PROPERTY ECONOMICS

SEPTEMBER 2012

NELSON / TASMAN COMMERCIAL CENTRE ASSESSMENT

NELSON CITY & TASMAN DISTRICT COUNCILS

Code	Date	Information / Comments	Project Leader
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DISCLAIMER

Property Economics has taken every care to ensure the correctness of all the information contained in this report. All information has been obtained by what are considered to be reliable sources, and Property Economics has no reason to doubt its accuracy. It is however the responsibility of all parties acting on information contained in this report to make their own enquiries to verify correctness. This document has been prepared for the use of Nelson City & Tasman District Councils only.

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1. INTRODUCTION

Property Economics has been engaged by Nelson City Council (**"NCC"**) and Tasman District Council (**"TDC"**) to undertake an assessment of the retail and commercial markets within the two territorial authority (**"TA"**) areas, with focus on identifying the scale of future demand across these sectors and how best to cater for projected future growth. This assessment builds on a report recently completed by Property Economics for the TDC, which focused on similar issues for the Richmond Town Centre specifically.

To assist in the understanding and consumption of this assessment the market will be split into two sections Retail and Commercial. The current and forecast markets for these sectors will be assessed separately giving a detailed overview of each sector, albeit acknowledging these two sectors are intrinsically linked and 'feed off' each other in a commercial centre context.

The final sections of the report will assimilate the assessed data information to provide recommendations on how best the commercial network across the two territorial authorities can accommodate the wider area's future business requirements as a whole.

It is considered important to acknowledge at the front end of this report that Property Economics consider the two territorial authorities effectively operate as a single economic market. While there is a planning boundary drawn across the urban fabric of the city just south of Stoke to create two political entities, this has little relevance in relation to how the market functions as an economic unit. As such, the report has it genesis on this basis, i.e. it is driven from a commercial perspective rather than any political viewpoint.

1.1. OBJECTIVES

The more specific objectives of this study are to:

- Identify and illustrate the geo-spatial extent of indicative retail demand catchments for Nelson and Tasman retail centres.
- Determine the current market size of the region as a whole (and by indicative trade catchments) in terms of population and households, and forecast this out over a planning horizon to 2036.
- Profile the markets in terms of key economic and social demographic characteristics such as age, income, employment, household structure, and ethnicity.
- Assess and identify the composition of each centre to determine its current role and function in the wider regional network.
- Analyse the inflow and outflow of retail expenditure within the regions and how they function on a national level.
- Determine the level of retail expenditure by sector and location generated in Nelson and Tasman and forecast this out to the 2036.
- Determine the quantum of sustainable retail floorspace that can be supported by the catchments at present and over the forecast period.
- Undertake a retail audit of each centre in Nelson and Tasman and measure the net trade area of all retail activity in each centre, whilst identifying the quantum and type of commercial services.
- Compare forecast sustainable retail floor area to the existing retail provision and assess the timing of potential future growth.
- Profile the existing commercial employment composition of centres in Nelson and Tasman, and show trends over the last decade to show shifts in the market.
- Identify the implications of market growth and what it means for commercial activity in terms of scale, activity types and land requirements.

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 (extrapolated to 2012 by Property Economics)
- Household and Population Projections – Statistics NZ, NCC, TDC
- Residential Building Consents – Statistics NZ
- Household Economic Survey - Statistics NZ
- Nelson and Tasman Catchment and Centre Visits - Property Economics
- Nelson and Tasman Centre Retail Audits – Property Economics
- Retail Trade Survey - Statistics NZ
- New Zealand Shopping Centre Directory 2011 / 12 – Property Council NZ
- Business Frame Employment Data – Statistics NZ
- MarketView Retail Transaction Data 2011 - BNZ

2. EXECUTIVE SUMMARY

Growth: Although not pronounced, it is expected that the Nelson / Tasman regions (catchment) will experience steady levels of retail and commercial growth over the next 25 years (to 2036) on the back of a projected growth of 11,700 people and 9,100 dwellings across both regions, coincidentally at an average of 1 new dwelling a day. To give this level of growth a comparative context, this equates to growth equivalent to just under the population of Gore sprinkled throughout both regions by 2036.

The location and enabling of this growth in the region will be fundamental to both the long term competitiveness of this businesses environment and the wellbeing of the community. As such, given the scale, type and distribution of forecast growth it is recommended that the majority of retail and commercial growth is accommodated within the three existing main commercial centres of Nelson CBD, Richmond and Motueka Town Centres. There exists more than sufficient capacity in the 'existing environment' (factoring in the Nelson City Centre expansion areas as proposed in the Heart of Nelson Strategy, the Richmond West Mixed Business Zone and the Mitre10 Mega centre) to accommodate projected growth that is unlikely to result in any property congestion, market instability, or any adverse effects on centre amenity.

The analysis in this report has been undertaken from a 'top-down' perspective due to the fact that the retail and business activity effectively operates as a single market in the wider region due to the population size and accessibility to the community. The retail markets in the Nelson / Tasman area interacts substantially with between 13%-26% of spending originating in the other district.

Retail: In terms of retail activity the assessment has highlighted growth in annual spending of $540m in the catchment by 2036. This increased retail expenditure is sufficient to support around 50,000sqm of Specialty retailing gross floor area (**"GFA"**) and 60,000sqm of large format retailing (**"LFR"**). However, the current retail provision within the market would suggest that around 96,000sqm GFA of additional retail activity needs to be provided by 2036, split by 31,000sqm GFA of Specialty retailing and 65,000sqm GFA of LFR activity.

Currently 70% of retail activity (by floor area) is located within the three main centres identified above with the remaining floorspace predominantly spread amongst centres that are fulfilling a local or neighbourhood convenience role. It is clear from the distribution of this floorspace, within the main centres, that there remains significant movement into the Nelson CBD which currently accommodates nearly 40% of the total assessed market's retail space.

The growth identified in this analysis is expected to be of a scale that the redevelopment potential within the main centres is sufficient to accommodate a significant proportion of future requirements. Not only is this situation possible but it is also recommended that Nelson CBD, Richmond, and Motueka accommodate the majority of this growth (to a level that is currently exhibited, 70%), so as to provide greater levels of activity, amenity, diversity and community enablement within the regions and to enable each centre to be a competitive commercial environment in their own right.

Commercial: Commercial activity within the regions has remained consistent over the past 11 years with total growth in employment activity of 3-4% per annum. The most volatile of the three main centres is Motueka with greater growth and decline in corresponding years than both Richmond and Nelson CBD. While growth across the commercial sectors has been consistent with population growth (indicating that commercial activity is primarily servicing the local population), two sectors have experienced greater than average growth. Arts & Recreation and Administration Services have seen greater growth indicating support through visitors and retention in low end productivity commercial activity.

While there exists just over 9,000 commercial employees in the region (slightly below the employee count (EC)/population ratio expected for a region of this size), this is expected to grow to approximately 12,300 by 2036. At the same time this growth is not expected to have a significant impact upon the intra-regional split of activity between Nelson and Tasman with it remaining at approximately 70:30 respectively.

Summary: Based on this growth rate and changes to business structures and demands over the 25-year period, it is expected that the total assessed market will require around 100,000sqm of commercial floorspace or 4,000sqm per annum. This is in keeping with the levels of consents experienced within the district over the past 15 years. This commercial demand is an important strategic asset for the Nelson / Tasman 'balance sheet' that if treated appropriately will benefit the economy and community generally through increased income and general wellbeing including the areas identified in the Heart of Nelson Strategy. It is therefore recommended that at least 80% of this activity (80,000sqm) be located within the existing identified centres, with the balance spread around the regions likely in industrial and residential zones.

The analysis in this assessment suggests the focus for the Nelson Tasman areas, and Councils' forward planning, via their respective District Plans, should be to 'look after and improve what you've got' in terms of commercial centres, i.e. concentrate on making the existing centres better retail environments with an improved quality of offer, shopper experience, built form, and public realm that will elevate shopper amenity and wellbeing. At a high level, there appears no pressing requirement to rezone new land for retail activities (apart from that already in the planning process) given existing capacity, and any new centres are likely to simply redistribute spend rather than satisfy any unmet requirement unless they can create a new / niche market.

3. DEFINED CATCHMENTS

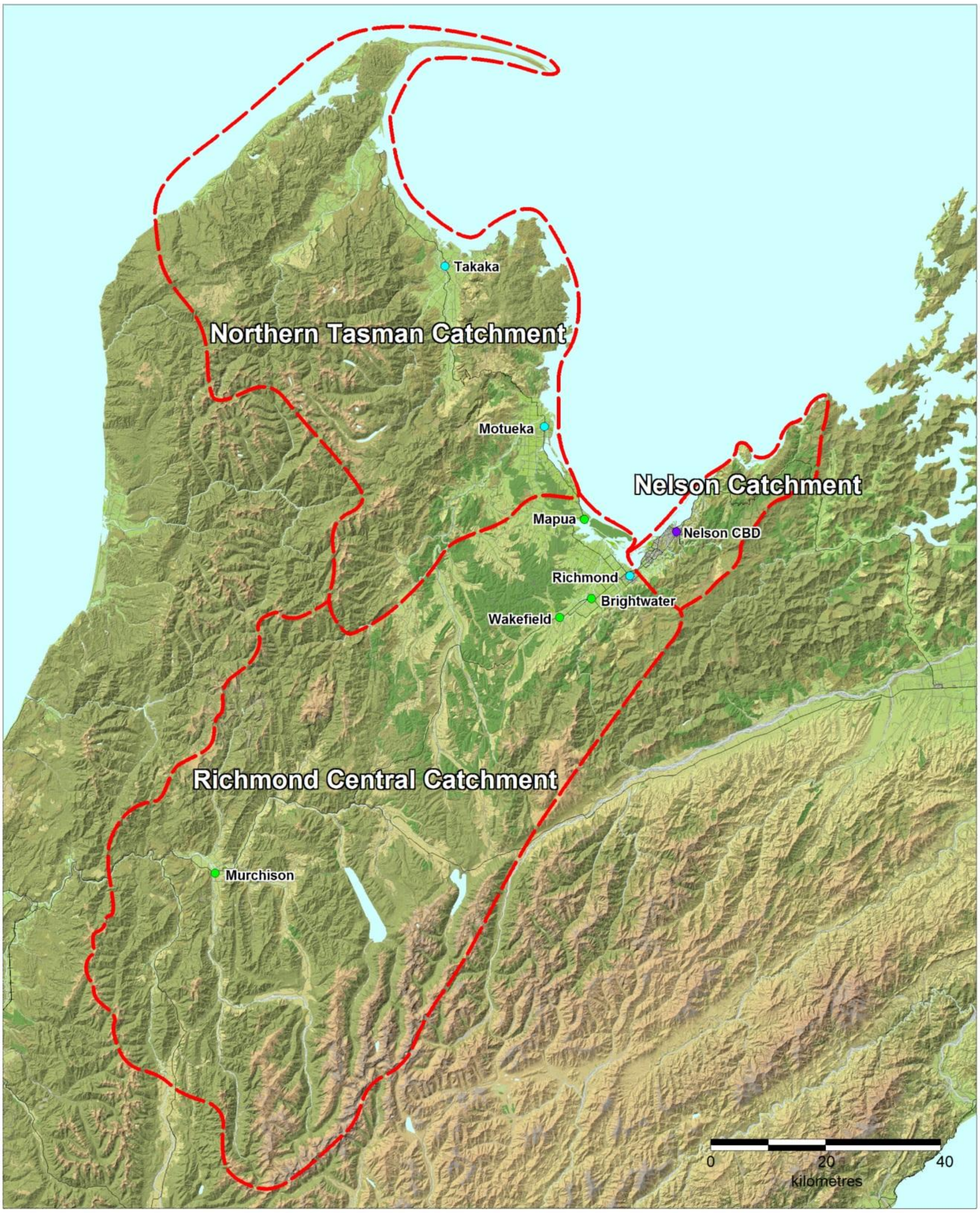
Figure 1 illustrates the indicative retail demand catchments for Nelson and Tasman commercial centres. As discussed earlier these regions operate as single market from a retail perspective, however the three catchments are broken down with District Plan boundaries in mind given each District Plan will need to develop retail policies to suitably cater for future retail and commercial requirements in the most appropriate and efficient manner given the RMA context.

Given the proximity of the centres located in Nelson and Tasman and the existing urban form, there is significant overlap in the trade catchments of centres and many residents of the catchment will use multiple if not all of the identified centres. This is not unusual with modern retail markets enveloping the concept of 'layered catchments'. This is where consumers spread their retail spending across a wider range of centres with the majority of their 'higher order' purchases going to 'higher order' regional centres, while convenience spend remains localised triggering a layering of centre catchments across the region. In this regard a consumer could be in the primary catchment of numerous centres, not just one. This is clearly the case in the Nelson Tasman regions with significant cross-catchment spend (which is discussed in detail later in the report).

Being cognisant of the above, the identified catchments essentially represent the geo-spatial extent of which retail activity in each centre would derive the vast majority of its retail sales, with the identified catchments outside of their own representing their secondary catchments.

These catchments have been based on the centres' existing and proposed composition, proximity to 'like' retail and commercial activity (i.e. centres fulfilling similar role and function), demographic distribution, Statistics NZ meshblock boundaries for statistical analysis purposes, the roading network, other natural and physical geographic barriers, and the professional opinion of Property Economics factoring in known shopping patterns and trade areas for similar sized NZ centres. Any marginal reshaping of the catchments boundaries would not materially change the population and household, and therefore the catchments and market size. These catchments form the basis for the subsequent analysis in this report.

FIGURE 1: RICHMOND, NORTHERN TASMAN AND NELSON TRADE CATCHMENTS



Source: Property Economics

4. DEMOGRAPHIC PROFILING

This section identifies some of the relevant economic and social characteristics of the identified catchments and compares them to national averages to provide context. A full breakdown of the demographic profiles has been provided in Appendix 1.

Some of the key findings from the profiling include:

- Northern Tasman currently has an estimated population of approximately 19,000 people and 7,800 households, while the Richmond Central encompasses 29,000 people and 11,000 households. Combined, the Tasman Region has a similar population and household count compared to Nelson with 44,400 people and 18,000 households.
- Compared to the NZ average, the identified catchments have significantly higher age profiles, with average ages at 40-42 years compared to the NZ average of 36 years. This is due to a lower proportion of the populace aged between 20-29 years, and suggests an outflow of younger people most likely seeking career and higher education opportunities outside of the regions. This is reflected in the significantly lower proportion of students in the catchments (5-8%) compared to the NZ average (11%).
- All of the identified catchments have average annual household income levels below the national average of $66,200pa. Average household income levels in both Nelson ($61,200pa) and Richmond Central ($62,300pa) are significantly higher than Northern Tasman ($48,700pa). This can be attributed to a slightly higher ratio of white collar to blue collar workers (65%, 62% vs. 57%), and education attainment (11%, 13% vs. 9% with a Bachelor's degree or higher) in the Nelson and Central Tasman compared to Northern Tasman. Higher income levels typically translate into higher levels of discretionary retail spend of which Nelson and Richmond would be the main benefactors.
- Overall, the three catchments can generally be viewed as slightly older markets, which by virtue of their age profile means they have slightly lower levels of household income, qualification attainment and family household structures, while having a NZ European bias in ethic terms, and higher proportion of home ownership.

5. POPULATION AND HOUSEHOLD FORECASTS

Table 1 displays the population and household growth projections within the identified retail catchments. These projections are derived from the Property Economics Growth Model with the key inputs from TDC and NCC growth data, the 2006 census population and household counts as a factual base, Statistics NZ medium series projections and recent residential building consent data (1996-2011).

The distribution of projected residential growth has been derived from information sourced from each respective Council, while acknowledging the growth rate of one area may affect the growth of the other i.e. they are not mutually exclusive markets.

TABLE 1: CATCHMENT POPULATION AND HOUSEHOLD PROJECTIONS

Population	2012	2016	2021	2026	2031	2036
Northern Tasman	19,184	19,643	19,935	20,053	20,072	20,616
Richmond Central	29,132	30,502	31,762	33,029	34,129	35,593
Nelson	44,367	45,493	46,494	47,320	47,807	48,181
Total	**92,683**	**95,638**	**98,191**	**100,402**	**102,007**	**104,390**

Households	2012	2016	2021	2026	2031	2036
Northern Tasman	7,820	8,206	8,522	8,786	9,002	9,403
Richmond Central	10,876	11,657	12,407	13,206	13,952	14,732
Nelson	18,012	18,950	19,700	20,451	21,108	21,671
Total	**36,708**	**38,813**	**40,630**	**42,443**	**44,062**	**45,805**

Source: Property Economics, Tasman District Council

For the purpose of this report, 2012 has been classified as the current year (colour coded in blue). Year 2016 is classified as short term (colour coded in yellow), year 2021 is classified as medium term (coloured in green) and years 2026, 2031 and 2036 are classified as long term (colour coded in pink).

The total identified market currently has a population base of approximately 93,000 people, with this projected to increase to around 104,000 people by 2036, equating to an average growth rate of an around 500 people per annum, or 13% over the period. This translates to an increase of households from approximately 36,700 households currently to around 45,800 households by 2036, or 25%.

Breaking this down by catchment the majority of growth is located within the Richmond Central catchment where it is projected that by 2036, an additional 6,500 people will reside in the catchment, translating to an increase in of approximately 3,900 households.

As a proportion of total market growth, Richmond Central equates to over 55% of population growth and 42% of household growth in the identified catchments over the forecast period. This suggests the Richmond Town Centre is where most 'retail pressure' is likely to be generated in the future, particularly given the 'bulk' of Nelson's growth is in the Southern parts of its territorial authority adjacent to Tasman, and in close proximity to the Richmond Town Centre.

The Nelson catchment is forecast to grow by approximately 9% in population by 2036, increasing by 3,800 people. This represents 33% of the total market population growth and translates to household growth of 3,700, or around 150 households per annum over the next 25 years.

Northern Tasman represents the slowest growth profile in the identified market, growing by only 1,400 people and 1,600 households (7% and 20% respectively). It is also forecast to decrease significantly in terms of people per households from 2.45 to 2.19 by 2036.

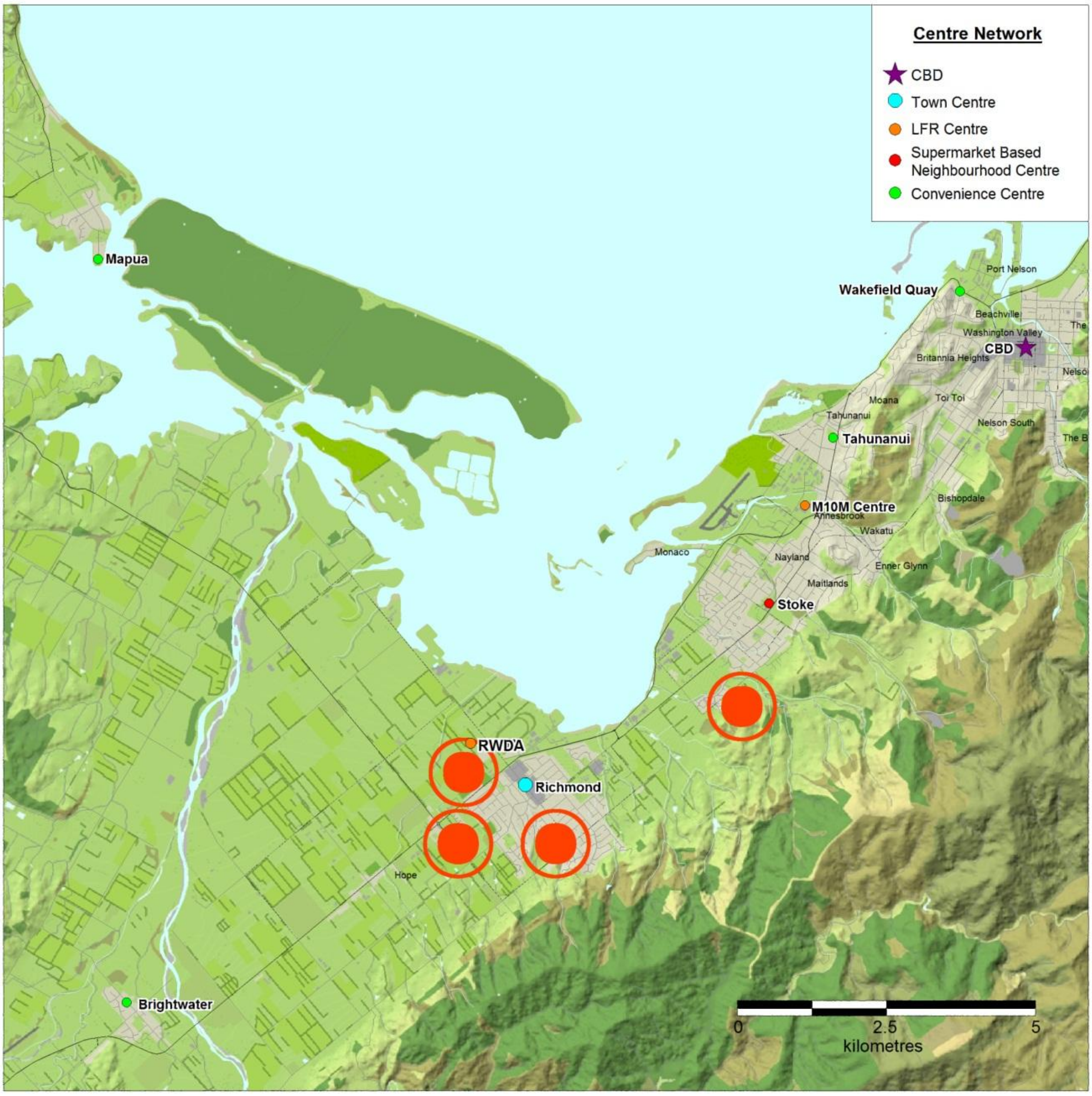
Table 1 indicates that the number of households is to increase at a faster rate than the population due to a projected fall in the person per dwelling ratio over the forecast period. This is not isolated to the study area but a trend projected to occur across the whole country due to an aging population, smaller families and a higher proportion of 'split' or single parent households.

It is important to keep the projected level of growth in context. Taking a broader view of the forecast growth path comparatively, nominal growth of 11,700 additional people and around 9,100 dwellings over the next 25 year period, or 365 dwellings per annum (coincidentally equivalent to a requirement of one new dwelling per day) across both territorial authorities is not considered significant.

Nominally, Tasman District is ranked around the 20th fastest growing territorial authority in the country, while Nelson is ranked around 24th fastest out to the year 2031. Both territorial authorities combined (i.e. 9,100 dwellings over the period) equates to less than one year's projected dwelling demand in Auckland of around 10,000 per annum. However projected growth is healthier than in many other provincial areas in NZ which are projected to basically 'flat line' in terms of growth over the next two decades. So while growth across the assessed regions is forecast to be more a steady trickle than a flood so to speak, at least there is growth projected.

Figure 2 illustrates 'hot spots' areas where the highest level of proportional household growth over the period of 2011-2036 is forecast to occur. Also shown in Figure 2 are the key centres within the Nelson / Tasman market, as these burgeoning 'hot spot' suburbs (in a generalised sense) show where increased pressure will come from over the longer term in regard to increasing retail demand.

FIGURE 2: HOUSEHOLD GROWTH 'HOT SPOTS' (2011 – 2036)



Source: Property Economics, Statistics NZ, TDC, NCC

Note the geospatial extent of the 'hot spot' areas and identified locations are generalised in nature and should not be interpreted as a literal representation, and may not directly correlate to planning maps.

Figure 2 shows that the majority of household growth will be focused in and around the areas of Richmond in Tasman and the southern Stoke area in Nelson. When the already comparatively low total quantum of growth is distributed across the territorial areas nominally the numbers get diluted and dispersed to a level where growth is unlikely to be of sufficient size to sustain a new centre of any significance in their own right.

At present the growth areas are in close proximity to the centres of Stoke and Richmond, with the Richmond Town Centre, given its more comprehensive offer, likely being the main benefactor over time.

6. RETAIL EXPENDITURE FORECASTS

This section of the report estimates the quantum of annual retail expenditure generated by the identified catchments and resulting sustainable floorspace. Retail expenditure forecasts have been based on the household growth projections in Section 5 and have been prepared using the Property Economics Retail Expenditure Model, of which a more detailed breakdown of the model and its inputs can be seen in Appendix 2.

Growth in real 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 income levels, and is the inflation adjusted increase in spend per household over the assessed period.

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

There is also a need to translate net retail trading floorspace into Gross Floor Area (**"GFA"**) as net retail trading floorspace excludes floor area in a retail store used for storage, warehousing, staff room, office, toilets, etc. These activities typically occupy around 25-30% of a convenience retail store's GFA. It is important to separate out this 'back office' floorspace as it does not generate any retail spend and represents an area the general public is typically excluded from.

Note the figures below are in 2012 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, viability or functionality. The figures also exclude trade based activities such as Resene, ITM, Mico Bathrooms, Plumbing World, PlaceMakers, Guthrie Bowron, etc. for similar reasons.

Table 2 shows the retail expenditure (demand) generated in each catchment on an annualised basis over the period to 2036.

TABLE 2: RETAIL EXPENDITURE AND SUSTAINABLE FLOORSPACE FORECASTS

Retail Expenditure ($m)	2012	2016	2021	2026	2031	2036
Northern Tasman	$211	$229	$247	$266	$285	$292
Richmond Central	$305	$336	$369	$407	$446	$461
Nelson	$585	$639	$694	$759	$827	$892
Total	**$1,102**	**$1,205**	**$1,310**	**$1,431**	**$1,558**	**$1,645**

Sustianable Retail GFA (sqm)	2012	2016	2021	2026	2031	2036
Northern Tasman	42,936	46,554	50,094	53,906	57,846	59,212
Richmond Central	62,587	69,015	75,644	83,374	91,323	94,498
Nelson	119,627	130,624	141,777	154,912	168,734	182,072
Total	**225,150**	**246,193**	**267,515**	**292,191**	**317,904**	**335,782**

Source: Property Economics

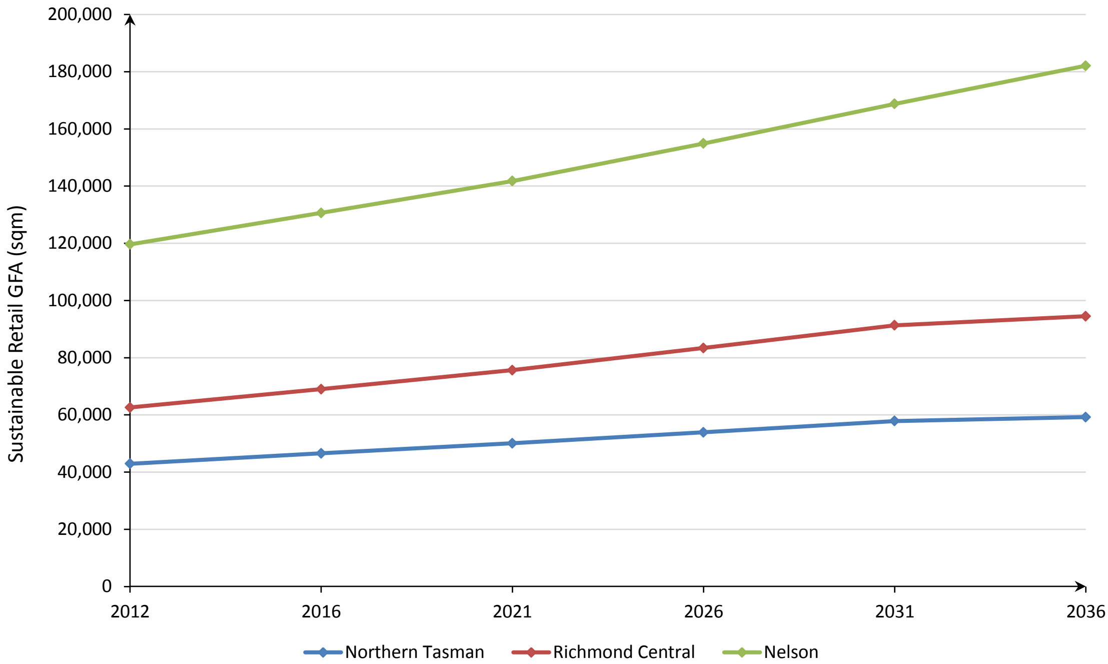
Within the total market catchment, there is currently an estimated $1.1b of retail expenditure generated per annum, translating to sustainable retail GFA in the order of 225,000sqm. To put this into perspective the current retail offer within Tasman and Nelson areas is approximately 240,000sqm GFA, so in effect overall the market is marginally oversupplied relative to sustainable demand.

Growth within the market is estimated to elevate annual retail expenditure to $1.6b per annum, an increase of over $500m or just under 50% by 2036. In terms of retail floorspace this equates to an increase in sustainable GFA of approximately 110,000sqm by 2036. For context, while this figure may seem a lot it is equivalent to around 300-350 retail stores if all the increased spend was channelled into new stores (which is not recommended in this instance as will be discussed later in the report).

Over 50% of current retail expenditure generation in the identified market originates from Nelson, 28% from Richmond Central and the balance from Northern Tasman. These proportions are forecast to stay relatively similar over the next 25 years, and can be largely attributed to the existing differentials in population and households within each catchment.

Figure 3 graphically illustrates the forecast growth in sustainable retail GFA in the identified catchments. Note for the purpose of understanding, the graph below is based on the defined catchments, but as the analysis in this report will show the market is very interrelated so the graph should not be interpreted as directly correlated to future floorspace demand in each catchment, i.e. based on the MarketView data in the next section, some of the demand in Tasman is likely to be provided in Nelson, albeit acknowledging that Tasman is likely to become more self-sufficient over time as its critical mass builds in retail terms.

FIGURE 3: SUSTAINABLE RETAIL GFA FORECASTS 2012 – 2036 (SQM)



Source: Property Economics

As shown in Figure 3, the Nelson catchment contributes the most in terms sustainable retail GFA in the identified market. Growth in Nelson is estimated to surpass 60,000sqm over the forecast period, representing 56% of the growth in sustainable GFA in the Nelson / Tasman market.

Richmond Central is forecast to see similar percentage growth of over 50%, with sustainable GFA levels of approximately 63,000sqm currently, growing to 94,000sqm by 2036. The Northern Tasman catchment is forecast to experience a 38% growth in sustainable retail GFA over the forecast period, increasing by 16,000sqm by 2036.

6.1. SPECIALTY AND LFR RETAILING

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, 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. Conversely, due to the size and breadth of offer, supermarkets (and the fact they sell many frequently required consumer food and beverage essentials) typically have a higher trading productivity of between $10,000 to $20,000 per square metre depending on brand. This means supermarkets generate significantly more 'shopper' traffic than department stores enabling supermarkets to generate more significant 'flow-on' economic benefits to centres where they are well integrated.

Given the differences in the Specialty and LFR retailing Table 3 illustrates the level of sustainable retail GFA within the identified catchments as categorised by LFR and Specialty retailing.

TABLE 3: LFR AND SPECIALTY RETAILING FORECASTS

Sustainable Specialty Retailing GFA (sqm)	2012	2016	2021	2026	2031	2036	Growth 2012 - 2036	% Growth 2012 - 2036
Northern Tasman	17,293	18,874	20,482	22,263	24,178	24,749	7,456	43%
Richmond Central	23,042	25,487	28,052	31,068	34,240	35,430	12,388	54%
Nelson	49,345	54,312	59,609	65,954	72,855	78,614	29,269	59%
Total	**89,681**	**98,673**	**108,143**	**119,285**	**131,274**	**138,793**	**49,113**	**55%**

Sustainable LFR GFA (sqm)	2012	2016	2021	2026	2031	2036	Growth 2012 - 2036	% Growth 2012 - 2036
Northern Tasman	25,643	27,680	29,612	31,642	33,668	34,463	8,820	34%
Richmond Central	39,545	43,528	47,592	52,306	57,083	59,068	19,523	49%
Nelson	70,282	76,312	82,168	88,958	95,879	103,458	33,176	47%
Total	**135,469**	**147,520**	**159,372**	**172,906**	**186,630**	**196,988**	**61,519**	**45%**

Source: Property Economics

Currently sustainable retail GFA levels for Specialty retailing equates to around 90,000sqm and 135,000sqm for LFR. The proportional split in terms of GFA between these store types is assumed to remain relatively constant over the next 25 years, remaining at around 40% Specialty and 60% LFR. Nominally, LFR GFA is forecast to have slightly more growth at around 61,500sqm GFA compared to 49,000sqm GFA growth in Specialty retailing by 2036.

Drilling down further on the LFR sectors, Table 4 extrapolates the sustainable GFA of key LFR sectors within each identified catchment. Splitting LFR demand into four separate sub-categories to assist in developing an appropriate location distribution of LFR activity, given some LFR store types provide significant benefits to centres, whereas others are better situated in non-centre locations. The four categories are: Supermarkets, Homeware and General Merchandising (i.e. white ware, electrical, etc.), Hardware and Gardening Supplies, and Department Stores.

TABLE 4: SUSTAINABLE LFR SECTOR GROWTH BY CATCHMENT

Northern Tasman	2012	2016	2021	2026	2031	2036	Growth 2012 - 2036	% Growth 2012 - 2036
Supermarket Retailing	6,531	7,040	7,513	8,003	8,478	8,678	2,148	33%
Homeware and General Merchandising	9,746	10,461	11,125	11,809	12,479	12,774	3,027	31%
Hardware, building and garden supplies retailing	1,666	1,792	1,906	2,022	2,130	2,181	514	31%
Department Stores	7,700	8,387	9,068	9,808	10,580	10,830	3,130	41%
Total	**25,643**	**27,680**	**29,612**	**31,642**	**33,668**	**34,463**	**8,820**	**34%**
Central Richmond								
Supermarket Retailing	10,189	11,210	12,246	13,444	14,648	15,157	4,968	49%
Homeware and General Merchandising	14,579	15,987	17,414	19,066	20,724	21,445	6,866	47%
Hardware, building and garden supplies retailing	2,892	3,182	3,476	3,814	4,151	4,295	1,403	49%
Department Stores	11,885	13,147	14,456	15,982	17,560	18,170	6,285	53%
Total	**39,545**	**43,528**	**47,592**	**52,306**	**57,083**	**59,068**	**19,523**	**49%**
Nelson								
Supermarket Retailing	17,197	18,627	19,962	21,484	22,999	24,817	7,620	44%
Homeware and General Merchandising	26,502	28,573	30,579	32,915	35,242	38,028	11,526	43%
Hardware, building and garden supplies retailing	4,542	4,909	5,238	5,606	5,960	6,431	1,889	42%
Department Stores	22,041	24,202	26,389	28,953	31,678	34,182	12,141	55%
Total	**70,282**	**76,312**	**82,168**	**88,958**	**95,879**	**103,458**	**33,176**	**47%**
Total								
Supermarket Retailing	33,916	36,878	39,722	42,931	46,125	48,653	14,736	43%
Homeware and General Merchandising	50,827	55,021	59,117	63,791	68,446	72,247	21,420	42%
Hardware, building and garden supplies retailing	9,101	9,884	10,620	11,442	12,241	12,907	3,806	42%
Department Stores	41,626	45,736	49,913	54,743	59,818	63,182	21,557	52%
Total	**135,469**	**147,520**	**159,372**	**172,906**	**186,630**	**196,988**	**61,519**	**45%**

Source: Property Economics

In terms of location preferences from a Council perspective, most economic benefits from an efficiency and flow-on synergy viewpoint can be gained by locating Supermarkets and Department Stores in existing centres. These two LFR sectors alone account for around 60% of LFR growth in the regions by 2036. This equates to just over 36,000sqm GFA out of the estimated 61,500sqm GFA LFR growth across both regions.

This represents the level of LFR provision considered important to accommodate within the three main commercial centres of Nelson CBD, Richmond Town Centre and Motueka Town Centre, with encouragingly existing capacity more than able to do so, which indicates some Homeware and General Merchandising LFR growth can also be accommodated within the existing centre fabric.

7. RETAIL EXPENDITURE INFLOW / OUTFLOW

Retail expenditure spending patterns have been assessed at the territorial authority level using retail transaction data from MarketView (a service provided by the Bank of New Zealand (**"BNZ"**).

MarketView data is based on aggregations of BNZ cardholder transactions by origin, destination and store type, these include transactions completed using BNZ eftpos and credit cards. BNZ currently holds approximately 20% market share of the electronic card market in NZ. Electronic card transactions accounts for approximately 60% of retail spending within NZ. The retail transactional data sources were for the full 2011 calendar year to factor in all seasons given the seasonal variations that occur within both territorial authorities.

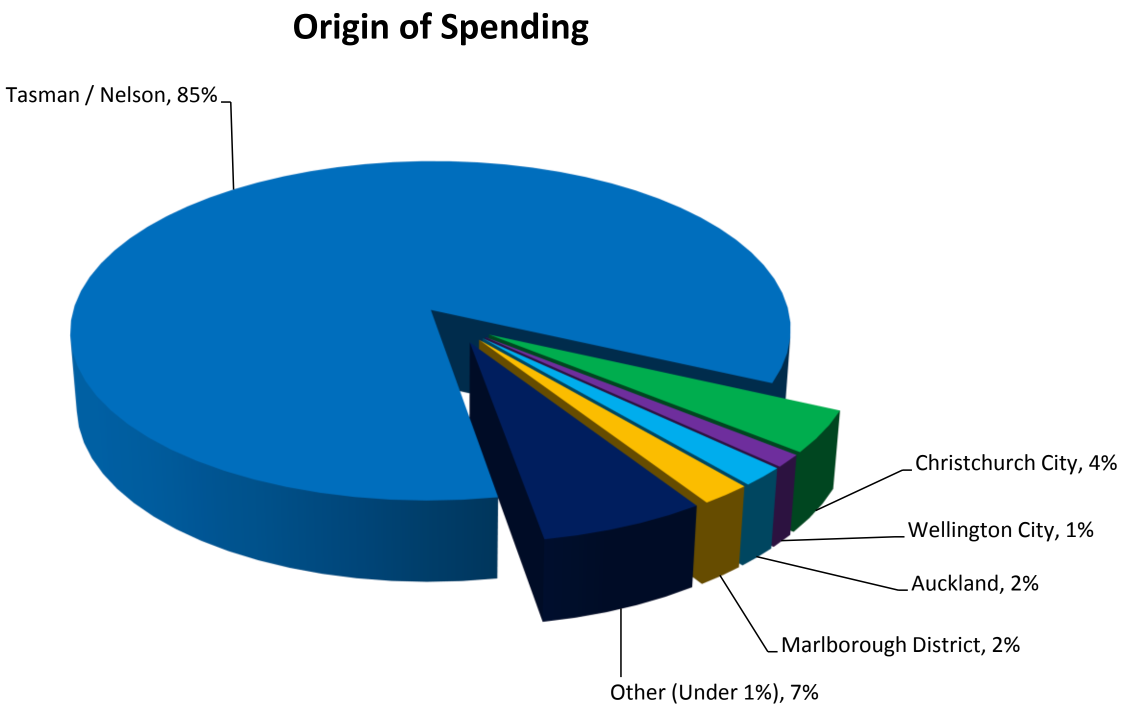
Note, the MarketView transaction data is derived from New Zealand's domestic market only (local regional population and domestic tourism), however excludes international visitors.

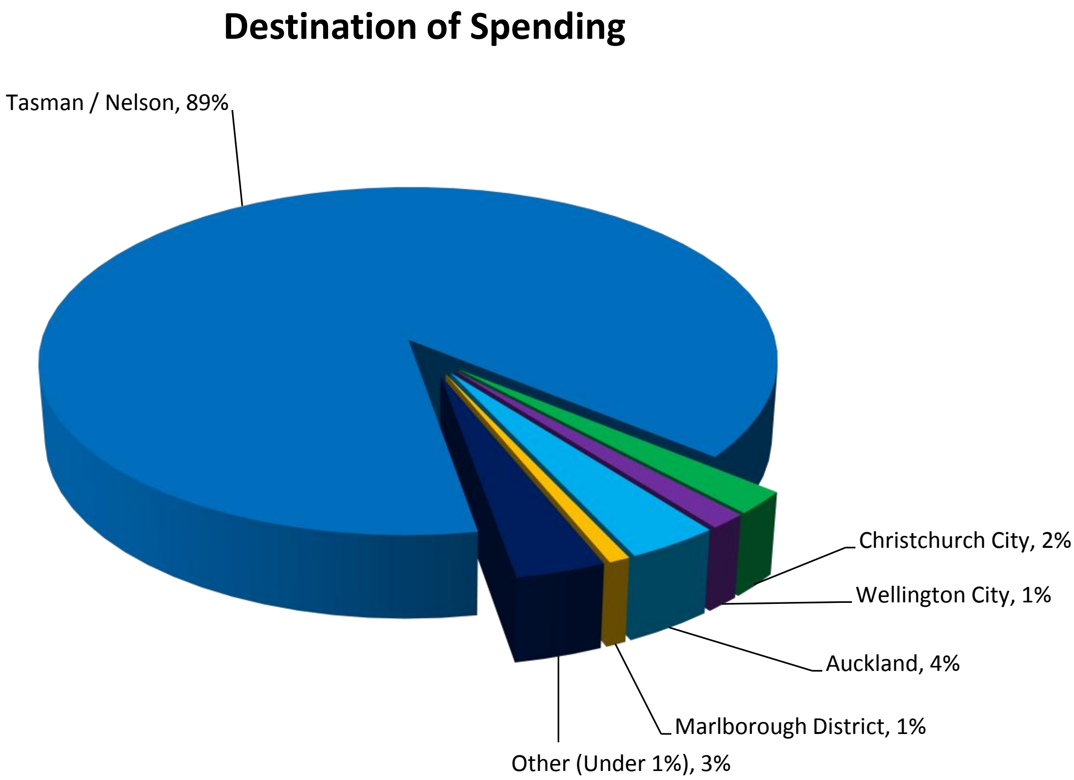
MarketView data for the purposes of this report have been assessed in two ways to help gauge the level of retail expenditure 'outflow' from the regions (i.e. 'destination' of Nelson and Tasman resident spending respectively), and the level of retail expenditure 'inflow' ('origin' of Nelson and Tasman spending respectively).

First, we take a helicopter view of both regions and review the retail spending patterns of the total assessed market.

Figure 4 shows the origin and destination of the Nelson and Tasman regional spending as an aggregate or a combined single market. As alluded to earlier, it is the opinion of Property Economics that these regions essentially operate as a single market. This is ratified in the inflow and outflow of retail dollars and spending patterns between the regions, i.e. 16% of Tasman retail spending is derived from Nelson, while 20% of Nelson retail spending is derived from Tasman. Both areas draw a similar proportion of retail spending from other districts.

FIGURE 4: NELSON / TASMAN RETAIL SPENDING INFLOW AND OUTFLOW





Source: Property Economics, MarketView

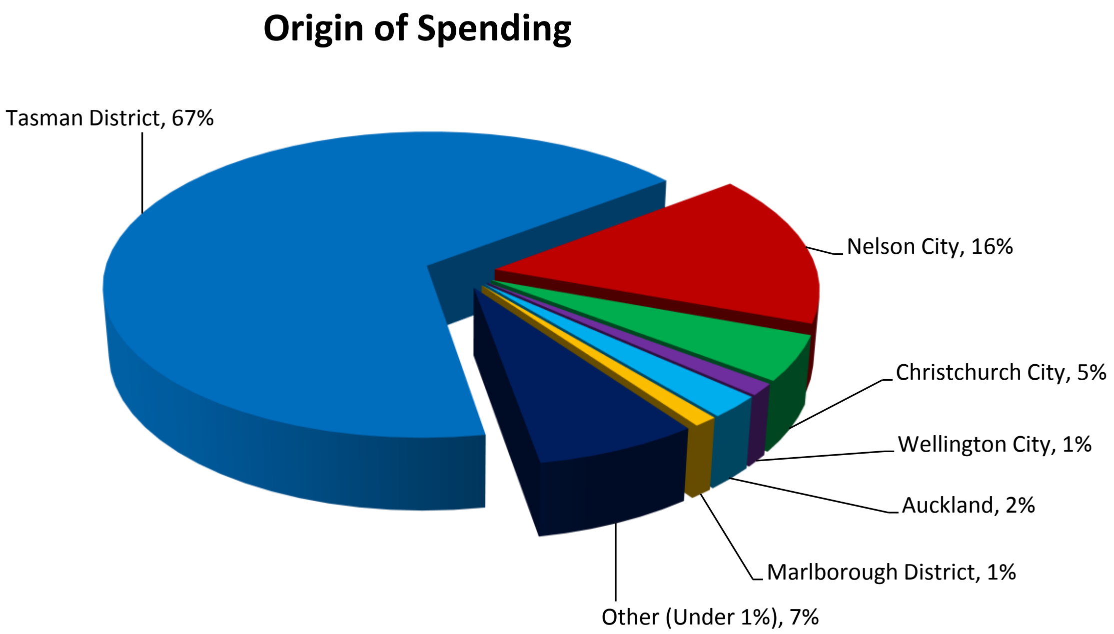
Some of the salient points to note in Figure 4 include:

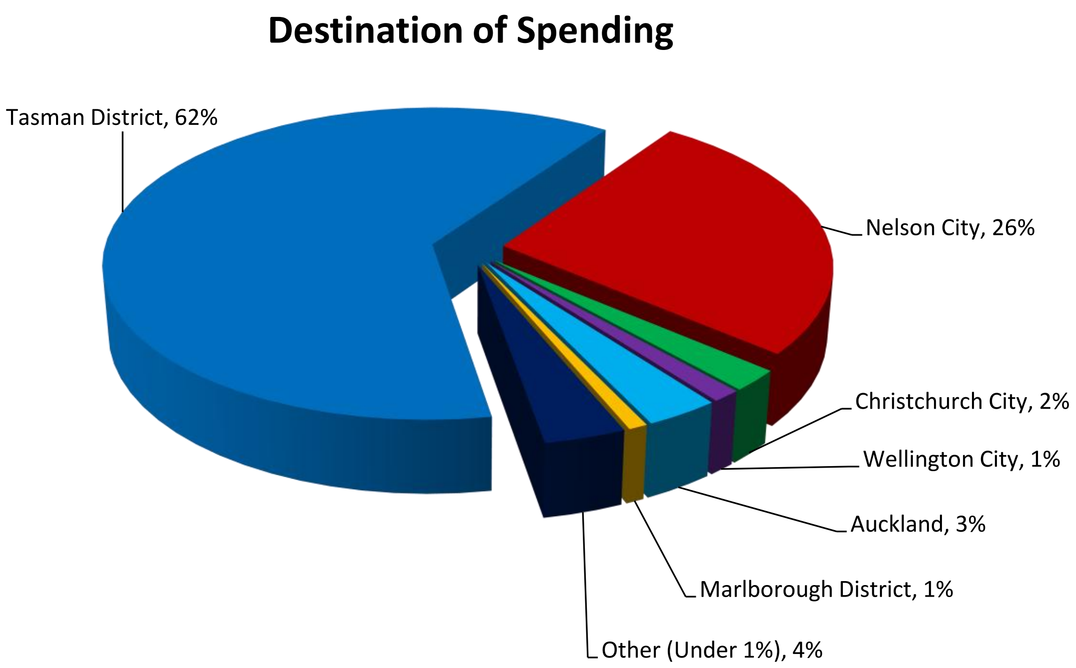
- 85% of all retail spending in the Nelson / Tasman market is derived internally from within the regions.
- Of the 15% retail expenditure 'inflow' into the regions, Christchurch is the most significant contributor, representing 4% of total spend, followed by Marlborough and Auckland. The Christchurch and Auckland 'inflows' would be most pronounced during the summer holiday season.
- In terms of destination of spending generated by the Nelson/ Tasman market, 89% is internalised and spent within the regions. Of the retail expenditure leaving the areas, the majority goes to Auckland, likely as part of holidays or shopping trips.
- Overall the Nelson / Tasman regions experience a net 'inflow' of retail expenditure in the order of 5%.

Breaking down the total Nelson / Tasman markets by territorial authority, paints a slightly different picture.

Figure 5 illustrates the retail expenditure flows for the Tasman District.

FIGURE 5: TASMAN RETAIL SPENDING INFLOW AND OUTFLOWS





Source: Property Economics, MarketView

Some of the salient points to note in Figure 5 include:

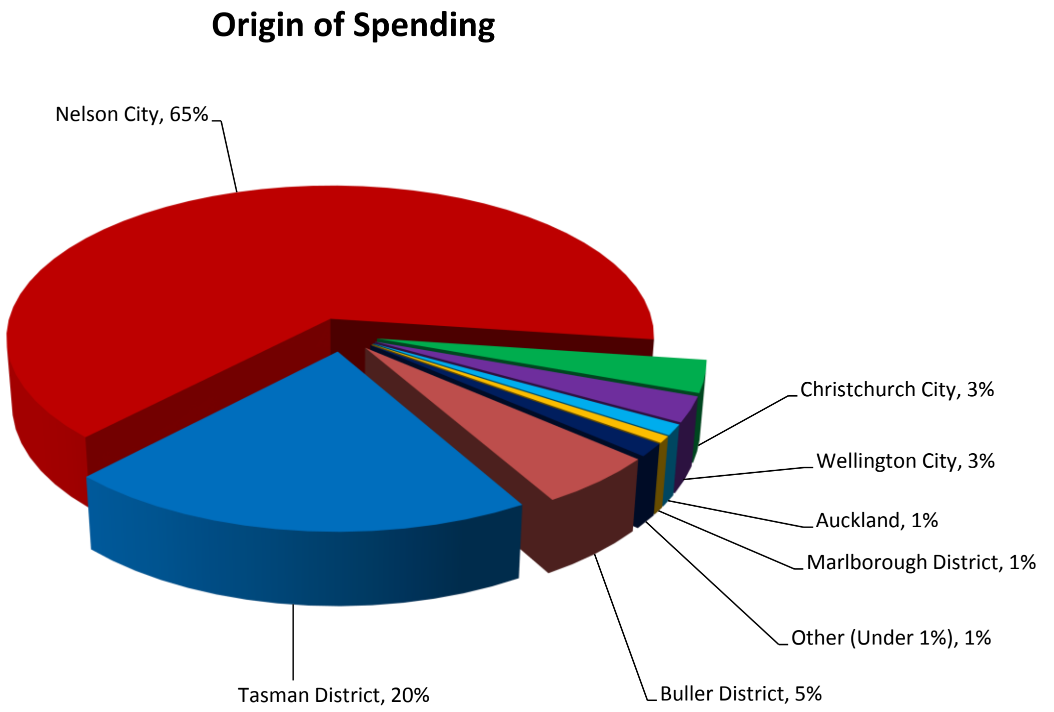
- Approximately 2/3rds of retail spending in Tasman region is derived from residents within the district, and 16% is 'inflow' from residents in neighbouring Nelson City.

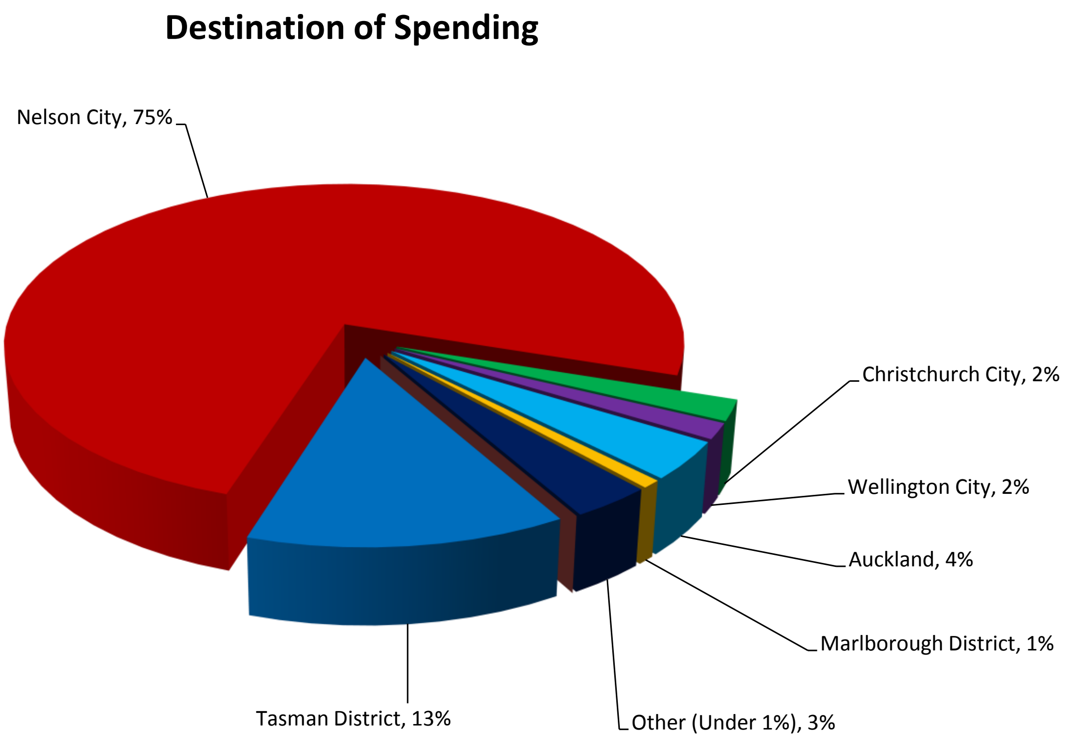
The strong interrelationship between Tasman and Nelson in terms of spending patterns is a common theme in this analysis and supports the upfront assertion that these two areas are heavily interrelated within the same urban fabric and operates as one economic market.

- Much of the 16% 'inflow' from Nelson is likely to be from southern Nelson areas spending in the Richmond Town Centre, highlighting the importance of this market to Richmond.
- Tasman has a multiple number of smaller markets contributing to its retail base, primarily due to visitors to the Abel Tasman National Park.
- 4% of spending by Tasman residents is spent in the major North Island cities of Wellington and Auckland.

Figure 6 assesses the Nelson City retail spending patterns in more detail.

FIGURE 6: NELSON RETAIL SPENDING INFLOW AND OUTFLOW





Source: Property Economics, MarketView

Some of the key points to note in Figure 6 include:

- 65% of all retail spending in Nelson is derived from its residential base, while 20% is derived from Tasman residents. While not shown in the above figures, based on the MarketView data, Nelson experiences a net inflow of retail expenditure from Tasman 80% greater than the outflow.

- Despite the Buller District being closer to Tasman, residents of Buller spend more retail dollars in Nelson likely due to its larger more comprehensive offer. Approximately 5% of retail spending in Nelson originates from the Buller District.

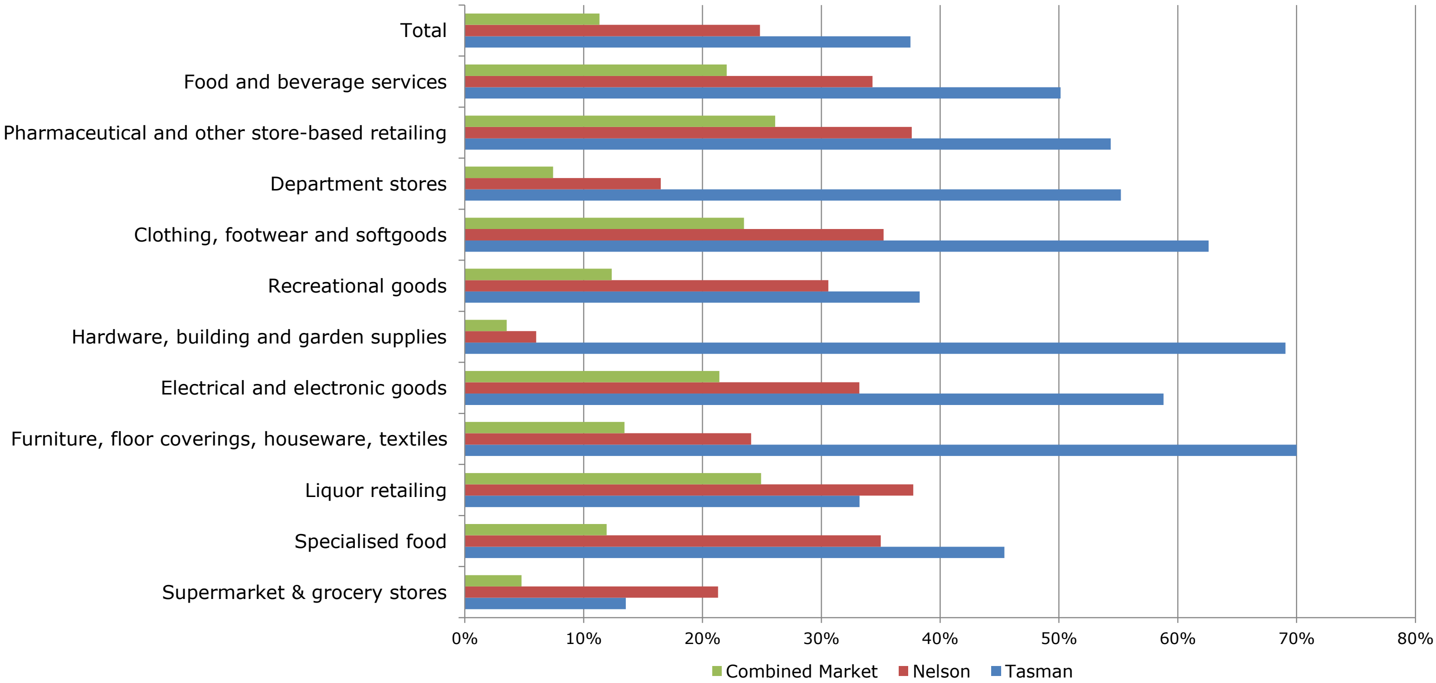
- 7% of retail spend originates from the major urban centres of Wellington, Christchurch and Auckland suggesting that Nelson, like Tasman, experiences a material level of tourism expenditure inflow.

- In terms of destination of Nelson expenditure, 75% of retail spending is internalised within the region, while 13% is spent in Tasman and 12% leaves the Nelson / Tasman market completely.

Figure 7 shows the outflow only of retail spending from residents within the Nelson and Tasman Regions as categorised by their respective ANZSIC[1] sector. The combined outflow of the both regions has also been included given the interconnectedness of these regions.

[1] Australian and New Zealand Standard Industrial Classification

FIGURE 7: NELSON / TASMAN RETAIL SPENDING OUTFLOW BY RETAIL SECTOR



Source: Property Economics, MarketView

Figure 7 indicates that, across most retail sectors, leakage within Tasman is significant with total leakage out of the district at over 35%. Approximately 70% leakage out of Tasman is absorbed by Nelson, indicating that a significant proportion of Tasman's retail requirements are currently being met by the retail offer within Nelson.

Retail sectors such as Pharmaceutical and other store-based retailing and Electrical and Electronic goods, show high levels of leakage out of both Tasman and Nelson, while a proportion of the leakage can be attributed to trading between the regions (i.e. 40% of electrical spending by Tasman residents are made in Nelson), approximately 20-26% of spending within these retail sectors are made outside of Nelson and Tasman. This is likely attributed in some part to potentially higher relative cost of goods and limited offer locally within some sectors, and therefore leading to spending out of the two regions. Interestingly, approximately 13 -16% of spending from Nelson and Tasman within these sectors are made in the Auckland region.

The retail sectors of Department Stores and Furniture, floorcoverings, housewares and textiles are key examples of the shortage of retail offer that meets the requirements of Tasman residents. In these sectors, Tasman retains only 30% of retail spend with around 60-65% of spending going to Nelson.

Recreational Goods and Specialised Food Retailing, have high levels of leakage out of both regions while maintaining a relatively low level of total market retention. Individually, the regions retain around 55-65% of specialised food retail spend, however as a combined market only 12% of spending within this sector leaves the combined market. Again, this is due to Nelson and Tasman essentially operating as one market where residents are not bound by the political boundary but shop at the stores or brands they prefer within the wider area. Given the relatively short distances between the centres in the two regions and the lifespan of specialised food goods, this leads to a high level of leakage between Nelson and Tasman and low level of overall leakage within this sector out of the regions as a whole.

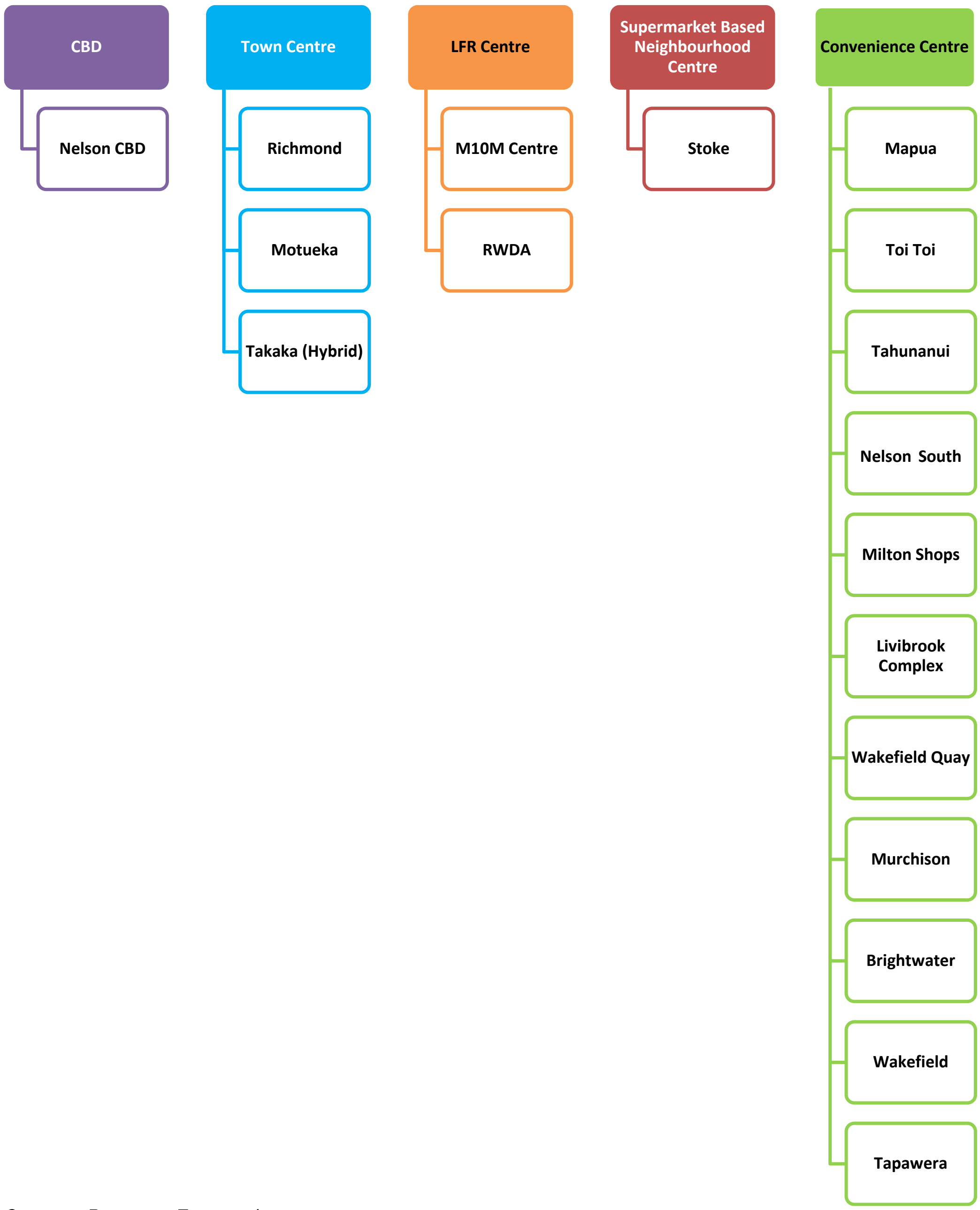
Around 65% of retail spend in the Hardware, Building and Gardening Supplies sector that leaves Tasman is absorbed by Nelson retailers. This is evidence towards an overwhelming lack of retail offer within this sector to meet the requirements of Tasman residents. This is not surprising given the offer in Nelson contains the major Hardware based retailers of Bunnings, Mitre 10 Mega and PlaceMakers. The planning boundary also assists in driving this differential.

Supermarket and grocery stores offers an interesting contrast to the typical trends in the market. Approximately 95% of spending in this sector is retained in the two regions, which is expected given this spend is more localised and there is a degree of homogeneity between supermarkets. Surprisingly 17% of spending by Nelson residents in this sector are made in Tasman compared to 9% in the opposite direction. This is due to the presence of a Pak'N Save within the Richmond Town Centre, where shoppers are choosing supermarket brand instead of location.

8. NELSON / TASMAN COMMERCIAL CENTRE NETWORK

The following flow diagram sets out the current commercial centre hierarchy of the Nelson / Tasman regions according to each centre's relative role and function in the market.

FIGURE 8: COMMERCIAL CENTRE NETWORK HIERARCHY



Source: Property Economics

Figure 8 can be read from left to right in terms of centre hierarchal position, with the Nelson CBD at 'the top' of the hierarchy and convenience centres at the bottom. Centres in differing categories essentially operate complementary to each other by increasing retail and commercial efficiency and fulfilling different roles and functions within the respective communities. Centres within the same categories are typically located at some distance to each other, operate in separate areas, and service different catchments. In general, catchment overlap occurs with centres at different levels in the hierarchy, but not between catchments on the same level.

There are a few other very small retail groupings (i.e. only a few shops) in other parts of the regions, but these are not material in any nature, are not considered centres as identified in this report, and are often sustained by either drive-by traffic and / or tourists and not their local catchment. Some of these more rural nodes are annotated in Figure 1.

Figure 9 illustrates the location of the more urban centres identified in Figure 8, showing their location within the Nelson / Tasman market.

FIGURE 9: NELSON / TASMAN COMMERCIAL CENTRE NETWORK

Source: Property Economics

8.1. CENTRE EMPLOYMENT COMPOSITION

Assessing the employment composition of the Nelson / Tasman regions provides insight into the role and function of centres across the wider commercial centre network.

Property Economics utilises the most up-to-date version of the ANZSIC system as guidance, whereby businesses are assigned an industry according to their predominant economic activity. For our reporting purposes we have categorised these classifications into industrial, commercial and retail sectors, which closely correspond to the zoning of industrial, commercial and retail land by the local authorities (with a bit of non-material 'give and take' for individual territorial authority zoning differences). 'Other' employees refer to those working in businesses or organisations that would not typically located on business zoned land, these include hospitals, schools, fire stations, community facilities and etc. The employee numbers are generated at the Statistics NZ meshblock level which is the lowest and most fine grain level available. Therefore the employment numbers may include businesses activity surrounding the defined centre.

Table 5, shows the current employment composition of the identified centres, a full breakdown of these centre compositions by ANZSIC categories can be found in Appendix 3.

TABLE 5: TASMAN / NELSON CENTRE EMPLOYMENT COMPOSITION

Centre	Industrial	Commercial	Retail	Other	Total
Tapawera	3	3	17	7	30
Mapua	0	11	29	0	39
Toi Toi	6	5	12	19	42
Brightwater	11	1	30	27	69
Tahunanui	32	32	6	59	129
Wakefield	8	20	50	83	161
Milton Shops	0	47	29	97	173
Murchison	36	45	100	30	211
M10M Centre	114	41	110	34	298
Stoke	20	86	265	106	477
Takaka	123	140	213	120	596
Livibrook Complex	283	85	231	356	954
Motueka	51	272	657	235	1,214
Wakefield Quay	1,365	396	191	114	2,066
Nelson South	0	567	29	1,485	2,080
Richmond	186	634	1,023	342	2,186
Nelson CBD	751	2,727	2,365	2,076	7,919
Total	**2,988**	**5,113**	**5,355**	**5,188**	**18,644**

Source: Property Economics, Statistics NZ

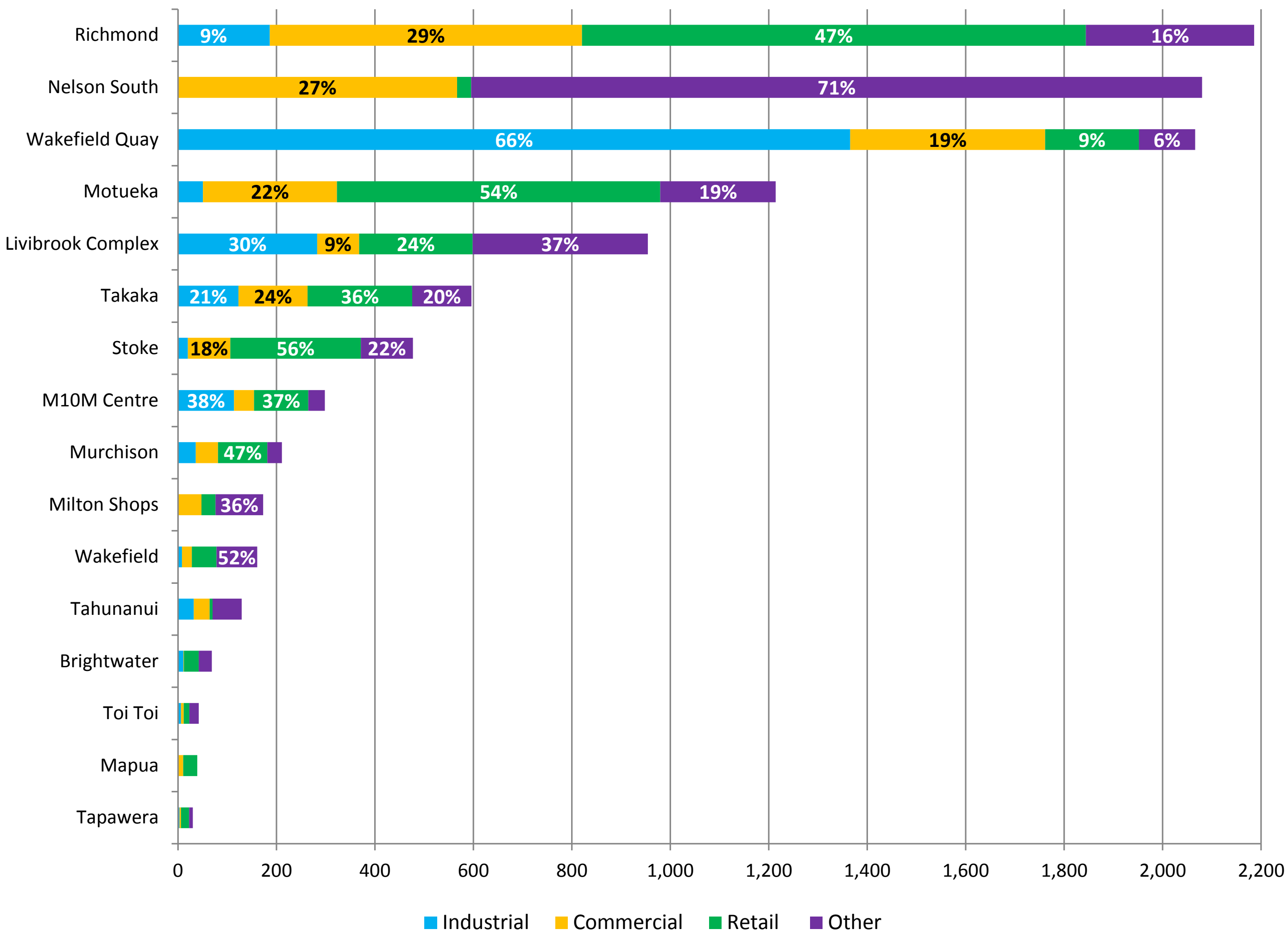
Within Nelson / Tasman centre employment is estimated to total around 18,200, with over a quarter being employment within the roughly equal proportion of Commercial, Retail and

Other services, with industrial employees not unexpectedly accounting for only around 16% of centre employment.

Figure 10 illustrates the information in Table 5 in a graphical format to provide visual context of each centres' scale and employment composition.

For the purpose of analysis, Nelson CBD has been excluded from Figure 10 given its significantly larger employment base relative to the wider centre network. The CBD is assessed separately in Section 8.2. To provide some local context, Nelson CBD employs over three and half times the number of employees compared to the Richmond Town Centre and over six times that of the Livibrook Complex.

FIGURE 10: TASMAN / NELSON CENTRES EMPLOYMENT COMPOSITION



Source: Property Economics, Statistics NZ

Figure 10 provides a high-level overview of the relative size of the centres in terms of sectorial employment. Nelson CBD, which is too large in employment terms to include in Figure 10, and is undisputedly the main commercial centre within the Nelson / Tasman regions with just under 8,000 employees, and is a critical centre to the wellbeing of both regions and their respective economies.

Richmond Town Centre contains approximately 2,200 employees, with appropriate half being in the retail industry, and is the second highest ranked commercial centre in the Nelson / Tasman commercial centre hierarchy.

While Nelson South and Wakefield Quay are large in terms of nominal employment, they contain relatively minor levels of retail activity and are considered anomalies in this type of analysis due to the more extensive meshblocks and single 'non-retail', non-duplicable businesses within them . Nelson South's high employment base can be attributed to Nelson Hospital and associated services and facilities being located in its meshblocks. In terms of employment only 1% of employees in Nelson South work within the retail sector.

Similarly, Wakefield Quay is a centre based around a different industry with retail mainly located within the centre to service the large employment base and drive-by traffic. In this case, 66% of employees in Wakefield Quay work within Industrial businesses (Port of Nelson and support businesses), while only 9% are employed within the retail sector.

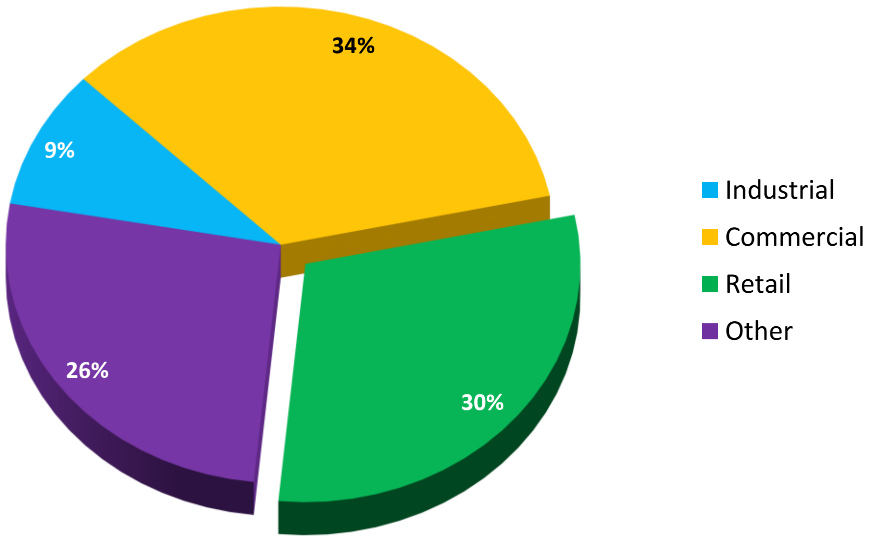
Due to the limitation of the statistical meshblock boundaries used to measure employment, the employment composition for the Livibrook Complex also includes an industrial plant and a preschool located in close proximity to the centre. This artificially boosts the employment size of the Livibrook complex as shown on Figure 10, albeit not being part of the core centre.

Figures 11 – 15 focus on the employment composition of specific key centres within the Nelson / Tasman network (i.e. namely the larger ones (in employment terms), and assess the role and function they play within the wider centre network. A breakdown of each of the identified centres employment compositions can be found in Appendix 4.

8.2. NELSON CBD

The Nelson CBD operates as the main commercial and retail hub within the Nelson / Tasman regions with nearly 8,000 employees. This centre employs over double the number of retail employees of the second largest Nelson / Tasman centre of Richmond, and over four times the number of commercial employees.

FIGURE 11: NELSON CBD EMPLOYMENT COMPOSITION



Source: Property Economics

As the main commercial node, Nelson CBD plays a dual role with an almost equal proportion of both commercial and retail employees.

Given the large, well established surrounding residential base due to its longer historical legacy, it is unsurprising that there is a high proportion (a quarter) of employees working in non-commercial service positions which for the purposes of this report have been classified as 'Other'.

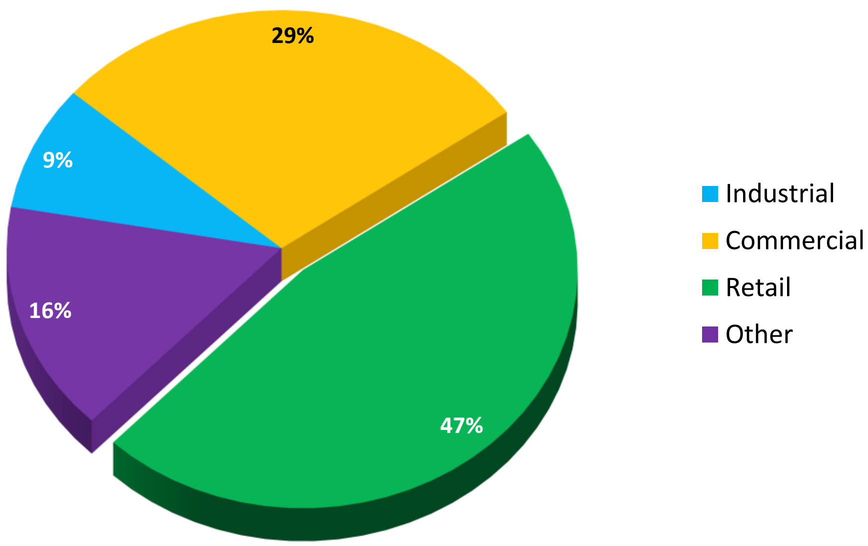
As a central hub, industrial activity is less desired within the Nelson CBD, due to reverse sensitivities and typically less productive and efficient use of the land resource. It is due to these reasons that industrial employment within the Nelson CBD is proportionally the smallest employment sector with only 9% of employees working in industrial positions. There is nothing unusual about this, and as the CBD both matures and continues to evolve, this percentage is likely to decrease further over time, due to growth in the city's commercial base and land economics, driving industrial activity out of the CBD and being displaced / replenished with higher density / higher yielding commercial activity. However, this does show the CBD does have capacity (based on 'at-grade' non-retail activity, vacancies and lower quality / productivity space) to absorb retail and commercial growth, naturally complementing the proposed City Centre expansion areas.

8.3. RICHMOND TOWN CENTRE

Richmond, is a level below the Nelson CBD in the commercial centre hierarchy of the regions, but is the main commercial centre in Tasman with approximately 2,200 employees across all sectors. As assessed in the MarketView analysis, a significant proportion of expenditure leaves the Tasman area and flows into Nelson due to a more comprehensive range of retail and commercial stores and services, and shopping experience.

Richmond plays a town centre role within the market, servicing local residents' weekly and day-to-day retailing requirements, as well as providing a smaller range of comparison retailing (i.e. fashion stores retailing) compared to the Nelson CBD. As a town centre, activity within Richmond is more focused towards retail, and this is shown by the proportion of retail employment in the centre, (almost half are employed in retail positions) and a reflection of having Richmond Mall as part of its mix.

FIGURE 12: RICHMOND TOWN CENTRE EMPLOYMENT COMPOSITION



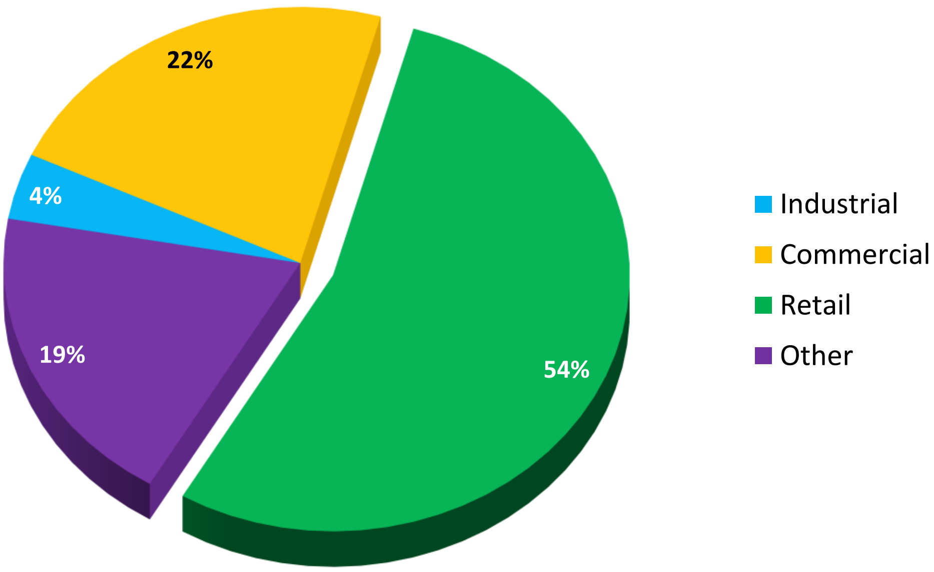
Source: Property Economics

8.4. MOTUEKA TOWN CENTRE

Motueka operates within a similar role and function to that of the Richmond Town Centre, albeit in a smaller capacity due to its smaller market and customer base. Like the Richmond Town Centre, the Motueka Town Centre services its localised market for weekly and daily retailing needs and provides a small range of commercial services to its customers.

Total employment in the Motueka Town Centre is just over 1,200, and is split proportionally similar to that of Stoke. However Motueka due to its larger size provides a wider range of retail, commercial and non-commercial services to its market. This is fuelled by the tourist market, particularly over the summer period, which allows Motueka to sustain a larger retail provision than would otherwise be the case. This is not a 'bad thing', rather a positive commercial influence that provides significant economic benefit to Motueka and as such is a sector that should be accommodated within the centre on an on-going basis.

FIGURE 13: MOTUEKA TOWN CENTRE EMPLOYMENT COMPOSITION



Source: Property Economics

8.5. TAKAKA CENTRE

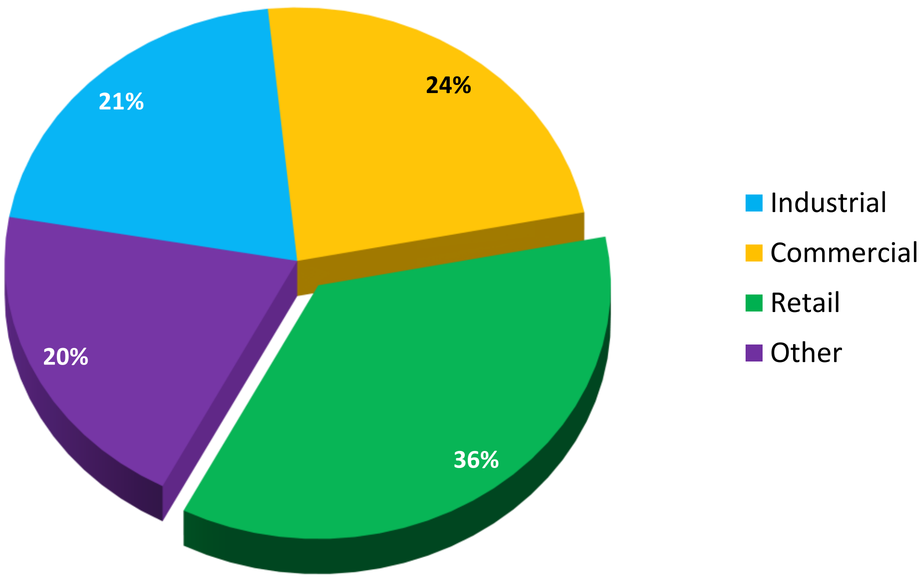
Takaka operates within its own relatively isolated market, in the Northern sector of the Northern Tasman catchment, and is approximately an hour's drive from Richmond Town Centre and an hour and half from Nelson CBD. Takaka's centre is significantly larger than what can be sustained by the local market and fulfils a hybrid town centre role within its localised market, i.e. its relative isolation and historical role means it functions as a quasi-town centre albeit without the full scope of activities typically comprised in a larger town centre. Likely Motueka, tourist activity and visitors are an integral component to sustaining the Takaka centre.

The proportional split between industrial, commercial, retail land other employment is significantly different to that of previously assessed centres due to all activities forming 'the centre', which is not unusual in small rural centres.

Takaka has a significantly higher proportion of industrial activity (21%) within its centre given its very localised and isolated residential base. The layout of the Takaka township is derivative of historic and small scale development patterns since its inception and therefore its entire activity base is very centralised.

Takaka is also a unique centre in that a significant proportion of the centre is occupied by commercial and community service tenants. These are 'typically' 'pushed out' of a centre overtime due to increased retail sector demand, but given the area's limited size and growth this has not (and is unlikely to) occur in Takaka.

FIGURE 14: TAKAKA EMPLOYMENT COMPOSITION



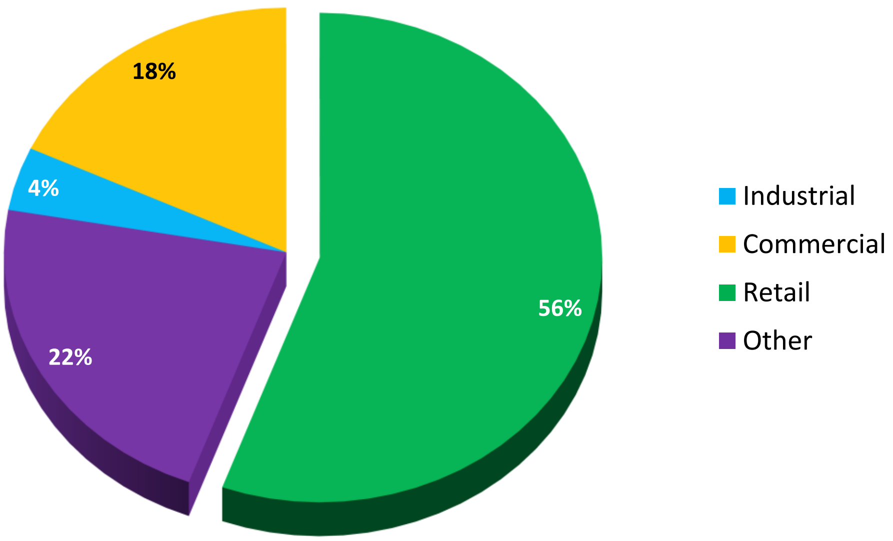
Source: Property Economics

8.6. STOKE CENTRE

The Stoke centre operates at a retail level (in a hierarchical sense) just below the Richmond Town Centre, and fulfils a mainly convenience retail orientated role only within the market. Stoke centre is located between the Richmond Town Centre and the Nelson CBD, and services its localised market for their weekly and day to day retailing needs, such a supermarket retailing and general convenience retail and commercial services.

Around a fifth of Stoke Centre employees are employed in the commercial sector, while slightly higher proportions occupy community and non-commercial service positions. The clearly dominant function of the Stoke Centre is retail provision with 56% of centre employment focused in this sector.

FIGURE 15: STOKE CENTRE EMPLOYMENT COMPOSITION



Source: Property Economics

9. CURRENT RETAIL ENVIRONMENT

Over the period of June 2011 to May 2012, Property Economics undertook an audit of retail activity in the Nelson / Tasman retail environment.

This involved measuring the net retail floorspace of all retail stores within these regions. These figures were then translated to GFA using an average 70% net to GFA ratio. Floorspace figures from the NZSCD[2] have also been used as part of this audit, where applicable.

The geographic locale of the centres audited for this analysis can be seen in Figure 9 as outlined earlier in the report.

The retail market operates under a hierarchal network, whereby different centres perform different roles and functions within the wider network, complementing each centre's respective provision. The retail hierarchy for Nelson / Tasman can generally be described as:

The CBD operates as the pre-eminent commercial, retail, civic, entertainment, and cultural centre of the total assessed market. It services residents from across both the Nelson and Tasman territorial authority areas, including the wider rural communities surrounding the main cities, and tourists. The CBD provides for a wide range of retail requirements, including comparison, recreational, LFR, lifestyle and convenience and is also the major commercial employment node within the assessed markets.

The CBD is the primary location for 'higher order' comparison retail brands, and for those retail banners preferring to adopt a 'one store' strategy to service the Nelson / Tasman market, they tend to be located in the Nelson CBD.

There is only one CBD in the Nelson / Tasman market at present and based on projected growth there should only be one in the foreseeable future.

Town Centres are typically anchored by a supermarket and other large format retailers and / or department stores. These centres generally include at least around 100 outlets comprised of convenience and lifestyle stores, as well as a small selection of specialist comparison retailers. Town Centres predominantly services residents weekly and day-to-day retailing requirements, as well as providing a range of comparison retailing.

There are two principal town centres in the assessed market - Richmond and Motueka, with Takaka as a hybrid town centre. This is unlikely to change over the assessed period with

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2 NZSCD – New Zealand Shopping Centre Directory 2011/12 Edition

growth considered more appropriate and efficient to channel into the existing centre network where possible.

Large Format Centres are generally anchored by several large format retail chains which sell comparison and bulky goods with a preference for large display areas. They service wide catchments and are predominantly accessed by private motor car, and have expansive areas of associated carparking, open space and landscaping (sometimes).

Much of this retail format's brands and offer is located on the fringe of the Nelson CBD, while M10M centre has the potential to cater for growth in this sector in the future.

Supermarket Based Neighbourhood Centres are identified as a grouping of predominately convenience stores (in the order of 20-40 stores) anchored by a supermarket. These centres service residents within the surrounding neighbourhoods for their weekly and day-to-day convenience retail and commercial service requirements and only has a limited (if any) comparison retail offer. Stoke is the centre in this market that falls within this classification.

Convenience Centres are a small grouping of localised convenience stores primarily servicing residents' day-to-day, frequently purchased retail goods. The lifeblood of convenience centres comes from residents within the immediate area and 'drive by' traffic. Given the number of convenience based centres within the market a list of store types typically found in convenience centres has been attached in Appendix 5.

Table 6 shows a summary of the centre composition within Tasman / Nelson, and their respective store counts and GFA. A full breakdown of the audit by centre can be found in Appendix 6.

TABLE 6: EXISTING TASMAN / NELSON KEY CENTRE RETAIL SUPPLY

Centre	Store #	GFA (sqm)	Store %	GFA %
M10M Centre	4	15,556	1%	6%
CBD	315	94,191	42%	39%
Wakefield Quay	11	6,939	1%	3%
Tahunanui	23	4,353	3%	2%
Stoke	30	18,490	4%	8%
Mapua	24	4,553	3%	2%
Richmond	179	43,710	24%	18%
Motueka	94	29,243	13%	12%
Takaka	28	7,740	4%	3%
Other	44	14,750	6%	6%
Total	**752**	**239,524**	**100%**	**100%**

Source: Property Economics

Currently, there is a total of just over 750 retail stores within Tasman / Nelson, with an estimated 240,000sqm of GFA. The majority of stores by number and GFA are located within the CBD, which represents 42% of the retail market by store quantum within the Tasman / Nelson market and encompasses just under 95,000sqm GFA. Richmond is second largest centre in the area (at nearly 44,000sqm GFA), encompassing approximately a quarter of all retail stores within the regions, and is based around the region's only internalised shopping mall. Motueka is also a centre to note representing over 10% of the market, with nearly 100 retail stores and around 30,000sqm of retail GFA.

In total these centres alone (CBD, Richmond and Motueka) represent around 80% of the retail market by store count and 70% by retail GFA. These are essentially the core centres within Nelson / Tasman, with the balance of the centres generally focused on only providing convenience based retail and commercial services to the market, albeit M10M LFR centre is still predominately undeveloped.

Table 7 shows a summary of the commercial services distribution within Tasman / Nelson, across the existing centre network, i.e. the number of commercial services in each centre occupying space on the ground level.

TABLE 7: COMMERCIAL SERVICES CENTRE DISTRIBUTION

Centre	Business #	Business %
M10M Centre	9	3%
CBD	99	37%
Wakefield Quay	4	1%
Tahunanui	21	8%
Stoke	4	1%
Mapua	12	4%
Richmond	56	21%
Motueka	31	11%
Nelson South	10	4%
Takaka	14	5%
Other	10	4%
Total	**270**	**100%**

Source: Property Economics

Note: M10M Centre includes immediate surrounds due to meshblock boundaries encompassing an area slightly larger than the centre itself.

Currently there are approximately 270 commercial service businesses operating on the ground level within the centre network in Tasman / Nelson. Just under 40%, or 100, of these businesses are located within the Nelson CBD area. The distribution of commercial service businesses aligns closely with retail distribution, with the Motueka and Richmond Town Centres representing 11% and 21% of the commercial services market respectively.

This reinforces the that fact that the CBD, Richmond, Motueka centres parallel the retail market by also forming the core of Tasman / Nelson's commercial service offer, with other centres generally operating with convenience based roles. This also reinforces the correlation between retail and commercial service activity, and that where retail locates commercial services also prefer to locate for clustering, efficiency and amenity benefits. This pattern of urban form is something to be encouraged in the future to ensure resources and infrastructure in Nelson and Tasman are efficiently utilised.

Table 8 drills down in a bit more detail and provides an overview of existing retail provision within the total market shown by GFA and number of retail stores by their respective ANZSIC retail sector. A detailed breakdown of the store types encompassed within each retail category can be seen in Appendix 7.

TABLE 8: EXISTING NELSON / TASMAN RETAIL SUPPLY

	Store #				GFA (sqm)			
Total Market	0-500	500-1000	1000+	Total	0-500	500-1000	1000+	Total
Supermarket			11	11			29,118	29,118
Food Retailing	51	2		53	9,170	1,363		10,532
Cafes, Restaurants,& Takeaways	175			175	19,768			19,768
Pubs, Taverns and Bars	29	6		35	7,949	3,786		11,734
Clothing, Jewellery and Personal Accessories	128	2		130	16,582	1,523		18,105
Footwear	16	1		17	2,573	990		3,563
Furniture, Floor Coverings, Home ware and Textiles	38	6	4	48	8,291	3,710	8,797	20,799
Electrical and electronic goods	14	6		20	3,041	3,616		6,657
Hardware, Building and Garden Supplies	23	4	6	33	6,073	2,121	27,117	35,311
Chemist	24			24	3,797			3,797
Department store			7	7			33,405	33,405
Recreational Goods	47	8	1	56	10,478	5,044	1,166	16,688
Other Stores	90	5		95	13,423	3,333		16,756
Vacant	40	3	2	45	5,760	2,426	2,941	11,127
Under Construction	1	2		3	607	1,557		2,164
Total	**676**	**45**	**31**	**752**	**107,512**	**29,469**	**102,544**	**239,524**
Total %	**90%**	**6%**	**4%**	**100%**	**45%**	**12%**	**43%**	**100%**

Source: Property Economics

Current vacancy levels in the market total to around 45 stores, encompassing an estimated 11,100sqm in GFA. This represents 6% of the total retail market by store number and 5% of GFA, and is considered an acceptable percentage given the difficult economic conditions and retail environment that prevails at present.

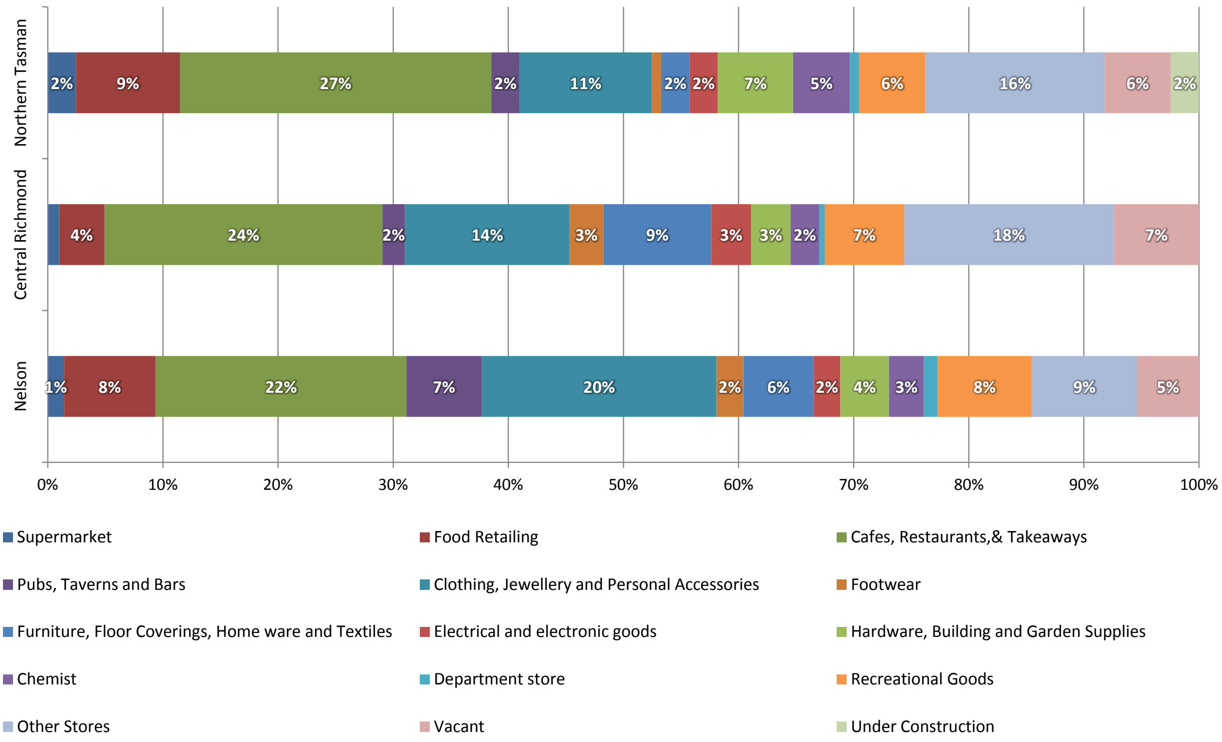
The retail sector representing the largest proportion of the market in terms of store count is Cafes, Restaurants & Takeaways with 175 stores or 23% of the total retail market by store number. Clothing, Jewellery and Personal Accessories represents the second largest proportion of the market in terms of store count with 130 stores and represents 17% of the total market.

Interestingly, in terms of supermarkets they comprise only 1% of the market by store number but 12% by GFA. This is not unusual for LFR sectors due to their larger store footprint. The same can be highlighted in the Department Store sector with the percentages being 1% and 14% respectively.

These are important 'centre' activities that should not be compromised in the future and where possible accommodated within the existing centre network given their 'anchor' role and extensive 'pulling power' which finer grain retailers benefit from.

Figure 17, below compares retail store composition within each of the identified catchments.

FIGURE 16: CATCHMENT EXISTING RETAIL STORE DISTRIBUTION



Source: Property Economics

Importantly, Northern Tasman and Richmond Central show a very large proportion of 'Other Stores' (16% and 18% respectively). As addressed in an earlier Richmond Report for TDC, this proportion is of some concern given the tendency for 'Other Stores' to typically represent lower quality / lower performing retailers, e.g. $2 type shops.

Approximately 20% of retail stores in Nelson are represented by the Clothing, Jewellery and Personal Accessories sector, compared to the Richmond Central catchment at 14% and Northern Tasman of 11%. This is an important sector for retail centres and is commonly the largest sector after Cafes, Restaurants and Takeaways, but highlights the Nelson CBD as the primary retail destination in the regions and attracts a lot of retail expenditure 'inflow' from the Tasman region.

The differences in retail sector proportions in Figure 17 indicate potential need for improvements in the quality of retail offer within Northern Tasman and Richmond Central. Facilitating the growth within the catchments into improvements in amenity and attracting higher quality and performing stores will be important in maintaining the current role and function of the Centres within these two catchments. In this regard, the forecast increase in retail expenditure as a result of growth does not necessarily translate into an increase in retail floorspace at a directly comparable rate. Some of this forecast expenditure growth should be channelled into the existing centres and stores to improve the performance of the existing offer and built form and lowering the 'other store' component of their offer. As such, it is more a case of 'look after what you've got' first and foremost before expanding the retail provisions any significant degree, otherwise retail centre activity will be diluted and the potential for displacement of stores rather than growth via new retail brands increases.

Tables 9, 10 and 11 breaks the retail audit down further by catchment and store numbers in three store size categories, namely 0-500sqm, 500-1,000sqm and 1,000sqm plus. This has been done to differentiate between Specialty and LFR store types.

9.1. NORTHERN TASMAN

TABLE 9: EXISTING NORTHERN TASMAN RETAIL SUPPLY

	Store #				GFA (sqm)			
Northern Tasman	0-500	500-1000	1000+	Total	0-500	500-1000	1000+	Total
Supermarket			3	3			5,947	5,947
Food Retailing	11			11	2,403			2,403
Cafes, Resturants,& Takeaways	33			33	3,946			3,946
Pubs, Taverns and Bars	3			3	844			844
Clothing, Jewllery and Personal Accessories	14			14	2,687			2,687
Footwear	1			1	189			189
Furniture, Floor Coverings, Homeeware and Textiles	3			3	713			713
Electrical and electronic goods	3			3	486			486
Hardware, Building and Garden Supplies	6	1	1	8	1,707	501	2,177	4,386
Chemist	6			6	881			881
Department store			1	1			4,583	4,583
Recreational Goods	6	1		7	2,113	550		2,663
Other Stores	19			19	3,620			3,620
Vacant	7			7	1,471			1,471
Under Construction	1	2		3	607	1,557		2,164
Total	**113**	**4**	**5**	**122**	**21,667**	**2,609**	**12,707**	**36,983**
Total %	**93%**	**3%**	**4%**	**100%**	**59%**	**7%**	**34%**	**100%**

Source: Property Economics

The current retail offer within Northern Tasman contains 122 retail stores and encompasses 37,000sqm of retail GFA. Of this, 93% are Specialty retail stores encompassing 60% of total retail GFA. The catchment includes three supermarkets (two in Motueka and one in Takaka), as well as The Warehouse department store in the Motueka Town Centre. These four stores alone dominate this market and would capture a significant proportion of retail spend in the area.

As an area with a relatively small population base and isolated location, catchment spending within Northern Tasman will largely be drawn within internal sources and tourism 'inflow' spending during the summer peaks from outside of the Nelson and Tasman region. A significant proportion of higher order non-convenience retail expenditure would flow to higher order centres such as Richmond and Nelson CBD. Residents will make the majority of their retail spending within the catchment for day to day needs but will travel to higher order centres for more specialised goods and services.

9.2. RICHMOND CENTRAL

TABLE 10: EXISTING RICHMOND CENTRAL RETAIL OFFER

	Store #				GFA (sqm)			
Central Richmond	0-500	500-1000	1000+	Total	0-500	500-1000	1000+	Total
Supermarket			2	2			7,469	7,469
Food, Liquor Retailing	8			8	1,601			1,601
Cafes, Resturants,& Takeaways	49			49	6,292			6,292
Pubs, Taverns and Bars	3	1		4	954	540		1,494
Clothing, Jewellery and Personal Accessories	29			29	3,692			3,692
Footwear	6			6	1,114			1,114
Furniture, Floor Coverings, Homeware and Textiles	16	1	2	19	3,226	616	3,441	7,283
Electrical and electronic goods	5	2		7	927	1,187		2,114
Hardware, Building and Garden Supplies	7			7	1,020			1,020
Chemist	5			5	996			996
Department store			1	1			4,756	4,756
Recreational Goods	14			14	2,271			2,271
Other Stores	36	1		37	5,253	549		5,801
Vacant	14	1		15	1,647	711		2,358
Under Construction								
Total	**192**	**6**	**5**	**203**	**28,994**	**3,603**	**15,666**	**48,263**
Total %	**95%**	**3%**	**2%**	**100%**	**60%**	**7%**	**32%**	**100%**

Source: Property Economics

The Richmond Central catchment has a total of 203 retail stores, covering approximately 48,300sqm of retail GFA. Approximately 5% of the retail offer in terms of store number in the Richmond Central catchment is LFR and encompasses around 19,300sqm GFA, or around 40% of the catchment retail GFA.

Richmond Central, which is largely represented by the Richmond Town Centre, and is the main retail centre for residents living within the Tasman Region. The retail offer in this catchment is comprehensive but lacks supply in key sectors such as LFR Hardware, Building and Garden Supplies, albeit this sector is well represented in close proximity immediately across the Nelson / Tasman territorial authority boundary which would negate any local undersupply. The large proportion of 'Other Stores' present is of some concern as outlined in the more detail in the recently completed Richmond Town Centre Report specifically.

9.3. NELSON CATCHMENT

TABLE 11: EXISTING NELSON RETAIL OFFER

	Store #				GFA (sqm)			
Nelson	0-500	500-1000	1000+	Total	0-500	500-1000	1000+	Total
Supermarket			6	6			15,701	15,701
Food Retailing	32	2		34	5,165	1,363		6,528
Cafes, Resturants,& Takeaways	93			93	9,530			9,530
Pubs, Taverns and Bars	23	5		28	6,150	3,246		9,396
Clothing, Jewllery and Personal Accessories	85	2		87	10,203	1,523		11,726
Footwear	9	1		10	1,270	990		2,260
Furniture, Floor Coverings, Homeeware and Textiles	19	5	2	26	4,353	3,094	5,356	12,803
Electrical and electronic goods	6	4		10	1,629	2,429		4,057
Hardware, Building and Garden Supplies	10	3	5	18	3,346	1,620	24,940	29,906
Chemist	13			13	1,920			1,920
Department store			5	5			24,066	24,066
Recreational Goods	27	7	1	35	6,094	4,494	1,166	11,754
Other Stores	35	4		39	4,550	2,784		7,335
Vacant	19	2	2	23	2,641	1,714	2,941	7,297
Under Construction								
Total	**371**	**35**	**21**	**427**	**56,851**	**23,257**	**74,170**	**154,278**
Total %	**87%**	**8%**	**5%**	**100%**	**37%**	**15%**	**48%**	**100%**

Source: Property Economics

The existing retail offer within Nelson includes a total of nearly 430 retail stores, covering approximately 154,000sqm GFA. In terms of store number, 87% are Specialty retail (i.e. less than 500sqm GFA), and these encompass approximately 57,000sqm of retail GFA. There are 56 LFR stores in the catchment representing around 63% of total retail floor area.

Within the identified catchments, Nelson essentially operates as the key retail destination, containing approximately 64% of total retail GFA in the Nelson / Tasman regions. As an area with a larger population and higher density, the retail offer within Nelson is more developed, mature and entrenched in the urban fabric and therefore provides a more comprehensive offer than that of Richmond Central and Northern Tasman catchments. Naturally this results in an 'inflow' of spending from the other assessed catchments, which is exacerbated by the existing offer within Northern Tasman and Richmond Central, which falls short of meeting their resident retail needs, which is discussed in more detail in the next section.

Currently the retail offer within Nelson functions to service primarily its own catchment and also to fill the gaps in retail offer within the Richmond Central and Northern Tasman. Until sufficient retail offer is developed in the other catchments this will continue to occur, albeit acknowledging the Nelson CBD will always be the dominant retail destination within the Nelson / Tasman regions and service the wider market.

10. RETAIL SUPPLY VS SUSTAINABLE DEMAND

This section of the report compares the existing catchments retail provision against forecast sustainable retail demand as determined in Section 6. Table 12 illustrates differences in forecast sustainable retail GFA against existing supply, providing an overview of the supply vs. demand dynamics of the identified market now and into the future.

While there will always be a level of retail leakage out of the catchment as determined in the MarketView analysis in Section 7, there is a net inflow of retail expenditure from tourists coming into the Nelson / Tasman regions that more than offsets any leakage. This is anticipated to continue.

It is important to note that retail supply does not and should not exactly match sustainable retail GFA. This analysis gives an overview of how these markets operate and function together and figures in Table 12 should not be regarded as strict guidelines towards what is appropriate to provide. The key component of the table is the 'Total' section at the bottom, which in effect provides a 'net position' on the demand / supply analysis.

TABLE 12: CATCHMENTS SUPPLY VS. DEMAND

Northern Tasman	2012	2016	2021	2026	2031	2036
Specialty	4,374	2,793	1,185	-596	-2,511	-3,082
LFR	-10,327	-12,365	-14,296	-16,327	-18,352	-19,147
Total	**-5,953**	**-9,571**	**-13,111**	**-16,923**	**-20,864**	**-22,229**

Richmond Central	2012	2016	2021	2026	2031	2036
Specialty	5,952	3,506	941	-2,074	-5,246	-6,437
LFR	-20,275	-24,258	-28,323	-33,037	-37,814	-39,798
Total	**-14,324**	**-20,752**	**-27,381**	**-35,111**	**-43,060**	**-46,235**

Nelson	2012	2016	2021	2026	2031	2036
Specialty	7,506	2,539	-2,757	-9,103	-16,004	-21,763
LFR	27,145	21,116	15,259	8,469	1,548	-6,031
Total	**34,651**	**23,655**	**12,502**	**-633**	**-14,456**	**-27,793**

Total	2012	2016	2021	2026	2031	2036
Specialty	17,831	8,839	-631	-11,773	-23,762	-31,282
LFR	-3,457	-15,508	-27,360	-40,894	-54,618	-64,976
Total	**14,374**	**-6,669**	**-27,991**	**-52,667**	**-78,380**	**-96,258**

Source: Property Economics

The 'so called' under provision in Northern Tasman and Richmond Central as shown by the negative numbers is not unusual nor unexpected given the MarketView data which shows some of their localised retail spend flows into Nelson. This also explains why Nelson would appear to have an overprovision based on its catchment size, shown by the positive numbers. This again supports the position that the markets function as a single entity and splitting the market up for planning purposes does not represent the commercial workings of the regions.

The total section of Table 12 at the bottom confirms that in general the total market over all the catchment is in an approximate equilibrium in 2012 / 13. This is considered the crucial point to take from the table, i.e. there appears no urgent or pressing need to immediately rezone additional land due to a significant undersupply as the market pressure is simply not there. This is shown 'on-the-ground' with a half developed M10M centre and significant capacity within the Richmond Town Centre.

Forecast market growth is projected to create a differential between sustainable demand and existing supply in the market of approximately 96,000sqm GFA across all three catchments, split by around 31,000sqm in Specialty retailing and 65,000sqm in LFR.

Northern Tasman

Within Northern Tasman, Table 12 indicates sustainable GFA (demand) is at levels surpassing existing supply by around 6,000sqm GFA. This is a not surprising and a derivative of a net retail spend outflow in LFR sectors to Richmond and Nelson.

Growth in the catchment is considered to be low and slow with the supply vs. demand showing only 3,100sqm GFA differential in Specialty retailing by 2036. The current estimated over provision of Specialty retailing in Northern Tasman at present suggests a proportion of space is operating at low productivity levels.

Not all this growth should be accommodated locally, with as per the MarketView spend data, a significant proportion of LFR and other 'higher order' spend (and hence forecast growth) will be captured in Richmond and Nelson. Therefore, nominally the realistic level of actual growth likely in this catchment is not significant and should be catered for within the existing zoned land for retail activities within the Motueka and Takaka Centres, or an expansion of it, which will allow the retailers and the community to benefit from the clustering of retail offer.

Richmond Central

Existing supply vs. sustainable demand within Richmond Central is currently in deficit by approximately 14,300sqm GFA, with Specialty supply surpassing sustainable levels by approximately 6,000sqm, but LFR undersupplied by around 20,300sqm. In terms of Specialty retailing, Richmond Central is well situated over the assessed period, with demand vs. supply at comfortable levels. As mentioned earlier in the report, there is a significant level of leakage out of the Tasman region into Nelson, which suggests that while there are enough retail stores within Richmond Central the quality of these stores are not meeting the requirements for residing residents, i.e. it's a quality rather than quantum issue.

Table 12 also indicates a shortfall of retail GFA supply for LFR reinforcing earlier MarketView data analysis. This is most evident within the Hardware, Building and Garden supplies retail sector where around 65% of retail spending by residents from Tasman is made outside of the catchment. However existing retail zoned land such as that located within Richmond Town Centre Business zone and the proposed Richmond West Development Area (**"RWDA"**) will be more than adequate to cater for the forecast retail growth.

The capacity for both additional Specialty and LFR activity to be accommodated within the Richmond Town Centre Business Zone is significant. Both Supermarket and Department Store growth should be accommodated in the Richmond Town Centre to ignite the, in general, net economic benefits associated with locating these store types in-centre, and to assist facilitating the improved performance of the existing retail space.

Nelson

The current retail provision within Nelson is currently above sustainable levels. This is due the current ability (and subsequent reliance) of the Nelson centres to attract shoppers from the Tasman region, especially in the sectors of Hardware, Building, and Gardening supplies, LFR and fashion retailing.

Assuming that retail supply within Richmond Central and Northern Tasman will increase, a higher portion of retail sales will be retained by these catchments leading to a decrease in the percentage inflow of retail dollars into Nelson, i.e. spend within these catchments will become more internalised and they will become more self-sufficient as their critical mass grows, but not to a point where the outflow of retail spend into Nelson stops. These effects will be largely offset by retail growth within Nelson and are highly unlikely to detract from the role or function of Nelson's retail centres.

With existing supply above current sustainable levels, Nelson is currently in a comfortable position to address forecast retail growth. Over the foreseeable future, rezoning of new 'higher order' centres to cater for growth is not considered necessary at this point given the current existing retail offer and redevelopment potential. Additional demand can and should be accommodated within the existing built centre form in Nelson.

In terms of the Nelson CBD, Council proposes to expand to Central City zone in a few areas. However, this will reflect existing retail activity in many places (particularly LFR activity) and permit a small element of fine grain Specialty retail on street frontages to better enable integration of activities with the existing CBD core. The expansion zone is also focused on providing a strong steer on employment activities and encouraging these activities into the zone, which complement the wider CBD offer. As such, Property Economics support the CBD expansion zones as proposed (in the Heart of Nelson Strategy), but additional expansion beyond that proposed is not warranted in our view.

However, in our opinion it would be prudent to restrict finer grain smaller Specialty store retailing to street frontage only to ensure no 'internal mall' type development can be developed in the future, as this would have the propensity to unduly impact the core CBD offer.

In summary, over the short term-medium term (i.e. the 10-year life of the District Plans) the total catchment is projected to only grow by 5,500 people and 3,900 households (and at an average rate of about 1 a day). This equates to retail growth equivalent to around 6,000sqm Specialty and 29,000sqm LFR. This is not considered a level of growth that will drive any significant change to the existing centre fabric of the regions, particularly acknowledging the existing capacity within the network and location of much of the population growth (i.e. southern Stoke and Richmond). On top of this is the earlier acknowledgement that not all retail expenditure growth should equate to a proportionate increase in retail floor space, as some existing retail activity needs this forecast market growth to improve their performance, which in turn will improve vitality, amenity and viability of stores and centres.

Over the long term much of the forecast growth has already been planned for at a strategic level in the RWDA, particularly for LFR activity and Nelson CBD expansion zones. Overall, the Specialty retail component (around 31,000sqm) is likely to be able to 'fit' into the existing centre network envelope, while LFR activity (around 65,000sqm) can be accommodated in the balance of the M10M Centre and the RWDA, albeit new Supermarket and Department Store activity should be facilitated in the Richmond Town Centre and Nelson CBD where possible and appropriate as these two store types by themselves will account for the a significant proportion of LFR growth and have greater propensity to generate adverse effects on existing centres.

There may be a couple of small local convenience centres developed in the growth nodes in the future (i.e. 2-6 shops), but this will be highly dependent on the timing and rate of this growth, with no envisaged requirement within the next 10 years. Outside of the main centre network, there appears to be minimal supplementary demand for additional retail activity given the levels of projected growth nominally are not significant, and the locations are within close proximity and easily accessible to convenience activity.

11. COMMERCIAL ACTIVITY

This section of the report assesses the growth and distribution of commercial employment within the identified catchments. This includes forecasting commercial employment growth and land requirements out to 2036, based on historical employment trends and forecast population growth. These trends are important in understanding the changes in the Nelson / Tasman business environment in order to project future commercial activity within the area.

Commercial activities generally refer to land intensive office based activities. It includes a large proportion of the tertiary sector of an economy, which deals with services; and the quaternary sector, focusing on technological research, design and development. A breakdown of what has been regarded as commercial, industrial, retail and other sector business has been included in Appendix 8.

Like the retail market, the commercial markets of Tasman / Nelson operate as a single entity, which is considered important to harness as a 'united front' makes the area more competitive on a national level.

11.1. COMMERCIAL LAND REQUIREMENTS

Forecasting commercial employment and land demand offers some difficultly. As already discussed, employment locations can be dependent on the geo-spatial distribution of commercial land provisions and where the employee base currently resides.

The Nelson / Tasman area offers unique challenges to this, as already discussed, the area represents a single economic environment with regards to medium to large businesses. As such the dispersal, under free market conditions, of commercial activity within this area is expected to follow historical trends barring any significant commercially competitive changes within the area. For simplicity it is appropriate to adopt a Tasman and Nelson market (i.e. assessment by territorial authority level), as breaking down Tasman as for the retail section is superfluous for the purpose of this report.

For these reasons the forecasts in Table 13 have been based on commercial employment forecasts within the total catchment (i.e. Nelson and Tasman). The forecasts represent the level of 'at-grade' (i.e. ground level) commercial land that can be sustained by forecast commercial employment growth within the total catchment. The majority of demand should be provided within the Nelson Town Centre as to better reinforce its position within the wider centre network and improve economic efficiencies through more intensive use of land resources and synergies afforded as a result of clustering business activities.

The sector projected employment for the catchments has been based on a number of variables including:

- National and Regional GDP and employment projections
- Population projections – these are key both to labour force projections and population based employment.
- Labour Force projections (skilled / unskilled)
- Regional ability to accommodate growth, especially the potential relocation of business (industrial) activity from Marlborough Region.
- Nelson / Tasman sub-regions relative business land supply and prices
- Trended growth from at least the past 11 years at an Area Unit level
- Economic development directions
- Locational criteria by sector
- National / Regional and local supply of inputted goods and location of market
- Business sector analysis
- Increasing working age

Translating employment to land area has been done on a sector by sector basis using average employment to land area ratios from QV and Council rating databases Property Economics has assessed from other areas around NZ.

Table 13 has consolidated the commercial employment sectors and shows the resulting growth projections to 2036. This shows relatively steady growth in the commercial sectors of some 35% (in terms of employment growth) over the next 25 years. As stated this growth is based on the status quo variables as set out above and does not account for potential 'one-off' major developments over this medium term period. Although it is unlikely that this will occur it is prudent not to discount it.

Nominally this is not significant growth with around 3,230 new commercial employees over the assessed period, equating to around 130 per annum, on average across both regions. This is not of a scale that will generate 'mass' commercial office development, rather it is likely to be sustained through incremental office space development over the period.

TABLE 13: TASMAN / NELSON COMMERCIAL EMPLOYMENT GROWTH (2011 – 2016 ECS)

	2000	2006	2011	2016	2021	2026	2031	2036
Tasman	2,049	2,625	2,770	2,937	3,090	3,231	3,455	3,612
Nelson	4,322	5,543	6,321	6,819	7,279	7,612	8,276	8,706
Total	**6,371**	**8,168**	**9,091**	**9,756**	**10,369**	**10,843**	**11,731**	**12,318**

Source: Property Economics

Table 13 also illustrates the potential split between Nelson and Tasman. Through time this proportion is continuing to skew towards Nelson as the dominant commercial centre with a greater proportion of medium to large businesses that service a wider area. It is important that this consolidation is fostered so as to maintain and enhance a competitive business environment that has the capability of sustaining itself. As such it is considered appropriate to accommodate at least 70% of Nelson's commercial sector growth (including the relocation of larger businesses), 1,600 employees, into the Nelson CBD.

Table 14 converts the commercial employment growth above into floorspace and land area demand to 2036. This shows, once again, relatively consistent growth requirements with approximately 1 hectare of commercial land, or equivalent (i.e.) intensified building platforms, per annum.

TABLE 14: TASMAN / NELSON COMMERCIAL FLOORSPACE AND POTENTIAL LAND DEMAND

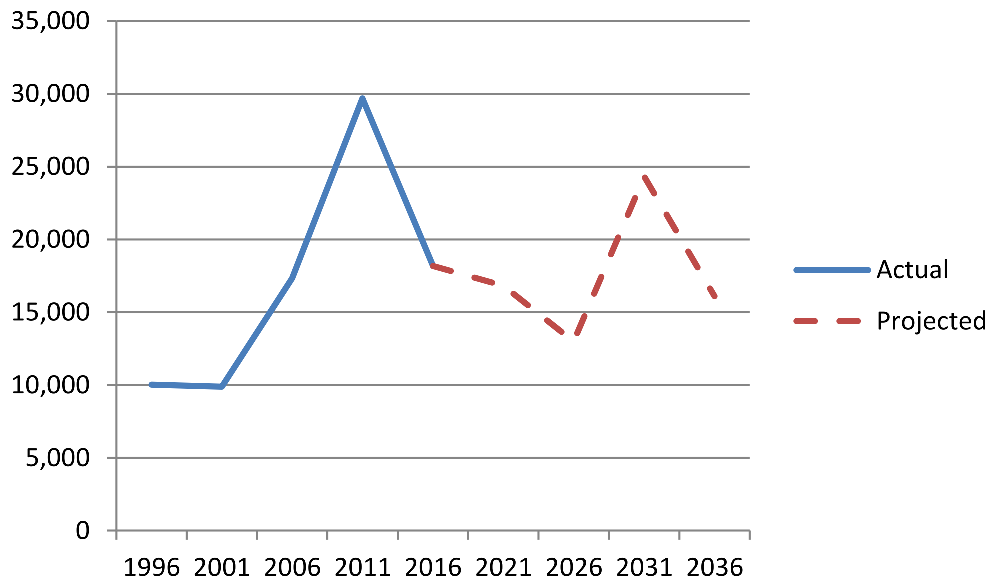
Growth	2016	2021	2026	2031	2036
Commercial Ecs	663	614	474	887	587
Floorspace	18,179	16,821	13,000	24,314	16,090
Land (ha)	**6.3**	**5.8**	**4.5**	**8.4**	**5.5**

Source: Property Economics

Table 14 shows a slight increase in trended activity in the 2026 to 2031 period likely to be produced by the Nelson / Tasman area developing to a size that retains greater levels of locally serviceable activity.

In terms of the pattern of development Figure 18 shows historical commercial building consent trends to 2011 and follows with the projections from above. These show a demand for approximately 3,000sqm of commercial floorspace per annum. Appendix 9 breaks these consents down further. Also contained within this data is the value of this floorspace. It is of interest to note that, allowing for increased costs of construction over time, the value of this floorspace is increasing. This would indicate a growing demand, especially in the Nelson area, for higher quality commercial premises and therefore greater levels of associated amenity. It is also interesting that, although still approximately $200 less a sqm, the Tasman area is increasing in value at a greater rate.

FIGURE 17: ACTUAL COMMERCIAL CONSENTS AND PROJECTED DEMAND (1996 – 2036, SQM)



Source: Property Economics

11.2. COMMERCIAL SUMMARY

It is important to assess the future of the commercial environment within the Nelson / Tasman area in light of its current development and operation. There exists in this area, three main commercial locations, Nelson CBD, Richmond and Motueka. These commercial areas account for the vast majority of commercial activity within the regions. Although these locations display a degree of dependency with one another and have some level of symbiotic relationship for the most part Nelson CBD represents the most efficient and competitive location for commercial activity.

The identified area is expected to see continued growth over the next 25 years given the population growth anticipated and the regions position in the wider national economy. It is crucial however that this activity is utilised to produce the most efficient and competitive commercial environment possible for the region. Essentially this means that the expected 80,000sqm of commercial floorspace should be consolidated into existing centres. Like for retail activity, the capacity within the Nelson CBD and Richmond Town Centre to accommodate this growth is significant, particularly given commercial space has a higher propensity, and greater degree of acceptability, to be multi-level.

It is expected that between these three centres over 65% will be accommodated with 75% of this within the Nelson CBD. An existing centre location affords the opportunity for future growth to be accommodated in a clustered or consolidated environment. This is vital so as to produce such benefits as:

- Economic agglomeration
- Efficient infrastructure provision
- Appropriate levels of amenity
- Market certainty
- Investment certainty
- Community facilities (efficiency)
- Competitive Business Environment
- Community Wellbeing through social value of centres
- Redevelopment potential

Although home commercial businesses will remain important to the region it is fundamental that sufficient levels of commercial activity are accommodated within these crucial centres.

APPENDIX : 1 DEMOGRAPHIC PROFILING

	NORTHERN TASMAN	RICHMOND CENTRAL	NELSON	NEW ZEALAND
GENERAL				
Population	19,184	29,132	44,367	4,227,949
Households	7,820	10,876	18,012	1,562,135
Person Per Dwelling Ratio	2.5	2.7	2.5	2.7
AGE PROFILE				
Average Age	42	40	40	36
0-9 years	12%	14%	12%	14%
10-19 years	12%	15%	14%	15%
20-29 years	9%	8%	11%	13%
30-39 years	13%	14%	14%	14%
40-49 years	16%	17%	16%	15%
50-64 years	22%	19%	19%	16%
65 plus years	15%	13%	15%	12%
HOUSEHOLD INCOME PROFILE				
Average (pa)	$48,655	$62,287	$61,183	$66,163
$0-$30,000 (pa)	44%	29%	34%	29%
$30,001-$50,000 (pa)	24%	22%	22%	19%
$50,001-$70,000 (pa)	14%	20%	17%	16%
$70.001-$100,000 (pa)	10%	16%	14%	16%
$100,001 plus (pa)	7%	13%	13%	19%
EMPLOYMENT				
Employed - Full Time	72%	73%	71%	73%
Employed - Part Time	25%	25%	25%	22%
Not in Labour Force	32%	29%	32%	32%
YEARS AT RESIDENCE				
Less Than 5 Years	52%	55%	57%	58%
5 - 14 Years	28%	30%	29%	27%
15 Plus Years	20%	15%	15%	15%
IMMIGRATION				
NZ Born	89%	90%	85%	82%
Immigrated 0-9 Years Ago	5%	5%	6%	9%
Immigrated 10-19 Years Ago	2%	1%	2%	3%
Immigrated 20 Plus Years Ago	5%	4%	6%	6%
ETHNICITY				
European Ethnic Groups	76%	78%	75%	61%
Mäori Ethnic Group	9%	5%	8%	13%
Pacific Peoples' Ethnic Groups	1%	1%	2%	6%
Asian Ethnic Groups	1%	1%	2%	8%
MELAA Ethnic Groups	0%	0%	0%	1%
Other Ethnic Groups	13%	14%	13%	10%

	NORTHERN TASMAN	RICHMOND CENTRAL	NELSON	NEW ZEALAND
QUALIFICATION ATTAINMENT				
No Qualification	25%	24%	23%	22%
Secondary School	34%	36%	35%	36%
Trade / Vocational	20%	22%	21%	18%
Bachelor Degree	6%	8%	9%	10%
Higher Degree	3%	3%	4%	4%
Other	12%	7%	8%	10%
INDUSTRY OF EMPLOYMENT				
White Collar	57%	62%	65%	69%
Blue Collar	43%	38%	35%	31%
STUDENT PROPORTIONS				
Full Time	5%	6%	8%	11%
Part Time	4%	5%	5%	5%
Not Studying	91%	89%	87%	84%
SOURCE OF INCOME				
Unemployment Benefit	3%	1%	2%	2%
Self Employed/Own Business	16%	15%	11%	11%
Wages/Salary	35%	40%	40%	42%
Other Income	44%	42%	45%	41%
No Income	2%	3%	3%	4%
WEEKLY HOURS WORKED				
1 hr - 19 hrs	15%	14%	15%	13%
20 hrs - 39 hrs	22%	23%	25%	22%
40 hrs - 59 hrs	48%	51%	52%	55%
60 plus hrs	15%	11%	8%	10%
NUMBER OF RESIDENTS				
1 Residents	28%	20%	26%	23%
2 Residents	39%	37%	38%	34%
3 Residents	14%	16%	16%	17%
4 Residents	12%	17%	13%	15%
5 Residents	5%	7%	5%	7%
6 Residents	2%	2%	2%	3%
7 Residents	0%	0%	0%	1%
8 Plus Residents	0%	0%	0%	1%
HOUSEHOLD STRUCTURE				
Single	28%	20%	26%	22%
Couple	34%	34%	31%	29%
Single Parent With Children	10%	9%	13%	13%
Two Parent Family	25%	35%	26%	31%
Other Multi-person	3%	3%	5%	5%
HOME OWNERSHIP				
Residents Own / Mortgage	71%	79%	69%	67%
Rent	29%	21%	31%	33%

APPENDIX : 2 RETAIL EXPENDITURE MODEL

This appendix outlines the methodology that has been used to estimate retail spend generated at Census Area Unit (CAU) level for the identified catchments out to 2031.

CAU 2006 Boundaries

All analysis has been based on Census Area Unit 2006 boundaries.

Permanent Private Households (PPH) 2006

These are the total Occupied Households as determined by the Census 2006. PPHs are the primary basis of retail spend generation and account for approximately 71% of all retail sales. PPHs have regard for (exclude) the proportion of dwellings that are vacant at any one time in a locality, which can vary significantly, and in this respect account for the movement of some domestic tourists.

Permanent Private Household Forecasts 2006-2031

These are based on Statistics NZ Census Area Unit (CAU) Medium Series Population Growth Projections and have been adjusted to account for residential building consent activity occurring between 2006 and 2011, with this extrapolated to the year of concern. This accounts for recent building activity, particularly important for the 5-10 year forecasts, and effectively updates Statistics NZ projections to reflect recent trends. Geo-spatial differences in growth between 2001 and 2006 CAUs have been accounted for with a pro rata distribution.

International Tourist Spend

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

Total Tourist Spend Forecast

Growth is conservatively forecast in the model at 2% per annum for the 2011-2031 period.

2006-2031 PPH Average Household Retail Spend

This has been determined by analysing the national relationship between PPH average household income (by income bracket) as determined by the 2006 Census, and the average PPH expenditure of retail goods (by income bracket) as determined by the Household Economic Survey (HES) prepared by Statistics NZ. In particular a regression analysis has shown the following relationship exists:

PPH Retail Spend = 27.3% of Average PPH Income plus $4,999 constant.

This relationship between income and retail spend is statistically significant, with a R2 (the measure of the relationship between the two variables) considered extremely strong.

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 Soft goods
- Furniture and Floor coverings
- Appliance Retailing
- Hardware
- 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.

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

Additionally, growth of internet retailing for virtual stores, auctions and overseas stores is leading to a decrease in on-the-ground spend and floorspace demand. In order to account for this, a non-linear percentage decrease of 2.5% in 2016 growing to 9% by 2031 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 floorspace demand.

Retail Spend Determinants

Retail Spend for a given area is determined by: the 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 floorspace 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 floorspace. This is the reason that productivity levels are not adjusted but similarly inflation is factored out of retail spend assessments.

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

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

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

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

Current and Future Conditions

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

Over the last 3 years this has now reversed with the worldwide GFC recession taking grip. As such, the economic environment has undergone rapid change. The national market is currently experiencing low interest rates (although expected to increase this coming quarter), a highly inflated $NZ (increasing importing however disproportionately), a stalled property market, and a stagnation in general business confidence. These factors will continue to dampen retail spending throughout the next 5 or so years. Given the previous years (pre 2008) substantial growth and high levels of debt repayment likely to be experienced by New Zealand households it is expected that real retail growth rates will continue to be stifled for the short term.

Impacts of Changing Retail Spend

At this point in time a 1% real retail growth rate is being applied by Property Economics over the longer term 20 year period. This rate is highly volatile however and is likely to be in the order of 0.5% to 1% over the next 5 – 10 years rising to 1% - 2% over the more medium term as the economy stabilises and experiences cyclical growth. This would mean that it would be prudent in the shorter term to be conservative with regard to the level of sustainable retail floorspace within given centres.

Business Spend 2006

This is the total retail spend generated by businesses. This has been determined by subtracting PPH retail spend and Tourist retail spend from the Total Retail Sales as determined by the Retail Trade Survey (RTS) which is prepared by Statistics NZ. All categories are included with the exception of accommodation and automotive related spend. In total, Business Spend accounts for 26% of all retail sales in NZ. Business spend is distributed based on the location of employees in each Census Area Unit and the national average retail spend per employee ($6,640pa).

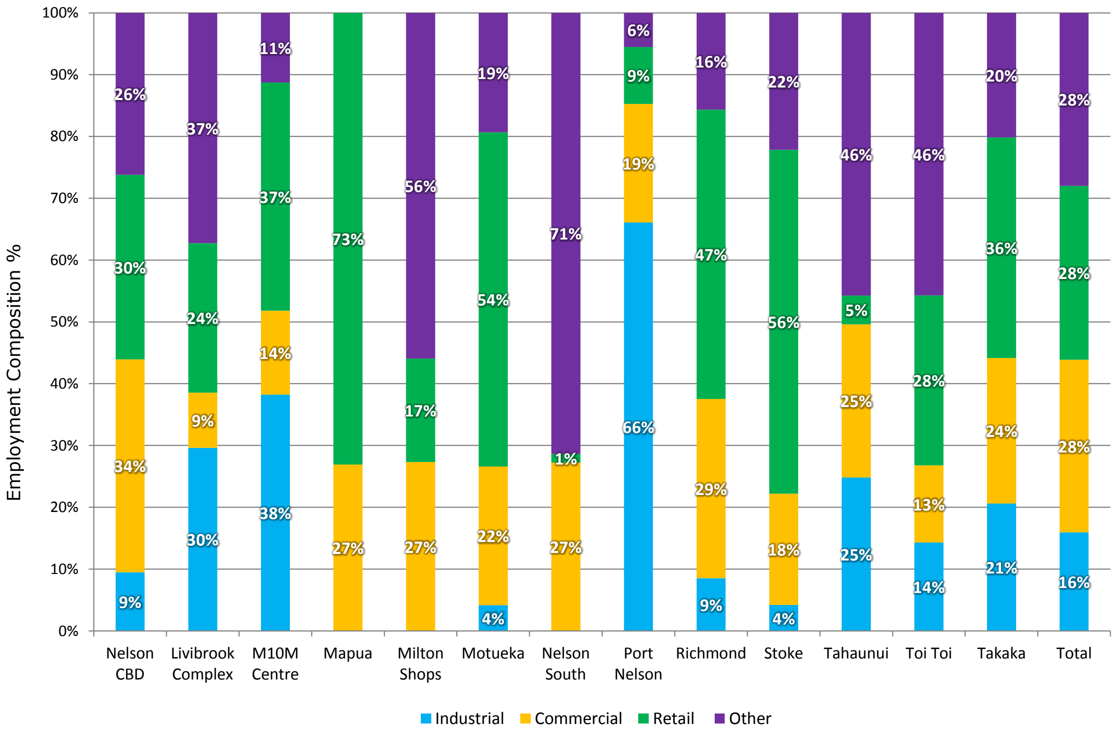
Business Spend Forecast 2006-2031

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

APPENDIX : 3 CENTRE EMPLOYMENT BY ANZSIC CLASSIFICATION

	CBD	LIVIBROOK	M10M	MAPUA	MILTON	MOTUEKA	NELSON SOUTH	WAKEFIELD QUAY	RICHMOND	STOKE	TAHUNANUI	TOITOI	TAKAKA	MURCHISON	TAPAWERA	WAKEFIELD	TOTAL
A Agriculture, Forestry and Fishing		6				36		6	25							20	93
B Mining																	
C Manufacturing	213	95	18			29		758	30	20	20		79				1,262
D Electricity, Gas, Water and Waste Services	12		3					15	3				3				36
E Construction	152	72	35			3		72	91		3	3	6	12	3	6	458
F Wholesale Trade	190	100	40			9		200	47		6		9				601
G Retail Trade	1,710	223	110	3	6	496		80	805	250	6	9	160	27	9	50	3,944
H Accommodation and Food Services	771	9		30	27	189	34	130	257	18		3	62	86	9		1,625
I Transport, Postal and Warehousing	192	15	20			6		330	15		3	3	28	24			636
J Information Media and Telecommunications	381		12			21		15	55	9			12				505
K Financial and Insurance Services	380		3			46	3		92	6			15	3			548
L Rental, Hiring and Real Estate Services	114	3				27	6	9	47	23			9			3	241
M Professional, Scientific and Technical Services	789	15	3	6	15	66	9	138	279	15			53	12			1,400
N Administrative and Support Services	399		15			31	95	190	15		20		18	12			795
O Public Administration and Safety	717	3				15		45	230				12	3		3	1,028
P Education and Training	339	210				71	223				50	12	18	29	6	39	997
Q Health Care and Social Assistance	841	63	30		113	113	1,660	21	93	100	18		3		3	40	3,098
R Arts and Recreation Services	147	70				35		15	15	21		12	65				380
S Other Services	572	70	9		12	21	50	42	87	15	3		44	3			928
Total	**7,919**	**954**	**298**	**39**	**173**	**1,214**	**2,080**	**2,066**	**2,186**	**477**	**129**	**42**	**596**	**211**	**30**	**161**	**18,575**

APPENDIX : 4 CENTRE EMPLOYMENT COMPOSITION



APPENDIX : 5 CONVENIENCE STORE TYPES

Note this is not intended to represent an exhaustive list.

- Superette / Dairy
- Fish shop
- Butcher
- Bakery
- Post Shop / Stationery
- Fruit & Vege Shop
- Delicatessen
- Cake Shop
- Ice Cream Parlour
- Liquor / Wine Shop
- Takeaways (Fish & Chips, Pizza, Chinese, Thai, Turkish, Indian, etc.)
- Cafés & Restaurants
- Video store
- Chemist
- Newsagent
- Pub / Bar
- Florist
- Camera / Photography Shop
- Gift Shops
- Optometrist
- Locksmith
- Hairdresser
- Drycleaners
- Doctors
- Accountants
- Physiotherapists
- Medical practitioners
- Dentists
- Child care facilities
- Gym
- Lawyers

APPENDIX : 6 RETAIL AUDIT BY CENTRE

Store #	M10M CENTRE	NELSON CBD	WAKEFIELD QUAY	TAHUNANUI	STOKE	MAPAU	RICHMOND	MOTUEKA	TAKAKA	OTHER	TOTAL
Supermarket		4			2		2	2	1		11
Food Retailing		13	2	3	3	1	7	6	5	13	53
Cafes, Resturants,& Takeaways		65	1	5	7	7	42	23	10	15	175
Pubs, Taverns and Bars	1	19		3	2	2	2	3		3	35
Clothing, Jewellery and Personal Accessories		84		1		1	28	9	5	2	130
Footwear		10					6	1			17
Furniture, Floor Coverings, Homeware and Textiles	1	20		3	1	5	14	3		1	48
Electrical and electronic goods	1	9					7	2	1		20
Hardware, Building and Garden Supplies	1	5	4	3	2	1	6	7	1	3	33
Chemist		10		1	1	1	4	5	1	1	24
Department store		4					1	1		1	7
Recreational Goods		31			2	1	13	6	1	2	56
Other Stores		27	2	1	8	4	33	16	3	1	95
Vacant		14	2	3	2	1	14	7		2	45
Under Construction								3			3
Total	**4**	**315**	**11**	**23**	**30**	**24**	**179**	**94**	**28**	**44**	**752**

GFA (sqm)	M10M CENTRE	NELSON CBD	WAKEFIELD QUAY	TAHUNANUI	STOKE	MAPAU	RICHMOND	MOTUEKA	TAKAKA	OTHER	TOTAL
Supermarket		10,469			5,233		7,469	4,347	1,600		29,118
Food Retailing		1,886	166	481	1,027	290	1,311	1,083	1,320	2,969	10,533
Cafes, Resturants,& Takeaways		6,506	39	694	709	1,441	4,851	2,296	1,650	1,583	19,768
Pubs, Taverns and Bars	636	5,811		1,439	773	777	717	844		737	11,734
Clothing, Jewellery and Personal Accessories		11,561		63		57	3,635	1,787	900	101	18,105
Footwear		2,260					1,114	189			3,563
Furniture, Floor Coverings, Homeware and Textiles	1,641	10,261		444	34	1,061	6,221	713		421	20,799
Electrical and electronic goods	620	3,437					2,114	306	180		6,657
Hardware, Building and Garden Supplies	12,659	2,356	4,360	520	9,016	164	856	4,156	230	996	35,311
Chemist		1,437		127	276	186	810	821	60	80	3,797
Department store		16,957					4,756	4,583		7,109	33,405
Recreational Goods		10,600			596	76	2,196	1,943	720	559	16,688
Other Stores		5,524	660	349	720	443	5,358	2,540	1,080	81	16,756
Vacant		5,126	1,714	236	107	57	2,301	1,471		114	11,127
Under Construction								2,164			2,164
Total	**15,556**	**94,191**	**6,939**	**4,353**	**18,490**	**4,553**	**43,710**	**29,243**	**7,740**	**14,750**	**239,524**

APPENDIX : 7 ANZSIC RETAIL CLASSIFICATIONS 2006

411 SUPERMARKET AND GROCERY STORES

4110 Supermarket and Grocery Stores

This class consists of units mainly engaged in retailing groceries or non-specialised food lines (including convenience stores), whether or not the selling is organised on a self-service basis.

Primary activities

- Convenience store operation
- Grocery retailing
- Grocery supermarket operation

Exclusions/References

Units mainly engaged in retailing specialised food lines are included in the appropriate classes of Group 412 Specialised Food Retailing.

412 SPECIALISED FOOD RETAILING

4121 Fresh Meat, Fish and Poultry Retailing

This class consists of units mainly engaged in retailing fresh meat, fish or poultry.

Primary Activities

- Butcher's shop operation (retail)
- Fish, fresh, retailing
- Meat, fresh, retailing
- Poultry, fresh, retailing
- Seafood, fresh, retailing

4122 Fruit and Vegetable Retailing

This class consists of units mainly engaged in retailing fresh fruit or vegetables.

Primary activities

- Fruit, fresh, retailing
- Greengrocery operation (retail)
- Vegetable, fresh, retailing

4123 Liquor Retailing

This class consists of units mainly engaged in retailing beer, wine or spirits for consumption off the premises only.

Primary activities

- Alcoholic beverage retailing (for consumption off the premises only)

Exclusions/References

Units mainly engaged in selling alcoholic beverages for consumption on the premises, such as hotels, bars and similar units (except hospitality clubs), are included in Class 4520 Pubs, Taverns and Bars.

4129 Other Specialised Food Retailing

This class consists of units mainly engaged in retailing specialised food lines, such as confectionery or smallgoods or bread and cakes (not manufactured on the same premises).

Primary activities

- Biscuit retailing (not manufactured on the same premises)
- Bread retailing (not manufactured on the same premises)
- Bread vendor (not manufactured on the same premises)
- Cake retailing (not manufactured on the same premises)
- Confectionery retailing
- Non-alcoholic drinks retailing
- Pastry retailing (not manufactured on the same premises)
- Smallgoods retailing
- Specialised food retailing n.e.c.

Exclusions/References

Units mainly engaged in

- retailing a wide range of food lines are included in Class 4110 Supermarket and Grocery Stores;
- providing food services for immediate consumption for taking away or consumption in limited seating areas are included in Class 4512 Takeaway Food Services;
- manufacturing bakery products and selling those products from the same premises are included in Class 1174 Bakery Product Manufacturing (Non-factory based); and
- • retailing food through vending machines or other non-store means (except mobile vans) are included in Class 4310 Non-Store Retailing.

421 FURNITURE, FLOOR COVERINGS, HOUSEWARE AND TEXTILE GOODS RETAILING

4211 Furniture Retailing

This class consists of units mainly engaged in retailing furniture, blinds or awnings.

Primary activities

- Antique reproduction furniture retailing
- Awning retailing
- Blind retailing
- Furniture retailing
- Mattress retailing

Exclusions/References

Units mainly engaged in

- the installation of household blinds or awnings are included in Class 3239 Other Building Installation Services;
- manufacturing blinds or awnings are included in the appropriate classes of Division C Manufacturing, according to the materials used in the manufacturing process;
- retailing second-hand or antique furniture are included in Class 4273 Antique and Used Goods Retailing; and
- retailing curtains are included in Class 4214 Manchester and Other Textile Goods Retailing.

4212 Floor Coverings Retailing

This class consists of units mainly engaged in retailing floor coverings (except ceramic floor tiles).

Primary activities

- Carpet retailing
- Floor coverings retailing (except ceramic floor tiles)
- Floor rug retailing
- Floor tile retailing (lino, vinyl, cork, carpet or rubber)
- Parquetry retailing

Exclusions/References

Units mainly engaged in

- laying floor coverings are included in the appropriate classes of Division E Construction; and
- retailing ceramic floor tiles are included in Class 4231 Hardware and Building Supplies Retailing.

4213 Houseware Retailing

This class consists of units mainly engaged in retailing kitchenware, china, glassware, silverware or other houseware goods.

Primary activities

- Brushware retailing
- Chinaware retailing
- Cooking utensil retailing (except electric)
- Crockery retailing
- Cutlery retailing
- Enamelware retailing
- Glassware retailing
- Kitchenware retailing
- Picnicware retailing
- Plastic container retailing
- Silverware retailing

Exclusions/References

Units mainly engaged in retailing electric cooking utensils are included in Class 4221 Electrical, Electronic and Gas Appliance Retailing.

4214 Manchester and Other Textile Goods Retailing

This class consists of units mainly engaged in retailing fabrics, curtains or household textiles.

Primary activities

- Blanket retailing
- Curtain retailing
- Dressmaking requisites retailing
- Fabric, textile, retailing
- Household textile retailing
- Linen retailing
- Piece-goods retailing
- Soft furnishing retailing
- Yarn retailing

Exclusions/References

Units mainly engaged in

- installing awnings, blinds, shutters or curtains are included in Class 3239 Other Building Installation Services; and
- manufacturing curtains or cushions are included in Class 1333 Cut and Sewn Textile Product Manufacturing.

422 ELECTRICAL AND ELECTRONIC GOODS RETAILING

4221 Electrical, Electronic and Gas Appliance Retailing

This class consists of units mainly engaged in retailing electrical, electronic or gas appliances (except computers and computer peripherals).

Primary activities

- Air conditioner retailing
- Appliance, electric, retailing
- Barbecue retailing
- Camera retailing
- Compact disc player retailing
- Cooking utensil, electric, retailing
- Digital versatile disc (DVD) player retailing
- Electronic beeper retailing
- Fan, electric, retailing
- Floor polisher, electric, retailing
- Gas appliance retailing
- Heating equipment, electric or gas, retailing
- Mobile phone retailing
- Modem retailing

- Pager retailing
- Pocket calculator, electronic, retailing
- Projector retailing
- Radio receiving set retailing (except car radios)
- Refrigerator, retailing
- Shaver, electric, retailing
- Sound reproducing equipment retailing
- Stereo retailing
- Stove, retailing
- Television antennae retailing
- Television set retailing
- Two-way radio equipment retailing
- Vacuum cleaner retailing
- Video cassette recorder (VCR) retailing
- Washing machine retailing

Exclusions/References

Units mainly engaged in

- retailing computer or computer peripheral equipment are included in Class 4222 Computer and Computer Peripheral Retailing;
- retailing CDs, DVDs or other entertainment media are included in Class 4242 Entertainment Media Retailing;
- retailing car radios are included in Class 3921 Motor Vehicle Parts Retailing;
- installing heating, refrigeration or air conditioning equipment are included in Class 3233 Air Conditioning and Heating Services;
- hiring household appliances are included in Class 6639 Other Goods and Equipment Rental and Hiring n.e.c.; and
- repairing and maintaining electrical, electronic and gas domestic appliances are included in Class 9421 Domestic Appliance Repair and Maintenance.

4222 Computer and Computer Peripheral Retailing

This class consists of units mainly engaged in retailing computers or computer peripheral equipment.

Primary activities

- Compact disc burner retailing
- Computer equipment retailing
- Computer game console retailing
- Computer hardware retailing
- Computer software retailing (except computer games)
- Printer retailing
- Visual display unit (VDU) retailing

Exclusions/References

Units mainly engaged in retailing computer games are included in Class 4242 Entertainment Media Retailing.

4229 Other Electrical and Electronic Goods Retailing

This class consists of units mainly engaged in retailing electrical and electronic goods not elsewhere classified.

Primary activities

- Dry cell battery retailing
- Electric light fittings retailing
- Electrical goods retailing n.e.c.
- Electronic goods retailing n.e.c.

423 HARDWARE, BUILDING AND GARDEN SUPPLIES RETAILING

4231 Hardware and Building Supplies Retailing

This class consists of units mainly engaged in retailing hardware or building supplies.

Primary activities

- Carpenters' tool retailing
- Cement retailing
- Ceramic floor tile retailing
- arden tool retailing
- Hardware retailing
- Lacquer retailing
- Lawn mower retailing
- Lock retailing
- Mineral turpentine retailing
- Nail retailing
- Paint retailing
- Plumbers' fittings retailing
- Plumbers' tools retailing
- Timber retailing
- Tool retailing
- Wallpaper retailing
- Woodworking tool retailing

Exclusions/References

Units mainly engaged in

- wholesaling builders' hardware or supplies (except plumbing supplies) are included in Class 3339 Other Hardware Goods Wholesaling; and
- wholesaling timber are included in Class 3331 Timber Wholesaling.

4232 Garden Supplies Retailing

This class consists of units mainly engaged in retailing garden supplies or nursery goods.

Primary activities

- Bulb, flower, retailing

- Fertiliser retailing
- Garden ornament retailing
- Garden supplies retailing n.e.c.
- Nursery stock retailing
- Pesticide retailing
- Plant, garden, retailing
- Pot plant retailing
- Seedlings retailing
- Seed, garden, retailing
- Shrub or tree retailing
- Tuber, flower, retailing

Exclusions/References

Units mainly engaged in retailing cut flowers are included in Class 4274 Flower Retailing.

424 RECREATIONAL GOODS RETAILING

4241 Sport and Camping Equipment Retailing

This class consists of units mainly engaged in retailing sporting goods, camping equipment or bicycles.

Primary activities

- Ammunition retailing
- Bicycle retailing
- Camping equipment retailing
- Canoe retailing
- Equestrian equipment retailing
- Fishing tackle retailing
- Fitness equipment retailing
- Golfing equipment retailing
- Gun or rifle retailing
- Gymnasium equipment retailing
- Sailboard retailing
- Snow ski retailing
- Sporting equipment retailing (except clothing or footwear)
- Wetsuit retailing

Exclusions/References

Units mainly engaged in

- retailing sports apparel (clothing and footwear) are included in Classes 4251 Clothing Retailing and 4252 Footwear Retailing; and
- retailing new or used boats are included in Class 4245 Marine Equipment Retailing.

4242 Entertainment Media Retailing

This class consists of units mainly engaged in retailing audio tapes, compact discs, computer games, digital versatile discs or video cassettes.

Primary activities

- Audio cassette retailing
- Compact disc retailing
- Computer game retailing
- Digital versatile disc (DVD) retailing
- Video cassette retailing

Exclusions/References

Units mainly engaged in

- retailing second-hand records, tapes, CDs, DVDs or videos are included in Class 4273 Antique and Used Goods Retailing;
- retailing CD players, DVD players, VCRs or other appliances are included in Class 4221 Electrical, Electronic and Gas Appliance Retailing; and
- retailing computers and computer peripherals are included in Class 4222 Computer and Computer Peripheral Retailing.

4243 Toy and Game Retailing

This class consists of units mainly engaged in retailing toys or games (except computer games).

Primary activities

- Doll retailing
- Game retailing
- Toy retailing

Exclusions/References

Units mainly engaged in retailing computer games are included in Class 4242 Entertainment Media Retailing.

4244 Newspaper and Book Retailing

This class consists of units mainly engaged in retailing books, periodicals and newspapers.

Primary activities

- Book retailing
- Magazine retailing
- Newspaper retailing
- Periodical retailing
- Religious book retailing

Exclusions/References

Units mainly engaged in

- retailing stationery and writing goods are included in Class 4272 Stationery Goods Retailing; and
- retailing second-hand books are included in Class 4273 Antique and Used Goods Retailing.

425 CLOTHING, FOOTWEAR AND PERSONAL ACCESSORY RETAILING

4251 Clothing Retailing

This class consists of units mainly engaged in retailing clothing or clothing accessories.

Primary activities

- Clothing accessory retailing
- Clothing retailing
- Foundation garment retailing
- Fur clothing retailing
- Glove retailing
- Hosiery retailing
- Leather clothing retailing
- Millinery retailing
- Sports clothing retailing
- Work clothing retailing

Exclusions/References

Units mainly engaged in

- retailing second-hand clothing are included in Class 4273 Antique and Used Goods Retailing; and
- retailing personal accessories (except clothing and footwear) are included in Class 4259 Other Personal Accessory Retailing.

4252 Footwear Retailing

This class consists of units mainly engaged in retailing boots, shoes or other footwear.

Primary activities

- Boot retailing
- Footwear retailing
- Shoe retailing
- Sports footwear retailing

4253 Watch and Jewellery Retailing

This class consists of units mainly engaged in retailing new watches and jewellery (except clocks and silverware).

Primary activities

- Jewellery retailing
- Watch retailing

Exclusions/References

- Units mainly engaged in

- retailing second-hand jewellery are included in Class 4273 Antique and Used Goods Retailing;
- retailing clocks are included in Class 4279 Other Store-Based Retailing n.e.c.; and
- retailing silverware are included in Class 4213 Houseware Retailing.

4259 Other Personal Accessory Retailing

This class consists of units mainly engaged in retailing other personal accessories, including new handbags, sunglasses, leather goods, luggage and other personal accessories not elsewhere classified.

Primary activities

- Briefcase retailing
- Handbag retailing
- Leather goods retailing (except clothing and footwear)
- Luggage retailing
- Personal accessory retailing n.e.c.
- Sunglass retailing
- Umbrella retailing
- Wig retailing

Exclusions/References

Units mainly engaged in

- retailing leather clothing are included in Class 4251 Clothing Retailing; and
- retailing leather footwear are included in Class 4252 Footwear Retailing.

426 DEPARTMENT STORES

4260 Department Stores

This class consists of units engaged in retailing a wide variety of goods, other than food or groceries, but the variety is such that no predominant activity can be determined. These units have predominant retail sales in at least four of the following six product groups:

- Clothing
- Furniture
- Kitchenware, china, glassware and other housewares
- Textile goods
- Electrical, electronic and gas appliances
- Perfumes, cosmetics and toiletries

The products primary to these headings, as well as other products, are normally sold by or displayed in separate departments or sections supervised by managers (with specialised product knowledge) within the store, and, generally, merchandising, advertising, customer service, accounting and budgetary control functions are undertaken on a departmentalised basis.

Primary activities

- Department store operation

Exclusions/References

Units mainly engaged in

- retailing food and groceries on a departmentalised basis are included in Class 4110 Supermarket and Grocery Stores;
- retailing clothing; furniture; kitchenware, china, glassware and other housewares; textile goods; electrical, electronic and gas appliances; or perfumes, cosmetics and toiletries on a specialised basis are included in the appropriate classes of Subdivision 42 Other Store-Based Retailing; and
- retailing a wide variety of products that are not sold, displayed, managed or administered on a departmentalised basis (i.e. gift shops or souvenir shops) are included in Class 4279 Other Store-Based Retailing n.e.c.

427 PHARMACEUTICAL AND OTHER STORE-BASED RETAILING

4271 Pharmaceutical, Cosmetic and Toiletry Goods Retailing

This class consists of units mainly engaged in retailing prescription drugs or patent medicines, cosmetics or toiletries.

Primary activities

- Cosmetic retailing
- Drug retailing
- Patent medicine retailing
- Perfume retailing
- Pharmacy, retail, operation
- Prescription, medicine, dispensing
- Toiletry retailing

4272 Stationery Goods Retailing

This class consists of units mainly engaged in retailing stationery goods and writing materials.

Primary activities

- Artists' supplies retailing
- Ink retailing
- Note book retailing
- Pen or pencil retailing
- Stationery retailing
- Writing material retailing

Exclusions/References

Units mainly engaged in retailing books or magazines are included in Class 4244 Newspaper and Book Retailing.

4273 Antique and Used Goods Retailing

This class consists of units mainly engaged in retailing antiques or second-hand goods (except motor vehicles or motor cycles and parts).

Primary activities

- Antique retailing

- Coin dealing (retailing)
- Disposals retailing
- Pawnbroking
- Second-hand book retailing
- Second-hand cloth retailing
- Second-hand electrical, electronic or computer equipment retailing
- Second-hand furniture retailing
- Second-hand goods retailing n.e.c.
- Second-hand jewellery retailing
- Second-hand record, tape, CD, DVD or videos retailing
- Second-hand sports card retailing
- Stamp, collectible, dealing (retailing)

Exclusions/References

Units mainly engaged in

- retailing second-hand motor vehicles are included in Class 3911 Car Retailing;
- retailing second-hand motor cycles are included in Class 3912 Motor Cycle Retailing;
- retailing second-hand motor vehicle or motor cycle parts are included in Class 3921 Motor Vehicle Parts Retailing; and
- providing auctioning services are included in Class 3800 Commission-Based Wholesaling.

4274 Flower Retailing

This class consists of units mainly engaged in retailing cut flowers or display foliage.

Primary Activities

- Cut flower retailing
- Display foliage retailing
- Dried flower retailing
- Florist, retail, operation

4279 Other Store-Based Retailing n.e.c.

This class consists of units mainly engaged in retailing goods not elsewhere classified from store-based premises.

Primary activities

- Art gallery operation (retail)
- Binocular retailing
- Bottled liquefied petroleum gas (LPG) retailing
- Briquette retailing
- Clock retailing
- Coal retailing
- Coke retailing

- Computer consumables (toners, inks) retailing
- Craft goods retailing
- Duty free store operation
- Firewood retailing
- Firework retailing
- Greeting card retailing
- Ice retailing
- Map retailing
- Musical instrument retailing
- Pet and pet accessory retailing
- Photographic chemical retailing
- Photographic film or paper retailing
- Pram retailing
- Religious goods (except books) retailing
- Specialty stores n.e.c.
- Store-based retailing n.e.c.
- Swimming pool retailing
- Tobacco product retailing
- Variety store operation

Exclusions/References

Units mainly engaged in

- retailing second-hand sports cards are included in Class 4273 Antique and Used Goods Retailing;
- retailing religious books are included in Class 4244 Newspaper and Book Retailing;
- retailing goods without the use of a shopfront or physical store presence are included in Class 4310 Non-Store Retailing; and
- retailing goods on a commission basis are included in Class 4320 Retail Commission-Based Buying and/or Selling.
-

451 CAFES, RESTAURANTS AND TAKEAWAY FOOD SERVICES

4511 Cafes and Restaurants

This class consists of units mainly engaged in providing food and beverage serving services for consumption on the premises. Customers generally order and are served while seated (i.e. waiter/waitress service) and pay after eating.

Primary activities

- Cafe operation
- Restaurant operation

Exclusions/References

Units mainly engaged in

- providing food ready to be taken away for immediate consumption are included in Class 4512 Takeaway Food Services;

- providing catering services (including airline food catering services) at specified locations or events are included in Class 4513 Catering Services;
- selling alcoholic beverages both for consumption on and off the premises are included in Class 4520 Pubs, Taverns and Bars; and
- operating theatre restaurants mainly engaged in providing live theatrical productions with food and beverages are included in Class 9001 Performing Arts Operation.

4512 Takeaway Food Services

This class consists of units mainly engaged in providing food services ready to be taken away for immediate consumption. Customers order or select items and pay before eating. Items are usually provided in takeaway containers or packaging. Food is either consumed on the premises in limited seating facilities, taken away by the customer or delivered. This class also includes units mainly engaged in supplying food services in food halls and food courts.

Primary activities

- Juice bar operation
- Mobile food van operation
- Takeaway food operation

Exclusions/References

Units mainly engaged in

- providing food services for consumption on the premises only are included in Class 4511 Cafes and Restaurants;
- providing catering services (including airline food catering services) at specified locations or events are included in Class 4513 Catering Services;
- retailing baked goods manufactured on the same premises are included in Class 1174 Bakery Product Manufacturing (Non-factory based);
- retailing baked goods manufactured at other premises are included in Class 4129 Other Specialised Food Retailing; and
- retailing beer, wine or spirits for consumption off the premises only are included in Class 4123 Liquor Retailing.
- Cafes and Restaurants;
- providing food ready to be taken away for immediate consumption are included in Class 4512 Takeaway Food Services; and
- manufacturing food products (including snack foods and prepared meals) are included in Class 1199 Other Food Product Manufacturing n.e.c.

452 PUBS, TAVERNS AND BARS

4520 Pubs, Taverns and Bars

This class consists of hotels, bars or similar units (except hospitality clubs) mainly engaged in serving alcoholic beverages for consumption on the premises, or in selling alcoholic beverages both for consumption on and off the premises. These units may also provide food services and/or present live entertainment.

Primary activities

- Bar operation
- Hotel bar operation

- Night club operation
- Pub operation
- Tavern operation
- Wine bar operation

Exclusions/References

Units mainly engaged in

- retailing alcoholic beverages for consumption off the premises only are included in Class 4123 Liquor Retailing; and
- operating hospitality clubs are included in Class 4530 Clubs (Hospitality).

APPENDIX : 8 BUSINESS CLASSIFICATIONS

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

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

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

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

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

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

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

Retail Activities generally refer to units mainly engaged in the purchase and on-selling of goods, without significant transformation, to the general public. Retail units generally operate from premises located and designed to attract a high volume of walk-in customers, have an extensive display of goods, and/or use mass media advertising designed to attract customers. Cafes bars and Restaurants have also been included as part of Retail Activities and includes units mainly engaged in providing food and beverage serving services for consumption on the premises. Customers generally order and are served while seated (i.e. waiter/waitress service) and pay after eating. The employees work for the following sectors are considered a commercial sector employee:

- 85% of Accommodation and Food Services
- Retail Trade

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

APPENDIX : 9 COMMERCIAL BUILDING CONSENTS 1992-2012

Number, value and floor area by building type, nature and territorial authority

Offices, administration buildings

New

	Tasman District			Nelson City			Total Area		
	Number	Value	Floor area	Number	Value	Floor area	Number	Value	Floor area
1992	3	47,000	358	2	299,700	448	5	346,700	806
1993	5	348,560	594	5	1,226,368	1,694	10	1,574,928	2,288
1994	4	942,600	804	3	146,500	225	7	1,089,100	1,029
1995	7	987,900	1,260	8	1,292,500	1,476	15	2,280,400	2,736
1996	4	238,500	406	8	3,515,100	2,762	12	3,753,600	3,168
1997	7	561,500	721	7	1,001,766	1,245	14	1,563,266	1,966
1998	6	883,000	995	10	2,326,265	3,876	16	3,209,265	4,871
1999	3	177,500	300	5	853,600	1,052	8	1,031,100	1,352
2000	5	265,500	503	2	128,000	183	7	393,500	686
2001	4	249,000	536	6	291,000	481	10	540,000	1,017
2002	3	517,000	556	7	642,750	623	10	1,159,750	1,179
2003	7	995,100	1,327	3	785,000	1,155	10	1,780,100	2,482
2004	9	655,000	719	17	3,584,277	4,194	26	4,239,277	4,913
2005	10	1,053,700	1,048	10	3,694,300	3,358	20	4,748,000	4,406
2006	6	3,875,000	2,994	5	1,340,200	1,349	11	5,215,200	4,343
2007	4	909,000	1,117	6	2,336,900	1,661	10	3,245,900	2,778
2008	6	511,000	704	6	3,542,000	2,145	12	4,053,000	2,849
2009	7	3,291,100	2,037	12	6,168,500	5,520	19	9,459,600	7,557
2010	4	253,200	276	4	16,854,640	11,693	8	17,107,840	11,969
2011	6	6,190,400	3,572	4	1,617,200	953	10	7,807,600	4,525
2012	3	163,000	232	5	6,050,000	3,690	8	6,213,000	3,922