)								
Rangiora	38,300	53,900	59,000	67,000	83,700	45,400	219%	2.6%
Kaiapoi	10,500	14,800	16,000	18,000	22,300	11,800	212%	2.5%
Woodend/Pegasus	400	700	800	1,000	1,200	800	300%	3.7%
Rest of District	2,200	2,700	2,800	3,100	3,500	1,300	159%	1.6%
Total WDC	51,400	72,100	78,600	89,100	110,700	59,300	215%	2.6%
Land area (ha)								
Rangiora	8.5-10.9	12.0-15.4	13.1-16.9	14.9-19.1	18.6-23.9	10.1-13.0		
Kaiapoi	2.3-3.0	3.3-4.2	3.6-4.6	4.0-5.1	5.0-6.4	2.6-3.4		
Woodend/Pegasus	0.1-0.1	0.2-0.2	0.2-0.2	0.2-0.3	0.3-0.3	0.2-0.2		
Rest of District	0.5-0.6	0.6-0.8	0.6-0.8	0.7-0.9	0.8-1.0	0.3-0.4		
Total WDC	11.4-14.7	16.0-20.6	17.5-22.5	19.8-25.5	24.6-31.6	13.2-16.9		

Figure 4.20: Sustainable Core Retail Demand in LFR (450m^2+) by Location (High)

Retail location	2018	2028	2033	2038	2048	Growth 2018-48		
						n	%	avg ann.
GFA (sqm)								
Rangiora	38,700	55,500	61,900	71,000	90,400	51,700	234%	2.9%
Kaiapoi	10,800	15,200	16,900	19,100	24,100	13,300	223%	2.7%
Woodend/Pegasus	400	700	800	1,000	1,200	800	300%	3.7%
Rest of District	2,200	2,800	3,000	3,400	4,100	1,900	186%	2.1%
Total WDC	52,100	74,200	82,600	94,500	119,800	67,700	230%	2.8%
Land area (ha)								
Rangiora	8.6-11.1	12.3-15.9	13.8-17.7	15.8-20.3	20.1-25.8	11.5-14.8		
Kaiapoi	2.4-3.1	3.4-4.3	3.8-4.8	4.2-5.5	5.4-6.9	3.0-3.8		
Woodend/Pegasus	0.1-0.1	0.2-0.2	0.2-0.2	0.2-0.3	0.3-0.3	0.2-0.2		
Rest of District	0.5-0.6	0.6-0.8	0.7-0.9	0.8-1.0	0.9-1.2	0.4-0.5		
Total WDC	11.6-14.9	16.5-21.2	18.4-23.6	21.0-27.0	26.6-34.2	15.0-19.3		

Those demand growth projections equate to around 3,800m^2 of increase in sustainable Core Retail floorspace demand growth per year, made up of 1,800m^2 for SFR, and 2,000m^2 for LFR (under the Medium-High scenario). That would require around 0.8-1.1ha of land to support the 3,800m^2 of additional GFA required every year, some of which may be provided in new zoned areas, and some will be developed through brownfields redevelopment (such as retail developing on former industrial sites in the Business 1 zone). Those numbers include a buffer for additional capacity in line with NPS requirements.

That SFR vs LFR split should be considered approximate only, given that there is a class of retail activities that can occupy space in large SFR or smaller LFR tenancies. Further, demand for LFR space can be very 'lumpy' because each new retailer that enters the Waimakariri market can occupy tenancies well in excess of 2,000m^2.

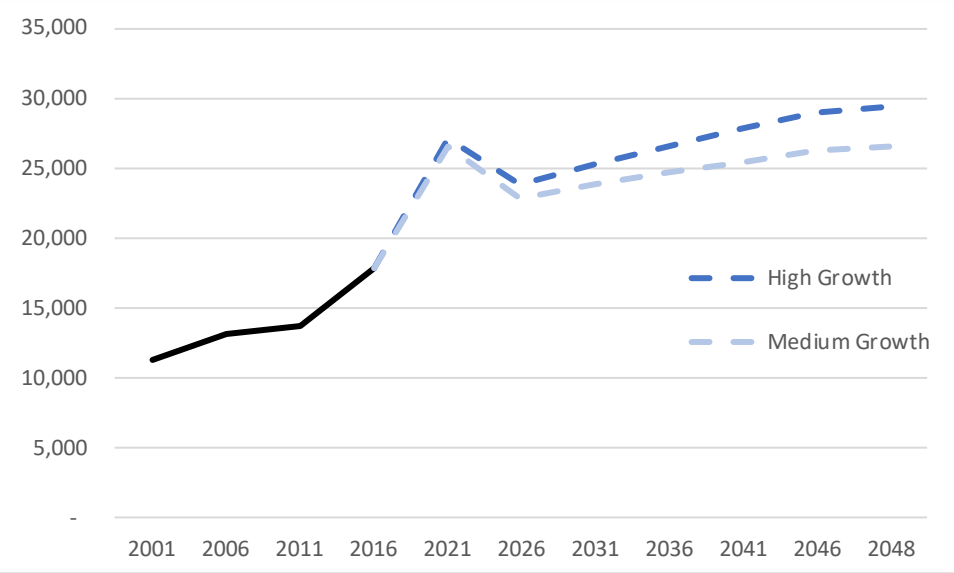
Similarly the location of the space should be considered indicative only because many retailers (both LFR and SFR, but especially LFR) wishing to operate in Waimakariri would have the flexibility to serve most of the District from anywhere in the UDS area. The distinction between Rangiora, Kaiapoi and Woodend/Pegasus reflects a continuation of recent location preferences and relative sizes between the existing business areas, more than it indicates that one place is more suitable than another to accommodate certain types of retail. The most suitable location for retail is to some extent a policy decision, and would be likely to involve Rangiora remaining as the largest retail node in the District, however it would be possible for a large new retail node to develop, such as at Ravenswood, for LFR, and still appropriately provide for the community's retail needs.

To show the sensitivity of the sustainable floorspace projections presented, understand that the LFR category includes supermarkets and department stores, and two recent new developments in those categories include the Rangiora Pak'n Save (6,000m^2+), and Farmers (8,000m^2+). If those stores had sought to establish in Kaiapoi instead of Rangiora, that would have resulted in 14,000m^2 of development less in Rangiora, and the same amount more in Kaiapoi. That is, things can change very quickly when providing for LFR. If an ad hoc dispersal of LFR throughout many locations in the District is an undesirable outcome, which we suggest it should be, there is merit in Council providing strong policy signals that out of zone LFR is not intended or desirable. That approach would require provision for LFR as a permitted activity in a location with sufficient vacant land to accommodate it, in which case a dispersal of LFR could be largely avoided.

4.2 Economic Futures Model Projections

The Economic Futures Model (EFM) projections show that employment opportunities in Waimakariri are expected to experience strong growth over the period to 2048, and this growth is expected to exceed growth observed in both the wider UDS area and the Region. The growth in MECs within Waimakariri from 2016 to 2021 is expected to increase at a rate of between 8% (Medium) and 9% (High) per annum. Between 2021 and 2026 the economic stimulation from Christchurch earthquake rebuild is expected to reduce, resulting in slower employment growth across the Region, including negative growth in Waimakariri employment of between -2% (High) to -3% (Medium) per annum. Note that this is unlikely to have any influence on retail spending, which is largely independent of employment changes, and would be expected to increase in more consistently in line with population growth. From 2026 onwards, employment in Waimakariri is expected to return to positive growth of between 0.7% (Medium) and 1% (High) per annum, until 2048. Over the coming three decades, employment in the District is projected to grow by between 8,800 (Medium) and 11,600 (High) jobs, or an average growth 290 (Medium) to 380 (High) jobs per annum.

Figure 4.21: Economic Futures Model Employment Projections (2016 – 2048)



The following discussion outlines the employment growth by broad sectors and industry. The results are grouped and displayed below according to the sectors used in the previous section (i.e. Primary, Industrial, Mainstreet, Commercial and Government sectors). Those projections show that six growth industries are expected to generate more than 67% of employment growth out to 2048:

- Retail Trade with an additional 2,150 to 2,650 jobs by 2048.
- Agriculture, Forestry and Fishing with an additional 920 to 1,260 jobs.
- Accommodation & food services with an additional 790 to 970 jobs.
- Health care & social assistance with an additional 770 to 1,030 jobs.
- Education & training with an additional 760 to 1,090 jobs.

- Professional, Scientific and Technical Services with an additional 540 to 700 jobs.

These industries tend to locate either in non-business zones (farms, schools, hospitals etc) or commercial zones (retail, food services, private health practices, offices). The industries (manufacturing, wholesale etc) that tend to locate within the industrial zone (Business 2) will experience growth, albeit at a slower rate than the rest of the economy. A description of the process applied in the EFM and more detailed projections are presented in Appendix 2.

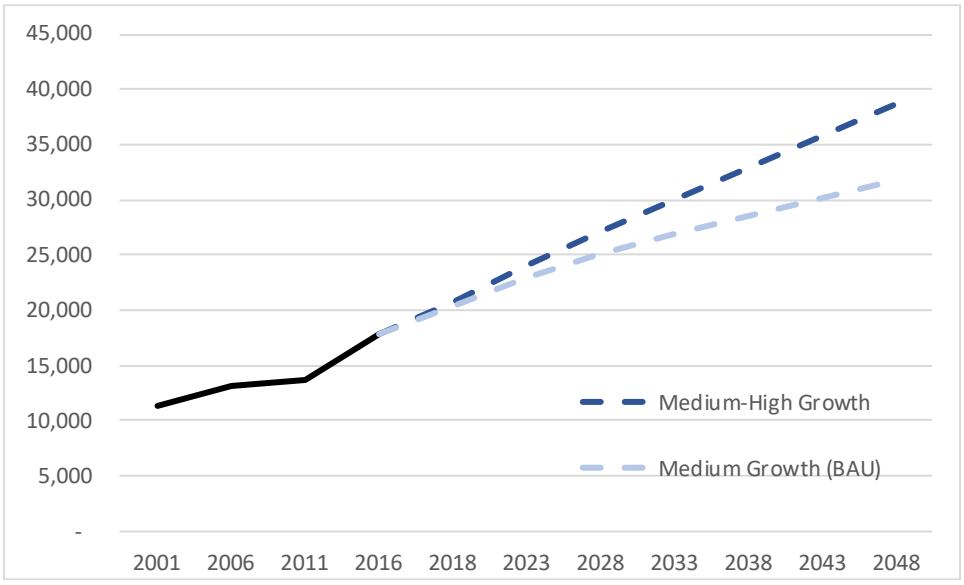
4.3 Entity Relationship Projections

The second employment projection set was developed during the Waimakariri Capacity for Growth Modelling study and is referred to as an 'Entity Relationship' employment projection set. These projections were developed by applying Entity Relationships to the population and household projections to estimate the potential employment and economic activity that could be generated and supported by the local community.

Figure 4.22 shows the employment projection scenarios, Medium and Medium-High between 2016 and 2048. It is important to note that all of the Entity Relationships employment projections result in a significant proportion of the workforce traveling beyond the District to jobs (mostly Christchurch), in line with existing commuting patterns, contrary to objectives to increase local employment opportunities.

The results from the Entity Relationship projections suggest that employment could grow by 14,000 jobs (Medium) to 21,000 (Medium-High) over the coming three decades. This rate of growth is equivalent to 430 (Medium) to 650 (High) jobs per annum.

Figure 4.22: Entity Relationship Employment Projections (2016 – 2048)



The Entity Relationship projections were a small module of the Waimakariri Capacity for Growth Modelling study. The purpose of the projections was to establish an understanding of the potential demand for business zones, rather than growth by sector or ANZSIC industry (like the EFM). In addition the Entity Relationship projections were developed before the NPS-UDC was issued and the EFM projections were

commissioned. Therefore it is not possible to produce results that can be compared directly to the detailed sector and industry results presented in the previous subsection. The Entity Relationships provide data for the following groupings:

- **Agriculture:** which is the same as the Primary sector used in previous sections of this Report and in the discussion below.
- **Other:** combines the industrial sector and construction industry as used in previous sections of this Report. In the discussion below this grouping is referred to as the Industrial and Construction sector.
- **Community:** is the same as the Government sector as used in previous sections of this Report.
- **Retail and Services:** these two groupings are the same as a combination of the Mainstreet and Commercial sectors which are used in previous sections of this Report.

A description of the process applied in the Entity model and more detailed projections are presented in Appendix 3.

4.4 Waimakariri Capacity for Growth Model

The employment projections from the EFM and Entity Relationships were converted to floorspace and land demand for the existing zones in the Waimakariri District. This conversion was conducted in a separate study - Waimakariri Capacity for Growth Model (WCGM). In summary, it assessed the existing location of businesses and employment in the district relative to the zoned land and floorspace. This assessment then applied these preferences to future growth in the employment in each industry to develop an understanding of demand for each business **zone**. The detail of the method applied is discussed in more detail in the technical report for the WCGM.[52]

4.4.1 Office Demand

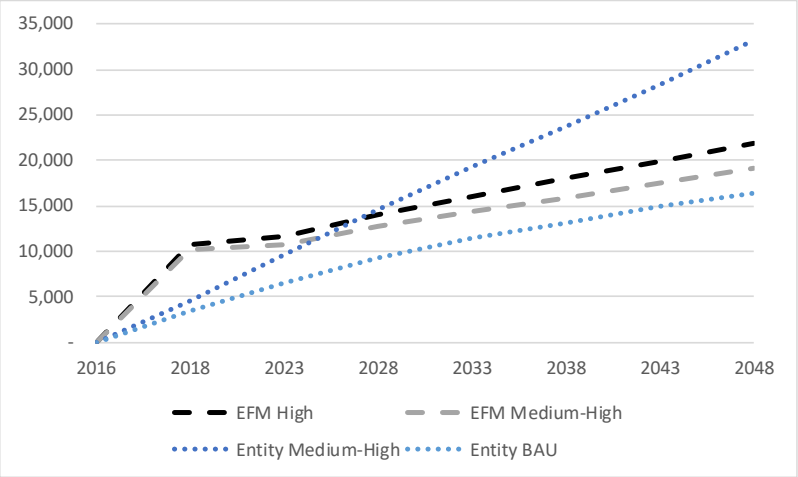
This report applies a different definition of office than was applied in the NPS-UDC reporting by the GCP.[53] Specifically, Office demand is defined as professional services that locate in a commercial zone (mostly medium sized businesses – accountants, lawyers etc.). This is much narrower than reported in the NPS-UDC, which defined office as all non-retail activity in the commercial zones.

Figure 4.23 presents the district level office floorspace demand (Business 1 and 4) for the four projections that are presented in this report. The demand is expected to range from 600 to 1,200m^2 of floorspace per annum between 2016 and 2033. The EFM scenarios suggest demand for an additional 14,000m^2 (Medium-high) to 16,000 (High) m^2 of floorspace by 2033, while the Entity relationship suggests demand growth could range from 11,000m^2 (BAU) to 19,000m^2 (Medium-high) in that time.

[52] Market Economics (2017) Waimakariri Growth Model - Working Notes.

[53] Greater Christchurch Partnership (2018) Housing and Business Development Capacity Assessment.

Figure 4.23: Office Floorspace Demand Business 1 and 4 (m^2, 2016 – 2048 EFM and Entity)

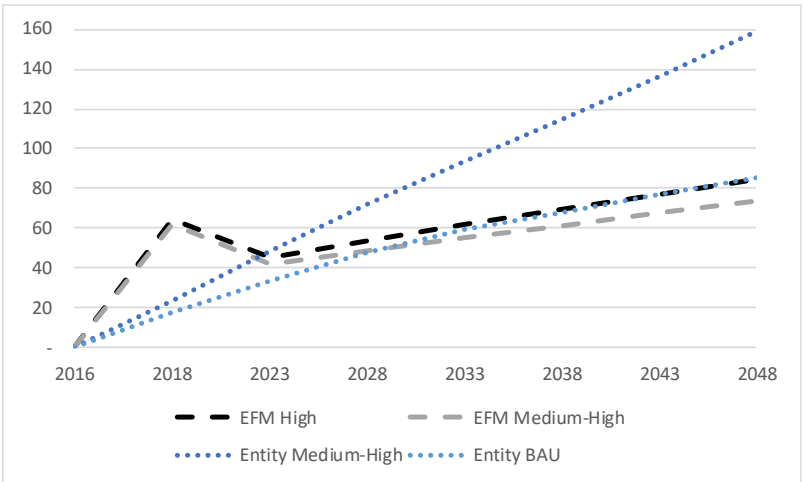


4.4.2 Industrial Demand

This report applies the same definition of industrial as was applied in the NPS-UDC reporting by the GCP. Specifically, Industrial demand is defined as all business activity that locates in an industrial zone (Business 2). This definition extends beyond traditional manufacturing and includes a wide range of activities (including retail and offices). Also this excludes industrial activities that may locate in other zones, for example rural industrial (agricultural processing) or special purpose industrial (MDF plant).

Figure 4.24 presents the district level industrial land demand (Business 2) for the four projections that are presented in this report. The demand is expected to range from 3 to 6 hectares per annum between 2016 and 2033. The EFM scenarios suggest demand of between 55 (Medium-high) to 62 (High) hectares of land demanded by 2033. While the Entity relationship suggests demand could range from 59 (BAU) to 94 (Medium-high) hectares of land demanded by 2033.

Figure 4.24: Industrial Land Demand Business 2 (hectares, 2016 – 2048 EFM and Entity)



4.5 Economic Projections Findings

The economic projections presented suggest that the District is likely to experience strong growth in the economy. This strong growth will primarily be driven by the demands of the increasing population that is expected to live in the District over the coming three decades.

The projections also indicate that there is likely to be a continued structural shift in the economy, away from traditional rural and urban fringe activities (Primary sector and to a lesser degree the land extensive businesses - i.e. Industrial sector) to population-driven activities (Mainstreet, Commercial and Government sectors). The degree of the structural shift differs between the EFM and Entity Relationship projections, with the entity relationship projections suggesting a greater structural shift than the EFM.

The scale of the growth and the structural shift in the economy is important for planning because the requirements for business land in size terms and the type of business land required is expected to change markedly from what was required in the past. Therefore, the existing District Plan and other planning documents (LTP) need to be updated to face the new challenges of the growing economy.

Most importantly for this report is the scale and nature of retail demand growth. The retail model indicates that Waimakariri retail sales are projected to increase significantly in the next three decades, and the amount of floorspace required in the District will more than double by 2048. This strong demand growth will require additional premises to operate from, as assessed below in sections 5 and 6.

5 Supply Analysis

This section provides detailed results on the scale and distribution of vacant business land supply in Waimakariri, as informed by the Waimakariri Capacity for Growth model, the District NPS-UDC assessment and research conducted by Jones Lang LaSalle (JLL).

Supply is assessed under two policy options:

- The Operative District Plan (ODP) policy option. This is addressed in section 5.2, and summarises the current total vacant and vacant potential business land in the District given the zoning and rules that apply from the ODP.
- The Proposed District Plan (PDP) option. This policy option estimates the quantum and distribution of total vacant and vacant potential business land in the District if alternative zoning were in place, as proposed in the current PDP draft. This is addressed in section 5.3.

The PDP policy option may be refined following feedback from Council, which would occur following the presentation of results of this assessment and other PDP scoping work to a WDC internal workshop. Should the internal Council workshop recommend changes to the PDP policy option, they would become the basis of a potential third policy option.

5.1 Approach

Unless otherwise stated, vacant supply in this section is presented as floorspace (not land area), which is calculated from vacant land area by applying assumed FARs in line with current District development intensities.

Estimates of both vacant and vacant potential supply are presented. Vacant supply is land or floorspace that is not currently occupied, and so could accommodate a tenant immediately (if an existing building) or accommodate a new building (if a vacant lot). Vacant potential is considered to be land that is occupied by an activity that makes less efficient use of the land than the underlying envisages, for example warehouses, yards, carparking or dwellings in the Business 1 zone, and would require removal of the existing structures on the site and construction of a new building to realise the potential presented.

Vacant and vacant potential capacity are assessed as follows:

- Data is based on previous assessment of Vacant and Vacant Potential land in the District, as used in the NPS work (Waimakariri Capacity for Growth Model 2017).
- That has been updated with reference to Council's data to show interim uptake of land (JLL and WDC surveys), and cross-checked against aerial photos.
- Treatment of carparks has changed from that 2016 data – whereas most carparks were treated as vacant, they are now split out to be 'vacant carpark', with all other Vacant as its own category. That allows options carpark potential to be treated differently.

- Conversion from vacant and vacant potential land to potential floorspace yield was undertaken using the same method as applied in the WCGM (a statistical assessment of upper development intensity from each zone), from NPS-UDC work.
- The limited change in zoning and rules in the PDP policy option indicates that the findings from the NPS-UDC is unlikely to change, that is, there is sufficient supply of Business 2 zone for the industrial demands in the short, medium and long term.
- Note that changes in areas assessed from the NPS work result in changes to potential floorspace yield, given the different spatial extent of each zone between the ODP and PDP policy options.

The JLL survey, anecdotal evidence and M.E observations all suggest that there is very little floorspace vacancy in the commercial zones (Business 1, 4 and 5). The observed level is below a natural level of vacancy that readily allows for market growth, and which suggests that there may be some unsatisfied demand in the current market. The consequences of that current undersupply include a likely upwards pressure on rents and some potential new entrants being precluded from establishing in Waimakariri, with adverse consequences for local retail provision and functional amenity. Note that Business 4 land is not assessed specifically in this section, because there is little vacant or vacant potential land, and the location of any new future Business 4 centres might be more appropriately handled through plan changes once the location and layout of the future residential areas they will serve is more certain.

5.2 Operative District Plan Supply

This section summarises the scale and distribution of vacant business land supply in Waimakariri under the ODP, with reference to research undertaken for: the WCGM (sections 5.2.1 and 5.2.2), the UDS-NPC (section 5.2.4), and District Business 1 land supply, by JLL (section 5.2.3).

5.2.1 Land by Zone Assessment

During the WCGM research primary parcels were matched to District Plan zones via a set of assessments.[54] Primary Parcels can be thought of as the 'base level' of the 'jigsaw puzzle' of all land making up New Zealand. LINZ maintains the **current** primary parcel polygons.[55] The District Plan zones were provided by the WDC GIS team and is a spatial layer that shows the extent and location of various zones in the District.[56]

The methodology employed for the matching assessment included two key steps:

- **Developable Land:** first the assessment removed non-developable land (roads, reserves, waterways, railways, legislative etc) to provide a full record of the land area that could be used for development.

[54] Over time the primary parcels will change as landholders either subdivide or amalgamate legal titles which results in spatial extents changing on a daily basis. Conversely, the District Plan Zones tend to be relatively static, with very few changes occurring through time. This means that the relationship between the primary parcels and District plan zone become less consistent over time.

[55] Land Information New Zealand (2017) NZ Primary Parcels.

[56] Waimakariri District Council (2016) Land Use Zones.

- **Zone Attribution**: a set of rules was developed to either allocate land to a zone. In some cases, a primary parcel crossed multiple zones. In the assessment each primary parcel was allocated to a single zone, either fully attributable to one zone (mainly existing urban areas) or in some instances land was split to multiple zones (mainly greenfield areas).

This assessment provides a list of primary parcels that are developable, by zone, in the District – this provides an understanding of the total land area available and the distributions of land sizes. Figure 5.1 shows that there are 824 Parcels in the District that have business zoning, with total land area of 450ha. Most parcels are in the Business 1 zone (477 parcels and 44ha), and the largest area of land is the Business 2 zone (230ha across 311 parcels). There are very few parcels in the other business zones – less than 35 in total in Business 3, 4, 5 and 6. Given the purpose of the other business zones (i.e. spot zones for specific use or local centre for corner shops) this outcome is expected.

Figure 5.1: Developable Land by Zone – 2017

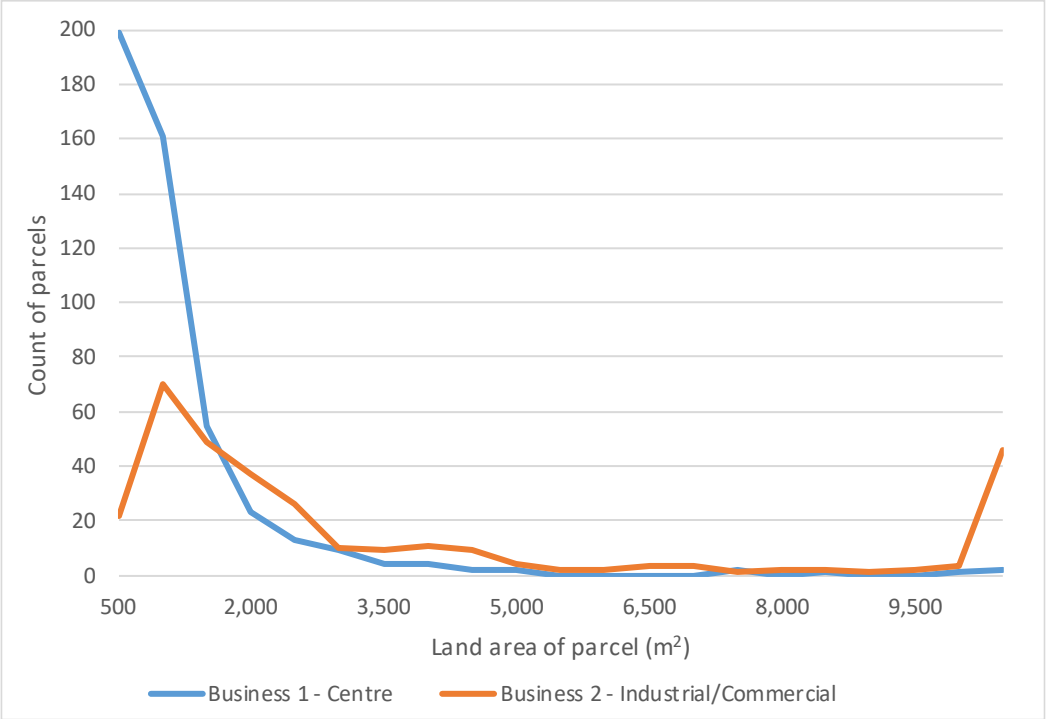
Zone Type	Count	Land (ha)
Business 1 - Centre	477	44
Business 2 - Industrial/Commercial	311	230
Business 3 - Spot Zone (MDF Plant)	10	163
Business 4 - Local Centre	15	3
Business 5 - Business Park	9	6
Business 6 - Spot Zone (Museum/Tourism)	2	4
Total Business	824	450

This two-dimensional area can be combined with the ODP zone rules to understand the capacity for economic activity by type. Figure 5.2 shows the distribution of parcels by size of land for the Business 1 and Business 2 zones.[57] The Business 1 zone parcels are generally small-medium sized holdings (42% are under 500m^2 and 34% are 501-1,000m^2) and the Business 2 parcels are medium sized holdings (22% are 501-1,000m^2 and 1,001-3,000m^2). The significant proportion of Business 1 and 2 parcels in small-medium holdings (under 3,000m^2 of land) are likely to cater for most business activity. Only 4% of Business 1 parcels are larger than 3,000m^2, although in the Business 2 zone 15% of parcels are larger than 1ha.

The predominance of smaller parcel sizes in the Business 1 zone especially indicates there may be some challenges to accommodating larger footprint activities (such as LFR) in that zone, given likely difficulties in accumulating multiple small parcels to provide sufficient land for a large building. That indicates the need for some large, easily accessible development opportunities to be made available to accommodate those larger businesses.

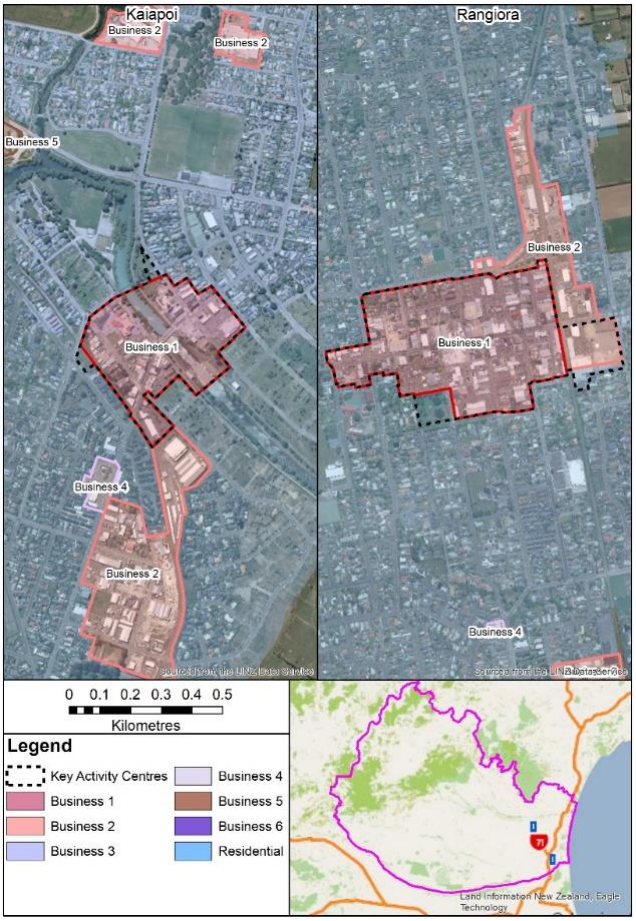
[57] Note: small number of parcels in the other business zones means that there is no value in displaying their distribution.

Figure 5.2: Parcel Distribution of Developable Land – Business 1 and 2 Zones



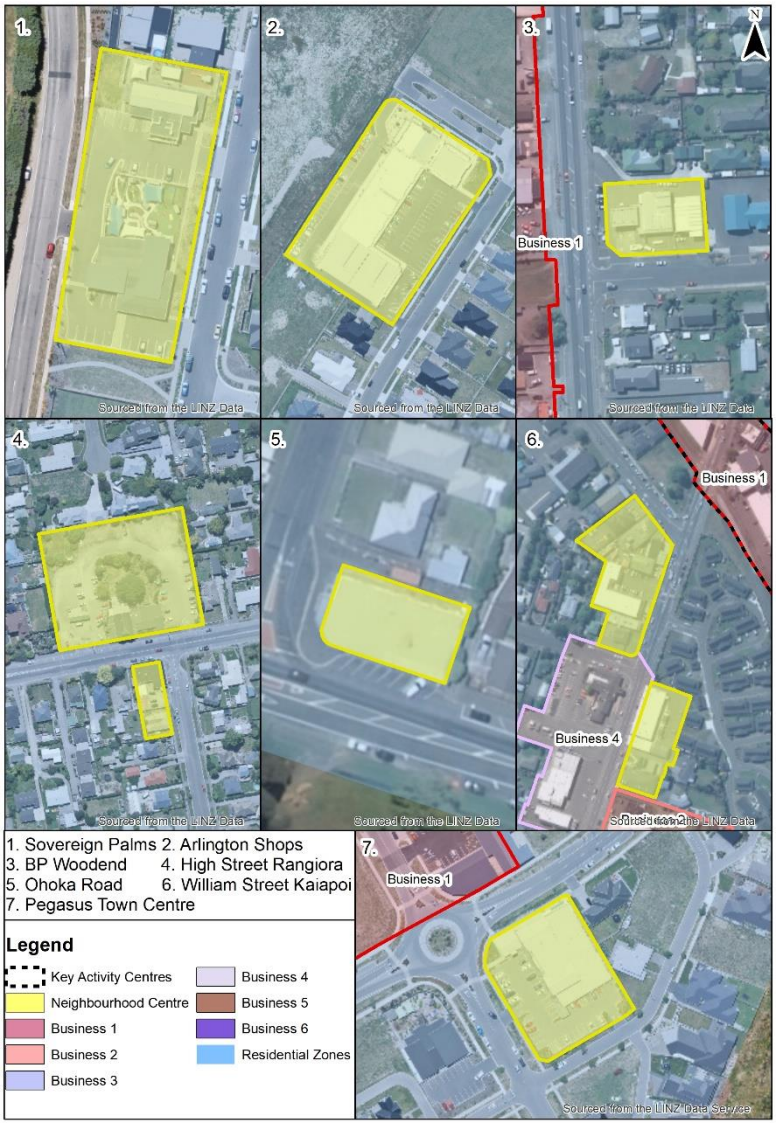
Also of importance in this zone assessment is the Key Activity Centre overlays which were defined as a result of the update to the CRPS (Chapter 6) (Figure 5.3). The overlays reinforce and protect the role of the commercial centres in Rangiora, Kaiapoi and Woodend. The overlays cover the main streets in Rangiora (Business 1 and some Business 2 zone with a small area of residential) and Kaiapoi (Business 1). The Woodend KAC has not been spatially defined in the ODP, and as we understand it could ultimately be located anywhere in Woodend/Pegasus/Ravenswood.

Figure 5.3: Key Activity Centre Spatial Definitions



Finally, we note that there is a not insignificant amount of business activity that is located in either residential or rural zones. For example, the maps in Figure 5.4 shows the areas in residential zones that are a set of shops, which we call “neighbourhood centres”. These areas are depicted using the yellow polygons, and include Sovereign Palms, Arlington Shops, BP Woodend, west High Street Rangiora, Ohoka Road, William Street and south of Pegasus town centre. In many jurisdictions these would occupy some sort of business zoning, possibly one such as the ODP’s Business 4 zone.

Figure 5.4: “Neighbourhood Centres” in Residential zone



5.2.2 Floorspace by Zone Assessment

In order to understand the use of Waimakariri land, the WCGM joined the rateable properties and building outlines to provide an estimate of total floor area in each zone (Figure 5.5). This data was only accurate at the time at was collected, and may have since changed.

Figure 5.5: Floorspace by Zone – 2017

Zone Type	Existing Floor Area
Business 1 - Centre	206,000
Business 2 - Industrial/Commercial	1,001,000
Business 3 - Spot Zone (MDF Plant)	19,000
Business 4 - Local Centre	6,000
Business 5 - Business Park	2,000
Business 6 - Spot Zone (Museum/Tourism)	-
Total Business	1,234,000

Data from a floorspace survey of Rangiora and Kaiapoi was used to provide additional information about the quantum and distribution of District floorspace. Jones Lang LaSalle (JLL) have undertaken several historical surveys of Waimakariri retail, commercial and industrial floorspace, and the most recent data available (second half of 2017) was used for this assessment. That survey recorded 324,000m^2 of total building stock in Rangiora and Kaiapoi, coded with information containing address, tenant names and individual building floor areas. For the retail component of this assessment, additional coding was added, to describe for each record the retail storetype and ODP zone. Data was then adjusted to include several recent new developments we are aware of (e.g. the Briscoes complex in the Rangiora Business 2 zone on High St), and to estimate floorspace in areas not covered by the JLL survey (areas outside Rangiora and Kaiapoi) by identifying retail business location using Statistics NZ (SNZ) Business Directory data, and spatial measurement from aerial photography.

The output from that process is a summary of retail floorspace to a location-zone level (e.g. Rangiora Business 1, Kaiapoi Business 2, etc.) (Figure 5.6). For this assessment two key retail groupings are presented: Core Retail and Services[58] and Auto/Hardware[59]). The distinction between the two groups is largely related to the requirements each have for premises and their tendency to locate inside centres (the operative Business 2 zone). The Auto/Hardware group tends to occupy more utilitarian buildings, often with yard space and public access restricted workshops, and locate in industrial zones, while Core Retail and Services are more likely to locate in centres (the operative Business 1 zone) in a more pedestrian-oriented, fie grained (although not exclusively) environment.

That data shows that the Rangiora town centre is the largest retail centre in the District, with nearly 46,000m^2 of retail and household services GFA in the Business 1 zone there, and an additional 9,300m^2 of GFA in the adjacent Business 2 zone, a total of 55,000m^2 retail and household services GFA. That makes the Rangiora town centre some three and a half times larger than the Kaiapoi town centre (15,400m^2). The next largest single presence of retail and floorspace is at Southbrook (dominated by Mitre 10 Mega and Pak'n Save, together more than 13,500m^2), with additional space spread throughout the large Rangiora South Business 2 zone (total 23,000m^2, including Mitre 10 and Pak'n Save).

[58] All retail except automotive, hardware and garden centres. Includes household services (retail banking, drycleaners, hairdressers, real estate, appliance repair, childcare, non-hospital medical (dentists, physios, GPs, etc.)

[59] All automotive retail including vehicle and fuel sales, servicing and panelbeaters etc. Also hardware and garden centres (includes Bunnings, Mitre 10 Mega, Placemakers etc.).

Only much smaller retail presences are located in other places, with 8,500m^2 spread through the large Kaiapoi Business 2 zone, and several single LFR stores (Countdown in the Rangiora Residential 1 zone and Placemakers in the Kaiapoi Business 5 zone). The District's smaller towns provide small (less than 2,500m^2), local-demand focussed retail presences, including at Pegasus, Woodend, Oxford, and in the (still developing) Mandeville Business 4 zone. As in any urban environment, there is also additional retail provision distributed throughout non-business zones, dominated by the locations identified above in Figure 5.4.

Figure 5.6: Floorspace by Zone – 2017 (JLL and Market Economics data)

	Rangiora					Kaiapoi						Ravens-wood	Pegasus	Woodend	Other Woodend /Pegasus	Mandeville	Oxford		Rest of District	District total
	B1	B2 (central)	B2 (south)	Other	Total	B1	B2	B4	B5	Other	Total	B1	B1	B1	All	B4	B1	B2	All	All
Core retail/services																				
0-450sqm	22,660	1,930	2,020	3,190	29,800	7,530	1,950	860	-	1,430	11,770	-	2,100	1,070	310	750	1,110	150	4,130	51,200
450-1000sqm	5,860	2,940	1,350	2,130	12,280	1,530	1,140	-	-	-	2,670	-	-	-	-	750	1,200	-	-	16,900
1000-2000sqm	-	1,090	-	-	1,090	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,090
2000sqm+	10,550	2,430	8,270	-	21,250	6,240	-	-	-	-	6,240	-	-	-	-	-	-	-	-	27,500
Total	39,070	8,390	11,640	5,320	64,430	15,300	3,100	860	-	1,430	20,690	-	2,100	1,070	310	1,490	2,320	150	4,130	96,690
Auto/hardware																				
0-450sqm	2,540	960	4,040	120	7,660	120	3,580	-	-	550	4,260	210	60	330	50	-	100	-	2,530	15,190
450-1000sqm	1,670	-	920	630	3,210	-	1,820	-	-	-	1,820	-	-	-	-	-	-	-	-	5,030
1000-2000sqm	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2000sqm+	2,610	-	7,200	-	9,810	-	-	-	2,220	-	2,220	-	-	-	-	-	-	-	-	12,030
Total	6,820	960	11,240	750	19,760	120	5,400	-	2,220	550	8,290	210	60	330	50	-	100	-	2,530	32,250
Total																				
0-450sqm	25,200	2,890	6,060	3,320	37,460	7,650	5,540	860	-	1,980	16,030	210	2,160	1,410	360	750	1,210	150	6,660	66,390
450-1000sqm	7,530	2,940	2,270	2,760	15,490	1,530	2,960	-	-	-	4,490	-	-	-	-	750	1,200	-	-	21,930
1000-2000sqm	-	1,090	-	-	1,090	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,090
2000sqm+	13,160	2,430	15,470	-	31,060	6,240	-	-	2,220	-	8,470	-	-	-	-	-	-	-	-	39,530
Total	45,890	9,350	22,880	6,080	84,190	15,420	8,500	860	2,220	1,980	28,980	210	2,160	1,410	360	1,490	2,420	150	6,660	128,940

5.2.3 Retail and Services Supply

There is potential to supply some of the projected demand growth assessed below in section 6.1.1 on land located in existing business areas that is currently vacant (or vacant potential). Certainly there is a large amount of zoned supply (ODP) in Southbrook (B2), which will be adequate to supply the needs of the Auto/Hardware group, and so any identified shortages of built space to accommodate businesses in that category can be remedied through development of new space on existing zoned land where those activities are permitted.

Fewer options exist for Core Retail, which is more appropriately provided for in centres (the operative Business 1 and 4 zones), where there is a general lack of vacant (green-and brownfields) buildings ready to accommodate new businesses. There is capacity for some development of vacant parcels in existing Business 1 zones (especially Rangiora, Kaiapoi and Ravenswood), and so some of the imminent shortfall of space identified in the previous section (6.1.1) could be accommodated on such parcels that are zoned but not yet developed, given some new building activity.

From centre-occupancy surveys conducted by Jones Lang LaSalle, the area of vacant sites zoned Business 1 is:

- 0.86ha of land in Kaiapoi's Business 1 zone, enough to support 4,000-5,000m^2 GFA
- 0.39ha of land in Rangiora's Business 1 zone, enough to support 2,000-3,000m^2 GFA.

In total, an estimated 8,000m^2 GFA could be accommodated on those identified vacant sites, although predominantly in SFR tenancies, given the configurations of the parcels. There is a low level of vacant tenancies in both Kaiapoi and Rangiora, indicating, as discussed above, some undersupply of space for retail businesses now. That fact that there is a (relatively small) presence of vacant land that could accommodate some development to alleviate this shortage indicates a challenge that brownfields redevelopment will face. That development will only occur gradually over time as landowners become motivated to change the status quo, although it is likely that over the life of the PDP a large proportion of vacant potential parcels will be redeveloped in some way.

Further capacity to accommodate additional retail space exists elsewhere within the Business 1 zone, given the redevelopment potential of existing parcels (vacant potential land). Existing activities in older buildings, and carparks, would become redevelopment candidates as demand pressure grows. The proposed North of High development in the Rangiora Business 1 zone is one example of this potential, and is proposed to be around 4,000m^2 of SFR space (although the future of that development is currently uncertain).

There is also other zoned land in the District that offers additional development opportunity:

- There is 0.82ha zoned Business 1 at Ravenswood now, and indications are that a supermarket-based retail complex (that would require more than that area of land) is anticipated by the developers to service some of the Woodend/Ravenswood/Pegasus market's local retail needs.
- 9.81ha of Business 1 land is zoned at Pegasus (including roads, and less than 1ha of already developed space), although that may not be fully developed given its non-central location within the District. The apparent pressure on existing Business 1 land, and the limited vacant land available for development, indicates that this relatively large amount of Business 1 land

may no longer be required in Pegasus, and in fact we understand that the owner is seeking to have this rezoned to residential.

- 8.01ha is zoned Business 5 at Smith Street, although the retail types that are permitted there are limited under the District Plan, and many retail activities are non-complying under current zoning.
- Large areas of vacant Business 2 land exist in Southbrook and Ravenswood, and could accommodate some limited types of retail under existing rules.

Every 10,000m^2 GFA of additional floorspace (approximately 2.5ha of land at 40% site coverage) available over and above the supply assessed in section 5.2, would supply around 6.3 years of Core Retail SFR demand, or 5.5 years of LFR demand. The vacant and vacant potential supply identified in this section offers good potential to significantly delay the timing of when the capacity shortfall identified in section 6.2.1 will be reached, and indicates capacity to accommodate much of the projected retail demand growth within ODP zones.

There are limitations to how readily parts of the existing zoned land might be redeveloped, and is subject to landowner willingness to redevelop, redevelopment economics, and the attractiveness of locations to prospective tenants. Nevertheless the vacant and vacant potential areas identified should form an important part of Waimakariri's future retail land provision, and offer a strategically important (given their central location) option for accommodating growth.

New development might more easily and rapidly be accommodated in greenfields locations that could be rezoned, but those options have the disadvantage of creating new retail locations which can be contrary to objectives and policies around KAC primacy. Redevelopment of brownfields sites, such as in parts of Rangiora's Business 1 zone that are occupied by low density and industrial activities would only occur more slowly, but ultimately would be likely to achieve a preferable urban form outcome.

There are also future mixed use areas around Kaiapoi centre (red zoned) which have been noted for zoning which could be approved in the event that demand exceeds the projections shown in this report.

5.2.4 Office Supply

The assessment of retail and services supply has mostly focused on ground level capacity. While some office space may be accommodated at ground level it is likely that most will be located on floors above ground. In this study the capacity assessment applied FAR that is much less than 1. However, there may be potential for the capacity to be increased by adding additional floors above ground level.

If the market developed multiple-level buildings, there would be a significant amount of floorspace for office space uses in the Business 1 zone. We acknowledge that most buildings in the Business 1 zone now are single level, however, there have been some recent multi-level developments. In this study it is assumed that new developments could include on average one additional level above ground, which, if all of the vacant and vacant potential space that would be created by the draft PDP zoning changes were developed, would yield 150,000m^2 of office space.

While there is significant potential for office space above ground, the actual market outcome may not result in all of this supply being developed. There may be need in the future to encourage office development.

5.2.5 Industrial Supply

Assessment of parcels in the District indicates that there is significant area of vacant Business 2 parcels within the district (approx. 72ha) which could allow another 269,000m^2 of floorspace to be developed.[60] There are also a number of parcels that are relatively underdeveloped which could yield around 206,000m^2 of floorspace if developed to more intense use. The amount of industrial supply enabled in the ODP is relatively large compared to the level of demand shown in the projections. There are also future industrial areas which have been noted for zoning which could be approved in the event that demand exceeds the projections shown in this report.

The development potential of Business 2 zone is detailed in the following section.

5.2.6 ODP Development Potential

The development assessed in section 5.2.1 is described in more detail with reference to a parcel by parcel analysis undertaken using data collected for the 2016 Capacity for Growth study. That data has been updated for this report, taking into account changes in occupancy since 2016, as described in section 5.1.

Most of the vacant capacity in the District's Business 1 supply that now exists is in Woodend-Pegasus-Ravenswood, with less than 2,000m^2 of vacant supply in Rangiora, 3,700m^2 in Kaiapoi and 4,400m^2 spread across all other locations in the District (Figure 5.7). There is considerably more vacant potential Business 1 supply than there is that is currently actually vacant, with over 40,000m^2 of vacant potential supply in Rangiora, and 24,000m^2 in Kaiapoi. The only vacant Business 5 land in the District is in a single location at Smith St in Kaiapoi, and could yield an estimated 22,400m^2 of GFA if fully developed. That land is not as suited to SFR as it would be to LFR, given it is not part of a KAC.

As discussed above, there is a very large amount of vacant and vacant potential capacity in the Business 2 zone, particularly in Rangiora, but also in other locations around the District. Woodend-Pegasus in the table below includes Ravenswood.

[60] Note that some industrial land has been developed since the GCP report on NPS-UDC and the analysis in the WCGM was begun in 2016. In this report these parcels have been removed, which is why vacant land reported in this section is lower than shown in the GCP NPS-UDC reports.

Figure 5.7: ODP Vacant Land Supply by Location and Zone (GFA, m^2)

	Vacant	Vacant (carpark)	Vacant Potential	Total
Business 1				
Rangiora	1,900	17,400	43,600	62,900
Kaiapoi	3,700	1,300	24,000	29,000
Woodend-Pegasus	36,800	-	10,700	47,500
Other	4,400	-	6,700	11,100
Total WDC	46,800	18,700	85,000	150,500
Business 2				
Rangiora	214,800	-	170,900	385,700
Kaiapoi	-	-	26,500	26,500
Woodend-Pegasus	41,300	-	-	41,300
Other	13,200	-	8,400	21,600
Total WDC	269,300	-	205,900	475,100
Business 5				
Rangiora	-	-	-	-
Kaiapoi	18,800	-	3,600	22,400
Woodend-Pegasus	-	-	-	-
Other	-	-	-	-
Total WDC	18,800	-	3,600	22,400

However, as noted above there may be additional supply of floorspace developed if buildings are constructed with multiple levels. This is likely to be more prevalent in the Business 1 zone and to a lesser degree in the Business 2 zone. The Business 1 zone could allow at least 150,000m^2 of additional floorspace for office activities in the levels above ground.

5.3 Proposed District Plan Supply

This section summarises the scale and distribution of vacant business land supply in Waimakariri under the PDP policy option as currently drafted by Planz, to feed into an assessment of the sufficiency of business land supply provided for by the PDP policy option (as assessed in section 6).

5.3.1 Draft PDP Policy Option Definition

In this subsection the key changes of the draft PDP Policy option, relative to the ODP, are summarised. This summary is drawn directly from Planz report section 6 (Recommended Approach).[61] The key changes that are relevant to this assessment would be as follows:

[61] Planz (2018) District Plan Review Waimakariri District Council - Proposed replacement District Plan Commercial & Industrial Framework.

- Provide for the redevelopment of the Kaiapoi and Rangiora Town Centres through easing regulatory controls and freeing up land in the town centres by the relocation of Trade Suppliers to the Business 2 (Industrial) zone;
- Provide for the expansion of the Rangiora Business 1 (Town Centre) zone into the Business 2 zone at the eastern end of High Street and to the north towards the train station (the 2ha Luisetti Seeds block) as identified in the District Development Strategy, into the residential zone west of Victoria Park between King and Queen Streets (1.7ha), and extending the town centre zone east to East Belt and Aquila Street (0.5ha).
- Application of a more focused Large Format Retail Park zone at the existing 8ha Business 5 zone at Hakarau Road – Kaiapoi.
- Application of the Key Activity Centre notation at Ravenswood as identified in the Woodend and Pegasus Strategy. Provision for a focused Large Format Retail Park zone and Business 1 Zone (Local Centre) adjoining the entrance to Ravenswood of some 8.3ha (as currently zoned Business 2 and Residential 6, but including consents RC165140 and RC165158 for a BP Service Station and McDonalds respectively).
- Consistent zoning recognition for all small convenience retail clusters in the district (some of which are currently zoned Business 4).
- Reducing the full extent of the 10.2ha Business 1 zone at Pegasus to 1.14ha. This is based on the unrealistic extent of the Business 1 zone given the dominance of Ravenswood as a KAC, the inability of the residential catchment to support the extent of the commercial area, and the recent development of some of the B1 zone as housing.
- Recognition and provision of an appropriate commercial zoning for the Rangiora Pak'n Save on Southbrook Road (2.8ha), and the Countdown on Ivory Street (1.6ha).

The following four maps outline the spatial extent of the zone changes that have been suggested in Planz report:

- Figure 5.8 shows the proposed new Business 1 zone to the north and east of the Rangiora town centre core (changed from Industrial 2 in the ODP), and to the south (changed from Residential 1 in the ODP). Also shown is the new zoning proposed to apply to the Countdown (Business 7).
- Figure 5.9 shows the proposed new Business 7 that would apply to the Rangiora Pak'n Save (changed from Business 2 in the ODP).
- Figure 5.10 presents the reduction in Business 1 zone in Pegasus.
- Figure 5.11 shows the business zoning that has been proposed for Ravenswood, which was previously zoned rural.

Figure 5.8: Draft PDP zoning Rangiora Business 1 Expansion and New Business 7 for Countdown

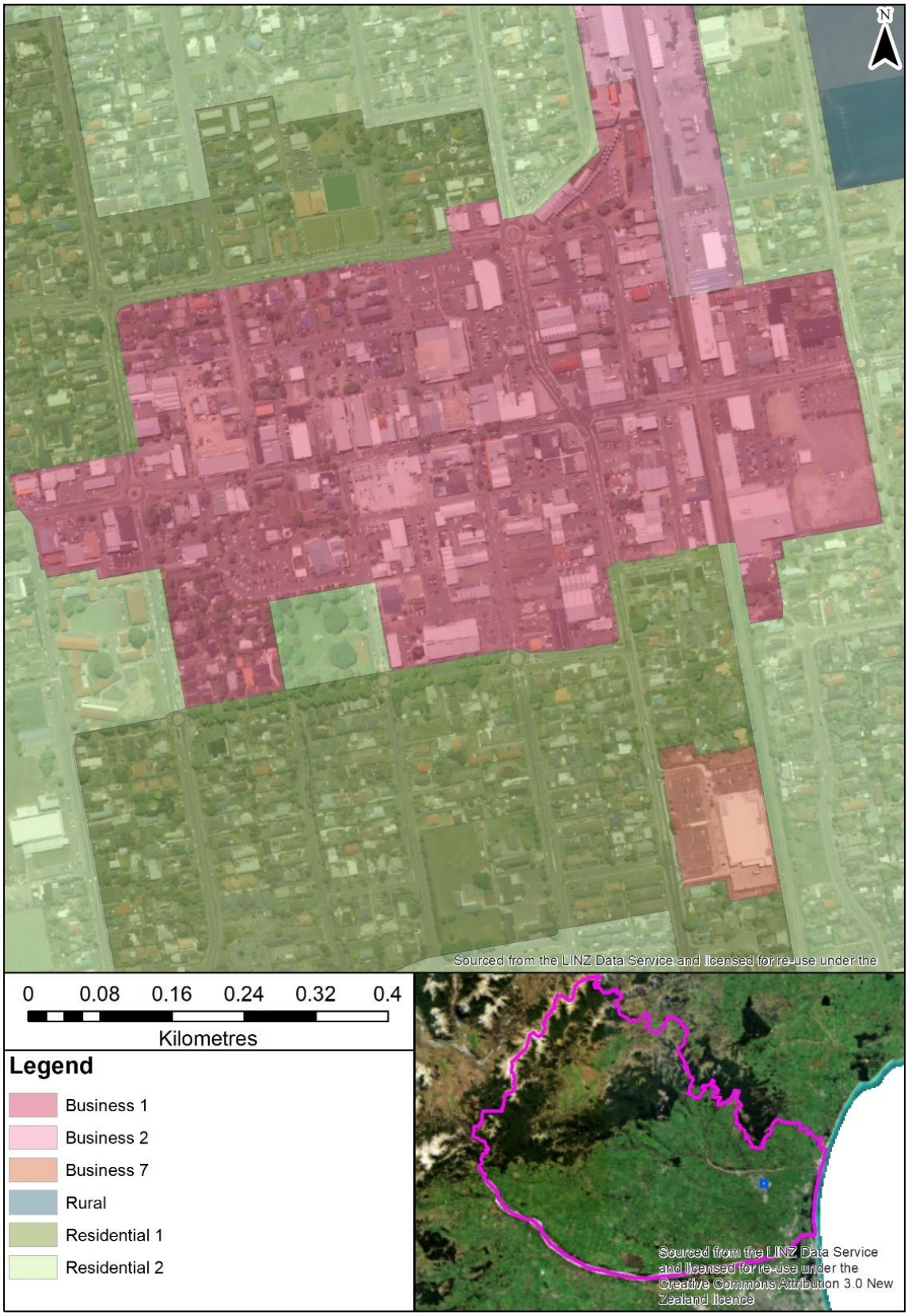


Figure 5.9: Draft PDP zoning Rangiora Business 7 zone (Pak'n Save)

Figure 5.10: Draft PDP zoning Pegasus reduction in Business 1

Figure 5.11: Draft PDP zoning Ravenswood, Business 1, 2, and 5 and Business area

We note that the draft PDP Policy option has limited impact on the supply of Business 2 zone. The draft PDP suggests a small decrease in the zoning extent and rules have been eased to allow trade suppliers, service stations and food/beverage outlets to operate in the zone. That means that the draft PDP will also provide sufficient industrial land, as long as it provides a similar or greater zoned area than the ODP. Given only relatively minor changes are proposed for the Business 2 zoned area, the draft PDP will then provide sufficient Business 2 supply to meet the future needs of Waimakariri businesses. We also note that the Council has allowed for additional long-term industrial land of some 7ha just south of Woodend. This

Future Business Land provides additional flexibility to accommodate business activity should growth occur faster than projected in this study and the NPS-UDC work.

We also note that the draft PDP has not included any suggested changes to the business rules associated with the Rural or Residential zones. Therefore, we consider that the level of activity in these zones will not change from their existing shares of activity.

Given the above two points, the following sections of this report focus on supply in the retail and the commercial zones in the District.

5.3.2 Draft PDP Policy Option Development Potential

As for the ODP policy option, most of the vacant capacity in the District's Business 1 supply that would exist under the PDP policy option would be in Woodend-Pegasus-Ravenswood, with little or no change in vacant supply in Rangiora or Kaiapoi. Vacant Business 1 supply in Woodend-Pegasus-Ravenswood would actually decrease due to the proposed decrease in the spatial extent of the zone in Pegasus, although there would remain vacant capacity for just over 17,000m^2 of GFA in that part of Waimakariri (Figure 5.12).

The PDP policy option would increase vacant Business 5 supply, adding an amount in Ravenswood that would be of a similar size to the OPD-zoned area in Kaiapoi. Together those two locations would yield just over 40,000m^2 of Business 5 land, or almost double the ODP supply.

As for the ODP policy option, there would be a very large amount of both vacant and vacant potential capacity in the Business 2 zone, particularly in Rangiora, but also in other locations around the District. That quantum would be very similar to the ODP policy option.

Figure 5.12: PDP Vacant Land Supply by Location and Zone (GFA, m^2)

	Vacant	Vacant (carpark)	Vacant Potential	Total
Bus1				
Rangiora	2,200	17,400	68,900	88,500
Kaiapoi	3,700	1,300	24,000	29,000
Woodend-Pegasus	17,300	-	10,700	28,000
Other	4,400	-	6,700	11,100
Total WDC	27,700	18,700	110,200	156,600
Bus2				
Rangiora	214,400	-	161,300	375,700
Kaiapoi	-	-	26,500	26,500
Woodend-Pegasus	46,800	-	-	46,800
Other	13,200	-	8,400	21,600
Total WDC	274,400	-	196,300	470,600
Bus5				
Rangiora	-	-	-	-
Kaiapoi	18,800	-	3,600	22,400
Woodend-Pegasus	17,900	-	-	17,900
Other	-	-	-	-
Total WDC	36,700	-	3,600	40,300

Again, as noted above there may be additional supply of floorspace developed if buildings are constructed with multiple levels. This is likely to be more prevalent in Business 1 zone and to a lesser degree in Business 2 zone. The Business 1 zone could allow at least 150,000m^2 of additional floorspace for office activities in the levels above ground, given the large area of vacant and vacant potential land potentially available for (re)development.

5.4 Post-workshop Policy Option Changes

This assessment was used as input to Council's internal draft PDP workshop. Feedback received during the workshop led to some revisions to rules, zoned areas and other aspects of the draft PDP. A revised draft PDP was then provided to M.E to assess whether the findings or recommendations made in our initial assessment would change as a result of the changes to rules and zoning, etc. The effect of those changes are discussed in this section. We note that the revised draft PDP also incorporates the now finalised National Planning Standards which came into force on May 3 2019. A summary of changes resulting from those new standards is provide in section 5.4.1.

5.4.1 National Planning Standards

The National Planning Standards were introduced to improve the consistency of council plans and policy standards. One aspect of the new standards is a uniform range of zone types which councils can select to apply in their District Plans. The Waimakariri ODP, and previously assessed draft PDP, both refer to the zone names as they were under the ODP planning environment, and so include Business zones numbered 1 to 6

(with a new zone that was proposed to be Business 7, as discussed in section 5.3.1). Those names have now changed in the revised draft PDP to apply National Planning Standard zone names, however the function and rules of each zone remain materially unchanged from those assessed earlier in this section.

We have not changed the zone names throughout this report, although note that the zone names used will differ from those that are applied in the PDP. Relevant to this assessment, key changes are summarised below.

ODP zone	Revised draft PDP zone	Spatial areas represented
Business 1	Town centre or Local centre	Town centres: the Rangiora, Kaiapoi, Oxford and Ravenswood central business areas Local centres: the retail centres in Woodend and Pegasus and parts of Kaiapoi and Rangiora
Business 2	Light or General or Heavy Industry	All zones in the District
Business 3	Heavy Industry	MDF plant at Sefton and Oxford sawmill
Business 4	Neighbourhood centre	All zones in the District
Business 5	Large Format Retail, proposed to have an overlay limiting new supermarkets and department stores	The zone on Smith St at Hakarau Rd, and the Pak'n Save and Mitre 10 Mega in Southbrook.
Business 6	Special Purpose Zone (Museum and Conference Centre)	
Business 7	Large Format Retail or LFR precinct	The Pak'n Save supermarket on Southbrook Rd, and the Countdown supermarket on Ivory St.

5.4.2 Zone changes in revised draft PDP

A number of changes to the draft PDP zones initially assessed were recommended as a result of the workshop's considerations, and informed by consultation with key stakeholders and landowners. The most notable of those were:

Figure 5.13: Key Indicative Zone Changes Identified in Revised Draft PDP

	Site	Zoning changes	Rationale (other than name changes under Planning Standards)
1	Central Rangiora	• Business 1 becomes Town Centre • Parts of Business 2 become Town Centre • Balance of Business 2 becomes Light Industry • Some changes to residential zones, including to create a new Home Occupation Precinct	• Some B2 areas in the east become Town Centre to better align with existing activities and provide more Town Centre opportunities. • Home occupation areas (titled 'Residential Commercial Precinct' in the PDP) created as commercial transition areas.

2	Rangiora west , corner of High and Lindon Streets	• From residential to Neighbourhood centre	• Matches existing established activities
3	Rangiora south	• -Ivory St Countdown changes from Residential zone to LFR or to a precinct within a residential zone • Business 2 zone at Newnham St becomes Light Industry • Business 4 zone becomes Neighbourhood Centre	• Countdown site change recognises existing supermarket bulk and location, and provides for further LFR but not fine grained retail. • -Changes to Business 2 and 4 zones are to align with existing activities
4	Southbrook – Triangle Industrial zone (between Flaxton and Lineside Roads, north of the Recycling Centre)	• The northern part of the triangle changes from Business 2 to General Industry • The southern part (from Ryans Place south) changes from Business 2 to Light Industry, possibly with an LFR overlay.	• The extent of any LFR overlay is not yet finalised, although preference is for only the southern part to have an LFR overlay, with the northern half to be Light Industry with no overlay. An LFR overlay would add potential for additional supply.
5	Kaiapoi Commercial Area	• Business 1 become Town Centre • Parts of the Residential zone become Mixed Use • New Local Centre on Williams St either side of Carew St • Business 2 become General Industry • Smith St Business 5 becomes LFR	• Mixed Use zone aligns with Red Zone Recovery Plan • Local centre matches existing established activities • Smith Street LFR zone to increase LFR supply in line with demand assessment
6	Kaiapoi South – Hellers site (south of Neeves Rd)	• From Rural (northern part) and Business 2 (southern part) to General Industry	• Aligns with current established significant activities
7	Pegasus Business 1	• The part of the Business 1 zone between the established commercial activities fronting Pegasus Main St becomes Local Centre • The balance of the Business 1 zone become residential	• Aligns with existing development
8	Woodend Business 1	• Existing Business 1 zone becomes Local Centre, and a small amount of existing Residential east of the	• Aligns with existing activities and environment.

		main road will convert to Local Centre, around Eders Rd	
9	Ravenswood	• The Business 2 zone might indicatively be split into three new zones: Industrial, Town Centre and a Special Trade/LFR zone, although feedback is awaited from the developer • The Special Trade/LFR zone might also extend to include parts of the Residential 6A and Business 1 zones.	• These changes would be intended to reflect on the ground developer intentions, although these have not yet been communicated by the developer
10	Oxford Sawmill	• From Rural to Heavy Industrial (west half) and Light industrial (east half)	• Aligns with established activity in an area subject to intensification
11	Kaiapoi Woollen Mill	• From Business 2 to General Industry	• Aligns with proposed activities.

6 Property Market Outcomes

This section compares the demand for each of the economic projections to the supply enabled in the policy options. That comparison allows an assessment of the adequacy of land supply under each policy option to meet projected growth. A key aim of the draft PDP should be to ensure that economic growth in Waimakariri is not constrained by an absence of suitably zoned supply. This section assesses the sufficiency of that suitably zoned supply.

6.1 Operative District Plan

6.1.1 Retail and Services Outcome

The process of assessing the adequacy of zoned supply was to allocate demand to a zoned location that had adequate capacity to accommodate that demand, and then to allocate demand unable to be accommodated in a particular place to some other location, in a subsequent allocation round, as described below:

- Establish total demand for floorspace in each zone (B1, B2, B5) and location (Rangiora, Kaiapoi, Woodend-Pegasus-Ravenswood, Other WDC). As noted above, the assessment does not assess B4 land specifically, because the location of any new future B4 centres might be more appropriately handled through plan changes once the location and layout of the future residential areas they will serve is more certain.
- Establish total vacant and vacant potential floorspace supply capacity in each zone and location.
- Round 1 vacant supply: Allocate floorspace demand to vacant supply in each zone/location (e.g. Rangiora B1, or Kaiapoi B5, etc.) first, assuming that only a maximum of 90% of vacant supply in the B1 zone will be developed. There will for some zone/locations be vacant supply that is not needed at this stage (e.g. particularly Woodend-Pegasus-Ravenswood). That remaining vacant supply can be used to supply demand in Round 2.
- Round 1 vacant potential supply: If demand for each zone/location can't be satisfied by vacant supply, allocate remaining demand to vacant potential supply in that zone/location. Again, there will for some zone/locations be vacant potential supply that is not needed at this stage (e.g. particularly B1). Some of that remaining vacant potential supply can be used to supply demand in Round 2.
- Unallocated Round 1 demand: Demand that cannot be supplied by vacant or vacant potential supply in the zone/location it arises is then allocated in Round 2, where all unallocated land is allocated at a District-wide level. The only zone type that required allocation in Round 2 was B5 space. It is appropriate to allocate those demand elements at a District level because B5 (LFR) activities operate with essentially a District-wide catchment.
- Round 2 vacant supply: Some vacant land that wasn't required in Round 1 can supply demand from other zone/locations. Unallocated demand from Round 1 is next allocated to that vacant

supply. That leaves a small amount of additional demand (8-13% of the original additional demand) that needs to be supplied in other zone/locations.

- Round 2 vacant potential supply: This final step allocates that outstanding 8-13% of original demand to remaining available vacant potential supply. Following this step all demand growth has been allocated to a supply location.

High demand growth will result in current supply of retail built GFA becoming insufficient to meet future needs at some point in the future. That point will vary depending on:

- Assumptions made about how that supply will be provided for, in terms of SFR vs LFR;
- How new retail space is developed, in terms of design and how efficiently land is used;
- Where new retail space is required/developed; and
- Leakage recapture targets.

The results in this subsection relate to built supply, not zoned supply. That is, they do not make allowance for vacant or vacant potential zoned land that can be developed for retail (e.g. at Pegasus and Ravenswood), and take into account only existing buildings in zoned B1 (and B2 in the case of Auto/Hardware) land. The results do take into account that space may have been built ahead of the demand it is intended to supply, and so, for example, there is spare capacity in Pegasus SFR supply to provide for the needs of future growth within existing buildings, given estimated existing store performance.

Results of the demand-supply assessment indicate that existing built supply of Core Retail SFR space will be adequate until around 2022, after which additional SFR supply will be required. That date includes allowance for the NPS buffer, which effectively adds on another 5-6 years of supply (that is without accounting for that buffer current supply would be adequate until 2028). There is an imminent, or even current, shortage of built LFR space in the District, and therefore an immediate need for more Core Retail LFR space to be built, even accounting for the new development of the Briscoes etc adjacent to The Warehouse in Rangiora (Figure 6.1 and Figure 6.2). Note that under the High growth scenario these years come forward around one year in each case (SFR, LFR, Core Retail and Auto/Hardware).

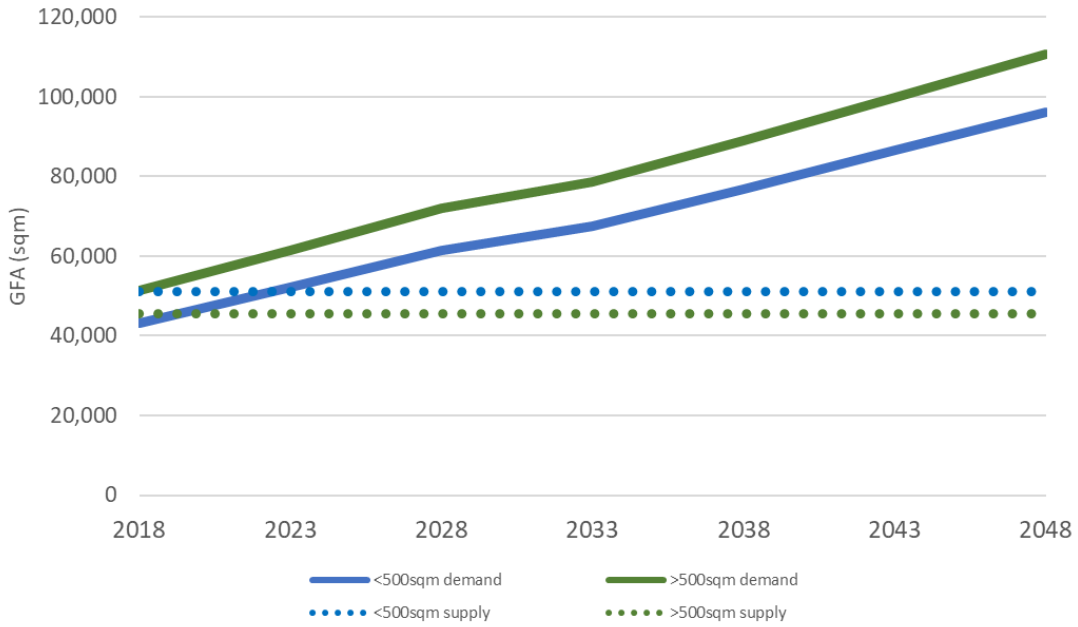
The years given in Figure 6.1 when supply will be exhausted should not be taken as the time when new supply should come online. Instead, new supply should be planned to come online before existing supply runs out, so as to provide flexibility of tenancies by size, location and built form etc. Vacancy rates in Waimakariri are already low in many locations (per the GCP Market Indicator reports discussed in section 2.1.2) and indicate that a constraint to business location options probably already exists in parts of the District.

There is also adequate SFR Auto/Hardware floorspace existing now, but there is need for additional larger format space for businesses in that category. The split between small format and large format space in Auto/hardware is less useful than for Core Retail, because requirements of Auto/Hardware include outside (yard) space for storage, vehicle operations and access, and are not as well defined as Core Retail's space requirements.

Figure 6.1: Waimakariri Retail Outlook (Medium-High)

	Core retail		Auto/hardware	
	Current spare supply (sqm)	Supply runs out	Current spare supply (sqm)	Supply runs out
<500m²				
Rangiora	300	2018	1,900	2028
Kaiapoi	1,400	2021	2,600	>2048
Woodend/Pegasus	3,000	>2048	600	>2048
Rest of District	3,300	>2048	2,200	>2048
Total <500m²	8,000	2022	7,300	>2048
>500m²				
Rangiora	- 3,700	2018	- 3,400	2018
Kaiapoi	- 1,600	2018	1,800	2042
Woodend/Pegasus	- 400	2018	- 600	2018
Rest of District	- 200	2018	- 2,700	2018
Total <500m²	- 5,900	2018	- 4,900	2018
Total all sizes	2,100	2019	- 2,500	2020

Figure 6.2: Total District Demand-Supply balance (Core Retail only, Medium-High scenario, excludes vacant and vacant potential land)



Note that the inflection in the middle of Figure 6.2 is the end of the medium term in the NPS (post 2028), after which the buffer required for spare land supply decreases from 20% (the short- and medium-term requirement) to 15% (the long-term requirement).

The supply assessment in section 5.2.6 identified the following vacant and vacant potential supply in the ODP policy option zoning (District totals):

- Business 1: 47,000m^2 of vacant and 85,000m^2 of vacant potential (plus a further 19,000m^2 of vacant carparks)
- Business 2: 338,000m^2 of vacant and 206,000m^2 of vacant potential
- Business 5: 37,000m^2 of vacant and 4,000m^2 of vacant potential

Demand projections from section 4.1 (which include the appropriate NPS-UDC buffers[62]) indicate that the following additional supply is required:

- Business 1: 45,000-53,000m^2 (the range being Medium-High and High growth scenarios)
- Business 2: 25,000-30,000m^2
- Business 5: 65,000-74,000m^2.

At that high level it is apparent that there is sufficient B1 and B2 land that is vacant or vacant potential to meet the needs of the growing population, but insufficient B5 land. However, that sufficiency is quite dependant on vacant potential land to provide capacity for redevelopment, and some further assessment is required to establish the sufficiency of ODP supply, given the potential difficulties of relying on vacant potential supply.

Share of Vacant Potential Land Required to be Developed

Following the two round allocation process described above, in all cases all vacant land would be taken up to accommodate growth in the commercial sector, as well as the following shares of vacant potential capacity that would exist given current land uses and the ODP Policy option policy environment:

- Rangiora B1: 84-96% (Medium-High to High demand range) of vacant potential would be taken up to accommodate growth in demand, including both demand from B1-type uses and B5-type uses that are allocated in Round 2
- Kaiapoi B1: 46-67%
- Woodend-Pegasus B1: 20-45%
- Other WDC B1: 20-45%
- All locations B2: there is plentiful vacant land, and less than 5% of vacant potential supply would be required.
- Rangiora, Woodend-Pegasus and Other WDC B5: there is no vacant potential identified
- Kaiapoi B5: 20-72%.

Interpretation

That assessment indicates that a significant proportion, in fact nearly all, of Rangiora's vacant potential B1 land would be required to adequately provide for the District's projected demand over the next 30 years.

[62] 20% in the short and medium terms, and 15% in the long term

That close to 100% conversion from existing uses to some redeveloped commercial/retail use is very unlikely, because it is inevitable that some existing uses will remain in situ as some land owners will not be prepared to redevelop or sell their land in a given time period, etc. It might be reasonable to expect somewhere closer to half of vacant potential supply to be redeveloped, but shares as high as 84-96% are unrealistic, and indicate the need for additional B1 supply in Rangiora.

That pressure on Rangiora's B1 land, and a shortage of B5 land, would inevitably result in some flow-over effects on Kaiapoi's B1 supply. Under the ODP policy option very high shares of vacant potential B1 in Kaiapoi (46-67%) would need to be converted from current uses to commercial uses to adequately provide for supply. At the lower end of that range (Medium-High growth) that level of conversion is reasonable to expect over 30 years, however the upper end represents a high ratio of conversion that might only be achieved with some difficulty and very near to the end of the 30-year horizon.

Shares of vacant potential conversion required in Woodend-Pegasus and the Rest of WDC would also be approaching 50% under the High growth scenario, again a consequence of spill over pressure from Rangiora's shortage of suitably zoned land, and low supply of B5 land. Further, a large proportion of the vacant Business 1 land (36,800m^2 out of 46,800m^2, or 79%) is in the Pegasus Business 1 zone which is not well placed to provide for wider District needs, and more suitable for a local centre.

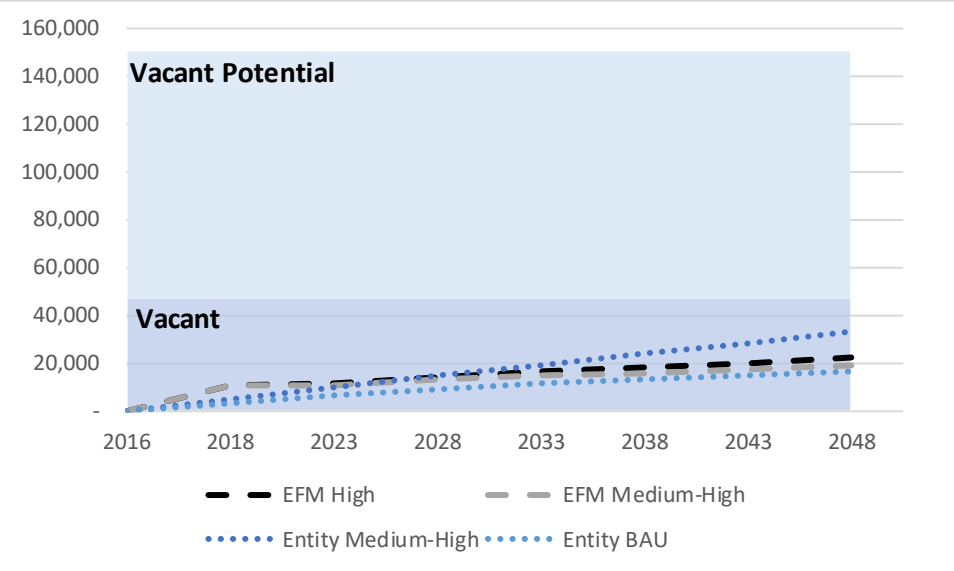
These findings indicate that there will be significant pressure on ODP-zoned B1 and B5 supply within the next 15 years, and more likely within the next 10 years, depending on how successfully vacant potential land is converted from current uses. That then indicates a need for the PDP to provide for additional B1 and B5 land relative to the current ODP provision.

6.1.2 Office Outcome

The assessment in this report indicates that the ODP provides a significant amount of development potential in the commercial zones relative to the expected demand for office, both over the life of the new District Plan and the long term in the NPS-UDC. The following graph compares the supply of vacant (shaded dark blue) and vacant potential (shaded light blue) office space compared to the four demand scenarios.

In all four demand scenarios there is sufficient vacant land in the commercial zone under the ODP in most parts of the District, with the exception of Rangiora. In those locations there may not be any need for the market to develop the vacant potential over the life of the next District Plan. However, in Rangiora development of office space will predominantly need to be achieved by redeveloping vacant potential.

Figure 6.3: Waimakariri ODP Office Outlook (floorspace m^2, 2016 – 2048)



The office outcome assessment assumes that future supply of office space can be located above the ground floor. In the future there may be instances where a purpose-built office development provides office space on the ground floor. While there are currently limited examples of this type of development in the District, this potential eventuality could place additional pressure on the supply floorspace for retail and services (as discussed in the previous section).

However, the level of demand for office space which is forecast over the coming decade is relatively small. Even if half of the office space demand is located on ground floor, instead of the 100% above ground assumption that is made in this report, that would only require around 0.1 hectares of land per annum. Over the life of the next District Plan, if half the office space demand occurs at ground level then the point in time at which land supply in the Business 1 zone will be exhausted would move forward by only about a year. This scale of change is relatively small and is not considered to be a significant factor for the planning related to review of the District Plan. We consider that WDC could undertake future research on this issue during the life of the next District Plan and that action could be taken if office begins to become more prevalent in the District.

The NPS-UDC requires councils to maintain a 20% buffer above demand. Based on the EFM medium-high scenario, supply of 17,000m^2 of office space would be needed in 2033 to ensure that the District Plan meets the requirements of the NPS-UDC over the life time of the plan. There is more than sufficient supply, vacant and vacant potential, to match the requirements for office space under the existing ODP.

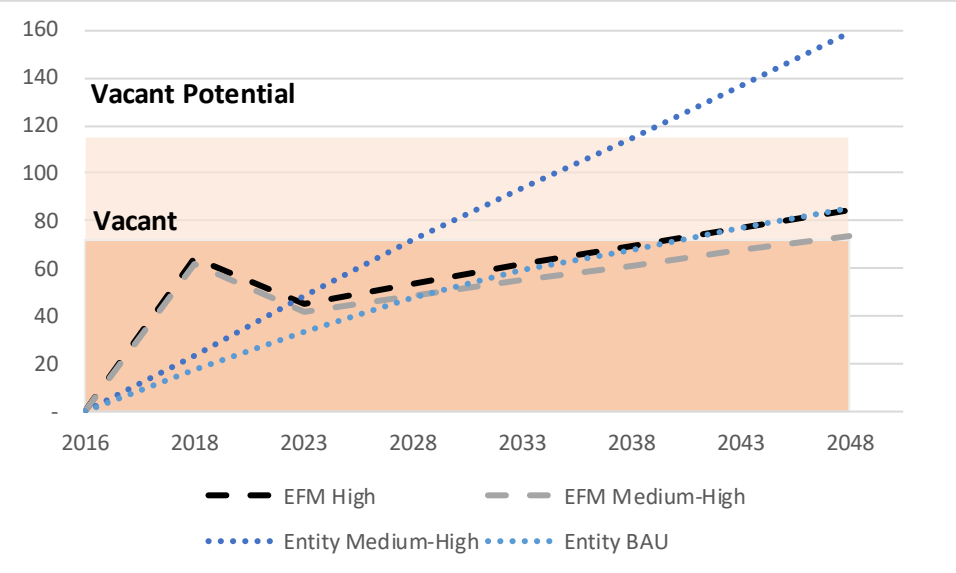
6.1.3 Industrial Outcome

The assessment in this report indicates that the ODP provides a significant amount of vacant and vacant potential in the industrial zones relative to the expected demand, both over the life of the new District Plan and the long term in the NPS-UDC. Figure 6.4 compares the supply of vacant (shaded dark orange) and the vacant potential (shaded light orange) industrial land compared to the four demand scenarios.

In all four demand scenarios there is sufficient vacant land in the industrial zone under the ODP to meet the demands during the life of the next District Plan (2033). Also there may not be any need for the market to develop the vacant potential over the life of the next District Plan.

However, if the Entity Medium-High scenario eventuates, the market may need to redevelop the vacant potential land in the long term. The Entity Medium-High scenario assumes a significant change in self-sufficiency and the role of the district in in the industrial market, which will take many years to eventuate. Therefore there is plenty of time to adjust the planning framework if this scenario eventuates (next District Plan review late in the 2020s/early 2030s).

Figure 6.4: Waimakariri ODP Industrial Outlook (hectares land, 2016 – 2048)



The NPS-UDC requires councils to maintain a 20% buffer above demand in the short and medium terms. Based on the EFM medium-high scenario the council would need to have a supply of 66ha in 2033 to ensure that the District Plan meets the requirements of the NPS-UDC over the life time of the plan. There is more than sufficient supply, vacant and vacant potential, to match the requirements for industrial space under the existing ODP. There are also future industrial areas which have been noted for zoning which could be approved in the event that demand exceeds the projections shown in this report.

6.1.4 ODP Sufficiency Assessment

At a broad level the results from this report confirm the findings shown in the UDS-NPS study by the GCP. In summary the ODP provides:

- Insufficient commercial land (Business 1, 4 and 5) to meet the expected requirements of the economy in both the medium and long term. This means that if the District Plan is not changed in the review process then there is not likely to be enough supply of commercial land over the life of the PDP. This issue mainly relates to the supply of ground level floorspace for retail and services in Rangiora, and large format retail supply across the District. However, it is likely that there will be sufficient office space in the ODP to meet the requirements of the economy.

- Sufficient industrial land (Business 2) to meet the expected requirements of the economy in both the medium and long term. This means that if the District Plan is not changed in the review process then there is likely to be more than enough supply of industrial land over the life of the PDP.

Figure 6.5: Waimakariri ODP Sufficiency Test Medium-High Growth Future (000m^2 GFA, 2033)

	Floorspace (000m^2 GFA)						
	Vacant	Vacant (carpark)	Vacant Potential	Total Supply	Demand growth 2018-33	Supply Demand balance 2033	% of vacant potential reqd.
Business 1, 4 and 5							
Rangiora	1.9	17.4	43.6	62.9	42.0	20.9	92%
Kaiapoi	22.5	1.3	27.6	51.4	12.6	38.8	0%
Woodend-Pegasus	36.8	-	10.7	47.5	0.9	46.6	0%
Other	4.4	-	6.7	11.1	2.2	8.9	0%
Total Business 1, 4, 5	65.6	18.7	88.6	172.9	57.7	115.2	0%
Business 2							
Total Business 2	269.3	-	205.8	475.1	228.5	246.6	0%

Therefore, this assessment indicates some need to zone more commercial land during the current review of the ODP. The following section outlines the additional supply from changes in zoning which have been proposed to address the potential shortfall.[63]

6.2 Draft Proposed District Plan

This section focuses on the shortfall identified in the ODP, which is most apparent in Business 1 and Business 5 zones. The results from the previous section clearly show that the key area of concern for the District economy is the supply of adequate ground level floorspace for retail and services. This is an immediate issue, with vacancy rates of tenancies being very low and the amount of vacant land also being minimal, which indicates that there may already be pent up demand in the District.

Finally, this section only briefly covers office and industrial activity, as there is ample supply in the ODP to accommodate these parts of the economy. The changes proposed by the draft PDP have not changed this outcome. The draft PDP is likely to increase the potential supply of office space (Business 1 area is increased) and a minor change in supply of industrial land (Business 2 added and reduced marginally).

[63] Planz (2018) District Plan Review Waimakariri District Council - Proposed replacement District Plan Commercial & Industrial Framework.

6.2.1 Retail and Services Outcome

The supply assessment in section 5.3.2 identified the following vacant and vacant potential supply in the draft PDP policy option zoning (District totals):

- Business 1: 28,000m^2 of vacant and 110,000m^2 of vacant potential (plus a further 19,000m^2 of vacant carparks)
- Business 2: 344,000m^2 of vacant and 196,000m^2 of vacant potential
- Business 5: 37,000m^2 of vacant and 4,000m^2 of vacant potential

Demand projections from section 4.1 indicate that the following additional supply is required:

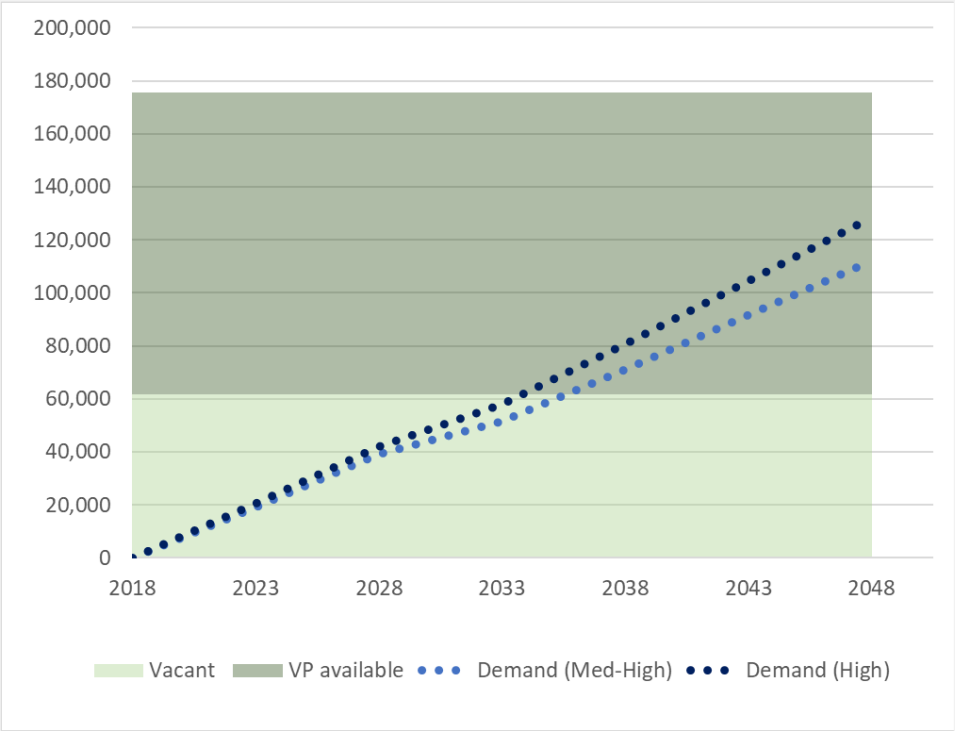
- Business 1: 45,000-53,000m^2 (the range being Medium-High and High growth scenarios)
- Business 2: 25,000-30,000m^2
- Business 5: 65,000-74,000m^2.

At that high level it is apparent that there is sufficient B1 and B2 land that is vacant or vacant potential to meet the needs of the growing population, but insufficient B5 land. However, that initial allocation of demand to zone is based only on store size and type, and B5 demand will also appropriately be supplied on B1 land. Further assessment is required to establish the sufficiency of PDP supply, and that is provided next.

Share of Vacant Potential Land Required to be Developed

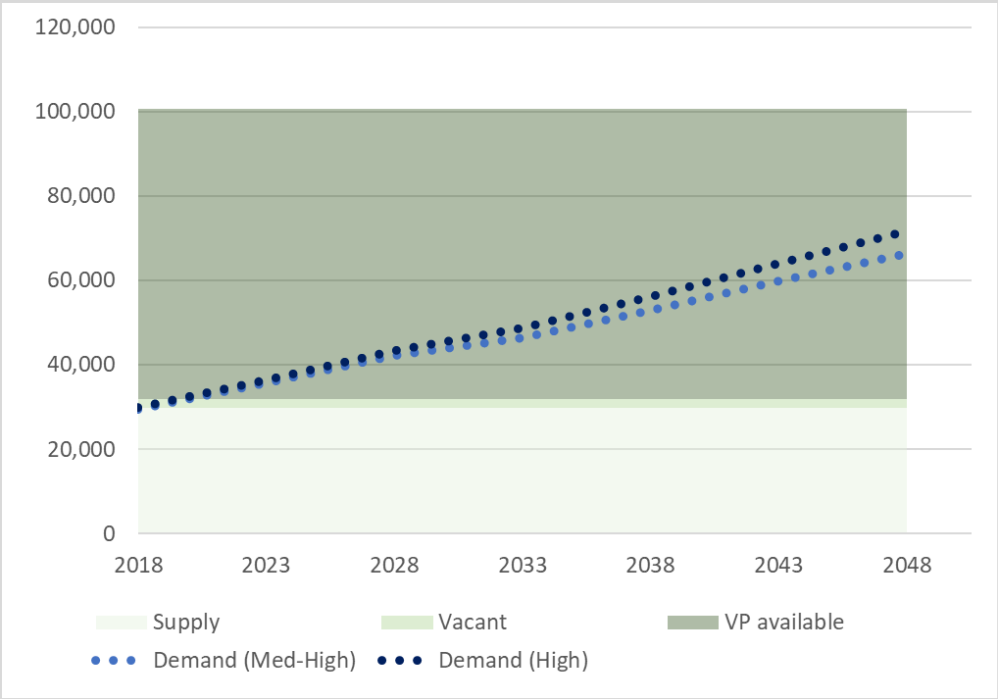
Following the two round allocation process described above, in all cases all vacant land would be taken up to accommodate growth in the commercial sector, as well as shares of vacant potential capacity that would exist given current land uses and the draft PDP Policy option environment. Under the draft PDP policy option zoning there would be adequate Business 1 and Business 5 land to supply District Core Retail and Services demand. Current supply of built space would be exhausted quickly, although there would be a relatively large amount of vacant land available to supply demand out to around 2033. Thereafter ongoing demand growth would be reliant on converting zoned (but vacant potential) Business 1 land from existing non-retail and services uses to provide for future needs (Figure 6.6).

Figure 6.6: Waimakariri PDP Core Retail and Services Outlook (floorspace m^2, 2018 – 2048)



However a large proportion of the vacant space indicated will be in the new Ravenswood Business 1 and 5 zones, and in the Kaiapoi Business 5 zone. That means that there may be more pressures on some parts of the District, in particular Rangiora, where vacant potential land would begin having to be converted almost immediately to provide for demand growth (Figure 6.7). By 2033, 24% of the vacant potential land would have to be converted, increasing to 69% (both High growth scenario) by 2048.

Figure 6.7: Rangiora PDP Core Retail and Services Outlook (floorspace m^2, 2018 – 2048)



The draft Proposed District Plan outlined in the Planz report has suggesting two changes that may result in greater uptake of vacant potential in the future. First, it is proposed that the rules in the Business 2 zone be changed to encourage trade-based retail activity there. It is hoped that this change would incentivise the relocation of some trade-based retail activities from Business 1 zones to Business 2 zones, allowing for Business 1 to be redeveloped from low intensity uses to higher intensity uses. Second, it is proposed that some of the Business 2 land on the edges of the Rangiora town centre be rezoned as Business 1, which would allow higher value activity to occur on this land. This change in potential use is likely to place pressure on the existing industrial and trade-based activity in the area to move to other Business 2 zones in the District.

We suggest that WDC should undertake further research of the potential quantum of the vacant potential land that could be vacated by trade-based and industrial activities, especially around Rangiora. The JLL survey of floorspace would be a useful starting point from which this research could be conducted.

Considering other specific zones and locations within the District, the shares of vacant potential that would need to be converted to meet demand under the PDP policy option zoning would be:

- Rangiora B1: 56-69% (Medium-High to High demand range) of vacant potential would be taken up to accommodate growth in demand, including both demand from B1-type uses and B5-type uses that are allocated in Round 2
- Kaiapoi B1: 40-55%
- Woodend-Pegasus B1: 13-26%
- Other WDC B1: 13-26%

- All locations B2: there is plentiful vacant land, and less than 5% of vacant potential supply would be required.
- Rangiora, Woodend-Pegasus and Other WDC B5: there is no vacant potential identified
- Kaiapoi B5: 13-62%.

Interpretation

Those shares indicate that there is sufficient vacant and vacant potential land zoned B1 and B5 to supply the needs of WDC growth in commercial demand. If very high shares of vacant potential land will need to be developed this indicates a shortage of land available, because it is unlikely that all vacant potential supply would be able to be used for commercial activities (some land owners will not be prepared to redevelop or sell their land in a given time period, etc.). That is, some industrial activities are likely to remain in the Rangiora B1 zone, including the part that is B2 in the ODP. However, because the projections use the NPS-UDC horizon (30 years), it is reasonable to expect that a substantial proportion of the vacant potential supply might have been converted to core uses (e.g. warehouse and trade suppliers in B1 become shops).

Although our assessment indicates that there is sufficient vacant and vacant potential land zoned B1 and B5 to supply the needs of Waimakariri District growth in commercial demand, there are likely to be two pressure points beyond say 2033 (say halfway through decade 2 from now), but probably closer to the third decade (2038-2048). Those two pressure points will be:

- Business 1 land: Vacant land in Rangiora's B1 zone is nearly exhausted now, with only around another three years' supply in Kaiapoi. From this point forward all demand will have to be accommodated by redevelopment of existing sites, either to change their activity to retail or to provide more floorspace capacity. As identified above, that redevelopment can be uncertain, and relies on existing activities departing to make room for redevelopment. Pressure is not projected to arise until after the end of the life of the PDP (post 2033), but would arise within the NPS-UDC long term (30 years).
- Business 5 land: The allocation process indicates that some LFR supply would need to be accommodated in the B1 zones, as the B5 zones in the draft PDP policy option (at Kaiapoi and Ravenswood) would not be sufficient to meet all B5 demand for 30 years. In our opinion it is appropriate that some LFR might locate in B1 zones, however depending on growth rates and how much vacant potential is successfully converted, there is expected to be pressure on this supply soon after the end of the life of the PDP (post 2033).

The PDP has been drafted to encourage trade suppliers and yard-based activities to locate in the Business 2 zone. This is likely to result in some existing trade suppliers and yard-based businesses relocating into the Business 2 zone which has ample supply for current uses. These movements are likely to be driven by financial and spatial benefits from relocating (i.e. cheaper rent and purpose-built premises). The movement is likely to free up land for commercial activity around Rangiora and to a lesser extent Kaiapoi. The potential development of this land could allow for significant new space in these town centres.

It is reasonable to expect that there will be a number of vacant potential properties that represent 'low hanging fruit' (willing sellers/developers, very low intensity uses etc.) for potential conversion to retail and services uses. Those properties would likely provide some easy gains, so the first tranche of conversion of

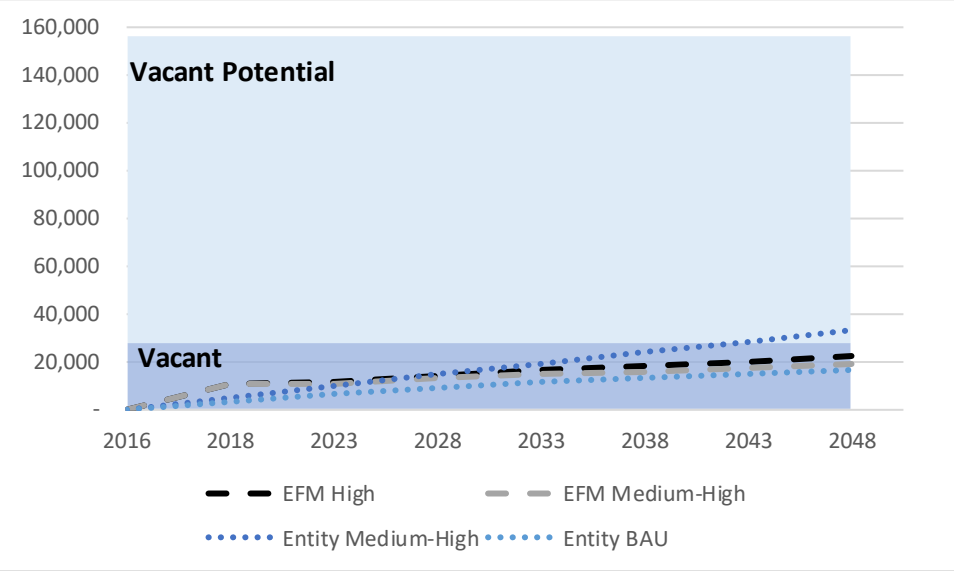
vacant potential land will be much easier than the last. In that context, the vacant potential uptake required, as identified above, appears achievable by 2033, when the most dependant area on vacant potential (Rangiora Business 1) needs only 24% conversion by 2033 under the High growth scenario.

6.2.2 Office Outcome

The assessment in this report indicates that the draft PDP would provide a significant amount of development potential in the commercial zones relative to the expected demand for office, both over the life of the new District Plan and the long term in the NPS-UDC. Figure 6.8 compares the supply of vacant (shaded dark blue) and vacant potential (shaded light blue) office space compared to the four demand scenarios.

In all four demand scenarios there is sufficient vacant land in the commercial zone under the PDP to provide for the needs of the growing economy, and there may not be any need to rely on vacant potential redevelopment within the life of the PDP in most parts of the District, apart from Rangiora, where development of office space will mainly be achieved by redeveloping vacant potential.

Figure 6.8: Waimakariri PDP Office Outlook (floorspace m^2, 2016 – 2048)



The NPS-UDC requires councils to maintain a 20% buffer above demand in the short and medium terms. Based on the EFM medium-high scenario the council would need to have a supply of 17,000m^2 of office space in 2033 to ensure that the District Plan meets the requirements of the NPS-UDC over the life time of PDP. There is more than sufficient supply, vacant and vacant potential, to match the requirements for office space under the PDP.

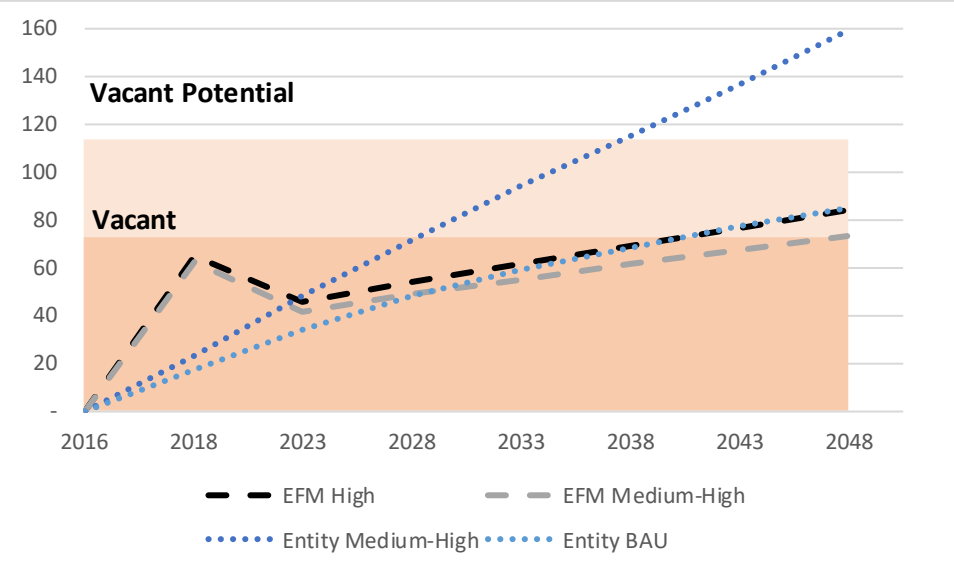
6.2.3 Industrial Outcome

The assessment in this report indicates that the PDP provides a significant amount of vacant and vacant potential in the industrial zones relative to the expected demand, both over the life of the new District Plan and the long term in the NPS-UDC. Figure 6.9 compares the supply of vacant (shaded dark orange) and the vacant potential (shaded light orange) industrial land compared to the four demand scenarios.

In all four demand scenarios there is sufficient vacant land in the industrial zone under the PDP to meet the demands during the life of the PDP (2033). Also there may not be any need for the market to develop the vacant potential over the life of the next District Plan.

However, if the Entity Medium-High scenario eventuates, the market may need to redevelop the vacant potential land in the long term. The Entity Medium-High scenario assumes a significant change in self-sufficiency and the role of the District in in the industrial market, which will take many years to eventuate. Therefore, there is plenty of time to adjust the planning framework if this scenario eventuates (next District Plan review late in the next decade).

Figure 6.9: Waimakariri PDP Industrial Outlook (hectares land, 2016 – 2048)



The NPS-UDC requires councils to maintain a 20% buffer above demand in the short and medium terms. Based on the EFM medium-high scenario the council would need to have a supply of 66ha in 2033 to ensure that the District Plan meets the requirements of the NPS-UDC over the life time of the plan. There is more than sufficient supply, vacant and vacant potential, to match the requirements for office space under the existing ODP. There are also future industrial areas which have been noted for zoning which could be approved in the event that demand exceeds the projections shown in this report.

6.2.4 Draft PDP Sufficiency Assessment

In summary the draft PDP provides,

- Sufficient commercial land (Business 1, 4 and 5) to meet the expected requirements of the economy in both the medium and long term. This means that if the District Plan was changed to reflect the PDP then there is likely to be enough supply of commercial land over the life of the PDP.
- Sufficient industrial land (Business 2) to meet the expected requirements of the economy in both the medium and long term. This means that if the District Plan is not changed in the review

process then there is likely to be more than enough supply of industrial land over the life of the PDP.

Therefore, the draft PDP appropriately addresses the potential shortfall of Business 1, 4 and 5 land that might result if ODP provisions were retained.

Figure 6.10: Waimakariri PDP Sufficiency Test Medium-High Growth Future (000m^2 GFA, 2033)

	Floorspace (000m^2 GFA)						
	Vacant	Vacant (carpark)	Vacant Potential	Total Supply	Demand growth 2018-33	Supply Demand balance 2033	% of vacant potential reqd.
Business 1, 4 and 5							
Rangiora	2.2	17.4	68.9	88.5	42.0	46.5	58%
Kaiapoi	22.5	1.3	27.6	51.4	12.6	38.8	0%
Woodend-Pegasus	35.2	-	10.7	45.9	0.9	45.0	0%
Other	4.4	-	6.7	11.1	2.2	8.9	0%
Total Business 1, 4, 5	64.3	18.7	113.9	196.9	57.7	139.2	0%
Business 2							
Total Business 2	274.4	-	196.2	470.6	228.5	455.7	0%

6.3 Post-workshop Policy option

As identified in section 5.4, some revision of rules, zoned areas or other aspects of the PDP might be expected after Council's internal workshop on the current status of the PDP. Any such changes would change the sufficiency of supply assessed in section 6.2, and those changes would be summarised here.

6.4 Property Market Findings

In summary, the demand-supply assessment in this section indicates that B1 and B5 supply will be inadequate under the ODP policy option, but adequate under the PDP policy option.

The key differences that will help to alleviate or avoid the pressure identified under the ODP policy option are:

- an increase in the area of Rangiora B1 land zoned by the PDP policy option;
- an increase in the area of District-wide B5 land;
- provision for trade retail in the B2 zone and marginal changes to the extent of the zone.

The draft PDP policy option would provide sufficient B1, B2 and B5 supply for the life of the PDP, and possibly for all those zone types through to a 30-year horizon. Toward the end of that 30-year horizon (say in the third decade from now, or 2038-2048) some pressure would begin to arise on both B1 and B5 land supply, so depending on how forward-looking the PDP aims to be, the PDP policy option assessed is

appropriate to put in place. A very conservative approach which aimed to look far beyond the next 15 years might seek to increase supply above the levels provided for in the PDP policy option. However, given uncertainty[64] in future retail and other commercial trends, the PDP policy option represents a prudent response to likely demand over the life of the PDP without overstretching. The PDP would allow the subsequent (c.2030) District Plan to address what is now considerably uncertain, but what will likely be much better understood by the time it is being drafted.

6.5 Revised Draft PDP Effect on Findings

We have assessed the significance of the changes the revised draft PDP proposes to include, to understand the implications for those changes on the sufficiency of supply compared to the supply assessed in sections 5.3, 6.2.4 and 6.3.

The changes to the draft PDP supply (which is assessed in those sections) proposed by the revised draft PDP are relatively small, and most of the changes are not related to the zoned area of each zone, and therefore change capacity little. The changes that are made are almost exclusively to increase zoned areas for business activity (e.g. creation of a Mixed Use zone in Kaiapoi, an increased area of Industrial zone adjacent to Hellers, and the Southbrook LFR overlay in the Industrial zone). Because the zoned areas proposed in the draft PDP were concluded in sections 5.3, 6.2.4 and 6.3 to be adequate, it follows that further addition to that supply will remain adequate, and provide more years of supply than was assessed earlier in this report.

The only potential concern in relation to business land supply (either retail/commercial or industrial) arising from the revised draft PDP changes is whether too much business land is now proposed.

6.5.1 Mixed Use Zone

The Waimakariri Residential Red Zone Recovery Plan (December 2016) was approved under the Canterbury Earthquake Recovery Act 2011. The objective of the Recovery Plan was to set a basis for recovery and regeneration in areas affected by the 20110-2011 Canterbury earthquakes. The Recovery Plan defined five Kaiapoi Red Zone regeneration areas ("RZRA"), of which three (Kaiapoi East, West and South) contain Mixed Use Zone ("MUZ").

A review completed by M.E concluded that the proposed Kaiapoi Mixed Use Zone ("MUZ") would:

- Have both positive and negative effects on Waimakariri's retail and centres environment.
- Reduce, relative to the draft PDP supply assessed, significantly reduce the share of vacant potential parcels that would need to be (re)developed. Ultimate retail yield of the MUZ is uncertain, however at high yield estimates the incentive to redevelop vacant potential parcels, especially in Kaiapoi, would be much reduced, and the MUZ would disincentivise town centre

[64] Given questions considered but not answered with any real consensus in retail planning literature such as will online shopping interrupt traditional retail business models, will automation change retail land requirements, and will new technologies such as driverless cars change traditional land use patterns through the obsolescence of carparks

redevelopment. At lower MUZ retail yields there would be ongoing incentive for owners of under-utilised parcels in the Business 1 zones to pursue redevelopment.

- Provide greater surety that zoned supply will be adequate to meet the needs of the future community. This would be beneficial for providing location flexibility, but not for ensuring long run centre health and redevelopment incentivisation.
- Result in a shifting of the District's retail gravity away from Rangiora, which would become less dominant that it is currently.

The MUZ is identified in the Red Zone Recovery Plan, and we understand that there may be planning mechanisms to manage the types of activities that locate in the MUZ. Those should consider some maximum retail floorspace yield to avoid the adverse effects identified above. The total retail yield of the three MUZ areas might be between 8,000 and 27,000m^2 GFA, which are large amounts of space in the context that there is currently 7,500m^2 of small format (<450m^2) GFA in the Kaiapoi Business 1 zone. Our assessment found that somewhere near the low end of that range (less than 7,500m^2) would be appropriate to avoid both a large erosion in Rangiora's retail primacy and disincentivisation of Kaiapoi Town Centre redevelopment.

6.5.2 LFR

The only other significant change to retail provision is the indicated LFR zone in the Southbrook triangle (Figure 5.13). Although that area is only identified in broad terms, and the spatial extent and rules are yet to be finalised, the area would provide a large increase in LFR supply - up to 8.6ha if all the area between Ryans Pl and the recycling centre were zoned. That is a similar area to that which would be created at Smith St in the Business 5 (to become LFR) zone.

Findings in section 6.4 were that the draft PDP policy option would provide sufficient B5 supply for the life of the PDP, although some pressure would be expected soon after the end of the PDP's life. The potential to add LFR supply in the Southbrook triangle would remove that long-term pressure, although might (depending on what proportion of the 8.6ha was developed) result in somewhat more supply than is needed in the life of the PDP. An oversupply would likely result in some parts of the LFR zone not being developed at all, and a risk of incohesive development in other parts. Another risk would be that by creating three LFR areas (ignoring the LFR spot zones covering the extant supermarkets), LFR activity would be dispersed somewhat more than is optimal to result in the creation of focal points for comparison LFR shopping. That dispersed LFR could mean that the attractiveness of each zone is compromised, although that should not be a significant risk across three locations. Any more than three LFR locations would, given the relatively small size of the Waimakariri market, potentially result in LFR activity being spread too widely around the District.

However, given the 'lumpy' nature of LFR development, with large areas required to accommodate new development, additional supply to meet unforeseen future needs has some benefits. Key among these would be that WDC could show that it has given thought to future demand and attempted to adequately provide for it, with a large amount of supply, and different location options (Smith St, Ravenswood and Southbrook).

The removal of what would be only a small part of the District's industrial zoned land would not compromise industrial land supply, and so overall the proposal to create an LFR zone in the Southbrook triangle has some merit. There may be value in having part, or even all, of the Southbrook triangle on 'stand-by', and available to be converted to an active LFR zone once other LFR zones (Smith St and Ravenswood) are substantially developed. That would reduce the risk of incohesive LFR development, and help to focus LFR activity into two nodes, which would increase their attractiveness to potential tenants, and help Waimakariri's LFR supply to get off the ground (given the very limited LFR presence in the District now).

7 Conclusion

The draft PDP policy option then would provide sufficient B1, B2 and B5 supply for the life of the PDP, and likely even through to a 30-year horizon. Toward the end of that 30-year horizon some pressure would begin to arise on both B1 and B5 land supply. There may be some continued pressure in the short-term with the current shortage of options for both SFR and LFR likely to continue until the PDP become operative, and even for some short time after that as landowners and developers become aware of changed development opportunities, although that pressure should alleviate as the PDP beds in.

Depending on how cautious the PDP aims to be in providing sufficient zoned land, the revised draft PDP policy option assessed is appropriate to provide for the District's business land needs for well beyond the life of the PDP. Our initial assessment stated that a very conservative approach which aimed to look far beyond the PDP's life might seek to increase supply above the levels provided for in the draft PDP policy option. We consider that with the increase in supply proposed in the revised draft PDP, having taken into account stakeholder and landowner feedback, the additional supply now proposed would be sufficient to provide for demand far beyond the PDP's life without providing excessive supply, and so represents a prudent response to likely demand over the life of the to meet RPS and NPS-UDC objectives.

Appendix 1: Retail Projections Approach

This appendix summarises the methodology and key data inputs used in the retail demand modelling.

A1.1 Overview

To determine the appropriate amount of space that should be provided to accommodate retail and household services activities in Waimakariri, the approach was to:

- Identify the location, role and range of activities located in the District.
- Assess current retail spending flows into and out of the District, to understand catchment dynamics.
- Quantify the total demand (in dollar terms) resident in the District, and surrounding areas (especially Christchurch) now and in the future out to 2048. This process used M.E's 'Market Meter', a proprietary retail model which quantifies retail demand by retail storetype and to a detailed spatial resolution (section A1.2).
- Translate that demand (in dollar terms) into a floorspace equivalent (current and projected), using sales productivity data ($ sales/m^2 gross floor area or GFA) from M.E's internal retail models). That productivity ratio is cross-checked against measured floorspace supply (above) and adjusted to reflect actual current sales productivity in Waimakariri.
- Assess the share of the locally resident floorspace demand that would be served locally, as opposed to that which will be served in all other locations, using Marketview leakage data. This places Waimakariri in a broader supply environment in recognition of the fact that not all of the spend resident locally would ever be spent in the District, given proximity to Christchurch. This assessment takes into account the expected development of the town, and makes provision for a changing retail and commercial role over time as the town grows.
- Assess how that total locally sustainable floorspace demand might be configured across the multiple centres that exist now and might be required in the future to provide for the community's needs.

A1.2 Market Meter

The demand projections used in this assessment have been sourced from M.E's 'Market Meter' tool. Market Meter is a proprietary tool that synthetises all of M.E's retail demand data in a single dataset, providing market demand estimates and projections for 42 retail storetypes at a meshblock level, and accounts for all retail spending by households, businesses and international and domestic tourists. Household spending is divided into components of total spending power from home and from work.

Demand data in Market Meter are calculated based on:

- The number of consumers (households, businesses, workers and tourists) resident in each location. This data comes from Census 2013 and SNZ household projections (for

households) and SNZ's 2016 Business Directory (businesses and workers). While residential consumers are by far the most dominant component of total demand, it is important that the other components are also included in the assessment.

- Meshblocks' socio-demographic composition. This socio-demography applies 210 segments defined by age (six segments), household composition (seven segments) and income (five segments), from Census 2013 data.
- The spending power of each consumer segment (households and non-household consumers). The spending power of each segment is sourced from customised output from Statistic's NZ's (SNZ) Household Economic Survey, and calibrated at a national level to total retail spending identified in SNZ's Retail Trade Survey.
- Economic prospects and expected short to medium term spending trends (such as an increase in spending per household). These trends are based on a range of macroeconomic indicators and consensus forecasts of the economic outlook, and drive spend projections.

The output used in this assessment is a meshblock level dataset of total retail demand arising from each meshblock in Canterbury from the base year (2016) and then in future census years out to a 2043 horizon.

A1.3 Marketview

For this assessment Marketview data was used to understand the current retention of local spend in Waimakariri, and inflows from other areas. Marketview data identifies credit and debit card transactions from BNZ customers, and establishes the geographic link between the residential address of the cardholders and the location and type of merchant involved in the transaction. It is estimated that the Marketview transactions data accounts for approximately 15% of all spending in the NZ economy, and those transactions are grossed up by Marketview to reflect their understanding of the total size of the retail market (including non-card-based payments). Marketview data is only made available in an aggregated form that protects the confidentiality of customers and the commercial sensitivity of merchants.

Data for this project was commissioned as a customised dataset from Marketview, and was specified for:

- The years 2009, 2013, and 2017, to allow assessment of changing leakage patterns
- Nine storetypes. The composition of these was chosen so as to maximise the detail of the information, but subject to Marketview's data supply restrictions. Those restrictions include that there must be at least three stores in each category (e.g. food retailers in Rangiora, or furniture shops in Kaiapoi) otherwise data will be provided only in grouped form (e.g. furniture retailers in all of Waimakariri).
- Five merchant locations: Rangiora, Kaiapoi, rest of Waimakariri, Christchurch City, All Other. This does not allow demand to be distinguished between different ODP zones, only between towns.
- Six customer locations: Rangiora, Kaiapoi, rest of Waimakariri, Christchurch City, Rest of NZ, International.

That data provides an understanding of retail flows into and out of Waimakariri, and gives a basis for estimating potential future changes to these patterns, as the Waimakariri catchment population increases and can sustain a larger number and broader range of stores. The data also allows the importance of consumer segments to the Waimakariri retail economy to be understood, and changing patterns to be ascribed to those segments individually. For example, Waimakariri residents are assumed in the modelling to make an increasing proportion of their spend in Waimakariri, but average household spend by Christchurch households in Waimakariri will not increase. That assumption is possible because the Marketview data describes the relative size of Waimakariri vs Christchurch households spending in the District.

A1.4 Online shopping behaviour changes

The retail demand projections have not made specific allowance for changes in online shopping behaviour. Research on this matter indicates that while online shopping has been increasing, the future trajectory of online's market share is highly uncertain, and difficult to apply with any confidence. This matter is also complicated by the multi-platform delivery for online retail, and use of physical stores for viewing products even if purchases are eventually made online. Many physical stores will supply online purchases from their physical store, and not from a warehouse (e.g. supermarkets), and so there is as yet no real consensus about the future implications for the demand for physical space from changes in online spend.

A risk here would be that modelling makes an overly aggressive assumption about online penetration, and then future centres land is underprovided for. It is more prudent to slightly overestimate demand for land (by understating online penetration, for example) than it is to underestimate land demand. Underestimating land demand would leave a shortfall of land available in strategically important locations, which is difficult to remedy once alternate uses have developed. There is a similar uncertainty about the direction future industrial land uses will go, for example whether automation will reduce land needs or make for more space extensive activities, and whether there be a spatial concentration to larger urban areas or a dispersal.

Appendix 2: EFM Projections Approach

A2.1 Overview

The Economic Futures Model (EFM) is a macro-economic projection model created by Market Economics Limited. The EFM is a multi-regional input-output model, capable of holistically capturing the economic, environmental and social impacts associated with changes in economic activity over the next 30 years. The EFM produces a comprehensive evaluation, including assessment of direct, indirect (i.e. through supply chains), and induced (i.e. brought about through consumer spending) impacts in its analysis. Market Economics Limited has created various versions of the EFM for Christchurch City Council, Christchurch District Council and many other regional and district councils within New Zealand. For details on the method and assumptions the reader should review the technical report Gordon and Kim (2017) *Greater Christchurch Urban Development Strategy Economic Futures Model*.

This latest update of the EFM was driven by the new planning requirements of the NPS-UDC. In order to plan for the growth in economic activity councils need to understand the nature and scale of the growth that can be expected. All of the High Growth councils commissioned M.E to produce EFM tools to establish the nature and scale of growth in the economy.

For this report the focus is on summary level outputs from the EFM. However, the online EFM tool provides much more detail than can be presented, and the user can extract data for;

- 48 Industries,
- 7 output variables,
- 19 spatial areas,
- 4 population scenarios (+4 for Selwyn),
- 4 export scenarios and
- 4 gross capital formation scenarios.

The functionality of the EFM online tool allows the user to undertake thousands of alternative scenarios and extract tens of thousands of time series. Within that, the primary focus of this report is on economic activity under the medium and high growth scenarios for Waimakariri District, as measured by one employment variable (MEC).

A2.1 Results

Figure A2.0.1 shows that the entire primary sector is projected to contribute to 10% of the future growth in the District with an additional 920 (Medium) to 1,260 (High) jobs by 2048. This indicates that rural activities are likely to become less important as a generator of employment in the District in the future. However, because most of the employment in these industries will be positioned in rural zones, there is very little impact on business zones.

Figure A2.0.1: Primary Sector Employment - EFM Projections (2016-48)

Industry	2016	2028		2048		2016-2048 Growth	
		Medium	High	Medium	High	Medium	High
Agriculture, Forestry and Fishing	2,062	2,635	2,790	2,980	3,317	919	1,255
Mining	7	8	8	7	8	0	1
Primary Sector	**2,069**	**2,643**	**2,798**	**2,987**	**3,325**	**919**	**1,256**

Figure A2.0.2 shows current and projected employment for each of the Industrial sector and the construction industry;

- The Industrial sector is expected to contribute up to 12% of the future growth in the District with an additional 1,010 to 1,480 jobs by 2048. This indicates that industrial activities are likely to remain important in the future as a generator of employment in the District. However, the Manufacturing sector is expected to decline significantly as a proportion of the economy. Most of the growth in the industrial sector will be situated in the Business 2 zone, with some in rural zones (e.g. utilities, dairy manufacturing).

- The Construction Industry is expected to contribute 9% of future growth in the District with an additional 830 to 1,020 jobs by 2048. This industry is expected to decline in importance after the earthquake reconstructions are completed. Much of the growth in construction will be located in non-business zones because many construction businesses do not operate a depot, and instead are registered to residential addresses, with a small proportion being located in Business 2.

Figure A2.0.2: Industrial Sector and Construction Industry Employment - EFM Projections (2016-48)

Industry	2016	2028		2048		2016-2048 Growth	
		Medium	High	Medium	High	Medium	High
Manufacturing	1,977	2,265	2,380	2,306	2,542	329	565
Electricity, Gas, Water and Waste Services	229	312	329	411	456	182	227
Wholesale Trade	505	645	687	718	815	213	309
Transport, Postal and Warehousing	419	558	593	656	735	236	316
Information Media and Telecommunications	69	94	100	115	129	46	60
Industrial Sector	**3,199**	**3,875**	**4,090**	**4,206**	**4,677**	**1,007**	**1,478**
Construction	3,500	4,001	4,076	4,327	4,517	827	1,017

Figure A2.0.3 shows the current and projected employment for the Mainstreet and Commercial sectors. The projections from the EFM suggest that these two sectors are expected to grow rapidly and contribute to almost half the growth in employment. The results in the table show that the;

- Mainstreet sector is expected to contribute to 37% of the future growth in the District with an additional 3,430 (Medium) to 4,270 (High) jobs by 2048. This indicates that retail and services activities are likely to become more important as a generator of employment in the District in the future. The two core drivers of the growth are expected to be 'Retail Trade' and 'Accommodation & food services'.

- Commercial sector is expected to contribute to 10% of future growth in the District with an additional 870 (Medium) to 1,140 (High) jobs by 2048.

The growth in the Mainstreet and Commercial sectors has important implications for business zones, especially Business 1.

Figure A2.0.3: Mainstreet Sector Employment - EFM Projections (2016-48)

Industry	2016	2028		2048		2016-2048 Growth	
		Medium	High	Medium	High	Medium	High
Retail Trade	2,149	3,588	3,780	4,296	4,800	2,147	2,651
Accommodation and Food Services	1,014	1,441	1,511	1,807	1,985	793	971
Arts and Recreation Services	286	408	431	499	555	213	269
Other Services	555	739	783	834	936	279	381
Mainstreet Sector	**4,003**	**6,176**	**6,505**	**7,435**	**8,275**	**3,432**	**4,272**
Financial and Insurance Services	174	232	244	278	311	104	137
Rental, Hiring and Real Estate Services	451	601	635	682	760	231	309
Professional, Scientific and Technical	1,395	1,786	1,863	1,933	2,089	538	694
Commercial Sector	**2,020**	**2,619**	**2,742**	**2,894**	**3,160**	**873**	**1,140**

Figure A2.0.4 shows that the Government sector is expected to contribute to 20% of the future growth in the District with an additional 1,770 to 2,460 jobs by 2048. This indicates that Government activities are likely to increase in importance in the future. The Education & Training, Central Government and Healthcare & Social Assistance industries are in the top five growth industries for Waimakariri District. While most of the growth will be situated in non-business zones, there will be some activity that locates in the Business 1 zone and potentially the Business 2 zone.

Figure A2.0.4: Government Sector - EFM Projections (2016-48)

Industry	2016	2028		2048		2016-2048 Growth	
		Medium	High	Medium	High	Medium	High
Public Administration and Safety	413	544	577	663	755	250	341
Education and Training	1,462	1,879	2,002	2,219	2,552	757	1,090
Health Care and Social Assistance	1,097	1,513	1,611	1,864	2,129	767	1,032
Government Sector	**2,972**	**3,937**	**4,190**	**4,746**	**5,435**	**1,774**	**2,463**

Appendix 3: Entity Projections Approach

A3.1 Overview

Unlike the EFM, the Entity Relationship employment projections did not model the complex intricacies of the district or regional economies, such as longer-term feedback effects on the economy etc.

The Entity Relationships are simple ratios of employment per household. For example, currently there is one retail job for every ten households in the District. This ratio of 1 to 10 is an example of an 'Entity Relationship'. The Entity Relationships employment projections were estimated by applying the Entity Relationship ratio to the population growth that is expected. For example, if there is expected to be growth of 10,000 households in the future the Entity Relationship employment projections would suggest 1,000 new jobs in retail.

The method combines employment per household ratios at both the District and Region level to produce three employment scenarios.

- In the WCGM, the 'Medium' Employment Projection can be thought of as a 'Business-as-usual' scenario. The employment per household is assumed to remain static at the same level observed in the 2016 year for most sectors. The exceptions are in the exporting sectors (Agriculture), where it is assumed that employment will decline at a slow rate of -1% per annum.
- The 'Medium-High' Employment Projection can be thought of as a mid-point between Business-as-usual and a regional self-sufficiency rate. This scenario assumes that employment per household will increase to a midpoint level of self-sufficiency) and that exporting sectors (Agriculture) will decline by only -0.5% per annum.

A3.1 Results

Figure A3.0.1 displays the sector employment growth from the Entity Relationship projections for the medium (2028) and long (2048) term.

The first key point is that the Entity Relationships suggest that employment in the Primary sector could decrease by -320 (Medium-High) to -600 (Medium) over the coming three decades. This decline is equivalent to -10 to -20 jobs per annum, which is substantially slower than the rate of loss observed over the last 15 years of -50 per annum.

The Industrial sector and Construction industry is projected to increase by 6,300 (Medium) to 8,200 (Medium-High) jobs by 2048. The growth projection is equivalent to 200 (Medium) to 260 (Medium-High) jobs per annum which is approximately similar to the historic observed rate of growth (230 per annum over the last decade and a half). However, it is important to note that much of the growth in the past period was related to the earthquake rebuild which is drawing to completion in the medium term.

The Mainstreet and Commercial sector is projected to increase by 5,600 (Medium) to 8,500 (Medium-High) jobs by 2048, or 170-270 jobs per annum, which is faster than the rate of growth observed over the last 15 years (160 per annum). However, it is important to note that growth in households is projected to be faster

than the past, so the level of demand for goods and services, and hence employment in that sector, in the District is likely to increase by more per year than historically observed.

Finally, the Government Sector is projected to increase by 2,800 (Medium) to 4,500 (Medium-High) jobs by 2048. That is equivalent to 90 (Medium) to 140 (Medium-High) jobs per annum, which is faster than the rate of growth observed over the last fifteen years of 90 per annum.

Figure A3.0.1: Sector Employment - Entity Relationship Projections (2016-48)

Sectors		2016	2028		2048		2016-2048 Growth	
			Medium	Medium-High	Medium	Medium-High	Medium	Medium-High
Primary Sector		2,069	1,793	1,934	1,467	1,750	- 602	- 319
Industrial Sector	**Construction Industry**	6,699	9,898	10,466	12,927	14,906	6,228	8,208
Mainstreet Sector	**Commercial Sector**	6,023	8,901	9,743	11,625	14,558	5,601	8,535
Government Sector		2,972	4,391	4,893	5,735	7,484	2,763	4,512
Total		**17,763**	**24,983**	**27,037**	**31,754**	**38,698**	**13,991**	**20,936**