

PROPERTY ECONOMICS



TIMARU DISTRICT

BUSINESS LAND

ECONOMIC ASSESSMENT

Project No: 51958

Date: June 2021

Client: Timaru District Council



SCHEDULE

Code	Date	Information / Comments	Project Leader
51958.5	June 2021	Report	Tim Heath / Phil Osborne

DISCLAIMER

This document has been completed, and services rendered at the request of, and for the purposes of Timaru District Council only.

Property Economics has taken every care to ensure the correctness and reliability of all the information, forecasts and opinions contained in this report. All data utilised in this report has been obtained by what Property Economics consider to be credible sources, and Property Economics has no reason to doubt its accuracy.

Property Economics shall not be liable for any adverse consequences of the client's decisions made in reliance of any report by Property Economics. It is the responsibility of all parties acting on information contained in this report to make their own enquiries to verify correctness.

Front cover image source: Stuff.co.nz

COPYRIGHT

© 2021 Property Economics Limited. All rights reserved.

CONTACT DETAILS

Tim Heath

Mob: 021 557713

TABLE OF CONTENTS

TABLE OF CONTENTS	3
LIST OF TABLES.....	6
LIST OF FIGURES.....	7
1. INTRODUCTION.....	9
1.1. KEY RESEARCH OBJECTIVES	10
1.2. INFORMATION & DATA SOURCES.....	11
2. EXECUTIVE SUMMARY.....	12
3. TIMARU DISTRICT ECONOMIC ENVIRONMENT.....	14
4. POPULATION AND HOUSEHOLD PROJECTIONS	17
5. EXISTING ECONOMIC ENVIRONMENT.....	22
5.1. EMPLOYMENT COMPOSITION AND TRENDS	22
5.2. TIMARU DISTRICT VS REGIONAL GDP TRENDS.....	28
6. RETAIL EXPENDITURE AND SUSTAINABLE GFA.....	33
6.1. RETAIL EXPENDITURE.....	35
6.2. SUSTAINABLE RETAIL FLOORSPACE.....	36
7. DISTRICT LEVEL RETAIL EXPENDITURE PATTERNS.....	38
7.1. DESTINATION OF TIMARU DISTRICT RETAIL SPENDING.....	39
7.2. ORIGIN OF TIMARU DISTRICT RETAIL SPENDING.....	40
7.3. DISTRICT NET RETAIL FLOWS / LEAKAGE.....	41
8. CURRENT DISTRICT RETAIL SUPPLY	47
8.1. TIMARU CITY CENTRE.....	53
8.2. UNACTIONED RETAIL CONSENTS	56
9. RETAIL SUPPLY DEMAND DIFFERENTIAL.....	58
10. COMMERCIAL ACCOMMODATION OVERVIEW.....	60
10.1. COMMERCIAL ACCOMMODATION MARKET SUPPLY	60
11. EMPLOYMENT GROWTH	64
11.1. COMMERCIAL AND INDUSTRIAL EMPLOYMENT FORECAST (2020-2048).....	64
12. CURRENT BUSINESS LAND DISTRIBUTION AND CAPACITY	67
12.1. COMMERCIAL LAND	67



12.2.	INDUSTRIAL LAND.....	72
13.	BUILDING CONSENT DATA.....	79
13.1.	INDUSTRIAL CONSENTS.....	79
13.2.	RETAIL AND COMMERCIAL SERVICE CONSENTS.....	80
13.3.	COMMERCIAL OFFICE CONSENTS.....	82
14.	FUTURE BUSINESS LAND REQUIREMENTS.....	84
14.1.	DEMAND ASSUMPTIONS.....	84
14.2.	ESTIMATED INDUSTRIAL LAND DEMAND.....	84
14.3.	INDUSTRIAL LAND REQUIREMENT.....	85
14.4.	COMMERCIAL OFFICE ACTIVITY AND LAND DEMAND.....	85
14.5.	COMMERCIAL OFFICE LAND REQUIREMENT.....	86
14.6.	RETAIL AND COMMERCIAL SERVICE ACTIVITY AND LAND DEMAND.....	87
15.	LAND DEMAND VS CAPACITY DIFFERENTIALS.....	89
15.1.	INDUSTRIAL ACTIVITY.....	89
15.2.	COMMERCIAL ACTIVITY.....	90
16.	ECONOMIC BENEFITS OF AGGLOMERATED COMMERCIAL ACTIVITY.....	92
16.1.	IMPROVED CENTRE AMENITY.....	93
16.2.	IMPROVED PRODUCTIVITY.....	93
16.3.	IMPROVED INFRASTRUCTURE EFFICIENCY.....	93
16.4.	TRANSPORTATION EFFICIENCIES.....	94
16.5.	INCREASED DEVELOPMENT IMPETUS.....	95
17.	HIGH LEVEL RECOMMENDATIONS.....	96
	APPENDIX 1: TIMARU DEMOGRAPHICS.....	97
	APPENDIX 2: BUSINESS CLASSIFICATIONS.....	100
	APPENDIX 3: DETAILED EMPLOYMENT BREAKDOWN.....	102
	TIMARU DISTRICT.....	102
	TIMARU CITY CENTRE.....	103
	APPENDIX 4: PROPERTY ECONOMICS RETAIL MODEL.....	104
	APPENDIX 5: REGIONAL TOURISM ORGANISATIONS - SOUTH ISLAND.....	109
	APPENDIX 6: COMMERCIAL SERVICE STORE TYPE CLASSIFICATIONS.....	110



APPENDIX 7: INDUSTRIAL BUILDING CONSESNTS DEFINITIONS 111

APPENDIX 8: RETAIL AND COMMERCIAL SERVICES BUILDING CONSESNTS DEFINITIONS 112

APPENDIX 9: COMMERCIAL OFFICE BUILDING CONSESNTS DEFINITIONS..... 113

LIST OF TABLES

TABLE 1: TIMARU DISTRICT POPULATION AND HOUSEHOLD PROJECTIONS (2020 – 2048)	19
TABLE 2: TIMARU URBAN AREA POPULATION AND HOUSEHOLD GROWTH	21
TABLE 3: TIMARU DISTRICT EMPLOYMENT BY ANZSIC CATEGORY (2000-2020).....	23
TABLE 4: TIMARU DISTRICT EMPLOYMENT BY SECTOR (2000-2020)	23
TABLE 5: TIMARU CITY CENTRE EMPLOYMENT BY ANZSIC CATEGORY (2000-2020).....	26
TABLE 6: TIMARU CITY CENTRE EMPLOYMENT BY SECTOR (2000 – 2020).....	27
TABLE 7: REAL GDP OF TERRITORIAL AUTHORITIES IN THE CANTERBURY REGION (\$M).....	29
TABLE 8: TIMARU DISTRICT REAL GDP CONTRIBUTION BY SECTOR (2000 – 2018).....	31
TABLE 9: TIMARU NET ANNUALISED RETAIL EXPENDITURE BY SECTOR (2020 – 2048).....	35
TABLE 10: TIMARU SUSTAINABLE RETAIL GFA BY SECTOR (2020 – 2048)	36
TABLE 11: TIMARU DISTRICT IN-CENTRE RETAIL AUDIT (2019).....	48
TABLE 12: TIMARU DISTRICT RETAIL STORE SIZE BREAKDOWN (2019)	51
TABLE 13: TIMARU DISTRICT RETAIL AUDIT BREAKDOWN BY CENTRE (2019)	52
TABLE 14: TIMARU CITY CENTRE RETAIL SUPPLY COMPOSITION (2019)	53
TABLE 15: UNACTIONAED RETAIL CONSENTS	56
TABLE 16: EXISTING CENTRE SUPPLY VS. CURRENT AND SUSTAINABLE RETAIL DEMAND	58
TABLE 17: COMPARATIVE MARKETS - ACCOMODATION NUMBER OF ESTABLISHMENTS BY TYPE	63
TABLE 18: INDUSTRIAL AND COMMERCIAL SECTOR EMPLOYMENT PROJECTIONS (2018-2048) 65	
TABLE 19: TIMARU DISTRICT COMMERCIAL LAND SUPPLY BY ZONE (HA).....	68
TABLE 20: DISTRIBUTION OF INDUSTRIAL LAND BY USE (HA)	73
TABLE 21: NEW INDUSTRIAL BUILDING CONSENTS ISSUED	80
TABLE 22: NEWLY ISSUED RETAIL AND COMMERCIAL SERVICE CONSENTS	81
TABLE 23: NEWLY ISSUED COMMERCIAL OFFICE CONSENTS.....	83
TABLE 24: INDUSTRIAL FLOORSPACE AND LAND REQUIREMENTS.....	85
TABLE 25: COMMERCIAL OFFICE FLOORSPACE AND LAND REQUIREMENT FORECASTS (HA) ...	86
TABLE 26: RETAIL AND COMMERCIAL SERVICE FLOORSPACE AND LAND REQUIREMENT.....	87
TABLE 27: TIMARU DISTRICT INDUSTRIAL LAND DEMAND DIFFERENTIAL TO 2048 (HA)	89
TABLE 28: TIMARU DISTRICT COMMERCIAL LAND DEMAND DIFFERENTIAL TO 2048 (HA).....	91

LIST OF FIGURES

FIGURE 1: TIMARU DISTRICT BOUNDARY	14
FIGURE 2: TIMARU URBAN AREA.....	15
FIGURE 3: TIMARU CITY CENTRE AREA.....	16
FIGURE 4: TIMARU DISTRICT POPULATION GROWTH (2013 – 2048).....	18
FIGURE 5: TIMARU DISTRICT HOUSEHOLD GROWTH (2013 – 2048).....	18
FIGURE 6: TIMARU URBAN AREA POPULATION AND HOUSEHOLD GROWTH	20
FIGURE 7: TIMARU URBAN AREA HOUSEHOLD GROWTH.....	20
FIGURE 8: TIMARU DISTRICT EMPLOYMENT BY GROUPED SECTOR (2000-2020).....	24
FIGURE 9: TIMARU CITY CENTRE EMPLOYMENT BY GROUPED SECTOR (2000-2018)	27
FIGURE 10: GROWTH IN GDP PER CAPITA (2000-2018).....	29
FIGURE 11: TIMARU DISTRICT'S REAL GDP BY SECTOR – 2018 (\$M)	32
FIGURE 12: PROPERTY ECONOMICS RETAIL GROWTH MODEL OUTLINE.....	33
FIGURE 13: TIMARU DESTINATION OF RETAIL SPENDING.....	39
FIGURE 14: ORIGIN OF RETAIL SPENDING IN TIMARU.....	40
FIGURE 15: TIMARU RETAIL FLOWS.....	43
FIGURE 16: TIMARU DISTRICT ORIGIN AND DESTINATION OF RETAIL SPENDING BY SECTOR....	44
FIGURE 17: TIMARU NET RETAIL SPENDING FLOWS BY SECTOR	45
FIGURE 18: TIMARU DISTRICT RETAIL COMPOSITION (2019).....	48
FIGURE 19: TIMARU CITY CENTRE RETAIL COMPOSITION (STORE COUNT AND GFA)	54
FIGURE 20: TIMARU RTO ACCOMMODATION ESTABLISHMENTS BY TYPE	61
FIGURE 21: TIMARU RTO MONTHLY ACCOMMODATION SUPPLY	62
FIGURE 22: INDUSTRIAL AND COMMERCIAL SECTOR EMPLOYMENT FORECAST (2013-2048).....	66
FIGURE 23: TIMARU DISTRICT BUSINESS LAND SUPPLY BY ZONE.....	67
FIGURE 24: TIMARU CBD.....	69
FIGURE 25: TIMARU (SHOWGROUNDS HILL)	69
FIGURE 26: TIMARU (WASHDYKE).....	70
FIGURE 27: TEMUKA.....	70
FIGURE 28: PLEASANT POINT.....	71



FIGURE 29: GERALDINE	71
FIGURE 30: WASHDYKE	74
FIGURE 31: SMITHFIELD	74
FIGURE 32: REDRUTH / TIMARU / TIMARU PORT.....	75
FIGURE 33: PAREORA	75
FIGURE 34: TEMUKA.....	76
FIGURE 35: WINCHESTER.....	76
FIGURE 36: GERALDINE / PLEASANT VALLEY	77
FIGURE 37: CLANDEBOYE.....	77
FIGURE 38: PLEASANT POINT.....	78



1. INTRODUCTION

Property Economics has been engaged by Timaru District Council (TDC) to undertake economic assessment of the business land market in the district (retail, commercial and industrial) to determine whether there is sufficient to meet the future requirements of the district over the period to 2048 to assist in the policy development of Timaru's Proposed District Plan (PDP).

This report places particular focus on the performance and vitality of the Timaru City Centre since the turn of the century and assess whether the centre is performing its role and function as intended and whether any policy response it required to assist the City Centre improve its economic performance, role and function in the future. This will include providing some high-level growth scenarios and identification of associated economic costs and benefits with each scenario to identify the most appropriate direction for the PDP.

The assessment determines the future business land requirements for the Timaru District over the next 28-years and cross references this against the current business zone provisions and capacity. This enables quantification of any additional business land requirements and where business activity is most appropriate to locate geospatially to maximise economic efficiency and performance in the district.

The economic research will provide valuable base input for the PDP process and policy development and provide a robust economic foundation for policy development in the strategic directions and business-related chapters in the PDP.

1.1. KEY RESEARCH OBJECTIVES

The primary research objectives of this report include:

- Delineate and map the geospatial extent of the Timaru District, Timaru Urban Area and Timaru City Centre. These areas provide important base markets for the economic analysis.
- Quantify the current population and household base of the Timaru District and Timaru Urban Area and forecast the growth of these markets to 2048.
- Assess the current employment composition of Timaru District and Timaru City Centre and identify any recent trends and changes in their economic structure.
- Outline potential adverse economic effects associated with dispersal of commercial activity in the context of Timaru District.
- Quantify the level of retail expenditure generated by the Timaru market on an annualised basis and project out to 2048.
- Determine the amount of sustainable retail floorspace that can be supported by Timaru district out to 2048 in terms of Gross Floor Area (**GFA**).
- Based on the GFA requirements of the core economic market, establish the quantum of land required to service the future retail and commercial service requirements of the Timaru District.
- Undertake a retail audit of the Timaru City Centre measuring the nominal number of retail stores, the net trade area of retail activity within the centre and the composition and 'health' of current city centre retail supply.
- Forecast employment growth across the commercial (office) and industrial sectors to determine the likely future level of employment in the district by sector.
- Estimate the quantum of land required to service the future industrial and commercial (office) requirements of the Timaru District. Assess the current provision of commercial visitor accommodation in the Timaru District and City Centre.
- Assess visitor accommodation demand, current and future, for the district at a high level.
- Assess industrial and commercial consent data in Timaru by activity type over the last 20 years to show distribution and quantify consent activity by value, volume and floorspace (sqm).
- Assess the current zoned (and vacant) provision of land (ha) for commercial and industrial activity in the district and assess capacity by location and land area (ha).
- Cross reference projected industrial demand and supply to determine any land demand differentials and identify any subsequent supply implications out to 2048.

- Identify any appropriate policy direction considered important for TDC to incorporate into their PDP from an economic perspective to best position the district's commercial activity so economic benefits can be achieved.
- Determine any commercial centre thresholds appropriate to adopt in the PDP for key commercial centres.
- Identify any commercial thresholds appropriate to adopt for lower order Commercial Zoning (Town Centre, Local Centre, Neighbourhood Centre).

1.2. INFORMATION & DATA SOURCES

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

- Census of Population and Dwellings 2006, 2013 & 2018 – Stats NZ
- Household and Population Projections – Stats NZ
- Household and Population Projections - Infometrics
- Household Economic Survey (HES) – Stats NZ
- Retail Trade Survey (RTS) – Stats NZ
- District Level GDP Data – MBIE
- Building Consents Data – Stats NZ
- Catchment Maps – Bing Maps
- Business Frame Employment Data – Stats NZ
- Planning Provisions, Timaru District Plan – Timaru District Council
- Land Vacancy Data – Timaru District Council
- Property Parcels Data – LINZ
- Retail Transactions Data – MarketView
- Accommodation Data – Stats NZ & MBIE
- Regional Tourism Organisations Data (RTO) – Stats NZ

2. EXECUTIVE SUMMARY

Timaru District's business land provision at face value is sufficient to accommodate the district's future growth requirements in the short- to medium-term, but there are some trends emerging in the location of business activity that are generating economics costs to the community that require policy responses in the PDP. These policy responses are to redirect business growth into zones / areas that would improve the economic efficiency, performance, and competitiveness of the district as a business location and improve the economic wellbeing and social amenity of Timaru District residents.

Timaru District has a current population base of around 48,400 people over approximately 20,400 households. Growth over the 28-year period to 2048, under Stats NZ High Growth scenario, is projected to be just under 19% giving an estimated 2048 district population base of around 57,500. Nearly 60% of the population reside in the Timaru Urban Area which has a higher growth rate than the district, at around 27% out to 2048, meaning the residential growth of the district is anticipated to consolidate more of the future growth than the district as a whole.

Timaru District's economy contributed around \$2.7b in GDP in 2018, the third largest contributor in the Canterbury Region after Christchurch and Selwyn. Around 7% of the region's total GDP was produced by Timaru. The largest contributing sectors towards Timaru's economy were Manufacturing and Primary industries.

On a GDP per capita basis, Timaru has experienced high real GDP per capita growth with an improvement of around \$23,300 per person since 2000, indicating an increasingly productive economy.

Timaru District has observed net growth of 6,800 employees since the turn of the millennium, to an employment base of 24,200 employees. The industrial grouped sectors has the largest employment base, accounting for 41% of the district's employment, and almost half of the districts employment growth between 2000 and 2020.

Timaru city centre has a current employment base of just over 4,970 employees, with around 58% employed in retail and commercial office-based service activities. Although Timaru city centre is the primary commercial hub for the district, it has only accounted for around 17% of district wide commercial and retail sector employment growth between 2000 and 2020, indicating Timaru city centre is declining in terms of relevance as a central commercial and retail destination in the district.

Timaru District is estimated to currently generate circa \$513m of retail expenditure per annum, with forecast growth to \$794m annually by 2048. This is equivalent to a net increase in annual retail spend generated within the district of around \$281m by 2048 above the 2020 base year. Converting this to sustainable GFA indicates there is enough retail demand generated in the district to sustain around 108,000sqm currently, increasing to 168,100sqm by 2048.

Coincidentally, the district has a current centre retail provision of 108,000 sqm of retail GFA in physically built stores plus a further 10,350sqm GFA in unactioned retail consents. A further 30,200sqm of retail is also in the supply pipeline of retail as the Showgrounds Hill retail park develops (34,000sqm GFA including unactioned consents).

It is not until beyond the life of the PDP that additional retail supply is required to support market growth and increased demand. Over the long term, by 2048 a retail GFA shortfall of just over 59,800sqm is forecast if no additional retail GFA is developed within the district over the period. After including unactioned consents and the remainder of Showgrounds Hill this shortfall falls to just 19,250sqm by 2048. As such, additional retail supply is not a short-medium issue. The focus in the PDP therefore should be around improving store quality, performance, shopping experience and environment rather than increasing quantity. This means consolidating commercial / retail activity to the existing centres to incentivise (re)development, upgrades and quality in store offering.

In terms of the commercial zoned land provision, 18.2ha is currently vacant indicating that there is a sufficient quantity of commercial land to meet short- and medium-term commercial land requirements but there is a potential need to additional zoned provision by 2048. This activity can be accommodated in the existing business zone provision of the district.

The dispersal of commercial activity over the last 20 years is generating economic costs and inefficiencies district wide which requires a policy response in the PDP to rectify. This dispersal of commercial activity has the potential to generate even more significant adverse economic impacts on the Timaru District economy such as: a decline of the existing City Centre, reduced productivity, decreased utilisation of community infrastructure, increased marginal cost of infrastructure development, transport inefficiencies and a reduction in district competitiveness. A more stringent policy framework for commercial activity is required to refocus commercial (re)development back into the City Centre to improve the centre's ability to fulfil its role and function successfully.

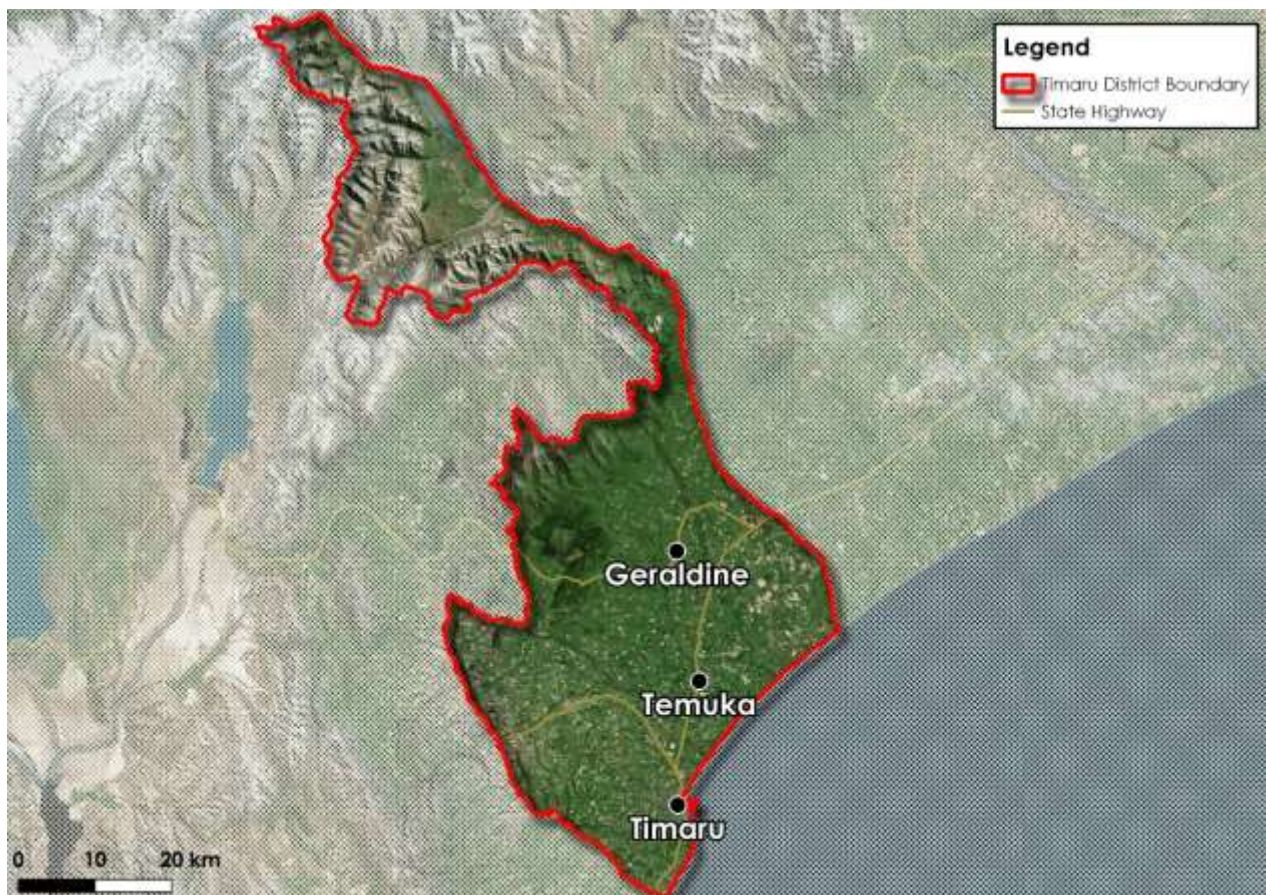
3. TIMARU DISTRICT ECONOMIC ENVIRONMENT

The following economic analysis is given in the context of three key focus areas - the Timaru district, TAU and Timaru city centre. Figures 1, 2 and 3 illustrate the geospatial extent of each area utilised for the purpose of the economic analysis in this assessment.

Figure 1 illustrates the geographic extent of the Timaru district Territorial Authority including the main commercial centres and townships within the district. These include Timaru City, Temuka, and Geraldine. Timaru District is relevant for this analysis as it represents the area the PDP has planning jurisdiction over.

This area also represents the bulk of demand for industrial and commercial land within it and will be a basis for the estimation and projection of future growth of these sectors.

FIGURE 1: TIMARU DISTRICT BOUNDARY



Source: Property Economics.

Figure 2 shows the extent of the TUA. As a guide, the northern rural-urban boundary is demarcated at Kennels Road. The southern boundary follows Saltwater Creek and the northern boundary of Centennial Park.

This area is characterised by containing the largest residential and commercial basis within the District and a significant portion of industrial land in the Washdyke, Smithfield and Timaru Port industrial nodes.

It is important to note that this boundary differs slightly from that of Property Economics' previous report's Rural-Urban Boundary due to a functional change in Stats NZ's geographic statistical area boundaries. The result is a slightly expanded TUA environs which has flow on effects into reported population and household numbers. All relevant numbers in this report have been updated to reflect this new area represented in Figure 2.

FIGURE 2: TIMARU URBAN AREA



Source: Property Economics.

Figure 3 shows the extent of the Timaru City Centre for the purpose of this study. The area encompasses the central commercial zone of Timaru and is anticipated to be the heart of commercial activity as Timaru's CBD. This area consists primarily of City Centre Zone and Large Format Retail (LFR) Zone.

As a result, we would anticipate this area to be the primary focus of retail and commercial employment within the TUA and the wider district.

FIGURE 3: TIMARU CITY CENTRE AREA



Source: Stats NZ, Property Economics.

4. POPULATION AND HOUSEHOLD PROJECTIONS

This section outlines the current population and household profile of the main areas of interest for this assessment, Timaru District and the TUA. This section additionally contains a demographic profile of these areas and a comparison with the New Zealand's demographic profile. A full fulsome demographic breakdown is provided in Appendix 1.

Figures 4 and 5 displays the population and household growth projections, respectively, for Timaru district as identified in Figure 1. The growth projections have been drawn from the latest Statistics New Zealand (SNZ) Low, Medium and High population projection series (base-2018) and additional projections prepared for TDC by Infometrics. They include projected growth over the next 30 years and the actual growth estimates from 2013-2020 recorded by SNZ.

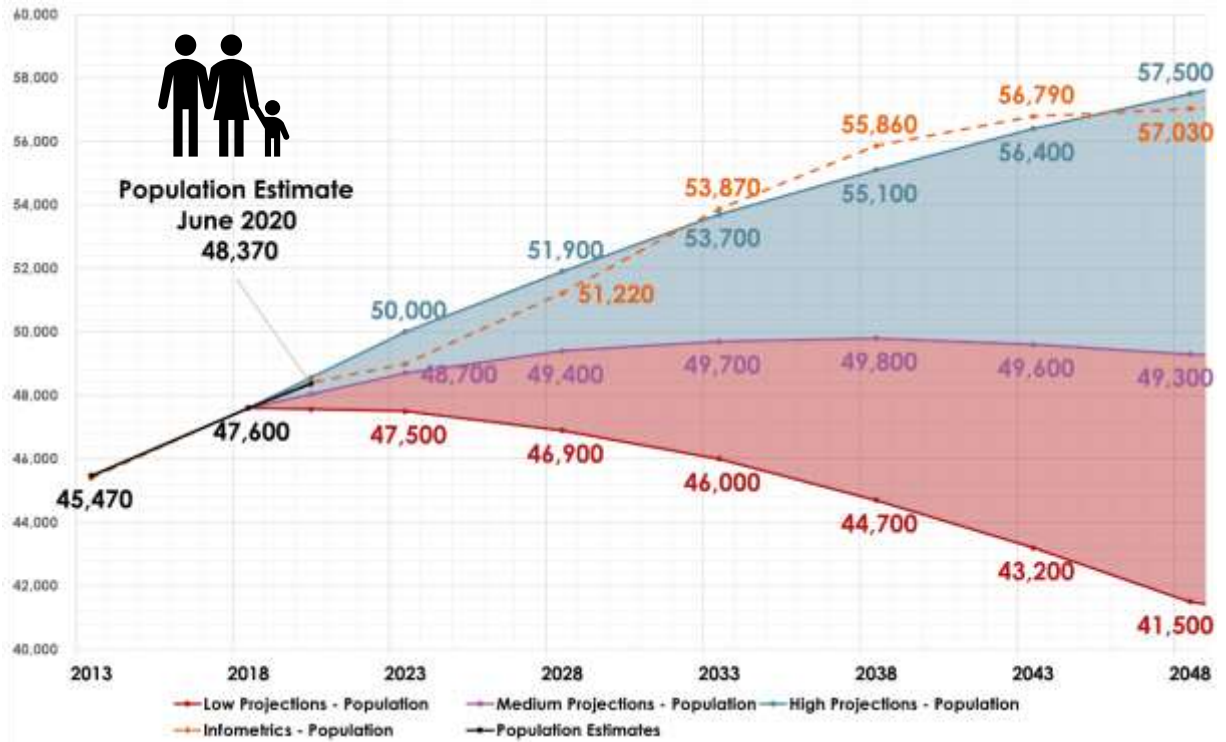
Adopting a more subdued growth profile for the District means TDC could under provide for future land requirements if higher than anticipated growth in demand and business land requirements was to materialise. As such Property Economics consider it prudent for TDC to plan for a slightly higher growth profile and use the most recent Stats NZ High Growth Projections.

Historically, the Timaru District has observed moderate levels of population growth nominally. However, under projecting growth can result in significant economic costs associated with the under provision of commercial and industrial land in the future.

In contrast, over projecting growth can result in economic costs associated with the over provision of commercial and industrial land and can dissipate economic benefits and efficiencies due to a more dispersed urban form. The Stats NZ High projections follow a population growth path similar to that of the Infometrics projections and would result in no material differences when drawing conclusions from analysis.

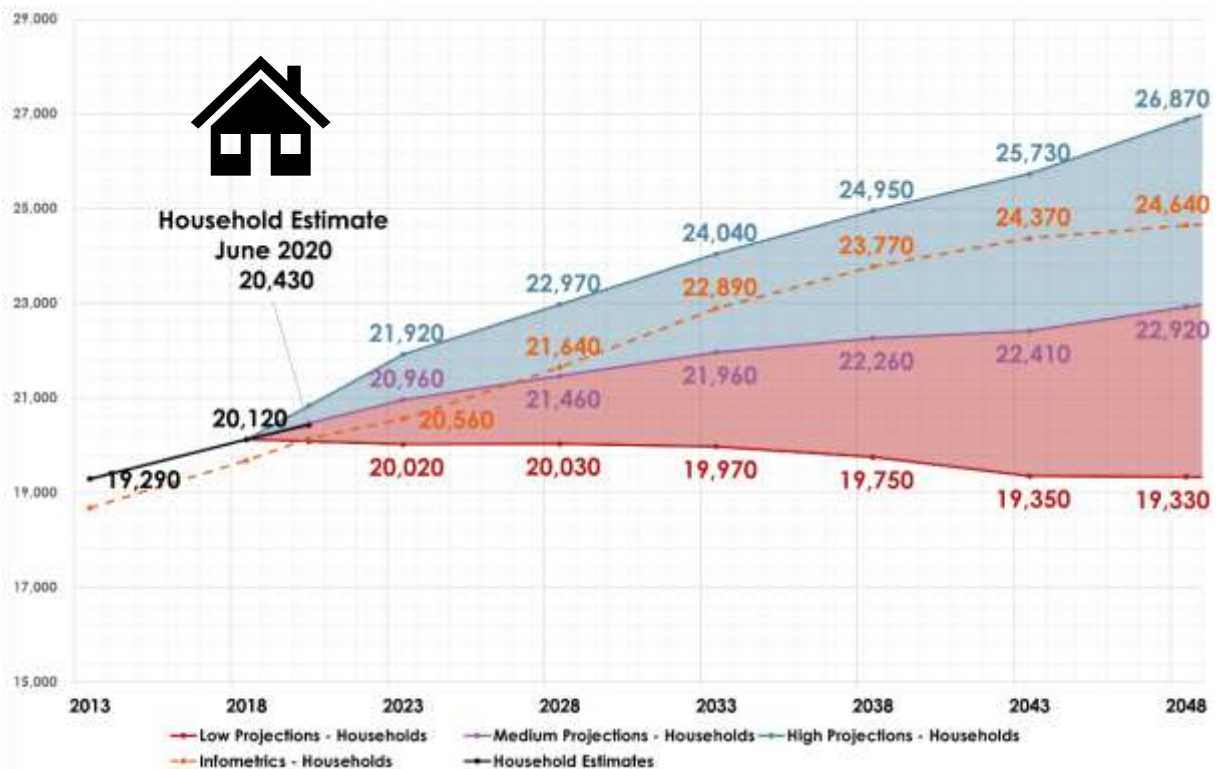
The Stats NZ Medium (and Stats NZ Low) growth scenarios show subdued and negative growth for the district, respectively. The Stats NZ Medium growth scenario shows the population of Timaru district peaking in 2038 at 49,800 before steadily declining. This is likely the influence of an aged population in Timaru district compared to the rest of the Nation.

FIGURE 4: TIMARU DISTRICT POPULATION GROWTH (2013 - 2048)



Source: Infometrics, Statistics NZ, Property Economics.

FIGURE 5: TIMARU DISTRICT HOUSEHOLD GROWTH (2013 - 2048)



Source: Infometrics, Statistics NZ, Property Economics.

TABLE 1: TIMARU DISTRICT POPULATION AND HOUSEHOLD PROJECTIONS (2020 - 2048)

Timaru District	2020 Estimate	Projection	2028	2020 - 2028	2038	2020 - 2038	2048	2020 - 2048
Population	48,370	Stats NZ - Low Growth Scenario	46,900	↓ -1,470	44,700	↓ -3,670	41,500	↓ -6,870
		Stats NZ - Medium Growth Scenario	49,400	↑ 1,030	49,800	↑ 1,430	49,300	↑ 930
		Stats NZ - High Growth Scenario	51,900	↑ 3,530	55,100	↑ 6,730	57,500	↑ 9,130
		Infometrics	51,220	↑ 2,850	55,860	↑ 7,490	57,030	↑ 8,660
Households	20,430	Stats NZ - Low Growth Scenario	20,030	↓ -400	19,750	↓ -680	19,330	↓ -1,100
		Stats NZ - Medium Growth Scenario	21,460	↑ 1,030	22,260	↑ 1,830	22,920	↑ 2,490
		Stats NZ - High Growth Scenario	22,970	↑ 2,540	24,950	↑ 4,520	26,870	↑ 6,440
		Infometrics	21,640	↑ 1,210	23,770	↑ 3,340	24,640	↑ 4,210

Source: Infometrics, Statistics NZ, Property Economics.

The estimated population of Timaru District in 2020 was 48,370 people. Under the Stats NZ High growth scenario, the projected population of Timaru District will be 57,500 people in 2048. This represents a net population increase of 9,130 people, or around a +19% net increase above the current total population.

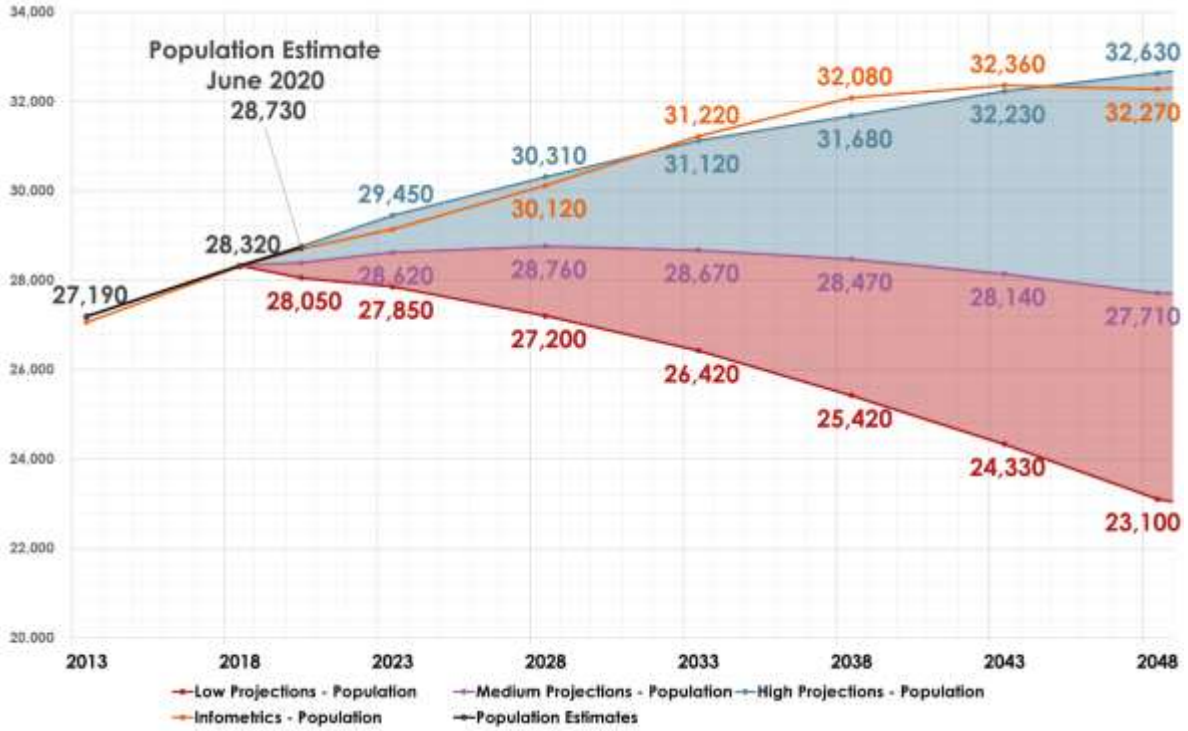
The net household count is projected to grow to around 26,870 by 2048, an increase of 6,440 households over the next 28-years, equivalent to an average of 230 dwellings net, on average per annum over the same period.

The net number of households is projected to increase at a faster rate than net population growth due to a projected fall in the person per dwelling ratio over the forecast period. This projected trend is not isolated to the Timaru District but projected to occur across the country due to an aging population, smaller families and a higher proportion of 'split' or single households.

It should be noted that this projected trend has not born-out as anticipated by Stats NZ as most areas of New Zealand (including Timaru), over the past 5-years since Stats NZ base-2013 projections were made, the converse has actually materialised and person per dwelling ratios increased. This is likely due to the increasing house prices relative to wage growth and serviceability, and the increased multihousehold dwellings.

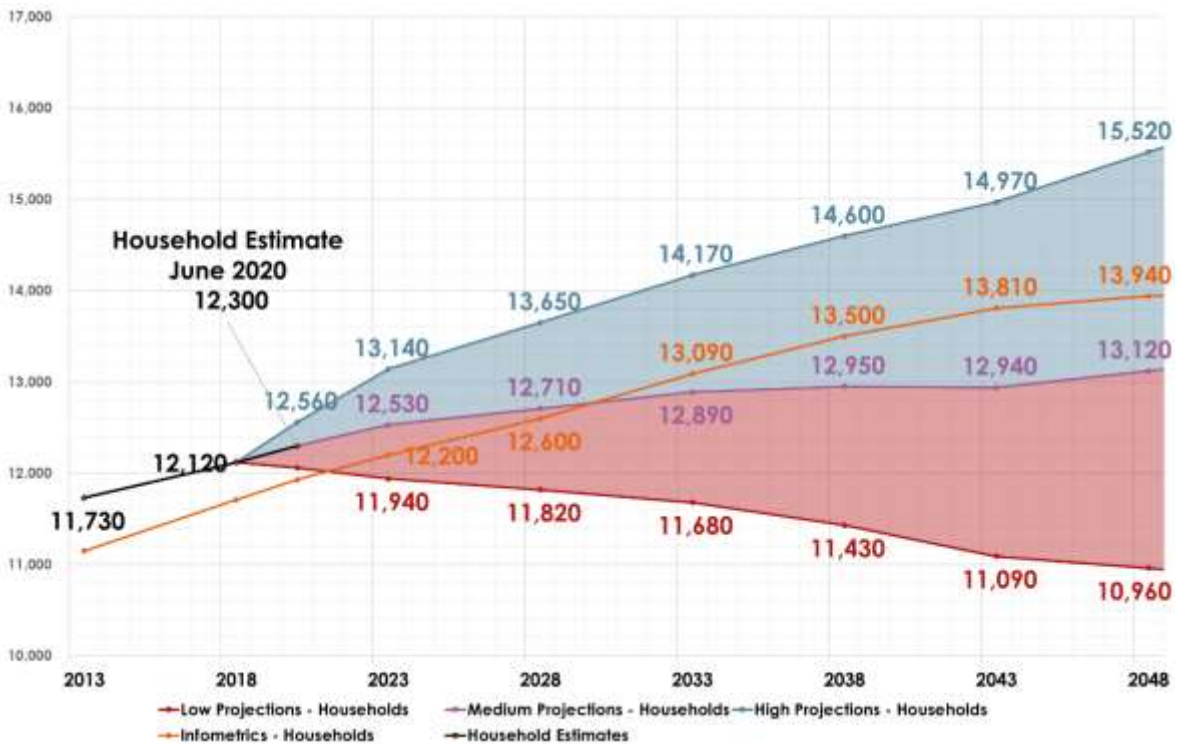
Figures 6 and 7 and Table 2 display the growth profiles for the Timaru Urban Area (TUA). At time of publication the base-2018 subdistrict population projections have not been released for Timaru District. Instead, the subdistrict, base-2013 projections have been adjusted to reflect the latest growth profile of the district. While this will likely not be a perfect representation of Stats NZ base-2018 subdistrict population projections, it does give a good indication of the subdistrict population growth dispersion.

FIGURE 6: TIMARU URBAN AREA POPULATION AND HOUSEHOLD GROWTH



Source: Infometrics, Statistics NZ, Property Economics.

FIGURE 7: TIMARU URBAN AREA HOUSEHOLD GROWTH



Source: Infometrics, Statistics NZ, Property Economics.

TABLE 2: TIMARU URBAN AREA POPULATION AND HOUSEHOLD GROWTH

Timaru Urban Area	2020 Estimate	Projection	2028	2020 - 2028	2038	2020 - 2038	2048	2020 - 2048
Population	28,730	Stats NZ - Low Growth Scenario	27,200	↓ -1,530	25,420	↓ -3,310	23,100	↓ -5,630
		Stats NZ - Medium Growth Scenario	28,760	↑ 30	28,470	↓ -260	27,710	↓ -1,020
		Stats NZ - High Growth Scenario	30,310	↑ 1,580	31,680	↑ 2,950	32,630	↑ 3,900
		Infometrics	30,120	↑ 1,390	32,080	↑ 3,350	32,270	↑ 3,540
Households	12,300	Stats NZ - Low Growth Scenario	11,820	↓ -480	11,430	↓ -870	10,960	↓ -1,340
		Stats NZ - Medium Growth Scenario	12,710	↑ 410	12,950	↑ 650	13,120	↑ 820
		Stats NZ - High Growth Scenario	13,650	↑ 1,350	14,600	↑ 2,300	15,520	↑ 3,220
		Infometrics	12,600	↑ 300	13,500	↑ 1,200	13,940	↑ 1,640

Source: Infometrics, Statistics NZ, Property Economics.

The current population base of the TUA is estimated to be 28,730 people. The TUA therefore currently accounts for around 59% of the district's current population base.

Net population within the TUA is projected to increase by 1,580 people over the 2020 – 2028 period, a net 5% increase in total population count. The urban area is also forecast to continue to experience higher levels of growth over the next 28-year forecast period to 2048 and is anticipated to reach a total population of 32,630 people. This is a total net increase in population of 3,900 people, or around 14% net growth over the 2020 estimate.

Historically, the TUA has accounted for just over 60% of the Timaru District's population. However, this representation has been decreasing and is forecast to continue to do so in the future. In 2001 the TUA represented around 62% of Timaru District population. This has fallen to an estimate of 58% in 2018 and is forecast to fall further to around 55% by 2048 under the Stats NZ High growth scenario. This is likely due to the large portions of residential growth occurring in greenfield locations which are peripheral to the TUA or in other Timaru townships.

5. EXISTING ECONOMIC ENVIRONMENT

This section of the report provides an overview of the existing Timaru District economic environment. It evaluates the trends, size, distribution and composition of the various employment sectors that comprise the Timaru District economy. Analysis of Timaru District GDP trends by sector is also undertaken to provide comparative context of Timaru's performance to other districts in the Canterbury region.

Specific focus in this analysis is given to Timaru City Centre, with particular emphasis on its intended role and function as a primary commercial and retail centre in the district. The subsequent analysis will assist in forecasting Timaru's future business land requirements over a period to 2048 and to guide any appropriate policy responses in PDP process.

5.1. EMPLOYMENT COMPOSITION AND TRENDS

The temporal employment composition and historical employment trends between 2000 and 2020 for the Timaru District and TUA provide useful guidance to the performance of the economy since the turn of the century. This analysis will assist in identifying the economic structure of these areas and is valuable in identifying changes and shifts in each area's economic base. This data is also a valuable input into the economic growth forecasts across the district's commercial and industrial sectors which are discussed later in the report.

Property Economics utilise the most up-to-date version of SNZ's **Business Frame** data on Employment Counts (**ECs**), with businesses assigned an industry sector according to their ANZSIC¹ 2006 categories. For the purposes of this report classifications have been grouped into Industrial, Commercial Office², Other and Retail sectors that reflect the typical composition of employment across business zones.

'Other' employees refer to those working in businesses or organisations that would not typically be located on business zoned land. These include hospitals, schools, fire stations, community facilities, parks and recreation and government agencies.

A breakdown of each industry sector and the ratios utilised in establishing their respective employment bases has been included in Appendix 2.

Note that the most up to date data at the time of compiling this report was pre-COVID-19. So the extent of the influence and initial recover period post-COVID is not yet know in terms of the employment data.

¹ *Australia and New Zealand Standard Industry Classification.*

² *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.*

TIMARU DISTRICT

The tables provided below show a summary of employment counts in the Timaru District by grouped sector and ANZSIC level 1 industrial classification. A full annual breakdown of the employment tables over the 2000 – 2020 has been provided in Appendix 3.

TABLE 3: TIMARU DISTRICT EMPLOYMENT BY ANZSIC CATEGORY (2000-2020)

ANZSIC06 Classification	2000	2010	2020	2020 (%)	2000 - 2020 Growth	2000 - 2020 Growth %
A - Agriculture, Forestry and Fishing	1,476	1,872	2,155	13%	↑ 679	46%
B - Mining	9	30	83	0%	↑ 74	822%
C - Manufacturing	4,316	4,168	5,049	30%	↑ 733	17%
D - Electricity, Gas, Water and Waste Services	97	206	225	1%	↑ 128	132%
E - Construction	757	1,433	2,013	12%	↑ 1,256	166%
F - Wholesale Trade	590	831	974	6%	↑ 384	65%
G - Retail Trade	2,040	2,404	2,454	14%	↑ 414	20%
H - Accommodation and Food Services	961	1,143	1,271	7%	↑ 310	32%
I - Transport, Postal and Warehousing	765	1,225	1,584	9%	↑ 819	107%
J - Information Media and Telecommunications	366	309	139	1%	↓ -227	-62%
K - Financial and Insurance Services	255	361	297	2%	↑ 42	16%
L - Rental, Hiring and Real Estate Services	125	232	177	1%	↑ 52	42%
M - Professional, Scientific and Technical Services	528	650	828	5%	↑ 300	57%
N - Administrative and Support Services	650	519	814	5%	↑ 164	25%
O - Public Administration and Safety	619	653	714	4%	↑ 95	15%
P - Education and Training	1,364	1,448	1,669	10%	↑ 305	22%
Q - Health Care and Social Assistance	1,814	2,831	2,905	17%	↑ 1,091	60%
R - Arts and Recreation Services	228	186	263	2%	↑ 35	15%
S - Other Services	474	517	620	4%	↑ 146	31%
Total All Industries	17,434	21,018	24,234		↑ 6,800	39%

Source: Stats NZ, Property Economics

TABLE 4: TIMARU DISTRICT EMPLOYMENT BY SECTOR (2000-2020)

Sector	2000	2010	2020	2020 (%)	Net Growth (2000 - 2020)	
					Nominal	Percentage
Industrial	6,606	7,909	9,911	41%	↑ 3,306	50%
Retail	2,857	3,376	3,534	15%	↑ 678	24%
Commercial	3,000	3,442	3,738	15%	↑ 738	25%
Other	4,972	6,291	7,050	29%	↑ 2,079	42%
Total	17,434	21,018	24,234		↑ 6,800	39%

Source: Stats NZ, Property Economics

In the year 2000, District employment totalled around 17,400 employees. This has grown to 24,200 by 2020, giving a net employment increase across the district of circa 6,500 employees (+39%) over the last 20 years.

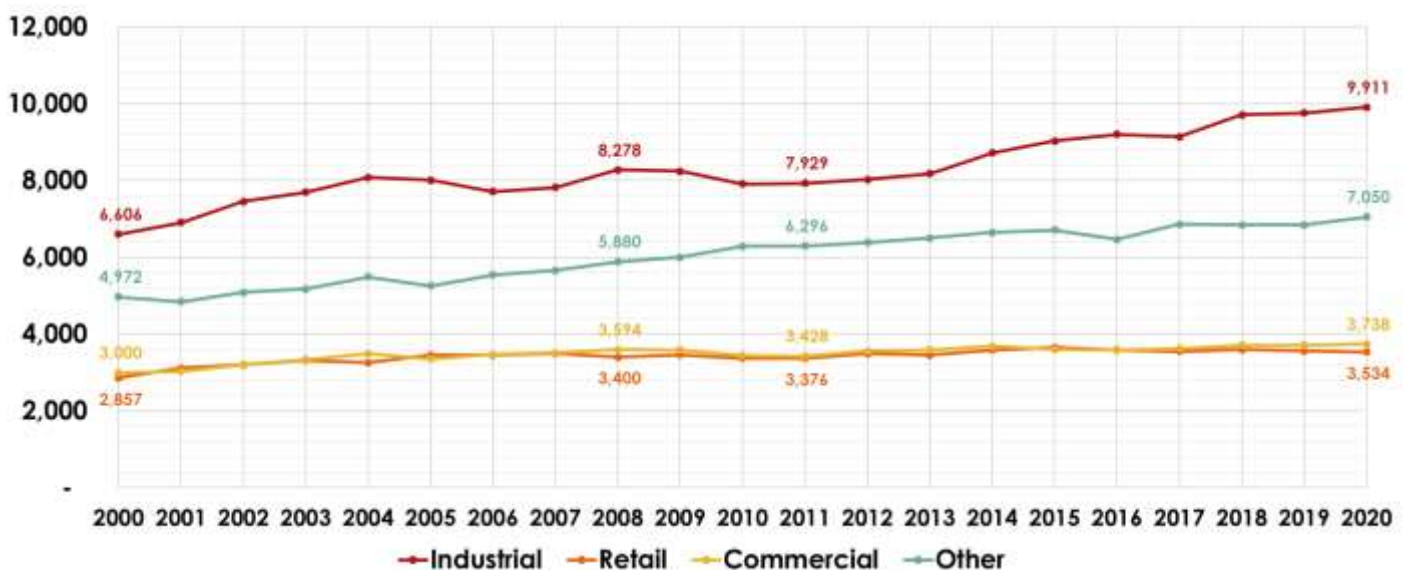
Employment growth was experienced across all ANZSIC categories apart from one - Information, Media and Telecommunications which exhibited a 62% proportional decline (a net loss of 227 employees), albeit off a relatively small employee base.

The highest growth sectors in terms of employment on a proportional basis were Mining, Construction and Electricity, Gas, Water and Waste Services (albeit Mining was off a very low base). In terms of nominal employment (arguably the more important measure), the highest growth sectors were Construction (+1,256 employees), Health Care and Social Assistance (+1,091 employees) and Transport, Postal and Warehousing (+819 employees).

Interesting to note is the comparatively high growth performance of the primary sectors of Timaru's economy relative to the service sectors. This indicates the core productive base of the Timaru economy has performed well over the last 20 years, while the service sectors (which are intrinsically linked to population growth) have been experiencing more subdued growth over the period. This highlights the growing importance and relevance of the district's core productive base within the Timaru economy with these sectors (Categories A - F in Table 3) being critically important to the district's economic health.

Figure 6 consolidates the sectors into four key grouped property markets to highlight district performance across different activity types as per Appendix 2.

FIGURE 8: TIMARU DISTRICT EMPLOYMENT BY GROUPED SECTOR (2000-2020)



Source: Property Economics, Statistics NZ

The industrial sector activity performed strongest over the assessed 2000-2020 period, fuelled by the Construction sector which accounted for 37% of this activity type's growth by itself (or +1,256 employees).

Over the most recent decade, 2011 – 2020, growth in Timaru’s industrial sector saw an increase in industry employment of 1,982 net additional employees, or 25% over the 2011 industrial sector employment base. This growth rate represents a proportionally faster increase in industrial sector employment than New Zealand (which experienced 23% net growth over the same period).

The activity types with more subdued growth profiles were commercial and retail activity, which experienced growth of 25% and 24% respectively. These activity types had net employment growth that was less than a half of that experienced in the industrial sector and combined only accounted for 21% of the district’s net employment growth over the last 20 years.

The district appears to have been well insulated against the impact of the GFC (2007-08), at least in terms of employment, with most sectors continuing to increase steadily during the recovery.

TIMARU CITY CENTRE

The table below shows employment count data by ANZSIC level 1 industrial classification for the Timaru City Centre between 2000 and 2020. Figure 7 following groups these sectors into core employment sectors. A full annual breakdown of employee count for Timaru City Centre has been provided in Appendix 3.

TABLE 5: TIMARU CITY CENTRE EMPLOYMENT BY ANZSIC CATEGORY (2000-2020)

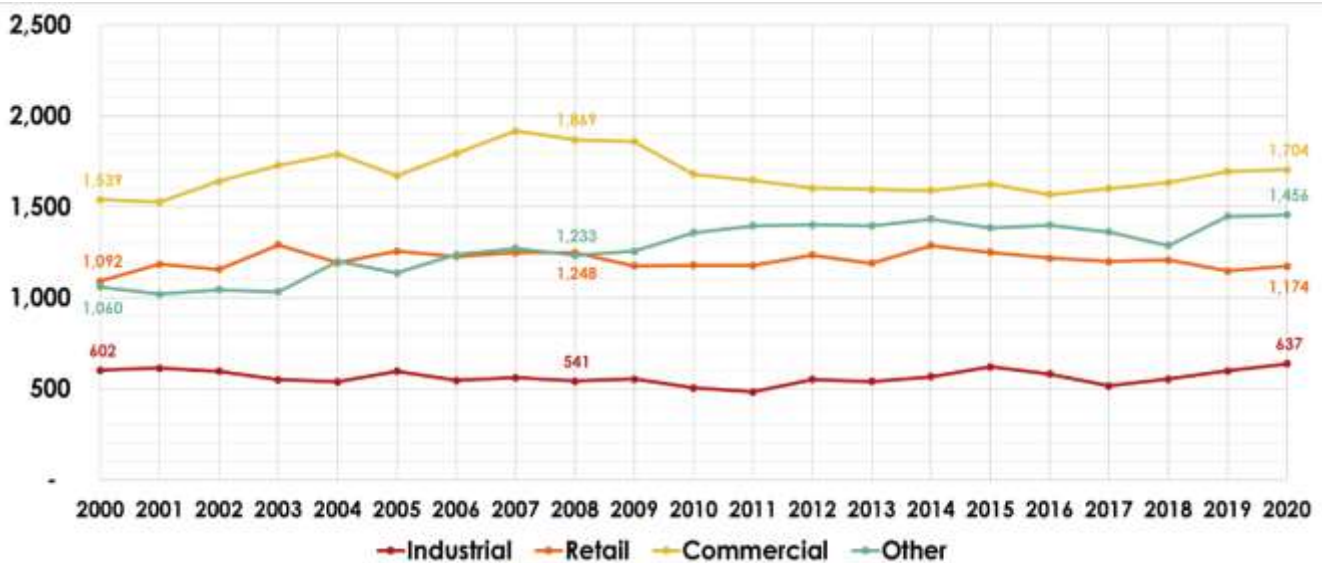
ANZSIC06 Classification	2000	2010	2020	2020 (%)	2000 - 2020 Growth	2000 - 2020 Growth %
A - Agriculture, Forestry and Fishing	12	3	108	2%	↑ 96	800%
B - Mining	0	0	0	0%	→ 0	-
C - Manufacturing	318	133	144	3%	↓ -174	-55%
D - Electricity, Gas, Water and Waste Services	21	24	18	0%	↓ -3	-14%
E - Construction	117	129	278	6%	↑ 161	138%
F - Wholesale Trade	102	102	123	2%	↑ 21	21%
G - Retail Trade	883	967	846	17%	↓ -37	-4%
H - Accommodation and Food Services	246	250	386	8%	↑ 140	57%
I - Transport, Postal and Warehousing	57	133	76	2%	↑ 19	33%
J - Information Media and Telecommunications	348	294	112	2%	↓ -236	-68%
K - Financial and Insurance Services	183	265	180	4%	↓ -3	-2%
L - Rental, Hiring and Real Estate Services	59	66	60	1%	↑ 1	2%
M - Professional, Scientific and Technical Services	246	348	454	9%	↑ 208	85%
N - Administrative and Support Services	353	260	404	8%	↑ 51	14%
O - Public Administration and Safety	489	489	612	12%	↑ 123	25%
P - Education and Training	231	308	187	4%	↓ -44	-19%
Q - Health Care and Social Assistance	342	725	755	15%	↑ 413	121%
R - Arts and Recreation Services	88	45	21	0%	↓ -67	-76%
S - Other Services	198	181	207	4%	↑ 9	5%
Total All Industries	4,293	4,722	4,971		↑ 678	16%

Source: Property Economics, Statistics NZ.

TABLE 6: TIMARU CITY CENTRE EMPLOYMENT BY SECTOR (2000 - 2020)

Sector	2000	2010	2020	2020 (%)	Net Growth (2000 - 2020)	
					Nominal	Percentage
Industrial	602	7,909	637	13%	↑ 36	6%
Retail	1,092	3,376	1,174	24%	↑ 82	8%
Commercial	1,539	3,442	1,704	34%	↑ 165	11%
Other	1,060	6,291	1,456	29%	↑ 395	37%
Total	4,293	21,018	4,971		↑ 678	16%

Source: Property Economics, Statistics NZ

FIGURE 9: TIMARU CITY CENTRE EMPLOYMENT BY GROUPED SECTOR (2000-2018)

Source: Property Economics, Statistics NZ

The employment performance of the Timaru City Centre over the last 20 years paints a different picture to that of the district, with net employment growth of only +16% (vs 39% for the district). This is a sign of a City Centre that is struggling to attract growth and relevance in the market.

Since the year 2000 net employment growth has only equated to 678 employees, despite the district's net employment growth equating to circa 6,800 employees over the same period. This highlights a City Centre that is relatively static in terms of productivity and economic output and is losing its position in the district economy.

Commercial activity is the largest employment sector within the Timaru City Centre, accounting for 34% of total employment activity in 2020. However, the City Centre's growth in the commercial sector (+165 employees) accounts for only 22% of this sector's district wide growth. This may represent an economic issue for the district given the City Centre is the district's primary commercial centre, which could suffer from significant lost economic opportunities that undermines the role and function of the City Centre.

Similar issues emerge for the retail sector. Retail employment in the City Centre grew by only a net +82 employees which represents only +12% of total net District employment growth within the sector. As such, the City Centre as a retail destination is losing traction in the market with changes in the City Centre offering indicating retailer churn rather than retail growth. This is an inefficient outcome from an economic perspective.

Retail activity (along with commercial 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 City Centre. While it is normal for some retail and commercial activity to locate outside of the main centres within a district, the extent to which Timaru District has allowed commercial and retail growth to locate outside of key nodes has resulted in an inefficient distribution of commercial and retail employment. This should be a key focus of the PDP review and consideration of policies that consolidate commercial and retail growth within the City Centre should be given additional weight.

5.2. TIMARU DISTRICT VS REGIONAL GDP TRENDS

This section distils at a high level the economic trends and performance of Timaru District and compares its performance to other Territorial Authorities in the Canterbury Region over the 2000-2018 period. This helps to contextualise how Timaru is performing relative to competing economies over the period.

Table 7 displays the real GDP figures (adjusted to 2018 prices) for each of the Territorial Authorities within the Canterbury Region.

Note that this data comes from experimental modelling conducted by MBIE from Stats NZ's Regional GDP and Linked Employer-Employee Data (LEED). It is intended to be used as indicative only.

TABLE 7: REAL³ GDP OF TERRITORIAL AUTHORITIES IN THE CANTERBURY REGION (\$M)

Area	2000	2010	2018	2018 (Canterbury %)	2000 - 2018 Real Net Growth	
					n	%
Kaikoura District	\$93	\$124	\$149	0%	\$55	44%
Hurunui District	\$243	\$437	\$652	2%	\$409	94%
Selwyn District	\$784	\$1,358	\$2,180	6%	\$1,397	103%
Waimakariri District	\$632	\$1,009	\$1,601	4%	\$969	96%
Christchurch City	\$14,343	\$19,383	\$25,421	69%	\$11,078	57%
Ashburton District	\$1,086	\$1,595	\$2,235	6%	\$1,149	72%
Mackenzie District	\$146	\$213	\$233	1%	\$87	41%
Timaru District	\$1,425	\$2,028	\$2,694	7%	\$1,269	63%
Waimate District	\$161	\$256	\$342	1%	\$181	71%
Waitaki District	\$710	\$1,075	\$1,323	4%	\$613	57%
Canterbury Region	\$19,622	\$27,478	\$36,829	100%	\$17,207	63%
New Zealand	\$166,447	\$219,543	\$289,103		\$122,656	56%

Source: MBIE, Stats NZ.

The Timaru District observed real annual GDP growth of 63% (\$1,269m) from the 2000 base year to 2018, accounting for just over 7% of the Canterbury Region's growth over the period. This is the same as the district's proportion of regional GDP, which has remained constant over the period. Timaru District had the second largest economic output in the Region in 2018 with a real GDP of almost \$2.7b.

Christchurch City had the highest economic output in the region with an annual GDP of over \$25b in 2018. This represents around 70% of the region's Real GDP and highlights Christchurch City being the primary economic engine in the region.

The Canterbury Region as a whole performed strongly between 2010 and 2015, a likely result of the rebuild following the 2010/11 Christchurch earthquakes. This is reflected by the strong growth in Christchurch City over this time frame. Over 46% of Christchurch City's real GDP growth between 2000 and 2015 occurred in the last 5-year increment. However, this trend was not isolated to Christchurch City, with other Districts in the region such as Selwyn, Timaru and Waimakariri also experiencing a higher level of GDP growth over this time frame. This is likely the result of migration from Christchurch City to the other districts over this period.

Figure 10 shows the real GDP growth on a per capita basis of Districts within the Canterbury Region between 2000 and 2018, also providing regional and national per capita Real GDP growth for comparative context.

FIGURE 10: GROWTH IN GDP PER CAPITA (2000-2018)

³ Prices are in 2018-dollar terms.



Source: MBIE, Stats NZ.

On a GDP per capita basis, the Timaru District economy has experienced a higher level of proportional growth than most other Districts within the Canterbury Region and New Zealand as a whole. This indicates that Timaru has become comparatively more productive over the 2000-2018 period, largely fuelled by primary sector growth and productivity gains as identified earlier.

Table 8 breaks down Real GDP in the Timaru District between 2000 and 2018⁴ by ANZSIC sector. In terms of economic output and growth, industrial based sectors performed strongly. This reinforces observations made in employment count data, which identify industrial activity as the primary driver of economic growth in the District.

TABLE 8: TIMARU DISTRICT REAL GDP CONTRIBUTION BY SECTOR (2000 - 2018)

Sector	2000	2010	2018	2018 (%)	2010 - 2018 Real Net Growth	
					n	%
Manufacturing	\$343	\$361	\$528	19%	\$185	51%
Forestry, Fishing, Mining, Electricity, Gas, Water and Waste Services	\$70	\$139	\$227	8%	\$157	113%
Agriculture	\$113	\$191	\$226	8%	\$114	59%
GST on Production, Import Duties and Other Taxes	\$98	\$148	\$226	8%	\$127	86%
Construction	\$63	\$142	\$201	7%	\$137	97%
Transport, Postal and Warehousing	\$64	\$111	\$191	7%	\$126	114%
Health Care and Social Assistance	\$79	\$145	\$169	6%	\$91	63%
Owner-Occupied Property Operation	\$113	\$129	\$168	6%	\$55	42%
Retail Trade	\$76	\$108	\$130	5%	\$54	50%
Rental, Hiring and Real Estate Services	\$69	\$89	\$105	4%	\$36	41%
Wholesale Trade	\$52	\$76	\$97	4%	\$44	59%
Professional, Scientific and Technical Services	\$37	\$59	\$85	3%	\$48	81%
Education and Training	\$67	\$75	\$81	3%	\$14	18%
Information Media, Telecommunications and Other Services	\$64	\$73	\$74	3%	\$11	14%
Public Administration and Safety	\$41	\$54	\$59	2%	\$18	34%
Financial and Insurance Services	\$30	\$77	\$58	2%	\$28	36%
Food and beverage services	\$19	\$23	\$29	1%	\$9	41%
Administrative and Support Services	\$22	\$20	\$28	1%	\$6	31%
Accommodation	\$5	\$7	\$12	0%	\$8	105%
Total GDP	\$1,444	\$2,064	\$2,748		\$1,304	63%

Source: MBIE, Stats NZ.

⁴Prices are in 2018-dollar terms. GDP figures by Sector for 2019 forward were unavailable at time of publication.

The sector contributing the most economic output towards the district's real GDP was Manufacturing at \$528m in 2018. This was the highest ranked sector in 2000 and it remains so in 2018. Real GDP growth in this sector has equated to 51% (\$185m p.a.) between 2000 and 2018.

The sector with the largest upward shift in economic output proportionally was Transport Postal and Warehousing which grew by 114% (+126m p.a.). In the year 2000, this sector was ranked 10th in terms of economic output across the sectors, whereas in 2018, it was ranked as the 6th largest sector in the district in respect of economic output at \$191m.

Forestry, Fishing, Mining, Electricity, Gas, Water and Waste Services grew in a similar manor to Transport, Postal and Warehousing which grew by 113% (+157 p.a.). In the year 2000, this sector was ranked 5th in terms of economic output across the sectors, whereas in 2018, it is ranked as the 2nd largest sector in the district in respect of economic output at \$227m.

Agriculture also remains a key sector in respect of economic output for the district (ranked 3rd) with \$226m real GDP in 2018, despite its relatively low growth profile over the 2000-2018 period of 59% net real growth. This is more a historic reflection of the district's strong rural economic base.

A visual comparison of each of the sectors economic contribution to Timaru District's economy is provided in the figure below to provide greater context to the disparities between sectors.

FIGURE 11: TIMARU DISTRICT'S REAL GDP BY SECTOR - 2018 (\$M)



Source: MBIE, Stats NZ.

6. RETAIL EXPENDITURE AND SUSTAINABLE GFA

This section sets out the annualised retail expenditure generated within Timaru District. These annualised retail spend estimates have been based on the latest 2020 population base estimates and projections conducted by Infometrics for the catchments to ensure they incorporate the most up-to-date information, and have been prepared using Property Economics' Retail Model.

RETAIL MODEL

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

FIGURE 12: PROPERTY ECONOMICS RETAIL GROWTH MODEL OUTLINE



Source: Property Economics

LAYERED RETAIL CATCHMENTS

It is important to note that the retail expenditure generated in the identified markets do 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 (such as large scale regional or main metropolitan shopping destinations). Meanwhile, convenience spend tends to remain more localised, triggering a layering of centre catchments across the district.

In other words, a consumer could be in the retail catchment of numerous centres, not just one. This is particularly pertinent for in small towns like Waimate which are approximately the same drive-time distance from Oamaru and Timaru. These centres are trying to capture market share / compete in these areas based on their offerings and amenity.

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.

EXCLUDED ACTIVITIES

The retail expenditure figures below are in 2020 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 retail sectors 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.

6.1. RETAIL EXPENDITURE

Table 9 below shows the projected generated retail spend for the Timaru District based on the Stats NZ High population projections provided in Figure 1. This projection was chosen as it represents the most current trajectory of growth for Timaru and is prudent in terms of an 'at capacity' scenario of district growth.

TABLE 9: TIMARU NET ANNUALISED RETAIL EXPENDITURE BY SECTOR (2020 - 2048)

Retail Sector Spend (\$m)	2020	2023	2028	2033	2038	2043	2048	Net Growth (2020 - 2048)	
								n	%
Food retailing	\$211	\$224	\$244	\$266	\$290	\$307	\$325	↑ \$114	54%
Clothing, footwear and personal accessories retailing	\$36	\$38	\$42	\$46	\$50	\$53	\$57	↑ \$21	57%
Furniture, floor coverings, houseware and textile goods retailing	\$20	\$21	\$23	\$25	\$27	\$29	\$30	↑ \$10	49%
Electrical and electronic goods retailing	\$27	\$28	\$31	\$33	\$35	\$37	\$39	↑ \$12	45%
Pharmaceutical and other store-based retailing	\$56	\$59	\$64	\$71	\$78	\$83	\$87	↑ \$31	56%
Department stores	\$42	\$44	\$49	\$53	\$58	\$62	\$65	↑ \$23	54%
Recreational goods retailing	\$23	\$24	\$26	\$29	\$31	\$33	\$35	↑ \$12	52%
Food and beverage services	\$98	\$104	\$114	\$127	\$138	\$147	\$156	↑ \$58	59%
Total Retail Expenditure	\$513	\$543	\$593	\$650	\$708	\$750	\$794	↑ \$281	55%

Source: Property Economics.

The Timaru District currently generates an estimated \$513m per annum of retail expenditure, with projected growth in the market over the assessed 28-year period increasing to over \$794m per annum by 2048. This represents an increase of \$281m (or 55%) annually above the 2020 base year by 2048.

The largest sector, by some margin is Food Retailing which is dominated by supermarket trade. This sector represented over 41% of total retail expenditure generated within the district in 2020. Supermarket trade accounts for approximately 75% of food retailing sector expenditure and is typically the largest retail sector in terms of expenditure. By 2048, spending within the Food Retailing sector is estimated to grow to around \$325m annually.

Additionally, Food and Beverage Service sector (i.e. cafes, bars and restaurants) also contributes a significant proportion of Timaru District retail expenditure, totalling \$98m p.a. at present and is anticipated to grow to \$156m p.a. by 2048.

Combined, store types categorised in these two retail sectors are forecast to account for around 60% of Timaru District retail expenditure by 2048 (\$481m out of around \$794m).

6.2. SUSTAINABLE RETAIL FLOORSPACE

Table 10 provides sustainable GFA forecasts for the annual retail expenditure generated by the Timaru District. These projections are based off the above retail spend modelling and represent the total amount of retail floorspace that is sustainable if all retail expenditure generated within the district is internalised.

TABLE 10: TIMARU SUSTAINABLE RETAIL GFA BY SECTOR (2020 - 2048)

Sustainable Retail Floorspace (sqm)	2020	2023	2028	2033	2038	2043	2048	Net Growth (2020 - 2048)	
								n	%
Food retailing	29,400	31,200	34,000	37,200	40,400	42,800	45,300	↑ 15,900	54%
Clothing, footwear and personal accessories retailing	7,800	8,200	9,000	9,900	10,800	11,400	12,100	↑ 4,300	55%
Furniture, floor coverings, houseware and textile goods retailing	7,900	8,400	9,100	9,900	10,600	11,200	11,800	↑ 3,900	49%
Electrical and electronic goods retailing	8,500	9,000	9,700	10,600	11,400	12,000	12,700	↑ 4,200	49%
Pharmaceutical and other store-based retailing	13,400	14,200	15,600	17,200	18,800	19,900	21,200	↑ 7,800	58%
Department stores	17,300	18,300	19,900	21,800	23,600	25,000	26,400	↑ 9,100	53%
Recreational goods retailing	6,800	7,200	7,900	8,700	9,400	10,000	10,600	↑ 3,800	56%
Food and beverage services	17,400	18,500	20,400	22,500	24,700	26,300	28,000	↑ 10,600	61%
Total	108,500	115,000	125,600	137,800	149,700	158,600	168,100	59,600	55%

Source: Property Economics.

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

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

The Timaru District currently generates enough retail expenditure on an annualised basis to sustain an estimated 108,500 sqm of retail GFA. This is forecast to increase to around 168,100sqm GFA by 2048. These figures represent the GFA that would be sustainable if all retail expenditure generated in the district was internalised and the district observes a net neutral position in terms of net retail leakage and inflow. This provides useful base context from which to undertake retail land requirement analysis.

The majority of this growth is forecast to occur in the Food Retailing and Food and Beverage Services sectors. These sectors are forecast to be able to sustain an additional 15,900 and 10,600 sqm of retail GFA respectively by 2048. Collectively they are forecast to account for 44% of sustainable GFA growth.

The economic analysis indicates the Timaru District could sustain three to four more modern-day full-service supermarkets by 2048 (i.e. a Countdown or New World store). Alternatively, a combination of one to two full department supermarket and two to three smaller supermarket offers / brands such as Fresh Choice, SuperValue and / or New World Metro could be sustained by projected market growth.

Additionally, the analysis shows food retailing stores and cafes, bars and restaurants are key store types to facilitate and target for the Timaru District to build its retail base. In the context of this analysis, this is particularly relevant in terms of the City Centre, which is likely to require an extended and more diverse retail offering if it is to achieve its intended role and function.

Given the City Centre's marginal performance in attracting retail and commercial employment growth over the last 20 years (relative to wider growth in the District) a meaningful proportion of this growth should be focused within the City Centre to help achieve a greater level of consolidation.

7. DISTRICT LEVEL RETAIL EXPENDITURE PATTERNS

In order to assess the level of retail expenditure flows – ‘inflows’⁵ and ‘outflows’⁶ of the Timaru 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 given the limited changes in the retail market since 2016. This data is of greater relevance to the long-term pattern of spend as it is not impacted by the COVID-19 pandemic response (lockdown) and subsequent economic flows (lower discretionary spend, lower tourism, etc.).

MarketView data is based on the spending and retail transactions of Paymark credit and debit (EFTPOS) cardholders⁷. 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 Timaru 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 Timaru are spending their retail dollars. Destination has been classified by territorial authority. This provides in-sight into the ‘retention’ and ‘outflow’ of retail dollars from Timaru. Outflow is interchangeably referred to as leakage for the duration of this report.

Given the large sample size Paymark card holders 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 Timaru, 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.

⁵ Retail inflow refers to retail expenditure generated outside a defined geographic area (in this instance the Timaru District territorial authority) but spent inside that defined area.

⁶ Retail leakage is the converse of retail inflow and refers to retail expenditure generated in a particular geographic area (Timaru District in this instance) but spent outside that defined area.

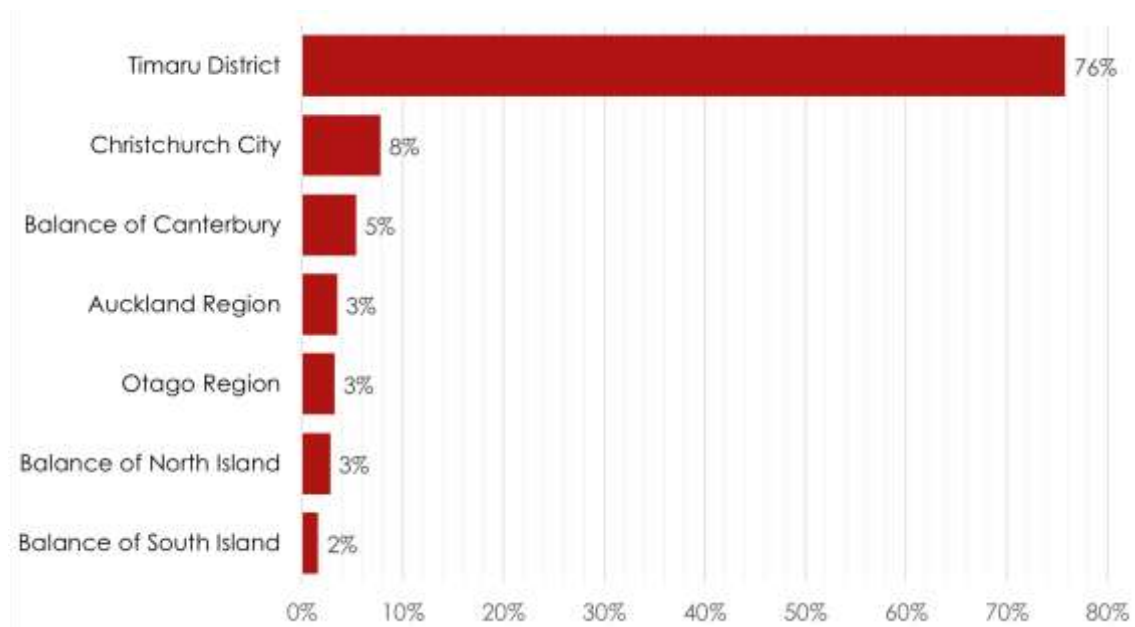
⁷ MarketView data excludes business and corporate cards. The transaction values include GST but exclude cash out with purchases. MarketView does not pick up hire purchase, direct debit/credit payments or cash-based spending.

7.1. DESTINATION OF TIMARU DISTRICT RETAIL SPENDING

Some retail leakage out of a district can be classified as '*normal*' shopping behaviour due to general spending while visiting other districts and the 'free flow' of the market. A high level of retail leakage indicates that the retail requirements of the resident population are not being adequately met by the localised market to the level or quality sought. As a result, residents travel outside of the market to satisfy their retail shopping requirements.

Figure 13 illustrates the proportion of retail expenditure generated by Timaru residents according to where it was spent by territorial authority and region.

FIGURE 13: TIMARU DESTINATION OF RETAIL SPENDING



Source: Property Economics, MarketView

Just over three quarters (76%) of all retail expenditure generated by Timaru District residents is internalised, i.e. spent within the district.

Outside of the Timaru District, Christchurch City captures the largest proportion of Timaru District resident's retail expenditure. Of all retail expenditure made by Timaru District residents, around 8% flows to Christchurch City. Being a large city, Christchurch has a much more extensive and diverse retail offering than the Timaru District. 'Shopping Trips' to this retail offering are the likely cause of the leakage from the District to Christchurch City.

Further, while not shown in Figure 8, a significant proportion of retail expenditure spent on higher order comparison goods is leaking from the catchment to Christchurch City. This includes around 20% of retail expenditure on Clothing, Footwear, Personal Accessories and Furniture Retailing by Timaru residents.

This indicates that residents are not satisfied by the existing localised offer and currently travel to Christchurch to take advantage of the broader offer and range available. There are clear underlying issues with the provision of general merchandising retailers in Timaru District, particularly in Fashion and Furniture retailing.

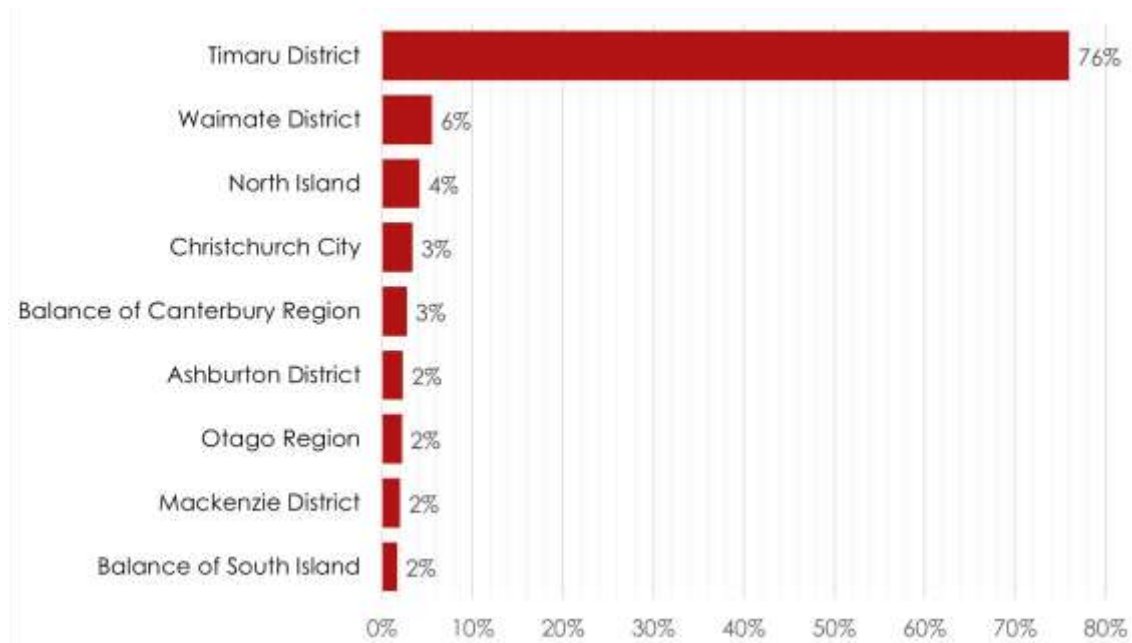
While this is to be expected given the wide range and breadth of selection available (which typically leads to more competitive pricing among retailers) in relatively close proximity (Christchurch), it also underlines retail sectors that could be improved upon within the local market to increase retention and overall sales.

The current level of leakage from the catchment of 24% also signals market potential and opportunity within the localised market to improve retail provision and spend retention, in terms of both quantum and quality. In real terms the amount of retail spend that left the district (leakage) in the assessed calendar year equates to around \$119m.

7.2. ORIGIN OF TIMARU DISTRICT RETAIL SPENDING

Figure 14 illustrates the proportion of retail expenditure spent within the Timaru District according to where its consumers reside by local territorial authority and region.

FIGURE 14: ORIGIN OF RETAIL SPENDING IN TIMARU



Source: Property Economics, MarketView

Figure 14 illustrates a noteworthy proportion of retail sales within the Timaru District originating from consumers who reside outside of the district. Nearly a quarter of total retail expenditure is derived from outside of the District.

Around 6% of retail spending within Timaru originates from Waimate District residents. This inflow is particularly prominent within the Department Store and Recreational Goods Retailing sectors. This indicates that residents of Waimate are travelling to Timaru for bulky and specialised retailing goods that are not adequately provisioned within the Waimate District.

The Waimate District is a predominantly rural district to the south of Timaru. As a result of its rural nature and population base, the District is unable to sustain significant retail networks. Therefore, residents have had to travel to adjacent districts (or further afield) to meet their retail requirements. This inflow represents Timaru's largest on a proportional basis.

The MarketView data also shows that 65% of retail expenditure from external markets comes from within the wider Canterbury region. This indicates that Timaru attracts a small local visitor market with its current retail provision. This inflow is spread relatively evenly across all identified retail sectors.

The majority of this proportion is likely to reflect a small number of residents living outside of the Timaru District that make regular shopping trips to Timaru. Only 8% of retail expenditure within Timaru originated from outside of the Canterbury Region.

7.3. DISTRICT NET RETAIL FLOWS / LEAKAGE

This section of the report assesses the origin of retail expenditure against the leakage to determine the Net Flow Position of retail expenditure by sector. This is helpful in assessing potential opportunity or 'gaps' in the current district retail offering and builds on the analysis in the previous two subsections.

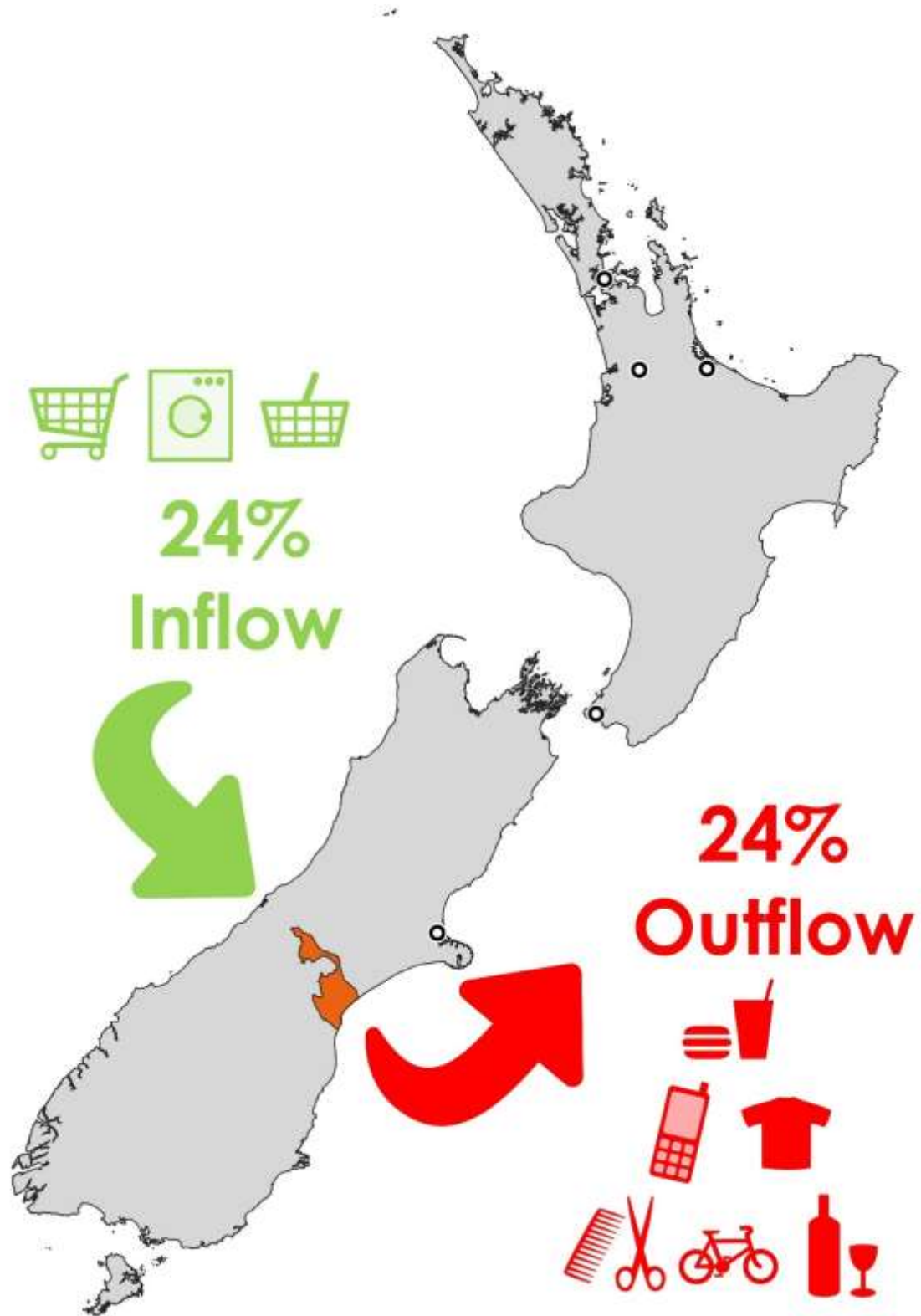
This section of the report compares inflows and outflows as a proportion of total retail expenditure generated from within the Timaru District. In terms of outflows, percentages represent the proportion of spending by Timaru residents outside of the Timaru District. Inflows represent the spending by visitors within the Timaru District, as a proportion of the retail expenditure the district generates / spends. Retention refers to the proportion of total retail expenditure by Timaru District residents spent within the Timaru District.

Figures 15-17 show these proportions with inflows shown in green, outflows shown in red and total district retention shown in yellow. The net retail flow of the district is found by subtracting the inflow by the outflow, as shown in Figure 15, i.e. the total Net Retail Flow of the district is 0% (or 24% - 24%), indicating that the Timaru District currently has a net balance of retail spending relative to total retail expenditure generated by its residents.



Adding retention to inflows illustrates the total market capture of the Timaru District retail market. The Timaru District captures 100% of spending relative to the level of retail expenditure generated locally. Coincidentally, the retail spend leaving the district equates to the level of spend entering the district on a **proportional annualised basis**. This 'offsetting' refers to inflows and outflows effectively cancelling each other out, meaning Timaru District has a net neutral retail expenditure flow position.

FIGURE 15: TIMARU RETAIL FLOWS



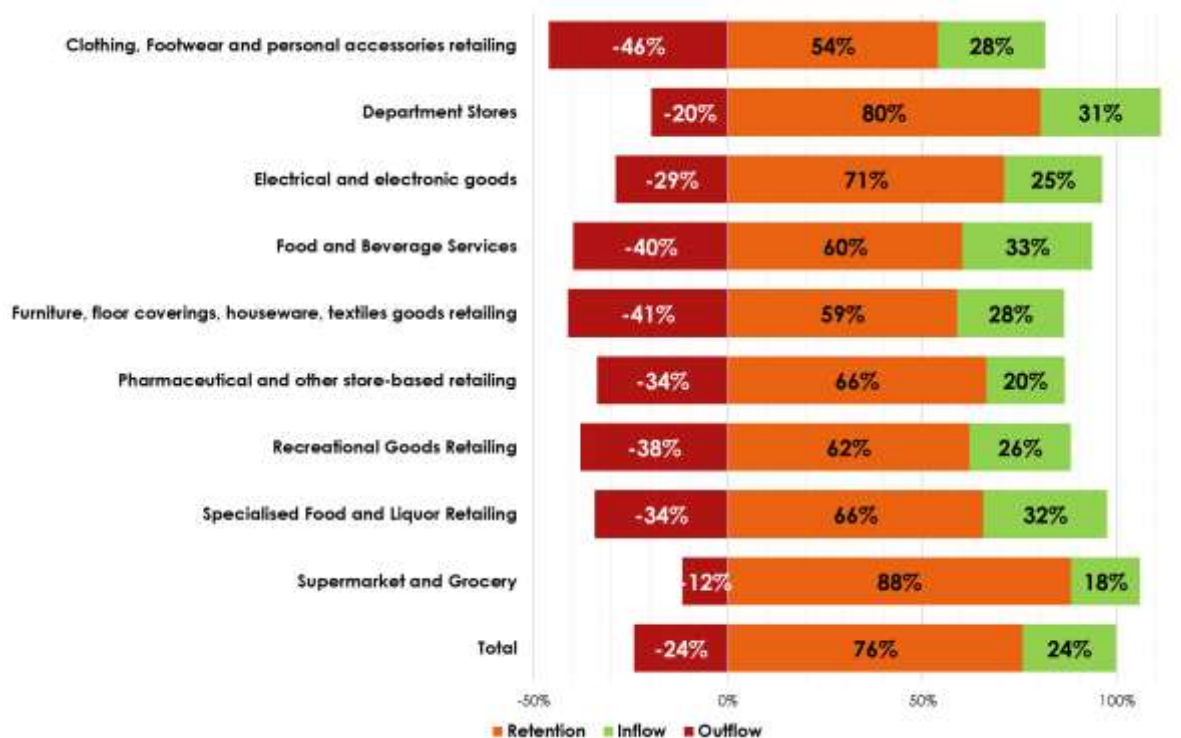
Source: Property Economics, MarketView

Figure 16 illustrates the inflows and outflows experienced by the identified catchment by retail sector.

As previously mentioned, on average 24% of total retail expenditure generated in Timaru on an annualised basis is spent outside of the district. However, it is worth noting that in three retail sectors leakage is over 40%, and across six retail sectors over a third of retail expenditure generated within Timaru is leaving the district.

These are all relatively high leakage levels of leakage given the average overall leakage of 24% and retention rate of 76%. This is largely due to retention being bolstered by the Supermarket and Department Store retailing sectors. These sectors form a significant proportion of total retail spending made by Timaru residents and therefore have a higher weighting in the overall retention proportion.

FIGURE 16: TIMARU DISTRICT ORIGIN AND DESTINATION OF RETAIL SPENDING BY SECTOR



Source: Property Economics, MarketView

Other sectors in terms of proportional spend experience a greater degree of leakage, led by Clothing, Footwear and Personal Accessories Retailing which observes retail expenditure leakage of around 46%. This further highlights the nature of the gap in the Timaru District retail offering.

The retail expenditure inflow coming into Timaru is a reflection of layered catchments across the wider region, and offsets some of this leakage. Smaller townships and rural residents are utilising Timaru as it offers a superior retail provision in relatively close proximity.

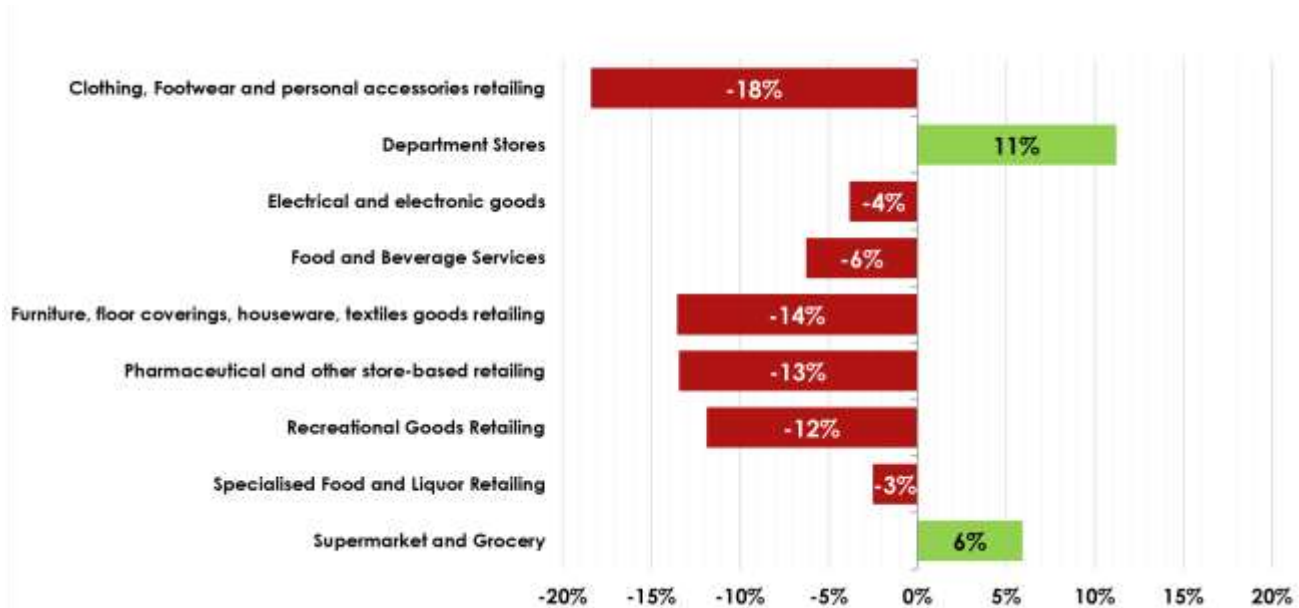
Figure 17 quantifies the net position of the inflows and outflows of retail expenditure within the Timaru District. This is the loss or gain in retail expenditure by sector as a proportion of the total level of retail spending generated by local residents.

As previously noted, the majority of retail sectors are experiencing a significant level of retail leakage. In most sectors, these outflows are not offset by inflows of retail expenditure from external markets. The net loss of these sectors ranges between 3% and 18%.

In contrast, Supermarkets and Department Stores have net positive positions. Store types in these categories are often anchor stores, therefore this is not surprising. Anchor stores have a more significant customer attraction on a more frequent basis compared to stores in other sectors. They also represent a larger proportion of the market in terms of retail expenditure.

Given the disproportional nature of Supermarket and Department Store retailing relative to the other retail sectors, this causes an overall net position of 100% and total net flows of 0% within the Timaru market.

FIGURE 17: TIMARU NET RETAIL SPENDING FLOWS BY SECTOR



Source: Property Economics, MarketView.

The Supermarket and Department Store sectors observing net positive positions is a reflection of a lack of this provision within neighbouring districts. Conversely, sectors observing net outflows is a reflection of a lack of provision in these sectors and that Timaru residents are travelling to centres further afield in the likes of Christchurch to meet their retail requirements.



This '*loss*' represents a significant opportunity for the district to recapture lost retail spending by providing better retail stores, better quality environment, amenity and shopping experience and higher levels of vitality and vibrancy desired by residents within the Timaru market.

Part of this deficit will be bolstered by Timaru Showgrounds, once completed, over the next 10-years. While not an optimal distribution of retail opportunity, Timaru Showgrounds does represent an opportunity to recapture a significant portion of retail leakage from the district.

8. CURRENT DISTRICT RETAIL SUPPLY

Property Economics undertook a retail audit in 2019 of the Timaru District centres to quantify the current centre provision in the district. The retail audit results are displayed in terms of nominal stores and GFA.

This data reflects the retail activity of Timaru centres 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.

With no material new retail development in Timaru post 2019, the only functional difference between the previous retail audit and the existing stores today is the level of vacancy, partly fuelled by the COVID-19 pandemic.

A vacant store count conducted by TDC in May 2021 found that there was a total of 46 stores vacant within Timaru's CBD. Assuming a vacancy level similar to 2019 in the remainder of the district (40 stores), the total number of vacant stores within the district would have increased to 67, equating to 20% of stores within Timaru District are vacant. Within the city centre alone, the vacancy of 46 stores is equivalent to a vacancy rate of around 27%.

This level of vacancy is significant and troubling for the purpose of assessing the health of the retail and non-retail commercial services markets within Timaru district. A more acceptable level of vacancy within a main centre location, such as Timaru's CBD, is between 3-8% and represents a healthy level of commercial real estate availability. A vacancy level of around 1 in every 4 stores suggests a systemic issue that needs to be addressed with policy support in the PDP viewed as a crucial component of any recovery plan for the City Centre.

The summarised results of the Timaru District are displayed in Table 11.

TABLE 11: TIMARU DISTRICT IN-CENTRE RETAIL AUDIT (2019)

Retail Sector	Store Count	Store %	GFA (sqm)	GFA %
Supermarket	6	2%	15,570	14%
Food Retailing	28	9%	4,040	4%
Clothing and Footwear	51	16%	8,800	8%
Furniture, Floor Coverings, Houseware and Textile Goods	15	5%	9,690	9%
Pharmaceutical and personal care goods	6	2%	1,330	1%
Electrical and Electronic Goods	2	1%	1,930	2%
Department Stores	4	1%	20,170	19%
Recreational Goods	14	4%	5,840	5%
Other Goods Retailing	68	21%	14,400	13%
Food and Beverage Services	95	29%	19,290	18%
Vacant	40	12%	7,330	7%
Total	329		108,390	

Source: Property Economics.

The Timaru District has around 330 in-centre retail stores encompassing an estimated 108,400 sqm of retail GFA (rounded). Around 40 stores are currently vacant, covering an estimated 7,330 sqm GFA and representing 12% of total in-centre retail stores nominally and 7% of GFA.

A vacancy rate of this magnitude is not uncommon in New Zealand retail markets. However, it is higher than desirable on a store count basis from a market and centre functionality perspective.

This nominal store vacancy percentage within the district has been sustained over an extended period, showing little change from Property Economics' previous retail audit of Timaru, completed in January 2015.

Figure 18 illustrates the Timaru District retail composition by store count and GFA distributed by retail sector, reflecting the data in Table 12.

FIGURE 18: TIMARU DISTRICT RETAIL COMPOSITION (2019)

Source: Property Economics.

The retail sector representing the largest proportion of the market in terms of store count is Food and Beverage Services with 95 stores, 29% of the total District retail supply by store number. As a category, Food and Beverage Services encompasses cafes, restaurants, takeaways, pubs and bars.

Other Goods Retailing represents the second largest retail sector in terms of store count with 68 stores representing just under 21% of the total market. 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.

Examples of stores categorised under Other Goods Retailing includes:

- Second Hand Shops
- Gift and Souvenir Shops
- Stationary Shops
- Pet Shops
- Mobile and Internet Service provider Shop
- Post Offices

These store types can effect 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 centre can fall, leading to the establishment of additional stores that fall under the 'Other stores' category.

Table 12 categorises nominal retail store number 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 Timaru.

TABLE 12: TIMARU DISTRICT RETAIL STORE SIZE BREAKDOWN (2019)

Retail Sector	Store Count				GFA			
	0-499	500-999	1000+	Total	0-499	500-999	1000+	Total
Supermarket	0	0	6	6	0	0	15,570	15,570
Food Retailing	28	0	0	28	4,040	0	0	4,040
Clothing and Footwear	50	0	1	51	7,600	0	1,210	8,810
Furniture, Floor Coverings, Houseware and Textile Goods	10	2	3	15	1,720	1,110	6,850	9,680
Pharmaceutical and personal care goods	6	0	0	6	1,330	0	0	1,330
Electrical and Electronic Goods	0	1	1	2	0	500	1,430	1,930
Department Stores	0	0	4	4	0	0	20,170	20,170
Recreational Goods	10	2	2	14	1,710	1,670	2,450	5,830
Other Goods Retailing	62	5	1	68	9,700	3,650	1,050	14,400
Food and Beverage Services	89	6	0	95	14,430	4,860	0	19,290
Vacant	39	1	0	40	6,690	630	0	7,320
Total	294	17	18	329	47,220	12,420	48,730	108,390
Total %	89%	5%	5%		44%	11%	45%	

Source: Property Economics

This analysis indicates a substantial proportion of the provision in Timaru District's retail market is encompassed by specialty retailers. At present, 89% of the retail stores in the district are smaller specialty / boutique stores with GFA below 500sqm. However, these stores only account for around 44% of total District retail supply, indicated by the relatively low GFA proportion in the 0-499 sqm GFA bracket.

This shows that smaller specialty and convenience type stores represent the core of the centres analysed and are crucial for the district moving forward and the on-going health of its retail centres. Interestingly, retail stores of greater than 500sqm GFA represent only 11% of stores nominally, but 57% of the district's retail footprint, indicating their critical role in the district's ongoing performance and function and satisfying district retail requirements.

Table 13 dissects the retail audit on a centre / destination basis. Outside of Timaru, Temuka and Geraldine are the largest rural towns in terms of retail store count and GFA.

TABLE 13: TIMARU DISTRICT RETAIL AUDIT BREAKDOWN BY CENTRE (2019)

	Store Count	Store %	GFA (sqm)	GFA %	Vacancy Rate	Vacant GFA
Timaru City						
Timaru City Centre	144	44%	40,890	38%	13%	8%
Heaton Street	7	2%	14,500	13%	0%	0%
Northtown Mall	23	7%	9,400	9%	17%	3%
Balance of Timaru City	22	7%	12,130	11%	0%	0%
Subtotal - Timaru City	196	60%	76,930	71%	12%	4%
Balance of the District						
Geraldine	56	17%	12,350	11%	7%	5%
Washdyke	21	6%	7,810	7%	24%	21%
Temuka	46	14%	9,690	9%	15%	17%
Pleasant Point	10	3%	1,600	1%	10%	3%
Subtotal - Balance of District	133	40%	31,460	29%	13%	12%
Total	329		108,390		12%	7%

Source: Property Economics.

Timaru City Centre is the clearly dominant commercial centre in the District with 144 retail stores, or 44% of all District centre retail store supply.

Geraldine accommodates 56 retail stores with a total retail floorspace of around 12,400 sqm GFA. Temuka is of a similar scale with around 9,700 sqm of retail GFA spread across 46 stores. It is notable that within these rural areas the average store size is significantly smaller when compared to more central locations like the Timaru City Centre.

Average store sizes in Temuka and Geraldine are 210 and 220 sqm respectively, while Timaru City Centre observes an average floor size of 285 sqm. However, this is not unexpected given the presence of large format stores in the City Centre.

As the largest commercial node in the District, the City Centre has a higher concentration of higher order, nationally branded retailers and LFR provision, as well as other commercial activity.

Table 14 and Figure 19 illustrate the relatively large proportion of retail GFA accounted for by department stores (around 23%) in the Timaru Central City. They also illustrate the presence of other large format stores retailing recreational goods, electronic and goods and clothing and footwear.

This provides an indication of the retail hierarchy in the district, with the City Centre the preeminent commercial hub for the district and the surrounding network of centres supporting and operating complementary to the City Centre.

8.1. TIMARU CITY CENTRE

The Timaru City Centre is the primary retail destination in the district, accommodating 44% of in-centre retail stores nominally and 38% of retail GFA proportionally.

Table 14 breaks down the current composition of the Timaru City Centre retail supply into the ANZSIC GFA categories, as well as store count and total GFA by sector. City Fringe areas have been excluded from the analysis given they are not part of the City Centre's offering.

TABLE 14: TIMARU CITY CENTRE RETAIL SUPPLY COMPOSITION (2019)

Retail Sector	Store Count				GFA			
	0-499	500-999	1000+	Total	0-499	500-999	1000+	Total
Supermarket	0	0	0	0	0	0	0	0
Food Retailing	1	0	0	1	60	0	0	60
Clothing and Footwear	35	0	1	36	5,620	0	1,210	6,830
Furniture, Floor Coverings, Houseware and Textile Goods	3	2	0	5	580	1,110	0	1,690
Electrical and Electronic Goods	0	1	1	2	0	500	1,430	1,930
Pharmaceutical and personal care goods	1	0	0	1	250	0	0	250
Recreational Goods	6	2	2	10	960	1,670	2,450	5,080
Department Stores	0	0	2	2	0	0	9,250	9,250
Other Goods Retailing	30	4	0	34	3,940	2,790	0	6,730
Food and Beverage Services	33	1	0	34	5,250	680	0	5,930
Vacant	18	1	0	19	2,490	630	0	3,120
Total	127	11	6	144	19,150	7,380	14,340	40,890
Total %	88%	8%	4%		47%	18%	35%	

Source: Property Economics

Unlike the wider District, Clothing, Footwear and Personal Accessories retail stores are the prevalent store type in the Timaru City Centre with a total of 36 stores occupying just over 6,800sqm GFA.

In terms of nominal store type, Clothing Footwear and Personal Accessories retailing stores account for 25% of stores, while they account for around 17% of retail GFA. These store types are crucial to the City Centre's performance, health, vibrancy, role and function.

However, like the wider District, Other Goods Retailing and Food and Beverage Services are still prevalent sectors in the Timaru Central City.

Each sector accounts for around 24% of retail stores in the area and similar proportions of the retail GFA at 17% and 15% respectively. This is proportionally lower than the wider District proportions reflecting shifts in locational demand for retail rather than any underlying market sustainability issues.

Together Food and Beverage Services and Clothing, Footwear and Personal Accessories Retailing account to around 50% of City Centre retail offer. This is not unusual given the key focus of these two sectors in City Centre locations and the broad commercial appeal these sectors have in the community. A high proportion of food and beverage services and fashion stores is desirable for City Centres to assist them in playing their higher-level hierarchical role and function in the market more successfully. However, the quality and scope of the offer in these categories is more important than the proportion alone.

There are no supermarkets within the City Centre provision at present, and in fact a lack of food retail stores in general, with only one small specialist food retailer accounted for. Modern supermarkets (often with a GFA footprint between 3,500 and 6,000 sqm) typically require large land holdings (around 1.5ha). These are difficult to find and / or group together in City Centre locations, albeit often required to enable a large modern supermarket to be feasibly established economically within a city centre environment. However, the balance of Timaru City provides ample access to supermarket and food retailing provision ensuring the community is not disabled in terms of access to sufficient food retail provision.

As previously mentioned, the Timaru City Centre also has a relatively high proportion of 'Other Goods' retailers. This should be carefully monitored, as a rising proportion in this category will often coincide with declining centre quality and quality of retail offering.

A change of note from the January 2015 Timaru Retail Analysis is the decline of Electronic Goods Retailers. There are now fewer retail stores in the category, particularly in the specialty store GFA range. This indicates a decline in specialist retailing in this category, suggesting this type of retail activity has been consolidated into larger department type stores, or some stores in the sector have moved to non-centre locations.

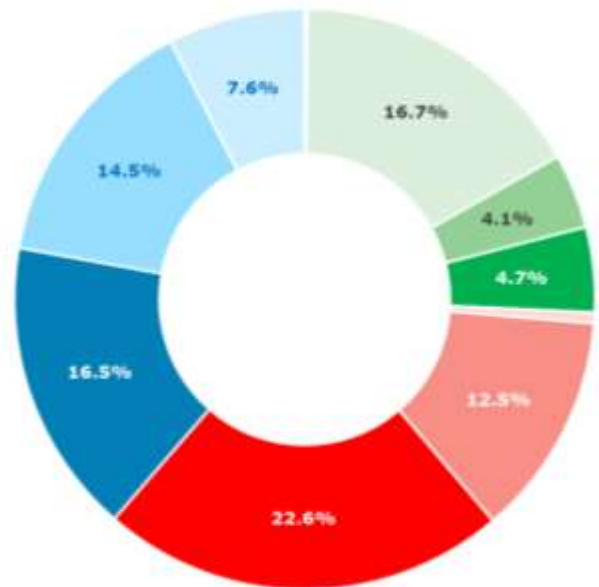
Figure 19 visualises the proportional composition of retail provision within the Timaru City Centre, highlighting the area's differences between store count representation and GFA. Interesting to note is the significant proportion of retail supply accounted for by Department Stores regardless of them being few in number and the observed 13% retail store vacancy rate.

FIGURE 19: TIMARU CITY CENTRE RETAIL COMPOSITION (STORE COUNT AND GFA)

Retail Store %

Retail GFA %





- Food Retailing
- Furniture, Floor Coverings, Houseware and Textile Goods
- Pharmaceutical and personal care goods
- Department Stores
- Food and Beverage Services
- Clothing and Footwear
- Electrical and Electronic Goods
- Recreational Goods
- Other Goods Retailing
- Vacant

A clear 'gap' in the City Centre's offering is in Food Retailing, which as identified earlier is the largest retail sector by annual spend. This suggests the City Centre is missing out on this entire proportion of the market and the associated benefits these store types can bring to a centre.

8.2. UNACTIONED RETAIL CONSENTS

To account for the full current provision of retail GFA in Timaru there is need to consider retail consents issued that are yet to be developed. This retail GFA also forms part of the 'existing environment' from an RMA perspective.

TABLE 15: UNACTIONED RETAIL CONSENTS

Name	Location	New / Extension	Indicative Floor Area (sqm)
Countdown Supermarket	233 Evans Street Timaru	New Building	3,800
Harvey Norman	226 Evans Street, Timaru	New Building and Building Extension	6,550
Total			10,350

Source: Timaru District Council

The retail consent for the Countdown development is due to lapse in June 2024, while the Harvey Norman consent is due to lapse in July 2025.

Additionally, the large retail development, "Timaru Showgrounds Retail Park", is consented and in the supply pipeline of retail development for Timaru. The Countdown Supermarket, indicated in the previous figure, is part of the Retail Park. The following staging rules are in place specifically for the Retail Park's resource consent with the following development a permitted activity:

- (i) General Merchandise Outlets other than Department Stores shall not in aggregate exceed:
 - a) 24,000m² GFA open to the public prior to 1 July 2022
 - b) 29,000m² GFA open to the public prior to 1 July 2025
 - c) 34,000m² GFA open to the public prior to 1 July 2027
- (ii) General Merchandise Outlets Inclusive of Department Stores shall not in aggregate exceed:
 - a) 27,000m² GFA open to the public prior to 1 July 2022
 - b) 30,000m² GFA open to the public prior to 1 July 2025
 - c) 34,000m² GFA open to the public prior to 1 July 2027.

Property Economics also understands that an additional 2% (680sqm) of office and personal services, 4% (1,360sqm) of restaurants and 6,000sqm for a place of assembly is permitted.

Furthermore, there is potential for the aforementioned thresholds to be exceeded by 6% (a further 2,040sqm) under a Discretionary activity status.

This gives a total development potential for the site of circa 42,000sqm GFA. To put this development potential into context, that exceeds the entire retail provision within the Timaru City Centre of 40,890sqm GFA.

LFR store footprints comprise 53% of the city centre's retail GFA from only 12% of nominal stores. This suggests LFR store types are integral to the Timaru City Centre's long term economic performance viability, vibrancy and wellbeing, and that any relocations out of City Centre (to the Timaru Showgrounds) is likely to have a material adverse effect on the City Centre as a retail destination.

In total, there is approximately 48,550sqm of major retail development potential in the pipeline for Timaru situated outside the CBD (42,000sqm within the Timaru showgrounds Retail Park and 6,550sqm across the road for a Harvey Norman) over the next 7-years. This represents a significant threat to the vitality and vibrancy of Timaru's CBD given the comparative size of the CBD.

9. RETAIL SUPPLY DEMAND DIFFERENTIAL

This section of the report compares the total District centre retail provision against forecast sustainable retail demand as determined in Section 6. This is to better understand the retail provision differential both currently and over the forecast 28-year period.

Table 16 illustrates differences in forecast sustainable retail GFA and existing retail supply, providing an overview of the supply vs. demand dynamics of the Timaru market.

Importantly retail supply does not typically match sustainable retail GFA given the constant movement in the market. This analysis gives an overview of the market demand / supply differential at a point in time and therefore figures in Table 16 should not be regarded as strict guidelines but more a general steer towards what is appropriate direction for the PDP.

The key component of the table is the 'Differential' which in effect provides a 'net position' on the demand / supply analysis.

Note that the Countdown supermarket (3,800sqm) has been included as an unactioned building consent and so was excluded as part of Showground Hill figure in Table 16, to avoid double counting.

TABLE 16: EXISTING CENTRE SUPPLY VS. CURRENT AND SUSTAINABLE RETAIL DEMAND

Retail GFA Required (sqm)	2020	2023	2028	2048
Sustainable Retail Demand (sqm)	108,500	115,000	125,600	168,100
Existing Provision (sqm)	108,300	108,300	108,300	108,300
Current Differential (sqm)	-200	-6,700	-17,300	-59,800
Unactioned Retail Consents (sqm)	10,350	10,350	10,350	10,350
Remainder of Showgrounds Hill (sqm)	30,200	30,200	30,200	30,200
Net Differential (sqm)	40,350	33,850	23,250	-19,250

Source: Property Economics.

Within the Timaru District, the current sustainable retail GFA is approximately equal to the existing centre provision. If unactioned building consents are added to this, there is anticipated

excess provision of around 10,150sqm of retail GFA within Timaru District. Additional to this supply figure is out of centre / zone retail activity.

There is a notional shortfall in the current level of retail provision by 2028 of 17,300sqm. After including known building consents, this shortfall is just under 7,000sqm. However, 2028 coincides with the full '*unlocking*' of Showgrounds Hill Retail Park consent which is also in the pipeline supply⁸. The retail park represents a total of 34,000sqm GFA of retail by 2028 which would leave the projected differential with a significant excess of retail GFA assuming the retail park is built out to capacity by this date.

Long-term (out to 2048) there is a notional shortfall of around 59,800sqm of retail GFA. This shortfall is 49,450sqm of retail GFA after including the unactioned building consents and 19,250sqm after including the rest of a fully built out retail park at Showgrounds Hill.

In the long-term there is a need for additional retail provision within Timaru District. The anticipated shortfall, after accounting for the unactioned consents and a fully built out retail centre at Showgrounds Hill, is anticipated to occur around 2038 if Timaru District continues to experience high population growth.

Retail provision should continue to be restricted to the existing centre locations over the short- and medium-terms to promote the existing and planned hierarchy of centres, with Timaru's CBD being the most prominent centre. Timaru's CBD should continue to be promoted as the district's primary hub of commercial and retail activity to encourage more activity. This will increase the vitality and vibrancy of the centre.

The analysis indicates there is no additional retail GFA required till around 2040 and retail spend growth in the district up to this date should be channelled into rejuvenating the city centres vacant stores and lower performing stores to improve its role and function, amenity and vitality.

⁸ *Bunnings have announced they intend to be one of the occupants.*

10. COMMERCIAL ACCOMMODATION OVERVIEW

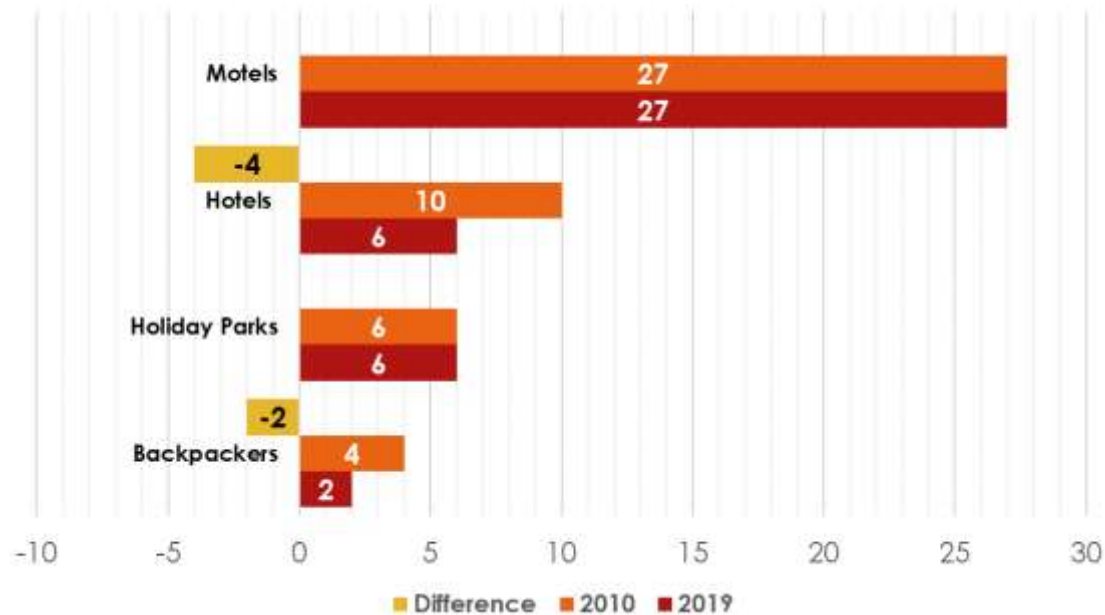
This section provides an assessment of the Timaru District visitor accommodation market with specific focus on visitor accommodation in the Timaru City Centre. This is to assess whether the City Centre is *'missing out'* on this market given its importance to the wider role and function of the City centre and its contribution to performance, vitality, vibrancy and amenity.

Property Economics also assess District wide guest night demand, occupancy rates and annual economic injection into the Timaru District economy at a high level, with comparison made to other destinations in the New Zealand market. This will provide an indication of market demand for visitor accommodation in the District as well as current District performance and market opportunities.

For clarity, in this section Timaru District refers to the geographic location covered by the respective Regional Tourist Organisation (RTO). A map illustrating the geospatial extent of the Timaru RTO has been included in Appendix 5. The Timaru RTO represents an area comparable in its geographic boundaries to the Timaru District.

10.1. COMMERCIAL ACCOMMODATION MARKET SUPPLY

The table below breaks down the total number of accommodation establishments in the Timaru RTO by type and their relative change since 2010. In total there are 41 accommodation establishments across the Timaru market, with motels accounting for the largest proportion (66%) of establishments. Accommodation supply in the Timaru District showed little change over recent years.

FIGURE 20: TIMARU RTO ACCOMMODATION ESTABLISHMENTS BY TYPE⁹


Source: Stats NZ, MBIE.

The following figure shows the number of commercial accommodation establishments within Timaru and the average monthly vacancy over a the 2001 – 2019 period (pre-COVID).

Timaru reached a high of 53 accommodation establishments in 2006. Over the subsequent 13 years this number has trended downwards to the current 41 establishments, a net 21% less than in 2006. This gives an indication of the softening tourism performance in Timaru over the 2006-2019 period.

The lack of modern commercial hotels in the RTO signals a potential gap in the market in terms of visitor accommodation, particularly in the Timaru City Centre. If filled, in conjunction with an improved tourism offering, this gap could allow Timaru to capture a greater proportion of the South Island tourism market. This is particularly relevant given the position of the Timaru District on an arterial route between Christchurch and Queenstown (a high-volume tourist route for international and domestic tourists).

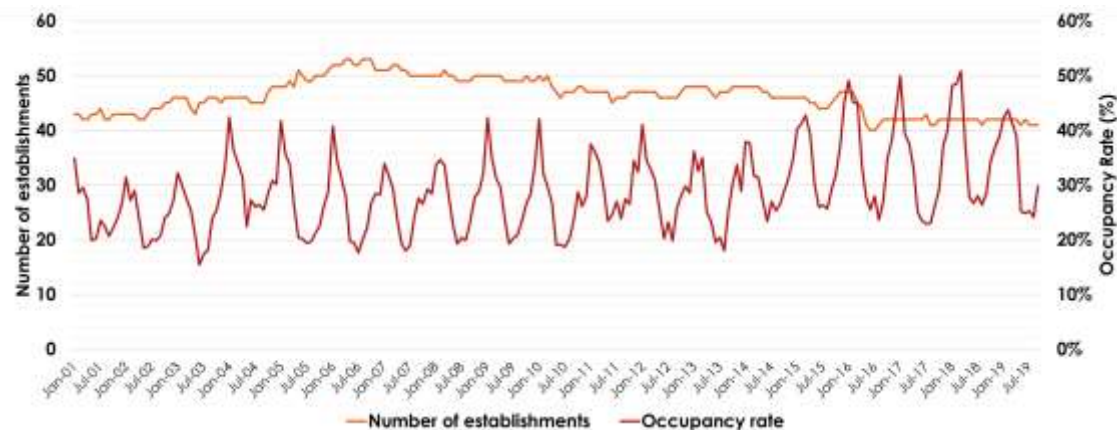
Average occupancy rates have also trended upwards over the last 18 years to around 36% in 2018. This is likely due to the falling accommodation establishment numbers. An average occupancy rate of 36% is considered low in the tourism industry and would struggle to justify a new hotel complex unless there is an ability to capture the market from existing establishments. This would not be based on market growth but transferability of guest night demand between accommodation establishments.

Timaru's highest occupancy is in the December through March period, with January being the peak, while its lowest occupancy is May through September period, with June being the

⁹ Hotel category includes hotels and boutique lodges.

quietest month. This is similar to the rest of New Zealand although some areas, such as Wanaka and Queenstown, have a second, mid-winter peak leveraging off the snowy season. As a comparison Queenstown and Wanaka had occupancy rates of around 50% and 30%, respectively, in 2001 and grew to 69% and 47%, respectively, in 2018.

FIGURE 21: TIMARU RTO MONTHLY ACCOMMODATION SUPPLY



Source: Stats NZ, MBIE.

By way of comparison, the table below provides the number of accommodation establishments in the neighbouring Canterbury, Wanaka and Queenstown RTOs, as well as New Zealand as a whole and net movement since 2006. While there has been some consolidation in accommodation establishments (and Canterbury earthquakes having a significant effect on regional numbers), the data shows Timaru has fallen greater than other localised markets.

Comparatively, growth in guest night demand in the Timaru RTO has been significantly lower than other South Island tourism destinations. Queenstown and Wanaka RTOs grew 82% and 112%, respectively, over the 2001 to 2018 period. Canterbury as a region grew 38% over this time frame, with Timaru being only slightly ahead of the region at 53%.

Due to the proximity of Timaru to holiday hotspot destinations such as Queenstown, Wanaka and Central Otago, the District is well positioned to try and capture a larger share of the tourism market. However, improving its tourism offer (experience and accommodation) to meet modern day tourist expectations would be an important aspect to address to achieve higher tourism in a competitive market.

TABLE 17: COMPARATIVE MARKETS - ACCOMODATION NUMBER OF ESTABLISHMENTS BY TYPE

Accommodation Type	Canterbury		Wanaka		Queenstown		New Zealand	
	September 2019	Change from September 2010	September 2019	Change from September 2010	September 2019	Change from September 2010	September 2019	Change from September 2010
Backpackers	44	↓ -12	9	→ 0	21	↑ 1	376	↓ -58
Holiday Parks	34	↓ -3	6	→ 0	7	→ 0	404	↑ 6
Hotels	50	↓ -14	10	→ 0	37	↑ 5	544	↓ -34
Motels	201	↑ 1	23	↓ -1	57	↑ 3	1,683	↓ -138
Total	329	↓ -28	48	↓ -1	122	↑ 9	3,007	↓ -224

Source: Stats NZ, MBIE.

11. EMPLOYMENT GROWTH

This section quantifies the projected employment growth across the commercial and industrial sectors and represents the level of employment the Timaru District is likely to be required to accommodate in the future by sector, and the land implications of this growth.

11.1. COMMERCIAL AND INDUSTRIAL EMPLOYMENT FORECAST (2020-2048)

For the purpose of this analysis the employment growth (and subsequent land demand) is estimated using the Stats NZ High Growth projections. This scenario is based on the ability for the Timaru District to attract specific businesses based on their locational criteria. These are, in part, based on:

- Labour Force projections (skilled / unskilled), including increased age-related participation; and
- Regional and local ability to accommodate growth, especially the potential relocation of business activity from the wider area; and
- Timaru District's relative business land supply and prices within the localised and national market; and
- Trended growth from at least the past 20 years at a Statistical Area 2 level; and
- Economic development directions; and
- Locational criteria by sector; and
- National / Regional and local supply of inputted goods and location of market; and
- Business sector analysis; and
- Changing working age; and
- Changing trends in relation to employment retention and labour movement.

The trended growth scenario for employment is estimated through the aforementioned Stats NZ Population and Household Growth scenario, estimated labour participation rates and current trends of national significance. The trended growth scenario is estimated with a weighting towards current trends, in terms of retention and sector type, labour force participation rates and population projections. As well as this, the projections in this section are based on the employment counts for the Timaru District reported by Statistics New Zealand.

Property Economics is aware that up to 30% of employees in any given area do not register the location of their job and therefore are not covered by this statistic. Additionally, sole traders often fall outside these statistics and have been considered in the following ratios. The ratios applied within this report are based on that shortfall and compensate for it in terms of relevant demand.

The following assessment takes into account the identified Statistics NZ employment counts as they relate to the land ratios developed nationally and locally by Property Economics. These ratios take into account any discrepancies identified through the preceding sections of this report.

The commercial employment projections in this forecast exclude retail-based employment. Land demand estimates associated with retail activity are based on retail expenditure forecasts which are generated through the Property Economics Retail Model. The expenditure forecasts and therefore considered more appropriate to assess separately as retail spending drives retail employment rather than the other way around.

The table below outlines the projected industrial and commercial sector employment growth for Timaru District.

The table below indicates that employment in these two sectors is forecast to grow by approximately 4,250 employees net by 2048. This represents a 31% increase from the current estimated 2020 employment base of 13,650 employees.

In terms of commercial and industrial employment, these growth forecasts indicate there are no significant structural changes forecast for the Timaru District economy over the coming two decades. Growth in the commercial and industrial sectors is projected to remain relatively consistent to historically observed trends, with the industrial sector forecast to remain the primary employment generator in the Timaru District.

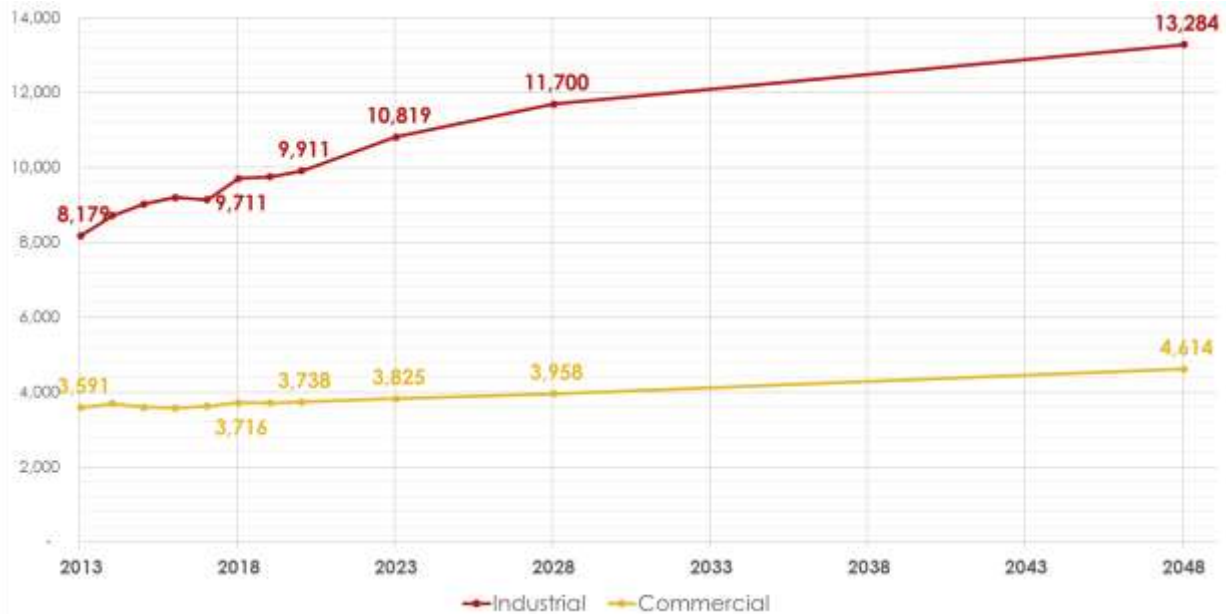
Growth across both these sectors is driven by both growing workforce participation rates and population growth of the district, albeit population fuelled employment growth is relatively mild.

TABLE 18: INDUSTRIAL AND COMMERCIAL SECTOR EMPLOYMENT PROJECTIONS (2018-2048)

Timaru Employment	2020	2023	2028	2048	Net Growth (2020 - 2048)	
					Nominal	Percentage
Commercial	3,738	3,825	3,958	4,614	876	23%
Industrial	9,911	10,819	11,700	13,284	3,373	34%
Total	13,649	14,644	15,658	17,898	4,249	31%

Source: Property Economics.

Figure 22 following provides a diagrammatic representation of this growth to illustrate the trended path (past and future) for each sector.

FIGURE 22: INDUSTRIAL AND COMMERCIAL SECTOR EMPLOYMENT FORECAST (2013-2048)


Source: Property Economics, Statistics NZ

COMMERCIAL

The commercial sector in the Timaru District is forecast to have an employment base of around 4,600 employees by 2048. This represents net growth in the commercial sector of 23% over the forecast period from the 2020 base year. Between 2013 and 2020, employment in the commercial sector grew by only 150 employees at an average rate of 21 employees per year.

In contrast, over the next 28 years the commercial employment count is projected to increase by 876, an increase of 31 employees p.a. on average. Although an increase in growth from that observed historically, this is a relatively low rate of commercial employment growth nominally compared to other urban centres throughout New Zealand.

INDUSTRIAL

Industrial employment is forecast to grow by a net 3,373 employees between 2020 and 2048, an increase of around 34% from the 2020 industrial employment base. This equates to an increase of 120 net additional employees per annum on average.

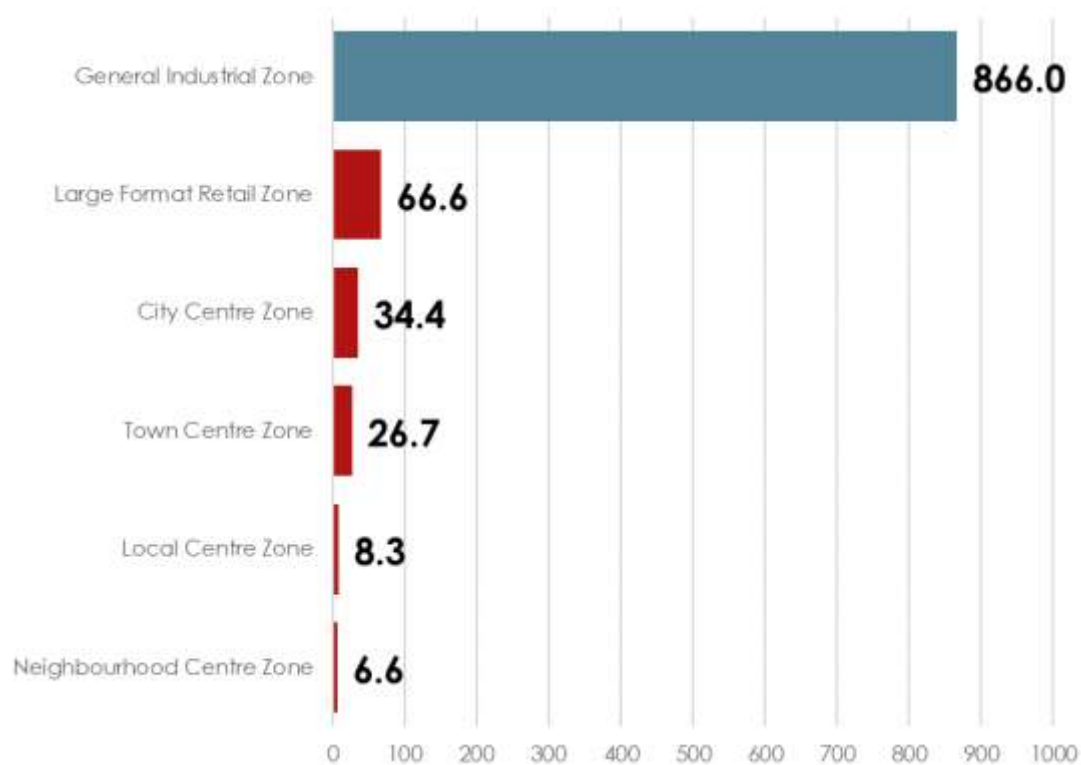
In general, this continues the strong upward growth trend observed in industrial employment count since the turn of the millennium, albeit the annual projected growth is slightly more tepid than that observed between 2000 and 2020. This is on account of anticipated improvements in labour productivity in industrial sectors.

12. CURRENT BUSINESS LAND DISTRIBUTION AND CAPACITY

This section outlines the current distribution of business land as outlined in the draft district plan. This section identifies all business land by zoning and broad area as well as the current vacant land supply in each area by zone.

The figure below presents the total business land area across the Timaru District categorised by zone under the Proposed District Plan. This provides an indication of business land supply by business zone type. In total, the district has 1,008ha of business zoned land, split 866ha of Industrial Zoned Land and 142ha of Commercial Zoned Land. This shows the tenor of the land use within Timaru District as being primarily industrial focused.

FIGURE 23: TIMARU DISTRICT BUSINESS LAND SUPPLY BY ZONE



Source: Property Economics, Timaru District Council.

12.1. COMMERCIAL LAND

The table below is a summary of the commercial zone land areas for the Timaru District, as supplied by TDC. The table shows the total supply of all commercial / mixed-use zoning and the total amount of vacant land as identified by vacant land parcel.

The Timaru District has a total Commercial zoned provision of 142.5ha. Of this, 113ha (or 79%) is located within the Timaru Urban Area. The central city accounts for the greatest portion of this

land, which is represented by the City Centre Zone and the Large Format Retail (LFR) Zone land surrounding it, and totals around 85ha.

Property Economics understands that the LFR zoned land surrounding the City Centre is proposed to be rezoned Mixed-Use Zone in the PDP. For the purposes of this assessment this change represents a change in the anticipated land use but not the total quantum of business zone land.

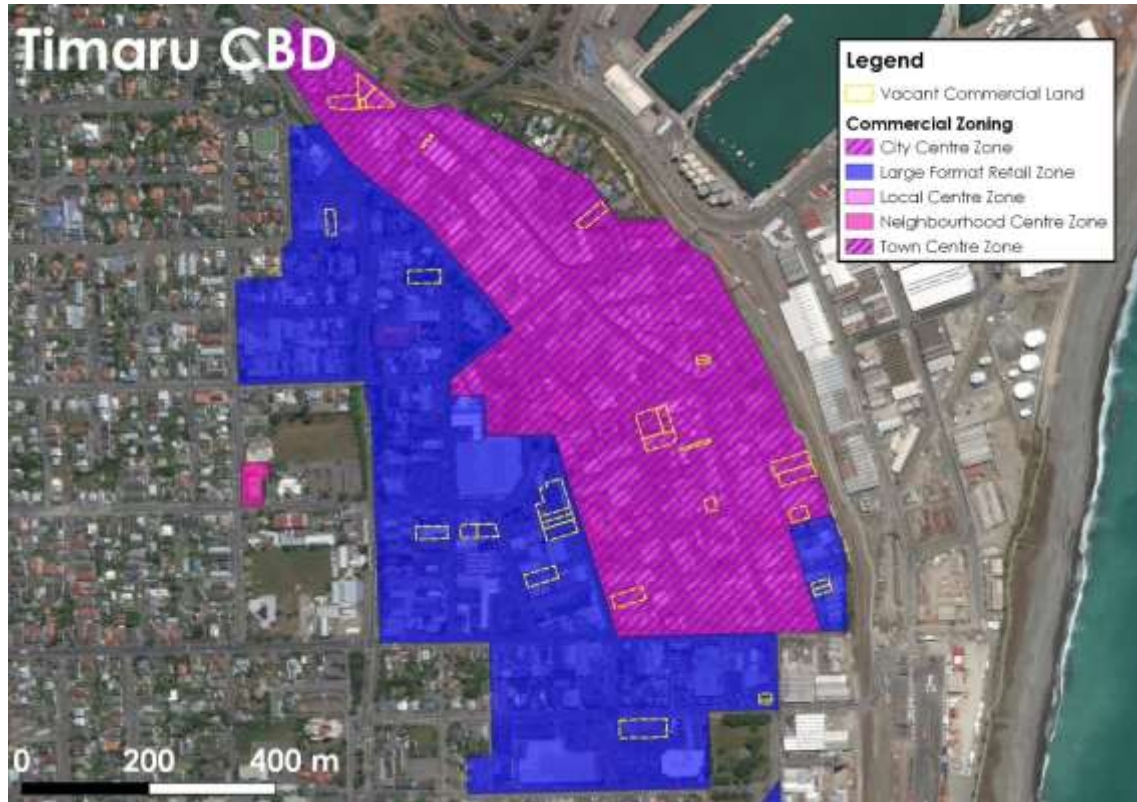
TABLE 19: TIMARU DISTRICT COMMERCIAL LAND SUPPLY BY ZONE (HA)

Area	Zone	In-use (ha)	Vacant (ha)	Total (ha)	Vacancy Rate (%)
Timaru	City Centre Zone	32.3	2.1	34.4	6%
	Large Format Retail Zone	50.2	13.9	64.1	22%
	Local Centre Zone	8.3	0.0	8.3	0%
	Neighbourhood Centre Zone	5.9	0.4	6.3	6%
	Subtotal		96.7	16.3	113.0
Geraldine	Town Centre Zone	10.4	0.6	11.0	5%
Temuka	Town Centre Zone	10.6	0.9	11.5	8%
	Neighbourhood Centre Zone	0.3	0.0	0.3	0%
	Large Format Retail Zone	2.1	0.4	2.5	16%
	Subtotal		13.0	1.3	14.3
Pleasant Point	Town Centre Zone	4.1	0.1	4.1	1%
Total		124.2	18.2	142.5	13%

Source: Property Economics, Timaru District Council

The following figures show the geospatial extent of the commercial areas with vacant land in Timaru District.

FIGURE 24: TIMARU CBD



Source: Timaru District Council, Bing

FIGURE 25: TIMARU (SHOWGROUNDS HILL)



Source: Timaru District Council, Bing

FIGURE 26: TIMARU (WASHDYKE)



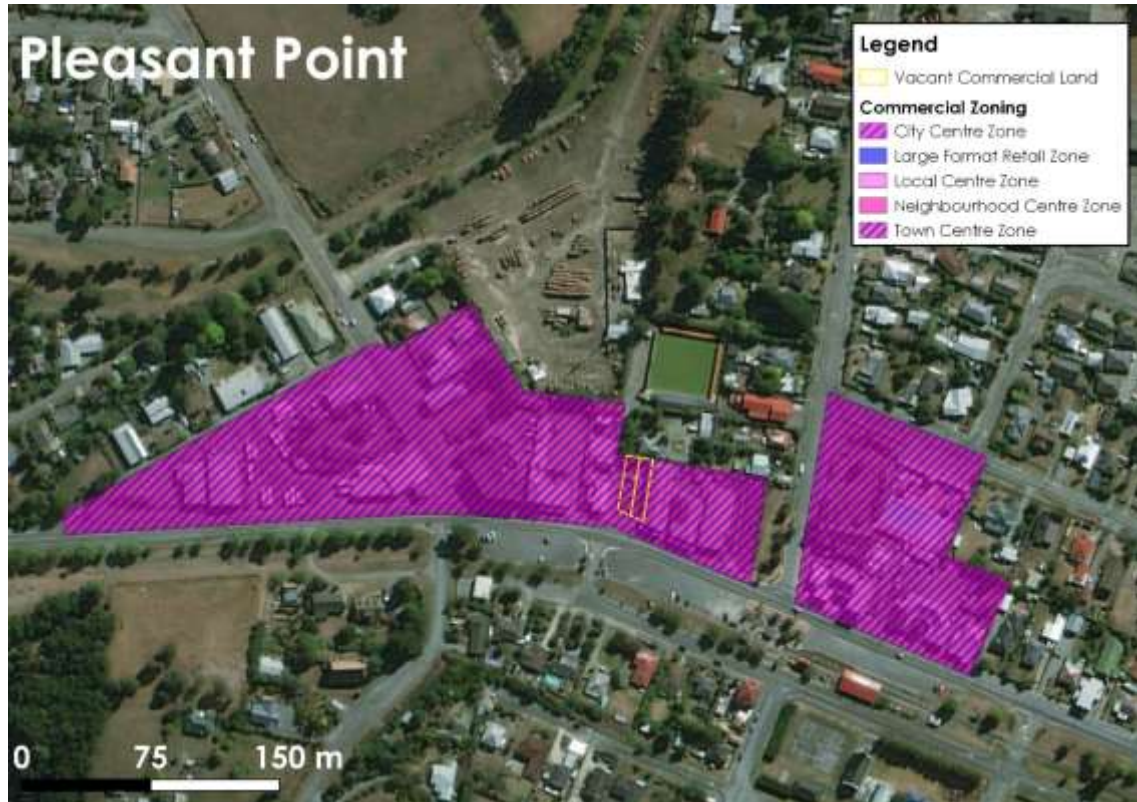
Source: Timaru District Council, Bing

FIGURE 27: TEMUKA



Source: Timaru District Council, Bing

FIGURE 28: PLEASANT POINT



Source: Timaru District Council, Bing

FIGURE 29: GERALDINE



Source: Timaru District Council, Bing

12.2. INDUSTRIAL LAND

The following table shows the total industrial land supply for Timaru District by broad Industrial Area. Timaru is split up into thirteen broad areas totalling 866ha.

There is 228ha of vacant industrial land, total, in Timaru District which constitutes a total vacancy rate of around 26%. This vacancy rate does not necessarily represent the current supply of industrial zoned land available to the general market as many industrial land holders maintain their market position either for future expansion, capital gain or other uses. These sites have been identified and represent around 84.7ha of the total vacant land.

Some sites have non-market constraints on them, such as existing overland flow paths, flood prone areas, infrastructure constraints, coastal inundation, etc. these sites have also been identified and make up the remainder of the vacant industrial land. While this land is not necessarily undevelopable for industrial purposes these constraints create additional impediments to overcome and increase the cost of development. In total, 143.4ha of the 228ha vacant land is constrained by these other barriers.

The largest industrial area, Washdyke, has 390ha of industrial zoned land, of which 100.6ha is vacant. This is equivalent to a total vacancy of 26%. Almost half (45%) of all Timaru's industrial zoned land is in Washdyke. Given the high concentration of industrial activity in this area, and in Smithfield (sitting between Washdyke and the main Timaru suburban area) some care should be taken with regard to the future distribution of industrial land. While it is unlikely to pose a problem currently, a high concentration of industrial land can cause inefficiencies in the transport network of a district.

Clandeboye represents the area with the highest vacancy rate. This area is dominated by the Fonterra factory which has the majority land holding. This land is likely to be kept for future industrial expansion by Fonterra.

TABLE 20: DISTRIBUTION OF INDUSTRIAL LAND BY USE (HA)

Industrial Area	In use	Vacant (Total)	Land Only Available to Owner	Vacant - Constrained	Total Zoned Land	Land Only Available for Lease	LAOM
Pareora	20.2	11.8	11.8	0	32.0	0	0
Pleasant Point	3.0	1.5	0	1.5	4.4	0	0
Winchester	5.3	5.0	5.0	0	10.3	0	0
Pleasant Valley (Barkers)	3.4	9.5	9.5	0	12.9	0	0
Clandeboye	40.7	62.2	36.1	26.1	102.9	0	0
Temuka	42.9	9.5	2.4	7.1	52.4	0	0
Geraldine	10.2	15.0	0.1	14.9	25.3	0	0
Redruth	85.5	3.6	0	3.6	89.2	0	0
Fairview	3.1	2.1	0	2.1	5.3	0	0
Port	91.8	3.0	0	3.0	94.8	0	0
Smithfield/Grantlea	34.5	4.1	1.8	2.3	38.6	0	0.3
Timaru CBD	8.0	0.2	0	0.2	8.1	0	0
Washdyke	289.4	100.6	18.0	82.7	390.0	24.2	41.5
Total	638.0	228.1	84.7	143.4	866.0	24.2	41.8

Source: *Timaru District Council*.

There are a number of market factors that influence the availability and attractiveness of vacant industrial land to the market. At a high level it is not possible to 'tag' industrial land as either fee simple or leasehold as this is a temporal market issue and can change given the markets acceptance of the product. Additionally, it would seem difficult to rezone more land on the basis of a shortfall created by leasehold land, as there would be no certainty that the newly zoned land would not be offered to the market as leasehold as well.

While this typically creates short to medium term issues in the market if the market is unwilling to accept a leasehold product it is generally the markets response to sell (understanding the issues around land banking). As such Property Economics consider vacant zoned industrial land is a more appropriate basis for strategic planning and PDP purposes.

The figures below show the geospatial extent of the main industrial areas of Timaru District and the identified parcels of vacant or mostly vacant land with industrial zoning. The General Industrial Zone land is indicated in blue, while the vacant zone property parcels are indicated in a yellow.

The identification of vacant industrial land was carried out by Timaru District Council.

FIGURE 30: WASHDYKE



Source: Timaru District Council, LINZ, Bing.

FIGURE 31: SMITHFIELD



Source: Timaru District Council, LINZ, Bing.

FIGURE 32: REDRUTH / TIMARU / TIMARU PORT



Source: Timaru District Council, LINZ, Bing.

FIGURE 33: PAREORA



Source: Timaru District Council, LINZ, Bing.

FIGURE 34: TEMUKA



Source: Timaru District Council, LINZ, Bing.

FIGURE 35: WINCHESTER



Source: Timaru District Council, LINZ, Bing.

FIGURE 36: GERALDINE / PLEASANT VALLEY



Source: Timaru District Council, LINZ, Bing.

FIGURE 37: CLANDEBOYE



Source: Timaru District Council, LINZ, Bing.

FIGURE 38: PLEASANT POINT



Source: Timaru District Council, LINZ, Bing.

13. BUILDING CONSENT DATA

The following section presents the number, value and floorspace (sqm) of new commercial building consents issued in the Timaru Urban Area between 2000 and 2019. Data is presented for the commercial office, industrial and retail and commercial service sectors. It categorises these consents into in-zone and out-of-zone consents in respect of business zones to provide indication of where development is establishing and if it is conforming to zones outlined in the Operative District Plan.

The reason the ODP is used here is to assess the district's historic capability of restricting industrial, retail and commercial growth to their respective intended zones.

In zone industrial building consents refers to consents issued for new industrial buildings within existing industrial zones under the District Plan. Under the TDP, commercial zones are permitted to accommodate both retail, commercial service and commercial office activity. Therefore, in zone commercial office, retail and commercial service building consents refer to consents issued for new commercial office, retail and commercial service buildings within existing commercial zones.

The data provides an indication of where on-the-ground industrial and commercial development that has occurred between the years of 2000 and 2019, with insight into the quantum, scale and scope of new business development.

13.1. INDUSTRIAL CONSENTS

Table 21 shows the aggregated number, floorspace (sqm) and value of newly issued industrial building consents for the TUA between 2000 and 2019. For the purposes of this assessment the definitions that cover '*industrial building consents*' are those in Appendix 7, which exclude Farm buildings. These are excluded as they do not represent demand for industrial land but rather for rural land.

The quantum of new industrial building consents issued can provide an indication of the level of activity in Timaru's industrial market.

The Timaru industrial market observed a period of high activity between 2002 and 2008, inclusive. A total of 157 new consents were issued within this period, an average of 22 new consents per year. This amounted to just over 50% of all industrial consents issued between 2000 and 2019. This was a strong period of growth for the economy in general so is a reflection of wider growth trends around the country for this period.

Between 2009 and 2019, inclusive, a total of 125 consents were issued, averaging around 11 new consents per year. This represented a material fall in industrial consent activity in the order of 50% from the preceding nine year period. The 2009-2019 timeframe represents the initial post-GFC market correction followed by the emergence of the economy's recovery in more recent years and this lack of investment could be related to decreased investor confidence following the GFC.

The overwhelming majority of industrial development over the past 20 years has been in-zone. A total of 298 industrial building consents were issued over the observed period, of which only 8% were out of zone. In terms of floorspace, only 4% of all consented industrial floorspace was out of zone and this represented only 8% of consent value.

Overall, the development of industrial activity out of zone does not appear to be an issue for the District.

TABLE 21: NEW INDUSTRIAL BUILDING CONSENTS ISSUED

Year	Number of Building Consents			Consented Floorspace (sqm)			Value of consents (\$'000's)		
	In Zone	Out of Zone	Total	In Zone	Out of Zone	Total	In Zone	Out of Zone	Total
2000	6	1	7	8,376	142	8,518	\$2,503	\$82	\$2,585
2001	9	0	9	6,341	0	6,341	\$2,597	\$0	\$2,597
2002	13	2	15	19,415	750	20,165	\$9,124	\$251	\$9,374
2003	14	0	14	11,209	0	11,209	\$2,779	\$0	\$2,779
2004	30	2	32	20,710	113	20,823	\$6,817	\$44	\$6,861
2005	20	0	20	5,275	0	5,275	\$2,057	\$0	\$2,057
2006	29	3	32	16,306	2,296	18,602	\$8,037	\$395	\$8,432
2007	17	1	18	8,043	955	8,998	\$5,782	\$600	\$6,382
2008	26	0	26	42,034	0	42,034	\$11,000	\$0	\$11,000
2009	10	0	10	3,777	0	3,777	\$2,717	\$0	\$2,717
2010	10	4	14	5,600	6,494	12,094	\$1,656	\$4,990	\$6,646
2011	10	1	11	10,162	570	10,732	\$6,935	\$480	\$7,415
2012	12	0	12	11,336	0	11,336	\$6,710	\$0	\$6,710
2013	14	1	15	28,549	48	28,597	\$13,460	\$20	\$13,480
2014	10	0	10	4,770	0	4,770	\$2,645	\$0	\$2,645
2015	16	2	18	51,482	427	51,909	\$28,612	\$443	\$29,055
2016	4	0	4	12,270	0	12,270	\$9,835	\$0	\$9,835
2017	6	1	7	1,963	345	2,308	\$4,841	\$612	\$5,453
2018	10	3	13	34,737	1,639	36,376	\$16,669	\$4,050	\$20,719
2019	9	2	11	4,351	322	4,673	\$2,045	\$490	\$2,535
5-year Average	9	2	11	20,961	547	21,507	\$12,400	\$1,119	\$13,519
5-year Total	45	8	53	104,803	2,733	107,536	\$62,001	\$5,595	\$67,596

Source: Property Economics, Statistics NZ

13.2. RETAIL AND COMMERCIAL SERVICE CONSENTS

Table 22 shows the aggregated number, floorspace (sqm) and value of newly issued retail and commercial service consents for the TUA between 2000 and 2019. The definitions used to determine retail and commercial service consents is provided in Appendix 8.

There has been no significant trend in terms of number of consents issued over the observed period although the total number of consents did drop off in the last 5-years compared to the

previous 15. Where the 2000 – 2014 period average around five consents p.a. the following 5-year period had only one new consent p.a.

Floorspace and estimated value of building consents showed large spikes in 2009 and 2010. These two years accounted for 48% of the total consented retail and commercial service floorspace and 46% of the total consented retail and commercial service value over the reported period.

A particular standout is the proportion of consents issued out of zone. Around 48% of the 72 new retail and commercial service consents issued over the observed period were issued outside of existing commercial zones. When omitting the years 2009 and 2010 from the sample, 49% of cumulative floorspace consented was outside of existing commercial zones.

This corroborates the commercial employment data outlined earlier in the report. Out-of-zone commercial development is an issue the PDP should address if TDC wants to improve the economic performance and efficiency of its commercial zone network.

TABLE 22: NEWLY ISSUED RETAIL AND COMMERCIAL SERVICE CONSENTS

Year	Number of Building Consents			Consented Floorspace (sqm)			Value of consents (\$000's)		
	In Zone	Out of Zone	Total	In Zone	Out of Zone	Total	In Zone	Out of Zone	Total
2000	1	3	4	87	1,963	2,050	\$78	\$830	\$908
2001	1	1	2	225	73	298	\$92	\$75	\$167
2002	4	5	9	276	1,357	1,633	\$99	\$498	\$597
2003	2	5	7	891	2,000	2,891	\$597	\$1,190	\$1,787
2004	1	3	4	12	2,062	2,074	\$8	\$1,165	\$1,173
2005	2	1	3	540	54	594	\$440	\$18	\$458
2006	2	1	3	861	18	879	\$530	\$15	\$545
2007	3	2	5	1,028	174	1,202	\$1,695	\$233	\$1,928
2008	1	3	4	1,271	655	1,926	\$636	\$1,479	\$2,115
2009	5	0	5	10,177	0	10,177	\$13,013	\$0	\$13,013
2010	6	3	9	11,375	583	11,958	\$9,253	\$645	\$9,898
2011	2	1	3	656	428	1,084	\$870	\$370	\$1,240
2012	0	3	3	0	362	362	\$0	\$500	\$500
2013	2	0	2	793	0	793	\$3,400	\$0	\$3,400
2014	2	3	5	572	1,684	2,256	\$937	\$1,952	\$2,889
2015	2	0	2	2,329	0	2,329	\$3,240	\$0	\$3,240
2016	1	0	1	419	0	419	\$450	\$0	\$450
2017	0	1	1	0	1,040	1,040	\$0	\$1,700	\$1,700
2018	1	0	1	968	0	968	\$1,600	\$0	\$1,600
2019	1	1	2	624	300	924	\$1,800	\$180	\$1,980
5-year Average	1	0	1	868	268	1,136	\$1,418	\$376	\$1,794
5-year Total	5	2	7	4,340	1,340	5,680	\$7,090	\$1,880	\$8,970

Source: Property Economics, Statistics NZ

13.3. COMMERCIAL OFFICE CONSENTS

Table 24 shows the aggregated number, floorspace (sqm) and value of newly issued commercial office consents for the TUA between 2000 and 2019. The full definition of Commercial Office consents used in this analysis is provided in Appendix 9.

Commercial office consents have behaved in a similar manner to retail and commercial service consents in the sense that there has been no significant temporal trend in terms of the number of consents issued or consented floorspace.

A substantial proportion of new commercial office floorspace was consented in the three years of 2008, 2015 and 2017. Collectively, these years accounted for 61% of newly consented commercial office floorspace and 75% of value over the observed period. The high quantum of consented floorspace in these years was the result of three sizable office developments in the CBD in 2008 and 2015, and an out of zone office development in Washdyke in 2017.

A significant proportion of new commercial office consents issued have been outside of existing commercial zones. Of the 58 new commercial office consents issued over the observed period nearly 60% were issued out of zone.

With the number of commercial office consents issued out of zone remaining relatively steady at around an average of 2 consents per year over the observed period, this means an average of nearly 2 out of 3 commercial office consents are issued out of zone each year, and this has been occurring consistently since the turn of the millennium.

This indicates a large proportion of commercial office activity being developed in the district is out of zone. From an economic perspective, it is optimal to consolidate commercial office activity to existing commercial zones such as the Timaru City Centre to ensure the commercial zone functions can be fulfilled as intended in the District Plan.

Currently, the Timaru District Plan enables an easy pathway for office development within existing industrial zones. This is likely to account for the significant proportion of newly consented commercial office activity being located outside of existing commercial zones. Property Economics consider the on-going out of zone commercial office development in Timaru is likely to lead to significant economic disbenefits and opportunity costs unless appropriately addressed in the PDP with policy.

The continuous out of zone commercial office development undermines the entire commercial zone network and will lead to ongoing economic effects detrimental to the Timaru City Centre and weaken the District's competitive position in the Region as a commercial location.

TABLE 23: NEWLY ISSUED COMMERCIAL OFFICE CONSENTS

Year	Number of Building Consents			Consented Floorspace (sqm)			Value of consents (\$000's)		
	In Zone	Out of Zone	Total	In Zone	Out of Zone	Total	In Zone	Out of Zone	Total
2000	1	1	2	36	179	215	\$25	\$120	\$145
2001	0	1	1	0	205	205	\$0	\$216	\$216
2002	1	2	3	78	10	88	\$115	\$16	\$131
2003	0	2	2	0	217	217	\$0	\$166	\$166
2004	2	2	4	7	107	114	\$45	\$58	\$103
2005	3	2	5	297	279	576	\$289	\$329	\$618
2006	2	4	6	75	1,001	1,076	\$101	\$1,335	\$1,436
2007	2	1	3	419	62	481	\$769	\$50	\$819
2008	2	2	4	3,215	158	3,373	\$10,480	\$171	\$10,651
2009	0	1	1	0	123	123	\$0	\$150	\$150
2010	0	1	1	0	256	256	\$0	\$90	\$90
2011	0	4	4	0	1,282	1,282	\$0	\$1,526	\$1,526
2012	2	0	2	122	0	122	\$164	\$0	\$164
2013	0	2	2	0	298	298	\$0	\$575	\$575
2014	1	2	3	0	349	349	\$350	\$291	\$641
2015	4	2	6	1,951	208	2,159	\$3,310	\$472	\$3,782
2016	2	0	2	260	0	260	\$838	\$0	\$838
2017	1	4	5	155	3,530	3,685	\$260	\$9,509	\$9,769
2018	1	1	2	69	107	176	\$141	\$375	\$516
2019	0	0	0	0	0	0	\$0	\$0	\$0
5-year Average	2	1	3	487	769	1,256	\$910	\$2,071	\$2,981
5-year Total	8	7	15	2,435	3,845	6,280	\$4,549	\$10,356	\$14,905

Source: Property Economics, Statistics New Zealand

14. FUTURE BUSINESS LAND REQUIREMENTS

This section details the future business land requirement for industrial and commercial land types in Timaru District based on forecasts conducted by Property Economics.

Future business land requirements are based on translating the employment growth forecasts (by category based on the 2nd level of ANZSIC categories) and retail demand projections quantified earlier into land requirements based on dynamic employment to land ratios.

Business land demand includes land demand associated with industrial, commercial (office and services) and retail activities.

14.1. DEMAND ASSUMPTIONS

The key component in translating these figures are the employment to floorspace / land ratios. Property Economics have developed these ratios based on national trends, both in terms of the current average ratio by employment sector and the dynamic trends that have occurred in terms of changes to these ratios through time. These ratios have been assessed against the Timaru District activities specifically to arrive at an average floorspace and land requirement by sector.

14.2. ESTIMATED INDUSTRIAL LAND DEMAND

Demand for industrial land originates from a number of changes in the Timaru District. These include:

- Changes in economic composition
- Growth in industrial sectors
- Changes in land requirements by product and employee
- Changes in industry practice
- Price of industrial land (Quantity demanded)
- Competing uses.

A key aspect of the influence of declining and growing industrial sectors is their ability of the latter to utilise either underutilised or vacant premises. This is when an industrial sector declines in activity the ability for growing sectors to utilise potentially vacant premises. This flexibility 'factor' plays a significant role in the level of net additional industrial land required.

Over time it is expected that this flexibility becomes 'perfect' with either new industrial activity utilising the space or viable commercial and other activities occupying and redeveloping the space (e.g. reuse of brownfield land). However, this flexibility only tends to perfect over the long term (new business having to potentially demolish or redevelop old premises). With a large

supply of industrially zoned vacant greenfield or brownfield options, this is less likely to occur in the short run.

14.3. INDUSTRIAL LAND REQUIREMENT

The table below presents the net additional industrial floorspace and land requirements to 2048. Property Economics estimate a net additional industrial land requirement of approximately 202ha for the Timaru District by 2048.

Note that this is equivalent to the projected total demand for industrial land rather than the net demand (demand – supply) for industrial land which is presented in the following section.

TABLE 24: INDUSTRIAL FLOORSPACE AND LAND REQUIREMENTS

Industrial Land Requirements	2020	2023	2028	2048
Total Industrial Employment	9,911	10,819	11,700	13,284
Cumulative Employment Growth	-	908	1,789	3,373
Net Additional Floorspace (sqm)	-	140,724	271,909	566,634
Net Additional Land Required (ha)	-	40.2	77.7	161.9
Gross Land Required + NPS Buffer (ha)	-	52.3	101.0	202.4

Source: Property Economics

Based on projected industrial employment growth quantified earlier in this report (net industrial EC growth of 3,373), the district can sustain an additional 566,600sqm of industrial floorspace. Based on applying a floorspace to land ratio of 40%, as derived by Property Economics from a detailed assessment of other industrial markets around the country, this growth equates to the district sustaining an additional 202ha by 2048.

14.4. COMMERCIAL OFFICE ACTIVITY AND LAND DEMAND

The distribution of commercial office activity is predicated on both the amenity within commercial zones (along with profile) and the appropriate supply and pricing of commercial land and premises.

Unlike industrial space however there is a much greater uniformity to the properties occupied by commercial office activities and so the level of flexibility within the industry both between businesses and the ability for premises to be 'divided' is significantly greater than that within industrial activities.

A key variance between floorspace requirement and land requirement is the number of storeys associated with a given area. For the purposes of this report, estimates on building footprint to building floor area¹⁰ have been used, on average. Additionally, this activity can locate above ground floor retail or commercial services. As such a component of commercial office land demand has been accounted for with regard to the demand for other 'commercial' activities.

This analysis accounts for the fact that commercial office space has the potential to be multi-storey and locate above other commercial offerings such as ground floor retail or commercial service provisions and utilises an average building height metric to quantify this.

It is anticipated that at least 25% of additional commercial office space will occur at levels above either commercial service demand or retail space. While this does not decrease the level of commercial floorspace required it does remove part of the additional land demand.

14.5. COMMERCIAL OFFICE LAND REQUIREMENT

The table below illustrates the net additional demand for commercial office floorspace under the consideration of the aforementioned factors and the net office sector employment growth of 880 employees by 2048, as quantified earlier in the report.

Floorspace growth in the commercial office sector translates into an additional total land requirement of around 6.6ha by 2048. That is the net additional land required to support projected commercial office growth in the district over a 28-year period.

TABLE 25: COMMERCIAL OFFICE FLOORSPACE AND LAND REQUIREMENT FORECASTS (HA)

Commercial Land Requirements	2020	2023	2028	2048
Total Industrial Employment	3,738	3,825	3,958	4,614
Cumulative Employment Growth	-	87	220	876
Net Additional Floorspace (sqm)	-	2,352	5,503	21,027
Net Additional Land Required (ha)	-	0.6	1.4	5.3
Gross Land Required + NPS Buffer (ha)	-	0.7	1.7	6.6

Source: Property Economics.

Overall, this small commercial office requirement can be accommodated within the existing commercial zone network given the redevelopment potential and vacant capacity (land and existing buildings) within the City Centre in particular. This suggests the PDP should not be zoning more commercial land to accommodate future office sector growth until its existing

¹⁰ Sourced from a combination of the rating and valuation databases

zone provision is more efficiently developed from an economic perspective and performing its role and function better.

14.6. RETAIL AND COMMERCIAL SERVICE ACTIVITY AND LAND DEMAND

Retail expenditure projections produced by the Property Economics Retail Growth Model have been utilised in formulating an estimate of retail and commercial service land demand for the Timaru District.

The table below presents the level of sustainable retail GFA (sqm) that can be supported by the Timaru District from 2020 to 2048 on an annualised basis, given the levels of retail expenditure forecast in Section 6 of this report.

TABLE 26: RETAIL AND COMMERCIAL SERVICE FLOORSERVICE AND LAND REQUIREMENT

Retail and non-retail commercial services capacity requirement	2020	2023	2028	2033	2038	2043	2048	Net Addition (2020-2048)
Sustainable retail GFA requirement (sqm)	108,500	115,000	125,600	137,800	149,700	158,600	168,100	59,600
Non-retail commercial services (sqm)	54,300	57,500	62,800	68,900	74,900	79,300	84,100	29,800
Total retail and non-retail commercial services requirement (sqm)	162,800	172,500	188,400	206,700	224,600	237,900	252,200	89,400
Total retail and non-retail commercial service land requirement (ha)	30.1	31.9	34.9	38.3	41.6	44.1	46.7	16.6

Source: Property Economics.

The results of the retail model show that Timaru District can sustain around 108,500sqm of retail GFA, which is expected to rise to around 168,100sqm by 2048. This is equivalent to a net increase of 59,600sqm of retail GFA over 28-years, or an increase of approximately 55% in the net sustainable retail GFA over the 2020 total.

It is important to consider the non-retail commercial functions of commercial centres in any assessment of future centre potential as most centres are comprised of more than simply retail stores. They typically contain a variety of localised commercial and professional services such as those outlined in Appendix 8. These activities generally comprise of around half a district's retail GFA.

Given this application, the current total sustainable floorspace considering both retail and commercial service activities is approximately 162,800sqm within the district and is expected to increase to 252,200sqm by 2048. This equates to a net addition of 89,400sqm of retail and non-retail commercial service floorspace.

When translating GFA requirement to land area, as with commercial offices the proportion of 'at-grade' floorspace should be considered i.e. the proportion of retail and commercial service GFA that can be accommodated at ground level tenancies. This is due to some commercial services having location transferability to be above ground level. Given the above, Property Economics consider it appropriate to apply the following to retail and commercial service floorspace with regard to at grade and above grade space requirements to provide efficient development and utilisation of the commercial land resource.

- 50% of commercial service floorspace is at-grade, 50% above grade.
- 100% of retail floorspace is at-grade.

It is assumed that 50% of commercial service land can be accommodated within ground level tenancies, while the other half can be accommodated by above ground level tenancies (i.e. 2-3 storey buildings), and 100% of retail GFA will reside in at-grade tenancies. Multilevel commercial premises also provide more efficient land development. In effect the at-grade provision of commercial zone land and centres would be in the order of two thirds retail and one third commercial service activity

A GFA to land ratio of 45% has been applied. This means that retail and commercial service building footprints are assumed to occupy 45% of the land. This takes into account external fittings, parking, walkways, access / exits, etc. that are necessary for the operation of retail and non-retail commercial services.

Given the above, the 'at grade' retail and commercial service land requirement the Timaru District can currently sustain is estimated at 30.1ha. This increases by 16.6ha to a commercial land requirement of 46.7ha by 2048 based on projected market growth. This assumes all the commercial land provision is developable and is efficiently developed.

15. LAND DEMAND VS CAPACITY DIFFERENTIALS

This sections cross references industrial and commercial land demand with existing zone supply to determine likely future land capacity differentials and to identify any subsequent supply implications. In this case, existing supply is considered to be vacant, usable and available business zone land, which was quantified earlier.

15.1. INDUSTRIAL ACTIVITY

The table below outlines the net additional future industrial land requirements and compares these to the current vacant industrial zone land provision in the district. Subsequently, a projected industrial land differential is determined using the cumulative industrial land required by the district and the level of vacant industrial land within the district.

For this purpose, we have removed the vacant industrial land held by large, long-term corporations, such as the Fonterra factory, who have an area broader than their immediate factories to future-proof their operations. For the purposes of this report, we have assumed that this surplus land is not available for general industrial development. Additionally, the isolated locations of these vacant parcels are not considered to be economically efficient locations.

The balance of the vacant industrial land (constrained vacant land) is shown in the table below.

TABLE 27: TIMARU DISTRICT INDUSTRIAL LAND DEMAND DIFFERENTIAL TO 2048 (HA)

Industrial Land (ha)	2020	2023	2028	2048
Cumulative Gross Industrial Land Required + NPS Buffer (ha)	-	45.0	86.9	174.1
Unconstrained Vacant Land (ha)	0	0	0	0
Constrained Vacant Land (ha)	143.4	143.4	143.4	143.4
Estimated Gross Additional Land Required	-	98.4	56.5	-30.7

Source: Timaru District Council, Property Economics.

If all the constrained vacant land is determined to be developable for industrial purposes, then there is only a 30.7ha shortfall in the long-term. Over the short- and medium-terms there is sufficient industrial land to meet anticipated demand. This prognosis would, in effect, represent the most optimistic scenario.

The worst-case scenario, contrarywise, is that none of the constrained vacant land is determined to be developable and would mean additional industrial land is required in the short-term. This requirement would grow, as demand grows, over the assessed period.

The key point to note about Timaru's industrial land market, however, is the existing constraints on the vacant industrial land are not clearly quantified at this point. It is important to ascertain the extent to which the constrained industrial land can be utilised for industrial development to accommodate future industrial growth.

Property Economic therefore recommends that a comprehensive investigation, including infrastructure capacity, constraints, etc. are quantified to assist determining the feasible development potential of the identified, constrained, vacant industrial zoned land. This is considered an important step to ensuring sufficient capacity is provided for TDC to meet its sufficiency requirements under the NPD-UD.

15.2. COMMERCIAL ACTIVITY

The table below combines the land requirements for commercial office and land requirements for retail and commercial services provided earlier in this report (see Figures 25 and 26). This gives an estimated total commercial land requirement for Timaru District of ha to 2048.

At present, there is approximately 124ha of Commercial Zone land in the Timaru District that can accommodate commercial office, retail and commercial service activities. Of this 124ha, 18.2ha is currently vacant.

The commercial office, retail and commercial service land requirements for the Timaru District, projecting a net additional requirement in the order of 23.2ha to 2048. This additional commercial land requirement is comprised of 6.6ha of land to accommodate commercial offices and 16.6ha of land to accommodate additional retail and commercial service activity.

Over the shorter 8-year period, commercial zone demand equates to 6.4ha. Against current zone capacity of 18.2, there is sufficient vacant commercial land in the District Plan to accommodate projected demand. Over the longer 28-year period, the commercial demand supply differential shows a net need for around an additional 5ha of commercial land.

However, the PDP should not be zoning more commercial land to accommodate future office sector growth until its existing zone provision is more efficiently developed from an economic perspective and performing its role and function better. This is because there is already a high level of dispersion of commercial activity within TUA and the existing development pipeline shows a significant diversion of development away from the CBD towards the Timaru Showgrounds development.

TABLE 28: TIMARU DISTRICT COMMERCIAL LAND DEMAND DIFFERENTIAL TO 2048 (HA)

Commercial Centre Land Required (ha)	2020	2023	2028	2048
Net Additional Retail Land Requirement including NPS buffer (ha)	-	1.8	4.7	16.6
Net Additional Office Land Requirement including NPS buffer (ha)	-	0.7	1.7	6.6
Net Additional Total Commercial Land Requirement (ha)	-	2.5	6.4	23.2
Current Vacant Commercial Capacity (ha)	18.2	18.2	18.2	18.2
Estimated Residual Commercial Land (Ha)	18.2	15.7	11.8	-5.0

Source: Property Economics.

16. ECONOMIC BENEFITS OF AGGLOMERATED COMMERCIAL ACTIVITY

This section outlines some of the high-level benefits of agglomerated commercial activity from an economic perspective as it relates to Timaru District. These benefits should be given due consideration when developing appropriate policy in the PDP.

Agglomerated commercial activity refers to commercial businesses locating within prescribed, zoned areas as opposed to dispersal of commercial activity where businesses establish outside of the prescribed centre network.

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 is likely to result in an inefficient use of resources. Therefore, exogenous intervention in markets may be required to maximise social wellbeing and land use efficiency.

The economic benefits are approached through a mitigation of costs from dispersal of commercial activity. The benefits of consolidating commercial activity through PDP policy mitigates or removes this cost.

This section of the report does not quantify the identified economic benefits but rather provides a high level overview to better inform policy prescriptions when developing the PDP.

The benefits discussed in the following section include:

- Improved centre amenity; and
- Improved productivity; and
- Improved infrastructure efficiency; and
- Improved transport network efficiency; and
- Increased competitiveness; and
- Increased development impetus.

16.1. IMPROVED CENTRE AMENITY

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 Timaru City 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 city centre.

The second, shifting the balance for other businesses which are likely to reassess their locational choices away from the City Centre due to lower centre amenity. This includes existing businesses in the City Centre and businesses which would have otherwise located in the City 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.

16.2. IMPROVED PRODUCTIVITY

Increased densities and consolidation leads to synergies, improved flow, economies of scale and efficient utilisation of resources.

An economy has the potential to observe improved productivity 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 Timaru District, the Timaru City Centre represents an opportunity for 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.

16.3. IMPROVED INFRASTRUCTURE EFFICIENCY

The provision of community facilities and infrastructure is a social investment. 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 because 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 through dispersal diminishes the social benefit they might provide.

Examples of community infrastructure include the library, police station, community centres, and community halls, 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. Timaru City Centre is a prime example of this, with the District's main library, police station and other social assets located within the City Centre area.

The disbenefit 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 Timaru City Centre for example, would be more likely to increase patronage to the City 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 Timaru City Centre. This decreased patronage is likely to result in decreased usage of community infrastructure.

Since these community facilities have a base upkeep cost to maintain (i.e. fixed costs) a greater levels of use lowers the marginal costs of maintaining the facilities. Additionally, the dispersal of additional community facilities increases the fixed costs of maintenance at a greater marginal cost of use.

Consolidating commercial activity allows for a greater level of consolidation of community facilities and infrastructure and thus a improved infrastructure efficiency.

16.4. 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 often not considered in private decisions. These benefits include:

- Reduced public costs for roading and transport infrastructure (reducing the need for duplication); and
- Reduced pollution; and
- Increased certainty around public and private sector infrastructure investment; and

- Reduced marginal cost (reducing the 'per trip' cost); and
- Increased propensity to use public transport.

These potential benefits are subverted under a situation where commercial activity is dispersed.

However, there are some minor benefits associated with dispersed commercial activity which somewhat offset these dis-benefits. 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. In terms of transportation efficiency, given the infrastructure and traffic conditions that currently exist in Timaru, it is unlikely that this crowding out effect will be significant enough to offset the economic benefits associated with consolidated commercial activity.

16.5. INCREASED DEVELOPMENT IMPETUS

Greater levels of consolidated commercial activity increase the impetus for (re)development, and often act as a stimulatory catalyst that encourages co-location with other consolidated commercial activity.

Consolidate commercial activity provides the local area with a greater level of amenity, greater access to jobs, and a better-quality retail experience. This increases the value of the land within and surrounding the centre which drives a development impetus to leverage off these existing benefits and increase development.

Residential properties adjacent to centres are incentivised to develop to leverage off the high land values. Additional commercial development is also incentivised to develop to higher densities (2 or more storeys) to leverage off the higher value of centre zoned land and maximise the lands development potential.

These benefits do not occur when commercial activity is dispersed as a critical mass of synergised commercial activity is required to increased land values significantly.

17. HIGH LEVEL RECOMMENDATIONS

Below are some high-level recommendations Property Economics consider TDC should contemplate when forming policy settings in their PDP.

- The PDP should develop a consolidation approach to commercial activity to assist the existing zoned network perform its role and function better and improve the economic efficiencies and benefits consolidation of commercial activity generates for the community and local economy.
- Restrict the potential for new commercial office development to establish outside the district's **centre network**, and for **larger office** developments outside the Timaru Central City area.
- Focus new retail development on the centre network and especially redevelopment opportunities in the Timaru Central Area. This should be focused on improving the retail quality, urban environment and shopping experience.
- Establish a Timaru Central City unit that develops a (re)development plan for the Timaru City Centre and has a focus of encouraging and facilitating development and capital investment (private and public sector) in the City Centre.
- Sure-up PDP policy settings to prevent ongoing opportunity for inappropriate out of zone commercial development.
- Undertake a comprehensive assessment of the vacant industrial zoned land to test its 'true' **development potential post assessment of constraints and infrastructure**.
- Focus any higher density (in a Timaru context) residential development in and around areas of high amenity, specifically the Timaru City Centre and the northern components of this precinct given its close proximity to Caroline Bay and northerly views / aspect.
- Remove any relevant policy provisions in the PDP that restrict / limit / prevent (re)development from occurring in the Timaru City Centre. The market needs to **perceive the Timaru City Centre as 'open for business'** if the consolidation approach is pursued.
- In terms of specific convenience centre retail caps, i.e. centres outside the Timaru City Centre, consider limitations of 300sqm GFA per retail tenancy and 200sqm per tenancy for office activities. This is to ensure the convenience centres (including the rural townships) remain playing that role and function, whilst ensuring any larger scale development is directed towards the Timaru City Centre or has the ability to be **thoroughly tested in the context of the PDP's strategic policy direction**.

APPENDIX 1: TIMARU DEMOGRAPHICS

		Timaru Urban Area	Timaru District	New Zealand
GENERAL	Population	28,730	48,370	5,083,150
	Households	12,300	20,430	1,832,790
	Person Per Household Ratio	2.34	2.37	2.77
	Intercensal Population Growth (Total % p.a.)	1,134 0.8%	2,159 0.9%	462,280 2.0%
AGE PROFILE	0 - 9 Years	12%	12%	13%
	10 - 19 Years	11%	12%	13%
	20 - 29 Years	12%	11%	14%
	30 - 39 Years	11%	10%	13%
	40 - 49 Years	12%	12%	13%
	50 - 59 Years	14%	15%	13%
	60 - 69 Years	12%	13%	10%
	70 - 79 Years	10%	10%	7%
	80 Years and Over	7%	6%	4%
	Median Age	43.9	44.8	37.4
HOUSEHOLD INCOME	\$20,000 or less	11%	10%	9%
	\$20,001-\$30,000	14%	13%	10%
	\$30,001-\$50,000	19%	18%	15%
	\$50,001-\$70,000	15%	15%	13%
	\$70,001-\$100,000	17%	18%	16%
	\$100,001-\$150,000	17%	18%	19%
	\$150,001 or more	8%	9%	18%
		Median Income	\$60,000	\$63,000
ETHNICITY	Asian	5%	4%	13%
	European	82%	83%	62%
	Maori	9%	8%	15%
	Middle Eastern Latin American African	0%	1%	1%
	New Zealander	1%	1%	1%
	Other Ethnicity	1%	1%	1%
	Pacific Peoples	2%	2%	7%
QUALIFICATION ATTAINMENT	No qualification	27%	26%	18%
	Overseas secondary school qualification	3%	3%	6%
	Level 1 certificate	16%	16%	11%
	Level 2 certificate	12%	12%	10%
	Level 3 certificate	9%	9%	11%
	Level 4 certificate	11%	10%	9%
	Level 5 diploma	5%	5%	5%
	Level 6 diploma	5%	5%	5%
	Bachelor degree and Level 7 qualification	9%	9%	15%
	Post graduate and honours degrees	3%	3%	6%
	Masters degree	1%	1%	4%
Doctorate degree	0%	0%	1%	
LOCATION 5 YEARS AGO	Elsewhere in New Zealand	43%	42%	45%
	No fixed abode five years ago	0%	0%	0%
	Not born five years ago	6%	6%	7%
	Overseas	4%	4%	8%
	Same as usual residence	47%	48%	40%

		Timaru Urban Area	Timaru District	New Zealand
EMPLOYMENT	Employed Full time	47%	48%	50%
	Employed Part time	14%	15%	15%
	Not in the Labour Force	35%	34%	31%
	Unemployed	3%	3%	4%
EMPLOYMENT CLASSIFICATION	Clerical and Administrative Workers	9%	9%	11%
	Community and Personal Service Workers	9%	9%	10%
	Labourers	19%	19%	11%
	Machinery Operators and Drivers	7%	8%	6%
	Managers	14%	17%	18%
	Professionals	17%	16%	23%
	Sales Workers	10%	8%	9%
	Technicians and Trades Workers	15%	14%	12%
PERSONAL INCOME SOURCES	Wages, Salary, Commissions, Bonuses etc paid by my employer	60%	59%	61%
	Interest, Dividends, Rent, Other Investments	18%	19%	17%
	Jobseeker Support	5%	4%	6%
	New Zealand Superannuation or Veterans Pension	25%	25%	17%
	Other government benefits, Payments or Pension	4%	4%	4%
	Other Sources of Income	1%	1%	2%
	Other Superannuation, Pensions or Annuities	3%	3%	2%
	Regular payments from ACC or a Private Work Accident Insurer	2%	2%	2%
	Self Employment or Business I own and work in	10%	13%	15%
	Sole Parent Support	2%	1%	2%
	Student Allowance	1%	1%	2%
	Supported Living Payment	2%	2%	2%
	No source of income during that time	5%	5%	6%
INDUSTRY OF EMPLOYMENT	Accommodation and Food Services	6%	6%	7%
	Administrative and Support Services	3%	3%	5%
	Agriculture Forestry and Fishing	3%	10%	6%
	Arts and Recreation Services	1%	1%	2%
	Construction	11%	10%	9%
	Education and Training	6%	7%	8%
	Electricity Gas Water and Waste Services	1%	1%	1%
	Financial and Insurance Services	2%	1%	3%
	Health Care and Social Assistance	11%	10%	10%
	Information Media and Telecommunications	1%	1%	2%
	Manufacturing	19%	19%	10%
	Mining	0%	0%	0%
	Other Services	4%	4%	4%
	Professional Scientific and Technical Services	6%	5%	10%
	Public Administration and Safety	4%	3%	5%
	Rental Hiring and Real Estate Services	1%	1%	2%
	Retail Trade	11%	10%	9%
	Transport Postal and Warehousing	5%	5%	4%
	Wholesale Trade	4%	4%	5%

		Timaru Urban Area	Timaru District	New Zealand
WEEKLY RENT PAID	Under \$100	8%	9%	7%
	\$100 - 149	12%	12%	9%
	\$150 - 199	10%	10%	6%
	\$200 - 299	36%	37%	18%
	\$300 - 399	31%	29%	22%
	\$400 - 499	2%	2%	17%
	\$500 - 599	0%	0%	10%
	\$600 and over	1%	1%	10%
DWELLING OWNER SHIP	Dwelling held in a family trust	11%	12%	13%
	Dwelling not owned and not held in a family trust	31%	28%	35%
	Dwelling owned or partly owned	59%	61%	51%
DWELLING TYPE	Joined dwelling	15%	12%	15%
	Other private dwelling	0%	1%	1%
	Private dwelling not further defined	0%	0%	0%
	Separate house	84%	88%	84%
DWELLING OCCUPANCY	Dwelling Under Construction	0%	0%	1%
	Empty Dwelling	3%	4%	5%
	Occupied Dwelling	93%	91%	89%
	Residents Away	4%	4%	5%
NUMBER OF BEDROOMS	One bedroom	5%	5%	6%
	Two bedrooms	26%	22%	19%
	Three bedrooms	47%	46%	44%
	Four bedrooms	18%	22%	24%
	Five or more bedrooms	4%	5%	7%
STUDYING	Full time study	16%	17%	21%
	Not studying	82%	81%	76%
	Part time study	2%	2%	3%
HOUSEHOLD SIZE	One usual resident	30%	28%	23%
	Two usual residents	38%	40%	33%
	Three usual residents	14%	14%	16%
	Four usual residents	12%	12%	16%
	Five usual residents	4%	5%	7%
	Six usual residents	1%	1%	3%
	Seven usual residents	0%	0%	1%
	Eight or more usual residents	0%	0%	1%
	Number of usual residents unidentifiable	2%	2%	4%

APPENDIX 2: BUSINESS CLASSIFICATIONS

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

A proportion of employees coded within industrial categories 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: DETAILED EMPLOYMENT BREAKDOWN

TIMARU DISTRICT

Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2010 - 2020 Net Growth n	2010 - 2020 Net Growth %
Industrial	6,606	6,907	7,449	7,694	8,085	8,005	7,712	7,819	8,278	8,242	7,909	7,929	8,025	8,179	8,721	9,027	9,204	9,139	9,711	9,756	9,911	3,306	50%
Retail	2,857	3,114	3,203	3,316	3,259	3,456	3,489	3,489	3,400	3,468	3,376	3,376	3,486	3,455	3,591	3,652	3,590	3,556	3,597	3,643	3,534	678	24%
Commercial	3,000	3,032	3,212	3,339	3,486	3,359	3,469	3,505	3,594	3,590	3,442	3,428	3,560	3,591	3,690	3,597	3,583	3,622	3,716	3,712	3,738	738	25%
Other	4,972	4,845	5,088	5,176	5,487	5,253	5,541	5,657	5,880	6,000	6,291	6,296	6,383	6,502	6,647	6,710	6,468	6,858	6,844	6,844	7,050	2,079	42%
Total	17,434	17,897	18,932	19,524	20,317	20,072	20,173	20,469	21,151	21,290	21,018	21,029	21,454	21,727	22,648	22,986	22,844	23,174	23,867	23,875	24,234	6,800	39%
ANZSIC06 Classification	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2010 - 2020 Net Growth n	2010 - 2020 Net Growth %
A - Agriculture, Forestry and Fishing	1,476	1,407	1,510	1,622	1,555	1,594	1,644	1,642	1,711	1,743	1,872	1,881	1,949	1,998	2,042	2,121	1,796	2,322	2,316	2,140	2,155	679	46%
B - Mining	9	15	21	15	21	18	15	24	27	36	30	33	27	24	27	43	33	36	51	56	83	74	822%
C - Manufacturing	4,316	4,459	4,843	4,916	4,983	4,669	4,298	4,191	4,460	4,320	4,168	4,177	3,842	4,270	4,564	4,615	4,933	4,503	4,925	4,915	5,049	733	17%
D - Electricity, Gas, Water and Waste Services	97	99	99	97	106	112	126	144	149	152	206	185	207	189	196	196	246	240	216	242	225	128	132%
E - Construction	757	833	973	1,006	1,118	1,246	1,304	1,499	1,576	1,573	1,433	1,393	1,501	1,593	1,789	1,989	1,898	1,938	1,925	1,927	2,013	1,256	166%
F - Wholesale Trade	590	594	585	663	742	837	758	773	825	851	831	791	836	897	889	857	838	923	967	1,011	974	384	65%
G - Retail Trade	2,040	2,200	2,210	2,209	2,289	2,457	2,476	2,529	2,457	2,474	2,404	2,378	2,463	2,464	2,548	2,606	2,522	2,449	2,458	2,409	2,454	414	20%
H - Accommodation and Food Services	961	1,075	1,168	1,302	1,141	1,175	1,148	1,129	1,109	1,158	1,143	1,174	1,204	1,130	1,227	1,230	1,256	1,302	1,340	1,358	1,271	310	32%
I - Transport, Postal and Warehousing	765	849	865	916	1,053	1,058	1,148	1,146	1,198	1,274	1,225	1,321	1,586	1,160	1,213	1,289	1,278	1,467	1,592	1,611	1,584	819	107%
J - Information Media and Telecommunications	366	341	343	375	414	430	437	464	410	388	309	244	228	241	258	248	264	246	190	143	139	-227	-62%
K - Financial and Insurance Services	255	251	285	293	272	282	322	342	357	403	361	337	334	284	255	247	278	234	300	282	297	42	16%
L - Rental, Hiring and Real Estate Services	125	137	123	177	180	227	206	225	240	226	232	219	252	252	287	285	242	267	210	180	177	52	42%
M - Professional, Scientific and Technical Services	528	537	576	585	576	572	576	612	663	657	650	626	687	708	765	770	775	775	793	834	828	300	57%
N - Administrative and Support Services	650	684	740	771	815	663	700	632	643	592	519	637	670	700	686	635	591	680	798	822	814	164	25%
O - Public Administration and Safety	619	569	584	584	618	651	640	576	679	675	653	664	704	696	679	642	652	697	689	635	714	95	15%
P - Education and Training	1,364	1,243	1,352	1,306	1,345	1,080	1,277	1,304	1,393	1,398	1,448	1,551	1,427	1,403	1,456	1,459	1,465	1,398	1,483	1,573	1,669	305	22%
Q - Health Care and Social Assistance	1,814	1,952	1,973	1,969	2,350	2,308	2,366	2,417	2,491	2,655	2,831	2,735	2,790	2,855	2,887	2,818	2,912	2,842	2,806	2,862	2,905	1,091	60%
R - Arts and Recreation Services	228	188	198	200	209	166	174	235	180	183	186	162	203	258	307	318	273	241	236	293	263	35	15%
S - Other Services	474	464	484	518	530	527	538	565	583	552	517	521	544	545	573	598	592	614	572	582	620	146	31%
Total All Industries	17,434	17,897	18,932	19,524	20,317	20,072	20,173	20,469	21,151	21,290	21,018	21,029	21,454	21,727	22,648	22,986	22,844	23,174	23,867	23,875	24,234	6,800	39%

TIMARU CITY CENTRE

Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2000 - 2020 Net Growth		
	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	%
Industrial	602	612	596	550	538	596	545	560	541	554	505	481	552	541	566	621	581	515	553	597	637	637	36	6%
Retail	1,092	1,185	1,157	1,291	1,193	1,255	1,229	1,248	1,248	1,176	1,180	1,177	1,234	1,191	1,287	1,249	1,219	1,199	1,208	1,147	1,174	82	8%	
Commercial	1,539	1,527	1,640	1,729	1,791	1,670	1,794	1,918	1,869	1,859	1,680	1,646	1,603	1,596	1,591	1,626	1,568	1,601	1,633	1,695	1,704	1,65	11%	
Other	1,060	1,020	1,044	1,033	1,201	1,137	1,266	1,273	1,233	1,255	1,358	1,396	1,401	1,395	1,433	1,385	1,400	1,362	1,287	1,443	1,456	395	37%	
Total	4,293	4,344	4,437	4,602	4,722	4,658	4,804	4,999	4,891	4,844	4,722	4,700	4,790	4,722	4,877	4,880	4,768	4,677	4,681	4,887	4,971	678	16%	
ANZSIC06 Classification	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2000 - 2020 Net Growth	%	
A - Agriculture, Forestry and Fishing	12	9	3	3	3	9	12	18	12	3	3	3	3	6	30	57	72	96	107	122	108	96	800%	
B - Mining	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%	
C - Manufacturing	318	296	298	253	224	220	204	172	181	166	133	124	115	111	111	121	90	120	124	141	144	-174	-55%	
D - Electricity, Gas, Water and Waste Services	21	15	18	18	15	21	24	21	27	21	24	30	24	24	41	36	46	21	21	27	18	-3	-14%	
E - Construction	117	140	135	132	126	169	154	202	166	153	129	168	205	206	222	285	268	249	262	258	278	161	138%	
F - Wholesale Trade	102	102	85	87	96	122	102	99	123	101	102	108	133	144	141	115	104	112	117	145	123	21	21%	
G - Retail Trade	883	922	875	914	965	997	988	1,019	1,004	957	967	972	1,004	991	1,015	948	937	922	916	846	846	-37	-4%	
H - Accommodation and Food Services	246	309	332	443	268	304	283	269	287	258	250	241	271	235	320	331	332	326	343	354	386	140	57%	
I - Transport, Postal and Warehousing	57	69	72	72	87	78	77	79	62	127	133	72	91	72	77	83	98	18	33	33	76	19	33%	
J - Information Media and Telecommunications	348	335	348	348	364	368	428	443	389	376	294	223	204	220	240	236	246	231	175	128	112	-236	-68%	
K - Financial and Insurance Services	183	176	194	199	188	201	235	252	267	307	265	239	185	182	153	140	152	119	156	167	180	-3	-2%	
L - Rental, Hiring and Real Estate Services	59	65	54	63	65	82	91	99	93	69	66	63	63	66	63	66	66	66	72	60	60	1	2%	
M - Professional, Scientific and Technical Services	246	268	329	341	311	316	318	341	347	358	348	339	339	334	363	372	379	432	426	453	454	208	85%	
N - Administrative and Support Services	353	338	369	417	451	327	321	377	376	340	260	331	340	320	289	350	262	302	366	410	404	51	14%	
O - Public Administration and Safety	489	442	425	425	433	449	453	456	479	487	489	535	585	586	559	519	535	583	575	533	612	123	25%	
P - Education and Training	231	205	229	243	221	267	269	243	292	289	308	387	300	256	251	202	191	181	163	167	187	-44	-19%	
Q - Health Care and Social Assistance	342	374	374	362	589	493	589	575	514	572	725	642	640	692	699	709	704	633	609	819	755	413	121%	
R - Arts and Recreation Services	88	77	78	74	79	39	48	103	57	54	45	36	86	87	106	91	84	51	36	30	21	-67	-76%	
S - Other Services	198	202	219	208	217	196	208	231	215	206	181	187	202	190	197	199	202	215	180	194	207	9	5%	
Total All Industries	4,293	4,344	4,437	4,602	4,722	4,658	4,804	4,999	4,891	4,844	4,722	4,700	4,790	4,722	4,877	4,880	4,768	4,677	4,681	4,887	4,971	678	16%	

APPENDIX 4: PROPERTY ECONOMICS RETAIL MODEL

This overview outlines the methodology that has been used to estimate retail spend generated at Statistical Area 2 (SA2) level for the identified catchment out to 2048.

Statistical Area 1 Boundaries

Analysis has been based on Statistical Area 1 (SA1) boundaries. These are the smallest boundaries that allow large amounts of data to be published (i.e. not anonymised).

Permanent Private Households (PPH) 2018

These are the total Occupied Households as determined by the Census 2018. 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.

2018-2048 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 2018 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
- Clothing, footwear and personal accessories retailing

- Furniture, floor coverings, houseware and textile goods retailing
- Electrical and electronic goods retailing
- Pharmaceutical and other store-based retailing
- Department stores
- Recreational goods retailing
- Food and beverage services

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 15% 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.

Over the last 5 years this has now reversed with the worldwide GFC recession taken grip. As such, the economic environment has undergone rapid transformation. The national market is currently experiencing low interest rates (although expected to increase over this coming year) and a highly inflated \$NZ (increasing importing however disproportionately). Now emerging is a rebound in the property market and 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 is highly volatile however and is likely to be in the order of 0.5% to 1% over the next 5 - 10 years rising to 1% - 2% over the more medium term as the

economy stabilises and experiences cyclical growth. This would mean that it would be prudent in the shorter term to be conservative with regard to the level of sustainable retail floor space within given centres.

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 2018-2048

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

APPENDIX 5: REGIONAL TOURISM ORGANISATIONS - SOUTH ISLAND



APPENDIX 6: COMMERCIAL SERVICE STORE TYPE CLASSIFICATIONS

Note this is not intended to represent an exhaustive list of commercial store types.

Examples of convenience commercial / professional services and office activities:

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

APPENDIX 7: INDUSTRIAL BUILDING CONSENTS DEFINITIONS

The following buildings are classed as “Industrial Buildings” for the purpose of assessing building consents. The building classifications used are those adopted by Stats NZ and the codes of those buildings use the 2014 definition.

- 2611 Storage buildings
- 2621 Utility buildings e.g. electricity, water transmission
- 2629 Factories and other industrial buildings

A list of synonyms for 2629 Factories and other industrial buildings is provided for additional clarity. This list not intended to be exhaustive but rather to give an idea of the types of buildings that fit within the category.

- Packing shed
- Bakery
- Sawmill
- Steel works
- Winery
- Newspaper printing
- Factory
- Workshop
- Foundry
- Couriers
- Industrial
- Film studio
- Abattoir
- Freezing works
- Boiler house factory
- Car wrecker
- Covered yard freezing works
- Dairy factory
- Depot
- Drying kiln sawmill
- Factories and industrial buildings
- Fertilizer works
- Film post production
- Hanger
- Home kill processing plant
- Industrial building
- Joinery shop
- Laundry dry cleaners
- Lighthouse
- Optic network utility
- Packaging shed
- Portacom
- Printer bindery
- Radio studio
- Recording
- Recycle transfer station
- Research laboratory
- Spray painters
- Sub station
- Timber yards sawmill
- Transfer station
- Unit transformer project
- Vehicle testing station
- Water purification plant
- Workshop industrial

APPENDIX 8: RETAIL AND COMMERCIAL SERVICES BUILDING CONSESNTS DEFINITIONS

The following buildings are classed as “*Retail and Commercial Buildings*” for the purpose of assessing building consents. The building classifications used are those adopted by Stats NZ and the codes of those buildings use the 2014 definition.

- 2511 Supermarkets.
- 2512 Restaurants, bars, and cafés.
- 2519 Other shops and retail buildings.

A list of synonyms for 2519 Other shops and retail buildings is provided for additional clarity. This list not intended to be exhaustive but rather to give an idea of the types of buildings that fit within the category.

- | | |
|----------------------|------------------------------------|
| • Hairdresser | • Dry cleaners shop |
| • Dairy | • Fast food outlet |
| • Service station | • Food court |
| • Shop | • Kiosk |
| • Showhome | • Other shops and retail buildings |
| • Hire centre | • Photographer studio |
| • Laundromat | • Post shop |
| • Travel agency | • Real estate agent |
| • Travel agent | • Retail |
| • Art studio | • Retail warehouse |
| • Hairdressing salon | • Salon |
| • Artist studio | • Showroom |
| • Bottle store | • Tab |
| • Dance studio | • Wholesale shop |

APPENDIX 9: COMMERCIAL OFFICE BUILDING CONSENTS

DEFINITIONS

The following buildings are classed as “*Commercial Office Buildings*” for the purpose of assessing building consents. The building classifications used are those adopted by Stats NZ and the codes of those buildings use the 2014 definition.

- 2521 Office and administration buildings.

A list of synonyms for 2521 Office and administration buildings is provided for additional clarity. This list not intended to be exhaustive but rather to give an idea of the types of buildings that fit within the category.

- Ambulance station
- Call centre
- Fire station
- Police station
- Office
- Administration
- Postal centre
- Cattery
- Veterinary clinic
- Admin
- Bank
- Civic centre
- Court house
- Courthouse
- Dog kennel
- Emergency
- Office and administration buildings
- Periodic detention centre
- SPCA kennels
- Social service
- St John ambulance
- Surgery vet
- Vet surgery