

PROPERTY **E**CONOMICS



BELL BLOCK ECONOMIC

ASSESSMENT FOR STRUCTURE

PLAN DEVELOPMENT

Project No: 52394

Date: June 2024

Client: New Plymouth District Council



SCHEDULE

Code	Date	Information / Comments	Project Leader
52394.2	June 2024	Report	Tim Heath / Phil Osborne

DISCLAIMER

This document has been completed, and services rendered at the request of, and for the purposes of New Plymouth 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.

Cover Image Credit: Shopping Centre News

COPYRIGHT

© 2024 Property Economics Limited. All rights reserved.

CONTACT DETAILS

Tim Heath

Mob: 021 557713

Email: tim@propertyeconomics.co.nz

Web: www.propertyeconomics.co.nz

TABLE OF CONTENTS

1. INTRODUCTION.....	5
1.1. KEY RESEARCH OBJECTIVES	5
1.2. INFORMATION AND DATA SOURCES	6
2. EXECUTIVE SUMMARY	8
3. BELL BLOCK CORE ECONOMIC CATCHMENT	10
4. POPULATION AND HOUSEHOLD GROWTH	11
5. DEMOGRAPHIC PROFILING	13
6. BELL BLOCK EXISTING CENTRES OVERVIEW.....	15
6.1. CENTRE PROVISION UNDER THE PDP.....	16
6.2. CENTRE EMPLOYMENT COMPOSITIONS	17
6.3. CENTRE VISIT AND GROUND TRUTHING	19
7. RETAIL GROWTH FORECAST	22
7.1. RETAIL EXPENDITURE MODEL	22
7.2. CATCHMENT RETAIL FORECASTS.....	25
7.3. FUTURE BELL BLOCK CATCHMENT CENTRE PROVISION REQUIREMENT	27
7.4. SUPERMARKET DEVELOPMENT POTENTIAL	30
7.5. APPROPRIATE CENTRE AND SUPERMARKET LOCATION.....	31
APPENDIX 1. DEMOGRAPHIC PROFILE.....	34
APPENDIX 2. RETAIL GROWTH MODEL	37

LIST OF TABLES

TABLE 1: CENTRE EMPLOYMENT COUNT BY ANZSIC SECTOR (2023)	18
TABLE 2: CATCHMENT ANNUALISED RETAIL SPEND (\$M) FORECASTS	26
TABLE 3: CATCHMENT FUTURE COMMERCIAL PROVISION REQUIREMENT (HA)	28

LIST OF FIGURES

FIGURE 1: CORE ECONOMIC CATCHMENT FOR BELL BLOCK.....	10
FIGURE 2: BELL BLOCK CATCHMENT POPULATION AND HOUSEHOLD PROJECTIONS	11
FIGURE 3: BELL BLOCK COURT AND PARKLANDS DRIVE CENTRE EXTENT UNDER THE PDP	16
FIGURE 4: POTENTIAL CENTRE LOCATIONS AND THE SURROUNDING ENVIRONMENTS	32



1. INTRODUCTION

Property Economics has been commissioned by New Plymouth District Council (NPDC) to undertake an economic assessment of the Bell Block retail market. This assessment aims to assist in the strategic planning and subsequent development of a Structure Plan for the wider Bell Block area, ensuring that commercial centres are appropriately positioned and scaled to meet the future needs of the communities they serve and effectively fulfill their envisaged roles and functions as outlined in the Proposed District Plan (PDP).

Specifically, this report provides reliable base metrics and ground truthed information to assess the current health and 'state' of the Bell Block existing centres in terms of their employment base and composition, built forms, level of vacancy, quality and breadth of existing tenancies and shopping environment.

Additionally, the report forecasts the future community size, outlines the implications of projected growth in convenience retail and supermarket demand, and quantifies the future commercial land requirements for commercial centres within the Bell Block market.

The outcomes of this economic assessment will enhance the understanding of the appropriateness and efficiency of the District Plan centre provision for the Bell Block area from an economic perspective to ensure the future community's requirements can be met.

1.1. KEY RESEARCH OBJECTIVES

- Define and geospatially map the boundaries of Bell Block's core retail economic catchment and its position within the broader competitive business environment of New Plymouth.

- Assess and quantify population growth projections to 2053 within the identified catchment, utilising the latest Medium and High population and household growth projections from Stats NZ.
- Conduct a demographic profile of the catchment, focusing on key economic and social characteristics to identify the market's primary resident and customer base.
- Undertake a visit of the Bell Block centres to assess their current state, role, function, health, quality of retail and commercial offerings, built environment, and shopping experience.
- Assess the employment composition of the existing commercial centres within the Bell Block area in 2023, based on the latest Stats NZ Business Demography Statistics.
- Forecast annualised retail expenditure within the economic catchment across relevant ANZSIC retail sectors over the next 30 years.
- Quantify the sustainable Gross Floor Area (GFA) that can be supported by the catchment currently and over the forecast period, by relevant sector.
- Quantify the future requirement of commercial land within the catchment, considering net additional commercial land requirements and current / existing capacity.
- Assess the most suitable location(s) for new commercial centre(s) in Bell Block from an economic perspective, considering the adequacy of centre provision under the PDP and the current role, function, and state of the existing centres.
- Provide high-level commentary on the appropriateness and efficient location for a supermarket in the Bell Block market, as well as a suitable site for a new library from an economic perspective.

1.2. INFORMATION AND DATA SOURCES

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

- Business Classifications – ANZSIC¹
- Business Demography Statistics – Stats NZ

¹ Australia New Zealand Standard Industrial Classification 2006

- Catchment Maps – Google Maps, ESRI², LINZ³
- Centre Visit – Property Economics
- Meshblock 2023 – Stats NZ
- New Plymouth Proposed District Plan (Appeals Version) – NPDC
- New Zealand 2018 Census Data - Stats NZ
- Population and Household Estimates & Projections – Stats NZ
- Puketapu Structure Plan Area – NPDC
- Retail Growth Model – Property Economics
- Statistics Area 1 & 2 – Stats NZ

² *Environmental Systems Research Institute*

³ *Land Information New Zealand*

2. EXECUTIVE SUMMARY

Localised population and household growth are crucial determinants of future urban land demand within the Bell Block market. This economic assessment employs Stats NZ Medium and High growth projections as the primary inputs for forecasting commercial land requirements in the identified Bell Block economic catchment area over the next 30 years.

Based to projected growth, the Bell Block catchment, considering both existing urban areas and expected greenfield developments, could sustain an additional 5.1ha of commercial land by 2053 under the **Medium** growth scenario. This requirement increases to around 5.6ha by 2053 under the more optimistic **High** growth scenario. These commercial land requirement estimates account for both current and anticipated future retail expenditure leakage to nearby centres and the existing retail provisions within the catchment.

The Bell Block market currently accommodates two commercial centres: Bell Block Court Centre and Parklands Drive Centre. A high-level assessment of their employment compositions, supplemented by ground truthing, indicates that neither centre is functioning as a quality vibrant retail hub. Both centres do not adequately provide the variety of convenience-based and specialty retail, business, and recreational activities needed to serve the immediate and surrounding suburbs, outlined in the Local Centre provisions under the PDP.

As such, Property Economics considers significant potential exists for both centres to enhance the quality of their offerings, built form, public realm, shopping environments, and breadth of tenancies. By doing so, they could better fulfill their envisaged roles and functions, and better meet the modern-day retail requirements and expectations of consumers.

By cross-referencing the practical retail and commercial provisions of existing centres with the projected net commercial land demand within the catchment, Property Economics estimates that the catchment can sustain a new commercial centre with a land provision (developable area) of up to 2.4ha net.

If existing centres are not able to expand horizontally, this 2.4ha of provision could accommodate a new “Local Centre”, potentially including a new full-service supermarket with a sustainable GFA of approximately 4,000sqm. If commercial land at the PIHMS⁴ and current The Warehouse sites, as well as residential blocks within the Parklands Drive Centre zone, become available, enabling expansion, it would mean only an additional sustainable commercial land provision of approximately 0.5-0.8ha for a new convenience centre is required long term. This could comfortably sustain one additional “Neighbourhood Centre” in the Bell Block market.

⁴ Pacific International Hotel Management School

From Property Economics' perspective, the most appropriate location for any new commercial centre is along Airport Drive. While locating on the eastern fringe of the catchment may require Bell Block residents to travel slightly farther (east), the high visibility and profile of Airport Drive, in combination with the increased potential to attract airport traffic, make this location more economically attractive to retailers (and therefore more sustainable) to a more internalised site within the Puketapu Structure Plan Area. An internalised location would primarily serve the immediate surrounding residential catchment, reducing its overall effectiveness and potential productivity (i.e., sales per hectare).

The most efficient centre location for a large supermarket within the Bell Block catchment is the Parklands Road Centre. This is central to both the current and future growth areas and therefore maximises market efficiency. This may require time, but with a single landowner for a significant proportion of the zoned provision already in place, the future potential for this scenario playing out is strong and should be given the opportunity.

This will require the redevelopment of the library. Whether the zoned land provision at the Parkland Road Centre is sufficient to accommodate a new supermarket, a new library and a small provision of convenience retail and commercial services will need to be determined. But any opportunity to expand the zone of this centre for such a development should be look upon favourably from an economic perspective.

There are also social and economic benefits from co-locating a new library with a new supermarket. From an economic perspective, this co-location can foster greater agglomeration effects, better efficiencies and enhance the vitality of the commercial centre. This synergy can stimulate significant social benefits for the community, creating a vibrant and cohesive community hub. It can also stimulate new investment in the balance of the centre.

3. BELL BLOCK CORE ECONOMIC CATCHMENT

The following figure illustrates the indicative core economic catchment for Bell Block. This has been based on the Bell Block centres' composition and scale (current and likely future), proximity to other competing retail and commercial activity in the wider district (i.e. centres fulfilling similar role and functions), demographic distribution, Stats NZ Statistical Area 1 (SA1) for statistical analysis purposes, the roading network, other natural and physical geographic barriers, and the professional opinion of Property Economics factoring in known retail spending patterns and trade areas for similar size and type of centres in NZ.

FIGURE 1: CORE ECONOMIC CATCHMENT FOR BELL BLOCK



Source: Google Maps, LINZ, Stats NZ, Property Economics

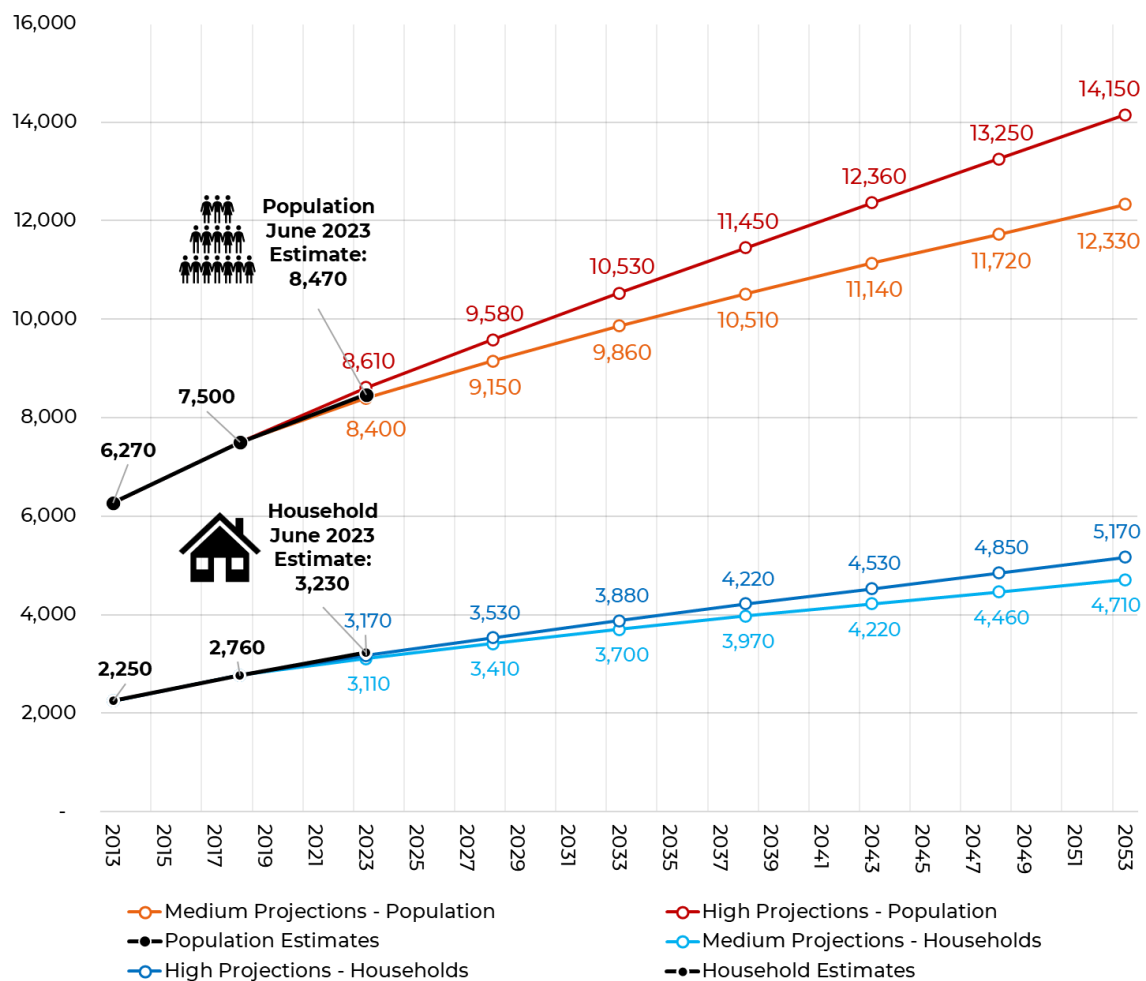
It is important to note that this is an indicative economic catchment only, and residents within this catchment will also shop in centres outside of the catchment and vice versa. In this regard the catchment illustrated in Figure 1 highlights the geographic extent of Bell Block's core economic catchment and represents the area where Bell Block's commercial centres would derive the majority of its customers and sales.

4. POPULATION AND HOUSEHOLD GROWTH

This section assesses the recent, current, and projected growth of the identified Bell Block catchment based on the latest Stats NZ population estimates under their Medium and High growth scenarios for the period between 2013 and 2048. Property Economics has extended the forecast out to 2053 to provide a 30-year (long term) strategic planning period based on the Stats NZ projections trends.

It is estimated that the Bell Block catchment has a current (2023) total population base of around 8,470 people, which represents a material +35% growth over the last decade. As a result, the current population growth profile for the catchment is tracking slightly above the Stats NZ Medium growth scenario.

FIGURE 2: BELL BLOCK CATCHMENT POPULATION AND HOUSEHOLD PROJECTIONS



Source: Stats NZ, Property Economics

Under the Stats NZ High growth scenario, the catchment's population is expected to increase by around +67% over the next 30 years, equating to net annual average growth of

approximately +190 people. By 2053, this would result in a population base of around 14,150 people. Correspondingly, the number of households in the Bell Block catchment is projected to grow to 5,170 by 2053, necessitating at least 1,940 new dwellings to accommodate projected growth on a one household per dwelling basis.

In contrast, the more conservative Medium growth projection forecasts a population base of around 12,330 people by 2053, reflecting a net +46% increase in population. This translates to annual net growth of about +130 people over the assessed period. Under this scenario, the catchment's number of households is projected to grow to just over 4,700 by 2053, requiring around 1,480 new households over the next 30 years.

For the long-term growth trajectory, it is anticipated that the Bell Block catchment's population will fall between the Medium and High growth scenarios, driven by ongoing development in the Bell Block greenfield areas. The anticipated growth of the Bell Block catchment or core market would create economic growth locally and generate additional demand for business activities and employment opportunities, particularly within the area to create an efficient and more self-sufficient urban environment.

5. DEMOGRAPHIC PROFILING

This section identifies some of the relevant economic and social demographics of the identified Bell Block catchment and compares them with the wider New Plymouth District and the national average demographics for comparative context.

A full breakdown of the demographic profiling has been provided in Appendix 1.

- This core catchment represents around 10% of New Plymouth district's total population base of 88,910 people in 2023. It currently has an average household size of around 2.62 persons per household. This ratio is noticeably higher than the wider district's average (2.45) and marginally lower than the national average (2.64).
- The catchment has a larger proportion of residents aged under 30 years (41%) and conversely a smaller proportion of residents aged 40+ years (46%). As a result, the catchment area with a median age of around 37 years has a younger age structure and higher proportion of children and young professional relative to the wider district which has a median age of around 41 years.
- The catchment has a higher annual average household income at around \$76,000pa compared with \$66,000pa within the wider district. This mirrors the income distribution of the national average. This higher household income translates into higher levels of annualised retail expenditure generated on a per household unit basis, and higher discretionary spending power compared to the rest of the district.
- There is a lower proportion of people in the catchment that identify as European (69%) compared to the district's 75%. There is also a higher proportion of Asian in the catchment (9%), compared to the wider district's 5%.
- In respect to qualification attainment, there is a higher proportion of the catchment (around 24%) without qualifications, compared to the district average of 22% and national average of 18%. Similarly, only 15% of the working age population have a Bachelor's degree or higher, compared with 18% of the district and 25% of the wider country. Overall, the catchment has a lower level of qualification attainment proportionally.
- There is a material difference between the district and the catchment in the proportion of residents receiving Wages, Salary, Commissions, Bonus, etc. At a district level 58% of residents are receiving wages, whereas 62% of the catchment's residents are. In addition, only 10% of the catchment's residents are identified as self-employed compared to 15% in the wider district and the country.

- Manufacturing and Retail Trade are the largest employment sectors within the catchment, cumulatively contributing to around 27% of the catchment's overall employment. This is contrasted to the wider district and the country where these two sectors cumulatively contributing to 21% and 19%, respectively.
- A greater proportion of the catchment's residents live in dwellings scaled as three and more bedrooms than the district average (84% vs 77%). This is likely correlated with the greater proportion of children and young couples in the catchment's population base.
- The catchment's area is a proportionately more expensive place to reside when compared to the district's average. The area currently has 62% of residents paying \$300 and more per week for rent compared to 48% within the wider district.
- Overall, the Bell Block catchment area can be considered as having a slightly younger, European ethnic predisposition (proportionally), earning a slightly higher income, and residing in higher price properties (on average).

6. BELL BLOCK EXISTING CENTRES OVERVIEW

The health and success of a centre is generally determined by its ability to attract businesses, especially high value retail and commercial businesses, and shoppers. Two main reasons for this are that first these businesses are both more productive than others and are the drivers of a centre's productivity growth. The second is that a high profile and successful centre provides a regional and national profile for business and therefore contributes to an area's competitive advantage.

The general level and breadth of employment is also critical to a successful centre as it creates additional footfall for shops, bars, and restaurants and together these developments contribute to the overall amenity provided. This amenity, in turn, influences the liveability of the surrounding residential environment and people's decision to live in the local area of the centre.

Given these factors, the following analysis adopts a three-step approach to assess the 'state' and health of Bell Block's existing centres, namely the Bell Block Court Centre and the Parklands Drive Centre. This analysis assists in understanding the current role of the centres and their ability to accommodate the existing and future demand from communities within the catchment.

Firstly, the analysis geospatially delineates the extent of each assessed centre based on the PDP zonings (Decisions Version) and Meshblock 2023 boundaries. Specifically, a meshblock is the smallest geographic unit for which statistical data is collected and processed by Stats NZ and is defined by a geographic statistical area, which can vary in size from part of a city block to a large area of rural land.

Secondly, the current (2023) employment base and composition of the identified centres are assessed at the ANZSIC level to identify their existing structure, composition, and role in the market. The employment count data is sourced from the latest Business Demography Statistics by Stats NZ and refers to headcount of all salary and wage earners for the year ending February reference month and excludes working proprietors. Note that this employment count data is measured at the meshblock level which may not perfectly align with the commercial centre extent but represents a 'best fit'.

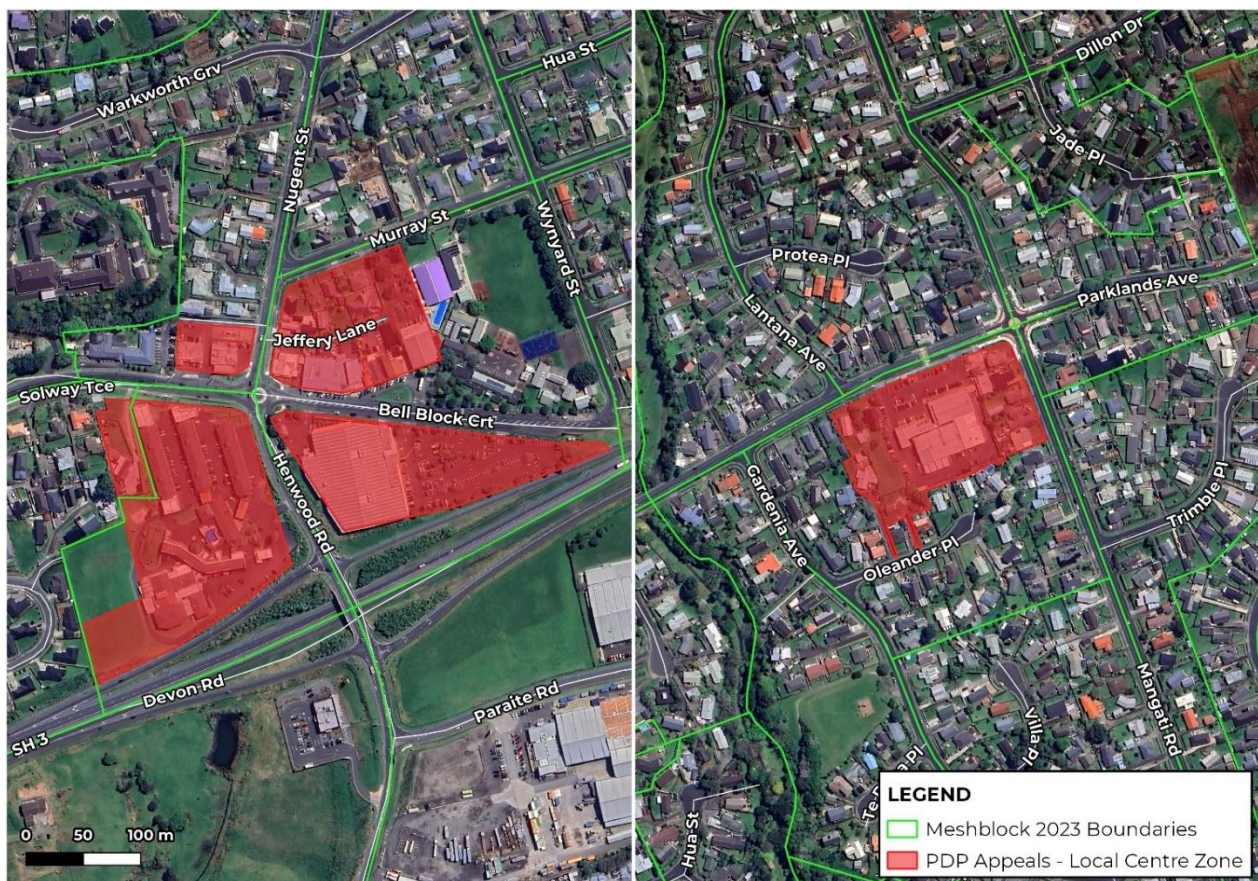
Lastly, the ground truthing for centres are based on Property Economics' visit undertaken in April 2024 to understand the centre's functionality, performance, existing vacant capacity to accommodate growth, investment opportunities and overall vitality from a practical perspective.

6.1. CENTRE PROVISION UNDER THE PDP

Within the Bell Block catchment, there are two existing commercial centres, namely the Bell Block Court Centre and the Parklands Avenue Centre. Both centres are identified as a “Local Centre” under the centre framework of the PDP.

The Bell Block Court Centre covers an area of 5.8ha adjacent to State Highway 3. It is located approximately 6km or an 8-minute drive during off-peak hours, from the New Plymouth City Centre. The extent of this Bell Block Court Centre under the PDP is illustrated on the left-hand side of the following figure.

FIGURE 3: BELL BLOCK COURT AND PARKLANDS DRIVE CENTRE EXTENT UNDER THE PDP



Source: NPDC, Google Maps, LINZ

The Bell Block Court Centre's main retail and commercial zone is situated east of Henwood Road and north of Pohutukawa Place and Bell Block Court. The Warehouse Bell Block serves as the primary anchor tenant for the centre, occupying around 6,600sqm of land. The area north of Bell Block Court accommodates a small number of convenience retail stores, including a Four Square store, several food and beverage services, hairdressers, and a liquor store.

Additionally, the Bell Block Court Centre provision includes some community services and residential areas. Residential properties are primarily located in the northeastern corner of the

centre zone, covering about 4,400sqm of land at the intersection of Murray Street and Nugent Street, just north of Jeffery Lane's convenience stores.

The Pacific International Hotel Management School (PIHMS) and associated accommodation are also located within the centre at 4 Henwood Road. This site spans around 2.7ha and consumes a significant component of the centre's zoned land provision. Adjacent to PIHMS on the western edge of the centre is a vacant 3,000sqm lot, offering potential for additional retail and commercial development. However, this block appears to have accessibility issues from main arterial roads.

In contrast, the Parklands Drive Centre is a smaller convenience centre situated in a more central location of Bell Block at the Parklands Drive – Mangati Road interchange. Located northeast of the Bell Block Court Centre, it is about 8km or an 11-minute off-peak drive from the City Centre.

The Parklands Drive Centre spans around 1.7ha of Local Centre land under the PDP, with the core commercial area covering 7,700sqm. This centre is anchored by a small SuperValue store with an estimated GFA in the order of 500sqm with the balance of the centre including store types such as cafes, a pharmacy, and a salon. There is also a community library within the centre, albeit tired and need of upgrading in the near future. The areas west and east of this core commercial area are currently used for residential. Notably, a vacant block at 5D Oleander Place has the potential for additional retail or commercial development within the Parklands Drive Centre.

6.2. CENTRE EMPLOYMENT COMPOSITIONS

The following analysis assesses the current employment composition of the two centres based on the latest Stats NZ Business Demography Statistics. This analysis is important for informing future centre strategies and ensuring the centre network of Bell Block can effectively meet the future needs of the local community and support sustainable economic growth.

Bell Block Court Centre

In the Bell Block Court Centre, the Education and Training sector currently (2023) employs 86 people, while the Retail Trade sector employs 64 people. Together, these sectors account for around 70% of the centre's total current employment base of 216 employees.

Specifically, the Education and Training sector, driven primarily by the presence of PIHMS, constitutes around 40% of the centre's employment. Despite being the largest employment contributor, this sector falls within the Community Services category.

The Retail Trade sector, although the second-largest employment sector, is predominantly sustained by The Warehouse store. Apart from this department store and a small superette on

the northern side of Bell Block Court, the centre lacks other retail and commercial activities that would elevate its role as “a vibrant retail area used for a variety of activities which provide for local retail and convenience needs,” as outlined in the district’s Local Centres objective under the PDP LCZ-O1. This notable gap in retail and commercial service activities highlights a significant opportunity for further development and diversification of the centre to better serve the local community.

The Accommodation and Food Services sector is the third largest, providing 21 jobs. The remaining sectors are relatively small, offering limited employment opportunities and contributing minimally to the centre’s overall employment activities.

Overall, the existing employment structure of the centres have important implications for its economics and centre planning. The dominance of the Education and Training sector underscores the need for strategic initiatives to bolster the retail and commercial functions of the Bell Block Court Centre. To transform it into a vibrant retail hub, efforts should focus on attracting a diverse range of convenience retail businesses and services. This could include incentivising new retail developments, expanding existing retail spaces, and potentially repurposing areas currently occupied by non-retail sectors.

TABLE 1: CENTRE EMPLOYMENT COUNT BY ANZSIC SECTOR (2023)

ANZSIC	Bell Block Court (2023)	Parklands Drive (2023)
 A - Agriculture, Forestry and Fishing	0	0
 B - Mining	0	0
 C - Manufacturing	6	9
 D - Electricity, Gas, Water and Waste Services	0	0
 E - Construction	0	9
 F - Wholesale Trade	21	0
 G - Retail Trade	64	6
 H - Accommodation and Food Services	21	21
 I - Transport, Postal and Warehousing	0	0
 J - Information Media and Telecommunications	0	0
 K - Financial and Insurance Services	6	0
 L - Rental, Hiring and Real Estate Services	3	0
 M - Professional, Scientific and Technical Services	0	0
 N - Administrative and Support Services	0	0
 O - Public Administration and Safety	0	0
 P - Education and Training	86	0
 Q - Health Care and Social Assistance	0	15
 R - Arts and Recreation Services	6	0
 S - Other Services	3	3
Total All Industries	216	63

Source: Stats NZ

Parklands Drive Centre

The Parklands Drive Centre currently (as of 2023) has an employment base of 63 people, which is less than one-third of the employment at the Bell Block Court Centre. This contrast reflects the differing levels of economic activity and development between the two centres, despite both being categorised as “Local Centres” within the district’s broader commercial centre network as defined by the PDP.

Accommodation and Food Services is the most significant employment sector at the Parklands Drive Centre, with 21 employees, accounting for around one-third of the centre’s total employment. Following this, the Health Care and Social Assistance sector employs 15 people, reflecting the centre’s primary function towards service provision rather than retail and commercial activities.

At the broader sectoral level, the Retail and Commercial sectors combined account for about half of the centre’s employment. However, the Retail Trade sector, which typically drives the performance and growth of commercial centres, employs only six people, primarily through the SuperValue Bell Block store.

In addition, the range of commercial activities within the Parklands Drive Centre is very narrow, with many sectors entirely absent. This implies that the centre is not meeting its potential as a vibrant retail and commercial destination, thereby limiting its economic impact and attractiveness to both businesses and communities.

Overall, despite its centralised location within the existing Bell Block catchment, the Parklands Drive Centre is not functioning as a vibrant, healthy and significant commercial area within the catchment. From an economic perspective, this underperformance reflects the need for further diversification, improvement and expansion of the centre’s retail and commercial offerings.

6.3. CENTRE VISIT AND GROUND TRUTHING

Bell Block Court Centre

The Bell Block Court centre environment is characterised by a mix of commercial and retail establishments but lacks the vibrancy and centre structure typically associated with successful retail hubs. While there is a small variety of businesses present, including retail stores, service providers, and eateries, the overall build form lacks cohesion and functional unity.

While the presence of a major department store like The Warehouse represents a strong anchor tenancy for the centre and attracts a significant portion of centre customers, the balance of the centre’s offerings is limited and relatively small in scale. As such, the centre currently lacks standout amenity and breadth of offer that would enable the centre to perform

better in the market. Given this, there is a need to enhance the diversity of tenancy types to better cater to the catchment demand and internalise a higher proportion of expenditure.

Accessibility to the Bell Block Court Centre is good and is well located to conveniently service the core catchment. However, the centre's different components function separately and are not well integrated resulting in its market potential not being fully realised. The centre's close proximity to The Valley LFR centre limits its function to a convenience focus. This is unlikely to change in the foreseeable future given the wider centre network of the district.

Overall, while the Bell Block Court Centre serves as the largest commercial centre for the local community within the wider Bell Block catchment, there is room for improvement in creating a more cohesive and vibrant centre environment. This includes enhancing the diversity of offerings, improving accessibility, elevating the people focus (rather than road focus) of the centre, and adding amenities to attract consumers and internalise a higher proportion of convenience expenditure.

Parklands Drive Centre

As with the Bell Block Court Centre, this small convenience centre provides basic goods and services to the local community. However, the built form and urban environment are tired and in need of significant upgrade to meet modern day requirements and create a competitive centre. Consequently, there is a noticeable lack of standout amenities or distinctive features that draw in customers and enhance the centre's appeal, resulting in a retail catchment confined to the surrounding residential base. Most shoppers likely utilise the centre as a result of convenience, good accessibility and Parklands being their closest centre, rather than choice.

Being centrally located at the main intersection of the catchment, the Parklands Drive Centre is easily accessible for the local community. However, this centre is relatively small in scale but has potential for 'horizontal' expansion on the basis the feasibility of acquiring and developing the adjoining zoned residential lots '*stacks up*'. This pathway could lead to additional costs for enabling further retail and commercial activities in the centre, and therefore may represent a medium to longer term proposition.

However, with a large portion of the commercial zone under single ownership and the fact redevelopment of the centre is required in the near future with most buildings appearing past their useful economic life, there is a higher propensity for redeveloping the zoned area rather than the current commercial footprint to meet the diverse and growing demands of the future community.

The Parklands Drive Centre also accommodated the catchment's only supermarket at present. This is a small SuperValue store. This store does not meet modern day consumer requirements for a supermarket and being small, has limited product lines. This store is not a full department

supermarket that competes with other larger supermarkets in the district (Woolworths, PAK'n SAVE and New World supermarkets), and as such operates and functions more like a convenience 'top up' food and grocery store. It is unlikely to be a store where consumers undertake their main food and grocery shop. However, moving forward the catchment can sustain a full-service supermarket, and provision for such a store needs to be made within the wider catchment for such a store.

Vertical expansion is also a feasible option to accommodate the centre's future commercial GFA requirements. This would improve the economic efficiency of the centre and zoned land provision, and also provides more flexibility for the developer to provide non-essential ground level office / commercial services within the centre.

Overall, based on Property Economics' ground truthing, both the Bell Block Court and Parklands Drive centres are not fulfilling their envisaged roles and functions as "Local Centres" effectively. There is significant room for improvement across both centres to enhance the quality of their offerings to better meet the modern-day retail needs of the market. By improving their services to better cater to residents' retail requirements, these centres have the potential to internalise more spending, generate more local job opportunities and amplify positive impacts on the wider Bell Block area's retail and commercial economy.

In essence, in their current state, both centres are not considered 'fit for purpose' to meet the demands or requirements of the future Bell Block catchment community.

7. RETAIL GROWTH FORECAST

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

7.1. RETAIL EXPENDITURE MODEL

A more detailed breakdown of the retail model and its inputs is set out in Appendix 2.

The following flow chart is an illustrative diagram of the Property Economics Retail Model to assist NPDC in better understanding the key inputs utilised.



GROWTH IN REAL RETAIL EXPENDITURE

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

LAYERED RETAIL CATCHMENTS

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

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

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

EXCLUDED ACTIVITIES

The retail expenditure figures below are in 2023 NZ dollars and exclude the following retail activities, as categorised under the ANZSIC categorisation system:

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

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

distribution effects. Therefore, the retail centre network's economic wellbeing and social amenity cannot be unduly compromised.

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

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

However, in the future, it is increasingly difficult from a retail economic perspective to see these store types establishing in centres (new or redeveloped), albeit they likely have equal planning opportunity to do so. As such, demand for these store types is additional to the retail demand assessed in this analysis.

SUSTAINABLE GFA

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

It is necessary to separate the Gross Floor Area into:

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

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

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

Furthermore, retail stores in general can be split into Specialty and Large Format Retailing (LFR). Specialty retailing generally consists of smaller, boutique more specialised stores typically operating within, and offering products from, a specific retail sector. These are typically stores for items such as clothing, footwear, pharmaceuticals, and food and beverages, with the vast majority of store sizes for this type of retailing under 500sqm GFA.

LFR activity is typically identified as stores with a larger store footprint, generally over 500sqm GFA, and includes store types such as supermarkets, furniture, appliances, hardware and department stores. It is important to note that these store type examples are not mutually exclusive and can include a range of products across a number of retail sectors.

LFR stores, while large in floorspace terms comparatively, typically represent only a small proportion of physical stores nominally. These LFR store types, with the exception of supermarkets, generally trade at lower productivities on a per sqm basis relative to smaller Specialty stores but are able to remain profitable by selling more in terms of volume, having superior 'purchasing power' (i.e., LFR stores can typically purchase goods at lower wholesale costs on a per unit basis due to the larger volumes bought, particularly for national retail chains), and typically lower per square metre rental rates.

7.2. CATCHMENT RETAIL FORECASTS

The following tables provide forecasts and detailed breakdowns of the total annual retail expenditure by ANZSIC retail sector category spanning the period from 2023 to 2053, generated by residents in the identified Bell Block catchment. All figures are presented in NZ\$2023 terms.

As of 2023, the catchment is estimated to generate approximately \$153m in annual retail expenditure, which serves as a broad 'pool' of the retail spending generated within the catchment area. This total annual retail expenditure is projected to experience significant growth, increasing by approximately \$127m annually (or 84%) to reach around \$280m per annum by 2053 under the Medium growth scenario.

In a more optimistic scenario utilising the High growth projection series, the catchment is expected to have an annualised retail expenditure of around \$316m per annum by 2053, representing a growth of approximately \$164m annually by 2053.

The Food Retailing sector, which encompasses supermarket shopping, emerges as the largest sector, constituting about 38% of all retail expenditure generated within the catchment area. Currently totalling around \$57m in annual expenditure, it is anticipated that Food Retailing would expand to \$107m (or +89%) by 2053 under the Medium growth scenario and to approximately \$122m (or +115%) annually by 2053 under the High growth scenario.

The Food and Beverage Services sector ranks as the second-largest sector, with a current estimated annualised expenditure of around \$29m (or 20% of total retail expenditure). Forecasts indicate that Food and Beverage Services would increase by \$24m and \$31m per annum, reaching a total of \$53m and just under \$60m per annum by 2053, under the Medium and High growth scenarios, respectively.

The remaining retail sectors are relatively smaller in nominal figures comparatively and often involve goods for which consumers are willing to travel greater distances to purchase, i.e. comparative rather than convenience goods. This is particularly notable for the more competitive LFR store types.

TABLE 2: CATCHMENT ANNUALISED RETAIL SPEND (\$M) FORECASTS

ANZSIC Sector - High Growth Scenario	2023	2028	2033	2038	2043	2048	2053	2023-2053 Growth
 Food retailing	\$56.6	\$66.3	\$75.8	\$85.6	\$96.1	\$108.9	\$121.8	+\$65.2
 Clothing, footwear and personal accessories retailing	\$10.1	\$11.4	\$12.6	\$13.6	\$14.8	\$17.1	\$18.9	+\$8.7
 Furniture, floor coverings, houseware and textile goods retailing	\$7.5	\$8.7	\$10.0	\$11.3	\$12.6	\$14.5	\$16.3	+\$8.8
 Electrical and electronic goods retailing	\$11.8	\$13.8	\$15.7	\$17.8	\$19.9	\$22.9	\$25.7	+\$13.9
 Pharmaceutical and other store-based retailing	\$19.7	\$22.7	\$25.5	\$28.2	\$31.1	\$34.9	\$38.6	+\$18.8
 Department stores	\$12.9	\$14.7	\$16.5	\$18.2	\$19.9	\$23.3	\$25.9	+\$13.0
 Recreational goods retailing	\$5.0	\$5.7	\$6.4	\$7.0	\$7.6	\$8.6	\$9.5	+\$4.5
 Food and beverage services	\$28.9	\$33.8	\$38.4	\$43.1	\$48.2	\$53.6	\$59.5	+\$30.6
Total Retail Spend (\$m)	\$153	\$177	\$201	\$225	\$250	\$284	\$316	+\$164

ANZSIC Sector - Medium Growth Scenario	2023	2028	2033	2038	2043	2048	2053	2023-2053 Growth
 Food retailing	\$56.6	\$63.6	\$71.3	\$79.1	\$87.2	\$97.0	\$107.0	+\$50.4
 Clothing, footwear and personal accessories retailing	\$10.1	\$11.0	\$12.0	\$12.8	\$13.7	\$15.6	\$17.0	+\$6.9
 Furniture, floor coverings, houseware and textile goods retailing	\$7.5	\$8.3	\$9.3	\$10.3	\$11.4	\$12.8	\$14.2	+\$6.7
 Electrical and electronic goods retailing	\$11.8	\$13.2	\$14.7	\$16.3	\$17.9	\$20.3	\$22.4	+\$10.6
 Pharmaceutical and other store-based retailing	\$19.7	\$22.0	\$24.3	\$26.5	\$28.9	\$31.9	\$34.8	+\$15.0
 Department stores	\$12.9	\$14.1	\$15.6	\$16.8	\$18.2	\$20.8	\$22.9	+\$10.0
 Recreational goods retailing	\$5.0	\$5.5	\$6.1	\$6.6	\$7.1	\$7.9	\$8.6	+\$3.6
 Food and beverage services	\$28.9	\$32.6	\$36.5	\$40.3	\$44.4	\$48.5	\$53.2	+\$24.2
Total Retail Spend (\$m)	\$153	\$170	\$190	\$209	\$229	\$255	\$280	+\$127

Source: Property Economics

The above estimates contextualise the forecast retail demand of the growth scenarios for the total retail market but does not reflect the GFA appropriate to accommodate as part of their strategic planning process for business land demand within the Bell Block catchment. This is due to expenditure leakage from the catchment to The Valley LFR Centre, New Plymouth City Centre, Fitzroy Town Centre, and other commercial locations around New Plymouth, which lowers the sustainable GFA provision appropriate to accommodate in the Bell Block local centres.

7.3. FUTURE BELL BLOCK CATCHMENT CENTRE PROVISION REQUIREMENT

Several important factors have been considered for the following forecasts based on the professional experience of Property Economics. Firstly, as mentioned above, it is important to note that not all convenience retail expenditure generated within the catchment area will remain local. Nearby centres such as New Plymouth City Centre, The Valley LFR Centre, and Fitzroy Town Centre are likely to attract some of the convenience expenditure from the Bell Block catchment.

As such, the table below outlines the sustainable future centre provision within the Bell Block catchment area, considering the likely level of retail expenditure that these centres are likely to retain. Based on the analysis of similar commercial centres and potential overlap of retail catchment areas, Property Economics consider that the existing and future commercial centres should cumulatively aim to retain in the order of half of the sustainable retail spending within the Bell Block catchment area.

Secondly, research conducted by Property Economics over many years indicates that non-retail commercial services typically account for around 50% of convenience centre activity. Retail and non-retail commercial services tenancies are generally interchangeable, as both can occupy the same store footprint. Consequently, non-retail commercial services often co-locate with retail stores in commercial centres.

Lastly, future residents in the potential Pohutukawa Place greenfield area and the Puketapu Structure Plan area will generate additional retail spending, which could sustain more convenience retail and supermarket GFA in the catchment. This anticipated 'pool' of retail expenditure and the likely retention have been factored into the forecasts for the catchment's future centre land provision requirements.

Considering the above factors, the estimated sustainable commercial GFA within the catchment's urban areas is just over 15,000sqm under the Medium growth scenario and around 17,000sqm under the High growth scenario, accounting for the likely expenditure outflow and the need for non-retail commercial services in the area.

TABLE 3: CATCHMENT FUTURE COMMERCIAL PROVISION REQUIREMENT (HA)

	By 2053	
	Medium	High
Catchment Projected Population	12,330	14,150
Catchment Total Generated Annualised Retail Spend (\$m)	\$280	\$316
Catchment Estimated Sustainable Retail GFA (sqm)	57,200	64,300
Retained Convenience Retail and Supermarket Spend within Centres (\$m)	\$63	\$71
Sustainable Convenience Retail and Supermarket GFA within Centres (sqm)	12,900	14,500
Sustainable Commercial Services GFA within centres (sqm)	2,200	2,500
Urban Area Sustainable Commercial GFA (sqm)	15,100	17,000
Greenfield Areas' Estimated Population*	4,300	
Greenfield Areas' Total Generated Retail Spend (\$m)	\$98	
Greenfield Areas' Generated Convenience Retail and Supermarket Spend (\$m)	\$44	
Greenfield Areas' Generated Sustainable Convenience Retail and Supermarket GFA (sqm)	6,500	
Greenfield Areas' Retained Sustainable Convenience Retail and Supermarket GFA (sqm)	3,600	
Greenfield Areas' Sustainable Commercial Services GFA (sqm)	1,650	
Greenfield Areas' Total Sustainable Commercial GFA (sqm)	5,250	
Catchment Total Sustainable Commercial GFA (sqm)	20,350	22,250
Future Commercial Land Requirement within the Catchment (ha)	5.1	5.6
Bell Block Court Centre Provision (ha)	5.8	
<i>minus the PIHMS & accommodation block of 2.7ha</i>	<i>-2.7</i>	
<i>minus The Warehouse block including car parks of 1.6ha</i>	<i>-1.6</i>	
Bell Block Court Centre Practical Growth Extent (ha)	1.5	
Parklands Drive Centre Provision (ha)	1.7	
Existing Convenience Retail and Supermarket Land Potential Under PDP Appeals (ha)	3.2	
Catchment Net Additional Centre Land Provision Requirement (ha)	1.9	2.4

Source: Property Economics.

Note: * This is based on the estimated yield within the potential Pohutukawa Place greenfield area and the estimated remaining yield within the Puketapu Structure Plan Area.

In addition, Property Economics has estimated the potential residential yield and future population for the Pohutukawa Place greenfield area and the Puketapu Structure Plan area based on the existing residential density in surrounding areas, approximately 12 dwellings per hectare.

The Pohutukawa Place greenfield area, with an estimated land area of around 34ha adjacent to Summerset Pohutukawa Place, is projected to yield just over 400 dwellings. The Puketapu Structure Plan area, with an estimated total land area of over 120ha, has the potential to deliver just over 1,300 additional dwellings within the undeveloped areas. These two greenfield areas

combined are estimated to accommodate a total future 'at capacity' population of around 4,300 people by 2053, based on an average of 2.5 people per household.

Based on this anticipated future population base, the two greenfield areas are projected to generate a cumulative annualised retail expenditure of just under \$100m by 2053. Assuming 45% of this expenditure is allocated to convenience retail and supermarket spending, the greenfield areas' population is projected to generate about \$44m annually in convenience retail and supermarket expenditure. This could support about 6,500sqm of convenience retail and supermarket GFA, which reduces to 3,600sqm GFA when accounting for retail expenditure leakage / outflow from the catchment.

As mentioned earlier, given that non-retail commercial services typically account for around 50% of convenience centre activity, an additional 1,650sqm GFA for local commercial and professional services is deemed appropriate for the projected market size by 2053.

Using an average GFA to Land Area Ratio (**FAR**) of 0.4, the total sustainable commercial GFA within the urban and greenfield areas of the catchment can be translated into land area. It is estimated that centres within the catchment could sustain a total commercial (developable) land provision of 5.1ha by 2053 under the Medium growth scenario, increasing to around 5.6ha by 2053 under the High growth scenario.

Note that these figures do not factor in the land for urban parks, roads, reserves, playgrounds, and community, education and public transport facilities which may be included to enhance the retail / commercial centre and provide additional agglomeration benefits and amenity values for residents. Land for these other land uses would be additional to the commercial centre land provision identified in Table 3 (and the forecasts throughout this report).

Based on the commercial and centre zone under the PDP, the Bell Block Court Centre and the Parklands Drive Centre together have a total land provision of around 7.5ha. However, from an economic perspective and based on Property Economics' ground truthing, not all of this zoned land provision appears to be practical or feasible for additional convenience retail and supermarket activities. This includes the PIHMS and its associated accommodation block, which covers around 2.7ha, and The Warehouse block, including car parks, which covers around 1.6ha.

Given the limited likelihood of these two blocks being redeveloped in the foreseeable future to accommodate further commercial activities, Property Economics estimates that the total land potential for convenience retail and supermarket activities within the Bell Block Court Centre applying a practical lens would only be the area on the northern side of Pohutukawa Place and Bell Block Court, spanning around 1.5ha.

This 1.5ha, combined with the 1.7ha of the Parklands Drive Centre, provide a total existing convenience retail and supermarket land potential of around 3.2ha under the PDP. Comparing

this 3.2ha to the estimated total sustainable commercial GFA of 5.1ha under the Medium growth scenario and 5.6ha under the High growth scenario, Property Economics estimates that the sustainable net additional commercial land provision within the catchment would be just under 2ha under the Medium growth scenario and around 2.4ha under the High growth scenario.

Without considering potential redevelopment and expansion of the existing Bell Block Court and Parklands Drive centres, these projected net additional commercial land requirements within the catchment would support the establishment of one additional Local Centre similar in size to the Parklands Drive Centre.

However, if some of the existing activities within the Bell Block Court and Parklands Drive Centres, such as the PIHMS and its associated accommodation facilities or The Warehouse, were to depart and 'free up' commercial zoned land for retail and commercial activities, then the additional sustainable commercial land requirement for the catchment would only be in the order of 0.5ha to 0.8ha net by 2053. This land provision would comfortably support the development of a small Neighbourhood Centre while also allowing for redevelopment and commercial growth of the existing Bell Block Court and Parklands Drive Centres to occur over the next 30 years.

Property Economics consider relying on PIHMS and The Warehouse departing to 'free up' commercial land when they are successful land uses represents a risk to Council and the best practise strategic planning for the catchment. They are assets to the community that should be supported and ongoing success facilitated. They are also land uses that attract people from outside the catchment to the area, increasing inflow spend potential, vibrancy and amenity in the local centres.

7.4. SUPERMARKET DEVELOPMENT POTENTIAL

Identifying an area's supermarket development potential is important for understanding and meeting its convenience needs efficiently. Currently, there are no full-service supermarkets within the existing Bell Block Court and Parklands Drive centres. While there is a SuperValue store in Parklands, its limited size (circa 500sqm GFA) and product range fall short of the offerings provided by larger supermarket brands elsewhere in the district such as PAK'n SAVE, Countdown, and New World. SuperValue's limited size means it cannot directly compete with the larger supermarket stores. Its seen as complementary rather than competitive.

In Property Economics' professional experience, modern full-service supermarkets typically have a GFA above 3,000sqm, making them around five times larger than the SuperValue Bell Block store.

Due to the absence of such full-service supermarkets in the two existing centres, residents currently travel to other centres for their supermarket requirements including Woolworths in The Valley LFR Centre, and New World and PAK'n SAVE supermarkets in the City Centre. This results in significant leakage / expenditure outflow of the localised generated retail spend.

Based on the earlier forecasts, along with the existing supermarket network and geospatial distribution in the wider district, Property Economics projects that the catchment, with a future population base of up to 18,500 people (incl. residents in the identified greenfield areas) under the High growth scenario, could sustain a new full-service supermarket with a GFA of around 4,000sqm by 2053. This store by itself would require a developable land area of around 1.2ha as a minimum.

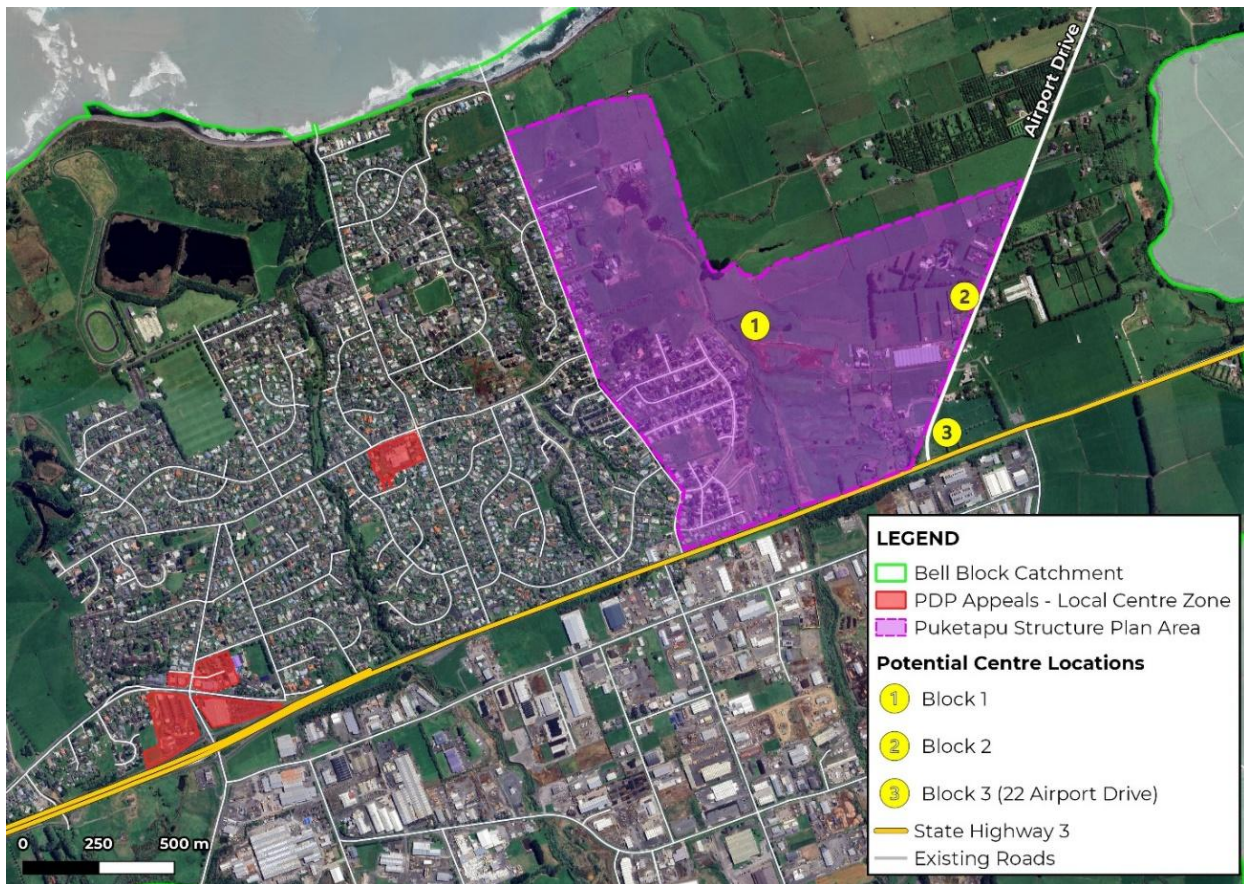
7.5. APPROPRIATE CENTRE AND SUPERMARKET LOCATION

Based on the information provided to Property Economics, the following figure identifies the three potential blocks for the development of a new commercial centre:

- Block 1: Located internally within the Puketapu Structure Plan area.
- Block 2: Positioned on Airport Drive and the eastern edge of the Puketapu Structure Plan area.
- Block 3 (22 Airport Drive): Situated at the SH3-Airport Drive intersection, as identified in Erb and Dempster's submission⁵ on the PDP. This submission considers that the block's proximity to main transport routes, the airport, and adjacent proposed industrial and residential zoning makes it well-suited for commercial zoning and further development.

⁵ Submission by Darren Erb and Tracey Dempster On NPDC's Proposed District Plan, Version Date: 21 November 2019

FIGURE 4: POTENTIAL CENTRE LOCATIONS AND THE SURROUNDING ENVIRONMENTS



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

From an economic perspective, the appropriate location for a new commercial centre or a new supermarket in the Bell Block catchment should ensure easy accessibility for a significant portion of the population the centre is designed to predominantly service. This typically involves positioning near major roadways or highways, such as SH3 and Airport Drive, to ensure high visibility, ease of access (crucial convenience stores are convenient to access).

Adequate parking facilities are also crucial, as the majority of customers drive to supermarkets. Proximity to residential areas is also important to cater to the daily needs of local communities, thereby reducing travel time and enhancing convenience and market efficiency.

Therefore, Property Economics suggests that a location adjacent to Airport Drive (Block 2 or Block 3) would be more visible and suitable for a small convenience centre. These locations also provide the opportunity to 'tap into' the drive by market which will assist the economic performance of the centre. This then flows onto better quality, more vibrant and higher amenity centre.

These two options would not only conveniently serve the new residents within the catchment but also capture some of the traffic along from Airport Drive, and SH3 if the centre was positioned at Option 3.

The most efficient centre location for a large supermarket within the Bell Block catchment is the Parklands Road Centre. This is central to both the current and future growth areas and therefore maximises market efficiency. Redevelopment of this centre to include a modern supermarket sized to satisfy the community's requirements and create a competitive supermarket offer is likely to require use of all the commercial zoned land around the centre. This may require time, but with a single landowner for a significant proportion of the zoned provision already in place, the future potential for this scenario playing out is strong and should be given the opportunity.

This will require the redevelopment of the library. Whether the zoned land provision at the Parkland Road Centre is sufficient to accommodate a new supermarket, a new library and a small provision of convenience retail and commercial services will need to be determined. But any opportunity to expand the zone of this centre for such a development should be looked upon favourably from an economic perspective.

There are also social and economic benefits from co-locating a new library with a new supermarket. From an economic perspective, this co-location can foster greater agglomeration effects, better efficiencies and enhance the vitality of the commercial centre. This synergy can stimulate significant social benefits for the community, creating a vibrant and cohesive community hub. It can also stimulate new investment in the balance of the centre.

If a new library cannot be developed at the Parkland Road Centre, then the Bell Block Court Centre would represent the next best alternative, particularly the northern component. This could also work well with the school and the recreational centre already within the zone to create a recreational / community and civic precinct. This would also catalyse redevelopment of this component of the centre to create a more integrated and functional offer for the community, and enable the centre to perform its role and function better.

If The Warehouse store were to leave their Bell Block store, this could elevate the opportunity for a supermarket in this location and facilitate a more main street environment that could create a more fully functional and integrated centre.

APPENDIX 1. DEMOGRAPHIC PROFILE

		Catchment	New Plymouth District	New Zealand
GENERAL	Population	8,470	88,910	5,222,750
	Households	3,230	36,311	1,978,270
	Person Per Household Ratio	2.62	2.45	2.64
	Intercensal Population Growth (Total %	1,225 3.6%	6,236 1.6%	462,280 2.0%
AGE PROFILE	0 - 9 Years	15%	14%	13%
	10 - 19 Years	13%	13%	13%
	20 - 29 Years	13%	11%	14%
	30 - 39 Years	14%	12%	13%
	40 - 49 Years	12%	13%	13%
	50 - 59 Years	11%	13%	13%
	60 - 69 Years	11%	12%	10%
	70 - 79 Years	7%	8%	7%
	80 Years and Over	4%	5%	4%
	Median Age	36.6	40.9	37.4
Household Income	\$20,000 or less	7%	10%	9%
	\$20,001-\$30,000	10%	12%	10%
	\$30,001-\$50,000	16%	17%	15%
	\$50,001-\$70,000	13%	14%	13%
	\$70,001-\$100,000	17%	16%	16%
	\$100,001-\$150,000	21%	18%	19%
	\$150,001 or more	15%	14%	18%
	Median Income	\$76,000	\$66,000	\$76,000
ETHNICITY	Asian	9%	5%	13%
	European	69%	75%	62%
	Maori	16%	16%	15%
	Middle Eastern Latin American African	1%	1%	1%
	New Zealander	0%	1%	1%
	Other Ethnicity	1%	1%	1%
	Pacific Peoples	3%	2%	7%
QUALIFICATION ATTAINMENT	No qualification	24%	22%	18%
	Overseas secondary school qualification	5%	3%	6%
	Level 1 certificate	13%	13%	11%
	Level 2 certificate	12%	11%	10%
	Level 3 certificate	11%	10%	11%
	Level 4 certificate	10%	11%	9%
	Level 5 diploma	5%	5%	5%
	Level 6 diploma	4%	5%	5%
	Bachelor degree and Level 7 qualification	10%	11%	15%
	Post graduate and honours degrees	4%	5%	6%
	Masters degree	2%	2%	4%
	Doctorate degree	0%	0%	1%
LOCATION 5 YEARS AGO	Elsewhere in New Zealand	50%	45%	45%
	No fixed abode five years ago	0%	0%	0%
	Not born five years ago	8%	7%	7%
	Overseas	7%	4%	8%
	Same as usual residence	35%	43%	40%

		Catchment	New Plymouth District	New Zealand
EMPLOYEE NT	Employed Full time	48%	48%	50%
	Employed Part time	14%	16%	15%
	Not in the Labour Force	34%	33%	31%
	Unemployed	4%	4%	4%
EMPLOYMENT CLASSIFICATION	Clerical and Administrative Workers	11%	11%	11%
	Community and Personal Service Workers	10%	9%	10%
	Labourers	15%	13%	11%
	Machinery Operators and Drivers	8%	6%	6%
	Managers	15%	18%	18%
	Professionals	18%	21%	23%
	Sales Workers	9%	8%	9%
	Technicians and Trades Workers	14%	14%	12%
PERSONAL INCOME SOURCES	Wages, Salary, Commissions, Bonuses etc paid by my employer	62%	58%	61%
	Interest, Dividends, Rent, Other Investments	16%	19%	17%
	Jobseeker Support	4%	6%	6%
	New Zealand Superannuation or Veterans Pension	20%	21%	17%
	Other government benefits, Payments or Pension	3%	4%	4%
	Other Sources of Income	1%	1%	2%
	Other Superannuation, Pensions or Annuities	2%	2%	2%
	Regular payments from ACC or a Private Work Accident Insurer	2%	2%	2%
	Self Employment or Business I own and work in	10%	15%	15%
	Sole Parent Support	2%	2%	2%
	Student Allowance	2%	1%	2%
	Supported Living Payment	2%	2%	2%
	No source of income during that time	8%	6%	6%
INDUSTRY OF EMPLOYMENT	Accommodation and Food Services	8%	6%	7%
	Administrative and Support Services	4%	4%	5%
	Agriculture Forestry and Fishing	3%	6%	6%
	Arts and Recreation Services	1%	1%	2%
	Construction	9%	10%	9%
	Education and Training	7%	7%	8%
	Electricity Gas Water and Waste Services	1%	1%	1%
	Financial and Insurance Services	2%	2%	3%
	Health Care and Social Assistance	8%	12%	10%
	Information Media and Telecommunications	1%	1%	2%
	Manufacturing	17%	12%	10%
	Mining	3%	3%	0%
	Other Services	5%	5%	4%
	Professional Scientific and Technical Services	7%	8%	10%
	Public Administration and Safety	4%	4%	5%
	Rental Hiring and Real Estate Services	2%	2%	2%
	Retail Trade	10%	9%	9%
	Transport Postal and Warehousing	5%	4%	4%
	Wholesale Trade	3%	3%	5%

		Catchment	New Plymouth District	New Zealand
WEEKLY RENT PAID	Under \$100	6%	7%	7%
	\$100 - 149	14%	10%	9%
	\$150 - 199	2%	6%	6%
	\$200 - 299	17%	29%	18%
	\$300 - 399	54%	39%	22%
	\$400 - 499	7%	7%	17%
	\$500 - 599	0%	1%	10%
	\$600 and over	1%	1%	10%
DWELLING OWNERSHIP	Dwelling held in a family trust	12%	14%	13%
	Dwelling not owned and not held in a family trust	27%	30%	35%
	Dwelling owned or partly owned	61%	56%	51%
DWELLING TYPE	Joined dwelling	9%	11%	15%
	Other private dwelling	0%	0%	1%
	Private dwelling not further defined	0%	0%	0%
	Separate house	91%	88%	84%
DWELLING OCCUPANCY	Dwelling Under Construction	1%	0%	1%
	Empty Dwelling	3%	4%	5%
	Occupied Dwelling	94%	92%	89%
	Residents Away	3%	4%	5%
NUMBER OF BEDROOMS	One bedroom	3%	4%	6%
	Two bedrooms	13%	19%	19%
	Three bedrooms	51%	48%	44%
	Four bedrooms	29%	23%	24%
	Five or more bedrooms	5%	5%	7%

APPENDIX 2. RETAIL GROWTH MODEL

This overview outlines the methodology that has been used to estimate retail spend generated at Statistical Area 1 (SA1) level for the identified catchment out to 2053.

Statistical Area 1 2018 Boundaries

All analysis has been based on SA1 2018 boundaries, the most recent available.

Household Estimates

As a key base input into Property Economics Retail Model. Specifically, the household count projections from Stats NZ, based off the 2018 Census (available at the SA1 level) and Sense Partners' population growth projections, have been applied in the model, for the purpose of this analysis. These projections also make adjustments for changes in the population per household ratios at a national level. The Stats NZ household projections are cross referenced with any more specific projections provided by the client.

Population Growth

The population growth projections utilised in projecting future household retail growth are shown in Section 2 of this report. Although the demographics at the household level drive the estimates in the distribution of the household retail spend, the growth in population has been used as the input to project future retail growth.

Stats NZ's latest household projections are based on the assumption of a decreasing household size, resulting in proportionally greater household growth than population. However, the Household Expenditure Survey shows a clear positive relationship between household size and retail expenditure. Therefore, relying solely on the household growth as an indicator without adjusting for the changing demographic would artificially inflate the projected retail growth.

Given the recent trends of an increasing household size contrary to the projection assumptions, Property Economics believes projecting the retail growth based on future population growth rather than households is a more appropriate assumption. This is ultimately a conservative assumption in the decreasing household size scenario and will be more accurate the less the demographics shift.

International Tourist Spend

The total tourism retail spend has been derived from the Tourism Satellite Account and distributed to each District according to the data as published by MBIE. Within each district, this has been distributed on a 'spend per retail employee' basis. Employees are the preferred basis for distributing regional spend geo-spatially as tourists tend to gravitate toward areas of commercial activity, however they are very mobile.

Total Tourist Spend Forecast

Growth is forecast in the model at 1% per annum.

Average Household Retail Spend

The Household Expenditure survey breaks down average weekly spend by retail category on a national level by annual household income brackets and by the average number of usual residents. These have been applied to each of the geospatial units based on the distribution of household size and income for that geospatial unit as determined in the 2018 Census.

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

Real Retail Spend Growth (excl. trade based retailing)

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

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

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

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

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

Internet Retail Spend Growth

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

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 8% in 2020 growing to 15% by 2053 has been applied to retail expenditure encompassing all retail categories in our retail model. These losses represent the retail diversion from on-the-ground stores to internet-based retailing that will no longer contribute to retail floor space demand.

Retail Spend Determinants

Retail Spend for a given area is determined by: the population, number of households, size and composition of households, income levels, available retail offer and real retail growth. Changes in any of these factors can have a significant impact on the available amount of retail spend generated by the area. The coefficient that determines the level of 'retail spend' that eventuates from these factors is the MPC (Marginal Propensity to Consume). This is how much people will spend of their income on retail items. The MPC is influenced by the amount of disposable and discretionary income people 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 floor space 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 spending trends, with decreased employment and greater job security producing an environment where households were more willing to accept debt.

New Zealand's economy has been marked by several key events over the last two decades. Firstly, this trend temporally reversed in light of the worldwide GFC recession in 2008 with economic uncertainty and job losses reducing consumers' willingness and ability to accept debt. Following this however, New Zealand's economy recovered with growth in the first half of the decade fuelled by the Christchurch Earthquake Rebuild. Additionally, rapid inflation in the construction industry has contributed to rapidly rising house prices. This has had a significant impact on reducing the disposable income which has flow-on effects to the rate of retail growth. Finally, most recently the COVID-19 Global Pandemic resulted in a national lockdowns with retailers forced to close under Alert Levels 3 and 4.

Despite this, New Zealand's economy did not fall to the same extent economists initially predicted after the first lockdown in early 2020. Data available from Statistics New Zealand showed that total Electronic Retail expenditure declined by only 0.2% between 2020 and 2019. This is in comparison to the average annual growth of just over 5% per annum between 2010 – 2019.

From an economist perspective, COVID-19 represents significant uncertainty and thereby making the already difficult task of anticipating the future, that much harder. There are several unpredictable factors that will decide the fate of worldwide economy and it is difficult to accurately predict what long term impacts this global pandemic will have on international travel, the domestic economy and retail trends as it relates to both physical stores internet retailing.

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 30-year period. This rate is highly volatile however and is likely to be in the order of 0.5% to 1% over the next 5 – 10 years rising to 1% - 2% over the more medium term as the economy stabilises and experiences cyclical growth. This would mean that it would be prudent in the shorter term to be conservative with regard to the level of sustainable retail floor space within given centres.

Business Spend

This is the total retail spend generated by businesses. This has been determined by subtracting International Tourism retail spend and the Household retail expenditure from the Total Retail Sales as determined by the Retail Trade Survey (RTS) which is prepared by Stats NZ. All categories are included with the exception of accommodation and automotive related spend. In total, Business Spend accounts for 36% of all retail sales in NZ. Business spend is distributed based on the location of employees in each Census Area Unit and the national average retail spend per employee.

Business Spend Forecast

Business spend has been forecasted at the same rate of growth estimated to be achieved by household retail sales in the absence 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.