

APPENDIX 5:

**BUSINESS LAND DEMAND REPORT
(PROPERTY ECONOMICS)**

WHAKATANE DISTRICT Business Land Demand

Whakatane District Council

PROPERTY ECONOMICS

August 2008

SCHEDULE

Code	Date	Information / Comments	Project Leader
002	August 2008	Report	Tim Heath Phil Osborne

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WHAKATANE DISTRICT

Business Land Demand

1. INTRODUCTION

Property Economics has been engaged by Whakatane District Council to undertake a business land demand assessment to assess how much business land needed to be supplied to meet the district future needs.

Whakatane has two areas immediately south of the town centre (Option Areas 1 & 2), which are currently zoned for residential purposes but may be appropriate to be rezoned to allow for business activity to meet this future need.

The main purpose of this report is to determine whether Option Areas 1 & 2 will be sufficient to meet commercial land requirements out to 2046.

1.1 Objectives

The main objectives of this report are to:

- Forecast the growth in industrial and commercial employment
- Determine future demand of business land within the catchment by sector
- Assess industrial and commercial building consent trends
- Identify which Option Areas should be rezoned for business activity in order to meet future business land requirements
- Determine the quantum and timing of future business land requirements
- Assess future industrial land demand out to 2046

1.2 Information Sources

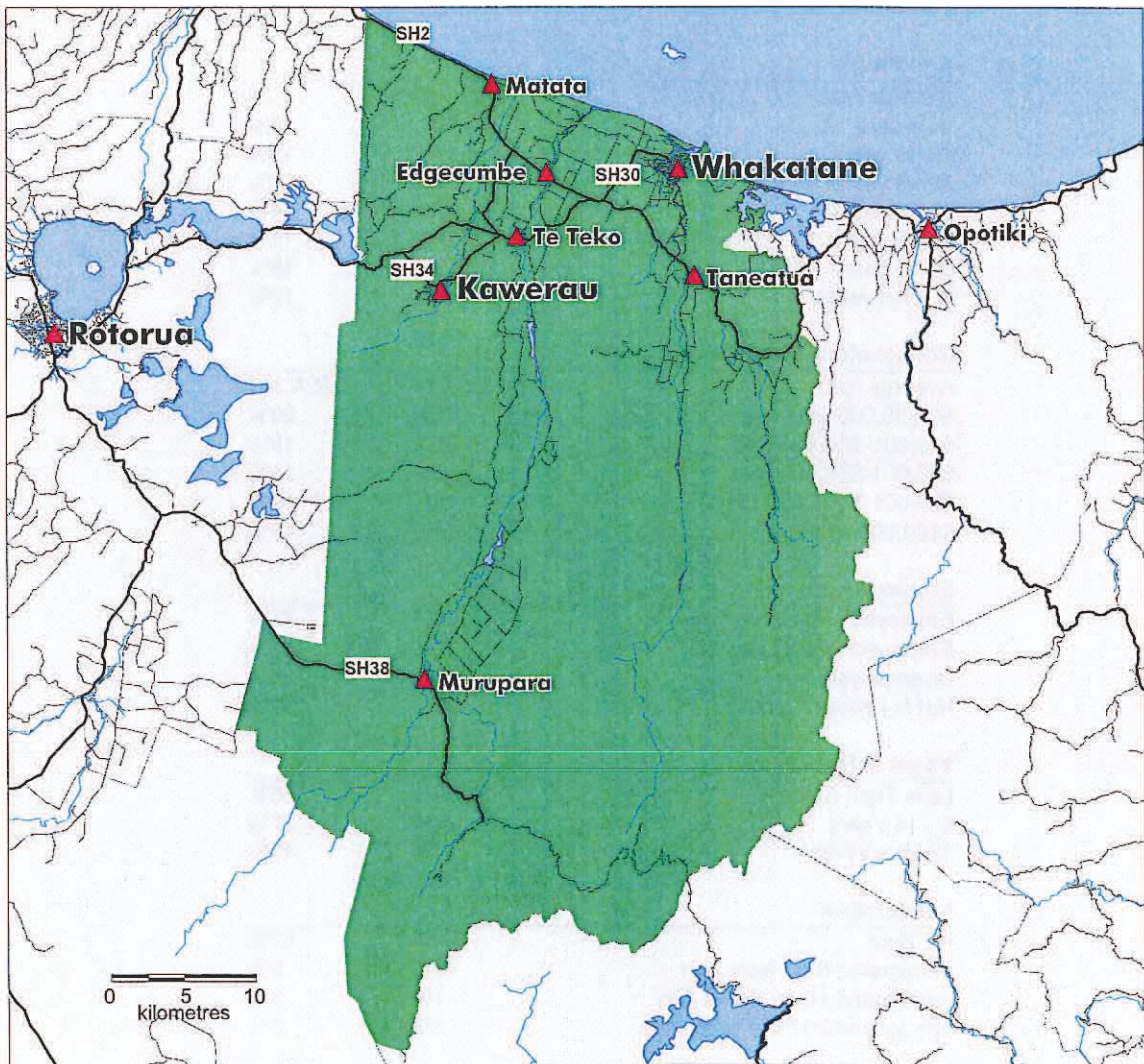
Information has been obtained from a variety of sources and publications available to Property Economics, including:

- Census of Population and Dwellings 2006 - Statistics NZ
- Household Economic Survey - Statistics NZ
- Household Projections - Whakatane District Council
- Retail Trade Survey - Statistics NZ
- Business Frame Data - Statistics NZ
- Building Consents - Statistics NZ

2. ECONOMIC CATCHMENT

Figure 1 below outlines the economic catchment and is the study area used as the basis for the analysis in this report. The area in green encompasses both the Whakatane and Kawerau Districts. Although the catchment below encompasses both the Whakatane and Kawerau Districts it is also based on geospatial proximity to other centres.

FIGURE 1: IDENTIFIED CATCHMENT (WHAKATANE & KAWERAU)



Source: Property Economics

2.1 Catchment Demographics

Tables 1 and 2 show the detailed demographic and economic statistics for the identified Whakatane catchment compared with New Zealand.

TABLE 1: DEMOGRAPHIC PROFILE (2008)

General	Whakatane	New Zealand
Population	39,848	4,079,035
Households	14,316	1,485,964
Person Per Dwelling Ratio	2.8	2.7
Age Profile		
Average Age	35	36
0-9 years	16%	14%
10-19 years	17%	15%
20-29 years	9%	13%
30-39 years	13%	14%
40-49 years	14%	15%
50-64 years	17%	16%
65 plus years	13%	12%
Household Income Profile		
Average (pa)	\$56,917	\$64,342
\$0-\$30,000 (pa)	36%	29%
\$30,001-\$50,000 (pa)	20%	19%
\$50,001-\$70,000 (pa)	16%	16%
\$70,001-\$100,000 (pa)	15%	16%
\$100,001 plus (pa)	14%	19%
Employment		
Employed - Full Time	69%	73%
Employed - Part Time	22%	22%
Unemployed	9%	5%
Not in Labour Force	35%	32%
Years at Residence		
Less Than 5 Years	52%	58%
5 - 14 Years	27%	27%
15 Plus Years	21%	15%
Immigration		
NZ Born	94%	82%
Immigrated 0-9 Years Ago	2%	9%
Immigrated 10-19 Years Ago	1%	3%
Immigrated 20 Plus Years Ago	3%	6%
Ethnicity		
European Ethnic Groups	49%	61%
Māori Ethnic Group	39%	13%
Pacific Peoples' Ethnic Groups	2%	6%
Asian Ethnic Groups	1%	8%
MELAA Ethnic Groups	0%	1%
Other Ethnic Groups	8%	10%

Source: Property Economics, Statistics NZ

TABLE 2: DEMOGRAPHIC PROFILE (2008)

Qualification Attainment	Whakatane	New Zealand
No Qualification	29%	22%
Secondary School	31%	36%
Trade / Vocational	18%	18%
Bachelor Degree	6%	10%
Higher Degree	2%	4%
Other	13%	10%
Industry of Employment		
White Collar	63%	69%
Blue Collar	37%	31%
Student Proportions		
Full Time	8%	11%
Part Time	6%	5%
Not Studying	86%	84%
Source of Income		
Unemployment Benefit	5%	2%
Self Employed/Own Business	10%	11%
Wages/Salary	38%	42%
Other Income	42%	41%
No Income	4%	4%
Weekly Hours Worked		
1 hr - 19 hrs	14%	13%
20 hrs - 39 hrs	22%	22%
40 hrs - 59 hrs	52%	55%
60 plus hrs	11%	10%
Number of Residents		
1 Residents	22%	23%
2 Residents	35%	34%
3 Residents	16%	17%
4 Residents	14%	15%
5 Residents	8%	7%
6 Residents	3%	3%
7 Residents	2%	1%
8 Plus Residents	1%	1%
Household Structure		
Single	21%	22%
Couple	29%	29%
Single Parent With Children	19%	13%
Two Parent Family	29%	31%
Other Multi-person	3%	5%
Home Ownership		
Residents Own / Mortgage	67%	67%
Rent	33%	33%

Source: Property Economics, Statistics NZ

Key points to note from Table 1 and 2 include:

- The identified catchment consists of just over 14,000 households, containing nearly 40,000 residents. The average household size for the study area is 2.8, marginally higher than the national average of 2.7.
- The average age of 35 years for the catchment is slightly lower than the national average age of 36 years. This is due to the slightly higher proportion of residents aged 19 years and under (33%) in the catchment, compared to 29% for NZ.
- The catchments average household income (\$56,900 pa) is significantly lower than the national average of \$64,300 pa. This is driven by the high proportion (36%) of the catchment that has an average household income below \$30,000 pa, influenced by lower education attainment of residents and a greater proportion of blue collar workers.
- Proportionally the level of unemployed (9%) within the identified catchment is considerably higher than the national average (4%), which would explain the higher proportion of residents obtaining an unemployment benefit. Again, this may be driven by the lower level of qualification attainment, with nearly a third (29%) of residents have no qualification.
- Ethnic composition of the catchment is significantly different from the national average with 39% being Maori (the national average is only 13%), and only half the population being European when the national average is around 60%.
- The average household size in the catchment is greater than the national average due in part to a larger proportion of single parents with children (19%).

3. POPULATION & HOUSEHOLD PROJECTIONS

Tables 3 & 4 display the population and household growth projections for the study area. These projections were sourced from Whakatane District Council.

Table 3 shows the population and household projections out to 2046 under medium and high growth scenarios. Under the medium growth scenario the catchment is expected to increase by approximately 2,150 households over the forecast period (15% growth).

TABLE 3: 'MEDIUM SCENARIO' POPULATION & HOUSEHOLD PROJECTIONS

Medium Scenario	2008	2011	2016	2021	2026	2031	2036	2041	2046
Population	39,848	39,552	38,913	38,225	39,358	39,599	39,819	40,014	40,252
Growth		-0.7%	-1.6%	-1.8%	3.0%	0.6%	0.6%	0.5%	0.6%
Households	14,316	14,494	14,822	14,980	15,299	15,594	15,885	16,170	16,476
Growth		1.2%	2.3%	1.1%	2.1%	1.9%	1.9%	1.8%	1.9%

Source: Whakatane District Council

As shown in Table 4, under the high growth scenario, the catchment is expected to increase by an additional 3,800 households by 2046 (growth of 26%).

TABLE 4: 'HIGH SCENARIO' POPULATION & HOUSEHOLD PROJECTIONS

High Scenario	2008	2011	2016	2021	2026	2031	2036	2041	2046
Population	39,848	40,926	40,768	40,593	41,372	42,094	42,829	43,573	44,394
Growth		2.7%	-0.4%	-0.4%	1.9%	1.7%	1.7%	1.7%	1.9%
Households	14,316	14,790	15,280	15,622	16,131	16,634	17,150	17,678	18,246
Growth		2.5%	3.3%	2.2%	3.3%	3.1%	3.1%	3.1%	3.2%

Source: Whakatane District Council

Tables 3 & 4 indicate that the number of households is increasing at a faster rate compared to the population due to a projected fall in the person per dwelling ratio over the forecast period. This is not isolated to the study area, but a trend projected to occur across the whole country due to an aging population and smaller families.

For long term planning purposes it is considered prudent in this instance to plan for the high growth scenario as it is not a significant difference between the two scenarios and could not result in inefficient use of land and infrastructure resources if the high growth scenario is not achieved.

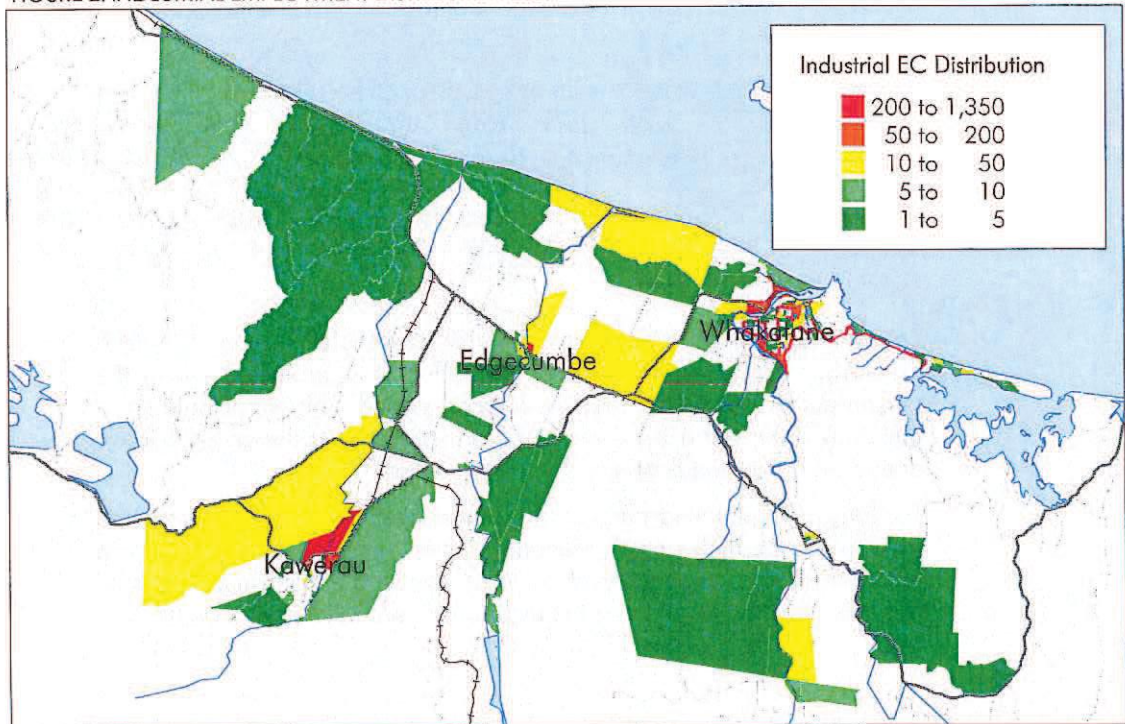
4. EMPLOYEE DISTRIBUTION

Figure 2 presents the industrial employment distribution within the Whakatane catchment. Industrial employees include those who are employed in:

- Manufacturing
- Electricity, Gas & Water Supply
- Construction
- Wholesale Trade
- Transport & Storage
- part of Agricultural, Forestry & Fishing and
- part of Mining.

It is important to note that only part of Agriculture, Forestry & Fishing and Mining employees are considered to be industrial, as only a portion of the employees working in these sectors require any industrial land.

FIGURE 2: INDUSTRIAL EMPLOYMENT DISTRIBUTION 2007



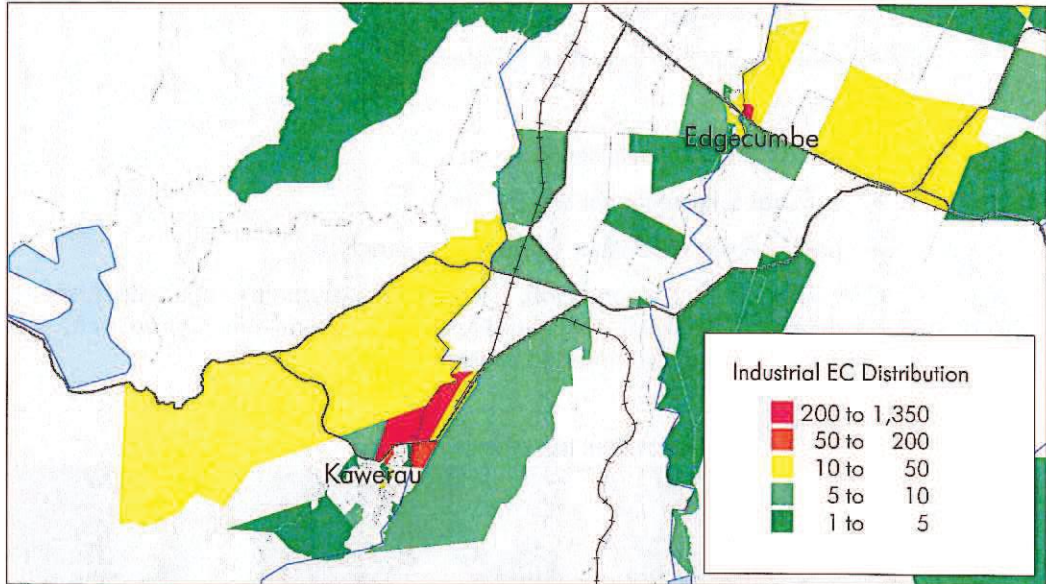
Source: Property Economics

Figure 2 illustrates that density of industrial employment geo-spatially around Kawerau and Whakatane catchment.

From this it is clear industrial employment is based around the urban areas of Whakatane and Kawerau, with the Fonterra factory in Edgecumbe also a significant employment node.

Drilling in more closely on Kawerau and Whakatane, from Figure 3 it is clear the high density areas for industrial employment are occupied by Pulp & Paper manufacturing such as SCA and Carter Holt Harvey (Kawerau), and Fonterra (Edgcumbe).

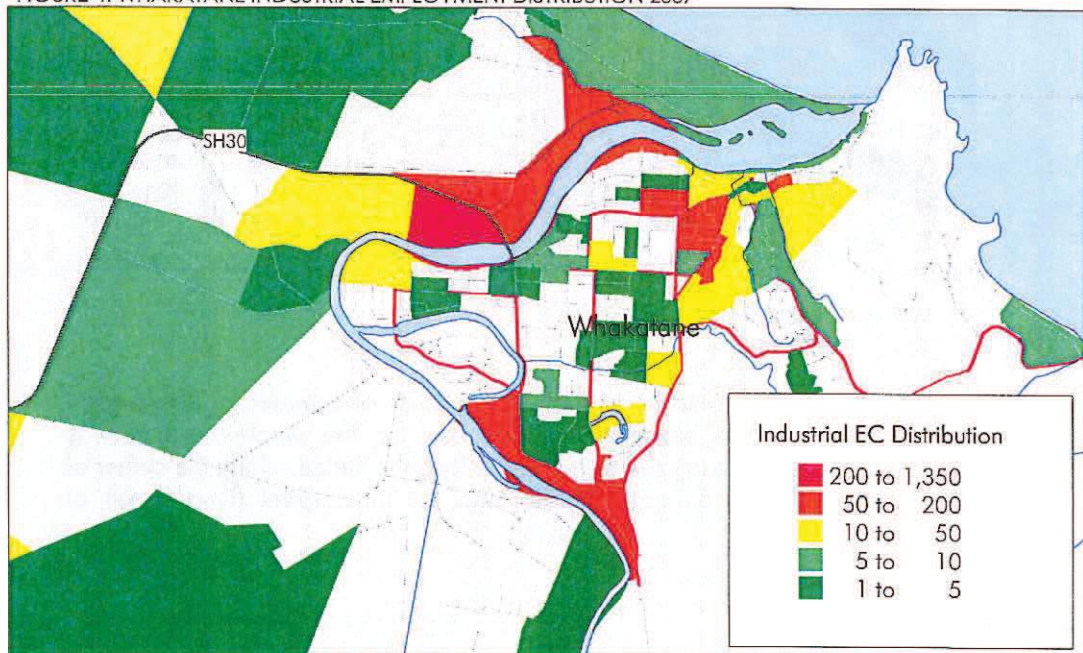
FIGURE 3: KAWERAU & EDGECCUMBE INDUSTRIAL EMPLOYMENT DISTRIBUTION 2007



Source: Property Economics

Within Whakatane there is one area located along Mill Rd and State Highway 30 with high density industrial employment. This area is currently used by the Whakatane Board Mills (Carter Holt Harvey Packaging).

FIGURE 4: WHAKATANE INDUSTRIAL EMPLOYMENT DISTRIBUTION 2007



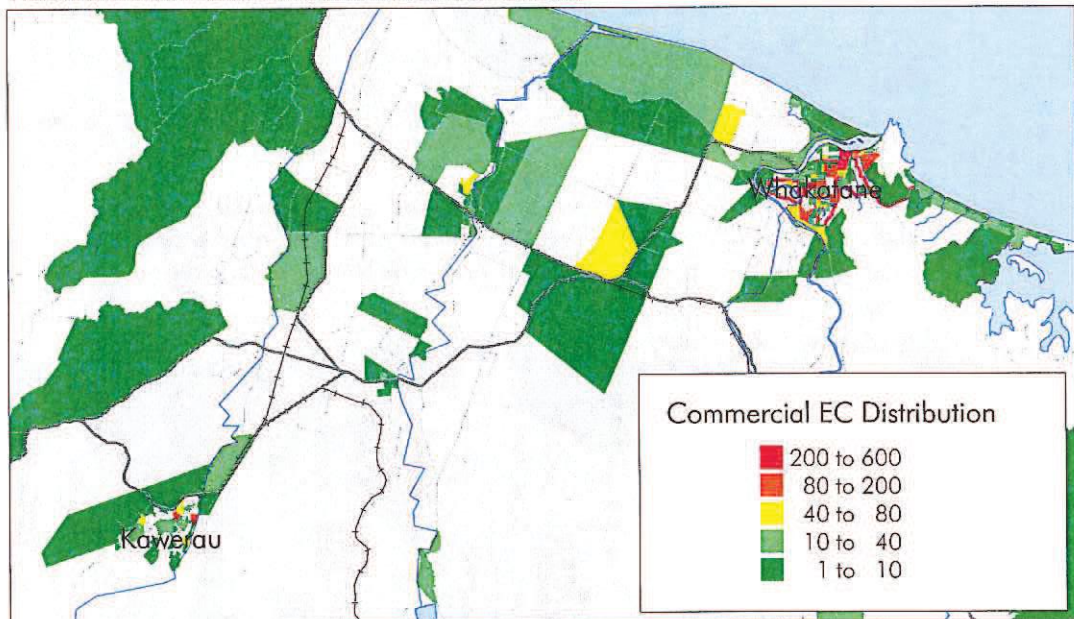
Source: Property Economics

Figure 5 displays the commercial employment distribution throughout the catchment. Commercial employees include those who are employed in:

- Communication Services
- Property & Business Services
- Finance & Insurance
- Government Administration & Defence
- Education
- Health & Community Services
- Cultural & Recreational Services, and
- part of Accommodation, Cafes & Restaurants

Only part of Accommodation, Cafes & Restaurants employees are considered commercial, e.g. management team and other office staff, whereas waitresses are classified as retail employees.

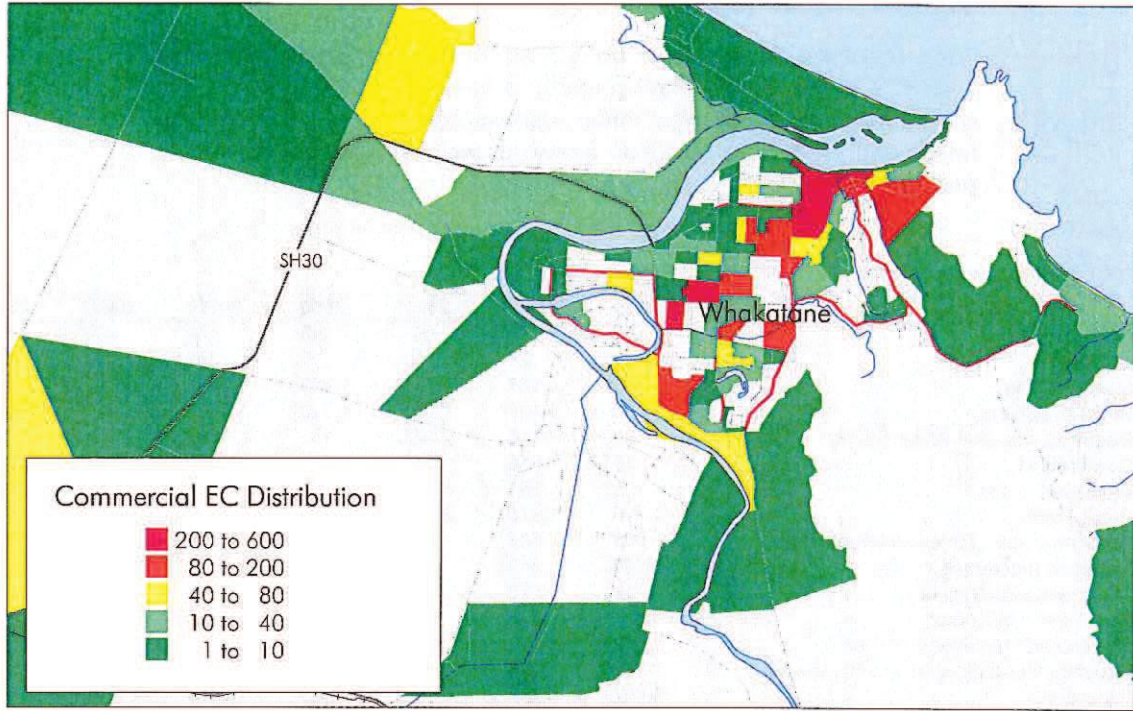
FIGURE 5: COMMERCIAL EMPLOYMENT DISTRIBUTION 2007



Source: Property Economics

Figure 6 illustrates the highest density areas of commercial employment geo-spatially. Commercial employment for the whole catchment is focused in Whakatane Town Centre along the Strand, along the corner of Garaway and Stewart St and along the main street (King Street) of Kopeopeo.

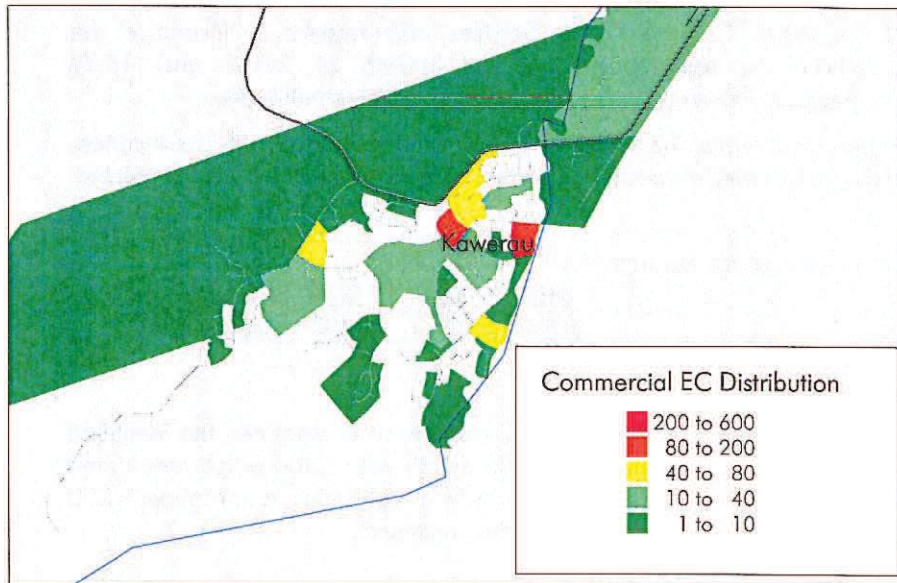
FIGURE 6: WHAKATANE COMMERCIAL EMPLOYEE DISTRIBUTION 2007



Source: Property Economics

Figure 7 shows the majority of commercial employees in Kawerau are also located in the town centre and along River Road (Kawerau College).

FIGURE 7: KAWERAU COMMERCIAL EMPLOYEE DISTRIBUTION 2007



Source: Property Economics

5. EMPLOYMENT PROJECTIONS

Table 5 outlines the employee projections for the study area identified in Section 2 of the report. These projections have been derived taking into consideration recent business trends, demographic changes, international trends and projected population growth as well as trended labour force participation within the study area.

TABLE 5: MEDIUM GROWTH EMPLOYMENT PROJECTIONS BY SECTOR

	2000	2005	2011	2016	2021	2026	2046
Agriculture	55	50	52	45	45	47	53
Mining	18	21	18	16	16	17	19
Manufacturing	1,068	1,169	1,263	1,245	1,225	1,297	1,447
Wood Processing	1,689	1,408	1,346	1,313	1,293	1,369	1,527
Electricity, Gas and Water Supply	36	110	122	132	130	138	154
Construction	615	918	901	889	865	926	1,033
Wholesale Trade	293	361	369	383	377	399	445
Retail Trade	1,726	1,975	2,025	1,930	2,002	1,888	2,015
Accommodation, Cafes and Restaurants	503	606	615	573	656	585	623
Transport and Storage	346	342	333	318	314	332	370
Communication Services	19	75	62	158	65	243	281
Finance and Insurance	134	175	249	338	263	412	464
Property and Business Services	623	923	890	980	920	1,092	1,221
Government Administration and Defence	366	454	471	460	466	487	538
Education	1,292	1,705	1,850	2,025	2,015	2,208	2,574
Health and Community Services	1,417	1,630	1,500	1,277	1,535	1,325	1,471
Cultural and Recreational Services	189	223	210	198	220	209	232
Personal and other Services	395	516	570	653	610	741	829
Total All Industries	10,785	12,661	12,846	12,945	13,018	13,714	15,296

Source: Property Economics, Statistics NZ

Table 5 indicates that over the next 38 years, around 2,500 new jobs will be created within our catchment using medium growth projections.

From 2005 Communication Services and Finance & Insurance are predicted to experience significant growth of 270% and 160% respectively, however both these are off relatively small bases.

In nominal terms, the sector which will see the most growth is education, with an increase of around 870 employees from 2005 to 2046 projected.

TABLE 6: HIGH GROWTH EMPLOYEE PROJECTIONS

	2000	2005	2011	2016	2021	2026	2046
Total All Industries	10,785	12,661	13,496	13,766	14,027	14,623	18,646

Source: Property Economics, Statistics NZ

Under the high growth projection scenario, it is estimated the identified catchment will have around 18,600 employees, 3,300 employees higher than those estimated with medium growth projections, and around 5,500 employees more than currently in the catchment.

6. PROJECTED LAND DEMAND

This section determines the future industrial and commercial land demand of the study area based on the aforementioned growth projections.

The forecasts for land demand assume that the existing ratio of land area per employee remains constant at existing land utilisation rates, and that no large exogenous changes (positive or negative) occur over this time.

The figures represent a gradual increase in industrial, commercial and retail employment and land requirements to service a growing population and internalisation of the business sector. The figures quoted for land requirements also assume that all floorspace is at grade, i.e. all industrial and commercial activity is at ground level.

6.1 Industrial Land Demand

In the industrial land demand tables the "Other" category includes the following ANZSIC categories:

- Electricity, Gas, & Water Supply,
- 10% of Agriculture, Forestry & Fishing, and
- 10% of Mining.

TABLE 7: MEDIUM GROWTH FORECASTED DEMAND FOR INDUSTRIAL LAND

Employee Growth	Manufacturing	Transport & Storage	Construction	Wholesale Trade	Utilities	Other	Total
2007-2011	144	-6	-11	6	5	-7	132
2011-2016	-19	-14	-12	14	10	7	-14
2016-2021	-19	-5	-24	-6	-2	4	-51
2021-2026	72	18	61	22	8	-2	179
2026-2031	38	10	27	12	4	0	90
2031-2036	37	10	27	11	4	0	89
2036-2041	36	9	26	11	4	0	87
2041-2046	39	10	28	12	4	-2	90
2007-2046	328	31	121	82	37	1	601
Floorspace Growth (sqm)							
2007-2011	8,737	-375	-255	462	712	-436	8,844
2011-2016	-1,143	-816	-287	1,000	1,302	460	516
2016-2021	-1,159	-284	-549	-428	-266	292	-2,394
2021-2026	4,330	1,062	1,417	1,597	994	-110	9,290
2026-2031	2,272	557	622	838	521	-1	4,809
2031-2036	2,254	553	617	832	517	-3	4,771
2036-2041	2,202	540	603	812	506	7	4,671
2041-2046	2,341	574	641	864	537	-125	4,833
2007-2046	19,833	1,811	2,810	5,977	4,824	85	35,340
Land Requirements (sqm)							
2007-2011	28,160	-1,424	-835	1,782	2,456	-1,497	28,643
2011-2016	-3,684	-3,095	-940	3,863	4,491	1,577	2,212
2016-2021	-3,736	-1,078	-1,797	-1,652	-917	1,002	-8,178
2021-2026	13,955	4,029	4,641	6,169	3,427	-376	31,845
2026-2031	7,322	2,114	2,038	3,237	1,798	-3	16,504
2031-2036	7,266	2,098	2,022	3,212	1,784	-10	16,372
2036-2041	7,098	2,049	1,975	3,138	1,743	25	16,029
2041-2046	7,545	2,178	2,100	3,336	1,853	-428	16,584
2007-2046	63,925	6,870	9,204	23,085	16,635	292	120,010

Source: Property Economics

Table 7 shows that under medium growth the study area can expect demand for an additional 12 hectares of industrial land by 2046. On top of that, allowing 15% for vacant land is appropriate to keep the dynamic of the market (i.e. no significant over or under supply), therefore, a total of 14 hectares of additional land is required by the catchment by 2046.

TABLE 8: HIGH GROWTH FORECASTED DEMAND FOR INDUSTRIAL LAND

Land Requirements (sqm)	Manufacturing	Transport & Storage	Construction	Wholesale Trade	Utilities	Other	Total
2007-2046	108,999	21,854	26,580	42,238	32,702	3,432	235,804

Source: Property Economics

Under the high growth scenario the catchment can expect demand for an additional 24 hectares of industrial land by 2046. Allowing for 15% vacant land would bring the total to 28 hectares.

Manufacturing is projected to have the largest land requirement of approximately 6.4 hectares by 2046 (53% of the growth in industrial land requirements) under medium growth projections, and around 10.9 hectares under high growth projections.

Wholesale Trade is projected to require around 20% of the total industrial land requirements by 2046.

6.2 Commercial Land Demand

In the commercial land demand tables the "Other" category includes the following ANZSIC categories:

- 1/10 Education,
- Cultural and Recreational Services, and
- 1/3 Accommodation, Cafes and Restaurants.

Note: Only 10% of education has been included as Primary, Secondary and Tertiary Education Institutions are most likely to locate outside of the town centre.

TABLE 9: MEDIUM GROWTH FORECAST DEMAND FOR COMMERCIAL LAND

Employee Growth	Communication	Property, Business Services & Finance	Health	Government	Other	Total
2007-2011	-11	18	-98	6	-5	-90
2011-2016	96	180	-223	-11	-8	34
2016-2021	-93	-135	258	6	49	85
2021-2026	178	320	-210	21	-16	294
2026-2031	13	48	18	12	19	110
2031-2036	9	45	53	13	17	137
2036-2041	8	43	37	13	19	119
2041-2046	8	45	39	13	18	123
2007-2046	208	565	-127	73	92	812

Floorspace Growth (sqm)						
2007-2011	-387	553	-5,684	266	-408	-5,660
2011-2016	3,362	5,387	-12,935	-476	-672	-5,334
2016-2021	-3,248	-4,050	14,965	255	3,891	11,813
2021-2026	6,218	9,614	-12,172	961	-1,279	3,342
2026-2031	460	1,447	1,036	556	1,509	5,009
2031-2036	330	1,348	3,069	564	1,388	6,698
2036-2041	278	1,299	2,132	568	1,499	5,776
2041-2046	271	1,344	2,247	604	1,442	5,907
2007-2046	7,285	16,941	-7,342	3,298	7,370	27,552

Land Requirements (sqm)						
2007-2011	-1,335	1,908	-19,600	917	-907	-19,016
2011-2016	11,594	18,574	-44,603	-1,642	-1,493	-17,570
2016-2021	-11,200	-13,966	51,603	880	8,646	35,964
2021-2026	21,442	33,150	-41,971	3,313	-2,842	13,092
2026-2031	1,587	4,990	3,571	1,918	3,354	15,421
2031-2036	1,138	4,647	10,582	1,946	3,084	21,397
2036-2041	960	4,480	7,352	1,957	3,332	18,081
2041-2046	935	4,635	7,747	2,081	3,204	18,602
2007-2046	25,121	58,419	-25,319	11,371	16,378	85,970

Source: Property Economics

Table 9 shows a negative land requirement for health under medium growth projections, however it must be noted a negative land requirement does not necessarily mean there will be a reduction in the amount of land used for health purposes. There will simply be a reduction in efficiency of land use.

For example, if a hospital loses a number of staff it doesn't mean part of the hospital will be sold to use for other commercial purposes, it simply means there will be a loss of efficiency.

Therefore although Table 9 shows demand for an additional 8.6 hectares of commercial land by 2046, actual demand will be around 11 hectares as there will not be a reduction in the amount of land used for health only a reduction in the efficient use of the land.

Added to this should be 15% vacant land to ensure that the market operates without artificial stimuli, meaning the study area will require approximately 13 hectares of commercial land by 2046.

TABLE 10: HIGH GROWTH FORECAST DEMAND FOR COMMERCIAL LAND

Land Requirements (ha)	Communication	Property, Business Services & Finance	Health	Government	Other	Total
2007-2046	30,470	48,296	40,600	26,347	39,970	185,683

Source: Property Economics

Under high growth projections, the catchment can expect additional demand for 18.6 hectares of commercial land. Of these land requirements around 26% is from the Property, Business & Finance industries and 21% from Health.

Applying a 15% buffer means around 22 hectares of additional commercial land will be required by 2046.

6.3 Retail Land Demand

There is also a need to add retail demand to the commercial land demand projections given it typically occupies business land in town centres.

The retail spend generated by the household growth is based on the Property Economics Retail Growth Model. This is based on the Retail Trade Survey, Household Economic Survey, employment and tourist growth, and the aforementioned growth projections for the identified catchment.

The figures reported are assessed by determining the average household spend, as per the Statistics NZ Retail Trade Survey, and then adjusting for the study area's population, household size, average income level, and demographic profiles.

Growth in real (inflation adjusted) retail spend has also been incorporated at a rate of 1% per annum over the forecast period. The 1% rate is an estimate based on the level of debt retail spending, interest rates and changes in disposable and discretionary income levels.

Note the figures below are in 2006 dollars and exclude the retail categories of accommodation (hotels, motels, backpackers, etc) and vehicle and marine sales & services (car yards, boat shops, caravan sales, Repco, Super Cheap Autos, tyre stores, panel beating, mechanical repairs), as these sectors are not considered to be core retail expenditure, nor fundamental retail centre activities in terms of visibility, location, or viability.

PROPERTY ECONOMICS

The figures also exclude trade based activities such as Resene, ITM, Mico Bathrooms, Plumbing World, PlaceMakers, Guthrie Bowron etc.

TABLE 11: 'MEDIUM GROWTH' RETAIL SPEND GENERATION (\$M) (\$2006)

	2008	2011	2016	2021	2026	2046	Growth 2008-2046
Food Retailing	114	120	130	139	149	192	77
Footwear	6	7	8	9	10	13	7
Clothing and Softgoods	31	33	36	40	43	56	26
Furniture and Floorcoverings	13	14	15	16	17	22	8
Appliance Retailing	17	18	19	20	22	28	11
Hardware	9	10	10	11	12	15	6
Chemist	18	19	21	23	25	32	14
Department Stores	35	38	42	46	50	64	29
Recreational Goods	28	29	32	35	37	48	20
Cafes, Restaurants and Takeaways	62	66	72	79	85	110	48
Personal and Household Services	20	21	23	26	28	36	16
Other Stores	26	27	30	32	35	45	19
Total	380	401	439	477	513	662	281

Source: Property Economics

Table 11 shows the total amount of retail spend generated annually by the catchment. Currently the catchment is estimated to generate around \$380m in retail expenditure annually. By 2046, the total annual retail spend is estimated to reach around \$662m, growth of around \$280m (equivalent to 73%) over the forecast period.

Based on the population and household projections identified in Section 3, and retail demand estimates shown above, Table 12 estimates how much retail floorspace can be sustained by the catchment by retail category over the forecast period. These figures are calculated using retail spend and floorspace productivities for each retail sector. These are shown by sector in Appendix 1.

Table 12 shows that under medium growth projections the study area will have demand for around 72,000 sqms of retail floorspace by 2021, and nearly 100,000 sqms by 2046. The largest growth sectors include Food Retailing and Cafes, Restaurants & Takeaways.

TABLE 12: MEDIUM GROWTH RETAIL FLOORSPACE (SQM)

	2008	2011	2016	2021	2026	2046
Food Retailing	9,156	9,589	10,378	11,124	11,939	15,339
Footwear	916	1,008	1,185	1,392	1,502	1,963
Clothing and Softgoods	4,104	4,367	4,854	5,386	5,796	7,510
Furniture and Floorcoverings	3,854	4,010	4,285	4,535	4,866	6,249
Appliance Retailing	4,879	5,095	5,487	5,840	6,264	8,032
Hardware	2,665	2,783	2,998	3,190	3,422	4,388
Chemist	1,810	1,919	2,118	2,331	2,507	3,242
Department Stores	10,090	10,726	11,909	13,171	14,166	18,321
Recreational Goods	5,585	5,869	6,377	6,903	7,421	9,584
Cafes, Restaurants and Takeaways	6,906	7,299	8,010	8,785	9,453	12,248
Personal and Household Services	3,061	3,254	3,613	4,000	4,304	5,571
Other Stores	3,993	4,199	4,574	4,948	5,315	6,847
Total	57,019	60,118	65,787	71,604	76,956	99,294

Source: Property Economics

Under the high growth scenario as shown in Table 13, estimates show demand for retail floorspace will reach around 108,000sqms by 2046.

TABLE 13: HIGH GROWTH RETAIL FLOORSPACE (SQM)

2008	2011	2016	2021	2026	2046	Growth 2008-2046
57,019	61,471	68,031	75,003	81,483	108,170	50,653

Source: Property Economics

7. BUILDING AND CONSENT TRENDS

Table 14 displays the commercial and industrial building consent trends in the study area over the past 10 years. It is important to note that the figures listed below are for new buildings only and do not include alterations or additions to existing buildings.

TABLE 14: COMMERCIAL & INDUSTRIAL BUILDING CONSENTS

Year ended July	Commercial		Industrial	
	Value (\$m)	Floor Area (sqm)	Value (\$m)	Floor Area (sqm)
1996	4.55	4,973	18.03	7,173
1997	5.17	8,215	18.00	18,264
1998	2.46	2,893	0.93	3,113
1999	4.37	4,527	1.26	4,125
2000	1.20	1,778	3.88	2,149
2001	6.36	5,615	1.33	1,437
2002	3.18	4,344	1.45	3,186
2003	7.95	6,213	0.46	1,678
2004	4.14	6,122	3.90	10,359
2005	5.36	6,207	3.05	6,032
2006	2.41	3,094	2.70	4,967
Average	4.29	4,907	5.00	5,680

Source: Property Economics, Statistics NZ

Table 14 indicates that the total commercial building consents range from 1,700 sqm to 8,200 sqm annually, with an annual average of 4,900 sqm between July 1996 and 2006. The average value of commercial building is \$875/sqm.

The average annual industrial building consents is higher than commercial building consents in terms of floor area (5,700 sqm) and value (\$5m). The average value of industrial building is \$880/sqm.

Given that over the last 6 years consented commercial floorspace has been around 30,000sqms with an increase of just less than 2,000 employees the land demand estimates in this report would appear appropriate.

The projections in this report show an increase of nearly 2,500 employees over the forecast period and floorspace estimates of around 27,000sqms.

8. CURRENT INDUSTRIAL LAND SUPPLY

For the purposes of this report industrial zoned land refers to the Whakatane District zones Business 3 and Business 4, and the Kawerau District zones 1B, 4A, 7A, 7B and 7B, as identified by respective Councils.

Table 15 shows industrial land provision for the Whakatane and Kawerau catchment. From Table 15, the Whakatane catchment has just under 400 ha of industrial zoned land with 14% (57 ha) vacant.

TABLE 15: INDUSTRIAL LAND PROVISION

	Utilised (ha)	Vacant (ha)	Vacancy Rate	Total (ha)
Mill Road	42	24	37%	66
Whakatane South	18	0	1%	18
Whakatane TC	1	0	0%	1
Edgecumbe	29	10	25%	39
Kawerau	202	20	9%	222
Murupara	46	3	5%	49
Total	337	57	14%	394

Source: Whakatane DC, Kawerau DC

N.B. Whakatane Figures current to July 06,
Kawerau Figures updated to December 05

The majority of industrial zoned land is located within Kawerau. Kawerau has a total of 222 ha of industrial zoned, 56% of the total study area's provision. Kawerau also has the highest amount of vacant land, accounting for half of the catchments' provision. The 20 ha of vacant land in Kawerau translates to a vacancy rate of 10%, slightly below the catchments average vacancy. Note the vacant land represents the land zoned for industrial activity, but may not be currently on the market.

A 10% industrial land vacancy rate in Kawerau is at the low end of what is considered an appropriate buffer, especially when Kawerau is susceptible to large industrial businesses (such as sawmills, paper mills, etc) absorbing large tracts of industrial land in one application. In this regard, it is considered prudent for Kawerau District Council to start considering rezoning additional industrial land to increase this buffer and formalize a long term plan for where future industrial activity should locate.

It is noteworthy that two pockets of industrial zoned land, totaling 10 ha located in Kawerau have no current access. District Plans indicate provision for roading but nothing as yet is on the ground. The lack of access to these sites could be prohibitive; however should demand conditions be conducive the access issues can be overcome.

The Mill Road industrial node has the second largest industrial land area and the second largest allotment of vacant industrial land. Mill Road has 66 ha of industrial zoned land with 24 ha vacant. The vacancy rate in Mill Road of 37% is well above the catchments' average vacancy, indicating that there is an ample supply of industrial land in this area. Mill Road is facing demand from other uses, in particular large format retail designating this node as a good location.

Murupara also has a significant supply of industrial land. However, Murupara has limited vacant land with forestry activities taking up the majority of land.

Edgecumbe accounts for 13% of vacant industrial land in the study area. Edgecumbe has 9.8 ha of vacant industrial land out of a total of 29.1 ha, with a vacancy rate of 25%.

9. BUSINESS LAND DEMAND

As stated earlier in this report it is prudent, for planning purposes, to have regard for the high growth projections in terms of industrial, commercial and retail land demand.

In terms of industrial land use demand, this report projects over the next 8 years that approximately 4.5 ha of industrial zoned land will be required to absorb projected growth in the industrial sectors. Over the medium term to 2026 however, a total of 12 ha of additional industrial zoned land will be required. Projections point to a fall in activity and therefore industrial land demand over the 2011-2021 period. Including the 15% buffer will increase these figures to 5.2 ha and 14 ha respectively. Over the longer term (2046) based on the past 15-years trends, the Whakatane and Kawerau catchment would require a total of approximately 28 ha of industrially zoned land.

With 57 ha of vacant industrial zoned land in the Whakatane catchment currently, the additional land requirements will easily be satisfied. In fact, figures indicate that the Whakatane catchment could afford to rezone some of the existing industrial land to other uses and continue to provide adequate industrial land for projected growth.

An important aspect of the Whakatane catchments' industrial land demand is the change in sectors where this demand will come from. This makes the locational aspect of the Whakatane catchments' industrial land highly important.

Commercial land demand estimates are also based off Whakatane Council's 'high' projections. These projections are reiterated in the next section with regards to the zoning 'options'. The staging of this growth in demand is expected to show an increase to 2016 of 4 ha. This demand rises to a land requirement of just over 10 ha by 2026. Long term growth projections (2046) indicates a demand for 18.5 ha of total commercially zoned land, the majority of which will be accommodated near the Whakatane Town Centre, with the inclusion of a 15% 'buffer', this equates to just over 21 ha of commercial land demand.

Retail land demand is derived primarily from residential growth and income growth. Thus the adoption of Whakatane Council's 'high' growth projections will drive the projections of growth to an almost linear level. It is expected that by 2016 retail spend generated in the catchment will have grown to over \$450m pa. This represents growth of \$70m from the current spend and translates to growth in land demand of 3 ha. This demand increases to 6 ha by 2026, and a total of 11 ha by 2046.

10. OPTION AREAS 1 & 2

There are two option areas in Whakatane under consideration which are possible locations to accommodate for increased commercial activity in the area.

Option 1 area is the block bound by McAlister St, Pine St, Commerce St and Merrit St and has a size of 7.7ha. Option 2 area is the block bound by Commerce St, McAlister St and Merrit St and has a size of around 5.8ha.

Table 16 shows suggested phases which are recommended to implement over the forecast period. Phase 1 in 2016, it is recommended that around 2.5 hectares of residential land in Option Area 1 be rezoned for business. Around 2026 an additional 4.5 hectares of land should be rezoned for business within Option Area 1. The final phase in 2046, should see around 6.5 hectares of land rezoned for business, most of which will encompass Option Area 2. In total given our projections it is recommended both Option areas be rezoned for business activity by 2046.

TABLE 16: PHASED REZONING OF OPTION AREAS 1 & 2

Phase 1	2016	Retail	3 ha	
		Commercial	4 ha	
		Total	7 ha	Option 1
Phase 2	2026	Retail	3 ha	
		Commercial	6 ha	
		Total	9 ha	Option 1&2
Phase 3	2046	Retail	5 ha	
		Commercial	8.5 ha	
		Total	13.5 ha	Option 2
Phase 1,2 & 3 Total			29.5 ha	

Source: Property Economics

Note the above figures are on the basis that forecast growth is all 'at grade'. Realistically some two-level commercial space will be developed, and should be encouraged to be developed to ensure an efficient use of the scarce land resource. As such, if all the additional commercial demand projected was two levels, then the amount of commercial land required would be half that identified in the table above.

Rezoning Option Areas within a staged process will allow for the increasing demand for commercial land to be met without saturating the market prematurely, and organically grow the town from the centre out to ensure it grows in an efficient manner.

Note that we have assumed a displacement between the level of retail and commercial land. As increased business zoning takes place within the Option Areas, it is expected that the level of non-retail commercial will fall within the main centre and will be replaced with retail. Therefore, it is assumed most of the land within Option Areas 1 & 2 will be used for commercial purposes rather than retail.

Given the land demand projections in this report, Whakatane has sufficient land within Option Areas 1 & 2 that can be rezoned for business purposes to meet the projected commercial land demand requirements. If Whakatane were to experience high growth, land requirements could also be met using these two Option areas.

PROPERTY ECONOMICS

This is primarily a demand assessment, and projects land demand based on forecast growth, but may not necessarily represent how much new additional business land is required to cater for this future growth as it excludes a business land supply analysis. This would identify current business land vacancies, underutilised sites, existing business land capacity, etc to compliment the demand assessment.

No doubt additional business zoned land is required to cater for future growth, but the appropriate amount of land to rezone and timeframes for this can only be accurately determined with undertaking a business land supply assessment so a 'net additional business land requirement' can be determined. For these reasons a business land supply assessment is recommended.

11. APPENDIX 1: SUSTAINABLE PRODUCTIVITIES BY SECTOR

Retail Activities	Net Floorspace Productivities (\$/sqm)
Food Retailing	\$12,500
Footwear	\$6,500
Clothing and Softgoods	\$7,500
Furniture and Floorcoverings	\$3,500
Appliance Retailing	\$3,500
Hardware	\$3,500
Chemist	\$10,000
Department Stores	\$3,500
Recreational Goods	\$5,000
Cafes, Restaurants and Takeaways	\$9,000
Personal and Household Services	\$6,500
Other Stores	\$6,500