Waimakariri District

Business Land Assessment update

Prepared for Waimakariri District Council

Final

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Formative

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1 Introduction

Formative Limited was commissioned by Waimakariri District Council ("WDC" or "Council") to provide an update of a 2019 economics report that was commissioned as part of the District Plan review and drafting process. That report was the "Waimakariri District Business Land Assessment", Market Economics, 25 June 2019 ("the 2019 report"). The authors of this update were also the authors of the 2019 report while in their previous roles at Market Economics.

1.1 Scope

This update is required to take into account information that has changed since the 2019 report was completed. The most significant changes that have occurred include:

- The introduction of the National Policy Statement on Urban Development ("NPSUD"), replacing the earlier National Policy Statement on Urban Development Capacity ("NPSUDC") in July 2020. The Council has also commissioned research to meet the requirements of the NPSUD, which includes new economic forecasts and updated business land capacity assessment.
- Four years have passed since the base year (2017) that was presented in the 2019 report. As expected, the community and economy has grown over the intervening period. The release of Statistics New Zealand data provides a more contemporary understanding of current population and economy in the District, and a better baseline for understanding the business land demand and supply.
- The proposal for a large format retail ("LFR") development in the Business 5 zone at Smith St, in Kaiapoi. That development was approved by Council on 17 August 2021.
- Proposed Plan Change 30 ("PC30") for Ravenswood. That proposal was heard in late May 2021 at a Council hearing, and is awaiting a decision.

This update also takes into account other relevant changes to the environment, such as retail, commercial and industrial built and vacant space, and changes to the draft Proposed District Plan ("draft PDP").

1.2 Documents reviewed

We have reviewed the following documents in the course of preparing this update:

- "Waimakariri District Business Land Assessment", Foy, D. and Yeoman, R., 25 June 2019 Market Economics.
- The National Policy Statement on Urban Development 2020.

- “Waimakariri District Economic Forecasts”, Yeoman, R. and Gordon, G., 20 March 2020, Market Economics.
- “Waimakariri District Capacity for Growth Model” Yeoman, R., 20 March 2020, Market Economics.
- Relevant Statistics New Zealand data, population estimates, Census 2018 data, economic data, etc.
- Electronic card transaction data from Marketview.
- Current (as at 31 August 2021) draft PDP zones and rules.
- Decision on Resource Consent Application: Clampett Investments Limited, 1 Hakarau Road, Kaiapoi (the “Smith Street decision”).[1]
- Application materials for PC30 in Ravenswood.

[1] RC205216 / RC215278 / 210817135061

2 Business Land Assessment recap

This section summarises the content and key findings of the 2019 report. All data in this section comes from that report. The goal of this update is to identify any material changes in the numbers, structure or context from the 2019 report to present, and revisit the conclusions and recommendations of the 2019 report in light of the current (2021) environment.

2.1 Overview

The 2019 report was commissioned to provide an evidence base about the District's business land requirements, to understand whether the operative District Plan zones provided sufficient business land supply to meet the expected demand within Waimakariri economy. The report drew conclusions about the sufficiency of those operative zones, and made recommendations about any changes required to ensure that business land supply, within the life of the draft PDP, will be adequate to allow the District economy to function efficiently and to adequately provide for the needs of the community. That adequacy and sufficiency is a core concern of relevant policy documents (the NPSUDC, the Canterbury Regional Policy Statement and both the operative and proposed Waimakariri District Plan).

2.2 Growth context

Waimakariri's population grew 60% between 2000 and 2017, employment grew at a similar rate, and District GDP almost doubled, averaging annual growth of 4.2%. As the population grew the primary sector became relatively less important to Waimakariri's economy, with the retail sector growing well ahead of population growth, reflecting an increase in self-sufficiency through locally retained spending.

2.3 Centres

The 2019 report found that Rangiora is the largest retail and commercial centre in the District, with 55,000m^2 retail and household services gross floor area (GFA), some three and a half times more than in Kaiapoi. A large retail presence had begun to emerge in the Business 2 zone at Southbrook, with only much smaller retail presences elsewhere in the District.

2.4 Economic projections

A range of projections were provided in the assessment to reflect uncertainty in future growth. The projections presented a relatively broad range of growth in employment and population, with high rates of ongoing growth anticipated:

- District employment was projected to grow by between 8,800 and 11,600 jobs (medium and high growth scenarios) out to 2048, or about 290-390 jobs per year.

- District household projections indicate projected growth of 16,200-19,100 out to 2048, or about 540-640 households per year.
- Retail demand growth is expected to be slightly faster than household growth, although strongly linked to it. Core retail spend in the District is projected to increase by 137-155% out to 2048, or about 4.6-5.2% per year.
- That spend growth will support an extra 112,000-128,000m^2 of core retail GFA needed by 2048, or 3,700-4,300m^2 per year, and around 30,000m^2 of additional auto/hardware GFA (+1,000m^2 per year). Additional core retail space will be split relatively evenly between stores of less than 450m^2 and larger stores. These projections include the prescribed NPSUDC buffers.

2.5 Location of growth

The 2019 report noted that both the size and location splits presented in the assessment should be considered approximate only, given there are likely to be changes in retailer location preferences within the life of the draft PDP. The most suitable location for retail is to some extent a policy decision, although given functional amenity considerations it was concluded that Rangiora should remain as the largest retail node in the District.

However, the 2019 report also concluded that it would be possible for a large new retail node to develop and still appropriately provide for the community's retail needs.

2.6 Vacant and vacant potential supply

There is potential to supply some of the projected demand growth assessed within existing business areas where there is land that is currently vacant[2] (or vacant potential[3]). The 2019 report concluded that there is significant vacant and vacant potential land in Waimakariri's Business 2 zones, although much less in the Business 1 zone. The vacant and vacant potential land data was used to inform assessment of the amount of space in and around the Business 1 zones that might transition from being underutilised to being occupied by centre activities.

2.7 Sufficiency of business land supply

The 2019 report found that the operative District Plan provides ample development opportunities for industrial and office-based business activity.

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[2] Vacant is defined as a parcel that has no building – i.e. land that is vacant. This report has separated vacant land into two categories – vacant and vacant (carpark).
[3] Vacant Potential is defined as a parcel that has buildings, but is currently developed to a low intensity. This means that the land could be redeveloped and provide more potential for economic activity.

However, the same was not concluded to be true for future retail and commercial land demand, and the assessment found that Business 1 and Business 5 supply will be inadequate under the operative District Plan zones, and additional land will be required in those zones to adequately provide for the needs of the future Waimakariri population.

The draft PDP zones reviewed for the 2019 report would provide much more Business 1 and Business 5 zoned land, and it was concluded that the draft PDP zones would help to alleviate or avoid supply shortages that might arise if operative zones were retained. Key changes to Business 1 (centre) and Business 5 (LFR) zoned supply proposed under the draft PDP were to:

- Expand Rangiora's Business 1 zone.
- Create a new Business 5 area at Ravenswood.
- Change rules around the types of retail activity that can locate in the Business 5 zone.
- Provide for trade retail in the Business 2 zone, with the intended effect of drawing trade retail out of the Business 1 zone and freeing up space there for core retail activities.

With those changes, the 2019 report concluded that the draft PDP policy option would provide sufficient B1, B2 and B5 supply for the life of the PDP, and likely even through to a 30 year horizon, without overstretching and seeking to provide zoned land too far in excess of what is required to meet RPS and NPS-UDC objectives.

3 Policy environment changes

Several key policy documents have been introduced since, or around the time that the 2019 report was finalised. In this section we discuss the content of those documents and assess whether the content of the 2019 report requires any updating to account for changes to the policy environment since 2019.

3.1 National Policy Statement on Urban Development

The 2019 report was finalised at a time when the NPSUDC was the operative national policy statement relating to development capacity. About a year after the 2019 report was finalised, the NPSUD replaced its predecessor. The NPSUD is more directive than the NPSUDC, including requirements for:

- planning decisions to contribute to well-functioning urban environments;
- greater intensification to be enabled in areas of high demand, such as around city and metropolitan centres and around rapid transit stops; and,
- councils to be responsive to unexpected plan change requests.

The NPSUD imposes obligations that encourage less restrictive planning environments, and requires councils to undertaken additional research and to continue to undertake forecasting of demands and modelling of capacity, to establish whether their policy environment adequately provides for the needs of growth.

Assessment of that supply and demand has been undertaken for Council in capacity for growth modelling projects completed in 2017[4] and 2020[5]. The most recent capacity for growth work has concluded that zoned supply of residential and industrial land in Waimakariri is adequate to provide for the needs of growth, even taking into account the competitiveness margin stipulated in the NPSUD. The demand and supply of commercial zoned land was expected to become tight, with potential constraints occurring in the medium term, assuming that new supply was not enabled within the district.

One key effect of the NPSUD is to require Councils to ensure that rules applied to certain places (e.g. around centres and accessible areas) enable increased intensity of use, and this direction was not explicitly included in the predecessor NPSUDC. The practical effect of that is that the NPSUD is expected to result in increased development capacity within some existing areas, as zones are changed. This may well result in additional supply in and around commercial zones, relative to that assessed in the 2019 report and the 2020 capacity modelling, and all other things being equal,

[4] Yeoman. R (2017) Waimakariri Capacity for Growth Model.
[5] Yeoman. R (2020) Waimakariri Capacity for Growth Model.

improved ability to provide for the demands of the economy and community. The Council is working with the partners in the GCP to define a framework for intensification, which may well result in greater development potential in the business zones.[6] However, NPSUD does not require councils to report on business land and intensification until July 2022.

3.2 National Planning Standards

The National Planning Standards were initially published in April 2019, just prior to the finalisation of the 2019 report. The report took those standards into account, and discussed options for how the Standards might be introduced into the draft PDP.[7] The National Planning Standards were introduced to improve the consistency of council plans and policy standards, and, of particular relevance to this update, introduced a uniform range of zone types which councils can select to apply in their District Plans.

Although the draft PDP will apply the National Planning Standards, the function and rules of each zone remain very similar to the zones in the operative District Plan. No update is required to take account of the new zone names.

3.3 OurSpace Future Development Plan

"OurSpace 2018-2048"[8] was endorsed on 14 June 2019 by the Greater Christchurch Partnership Committee, around a week before our 2019 report was finalised. OurSpace adopted the projections being used by WDC, which were also the projections used for the assessment in the 2019 report. This means that although OurSpace was endorsed around the same time as the 2019 report was finalised, the 2019 report works off the same base of projected growth as OurSpace, and no updates to account for OurSpace are now required.

A key outcome of OurSpace was that some areas around Rangiora and Kaiapoi should be designated as Future Development Areas (FDA), to accommodate expected residential growth within Waimakariri District. The Council had planned for these areas to be used for future growth before NPSUDC or the OurSpace process, therefore the designation is a regional recognition of the Councils plans.

3.4 Canterbury Regional Policy Statement

Environment Canterbury notified Proposed Change 1 to Chapter 6 of the Canterbury Regional Policy Statement (CRPS) on 16 January 2021 and it was made operative on 28 July 2021. The change was made to implement the actions in Our Space 2018–2048. Specifically, the CRPS has been changed to

[6] GCP (2021- Ongoing) NPSUD Intensification Framework – working group
[7] In section 5.4.1 of the 2019 report
[8] http://greaterchristchurch.org.nz/ourspace/

include a map that defines the extent of the FDA and a set of criteria that outlines when the zoning of these areas can be changed from rural to urban.

The FDAs in Waimakariri do not explicitly include provision for business land, although it is considered likely that there may be some provision to provide for local needs (convenience centres). However, for the most part the CRPS changes are unlikely to result in significant changes in business land supply within Waimakariri District. Therefore, no update is required to take account of the new FDA designation in the CRPS.

3.5 District Development Strategy

"Our District, Our Future: Waimakariri 2048 District Development Strategy" was published 12 months before the 2019 report was finalised, and the 2019 report was cognisant of its contents and objectives. No update to the 2019 report is required to take account of the Development Strategy.

3.6 Conclusion on consistency with policy environment

The 2019 report was finalised around the same time as several relevant, new, policy documents that operate to guide future development in Waimakariri. However, the 2019 report was cognisant of all of those, and the demand-supply assessment was consistent with those documents, meaning that no updates to the 2019 report are required to ensure consistency with the current policy environment.

The only document that was not included in the 2019 report was the 2020 NPSUD. Its predecessor, the NPSUDC, was however operative, and shaped the business assessment, and the key points of difference between the NPSUDC and the NPSUD have little bearing on the zones applied in the draft PDP.

4 Demand-side changes

In this section we summarise the demand side changes observed in Waimakariri's economy and population that will affect demand for centres and business land in the District. These changes include the change in the economy since the base year in the 2019 report, the latest employment forecasts and retail spending patterns.

4.1 Waimakariri Base Economy 2017 to 2020

The first step required to build an understanding of the demand side of the Waimakariri economy is to analyse recent change in the community and the level of economic activity supported in Waimakariri across the different sectors of the economy, relative to economic projections used in the 2019 report.

Since 2017, the Waimakariri population has grown from 60,300 to 64,700 which is equivalent to 1,500 new residents per annum.[9] Based on household formation rates, it is expected that the growth in population would have generated an additional 500 to 600 new households within the district per annum.

This rate of population and household growth is broadly consistent with the rate of growth relied upon in the 2019 report, which had projection scenarios that ranged from 540 to 640 new households per annum. Therefore, we consider that recent population growth has been consistent with what was anticipated in the 2019 report, and any differences in growth will not materially change the findings in the 2019 report.

To further understand the change in economic activity in the District we have drawn on Formative's Business and Employment database (BED), which records employment (TEC) by industry (6 Digit - ANZSIC06) from 2017 to 2020.[10] Since 2017, Waimakariri-based employment has grown by around 300 new jobs per annum. This rate of growth is broadly consistent with the rate of growth relied upon in the 2019 report, which had projection scenarios that ranged from 290 to 390 new jobs per annum. Therefore, we consider that difference in employment growth and the projections would not be material to the findings in the 2019 report.

[9] Statistics New Zealand (2021) Subnational population estimates (TA, SA2), by age and sex, at 30 June 1996-2020 (2020 boundaries).
[10] Formative (2021). This dataset is derived from Statistics New Zealand's Business Directory, with total employment count (TEC) including paid employees and working proprietors

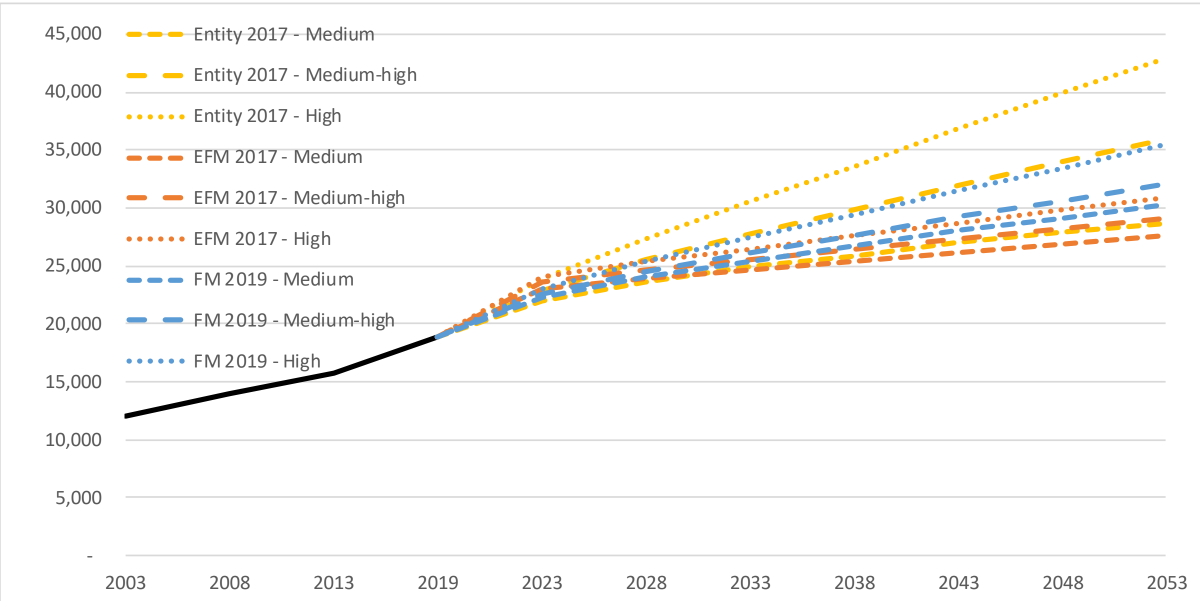
4.2 Employment Forecasts 2020

The latest District economic forecasts provided in 2020 have three scenarios, medium, medium-high and high. These three scenarios relate directly to the population scenario, with no low scenario provided as this scenario is considered to be very unlikely for Waimakariri District.

In summary the economic forecast scenarios show that employment is expected to grow to between 30,300 (Medium) and 35,500 (High) jobs by 2053 (blue dotted lines in Figure 4.1). The Medium-high scenario has a growth of approximately 400 new jobs per annum, which is slightly slower than has been observed over the last two decades, and would result in total District employment reaching 32,000 by 2053. While this growth in employment represents a large increase in the District economy, there will still be a sizable number of residents that work within Christchurch (and other parts of Canterbury).

Figure 4.1 compares the total District employment from the 2020 Economic Forecasts to the previous employment projections, those from the Economic Futures Model (EFM 2017- orange dotted lines) and the Entity Relationships (Entity 2017 - yellow dotted lines) which were used in the 2019 report. The comparison shows that the Employment Forecasts predict more employment in the District than the EFM projections, and sit between the Medium and Medium-high scenarios from the Entity Relationships, however are much lower than the High scenario in the Entity Relationships.

Figure 4.1: Employment Forecasts 2020 vs Economic Futures Model and Entity Relationships 2017



The latest employment forecasts lie squarely within the range projected in the 2019 report. Therefore, we consider that difference in employment forecasts and the projections would not be material to the findings in the 2019 report.

4.3 Retail demand

The 2019 report included allowance for existing levels of retail leakage. From information presented to the PC30 hearings, total retail spend retained in the District in 2019 was 60%,[11] a very similar figure to that used in the 2019 report and the 2020 economic forecasts[12]. While that data is now more than a year old, more recent data would fall within the window affected by Covid-related retail restrictions, and would not be the most representative data to use for a long-term retail planning assessment.

For that reason we conclude that recent retail spend trends are very similar to those that were described in the 2019 report, and net retail leakage in Waimakariri remains at about the levels projected in that report.

Because retail leakage has remained very similar to 2019 levels, and population and household numbers are now also very similar to levels projected for this time in the 2019 report, the retail demand projections on which the 2019 report is based will also be within the range of those earlier projections.

4.4 Summary of demand-side changes

Employment and household growth observed prior to the 2019 report has continued, and continued in a manner that is consistent with what was anticipated by the projections used in the report. There have been no demand-side changes over the last two years that are inconsistent with the information used in the 2019 report, and no modelling update is required to assess the effect of any demand-side changes.

While Covid19 has resulted in short term impacts, the economy and employment has been resilient and has recovered quickly. There will clearly be short term impacts from the ongoing pandemic which affect individual businesses. However, from a medium to longer term planning perspective we consider that there is no need to change land use planning to reflect the short term impacts of the pandemic, and in fact we consider it is prudent to plan for a 'business as usual' (non-Covid-affected) future.

[11] Insight Economics (2021) "Economic Assessment of Proposed Extension of Ravenswood Commercial Area", Figure 12.
[12] MarketView (2020) Waimakariri Retail Spend – by type and origin 2017 - 2019.

5 Supply-side changes

In this section we summarise the changes observed in Waimakariri's centre and business land supply since the 2019 report was finalised. This includes changes in vacant land, new developments that have occurred or been advanced, and changes to the zones proposed in the draft PDP.

5.1 Survey of Business Land 2017

The 2019 report included an assessment of vacant and vacant potential land as one potential element of future additional supply of business land. The data used for that assessment was based on land use surveys undertaken by Jones Lang LaSalle, with the most recent such survey available for the 2019 assessment from late 2017.

However, based on an understanding of the local Waimakariri land development market through involvement with other work for Council, and from information provided by Council, while there have been some changes in vacant land supply these have been small changes, and consistent with the rate of uptake of that land that the 2019 report anticipated.

5.2 Building Consents 2017-2020

There have been no significant developments in Business 1 and Business 2 areas in Waimakariri since the 2019 report. There have been a number of smaller developments, consistent with the gradual redevelopment anticipated in the 2019 report, but no developments that materially alter the supply-side conclusion reached.

To confirm the amount of redevelopment activity observed in in Waimakariri District since the base year in the 2019 report. We have analysed building consent data for non-residential buildings between 2017 and 2021.[13]

Figure 5.1 shows that there has been approximately 7,000m^2 of commercial floorspace consented per annum over the last four years. Most (90%) of this was for shops, restaurants, and bars (25,000m^2 built over the four-year period), and relatively little for office space (2,900m^2). It is likely that most of this consented space will have been built and much of it will be located within the Business 1 zone, although the data is not available at a detailed spatial resolution that allows confirmation of that.

The observed consented level of floorspace in commercial buildings is broadly comparable to the level of demand projected in the 2019 report, which had between 5,000m^2 and 6,000m^2 of retail per annum and 600m^2 to 800m^2 of office floorspace per annum.

[13] Statistics New Zealand (2021) Building Consents by Territorial Area by Use Type – Floorspace.

Figure 5.1: Commercial Building Consents, Floorspace - 2017 to 2020.

Building Consents (floorspace m^2)	2017	2018	2019	2020	Total	Average p.a.
Shops, restaurants, and bars	7,055	4,661	9,303	4,054	25,073	6,268
Office, administration, etc	1,811	717	321	-	2,849	712
Commercial buildings	**8,866**	**5,378**	**9,624**	**4,054**	**27,922**	**6,981**

Figure 5.2 shows that there has been approximately 4,500m^2 of industrial floorspace consented per annum over the last four years, with a fairly even split between factories/industrial (10,000m^2) and storage space (8,000m^2). It is likely that most of this consented space will have been built and much of it will be located within the Business 2 zone.

The observed consented level of floorspace in industrial buildings is broadly comparable to the level of demand projected in the 2019 report, which had between 2 and 3 hectares of industrial land per annum which could accommodate 7,000m^2 to 8,000m^2 of office floorspace per annum.

Figure 5.2: Industrial Building Consents, Floorspace - 2017 to 2020.

Building Consents (floorspace m^2)	2017	2018	2019	2020	Total	Average p.a.
Factories and industrial	3,128	5,621	761	577	10,087	2,522
Storage	525	4,391	1,494	1,830	8,240	2,060
Industrial buildings	**3,653**	**10,012**	**2,255**	**2,407**	**18,327**	**4,582**

We consider that difference between the observed building consents since the base year in the 2019 report and the demand projections would not be material to the findings in that report.

5.3 Waimakariri Capacity for Growth Model 2020

The latest Waimakariri Capacity for Growth model (WCfGM) shows a supply of land that would enable additional commercial activity has decreased. Comparing the WCfGM 2017 to the WCfGM 2019 shows that the potential for new commercial floorspace using the operative zoning has dropped by 8% per annum. That decrease is broadly commensurate to the commercial building consents, albeit a slightly larger drop in supply. This larger drop in supply is likely to be caused by other non-commercial activities being developed in the business zones (residential, community facilities, automotive/light industrial, etc). This result is consistent with the 2019 report, which suggested that demand for commercial space may result in capacity constraints being breached in the near future, if new space was not zoned. The Council is proposing changes in the District Plan review, and other changes such as PC30 at Ravenswood and the Smith Street LFR development (now consented) , will provide sufficient supply to alleviate the chance that a shortage eventuates in the future.

The outcome for industrial activity is fairly consistent between the two capacity models, taking into account industrial building consents. In total the capacity for new industrial activity has dropped by 1% per annum. This decrease in potential is broadly commensurate to the industrial building consents, albeit a slightly smaller drop in supply. This smaller drop in supply is likely to be caused by some industrial consents locating in other zones, which include rural and commercial zones.

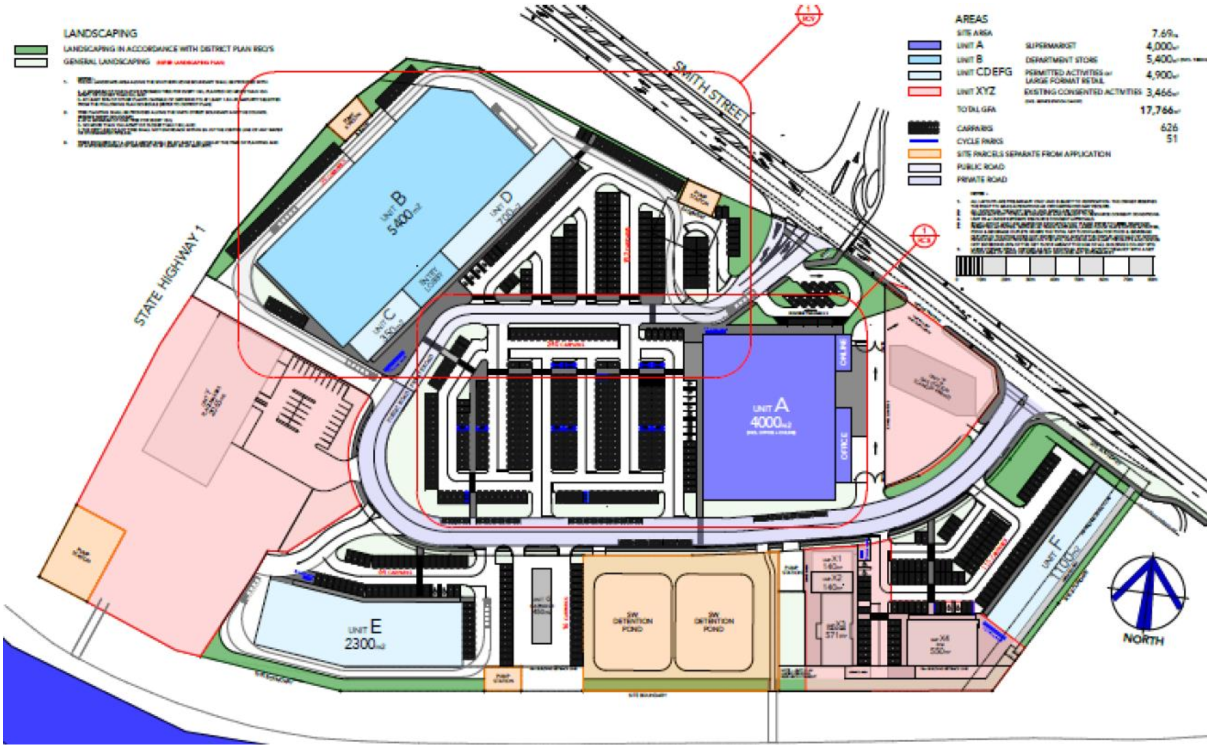
Broadly, as far as can be established given the dissimilarities in definitions[14] between the building consents data, other economic data and land use zoning, we consider that changes in capacity in the latest capacity modelling is consistent with the previous modelling and recent uptake of capacity.

Any differences between the WCGM since the base year in the 2019 report would not be material to the findings in that report, and do not indicate any need for an update of the modelling to account for a changed environment.

5.4 Smith Street Business 5 zone

Clampett Investments Limited lodged a resource consent application for 1 Hakarau Road, adjacent to Smith Street and SH1, Kaiapoi. The site is zoned Business 5 in the operative District Plan. The application was approved by Council on 17 August 2021 (Figure 5.3).

Figure 5.3: Site layout plan for Smith Street



The consented development includes:

[14] The data recorded have different in the way activity is categories, with building consents by type not being directly comparable to activity in zones or industry defined in other economic data (employment, retail spend, GDP, etc). Also the timings used in each data set do not match perfectly, for example there is time lags between building consent and businesses occupying space.

- A 4,000m^2 supermarket, indicatively a Countdown.
- A 5,400m^2 department store, indicatively a Kmart.
- Up to 8,376m^2 of GFA available for other LFR (450m^2+ tenancies). This includes 3,926m^2 of GFA for the following existing activities: a carwash (450m^2), Placemakers hardware store (2,065m^2), gym and childcare (1,121m^2) and a service station. Excluding these existing activities, the consent therefore enables the development of an additional 4,450m^2 GFA.
- Up to 700m^2 of food and beverages and/or trade supply.

Given the configuration of the buildings approved, the consent enables the department store and supermarket, likely 700m^2 of food and beverages space, and around 4,000m^2 of LFR GFA, which would need to be split across at least three tenancies given the consented site layout plan.[15] Apart from the supermarket and department store, the largest tenancy is 2,300m^2, meaning there is no potential for Smith Street to accommodate any large LFR tenancies, such as a 3,000-5,000m^2 store that would be required by a brand such as Harvey Norman or Smiths City.

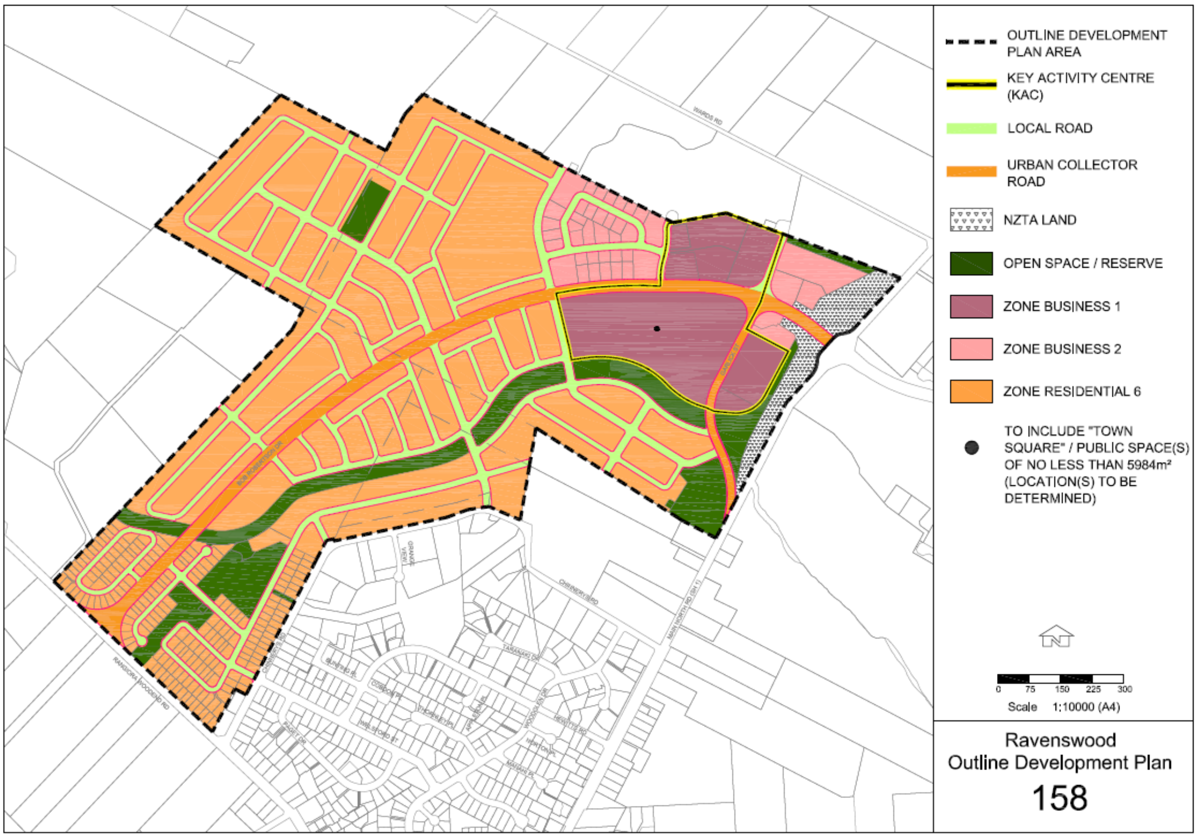
5.5 Ravenswood centre

An application has been heard for a private plan change (PC30) in Ravenswood. The panel is deliberating now, although has requested additional information relating to the effect of the Smith Street decision on the effects of PC30. That request was lodged 25 August 2021, and requires provision of the information within 10 working days (by 8 September 2021). One author[16] of this update presented evidence on behalf of Council at the PC30 hearing.

The PC30 application requests a change of zone covering 12.8ha,[17] enough to support at least 35,000m^2 of core retail GFA, plus additional space for non-retail activities such as services and offices.[18] The application was made under the operative Plan rules and policies, and requests Business 1 and Business 2 zonings as shown in Figure 5.4, replacing a large area of what is operative residential zone.

[15] in a 2,300m^2 building, next to Placemakers; a 1,100m^2 building next to the Smith Street entrance; and a 700m^2 tenancy at the front of the department store building
[16] Derek Foy
[17] AEE, page 5
[18] Economics assessment, Insight Economics, p12

Figure 5.4: Proposed PC30 Ravenswood Outline Development Plan (PC30 AEE Figure 3)

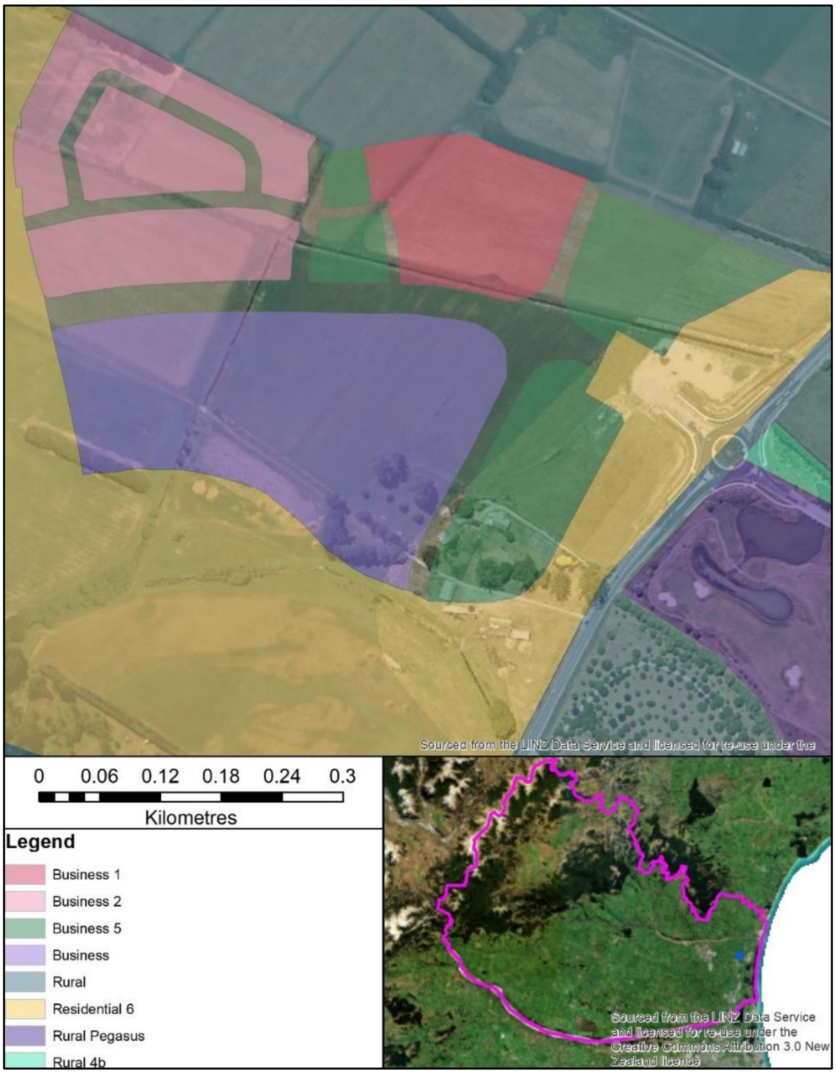


That area is significantly (50%) larger than the 8.3ha of land the 2019 report modelled as being provided for a Large Format Retail Park zone and Business 1 Zone (Local Centre) at Ravenswood (Figure 5.5).[19] Further, the PC30 application is for a single Business 1 centre zone, and lacks the Business 1 versus LFR distinction that was included in the 2019 report, where the Business 1 zone was around 2.7ha (and 5.6ha was LFR zone). If the PC30 application is successful, it would enable a very large amount of retail and commercial activity throughout the entire 12.8ha. Council's economics witness[20] for the PC30 application recommended a maximum permitted retail floorspace threshold of 25,000m^2 GFA by 2033 to reflect a more sustainable level of demand based on the share of demand growth Ravenswood might be expected to capture.

Subsequent to that recommendation a resource consent was approved for Waimak Junction, in Kaiapoi. That consent approved a substantial amount of LFR space, and as a consequence of that additional enabled retail supply, the recommendation was changed to a maximum permitted retail floorspace threshold of 20,000m^2 GFA by 2033.

[19] 2019 report, p70
[20] Derek Foy

Figure 5.5: Draft PDP zoning for Ravenswood as assessed in 2019 report (as Figure 5.11, p74)



It is not yet certain what the outcome of the PC30 application will be, and to avoid foreshadowing the decision, the business zones indicated at Ravenswood in the draft PDP as it now stands have changed from those in the version of the draft PDP that informed the economic assessment in the 2019 report. The current version of the draft PDP has not indicated any change of zone from the operative zone at Ravenswood. We understand, however, that because Council agrees that some centre presence is appropriate at Ravenswood, and it is appropriate that a Key Activity Centre ("KAC") be located there, that once the PC30 decision becomes operative the draft PDP is likely to be changed to either reflect the zone changed approved (if approved), or to apply an alternative Council-initiated centre zoning (if PC30 is declined). Whatever the outcome of the decision, it is therefore likely that the draft PDP will provide for a new centre/LFR presence at Ravenswood.

5.6 District Plan Review

Since the 2019 report there have been some changes to the zones proposed in the draft PDP, which were presented in Figures 5.8-5.11 of the 2019 report. The zones shown in those figures were amended in the text of the 2019 report to reflect decisions made at an internal Council workshop. Those changes included changes to National Planning Standards zones, and also consultation with key stakeholders and landowners. The changes were summarised in Figure 5.13 of the 2019 report, and were the zoned extents on which the conclusions of the 2019 report were based.

Most of the changes made since those in the 2019 report are not significant in terms of spatial extent or the type of activity enabled. Those proposed changes include:

- Minor adjustments to the extent of the Rangiora town centre zone.
- A change to the zone proposed for the Ivory Street Countdown in Rangiora.
- Kaiapoi's commercial zones are largely unchanged.
- Minor or no adjustments to the local and town centre zones proposed at Pegasus, Oxford, Woodend and Mandeville. The Oxford centre was previously proposed to be a local centre, but is now proposed to be a town centre, however the functional difference between the two centre types in Oxford is minimal, and will have no material effect on the adequacy of space proposed to be zoned.
- A Special Purpose Zone (Kāinga Nohoanga) is now proposed for nearly 1,100ha of land west of Woodend, broadly in between Tuahiwi and the Rangiora-Woodend Road. This zone was not assessed as part of the 2019 report. Provision is now proposed to be made for a wide range of activities within Māori Reserve 873 within that area, which could potentially provide for a large quantity of retail, commercial or other business activities. However, substantial development in the area may be unlikely given fragmented land ownership and the interspersal of land that is not under Māori ownership. While this area may be developed, at least in part, it was not assessed in the 2019 report, and is not relied on in this update to contribute to District supply of business land.

There are two more significant changes that both relate to LFR zones at:

- Ravenswood. As discussed above, the current version of the draft PDP would retain the operative Plan zone until (at the earliest) such time as the PC30 decision is issued. The Business 1 and LFR zones proposed for Ravenswood at the time of the 2019 report have now been removed.
- The zone proposed for Southbrook between Flaxton and Lineside Roads, north of the Recycling Centre. This is now proposed to be a LFR zone, whereas previously it was proposed to be industrial, with a possible LFR overlay over part of the area.[21] The now proposed LFR zone would provide a large increase in LFR capacity in Waimakariri, with

[21] 2019 report, Figure 5.13

the zone being nearly 34ha in area, including just under 3ha for the Mitre 10 Mega site, similar for the Pak'n Save site, and 28.4ha for the Flaxton/Lineside part. In the 2019 report the zoning assessed was a LFR zone for the Pak'n Save, but industrial for the balance (with the possible LFR overlay noted above). The increase in confirmed LFR space across the Southbrook area is some 31.2ha.

The current business zones proposed in these areas are shown in the following figures.

Figure 5.6: Rangiora town centre and Countdown Ivory Street

Figure 5.7: Southbrook LFR zone (pink) including Pak'n Save and Mitre 10 Mega

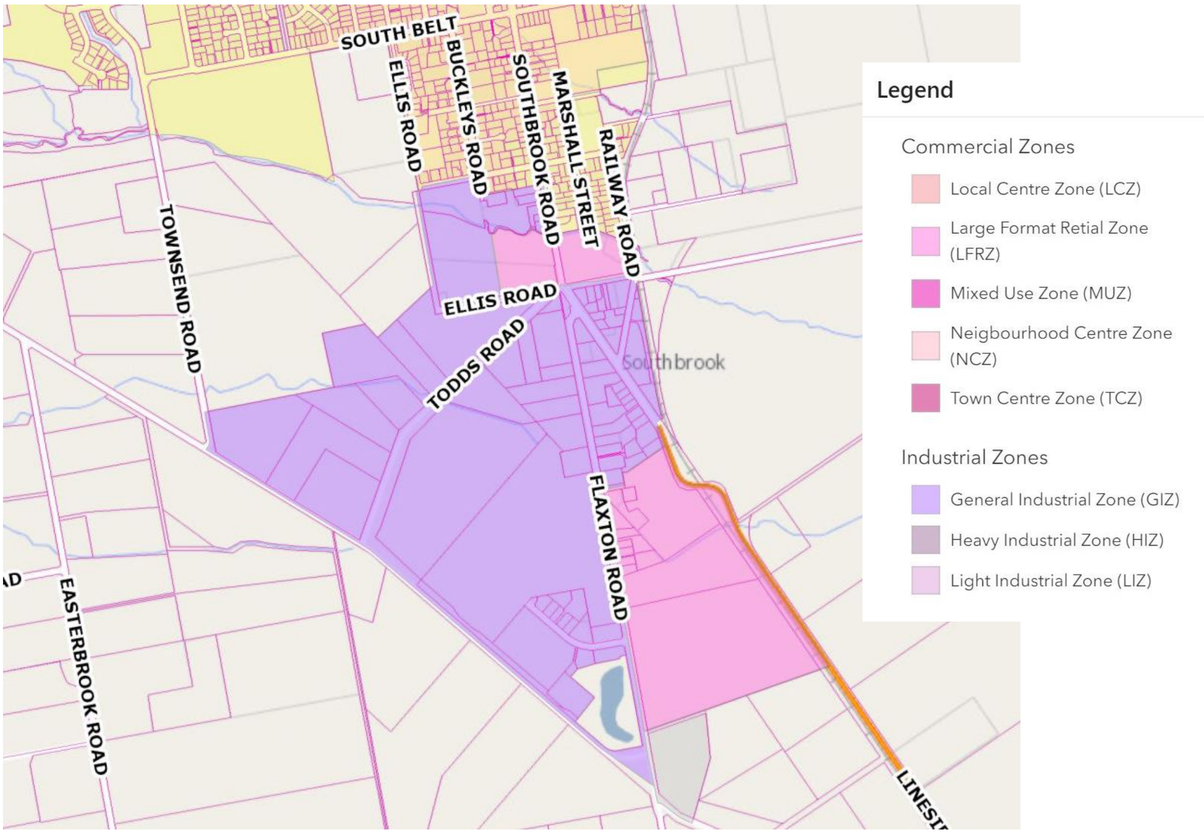


Figure 5.8: Pegasus local centre

Figure 5.9: Ravenswood (retains operative zones pending PC30 decision)

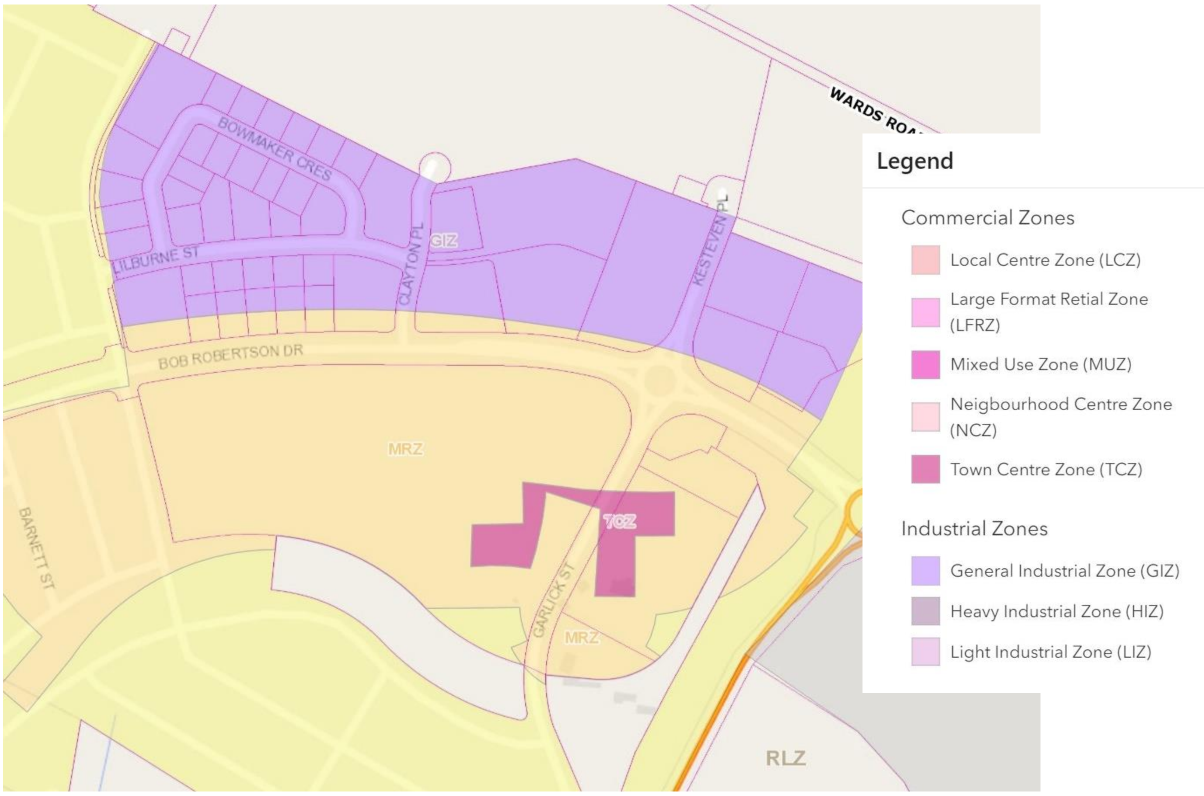


Figure 5.10: Kaiapoi town centre and Mixed Use zone, and Smith Street LFR zone

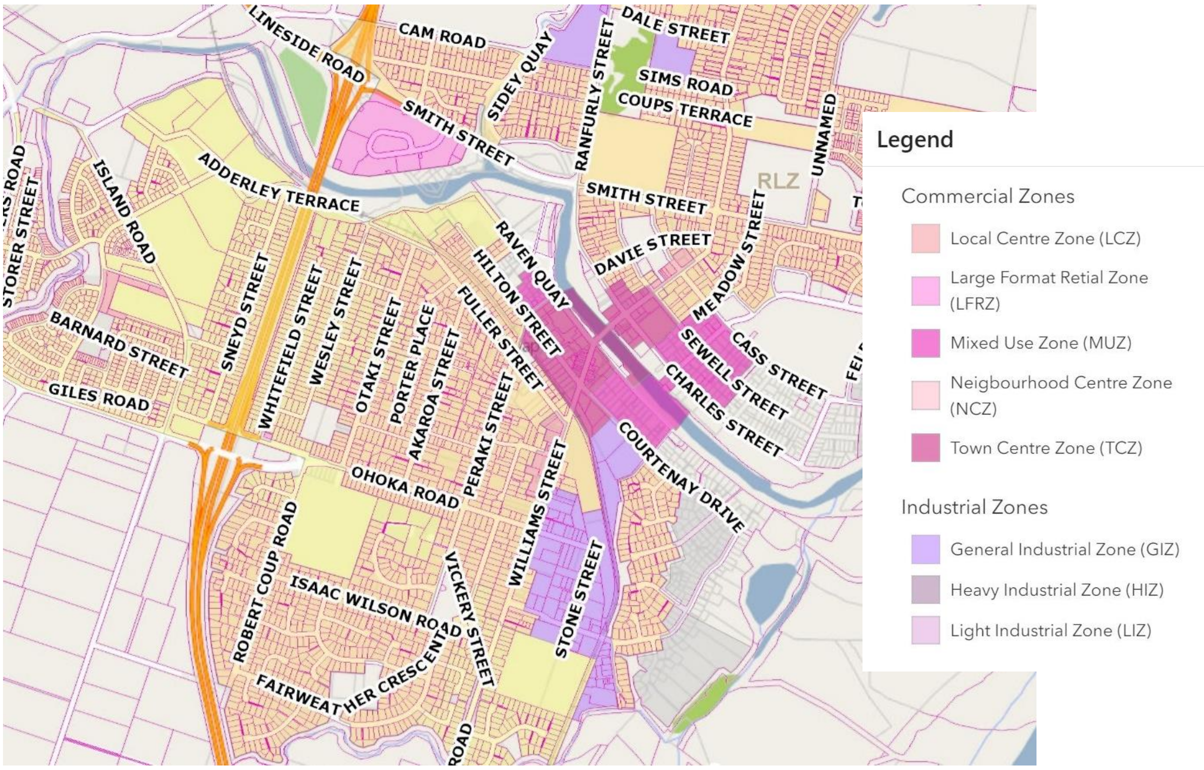


Figure 5.11: Mandeville local centre zone

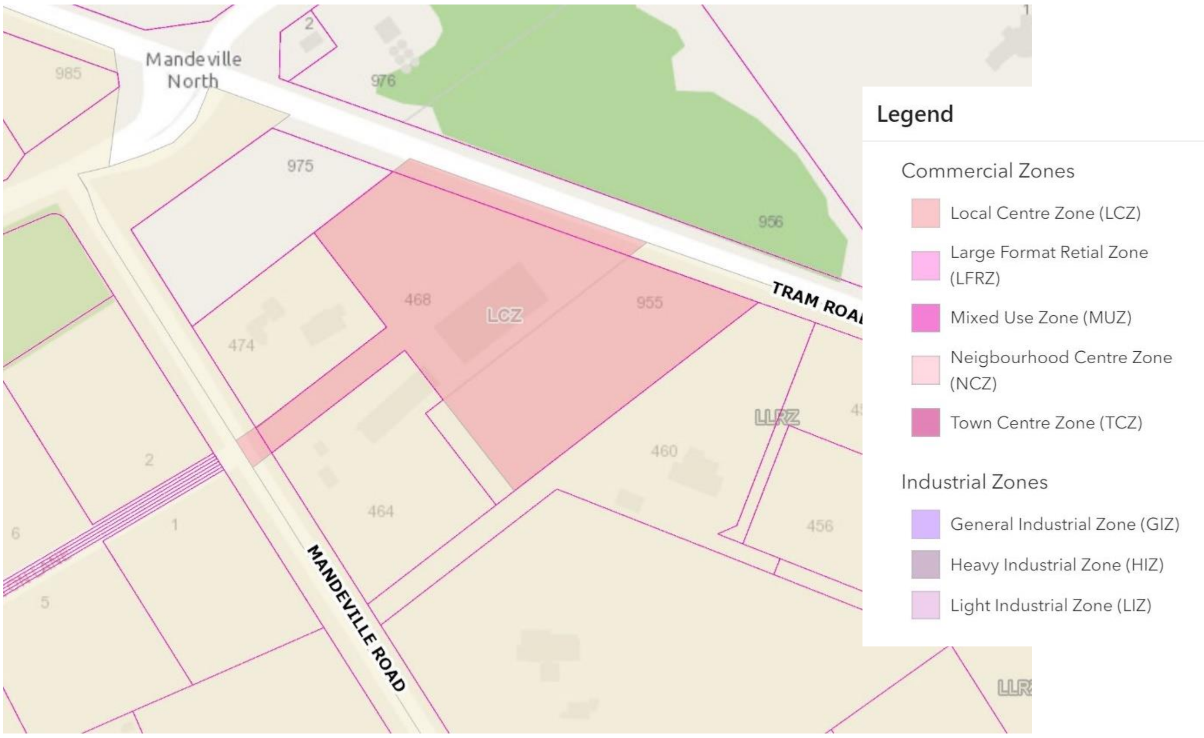


Figure 5.12: Oxford local centre zone

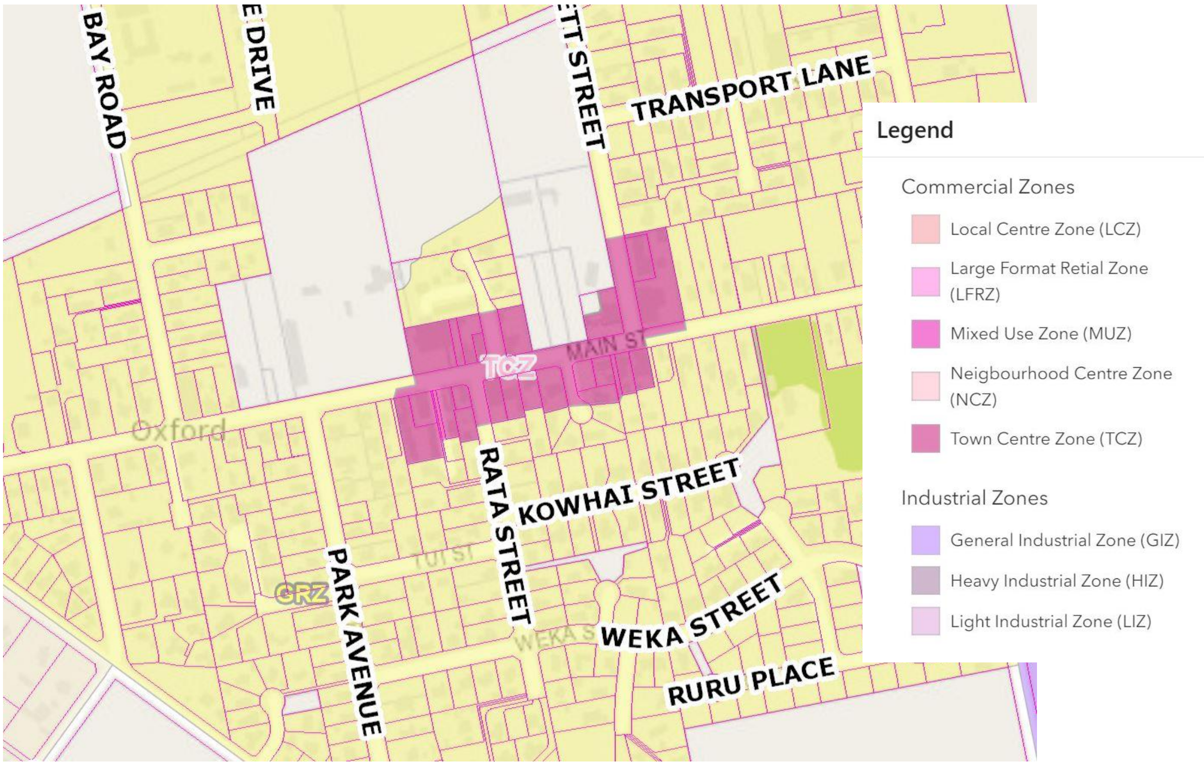
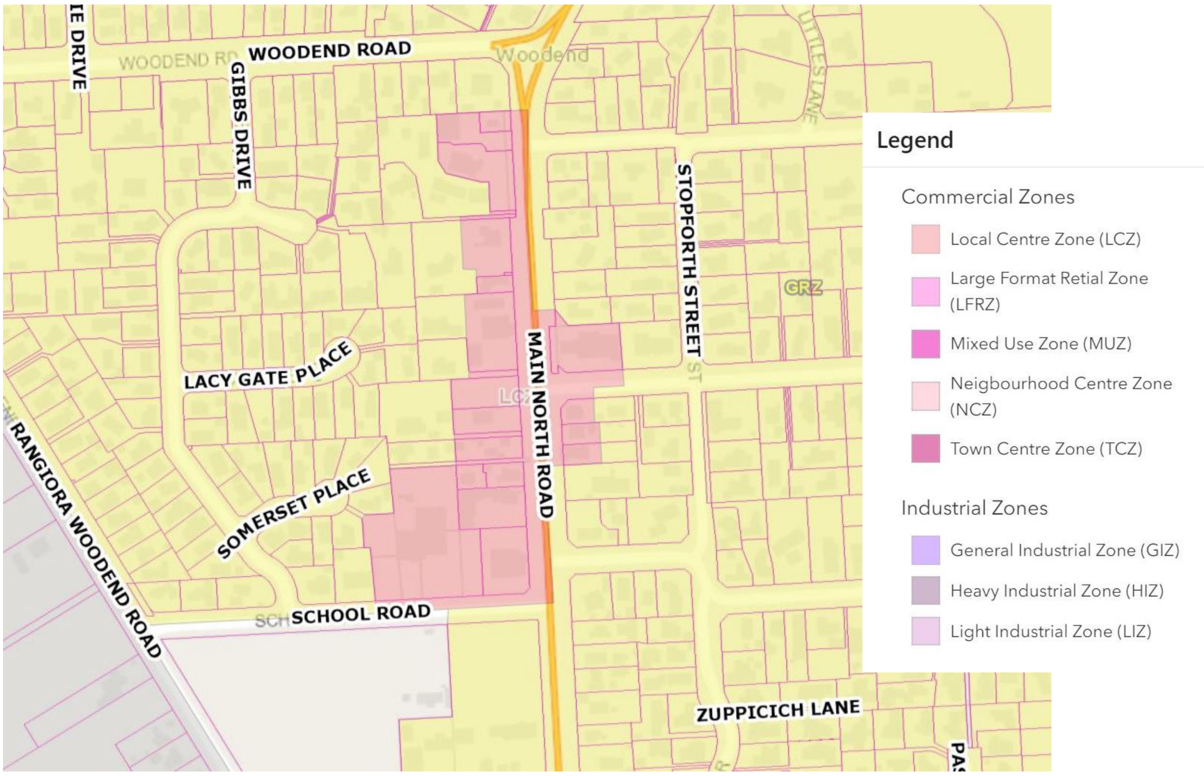


Figure 5.13: Woodend local centre zone



5.7 LFR zoned supply

In this subsection we summarise the change in proposed LFR zoned land from the situation assessed in the 2019 report, as the most significant change from 2019.

5.7.1 Smith Street

The significant change in supply recently consented at Smith Street was anticipated and taken into account in the 2019 report.

5.7.2 Ravenswood

The new Business 1 zone proposed in PC30 for Ravenswood is not yet confirmed, and is still pending a decision. The PC30 Business 1 zone is much different to the zones that were anticipated in the 2019 report, for two reasons:

- The PC30 zone is around 50% larger (at 12.8ha) than the zones included in modelling for the 2019 report
- The PC30 centre is proposed to be a single Business 1 zone, whereas previously the centre was modelled to include a LFR zone (some 5.6ha) and a Business 1 centre zone (2.7ha). That change means that PC30 would provide for much more land where retail

could locate at Ravenswood, and includes no limitation on how much of that zone could be occupied by small format retail (<450m^2).[22]

5.7.3 Southbrook

As discussed above a large new LFR zone at Southbrook has been included in the current version of the draft PDP, and would provide an additional 31.2ha of LFR zone.

5.7.4 Other locations

No significant change in LFR zones proposed in the draft PDP have been indicated elsewhere in the District between the 2019 report and now.

5.7.5 Total LFR situation

In total then we have a very high level of confidence that there will adequate capacity for LFR zoned land in Waimakariri, with that (proposed) zoned supply having increased significantly from the supply assessed in the 2019 report. As a result of the large increase in supply proposed by PC30 and in the large Southbrook LFR zone we question whether there may be an oversupply of retail and centre zones in Waimakariri under the current version of the draft PDP. While an oversupply will ensure compliance with the NPSUD in terms of providing sufficient, suitable, zoned capacity, there may be adverse effects on urban form as development proceeds at different times in different parts of the zones.

To place the proposed zoned areas in context, the 2019 report concluded that there would be average annual growth in demand for core retail floorspace of around 4,300m^2 GFA per year, which translates to 1.1-1.2ha of zoned land per year needed for core retail GFA activities. As established above in section 4 these projections remain valid. The 31.2ha of additional zone now proposed at Southbrook translates into an additional 25 to 29 years of LFR supply, in addition to the additional supply that was previously proposed (now consented) at Smith Street (4-5 years supply) and previously assessed at Ravenswood (5-6 years).

The current draft PDP therefore proposes to zone enough LFR land to provide for at least 34 years of market growth in LFR demand under a high growth scenario (30 years under medium growth). The area of Business 1 zone proposed by PC30 would provide for a large share[23] of the District's retail demand growth, and could be occupied by either large format or small format retail space under the rules proposed.

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[22] notwithstanding the Council officer's recommendations to apply some staging in the form of maximum retail GFA

[23] 76-107% of the increase in District retail sales between 2021 and 2028.

5.8 Summary of supply-side changes

The increases in retail, commercial and industrial activities in Waimakariri since the analysis undertaken for the 2019 report are very similar to the quantum projected in that report.

There have been some changes to the extent of proposed zones in the draft PDP. Most of those changes have been very small boundary adjustments, and will have no material effect on the future demand-supply balance, or business land capacity in Waimakariri under the draft PDP. However the much larger changes identified at Southbrook (proposed LFR zone) and the potential PC30 Business 1 zone at Ravenswood are both assessed to be much larger than is required to provide for market growth.

6 Conclusion

Both the demand- and supply-side environments in Waimakariri have changed since 2019, although in a way and at a rate that is very similar to that anticipated in the 2019 Business Land Assessment Report. Because those changes have been similar to what was expected to occur in that period, most of the conclusions of the 2019 report remain valid, and no update of the underlying assessment is required to be undertaken.

To recap, the conclusions reached in the 2019 report found that the draft PDP policy option would provide sufficient B1, B2 and B5 supply for the life of the PDP, and likely even through to a 30 year horizon, without overstretching and seeking to provide zoned land too far in excess of what is required to meet RPS and NPSUDC objectives.

That conclusion can now be reframed to reflect the change in zone names to National Planning Standards names. The current draft PDP policy option provides sufficient supply of space in centres, large format retail areas and industrial zones for the life of the PDP, and likely even through to a 30 year horizon. However, from the assessment provided in this report, the amount of zoned LFR proposed under the current draft PDP policy option is much more than is required to provide for the needs of growth, and would provide zoned land far in excess of what is required within the life of the draft PDP.

The large increase in zoned area that PC30 proposes would represent a significant increase in supply of land to provide for retail and commercial activities. That proposed zoned area means it is very unlikely there will be an undersupply of zoned area in the proposed Ravenswood centre within the life of the draft PDP, and may result in large parts of the zone remaining vacant beyond the life of the draft PDP.