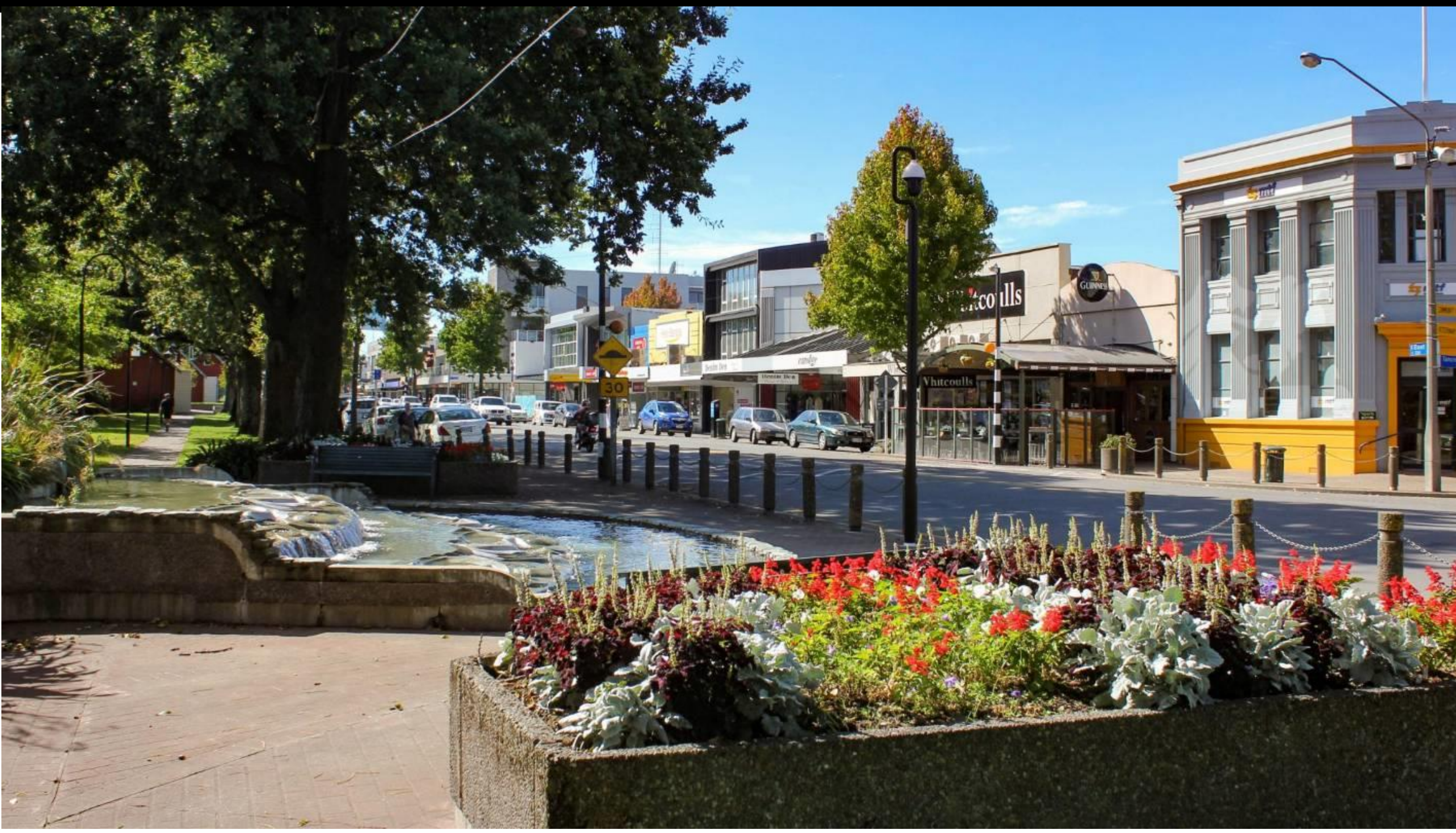
PROPERTY ECONOMICS



ASHBURTON TOWN CENTRE ZONING ECONOMIC ASSESSMENT

Project No: 51844

Date: December 2019

Client: Ashburton District Council

SCHEDULE

Code	Date	Information / Comments	Project Leader
51844.5	December 2019	Report	Tim Heath / Phil Osborne

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1. INTRODUCTION

Property Economics has been engaged by Ashburton District Council (ADC) to undertake a high-level retail economic assessment of the Ashburton Town Centre and the appropriateness of the extent of its current Business A zone based on future market demand to ensure the town centre is efficient, productive and delivers the community appropriate social amenity and economic wellbeing.

The assessment will determine the appropriate size of the Business A zone and appraise the potential opportunity for the centre in terms of future retail and commercial requirements to assist the centre in better achieving its intended long-term role and function in the market.

The report is designed to address the key objective of reinforcing the primacy of the town centre, review and identify appropriate size of 'big box' or large format retail (LFR) and recommend the best location and appropriate extent of the town centre zone (Business A).

The key objective is to provide ADC with reliable retail economic intelligence on the current and future of Ashburton Town Centre that provides a robust information platform to allow masterplan decisions relating to the future Ashburton Town Centre to be made in confidence and based on ground truth retail economic rationale.

1.1. KEY OBJECTIVES

The core objectives of this report are to:

- Delineate and map the geospatial extent of Ashburton District economic market and the Ashburton Town Centre location within the surrounding commercial centre network from a localised and wider district perspective.
- Quantify the current population and household base of Ashburton District and forecast market growth based on Statistics NZ Medium and High Series projections to 2038.
- Provide a detailed profile of the key economic and social demographic characteristics of the core economic market to assist in understanding the demographic composition of the Ashburton District and its consumer base.
- Profile the existing employment composition of the Ashburton District by sector and highlight trends over the 2000-2018 period to show shifts (positive and negative) in Ashburton's employment base. This is to assist in understanding the Ashburton's employment and business environment and changing employment structure within the district economy.
- Quantify the level of annualised retail expenditure (demand) generated by the Ashburton District core economic market in the retail sectors and project this out to 2038.
- Determine the amount of sustainable retail floorspace that can be supported by the core market (and any inflow of visitor spending) out to 2038 in terms of gross floor area (GFA).
- Assess the level of current retail supply within the Ashburton Town Centre.
- Outline the key Operative District Plan **(ODP)** policies guiding development and objectives for the town centre.
- Forecast the level of commercial employment growth within the district over the next 20-years, and implications for the town centre.
- Determine potential economic losses attributable to the community due to the disproportionate redistribution of business activity (retail/office/ commercial services) from the Ashburton Town Centre.
- Based on the economic analysis, make recommendations on the appropriate extent of the town centre Business A zone and on the Ashburton Town Centre in general.

1.2. INFORMATION SOURCES

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

- Business Demographic Data – Statistics NZ
- Census of Population and Dwellings 2013 – Statistics NZ
- District Plan Business Zone Data and GIS Datasets – ADC
- Household Economic Survey - Statistics NZ
- Business Zone Land Parcel Data – ADC
- Ashburton Retail Transaction Data, January 2017 – December 2017 – MarketView
- Retail Audit – Property Economics
- Planning settings – ADC Operative District Plan

2. EXECUTIVE SUMMARY

A high-level assessment of sustainable retail requirements combined with an on-the-ground site visit to Ashburton Town Centre indicates that future retail and commercial growth can be accommodated within the existing town centre Business A zone.

With Business A zone developable land area of approximately 19.3ha (excluding roads), a number of vacant retail stores in the Business A zone totalling nearly 3,600sqm, significant redevelopment potential within the zone and a number of underperforming 'other' store types in which some growth should be channelled to support there is more than sufficient land to accommodate growth over the next 20 years.

Furthermore, there were also a large number of older retail buildings in the Business A zone that would be very close to the end of their economic life and in need of repair, investment and upgrade which over the next 20 years are likely to be replaced. Where redevelopment occurs any 'new' buildings are likely to be multi-level and add significant GFA capacity within the existing Business A zone provision.

For these reasons Property Economics considers the Ashburton town centre currently has more than sufficient Business A zone land and capacity to accommodate the future retail and commercial requirements of the district.

The Ashburton District's population base is forecast to increase by circa 5,800 residents (+17% net) from circa 34,700 residents in 2018 to circa 40,500 residents in 2038. The recently released 2018 NZ Census population results at the Ashburton District level indicate the district grew at a slower rate than anticipated over the 2013-2018 period with a 2018 population base 1,300 people lower than projected under the Medium growth scenario. If maintained this would have the effect of slowing growth in retail demand.

As such, Property Economics recommend the establishment of a core retail area within the Business A zone to consolidate commercial activity. This area should become the focal point for new retail and commercial development, an area of focus for private and public sector (re)investment in the town centre's built form and public realm and re-establish its position as the economic, social and community '*heart*' of the Ashburton District.

The identified core retail area is logical given the existing environment and encompasses much of the existing key retail provision in the town centre, and encompasses the blocks bounded by Havelock, East, Cass and Moore Streets.

This area also supports the new developments proposed / under construction including the new Council building and library as the northern anchor destination, the existing Farmers department store as the key southern end anchor destination, and encompasses the proposed Eastfield development as a new anchor destination in the middle of the core retail area.

The core retail area should be well integrated and connected to allow easy movement of people throughout the area, and provide high levels of accessibility and free flow of people and vehicles to and around the area.

Balancing the above recommendations should be the encouragement of some residential activity into the 19.3ha Business A zone outside the core retail area in some identified precincts, particularly higher density residential development to what is currently provided in the district, e.g. terraced houses. Any residential development in the core retail area should be restricted to above ground level and be multi-level apartments, as commercial activity at ground level is important for the town centre to successfully fulfil its primary function.

This would have the effect of building up the residential population base in and around the town centre to the benefit of the town centre and more efficiently utilise existing infrastructure to the benefit of the community. This would also enable more people to have walking access to the town centre, improve the town centre's vibrancy, social amenity and wellbeing, and encourage a more productive and efficient use of currently underutilised and underdeveloped land resource in many parts of the Business A zone.

A further recommendation from Property Economics to assist in the rejuvenation of the Business A zone, and to send a signal to the market the Ashburton town centre is '*open for business*', is a change to the current District Plan policy setting to remove the retail cap rule 5.8.2(f) which limits individual retail tenancies to a maximum of 500sqm within the Business A zone. This rule in effect restricts large format retail tenancies from establishing in the town centre when they often form important '*anchor tenants*' for town centres (i.e. department stores) and can complement the smaller format retail provision within the town centre for the betterment of the centre as a whole. These store types have the ability to add significant value and support to the Business A zone's role and function in the community and have the potential to form an important component of the Business A zone (re)development and recovery.

A further benefit of this approach would be to reduce the need to rezone additional Business B zone land to accommodate further development of these larger store types, which in practice would only amplify the struggles of the town centre by creating another competing retail destination to service the same market.

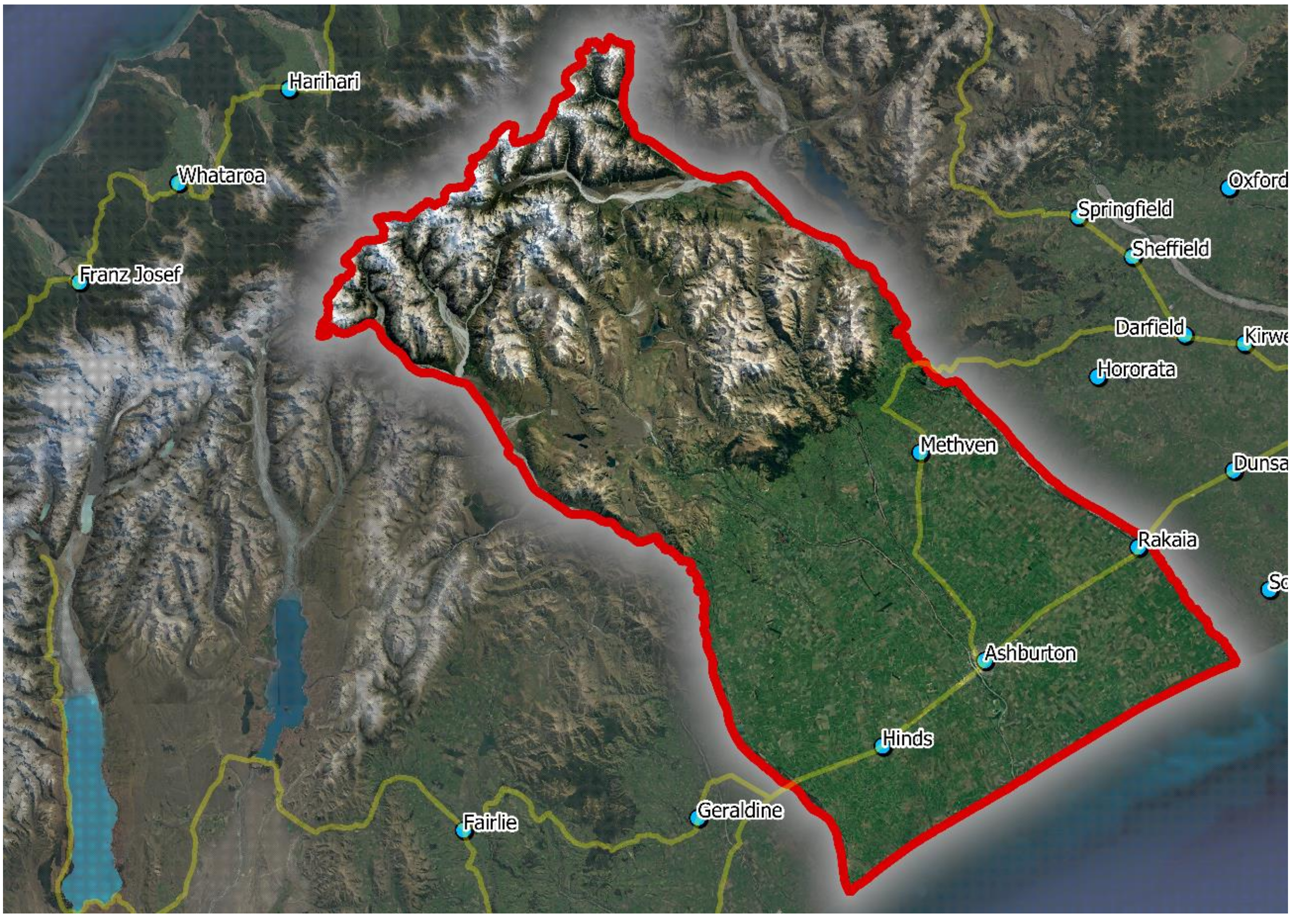
3. CORE ECONOMIC MARKET

Figure 1 illustrates the geospatial extent of the Ashburton District, the core economic market for the Ashburton Town Centre given it is the primary commercial centre in the district and is designed to serve the district's main retail and commercial requirements.

This is also the area the Ashburton District Plan has jurisdictional (planning) authority over and which the District Plan's planning provisions prevail.

The MarketView data assessed later in this report is based on district shopping patterns and enables a net position for the district to be established, making the identified catchment appropriate for the assessment.

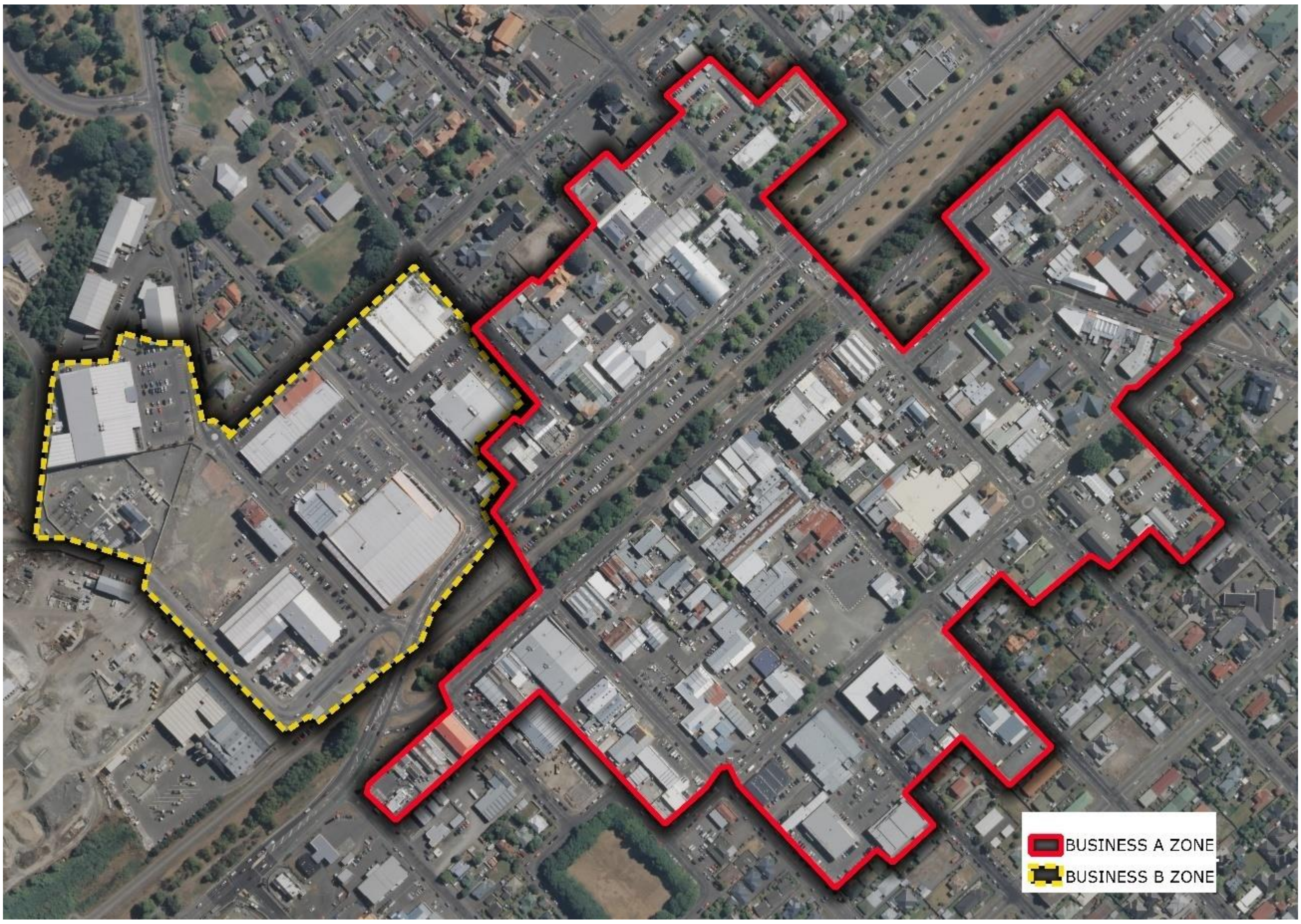
FIGURE 1: ASHBURTON CORE ECONOMIC CATCHMENT



Source: Property Economics

Figure 2 following shows the extent of the Ashburton Business A zone (area represented by the red boundary line). The Business A zone east of SH1 in effect represents the Ashburton Town Centre. Business B LFR or 'big box' retail complements the functioning of the Ashburton Town Centre and is represented by the yellow boundary line. Formal definitions of these zones from Ashburton's Operative District Plan (**ODP**) are included later in this report.

FIGURE 2: ASHBURTON BUSINESS A AND BUSINESS B ZONES



Source: Property Economics, Ashburton District Council

4. ASHBURTON OPERATIVE DISTRICT PLAN

The Ashburton ODP's vision for their Business zones set out that:

> *"The buildings and infrastructure within the business zones represent a significant investment, and are part of the physical resource of the District. Business activities provide employment and generate economic activity which enables communities to provide for their economic and social well-being. The land and buildings of business areas provide the space and resources for these activities to take place. It is therefore necessary that they are recognised for the importance of their role in the District's economy. These buildings may also be used for undertaking social and cultural activities, also important to the community's wellbeing."*

A key focus identified in the ODP is the location, growth and consolidation of business areas. The inappropriate location of business activities or the fragmentation of business areas can result in loss of vitality, convenience, accessibility and the identity of such areas. The adverse economic effects of a dispersal of commercial activity are outlined later in the report.

Town centres are a source of identity for their communities, as they represent a meeting place for many people, particularly associated with comparison shopping, professional and administrative services. It is not a coincidence that the commercial heart of towns very often is physically located in or near their geographic centre. Consolidating the area within which these activities take place will reinforce the communities' perception of the character and form of their towns and their identity, not only as a place of business, but also as a venue for social and cultural events.

Providing for retail activities in a central location also maximises the opportunity for access on foot from the surrounding residential areas. A compact town centre enables pedestrians to walk to areas without the need to drive from one area of retail to another.

It is not considered efficient to provide for a significant volume of retail activities throughout the residential and rural areas of the District and neither for such activities to be located in every business zone. Such development has the potential to create reverse sensitivity effects as well as the need to extend infrastructure into areas otherwise not currently serviced, potentially at significant community cost.

Consolidation of business areas prevents the general dispersal of activities into new locations, which may leave existing areas vacant, unattractive, inefficiently utilised and unable to provide the services the community desires. Given the central and or convenient location of most business areas within the District, consolidation of business activities into defined areas, combined with public investment in roads and other services in these areas, will assist the vitality of business centres. This has benefits for the District's community in terms of the range of services available, their convenience, pleasantness and accessibility.

The main business zones of relevance to this assessment are:

Business A

Although providing for a range of accommodation, community and commercial uses, the Business A Zone provides principally for small scale retail activity. This zone covers the inner commercial area of Ashburton and the suburban shopping centres of Ashburton (Kapuka), whose primary function is to provide for the local retail and service needs of the surrounding community. It also provides for the core retail and commercial centres of Rakaia, Methven and Mt Somers, Hinds, Mayfield and Chertsey.

The Business A Zone represents the focal point of the District's small-scale shops, which provide opportunities for comparison or "browsing" within environments that are intended to be pedestrian-friendly. In addition, this Zone provides for residential, visitor accommodation, community and commercial activities. This diversity of activities aims to encourage the continued vitality, pleasantness and convenience of the District's Business A Zone and encourage efficient use of existing infrastructure and buildings.

In central Ashburton shop-top apartments (residential activities above retail and commercial activities) rather than detached residential units would be encouraged. Residential activities would not be promoted at ground level to ensure the strong retail character of the town centre is retained. If managed effectively, this mix of activities can retain the vibrancy of the town centre as permanent residents would utilise local services and can assist in keeping the area 'alive'; whereby there is continual activity created by both the retail and residential elements.

Although it is acknowledged that many trips to and from the commercial centre of Ashburton would likely involve private vehicles, retailing activities that are strongly vehicle oriented are discouraged from the Business A Zone in that location. The emphasis is on maintaining and enhancing an environment that, whilst accessible, is safe, attractive and convenient for the pedestrian.

In respect of Ashburton's suburban centres, these business areas tend to be characterised by existing built development that is typically quite small in scale, situated in close proximity to surrounding residential environments, and where the zoned land area reflects the extent of historic activity. The Council however accepts that business activity, including retailing, that is consistent with those characteristics should be able to locate in these suburban centres where appropriate to provide readily accessible daily services within these communities, provided that can occur without compromising the objectives for other business zoned areas, or lead to undue conflict or detraction from local amenity levels, such as due to generated vehicle use and parking demand (e.g. on-street alongside neighbouring residencies).

Outside of Ashburton within the District's rural townships, the role of commercial centres, the historic mix of activities within those centres, and the retailing opportunity outside of the Business A Zone often distinguishes these locations from the situation of Ashburton.

Accordingly, the Zone anticipates some larger retail premises where they meet the day to day needs of the local community, as well as servicing the travelling public (e.g. community grocery stores), and do not compromise the functioning, integrity, viability and convenience of those smaller rural town centres, or associated pedestrian safety and accessibility. This also acknowledges that moderately sized grocery stores serving those purposes already exist in several of those town centres (e.g. Methven, Rakaia).

Business B

The Business B Zone is located close to the inner commercial area of Ashburton and already contains a significant number of large-scale retailing activities. It has convenient road access from Moore Street (SH77) and surrounding local roads avoiding the need to connect directly to State Highway 1. The sites within the Zone are generally large with the ability to provide adequately for onsite vehicle-parking and loading.

The Business B Zone provides predominantly for large-scale retail activities, sometimes called "big box" or "large format" retail, which frequently require large areas of associated car-parking or outdoor space. These large-scale retailing activities are limited to single-purpose stores to prevent the establishment of shopping malls restricting the potential for dispersal of retail activities and, therefore, any detraction from the role and function of the finer-grained, more pedestrian retail-oriented Business A Zone areas of Ashburton.

This zone also provides for the establishment of supermarkets as the amenity values anticipated within the zone will be compatible with supermarket shopping. As shoppers are likely to travel by car to the supermarket and other large-scale retail outlets, it reduces pedestrian traffic crossing State Highway 1. The Zone also anticipates some smaller retailing premises, such as vehicle sales and food outlets which either benefit from large sites for display purposes with good vehicle access or principally service the needs of those engaged in the zone or otherwise travelling by vehicle.

Key objectives and policies in the ODP relevant to this assessment include:

Objective 5.1: Growth, Maintenance and Consolidation of Business Areas.

- Policy 5.1A: Maintaining and enhancing the function, integrity, convenience and viability of the inner commercial areas of Ashburton, Methven and Rakaia, and small villages.

- Policy 5.1B: Ensuring that opportunities are available in the suburban areas of Ashburton for the establishment and on-going operation of business activities, providing retail and service activities to local neighbourhoods, in locations which are convenient.
- Policy 5.1C: Providing for the establishment of large-format / big box retail activities that generate high volumes of traffic and require large areas of parking, in locations which do not detract from the amenity of adjoining areas, the safety and efficiency of the roading network, or from the consolidation of the inner retail area of central Ashburton

Explanation and Reasons

The consolidation of business areas is important to ensure that people have access to well maintained and functioning business areas with a wide range of business activities that maintain their vitality, pleasantness and convenience. The dispersal of business activities to new locations can leave existing areas vacant, inefficiently utilised, unattractive, and unable to provide the services the community desires.

The consolidation of business areas assists in making efficient use of public investment in roads and other services in the business areas; assists in retaining the vitality of business areas; and the perception of the District's towns as prosperous and lively centres.

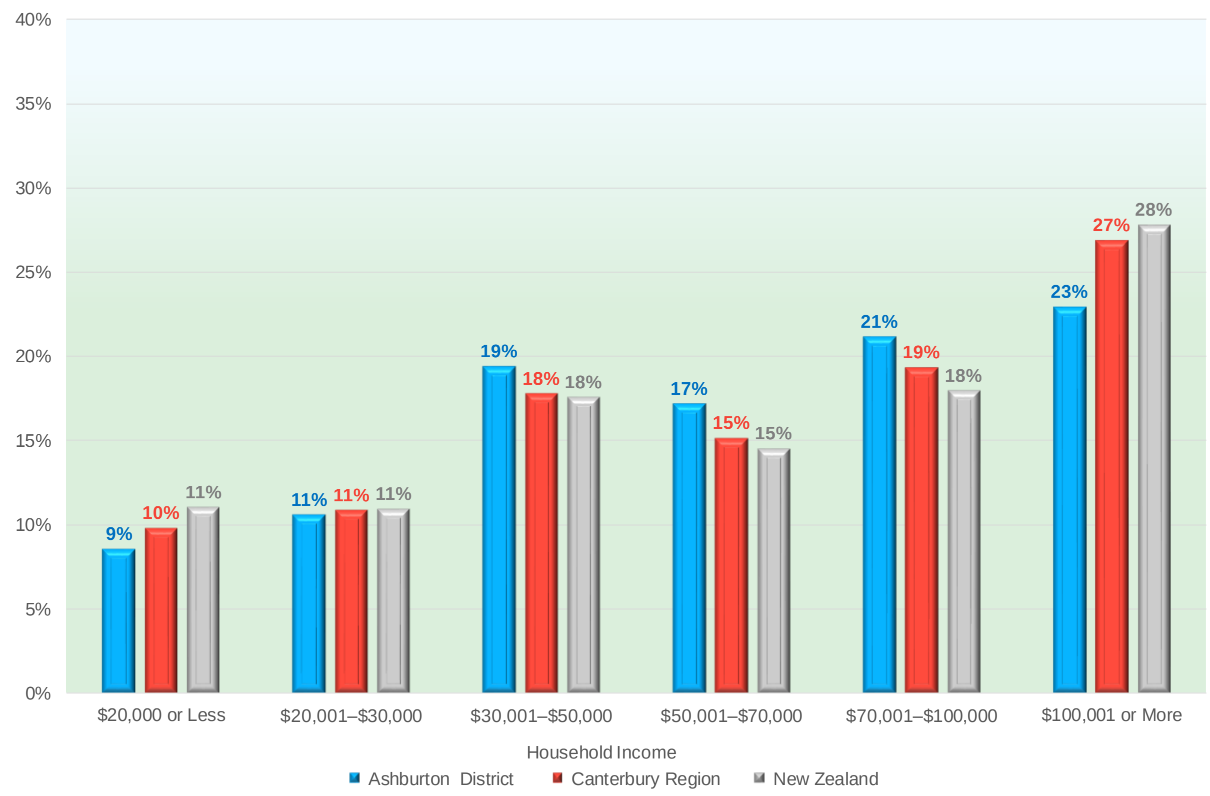
Dispersal of business activities throughout the District can also result in the mixing of incompatible activities. In order to maintain the vitality and pleasantness of existing business areas and to make efficient use of their resources and servicing, the ongoing occupation and redevelopment of existing sites is to be encouraged through enabling a broad range of activities to establish throughout the business areas of the District.

However, the objectives and policies are not intended to prevent the growth of the business areas, alongside the existing areas, provided that the adverse effects of this growth, including adverse effects on the consolidation of the business areas, are avoided, remedied or mitigated. Accordingly, it is anticipated that the majority of business activity will be accommodated within areas zoned for that purpose, but with some opportunity for future expansion.

5. DEMOGRAPHIC PROFILING

Economic and social demographic profiling has been carried out for Ashburton District, Canterbury Region and New Zealand averages, which allows for comparisons to be made on a regional and national basis to provide a wider context. This will assist in understanding the consumer and employment composition of the localised markets and their key economic and social variables. A full breakdown of the demographic profiles has been provided in Appendix 1.

FIGURE 3: ANNUAL HOUSEHOLD INCOME DEMOGRAPHIC PROFILE



Source: Property Economics, Statistics NZ

Some of the key findings from the demographic profiling include:

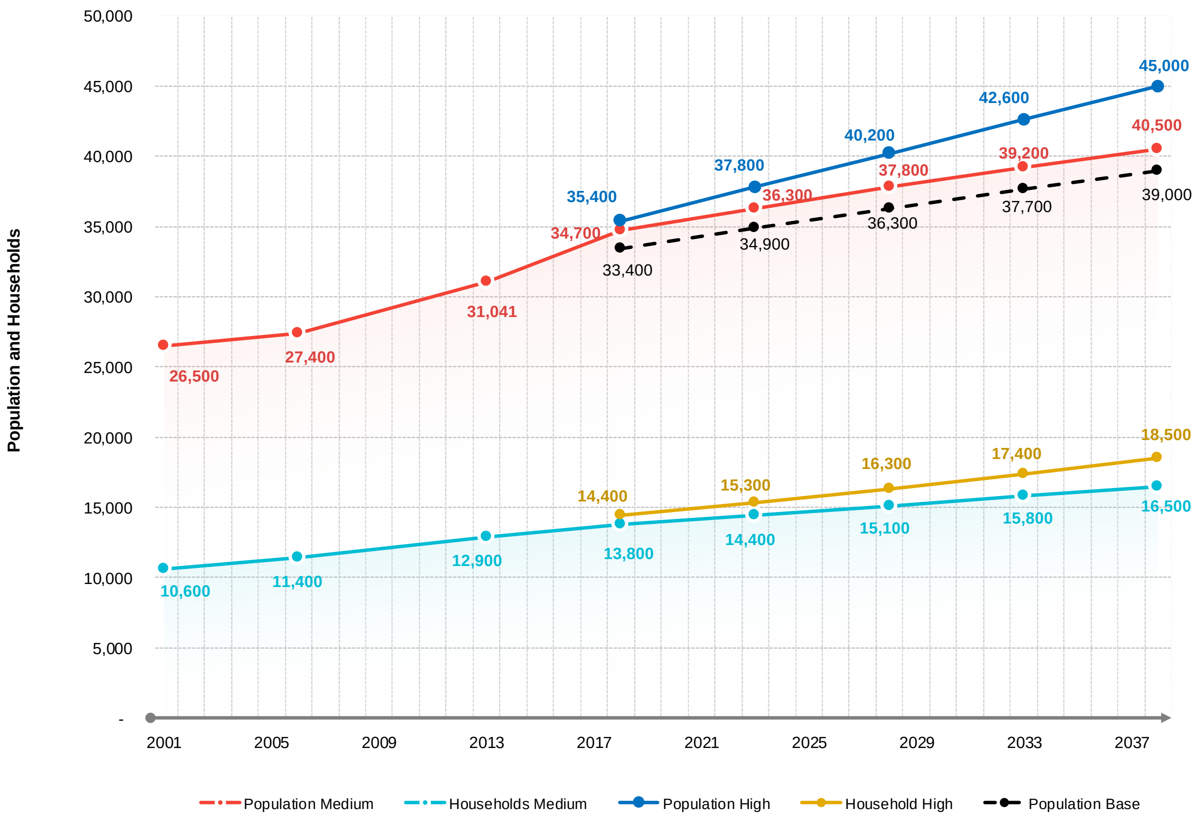
- Ashburton District is predominately home to the European ethnic group, with 84% being classified as European compared to 81% for the Canterbury Region and 67% nationally.
- Ashburton District has a higher proportion of households earning over $50K-$100K per year relative to the Canterbury Region and nationally (38% vs 34% and 33% respectively), however, the district has a lower percentage of households earning over $100k per year (23%).

- A high 70% of the population base is in either full or part-time employment, materially higher than the region's 65% and NZ average of 62%. Conversely only 2% of people are unemployed in the district which is one of the lowest rates in NZ.
- In terms of the sources of income, 70% of district's residents gain income from wages, salary, commissions and bonuses, which is on par with the Canterbury Region and marginally above the national average (69%). Likewise, the District has 24% of people who are self-employed or business owners. This indicates a higher proportion of district's residents are company employees/workers rather than company owners and entrepreneurs compared nationally. People gaining income from NZ Superannuation or Veterans Pensions amounts to 24% vs 22% nationally and is reflective of the slightly older age profile for the district.
- Ashburton District has a slightly higher proportion of children under 10 years (15%) and individuals over 65 years (17%), indicating a higher population base at the both ends of the age spectrum.
- A significant 28% of employed residents in the District work in the Agriculture, Forestry and Fishing sector. This is almost four times the national and district averages, both of which are 7%. This confirms the strong rural base that underpins the Ashburton economy. As for employment classification, the district's proportion of Managers (24%) is significantly higher compared to the Canterbury region (18%) and the national average (19%).
- Interestingly, 29% of district's resident has no formal qualification (relatively to 21% nationally) and 47% have attained education up to Level 4 certificate only, a rate which is significantly lower compared to the national average of 65%. This is not unusual in areas with such a strong rural productive base which have more '*hands on'* practical education and experience.

6. POPULATION AND HOUSEHOLDS

Figure 4 displays the population and household growth projections for the Ashburton District. The growth projections have been drawn from the latest Statistics New Zealand (**SNZ**) Medium and High population projection series. They include projected growth over the 20-year period 2018-2038 and the actual growth from 2001-2013 as recorded by SNZ Census data.

FIGURE 4: ASHBURTON DISTRICT POPULATION PROJECTIONS



Source: Statistics NZ, Property Economics

Under the SNZ Medium projection, the population is forecast to increase by circa 5,800 residents (17% net) from an estimated 34,700 in 2018 to around 40,500 residents in 2038. Under the SNZ High growth scenario, the population is forecast to increase by around 9,600 residents or 27% by 2038.

Likewise, households are forecast to increase by circa 2,700 and 4,100 by 2038 under the Medium and High growth scenarios respectively.

Households are expected to increase at a faster rate than the population mainly due to a projected fall in the person per dwelling ratio over the forecast period. This trend is not isolated to the Ashburton District, but a movement projected to occur across the whole country due to an ageing population, smaller family structures and a higher proportion of 'split' or single-parent households.

The recently released 2018 NZ Census population results at the Ashburton District level indicate the district grew at a slower rate than anticipated over the 2013-2018 period. The 2018 Census results indicate the population base of the Ashburton District in 2018 was 1,300 people lower than that previously estimated under the Medium growth scenario (33,400 vs 34,700). This new 2018 population base is then extrapolated for later years at a similar growth rate to highlight what the growth profile of the district based on the most recent growth rates would look like out to 2038.

7. EMPLOYMENT COMPOSITION AND TRENDS

Analysing the temporal employment trends within Ashburton's different market sectors over the last 18-years is valuable as it shows trends over the whole economic cycle with three distinct periods - an economic '*boom'* period, a market correction and a period of economic recovery.

Property Economics utilise the most up-to-date version of Statistics New Zealand's Business Frame data and Employment Counts with businesses assigned an industry sector according to their ANZSIC 2006 classification. For the purposes of this report, classifications have been grouped into Industrial, Commercial Office[1], Other and Retail sectors that reflect the typical composition of employment in business zones and property sectors.

'Other' employees refer to those working in businesses or organisations that would not typically be located on business zoned land and are typically public organisations (central and local). These include hospitals, schools, fire stations, community facilities, parks, and recreation, etc. The proportions utilised for the composition of employment within these industry sectors have been attached in Appendix 1.

Table 1 following displays the Ashburton District's temporal employment trends over the 2000 – 2018 period by ANZSIC sector.

[1] *Commercial office has been separated out so as to not confuse with the District Plan definition of Commercial which includes retail, commercial service and offices.*

TABLE 1: ASHBURTON TEMPORAL EMPLOYMENT TRENDS (2000-2018)

ANZSIC	2000	2006	2008	2010	2012	2014	2016	2018	# Growth (2000 - 2018)	% Growth (2000 - 2018)	RANK 2000	RANK 2018	Rank Change
A Agriculture, Forestry and Fishing	2,550	2,850	2,950	3,000	3,350	3,650	3,700	3,850	1,300	51%	1	1	→
B Mining	15	15	15	9	12	18	21	25	10	67%	19	19	→
C Manufacturing	2,350	2,950	3,050	3,050	3,050	2,950	2,850	2,350	-	0%	2	2	→
D Electricity, Gas, Water and Waste Services	95	120	150	150	140	140	160	190	95	100%	17	17	→
E Construction	520	730	960	960	1,050	1,250	1,350	1,400	880	169%	7	4	↑
F Wholesale Trade	470	700	760	690	750	780	760	860	390	83%	8	8	→
G Retail Trade	1,200	1,400	1,450	1,450	1,500	1,600	1,700	1,600	400	33%	4	3	↑
H Accommodation and Food Services	540	750	700	750	800	900	1,000	900	360	67%	6	7	↓
I Transport, Postal and Warehousing	420	430	430	390	390	410	440	410	- 10	-2%	9	12	↓
J Information Media and Telecommunications	90	240	220	220	250	260	260	95	5	6%	18	18	→
K Financial and Insurance Services	160	210	230	210	220	190	210	210	50	31%	14	15	↓
L Rental, Hiring and Real Estate Services	130	140	180	180	160	180	200	200	70	54%	16	16	→
M Professional, Scientific and Technical Services	320	410	460	490	540	510	580	620	300	94%	10	10	→
N Administrative and Support Services	240	290	350	360	390	450	670	790	550	229%	12	9	↑
O Public Administration and Safety	200	250	230	260	290	290	330	300	100	50%	13	13	→
P Education and Training	590	580	680	740	710	770	830	930	340	58%	5	6	↓
Q Health Care and Social Assistance	1,750	1,000	960	1,000	980	1,050	1,050	1,050	- 700	-40%	3	5	↓
R Arts and Recreation Services	160	180	180	200	190	270	300	290	130	81%	14	14	→
S Other Services	260	320	360	400	400	400	420	440	180	69%	11	11	→
Total All Industries	12,060	13,565	14,315	14,509	15,172	16,068	16,831	16,510	4,450	37%			

Source: Property Economics, Statistics NZ

Between 2000-2018, the employment base grew by nominal net 4,450 employees or 37%, of which Agriculture, Forestry and Fishing sector has the highest increase in employment base of around 1,300 employees. The Construction sector follows next with an increase of around 880 employees. Interestingly, over the last 18-years, the net employment growth rate (37%) is higher than population growth (30%) indicating potentially increasing employment rates within the District (and lower unemployment) higher worker participation rates in the community, or a greater inflow of workers from outside the District.

Conversely, the ANZSIC sector with significant net nominal losses in employment includes Health Care and Social Assistance. Employment in this sector saw a significant decrease of around 700 employees or 40% over the assessed period. However, this appears to be due to a singular event in 2001 where a considerable number of employees left the sector potentially indicating the closure of a key service provider with a substantial workforce. Since 2001 employment in this sector has stayed relatively stable at around 1,000 employees.

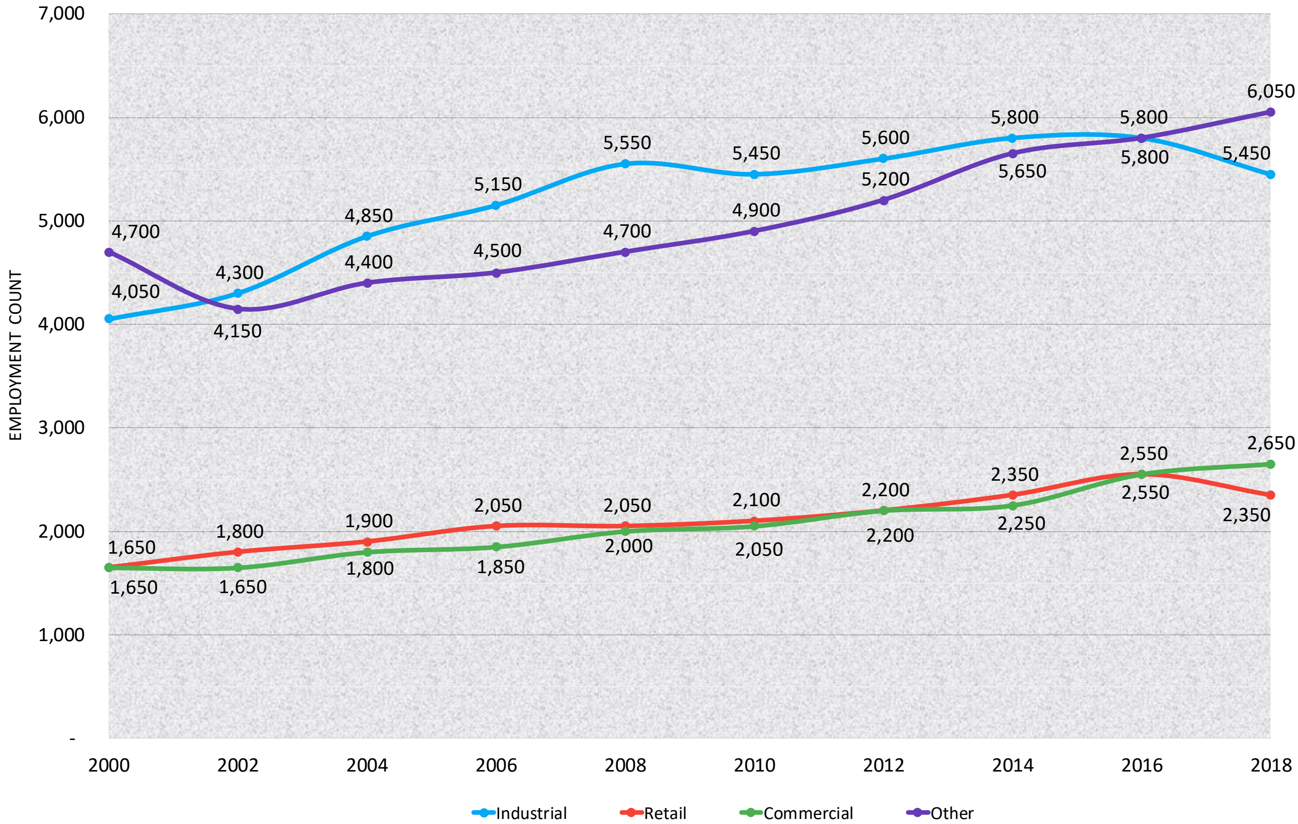
The employment levels in the Manufacturing sector in 2018 equals the employment levels seen in 2000. However, the employment base within this sector has been steadily declining since its 2012 peak. A trend that is seen across the wider catchment and nationally.

Technological advancement in recent years has led to manufacturing industries investing capital into high technology machinery to improve efficiencies and therefore employing fewer people, but experiencing an increase in the production capacity, thereby enjoying high labour productivity.

Similarly, employment in the Transport, Postal and Warehousing sector has stagnated over the last 18 years, declining by a net 10 employees nominally or 2%. This is unusual in a growing sector nationally and in a market that has experienced 26% growth in its population base since 2000. This is a sector Ashburton is clearly missing out on.

Figure 5 graphically illustrates the trends over the 18-year period for the Ashburton District by aggregating the ANZSIC sectors into four overarching high-level property categories of Industrial, Retail, Commercial and Other.

FIGURE 5: ASHBURTON DISTRICT EMPLOYMENT TRENDS BY ACTIVITY TYPE



Source: Property Economics, Statistics NZ

Whilst most other areas within New Zealand experienced significant (negative) impacts on employment during the 2008 Global Financial Crisis, the Ashburton District appears to have largely avoided facing any significant adverse repercussions, with relatively low but positively steady growth over the 2000 – 2012 period. Some of this growth could also be partly attributable to relocations from the Christchurch earthquakes in 2010 / 11. Overall, the trend indicates the district has a more resilient economy on a comparative basis.

Nominally, the employment in the industrial sector increased by 1,400 employees over the last 18-years, registering the highest nominal growth. The strong employment growth in this sector was fuelled by the Construction industry, a trend similar to most areas across the country over the assessed period. Industrial employment particularly in rural-based districts with comparatively lower population counts, is particularly significant as it contributes to the area's productive industries which form the core of the employment market.

However, since 2016, the industrial sector experienced a decline in its employment base due to closing down of several business units in the Manufacturing, and Transport, Postal and Warehousing sector. Over the same period, commercial and other sector experienced an increase in their employment base, indicating a shifting employment structure within the District, transitioning from a dominant productive base to a higher proportion of serviced based industries. However, nominally the core productive sector of the District remains the dominant employers and remain critical to the District's economic wellbeing.

ASHBURTON TOWN CENTRE

Table 2 shows employment count data by the ANZSIC sector for the Ashburton Town Centre between 2000 and 2018. For the purposes of this analysis this refers to the Business A zone area east of SH1.

Table 3 immediately following illustrates the employment levels by grouped property sectors.

TABLE 2: ASHBURTON TOWN CENTRE EMPLOYMENT BY ANZSIC CATEGORY (2000-2018)

ANZSIC	2000	2006	2008	2010	2012	2014	2016	2018	# Growth (2000 - 2018)	% Growth (2000 - 2018)	RANK 2000	RANK 2018	Rank Change
A Agriculture, Forestry and Fishing	15	15	9	9	21	70	168	183	168	1118%	16	5	↑
B Mining	0	0	0	0	0	0	0	12	12	#DIV/0!	19	18	↑
C Manufacturing	77	45	42	42	48	48	52	67	- 10	-13%	9	12	↓
D Electricity, Gas, Water and Waste Services	6	6	24	6	3	3	6	6	-	0%	17	19	↓
E Construction	18	51	54	51	81	115	127	134	116	646%	15	9	↑
F Wholesale Trade	78	163	154	145	140	143	123	122	44	57%	8	10	↓
G Retail Trade	597	634	447	489	466	454	462	408	- 189	-32%	1	1	→
H Accommodation and Food Services	111	180	144	147	169	220	216	184	73	66%	5	4	↑
I Transport, Postal and Warehousing	55	28	21	25	20	33	38	27	- 28	-52%	12	16	↓
J Information Media and Telecommunications	88	146	143	140	160	167	150	51	- 37	-42%	7	13	↓
K Financial and Insurance Services	127	176	196	179	188	156	171	149	22	17%	3	8	↓
L Rental, Hiring and Real Estate Services	67	45	73	81	48	60	57	67	-	0%	10	11	↓
M Professional, Scientific and Technical Services	186	260	302	307	301	304	337	301	115	62%	2	3	↓
N Administrative and Support Services	67	54	134	64	199	271	344	391	324	484%	10	2	↑
O Public Administration and Safety	126	113	130	140	156	153	186	153	27	21%	4	7	↓
P Education and Training	24	3	12	3	27	27	27	33	9	38%	13	14	↓
Q Health Care and Social Assistance	24	27	42	42	42	58	39	29	5	21%	13	15	↓
R Arts and Recreation Services	6	6	12	15	18	15	18	18	12	200%	17	17	→
S Other Services	94	89	106	107	111	95	122	164	70	74%	6	6	→
Total All Industries	**1,770**	**2,040**	**2,050**	**1,990**	**2,120**	**2,390**	**2,640**	**2,500**	**730**	**41%**			

Source: Property Economics, Statistics NZ

TABLE 3: ASHBURTON TOWN CENTRE EMPLOYMENT BY GROUPED SECTOR (2000-2018)

	2000	2006	2008	2010	2012	2014	2016	2018	Net Change (2000 - 2018)	% Change (2000 - 2018)
Industrial	230	290	280	270	290	350	360	370	**140**	**61%**
Retail	690	790	570	610	610	640	650	560	**-130**	**-19%**
Commercial	610	760	930	860	1,000	1,070	1,170	1,060	**450**	**74%**
Other	240	210	270	260	300	340	460	510	**270**	**113%**
Total	**1,770**	**2,040**	**2,050**	**1,990**	**2,200**	**2,390**	**2,640**	**2,500**	**730**	**41%**

Source: Property Economics, Statistics NZ

Employment in the Ashburton Town Centre totalled 2,500 in 2018, up 41% from 2000 albeit a slight fall from the 2016 peak of 2,640.

The total employment share of the town centre relative to the district employment base, averages around 15% for the last 18 years. This highlights that the town centre is maintaining its relevance as an employment base in the district economy as a whole in terms of productivity and economic output, but its economic structure has changed.

Commercial activity is the largest employment sector within the Ashburton Town Centre nominally with around 1,060 employees in 2018, registering a net increase of circa 450 employees since 2000. This has been the sector that has sustained the Ashburton Town Centre and its position in the commercial network of the district. This growth is positive and shows a broadening of commercial services and choice for consumers within the town centre.

Retail employment in the Ashburton Town Centre declined by a net 130 employees or 19% of the total net town centre employment base. Conversely, retail employment in the District grew by around 700 employees or 42%. This is a key trend and issue for Ashburton to address. More explicitly, retail employment comprised 39% of town centre employment in 2000. This has declined to just 22% in 2018, representing a sharp proportional fall of 43% over the period (nearly half its retail employment base) at the same time town centre employment grew by 41%.

This impact on the town centre was largely the result of the LFR or 'big box' Business B zone established around 2008-2010 adversely affecting the retail employment in the ATC which the town centre has not recovered from. This has adversely affected the performance of retail stores within the town centre, the quality and vitality of the town centre built form, and undermined the quality of the shopping experience in the town centre, which cumulatively has led to a weakening of its role and function in the market and its overall '*health*'.

As such, the town centre as a retail destination is losing traction in the market with changes in the town centre offering indicating retailer churn rather than retail growth. Retail activity is critical to the performance, amenity, vitality, growth of environment, role and function, quality of shopping experience and economic productivity and output of the town centre. This is considered a crucial issue for ADC and requires some appropriate policy responses in the PDP to address ongoing (economically adverse) trends in the town centre.

8. RETAIL SPENDING PATTERNS

In order to assess the level of retail expenditure flows 'in' (retail inflow[2]) and 'out' (retail leakage[3]) of the Ashburton District, this report utilises MarketView retail transaction data. The retail transaction data utilised in this report is based on the January 2015 - January 2016 period. This discrete period has been chosen as it is an annualised period, thereby removing any seasonal variations in retail expenditure. Whilst not the most recent calendar year, this data is still considered to provide an appropriate depiction of current shopping patterns on a proportional basis given the limited changes in the retail market since 2016.

MarketView data is based on the spending and retail transactions of Paymark credit and debit (EFTPOS) cardholders[4]. As a guide, electronic card transactions account for approximately 60%-70% of retail spending within NZ. The MarketView data has been collected from a range of stores across the spectrum of assessed retailers in the catchment, from national chains to small independent stores.

'Origin' of retail spending refers to where retail expenditure at retail stores within the Ashburton District is derived. This dataset also enables the quantification and influence of the 'inflow' of retail dollars into the district.

'Destination' of retail spending refers to where residents of Ashburton are spending their retail dollars. Destination has been classified by the territorial authority. This provides insight into the 'retention' and 'outflow' of retail dollars from Ashburton. Outflow is interchangeably referred to as leakage for the duration of this report.

Given the large sample size Paymark cardholders and the prolific use of EFTPOS within NZ, MarketView data is considered to provide a robust and accurate representation of the origin and destination of retail spending patterns in Ashburton, and hence has been used as a basis for this assessment.

The proportions in the following sections exclude the retail categories of accommodation (hotels, motels, backpackers, etc.) and vehicle and marine sales and services (car yards, boat shops, caravan sales, Repco, Super Cheap Auto, tyre stores, panel beating, mechanical repairs). Also excluded are the trade sectors as identified earlier in the report.

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[2] *Retail inflow refers to retail expenditure generated outside a defined geographic area (in this instance the Ashburton District territorial authority) but spent inside that defined area.*

[3] *Retail leakage is the converse of retail inflow and refers to retail expenditure generated in a particular geographic area (Ashburton District in this instance) but spent outside that defined area.*

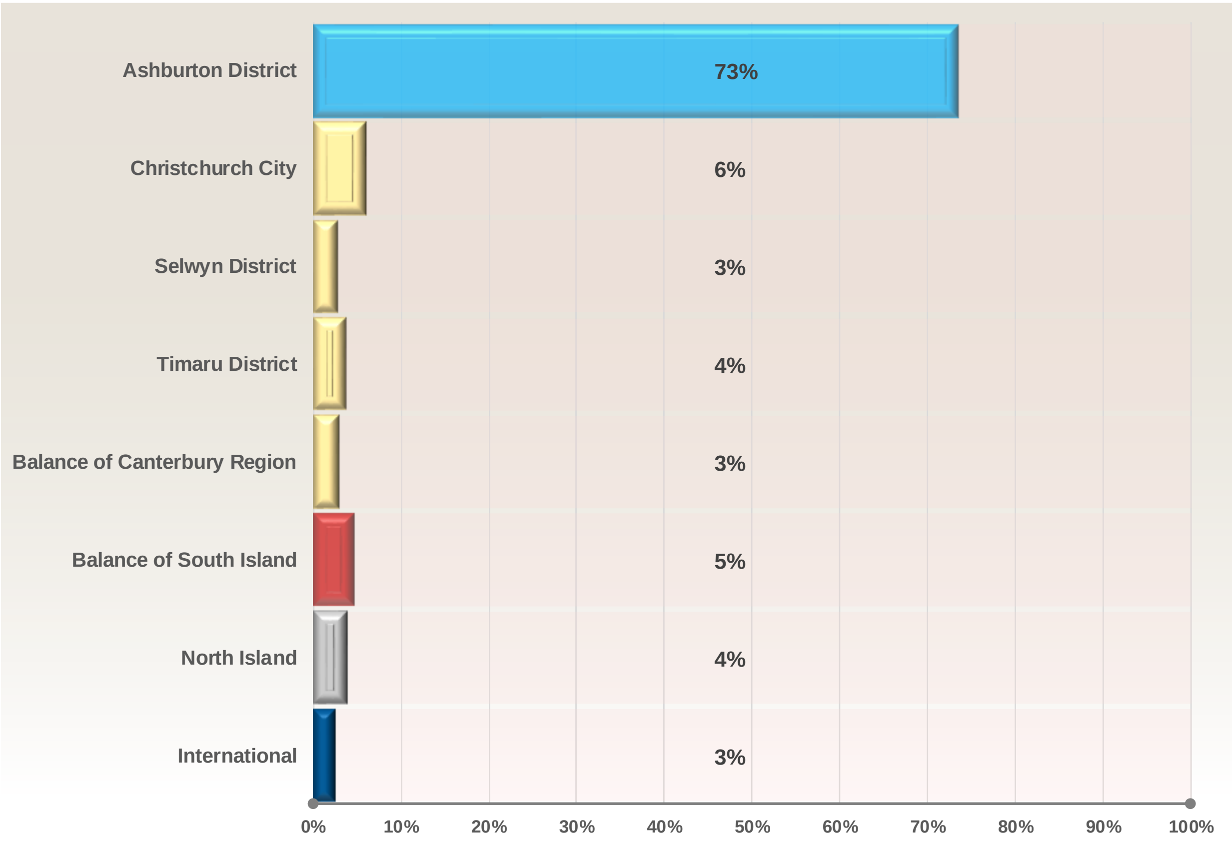
[4] *MarketView data excludes business and corporate cards. The transaction values include GST but exclude cash out with purchases. MarketView does not pick up hire purchase, direct debit/credit payments or cash-based spending.*

8.1 ORIGIN OF RETAIL SPEND

'Origin of retail spending' represents where retail spend within the Ashburton District is derived. In other words, the areas where retail shoppers in Ashburton District usually reside. This enables the quantification of the 'inflow' of retail dollars into the Ashburton District, and the original composition of that inflow.

Figure 6 illustrates the origin of retail expenditure within the Ashburton District. For example, 73% of total retail expenditure spent within retail stores within the Ashburton District originate from Ashburton District residents. While this may appear as a positive, indicating a sound level of retention and inflow of retail expenditure, the Destination of Spending (assessed in the subsection following) shows a similar level of outflow to these other areas. This suggests a more neutral net position in terms of the proportion of retail expenditure that both comes into and goes out of the Ashburton District, and suggests the level of retail spend in Ashburton is lower than the market potential based on generated spend.

FIGURE 6: ASHBURTON DISTRICT ORIGIN OF SPEND



Source: Property Economics, MarketView

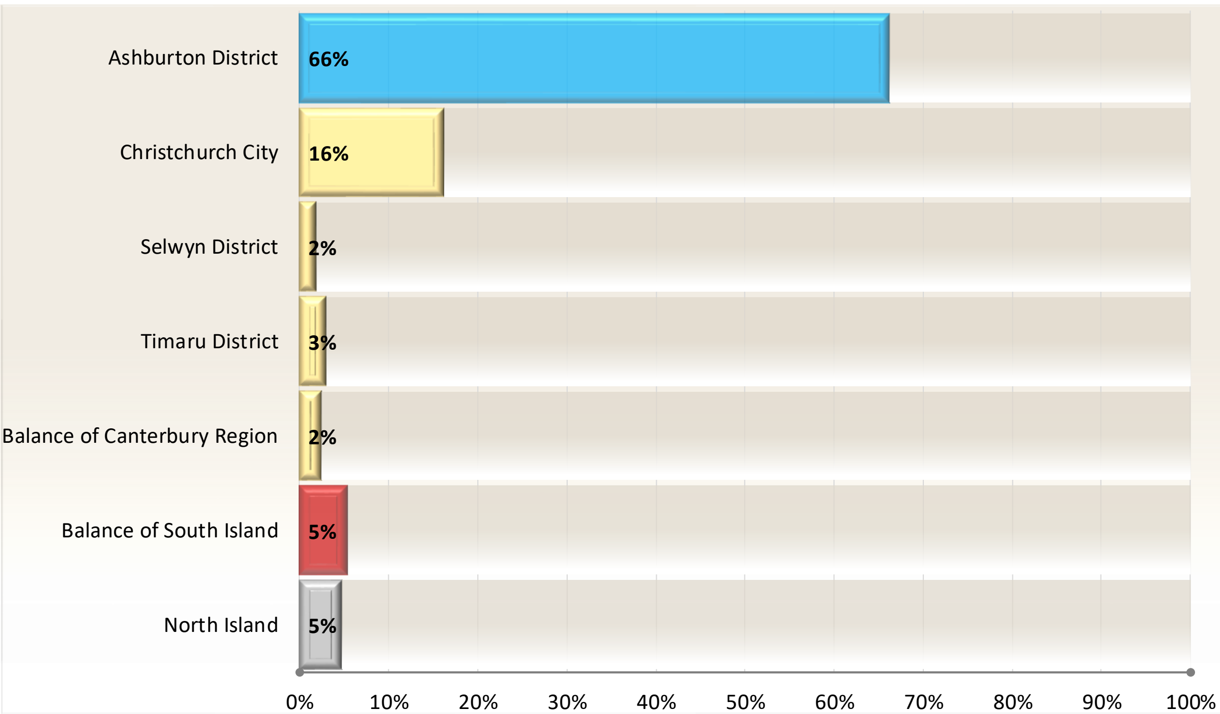
The retail spending pattern data shows 27% of retail sales within the Ashburton District originates from shoppers who reside outside of the District, with 6% originating from the neighbouring Christchurch City and a further 10% originating from other districts within the

Canterbury Region. The spend within Ashburton that is derived from visitors outside the District represents a notable *'visitor/tourist'* market for Ashburton and, while not directly a part of Ashburton's core economic market, indicates that Ashburton has some ability to draw from areas outside of the localised market.

8.2 DESTINATION OF SPEND

Destination retail spending is derived from identifying the locations where Ashburton District residents spend their money on retail goods and services. This quantifies the 'outflow' of retail spend (retail leakage) from the Ashburton District.

FIGURE 7: ASHBURTON DISTRICT DESTINATION OF SPEND



Source: Property Economics, MarketView

Figure 7 illustrates the proportional composition of retail patterns from the Ashburton District. In total, Ashburton currently captures 66% of retail spend generated within its core market.

Not surprisingly, the largest competitor for the Ashburton District is Christchurch City, with 16% of all retail dollars spent by Ashburton District residents being spent within Christchurch City. However, this may be partly attributable to Ashburton residents working in Christchurch City and as such spend their income at centres close to their place of work.

Overall, the Ashburton District shows relatively neutral positions across the majority of retail sectors in regard to the proportion of retail expenditure that leaves and enters the district. While this is not necessarily a bad position to be in, the opportunity then arises for the district to increase the amount of retail expenditure flowing into Ashburton from other areas, by providing a more enticing, better quality built form, offer an environment that elevates the current retail shopping experience – a more retail-oriented destination that encourages people to travel, stay longer and socialise, and return more frequently.

8.3 GEOGRAPHIC NET RETAIL FLOW POSITION

Assessing the proportional level of leakage or outflow of retail spend against the proportional inflow of retail spend entering the market quantifies the net flow position for the market as a whole. The net flow position for a market essentially represents the inflow combined with the retention that Ashburton District currently achieves as a proportion of the total resident generated spend. This helps in identifying market potential and opportunities for Ashburton and builds on the analysis in the previous two sections.

For the purpose of this analysis, this report compares retail inflow and retail outflow as a proportion of total spending or retail expenditure generated within Ashburton. This means that the outflow percentages represent spending as a proportion of what the Ashburton market generates, whereas inflows represent spending at retailers within the Ashburton market as a proportion of what the Ashburton District generates.

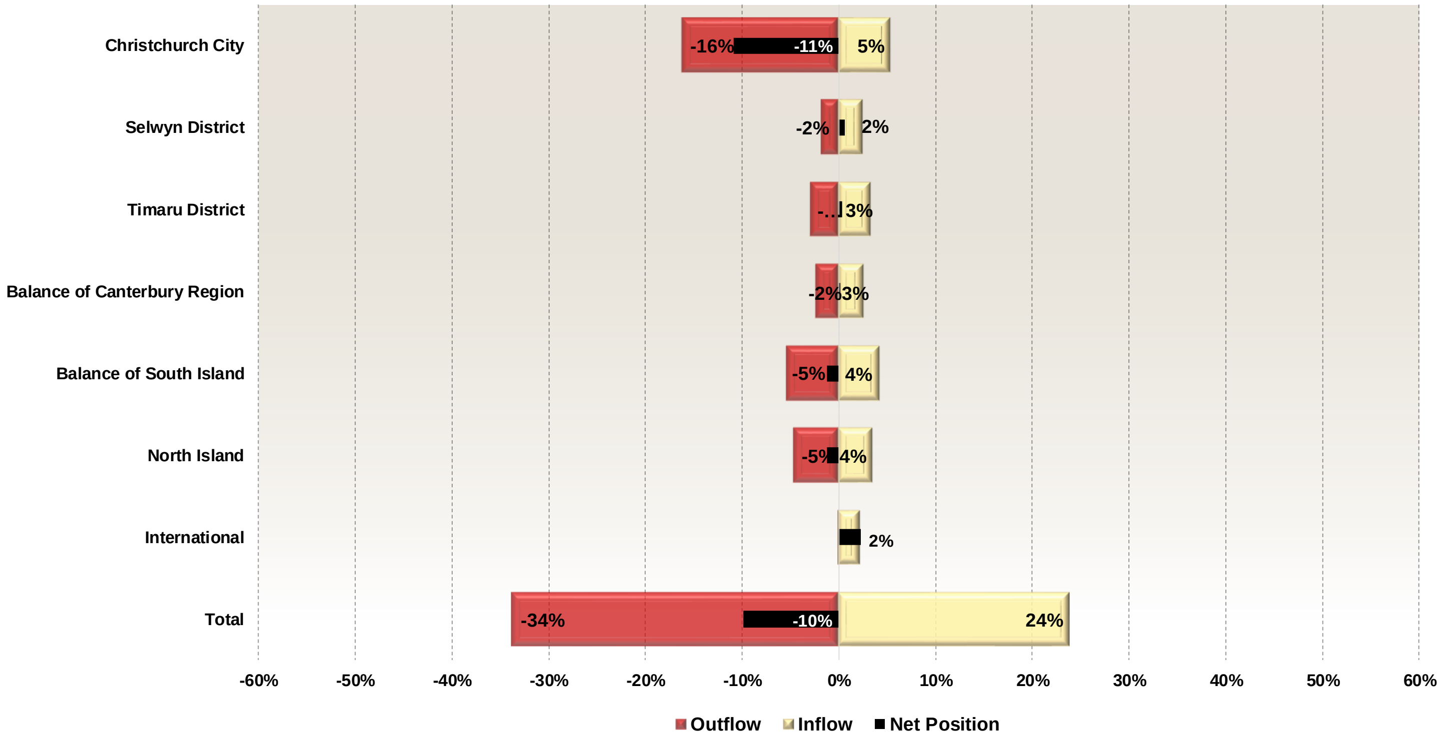
To provide some context into the net flows:

- Internalisation is the proportion of Ashburton District resident retail expenditure spent within the District.
- Leakage is the proportion of Ashburton District resident retail expenditure spent outside of the Ashburton District.
- Domestic Inflow is the proportion of retail expenditure spent within Ashburton District from residents who's place of residence is outside of Ashburton, relative to the total retail expenditure generated by Ashburton residents.
- International Inflow is the proportion of retail expenditure spent within Ashburton District from international tourists, relative to the total retail expenditure generated by Ashburton residents.

Important to note is that while this section reports retail flows in proportional terms not all sectors are equal in size. For example, Supermarket retailing comprises around 43% of all retailing spending made by Ashburton District residents, while Furniture, floor coverings, houseware, textiles comprise just 2%.

Figure 8 assesses the level of inflow/outflow of retail dollars entering/exiting the Ashburton District market geographically.

FIGURE 8: NET FLOWS FOR THE ASHBURTON DISTRICT BY MARKET



Source: Property Economics, MarketView

Similar to the previous section and as anticipated, the highest level of outflow is to Christchurch City at -16%. However, this is offset by an inflow of only 5%, indicating that, on average, Ashburton has a net 11% outflow to Christchurch City.

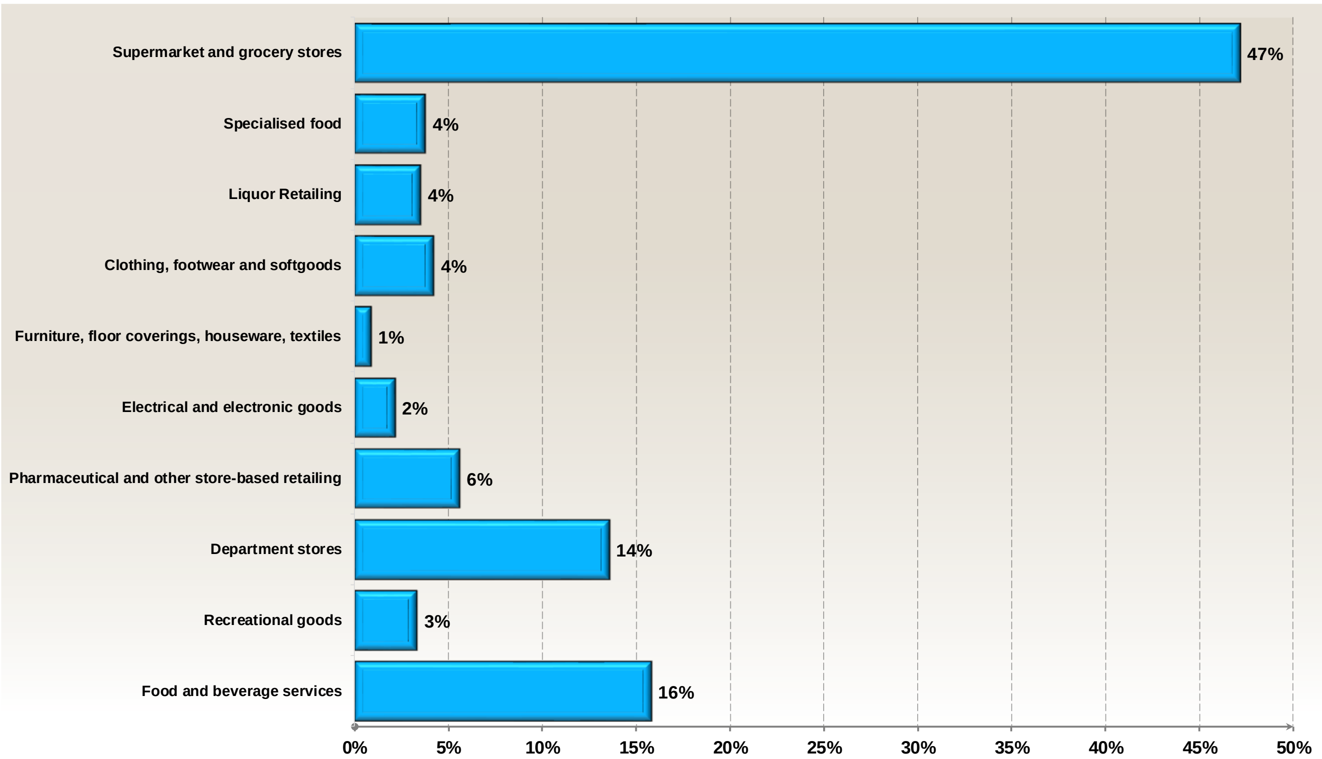
The net flows for Ashburton District results in an approximate neutral net flow position against nearly all other areas displayed, with the only notable outflow of retail spending going to Christchurch City. As a result, the Ashburton District has a total net flow position of -10%, i.e. while the district losses 34% of its generated retail spend, this is offset to some degree by the 24% inflow of spend into the district.

8.4 RETAIL FLOWS SECTOR ANALYSIS

As mentioned earlier retail sector spending is disproportional across sectors such as Supermarket Retailing and Food and Beverage Services which have significantly higher levels of sales compared to Furniture, floor coverings, homewares and textiles.

Due to these differences, Figure 9 shows the breakdown of spending on a proportional basis made by Ashburton District residents across New Zealand.

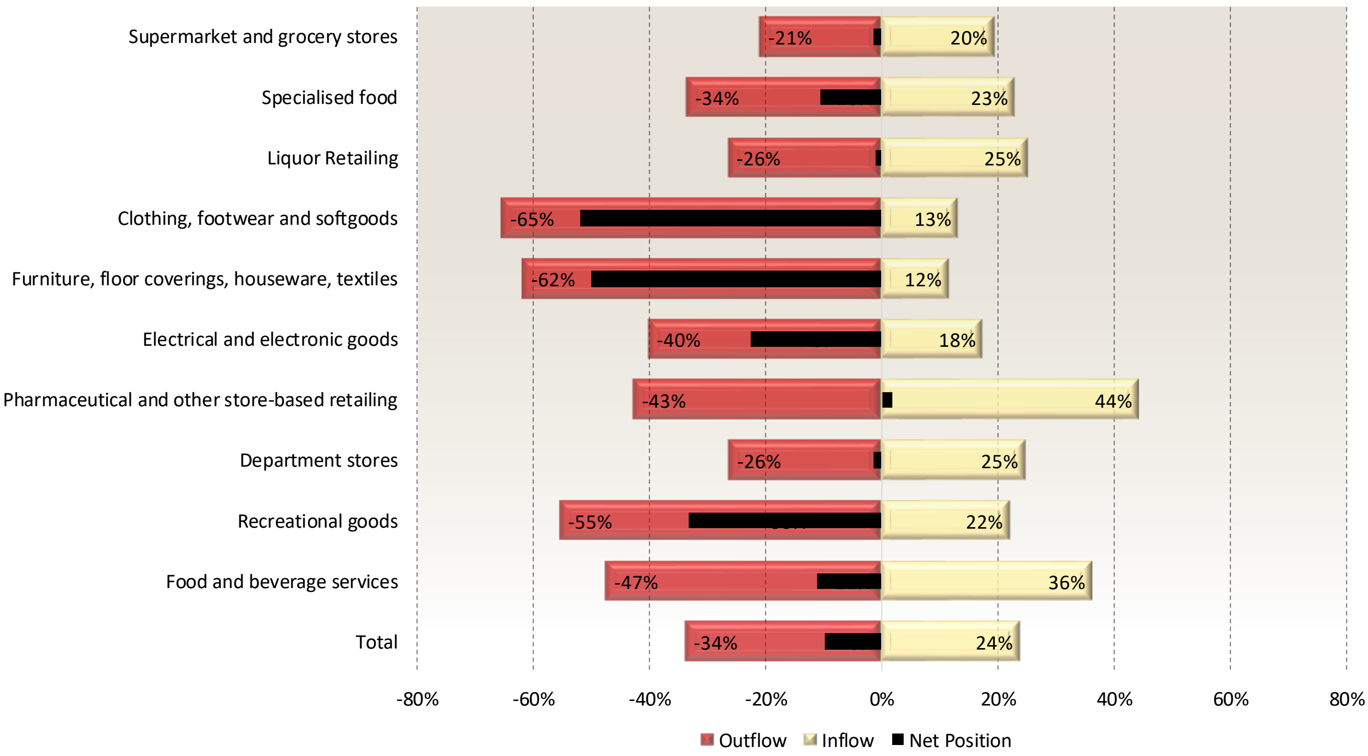
FIGURE 9: RETAIL SPENDING IN ASHBURTON DISTRICT BY SECTOR



Source: Property Economics, MarketView

Figure 10 breaks down the net flows of the Ashburton District by retail sector, isolating the relative size of each as a proportion of the wider market and should be read in conjunction with Figure 9 to provide a clearer view of the differing net flows of each sector along with their relevance within the wider retail market.

FIGURE 10 ASHBURTON DISTRICT NET FLOWS BY RETAIL SECTOR



Source: Property Economics, MarketView

Convenience retail sectors such as Supermarkets and grocery stores, Specialised food and Liquor retailing are sectors where stores provide an almost homogenous offer from shopper's perspective, and typically leads to a higher proportion of internalised spend. Due to this spending within these sectors it is more localised as shoppers have no material reason to travel further than their most convenient and accessible store/centre.

With leakage levels of over 20% (i.e. $1 in every $5 spent) across these sectors indicates that some Ashburton residents are routinely leaving the district to satisfy their convenience retailing needs. This may be partly due to a proportion of residents who commute to Christchurch for work and also undertake some shopping within Christchurch.

Food and beverage service is both a convenience and a comparison sector. As these activities can be considered both a necessity and luxury depending on price point, e.g. cafes, bars, restaurants and takeaways cater for casual through to fine dining. This sector has a net position of -11%, indicating that Ashburton loses a total of $11 for every $100 Ashburton residents spend on Food and Beverage services.

As evident by Figure 9, Food and beverage service is an important retail sector encompassing around 16% of retail sales within the market, larger than that of Recreational goods, Furniture, Electronic and Fashion retailing combined. While this is not necessarily an adverse position for the sector, measures could be made to decrease the level of leakage outside of Ashburton with a better-quality offer and dining experiences to foster a more self-sustaining retail position.

Recreational goods, Furniture, floor coverings, houseware, textiles and Clothing, footwear and softgoods, are comparison retailing items, which cater to specific tastes of the individual consumer. This means shoppers have a higher propensity to 'search' for the ideal product and price point for their individual needs. This translates to a wider spread of where shoppers are spending their retail dollars, as shoppers are more willing to travel further afield for specific shops, brands and products.

Given the lack of comparative offer within the Ashburton District, Figure 10 shows significant losses in these sectors with over $1 in every $2 of Ashburton resident spending within these sectors being spent outside the district. Furthermore, these sectors have lower levels of spending originating from outside of the district resulting in significant negative net positions.

This suggests that the current offer in Ashburton across these sectors not only fails to satisfy the local market but also fails to attract visitor spending, highlighting a range of retail sectors that could be improved within the Ashburton District. These sectors are largely town centre focussed and if improved could provide significant economic injection for the Ashburton Town Centre.

The high leakage levels across the comparison retailing sectors aforementioned are likely to also contribute to a loss in retailing spending within convenience sectors such as Supermarkets, Specialised Food and Liquor retailing where cross-shopping would be occurring these their shopping trips.

The key opportunity within Ashburton District is then to assess the retail needs that are not currently being met and providing a better-quality retail environment / provision which reduces the amount of local leakage to other areas. This would have the compounding potential to also increase the level of inflow to Ashburton District.

9. RETAIL EXPENDITURE AND SUSTAINABLE GFA

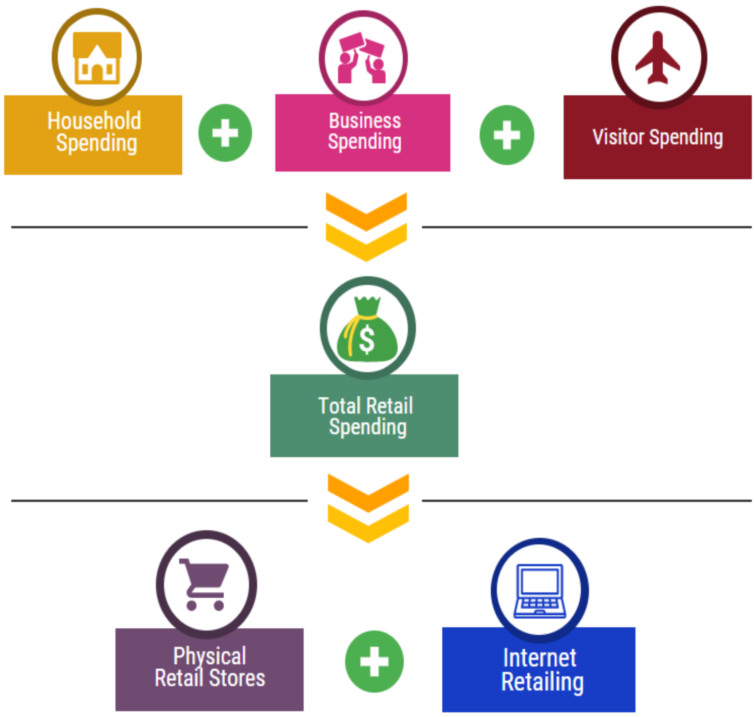
This section sets out the projected retail expenditure generated and sustainable GFA forecasts on an annualised basis for the Ashburton District. The forecasts have been based on the aforementioned population and household growth projections and have been prepared using Property Economics' Retail Model.

9.1 RETAIL EXPENDITURE MODEL

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

The following flow chart provides a graphical representation of the Property Economics Retail Growth Model to assist ADC in better understanding the methodology, key inputs utilised and assist in interpreting outputs.

FIGURE 11: PROPERTY ECONOMICS RETAIL EXPENDITURE MODEL OUTLINE



Source: Property Economics

GROWTH IN REAL RETAIL EXPENDITURE

For the purposes of projecting retail expenditure, growth in real retail spend has been incorporated into the model at an average rate of 1% per annum over the forecast period. This 1% rate is based on the level of debt retail spending, interest rates and changes in disposable income levels, and is the average inflation-adjusted increase in spend per household over the assessed period.

LAYERED RETAIL CATCHMENTS

It is important to note that the retail expenditure generated in the identified market does not necessarily equate to the sales within that particular area. Residents can freely travel in and out of the area, and they will typically choose the centres with their preferred range of stores, products, brands, proximity, accessibility and price points. A good quality offering will attract customers from beyond its core market, whereas a low-quality offering is likely to experience retail expenditure leakage out of its core market.

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

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

NET FLOW

For the purpose of projecting retail expenditure and sustainable GFA for the Ashburton District in this report, the retail model incorporates a net flow position (the difference between the level of retail inflow and retail leakage of the Ashburton District) on a proportional basis of -10%.

EXCLUDED ACTIVITIES

The retail expenditure figures below are in 2019 NZ dollars and exclude the following retail activities, as categorised under the ANZSIC categorisation system:

- Accommodation (hotels, motels, backpackers, etc.)

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

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

The latter two bullet points contain activity types that generally have difficulty establishing new stores in centres for land economic and site constraint reasons, i.e. the commercial reality is that for most of these activity types it would be unviable to establish new stores in centres given their modern store footprint requirements and untenable to remain located within them for an extended period of time (beyond an initial lease term) in successful centres due to property economic considerations such as rent, operating expenses, land value and site sizes.

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

SUSTAINABLE GFA

This analysis uses a sustainable footprint approach to assess retail demand. Sustainable floorspace in this context refers to the level of floor space proportionate to an area's retainable retail expenditure that is likely to result in an appropriate quality and offer in the retail environment. This does not necessarily represent the 'break-even' point, but a level of sales productivity ($/sqm) that allows retail stores to trade profitably and provide a good quality retail environment, and thus economic well-being and amenity.

It is necessary to separate the Gross Floor Area into:

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

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

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

9.2 ANNUALISED RETAIL EXPENDITURE

Table 4 forecasts the total level of retail expenditure generated by the Ashburton District on an annualised basis over the next 20 years to 2038. Note the retail expenditure generated by the Ashburton District accounts for the net flow position of -10%.

TABLE 4: ANNUALISED RETAIL EXPENDITURE FORECASTS BY SECTOR ($M)

SNZ Med + Marketview	2018	2023	2028	2033	2038	Net Growth # (2018 - 2038)	Net Growth % (2018 - 2038)
Food Retailing	$120	$130	$140	$150	$160	$40	33%
Clothing, Footwear and Personal Accessories Retailing	$20	$20	$20	$30	$30	$10	50%
Furniture, Floor Coverings, Houseware and Textile Goods Retailing	$10	$10	$10	$20	$20	$10	100%
Electrical and Electronic Goods Retailing	$20	$20	$20	$20	$20	$0	0%
Pharmaceutical and Personal Care Goods Retailing	$10	$10	$10	$20	$20	$10	100%
Department stores	$30	$30	$30	$30	$30	$0	0%
Recreational Goods Retailing	$10	$10	$10	$20	$20	$10	100%
Other Goods Retailing	$20	$20	$20	$20	$20	$0	0%
Food and Beverage Services	$50	$50	$60	$60	$70	$20	40%
Total	**$290**	**$310**	**$340**	**$360**	**$390**	**$100**	**34%**

Source: Property Economics

Ashburton District is currently estimated to generate around $290m (rounded) of retail expenditure per annum, with food-related sectors dominating. This is forecast to increase by 34% to $390m (rounded) annually by 2038 in 2019 NZD, which represents an increase of around $100m (rounded) by 2038 above the current base year.

The Food Retailing sector is the most significant retail sector within the District, accounting for around 40% of total retail expenditure currently and is forecast to increase by a net $40m to $160m annually by 2038. This sector is dominated by supermarket retailing and sales, which typically accounts for around 75% of household spend in this sector.

This is followed by the Food and Beverage Service sector. Both of these retail sectors combined account for around 60% of the total net retail growth within the District, making both these sectors significant 'players' within the District's economic market and future retail provision. By default this makes these sectors an important focus for improving the town centre provisions and performance.

9.3 SUSTAINABLE GFA

Table 5 determines the level of sustainable GFA that can be supported by the generated spend within the district (refer Table 4) on an annualised basis out to 2038.

TABLE 5: SUSTAINABLE RETAIL GFA FORECASTS BY SECTOR (GFA)

SNZ Med + Marketview	2018	2023	2028	2033	2038	Net Growth # (2018 - 2038)	Net Growth % (2018 - 2038)
Food Retailing	17,100	18,400	19,800	21,300	22,900	5,800	34%
Clothing, Footwear and Personal Accessories Retailing	4,200	4,500	4,900	5,200	5,600	1,400	33%
Furniture, Floor Coverings, Houseware and Textile Goods Retailing	5,100	5,500	5,900	6,400	6,800	1,700	33%
Electrical and Electronic Goods Retailing	5,200	5,600	6,100	6,600	7,000	1,800	35%
Pharmaceutical and Personal Care Goods Retailing	2,300	2,500	2,700	2,900	3,100	800	35%
Department stores	10,300	11,000	11,900	12,800	13,800	3,500	34%
Recreational Goods Retailing	4,200	4,600	4,900	5,300	5,700	1,500	36%
Other Goods Retailing	4,800	5,200	5,600	6,000	6,500	1,700	35%
Food and Beverage Services	8,800	9,500	10,200	11,000	11,900	3,100	35%
Total	**62,100**	**66,800**	**71,900**	**77,600**	**83,400**	**21,300**	**34%**

Source: Property Economics

Currently, the total sustainable GFA based on district generated spend equates to around 62,100sqm currently, growing to 83,400sqm by 2038, an increase of circa 21,300sqm. This gives a sense of scale to projected sustainable growth and ground truths the potential and what this may mean for the Ashburton Town Centre.

10. ASHBURTON TOWN CENTRE RETAIL SUPPLY

Property Economics has undertaken a retail audit of the Ashburton Town Centre to quantify the current centre provision. The retail audit results are displayed in terms of nominal stores and GFA. The net retail floor area figures captured in the audit were translated to GFA.

This data reflects the retail activity of Ashburton Town Centre (all Business A zone) audited and excludes non-retail activity such as commercial services, community activities, recreational activities etc., which add to a centre's role, function and attraction. Non-centre standalone activity is also excluded.

Table 6 breaks down the current composition of the Ashburton Town Centre retail supply into ANZSIC GFA categories, as well as store count and total GFA by sector. Town fringe zones have been excluded from the analysis given they are not part of the town centre's Business A zone offering.

TABLE 6 ASHBURTON TOWN CENTRE RETAIL COMPOSITION

Retail Sector	Store Count	Store %	GFA (sqm)	GFA %
Supermarket	0	0%	0	0%
Food Retailing	3	3%	470	2%
Food and Beverage Services	19	21%	4,960	18%
Clothing and Footwear	13	14%	2,540	9%
Furniture, Floor Coverings, Houseware and Textile Goods Retailing	6	7%	2,700	10%
Electrical and Electronic Goods Retailing	1	1%	690	2%
Pharmaceutical and Personal Care Goods Retailing	2	2%	740	3%
Department Stores	3	3%	4,760	17%
Recreational Goods Retailing	5	5%	1,340	5%
Other goods Retailing	27	30%	5,310	19%
Vacant	10	11%	3,570	13%
Under Construction	2	2%	530	2%
Total	**91**		**27,610**	

Source: Property Economics

Ashburton Town Centre is the main commercial centre for the wider district. It has a significantly larger commercial provision than any other centre in the area with around 91 retail stores encompassing around 27,610 sqm (rounded) of retail GFA.

Around 10 stores are currently vacant, covering an estimated 3,570 sqm GFA, representing 11% of total in-centre retail stores nominally and 13% of GFA. A vacancy rate as high as 13% (on a store GFA basis) is less than desirable from a consumer, community and centre functionality perspective, as it indicates a struggling town centre, a centre not performing its role and function particularly well and generally a centre not in good 'health' economically and socially.

Other Goods retailing has the highest proportion of stores with 27 stores nominally (or 30%), while it accounts for 5,310 or 19% of retail GFA within the Ashburton Town Centre. This proportion is of some concern as 'Other Stores' often represent smaller, lower quality, second hand and unbranded store types that do not perform or generate the same level of retail productivity as stores in other sectors.

Combined with vacant stores this means a very high 41% of the town centre stores are these lower performing, lower functioning store types representing approximately 33% of the town centre retail GFA. This is a sign of a centre struggling to remain relevant on today's market, under serious threat from competing retail destinations and / or a centre too big for its position in today's modern retail environment and network.

These '*lower end'* store types can affect the long-term vitality, quality, overall sales performance and 'health' of the centre. The trading productivity per sqm among Other Goods Retailing store types is generally lower than other stores, requiring lower rental rates for sustainability while lowering overall attractiveness and amenity of a centre. As a result, rental rates for other locations in the centre can fall, leading to the establishment of additional stores that fall under the 'Other stores' category.

Store types that are crucial to the town centre's performance, health, vibrancy, role and function include the Food and Beverage services and Clothing Footwear and Personal Accessories retailing and Department stores. Food and Beverage services encompass cafes, restaurants, takeaways, pubs and taverns. Combined these three retailing sectors account for 35 stores nominally (38%).

A high proportion of food and beverage services, fashion stores and department stores are desirable for town centres to assist them in playing their higher-level hierarchical role and function in the market more successfully. Eastfield precinct's retail component is likely to provide an opportunity for these sectors to enhance their position in the town centre. However, the quality and scope of the offer within these categories are more important than the proportion alone.

A meaningful proportion of stores in these categories appear to be struggling to meet the modern-day retail expectations of the consumers. Many of the stores themselves are old and do not appear to have had any material capital investment in either the building or store fitout for many years. This adversely affects the shopper's experience and cumulatively reflects on the town centre perceptions as a whole.

There are no supermarkets within the town centre provision at present, and in fact a lack of food retail stores in general, with only 3 small specialist food retailers accounted for. Modern supermarkets (often with a GFA footprint between 3,500 and 6,000 sqm) typically require large landholdings (around 1.5ha). These are difficult to find and / or group together in town centre locations, albeit often required to enable a large modern supermarket to be feasibly established economically within a town centre environment.

However, there are two supermarkets adjacent to the town centre that play a supporting role to the town centre functionality, providing good access to supermarket and food retailing provision ensuring the community is not disenabled in terms of access to Ashburton's food retail provision.

Table 7 categorises nominal retail store numbers and GFA across three store size categories, 0-499sqm, 500-999sqm and greater than 1000sqm GFA. This assists in differentiating between speciality and LFR store types and provides a more comprehensive picture of the store composition of Ashburton Town Centre.

TABLE 7: RETAIL STORE NUMBER AND GFA ACROSS THREE STORE SIZE CATEGORIES

Retail Sector	0-499	500-999	1000+	Total	0-499	500-999	1000+	Total
Supermarket	0	0	0	**0**	0	0	0	**0**
Food, Liquor Retailing	3	0	0	3	470	0	0	470
Cafes, Restaurants & Takeaways	13	0	0	13	1,130	0	0	1,130
Pubs, Taverns and Bars	3	2	0	5	780	1,040	0	1,810
Clubs (Hospitality)	0	0	1	1	0	0	2,010	2,010
Clothing, and personal accessories retailing	10	1	0	11	1,230	550	0	1,780
Footwear	1	1	0	2	70	700	0	770
Furniture, floor coverings, houseware and textile goods retailing	4	2	0	6	830	1,870	0	2,700
Electrical and electronic goods retailing	0	1	0	1	0	690	0	690
Pharmaceutical and personal care goods retailing	1	1	0	2	200	540	0	740
Department stores	0	1	2	3	0	950	3,810	4,760
Recreational goods retailing	4	1	0	5	750	580	0	1,340
Other goods retailing	25	2	0	27	4,100	1,220	0	5,310
Vacant	9	0	1	10	1,960	0	1,610	3,570
Under Construction	2	0	0	2	530	0	0	530
TOTAL	**75**	**12**	**4**	**91**	**12,050**	**8,140**	**7,430**	**27,610**
TOTAL %	**82%**	**13%**	**4%**		**44%**	**29%**	**27%**	

Source: Property Economics

This analysis indicates a substantial proportion of the stores nominally in the Ashburton Town Centre (Business A zone) is comprised of speciality retailers. At present, 82% of the retail stores in the town centre are smaller specialty or boutique stores with GFA below 500sqm. However, these stores account for only 44% of the total town centre retail supply by GFA.

10.1 BUSINESS ZONES A AND B RETAIL SUPPLY COMPARISION

Table 8 adds the retail supply in Business zone B to provide a more complete picture for all retail in the key Business A and B zones.

TABLE 8: BUSINESS ZONES A AND B RETAIL SUPPLY COMPARISION

Business Zones	Store	Store %	GFA	GFA %	0-499	500-999	1000+	Total
Business Zone A	91	83%	27,610	57%	12,050	8,140	7,430	27,610
Business Zone B	19	17%	20,600	43%	2,060	3,070	15,470	20,600
Total	**110**		**48,210**		**14,110**	**11,210**	**22,900**	**48,210**

Source: Property Economics

In total there are 110 retail stores and just over 48,000 sqm retail GFA across both zones with Business B accounting for 17% (19 stores). The Business B zone is dominated by LFR stores, which is the zone's intended purpose.

Due to the larger store footprints of the LFR stores, the Business B zone accounts for a significantly larger proportion of retail GFA across these two zones (43%). This scale of retail provision illustrates why the Ashburton Town Centre has struggled to recover from the development of the LFR in Ashburton at this point.

11. COMMERCIAL OFFICE GROWTH

11.1 EMPLOYMENT FORECAST 2018-2038

To assess the level of land demand for commercial office activities, first it is important to forecast employment growth in the relevant sectors over the forecast period to 2038. A forecast period of 20 years is considered an appropriate base for longer-term planning purposes given the long lead times typically required for infrastructure planning, budgeting and business location and investment decision making.

As such, Property Economics has projected commercial employment for the Ashburton District out to 2038. Factoring in changing labour force participation rates over the period. Using the latest Statistics New Zealand medium series population forecasts, historic business demographic trends and the changing demographic profile of the Ashburton market, and population and household projections.

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

- National and Regional GDP and employment projections
- Population projections – these are key both to labour force projections and population-based employment.
- Labour Force projections (skilled/unskilled)
- Ashburton's relative business land supply and prices
- Trended growth from the past 18 years
- Economic development directions
- Locational criteria by sector
- National / Regional and local supply of inputted goods and location of market
- Business sector analysis
- Increasing working age

Table 9 below illustrates the forecast commercial employment growth for the Ashburton District. Note Employment Count (EC) is the Statistics NZ measure for employment in a geographic area.

TABLE 9: ASHBURTON COMMERCIAL OFFICE FORECASTS 2018-2038

Sector	2018 Employment	2038 Employment	Employment Growth (2018-2038)
Commercial Sector	2,630	3,670	1,040

Source: Property Economics

Commercial office sector employment is forecast to grow at a faster rate both nominally and proportionally by circa 1,040 employees, representing a forecast net increase in commercial employment by 2038 of 40% from the 2018 base year.

In terms of GFA and land requirements for commercial office activity growth to 2038 this equates to circa 28,000sqm GFA, which if development averaged two levels and a GFA to land ratio of 0.5 would equate to a nearly 3ha land requirement.

Commercial office activity is an important land use for improving the breadth of services and offer in a town centre. It provides additional reasons to visit the town centre and is considered an important conduit between retail and other land uses in the town centre.

For multi-level development, commercial office activity is often an important factor in making such developments commercially viable, and this is likely to be the case in the Ashburton Town Centre as well in the future.

12. BUSINESS A ZONE PROVISION

A high-level assessment of sustainable retail requirements combined with an on-the-ground site visit to Ashburton Town Centre indicates that future retail and commercial growth can be accommodated within the existing town centre Business A zone.

The current sustainable level of land for retail (5.5ha) and that again for commercial service and professional office activities in the Business A zone amounts to circa 11ha. This is expected to increase by around 6.9ha (with future retail and commercial land requirements amounting to 3.4ha and 3.5 ha respectively) to circa 18ha by 2038. This assumes an ambitious 80% of the retail growth is captured within the Business A zone, and an average of 2-storey development for commercial office space. If this average is higher the land requirement would reduce commensurately.

With Business A zone covering an approximate 19.3ha of developable land (excluding roads), there is an estimated buffer of around 1.3ha. With retail and commercial services also likely to have a small presence in other business zones, this would lower the Business Zones A land requirement further.

A recent visit by Property Economics to the Ashburton town centre identified a number of vacant retail stores in the Business A zone totalling nearly 3,600sqm, significant redevelopment potential within the zone and a number of underperforming 'other' store types in which some growth should be channelled to support.

There were also a large number of older retail buildings in the Business A zone that would be very close to the end of their economic life and in need of repair, investment and upgrade which over the next 20 years are likely to be replaced. Where redevelopment occurs any 'new' buildings are likely to be multi-level and add significant GFA capacity within the existing Business A zone provision.

For these reasons Property Economics considers the Ashburton town centre currently has more than sufficient Business A zone land and capacity to accommodate the future retail and commercial requirements of the district.

Furthermore, it is Property Economics' opinion that specific focus should be placed on improving and further consolidating existing retail business activity within the District (particularly the Ashburton Town Centre) over the foreseeable future, to improve the retail environment, built form, offer and shopping experience to elevate amenity and centre performance.

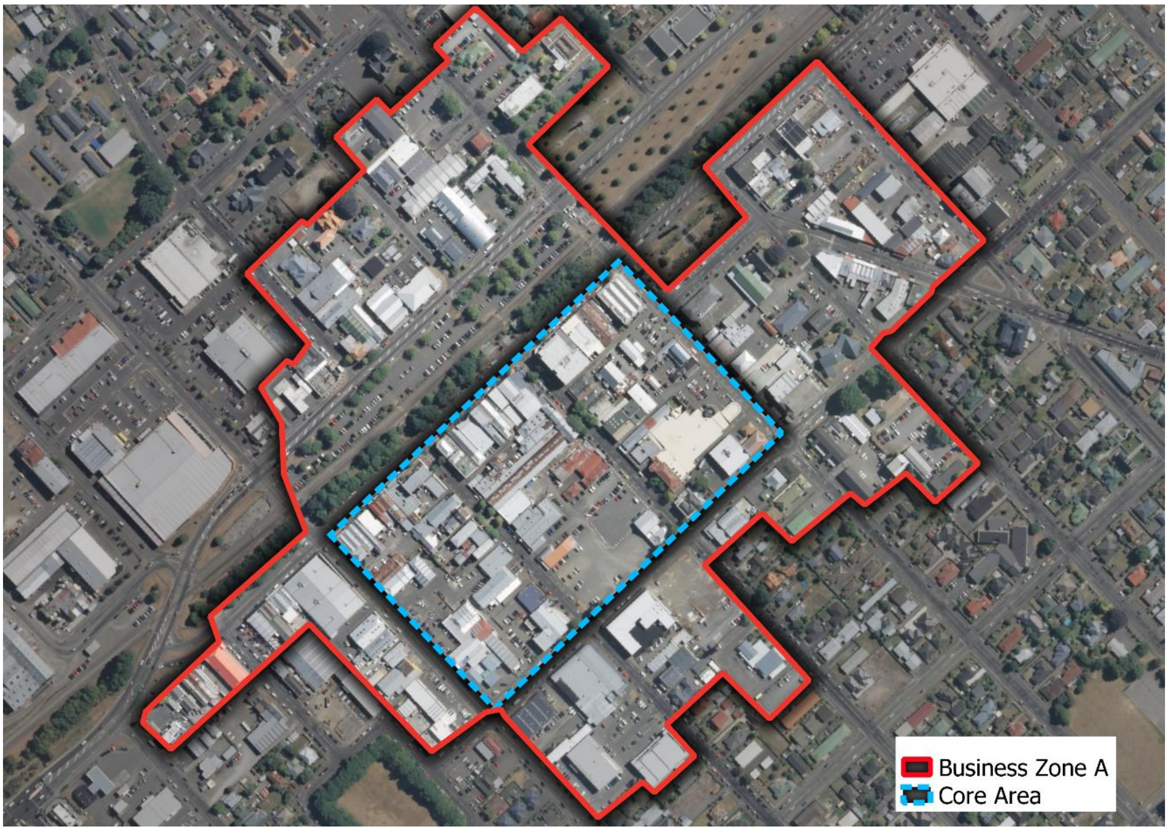
12.1 KEY RECOMMENDATIONS FOR THE ASHBURTON TOWN CENTRE

In respect of the Ashburton Town Centre specifically, given the extensive nature of the Business A zone relative to current market demand, Property Economics recommend identifying and establishing a core retail area as a subset of the Business A zone. This area should become the focal point for new retail and commercial development, an area of focus for private and public sector (re)investment in the town centre's built form and public realm and re-establish its position as the economic, social and community '*heart*' of the Ashburton District.

As a guide, the core retail area should encompass the area bounded by Havelock Street in the north, East Street being the western boundary, Cass Street being the eastern boundary and Moore Street being the southern boundary.

The geospatial extent of the core retail area considered appropriate for the Ashburton Town Centre is shown in Figure 12

FIGURE 12: PROPOSED ASHBURTON CORE RETAIL AREA



Source: Property Economics

The identified core retail area is logical given the existing environment and encompasses much of the existing key retail provision in the town centre. This area also supports the new developments proposed / under construction including the new Council building and library as the northern anchor destination, the existing Farmers department store as the key southern end anchor destination, and encompasses the proposed Eastfield development as a new anchor destination in the middle of the core retail area.

The core retail area should be well integrated and connected to allow easy movement of people throughout the area, and provide high levels of accessibility and free flow of people and vehicles to and around the area.

Investment in the core retail area needs to be supported by a strong policy framework in the District Plan to increase market certainty that any private and public sector investment into the core retail area would not be undermined by inappropriate development that undermines the core area elsewhere in the district. This would also provide more certainty around anticipated urban form outcomes and distribution of commercial activities.

This is considered a proactive response for ADC to take and supports maintenance of the District Plan's business zone integrity by reducing the likelihood of the inappropriate dispersal of commercial activities across zones and locations.

Balancing the above recommendations should be the encouragement of some residential activity into the 19.3ha Business A zone outside the core retail area in some identified precincts, particularly higher density residential development to what is currently provided in the district, e.g. terraced houses. Any residential development in the core retail area should be restricted to above ground level and be multi-level apartments, as commercial activity at ground level is important for the town centre to successfully fulfil its primary function.

This would have the effect of building up the residential population base in and around the town centre to the benefit of the town centre and more efficiently utilise existing infrastructure to the benefit of the community. This would also enable more people to have walking access to the town centre, improve the town centre's vibrancy, social amenity and wellbeing, and encourage a more productive and efficient use of currently underutilised and under developed land resource in many parts of the Business A zone.

A further recommendation from Property Economics to assist in the rejuvenation of the Business A zone, and to send a signal to the market the Ashburton town centre is '*open for business*', is a change to the current District Plan policy setting to remove the retail cap rule 5.8.2(f) which limits individual retail tenancies to a maximum of 500sqm within the Business A zone. This rule in effect restricts large format retail tenancies from establishing in the town centre when they often form important '*anchor tenants*' for town centres (i.e. department stores) and can complement the smaller format retail provision within the town centre for the betterment of the centre as a whole. These store types have the ability to add significant value and support to the Business A zone's role and function in the community and have the potential to form an important component of the Business A zone (re)development and recovery.

A further benefit of this approach would be to reduce the need to rezone additional Business B zone land to accommodate further development of these larger store types, which in practice would only amplify the struggles of the town centre by creating another competing retail destination to service the same market.

13. POTENTIAL ADVERSE ECONOMIC EFFECTS OF DISPERSED COMMERCIAL ACTIVITY

There are several adverse economic effects associated with the dispersal of commercial business activity outside of the zoned centre network that should be given due consideration when developing appropriate policy in the District Plan.

The dispersal of commercial activity refers to the development of commercial provision, or the rezoning of land to enable commercial activity to establish outside of existing commercial centres and zones.

In part, commercial activity is often restricted to certain zones due to factors associated with the dispersal of commercial activity. Such factors have certain economic costs that not only have an effect on the individual making the decision, but the wider community as a whole. These factors can be defined as social costs and result in individuals not directly related to an action incurring costs related to that action.

Proportionally, the social costs of an individual's private decision have the potential to outweigh the private benefit obtained from the decision. Whereas an individual participant in a market considers the private benefit of their decision, they do not always consider the social costs.

The failure of the market to identify social costs may conceal the true value of centres and if unchecked is likely to result in an inefficient use of resources. Therefore, exogenous intervention in markets is often required to maximise social wellbeing and efficiency.

This section outlines some of the potential general adverse economic effects that may arise as a result of dispersed commercial activity. This includes identifying direct economic costs and potential disbenefits.

These potential disbenefits are approached in a way where the economic benefit of consolidated commercial activity is identified. Adverse economic effects arise from this potential benefit not being obtained, or obtained to a lesser degree, due to dispersed commercial activity.

This outline is given in the context of the Ashburton District. This section of the report does not quantify the identified economic costs.

The costs and disbenefits discussed in the following section include:

- Decline of centre amenity,
- Reduced agglomeration and productivity gains,
- Decreased utilisation of community infrastructure and increased marginal costs,
- Transport inefficiencies.

DECLINE IN THE AMENITY OF EXISTING CENTRES

An adverse economic impact associated with dispersed commercial activity is a decline in existing centre amenity.

A major dispersal of retailing and associated activities from the town centre could potentially lead to the inefficient use of existing physical resources, and consequentially result in the decline in the pedestrian amenity of the town centre.

The amenity of a centre is directly related to its vitality and vibrancy, which in turn has a strong correlation with the level and potential level of people within a centre. Alternative new commercial provision outside of existing centres is likely to cause a reduction in the competitiveness of existing centres, hence reducing the patronage in existing centres.

A loss of patronage to a centre is not only likely to result in decreased infrastructure efficiencies and a fall in in-centre activities but is very likely to reduce the value residents place on the vibrancy and sense of community achieved there. In terms of the Ashburton Town Centre, this is likely to reduce the marketability and competitive nature of the remaining commercial provision.

These losses of vibrancy and sense of community can potentially result in significant losses in social value. This loss in social value is likely to occur as a result of two primary factors. The first, through diminished vibrancy and sense of place / community lost from the town centre.

The second, shifting the balance for other businesses which are likely to reassess their locational choices away from the town centre due to lower centre amenity. This includes existing businesses in the town centre and businesses which would have otherwise located in the town centre. This is a direct economic cost associated with dispersed commercial activity.

This loss in value is not restricted to what is lost at present as a result of dispersed commercial activity, but what the community could achieve if commercial activity were to be consolidated.

AGGLOMERATION AND PRODUCTIVITY GAINS

A second adverse economic impact associated with dispersed commercial activity is the loss of potential agglomeration and productivity gains. Agglomeration effectively refers to a collective group of activity generating a ‘critical mass’ and in turn developing attributes that result in increased productivity.

The basis for agglomeration benefits is that increased densities and consolidation leads to synergies, improved flow, economies of scale and efficient utilisation of resources.

An economy has the potential to observe agglomeration and productivity gains if consolidating commercial activity into centres. Centres provide a base for a collection of activity sufficient to facilitate the development of a critical mass. Allowing commercial activity to disperse may result in this critical mass not being achieved and the potential loss of this benefit.

There are varying levels of these benefits given the overall size and role of a centre within an economy. Usually, the more significant a centre's standing is in a local economy, the more it can benefit from agglomeration. Being the pre-eminent commercial centre in the Ashburton District, the Ashburton Town Centre represents an opportunity for more significant agglomeration benefits to be obtained to a degree that will create a more productive economy. This is likely to improve community wellbeing and result in greater levels of competitiveness for the district as a whole.

The agglomeration of commercial activity has two primary effects:

- First, the increased profile created by a critical mass of activity. Increased profile improves the location from the perspective of local suppliers. There are obvious 'flow-on' benefits to suppliers of locating within a vibrant and active centre along with the potential for some economies of scale.
- Second, centralised business activity creates both amenity and diversity within the local area. This results from a more extensive and diverse range of business activities locating in a centralised location. The agglomeration of commerce into centres provides an environment that will facilitate the agglomeration of other commercial activities that will assist in achieving the identified productivity gains.

The ability of commercial and retail activities to provide this environment, and thereby improve community wellbeing, is generally not considered in individual business decisions. Therefore, the potential to obtain agglomeration benefits may be lost if allowing for the dispersal of commercial activity.

ADVERSE EFFECTS ON COMMUNITY INFRASTRUCTURE

The provision of community facilities and infrastructure is a social investment. For example the new library proposed in the Ashburton town centre. The justification for this investment is the social value that these services and facilities provide to the community. If this value is considered to be significant enough, community infrastructure is publicly funded and supplied. The reason they are publicly supplied is that given their social value, the free market would not supply enough of them given a patron's individual value (price).

Community facilities are provided as they generate a social benefit for the community. To undermine their use diminishes the social benefit they might provide.

Examples of community infrastructure include the library, police station, community centres, public meeting centres and parks etc. These are generally provided in centres with high activity so as to coincide with retail and other uses. The scale of these facilities also coincides with the scale of activity located within the centre. Ashburton Town Centre is a primary example of this, with the District's main library, police station and other social assets located within the town centre area.

In this case, the dis-benefit associated with dispersed commercial activity arises from the potential decreased use of social assets in existing centres. Decreased use of existing centres is often synonymous with decreased use of existing public assets, due to the location of these assets within centres.

In general, the greater the level of activity and accessibility in a centre, the greater the utilisation of such public assets. A greater commercial profile in the Ashburton Town Centre for example, would be more likely to increase patronage to the town centre. This in turn would facilitate increased use of existing community infrastructure. Conversely, dispersed commercial activity is likely to result in decreased patronage of the Ashburton Town Centre. This decreased patronage is likely to result in decreased usage of community infrastructure.

There are two primary adverse effects dispersed commercial activity might have on community infrastructure:

- First, an increased marginal cost per patron, thereby reducing the efficiency and social benefits generated by the provision.
- Second, the infrastructure is likely to have to be duplicated elsewhere resulting in inefficient use of community resources.

The co-location of community facilities and commercial activity also has the potential to increase accessibility and efficiencies in terms of travel. We follow to introduce economic disbenefits associated with travel efficiencies related to the dispersal of commercial activity.

TRANSPORTATION EFFICIENCIES

Transport efficiencies often arise as a result of the agglomeration of activities. These efficiencies are fundamental when considering the economic costs and benefits associated with the dispersal of economic activity. Benefits are inherently linked to the level of accessibility of activities and assets. This applies to both commercial activity and community facilities.

Efficient transportation networks provide obvious benefits to the community that are not considered in these private decisions. These benefits include:

- Reduced public costs for roading and transport infrastructure (reducing the need for duplication)
- Reduced pollution
- Increased certainty around public and private sector infrastructure investment
- Reduced marginal cost (reducing the 'per trip' cost)
- Increased propensity to use public transport

For obvious reasons, these potential benefits are subverted under a situation where commercial activity is dispersed.

However, there are benefits associated with dispersed commercial activity which offset these disbenefits. In terms of transport efficiencies, such a benefit is reduced traffic congestion. Consolidated commercial activity has the potential to generate traffic congestion, thereby reducing the benefits attributable to these locations while increasing economic costs in terms of reduced convenience and increased travel times.

This effectively 'crowds out' the benefits associated with consolidated commercial activity. However, in terms of transportation efficiency, given the infrastructure and traffic conditions that currently exist in Ashburton, it is unlikely that this crowding-out effect will be significant enough to offset the economic benefits associated with consolidated commercial activity.

APPENDIX 1: DEMOGRAPHIC PROFILING

		Ashburton District	Canterbury Region	New Zealand
GENERAL	Population	33,423	623,120	4,864,470
	Households	13,841	243,765	1,831,134
	Person Per Dwelling Ratio	2.41	2.56	2.66
AGE PROFILE	0–4 Years	8%	6%	7%
	5–9 Years	7%	6%	7%
	10–14 Years	6%	6%	7%
	15–19 Years	6%	7%	7%
	20–24 Years	5%	7%	7%
	25–29 Years	6%	6%	6%
	30–34 Years	6%	6%	6%
	35–39 Years	6%	6%	6%
	40–44 Years	7%	7%	7%
	45–49 Years	7%	7%	7%
	50–54 Years	7%	7%	7%
	55–59 Years	6%	6%	6%
	60–64 Years	6%	6%	5%
	65 years and Over	17%	16%	14%
HOUSEHOLD INCOME	$20,000 or Less	9%	10%	11%
	$20,001–$30,000	11%	11%	11%
	$30,001–$50,000	19%	18%	18%
	$50,001–$70,000	17%	15%	15%
	$70,001–$100,000	21%	19%	18%
	$100,001 or More	23%	27%	28%
PERSONAL INCOME	$5,000 or Less	10%	12%	15%
	$5,001–$10,000	4%	5%	5%
	$10,001–$20,000	17%	19%	18%
	$20,001–$30,000	15%	14%	14%
	$30,001–$50,000	26%	23%	21%
	$50,001 or More	28%	27%	27%
ETHNICITY	European Ethnic Groups	84%	81%	67%
	Mäori Ethnic Group	7%	8%	13%
	Pacific Peoples' Ethnic Groups	3%	2%	7%
	Asian Ethnic Groups	4%	6%	11%
	MELAA Ethnic Groups	1%	1%	1%
	Other Ethnic Groups	2%	2%	2%
QUALIFICATION ATTAINMENT	No Qualification	29%	22%	21%
	Level 1 Certificate	17%	14%	13%
	Level 2 Certificate	12%	11%	11%
	Level 3 Certificate	6%	9%	10%
	Level 4 Certificate	11%	10%	10%
	Level 5 or Level 6 Diploma	9%	10%	9%
	Bachelor Degree and Level 7 Qualifications	8%	12%	14%
	Postgraduate and Honours Degrees	1%	3%	3%
	Masters Degree	1%	2%	3%
	Doctorate Degree	0%	1%	1%
	Overseas Secondary School Qualification	5%	5%	7%

		Ashburton District	Canterbury Region	New Zealand
HOUSEHOLDS	Single	24%	24%	23%
	Couple	35%	32%	29%
	Single Parent With Children	8%	10%	13%
	Two Parent Family	29%	29%	30%
	Other Multi-person	4%	5%	5%
NUMBER OF RESIDENTS	1 Residents	24%	24%	23%
	2 Residents	39%	36%	34%
	3 Residents	15%	16%	16%
	4 Residents	13%	15%	15%
	5 Residents	6%	6%	7%
	6 Residents	2%	2%	3%
	7 Residents	0%	1%	1%
	8 Plus Residents	0%	0%	1%
HOME OWNERSHIP	Dwelling Owned or Partly Owned	51%	55%	50%
	Dwelling Not Owned and Not Held in a Family Trust	34%	32%	35%
	Dwelling Held in a Family Trust	15%	14%	15%
YEARS AT RESIDENCE	0 Years	22%	22%	22%
	1–4 Years	30%	30%	30%
	5–9 Years	20%	21%	21%
	10–14 Years	10%	11%	11%
	15–29 Years	12%	12%	11%
	30 Years or More	5%	5%	5%
NUMBER OF BEDROOMS	One Bedroom	4%	5%	6%
	Two Bedrooms	18%	21%	19%
	Three Bedrooms	48%	44%	45%
	Four Bedrooms	24%	24%	23%
	Five Bedrooms	4%	5%	6%
	Six Bedrooms	1%	1%	1%
	Seven Bedrooms	0%	0%	0%
	Eight or More Bedrooms	0%	0%	0%
WEEKLY RENT PAID	Under $100	21%	10%	9%
	$100–$149	16%	10%	7%
	$150–$199	7%	7%	8%
	$200–$249	15%	12%	10%
	$250–$299	23%	16%	13%
	$300–$349	14%	15%	14%
	$350 and Over	3%	30%	39%

		Ashburton District	Canterbury Region	New Zealand
EMPLOYMENT	Employed - Full Time	54%	50%	48%
	Employed - Part Time	16%	15%	14%
	Unemployed	2%	3%	5%
	Not in Labour Force	28%	31%	33%
EMPLOYMENT CLASSIFICATION	Managers	24%	18%	19%
	Professionals	11%	20%	23%
	Technicians and Trades Workers	12%	14%	12%
	Community and Personal Service Workers	6%	9%	9%
	Clerical and Administrative Workers	10%	12%	12%
	Sales Workers	8%	9%	9%
	Machinery Operators and Drivers	8%	6%	5%
	Labourers	21%	12%	11%
STUDENT RATIO	Full Time	6%	10%	11%
	Part Time	3%	4%	4%
	Full-time and Part-time Study	0%	0%	0%
	Not Studying	91%	86%	85%
HOUSEHOLD INCOME SOURCES	Wages, Salary, Commissions, Bonuses etc	70%	70%	69%
	Self-employment or Business	24%	22%	22%
	Interest, Dividends, Rent, Other Invest.	30%	30%	27%
	Payments from a Work Accident Insurer	2%	2%	2%
	NZ Superannuation or Veterans Pension	24%	23%	22%
	Other Super., Pensions, Annuities	3%	4%	4%
	Unemployment Benefit	2%	3%	4%
	Sickness Benefit	2%	3%	3%
	Domestic Purposes Benefit	3%	3%	4%
	Invalids Benefit	3%	4%	3%
	Student Allowance	1%	3%	4%
	Other Govt Benefits, Payments or Pension	5%	6%	6%
	Other Sources of Income	1%	3%	3%
	No Source of Income During That Time	0%	0%	1%
INDUSTRY OF EMPLOYMENT	Agriculture, Forestry and Fishing	28%	7%	7%
	Mining	0%	0%	0%
	Manufacturing	17%	12%	10%
	Electricity, Gas, Water and Waste Services	1%	1%	1%
	Construction	8%	11%	8%
	Wholesale Trade	4%	5%	5%
	Retail Trade	9%	10%	10%
	Accommodation and Food Services	4%	5%	6%
	Transport, Postal and Warehousing	3%	4%	4%
	Information Media and Telecommunications	1%	1%	2%
	Financial and Insurance Services	1%	3%	4%
	Rental, Hiring and Real Estate Services	2%	2%	2%
	Professional, Scientific and Technical Services	4%	8%	9%
	Administrative and Support Services	1%	3%	3%
	Public Administration and Safety	2%	4%	5%
	Education and Training	5%	7%	8%
	Health Care and Social Assistance	6%	10%	10%
	Arts and Recreation Services	1%	2%	2%
	Other Services	3%	4%	4%

APPENDIX 2: BUSINESS CLASSIFICATIONS

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

A proportion of employees coded within industrial categories work within other more commercial (office) arms of a business in other locations, i.e. employees in the sales branch of electrical companies are coded in the electricity, gas, water and waste services. Despite being in the industrial industry, these employees are technically not industrial employees, and as such are not included in the proportions utilised for classifying industrial activities.

For planning purposes commercial and industrial employees are those working on zoned business land corresponding their respective sector. Often this is not the case, activities such as hospitals, schools, police services and etc. are classified under commercial services focused sectors but are typically not zoned as such. For this reason, Property Economics has divided these classifications into industrial, commercial, retail and other sectors. These sectors correspond broadly to the zoning of industrial, commercial, retail and special land zonings by the local authorities.

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

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

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

- 15% of Accommodation and Food Services
- Information Media and Telecommunications

- Financial and Insurance Services
- Rental, Hiring and Real Estate Services
- Professional, Scientific and Technical Services
- Administrative and Support Services
- 35% Public Administration and Safety
- 15% Education and Training
- 25% Health Care and Social Assistance
- 25% Arts and Recreation Services

Retail Activities generally refer to enterprises mainly engaged in the purchase and on-selling of goods, without significant transformation, to the general public. Retail units generally operate from premises located and designed to attract a high volume of walk-in customers, have an extensive display of goods, and/or use mass media advertising designed to attract customers.

Cafes, Bars and Restaurants have also been included as part of Retail Activities and includes businesses mainly engaged in providing food and beverage serving services for consumption on the premises. Customers generally order and are served while seated (i.e. waiter/waitress service) and pay after eating. The employees work for the following sectors are considered a commercial sector employee:

- 85% of Accommodation and Food Services
- Retail Trade

Other Activities constitutes the balance of total employment within an area, and is not defined by any particular business sector. It encompasses community activities such as Museum Operations, Universities, Hospitals, Schools, Sports grounds and other activities not typically located on commercial or industrial land.

APPENDIX 3: PROPERTY ECONOMICS RETAIL MODEL

This overview outlines the methodology that has been used to estimate retail expenditure generated at Census Area Unit (CAU) level for the identified catchment out to 2038.

CAU 2013 Boundaries

All analysis has been based on Census Area Unit 2013 boundaries, the most recent available.

Permanent Private Households (PPH) 2013

These are the total Occupied Households as determined by the Census 2013. PPHs are the primary basis of retail spend generation and account for approximately 71% of all retail sales. PPHs have regard for (exclude) the proportion of dwellings that are vacant at any one time in a locality, which can vary significantly, and in this respect account for the movement of some domestic tourists.

Permanent Private Household Forecasts 2006-2038

These are based on Statistics NZ Census Area Unit (CAU) Medium Series Population Growth Projections and have been adjusted to account for residential building consent activity occurring between 2006 and 2018, with this extrapolated to the year of concern. This accounts for recent building activity, particularly important for the 5-10-year forecasts, and effectively updates Statistics NZ projections to reflect recent trends.

International Tourist Spend

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

Total Tourist Spend Forecast

Growth is conservatively forecast in the model at 3% per annum for the 2015-2038 period.

2013-2038 PPH Average Household Retail Spend

This has been determined by analysing the national relationship between PPH average household income (by income bracket) as determined by the 2013 Census, and the average PPH expenditure of retail goods (by income bracket) as determined by the Household Economic Survey (HES) prepared by Statistics NZ.

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

Real Retail Spend Growth (excl. trade-based retailing)

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

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

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

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

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

Internet Retail Spend Growth

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

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

Additionally, growth of internet retailing for virtual stores, auctions and overseas stores is leading to a decrease in on-the-ground spend and floor space demand. In order to account for this, a non-linear percentage decrease of 2.5% in 2018 growing to 10% by 2038 has been applied to retail expenditure encompassing all retail categories in our retail model. These losses represent the retail diversion from on-the-ground stores to internet-based retailing that will no longer contribute to retail floor space demand.

Retail Spend Determinants

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

Retail Spend Economic Variables

Income levels and household MPC are directly influenced by several macroeconomic variables that will alter the amount of spend. Real retail growth does not rely on the base determinants changing but a change in the financial and economic environment under which these determinants operate. These variables include:

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

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

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

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

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

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

Economic/Income growth: Income growth has a similar impact to confidence. Although a large proportion of this growth may not impact upon households MPC (rather just increasing the income determinant) it does impact upon households discretionary spending and therefore likely retail spend.

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

Current and Future Conditions

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

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

Impacts of Changing Retail Spend

At this point in time a 1% real retail growth rate is being applied by Property Economics over the longer term 20-year period. This rate can be highly volatile however and generally falls within the range of 0.5%-2.0%. It is considered prudent in the shorter term to be conservative with regard to the level of sustainable retail floor space within given centres and as the economy stabilises and experiences cyclical growth longer term rates might be slightly higher.

Business Spend 2013

This is the total retail spend generated by businesses. This has been determined by subtracting PPH retail spend and Tourist retail spend from the Total Retail Sales as determined by the Retail Trade Survey (RTS) which is prepared by Statistics NZ. All categories are included with the exception of accommodation and automotive related spend. In total, Business Spend accounts for 26% of all retail sales in NZ. Business spend is distributed based on the location of employees in each Census Area Unit and the national average retail spend per employee.

Business Spend Forecast 2013-2038

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