Waikato District Council

Working Paper 5

Retail and Office Space Projections for Centres:

'Huntly' and *'Pokeno'*

Town Centres

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'Prosperous Places'
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1.0 INTRODUCTION AND METHODOLOGY USED TO PROJECT '*TOWN CENTRE'* SPACE

This Working Paper is intended to help inform Waikato District Council officers with planning and economic development activities.

This is a '*scoping study'* that projects the potential amount of additional employment that could be located in the nominated Town Centres based on the planned population growth and industrial land employment growth within each Town Centre's '*catchment*' between 2020 and 2060.

This potential employment growth is then translated into different types of floor space which in turn is translated into the likely site areas and maximum expected '*active frontages'* for 'retailing' and 'office and community services'.

This provides a '*first cut'* estimate of the different types of space that should be planned for in each Town Centre.

1.1 Employment Coefficients Used To Develop Floor Space Projections

A '*Future High Growth Scenario'* was used to project the potential future demand for retail, office, other business and community services space in Waikato to 2060.

This '*High Growth Scenario'* was based on an analysis of how much employment, per 1,000 increase in resident population, had taken place in the Waikato District and in Regional North Island, New Zealand in the 16 years between 2001 and 2017. (Regional North Island is defined as the North Island of New Zealand less the metropolitan areas of Greater Auckland, Wellington, Upper and Lower Hutt).

Whichever was the highest recent growth in employment ratios in either Waikato or Regional North Island was adopted. If the Waikato ratio was higher this employment ratio was used on the basis that these were activities where Waikato already had a 'competitive advantage' which should enable Waikato to continue this growth. If Regional North Island employment ratios were higher, the Regional North Island ratio was used on the basis that Waikato future growth rates should be able to match the growth rates achieved elsewhere in non-metropolitan North Island over the last 16 years. (A separate '*Relative Competitive Advantages of Waikato' Report* identifies these trends in more detail)

The amount of employment projected to be generated in 84 activities was then calculated and assigned to different sized centres.

First the percentage of employment in each category likely to be located as 'home based businesses' and other 'non-centre based' employment was deducted.

Then the amount of this employment likely to go to Central Auckland and major Metropolitan Centres such as Hamilton, Pukekohe, Manukau, Sylvia Park and the new Drury Metropolitan Centre.

The remaining demand was then allocated to different types of 'lower order' centres in Waikato.

This provided employment ratios for population growth that could be expected for Waikato's *'Neighbourhood Centres'; 'Local Centres'* and *Town Centres'.*

The actual employment for particular centre was then calculated based on the projected increase in residential population and employment in each Town Centre's catchment (see Section 2.3).

To aid understanding the 84 employment categories were collapsed down to the following seven '*retail categories'* and seven *'business and community service'* categories:

Retail Categories	**Business and Community Services**
Food Retailing	*Personal Services*
Clothing & Foot Wear	*Banking, Finance & Insurance*
Specialised Retailing	*Other Private Businesses*
White Goods & Bulky Goods	*Government Administration*
Cafes, Restaurants & Takeaways	*Health & Education* (not hospitals, schools or age care)
Clubs, Pubs & Taverns	*Art & Community Services*
Vehicles & Vehicle Parts	*Recreation & Entertainment*

1.2 Conversion of Centre Employment into Centre Floor Space and Land Demand

The '*floor space'* required for each type of activity was calculated by multiplying the employment of each type by the typical *floor space per employee* for that particular type of activity.

The *floor space per employee* was calibrated where possible against known greater Auckland figures (the nearest relevant data set available).

The '*Auckland Retail Economic Evidence Based, Technical Report'* (Auckland City, October, 2013) established the following existing average floor space per employee in the greater Auckland area:

- *Hospitality and Services* 21 sq. m/employee
- *Supermarkets* 30 sq. m/employee
- *Other Food & Liquor* 32 sq. m/employee
- *Appliance & Electrical Stores* 53 sq. m/employee
- *Recreation, Clothing &Footwear* 53 sq. m/employee
- *Trade, Hardware & Garden Centres* 83 sq. m/employee
- *Furniture & Homeware Stores* 92 sq. m/employee

The best *building efficiency* and *site cover* typically achieved by good architects and urban designers was then used to translate this *gross floor area* into the required *site area* (*'Prosperous Places'* floor space conversion ratios for different types of premises).

1.3 Conversion of Catchment Demand into Centre Floor Space and Land Demand

The additional local demand from future residents, businesses and employees was calculated for the identified catchment based on where the future resident population and employment growth is proposed and where each centre is located on the future road network.

The indicative catchments for each size of Centre were nominated as follows - based on what is known of the existing retail catchments for different sized centres in the greater Auckland region:

- *Neighbourhood Centres* 800m
- *Local Centres* 1.5 km
- *Town Centres* 2.5 km

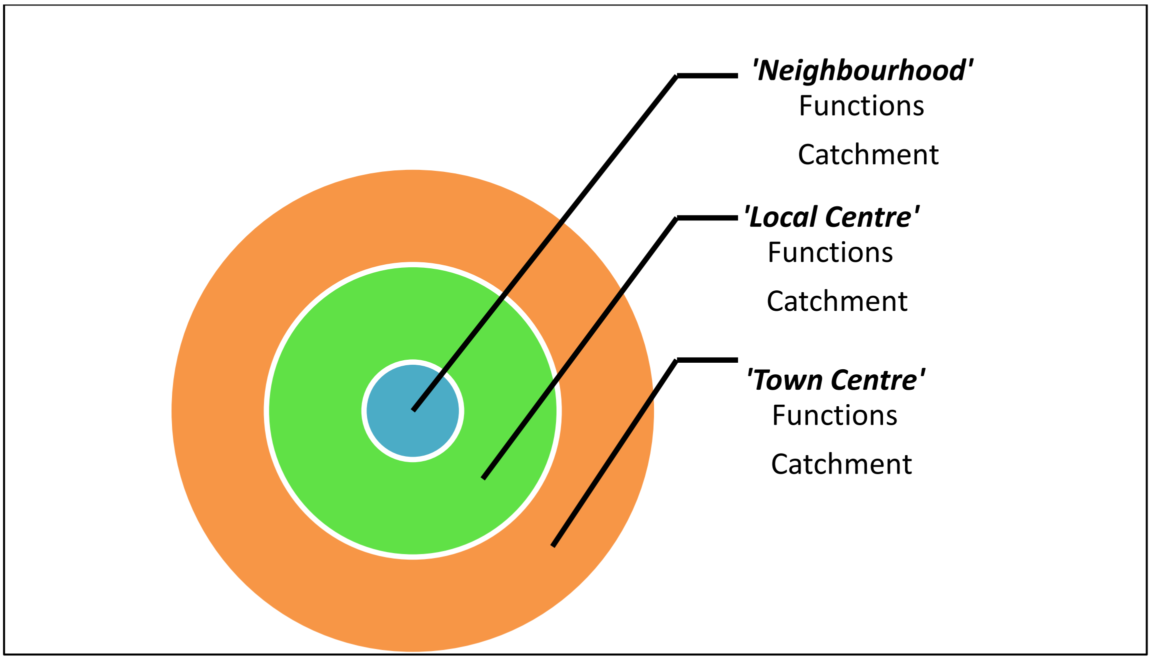
The actual catchments applied for each centre were modified according to topography, undevelopable areas; river and expressway severance; the proposed highway and arterial network and interchange system.

Where the catchments of different centres overlapped, the potential demand in the overlap area was partitioned between the two or more competing centres.

Each centre in the retail hierarchy was then assumed to provide the lower order functions for the local population in its immediate catchment in the normal way of a '*nested hierarchy of centres'.*

So that a '*Town Centre'* would provide *Town Centre* functions for its larger Town Centre catchment; plus *'Local Centre'* functions for its smaller Local Centre catchment, and *'Neighbourhood Centre'* functions for its immediate local Neighbourhood population.

Similarly, a *'Local Centre'* would be expected to provide *'Local Centre'* functions for its Local Centre catchment and *'Neighbourhood Centre'* functions for its immediate Neighbourhood population.



Each Town Centre was assumed to provide its ‘higher order’ Town Centre functions for residents in an *‘extended catchment’,* beyond the nominated 2.5 km catchment, if there is no other, nearer Town Centre – on the basis customers and clients will gravitate to the nearest Town Centre providing the services they require. (This is especially the case if the nearest Town Centre lies in the direction of Auckland).

A similar ‘*extended catchment’* is not invoked for ‘*Neighbourhood*’ and *‘Local Centres’* because it can be assumed that this smaller size of new centre will naturally be provided, or will be ‘retrofitted’ into the existing urban fabric once there is sufficient demand.

The actual catchment for each set of functions was also determined by the topography, river systems, undevelopable areas; local road network, and any existing and proposed rail, highway and arterial and severances, and the greater accessibility provide by the Waikato Expressway and where the Expressway interchanges are located (now and in the planned future).

1.4 Caveats Concerning Each ‘*Town Centre’s’* Ability to Capture Expenditure

It is recognised that not all the resident population will travel to the nearest centre able to supply the goods or services sought. Some expenditure will naturally ‘drain out’ of the area.

Similarly, some residents of other areas, visitors and tourists will shop and access services in these Town Centres.

These are somewhat ‘off-setting’, countervailing ‘losses’ and ‘gains’ for each centre which are impossible to quantify.

Therefore it is assumed that each Town Centre will maximise its capture of expenditure from its residents and workers for the level of goods and services it is able to supply.

1.5 Caveats Concerning Projected *‘Pokeno’* Catchment Population Increases

The future population growth areas projected by Council are not sufficiently ‘fine grained’ enough to enable the exact amount of planned population growth to be determined for the more constrained neighbourhood and local centre catchments around the Pokeno Town Centre.

However, at least some in-fill residential development can be expected at each centre.

Consequently, in these circumstances, only one eighth the projected population growth projected for the Town Centre’s 1.5 km catchment area was allocated as ‘*neighbourhood centre’* population and employment growth.

In similar circumstances, one quarter of the population growth projected for the Town Centre’s 1.5 km catchment area was allocated as *‘local centre’* population growth.

2.0 RETAIL AND OFFICE GROWTH POTENTIAL FOR THE '*POKENO*' TOWN CENTRE

The following sections scope the potential increase in different types of retail and office floor space at the '*Pokeno Town Centre'* based on the projected population and industrial employment growth planned for by the Waikato District Council for the next 40 years (up to the year 2060).

2.1 Projected Population Growth in the '*Pokeno' Town Centre* Catchment

The following catchment constraints and population projections have been applied for Pokeno.

The '*Pokeno*' population growth area is planned to provide an increase of 4,552 future zone residential lots – resulting in a projected population growth of 9,781 by 2060.

The *Pokeno 'neighbourhood centre catchment'* lies entirely within this '*Pokeno*' population growth area – giving an indicative *Pokeno 'neighbourhood catchment'* population and employment growth of 1,222.

Similarly the *Pokeno 'local centre catchment'* lies entirely within this '*Pokeno*' population growth area – providing an indicative *Pokeno 'local catchment'* population growth of 2,445.

The *Pokeno* 2.5 km *'town centre catchment'* lies only marginally outside this '*Pokeno*' population growth area – adding an indicative *Pokeno 'town centre catchment'* population growth of 9,781.

However, there is no closer Town Centre servicing the large '*Pokeno Rural*" population growth area which lies within 5 km of the Pokeno Town Centre and is planned to provide an increase of 257 future zone residential lots – resulting in a projected population growth of 495 by 2060.

However, the western side of the 5km radial catchment is closer and more accessible to Tuakau.

Consequently, perhaps a third of this planned population growth will be drawn to the *Tuakau Town Centre* – leaving approximately 330 residents closer to Pokeno.

Pokeno is also the closest, most accessible centre for the *'Mangatagi'* and *'Marauatura'* residential areas – where there are no advised population growth figures.

The Pokeno *'Gateway Business Park'* employment lands will provide an additional demand from future businesses and workforce with a purchasing power equivalent to a further 340 residents.

Conclusion

The potential increased population for the *'Pokeno Town Centre' catchments* to 2060 are of the order of:

'*Neighbourhood Catchment'* goods and services	–	1,222
'Local Centre Catchment' goods and services	–	2,445
'Town Centre Catchment' goods and services	–	10,111
'*Gateway Park Employment Lands'*	–	340 (resident equivalent demand)

2.2 Potential Additional '*Retail Space'* Demand As A Result of This Growth

Demand for retail space in the Pokeno Town Centre is project to increase by 12,600 sq. m. from 2020 to 2060 requiring 25,000 sq. m. of site area - based on the residential population growth and industrial employment growth planned in the District Growth Strategy within the Pokeno *Town Centre's 'retail catchment'.*

This potential demand for space and land to 2060 is generated from the following activities:

RETAILING (sq.)	**gfa Town Centre**	% gfa and land	**Land Area Town Centre**
Food Retailing	2,500	20%	5,000
Clothing & Foot ware	700	6%	1,400
Specialised Retail	3,000	24%	6,100
White Goods &Bulky Goods	4,400	35%	8,800
Cafes, Restaurants, Takeaway	800	6%	1,600
Pubs, Clubs and Taverns	600	5%	1,200
Vehicle & Parts Retailing	550	4%	1,100
Total Retail	**12,550**		**25,200**

2.3 Potential Additional '*Office Space'* Demand As A Result of This Growth

Demand for *Business and community services space* in the Pokeno Town Centre is project to increase by 21,000 sq. m. from 2020 to 2060 - requiring 34,600 sq. m. of site area (based on the residential population growth and industrial employment growth planned in the District Growth Strategy within the Pokeno *Town Centre's 'catchment'*).

This potential demand for space and land to 2060 is generated from the following activities:

BUSINESS & COMMUNITY SERVICES (sq.)	**gfa Town Centre**	**%** gfa and land	**Land Area Town Centre**
Personal Services	750	4%	1,500
Banking Fin. & Insurance	1,400	7%	2,700
Private Business	9,100	43%	12,100
Government Administration	2,000	9%	2,700
*Health & Education**	6,400	30%	12,800
Arts & Community Services	100	1%	200
Recreation & Entertainment	1,300	6%	2,600
Total Business & Community	**21,050**		**34,600**

(*excluding hospitals, schools, and aged care)

2.4 Conclusion About *Pokeno 'Town Centre'* Office and Retail Space Demand To 2060

This 'scoping study' indicates it would be wise for the Waikato District Council to plan for an increase in 34,000 sq. m. of occupied floor space for the Pokeno Town Centre.

This would require up to 6 ha of land (less if there is shared or structured Town Centre parking).

There should be sufficient additional demand to *'activate'* 600 linear metres of Town Centre '*shop frontage*' and 1,300 linear metres of '*office and other business frontage'*.

Some 37% of this potential floor space (12,600 sq. m.) is projected to be generated by *retailing.*

Most of this projected future retail demand can be expected to come from *'whitegoods homewares and other bulky goods'* (35%) - including hardware and garden centres.

A further 25% of increased demand for Pokeno Town Centre retail space is projected to come from '*specialised retailing'* (including recreational goods), and only 6% from *'clothing and footwear'.*

However, much of this demand (possibly up to two-thirds of this future demand for retail space) could flow to the *Ohinewai* if the proposed broad based DFO is located at Ohinewai.

This would *leave Pokeno with only about 4,200 sq. m.* of additional *retail space* demand up to 2060.

Some 63% of the total additional space in the Pokeno Town Centre up to 2060 is projected to be generated by *offices, other business and community services* (34,600 sq. m.).

Most of this *non-retail demand* is projected to come from *'private businesses'* (43%), followed closely by *'health and education' services* (30%) - excluding hospitals and schools and age care facilities.

If the Ohinewai DFO proceeds, then the Pokeno Town Centre would become even more reliant on *offices, business and community services* which would then be responsible for 89% of future demand for space in the Pokeno Town Centre.

Either way, particular attention could also be given to encouraging *residential aged care* embedded in each Town Centre.

This will help to *'activate'* the Pokeno Town Centre at different times throughout the day and provided aged residents with readily access public transport, retail, personal and community services.

3.0 RETAIL AND OFFICE GROWTH POTENTIAL FOR THE '*HUNTLY*' TOWN CENTRE

The following sections scope the potential increase in different types of retail and office floor space at the *Huntly 'Town Centre'* based on the projected population growth planned for by the Waikato District Council for the next 40 years (up to the year 2060).

3.1 Projected Population Growth in the *Huntly 'Town Centre'* Catchment

The following catchment constraints and population projections have been applied for Huntly.

The '*Huntly*' residential growth area is planned to provide a projected population growth of 1,411 over the next 40 years up to the year 2060 (based on the 'high' population growth estimates).

Huntly 'Neighbourhood Centre' Catchment

The Huntly *'neighbourhood centre catchment'* lies entirely to the east of the Waikato river accounting for approximately 40% of the '*Huntly East'* population growth area – giving an indicative *'neighbourhood catchment'* population growth of 403 (40% of the planned growth of 1,008 to 2060).

Huntly 'Local Centre' Catchment

The *Huntly 'local centre catchment'* covers all of the '*Huntly East'* population growth area (population growth 1,008 by 2060) and the existing urbanised parts of the '*Huntly West'* population growth area (population growth 666 to 2060).

But only about 50% of '*Huntly West'* falls into the *Huntly 'local centre catchment'.*

Therefore the *Huntly 'local centre catchment'* would capture an indicative population growth of 1,341 (1,008 from Huntly East and 333 from *Huntly West*).

The North Huntly *'East Mine;'* employment lands are also located within the *Huntly's 'local centre catchment'.* This employment area is likely to provide additional demand equivalent to a population increase of 170 residents.

Huntly 'Town Centre' Catchment

The *Huntly 'town centre catchment',* extended to 5km, covers virtually all of the *'Huntly Rural'* population growth area *'east' of the Waikato River* - except for, and the most easterly parts, where residents will naturally gravitate towards *Ngaruawahia*.

The *Huntly 'town centre catchment'* also covers virtually all of the *'Huntly Rural'* population growth area *'west' of the Waikato River* - except for the small south most parts which are closer to *Ngaruawahia.*

The same movements to *Ngaruawahia* will naturally occur for the southern most parts of the *'Huntly Rural'* areas located west of the Waikato River.

Consequently only 80% of the future population growth in the '*Huntly Rural'* area has been allocated to the *Huntly Town Centre' catchment* – adding an additional 1,400 to resident demand.

The Ohinewai '*Employment Lands'* are located well within the *Huntly 'Town Centre' catchment* and should be well established within the next 60 years. These 'employment lands' should add worker and business expenditure equivalent to at least an additional 3,070 residents by as early as 2047.

The new *Waikato Expressway* extension with the Gordonton Road expressway interchange will significantly influence the closest, most accessible Town Centre options for the residents and workforce at *Taupiri* (excluding the Taupiri-Lakes area which will naturally gravitate to *Ngaruawahia); Whitikahu* (1,193 population increase), and *Kanui-Gordonton* (268 population increase).

These residents and workers will face the choice of either traveling north to Huntly or south to *Ngaruawahia,* each equal distance away, once they reach the Gordonton Road expressway interchange.

Ngaruawahia could be expected to capture 50% of this new demand if it can improved its retail and services offerings and address its existing urban fabric and Town Centre social and youth discord difficulties.

If the 107 ha of *'Taupiri Employment Lands',* are developed this area would provide additional demand from worker and business expenditure equivalent to at least an additional 700 residents. If 50% of this demand is attracted to Huntly this would be equivalent to the purchasing power of an additional 350 residents.

These findings indicate a potential *Huntly 'town centre catchment'* demand equivalent to an additional 7,132 residents.

Conclusion

The potential increased population for the *'Huntly Town Centre' catchments* to 2060 are of the order of:

'*Neighbourhood Catchment'* goods and services	– 403
'Local Centre Catchment' goods and services	– 1,511 (including *East Mine* employees)
'Town Centre Catchment' goods and services	– 3,712
'*Ohinewai* and *Taupiri Employment Lands'*	– 3,420 (resident equivalent demand)

3.2 Potential Additional '*Retail Space'* Demand As A Result of This Growth

Demand for retail space in the Huntly Town Centre is project to increase by 8,450 sq. m. from 2020 to 2060 requiring 16,900 sq. m. of site area - based on the residential population growth and industrial employment growth planned in the District Growth Strategy within the Huntly *Town Centre's 'retail catchment'.*

This potential demand for space and land to 2060 is generated from the following activities:

RETAILING (sq.)	gfa Town Centre	% gfa and land	Land Area Town Centre
Food Retailing	***1,650***	20%	***3,300***
Clothing & Foot ware	***470***	6%	***930***
Specialised Retail	***2,050***	24%	***4,090***
White Goods &Bulky Goods	***2,960***	35%	***5,910***
Cafes, Restaurants, Takeaway	***530***	6%	***1,050***
Pubs, Clubs and Taverns	***420***	5%	***840***
Vehicle & Parts Retailing	***380***	4%	***760***
Total Retail	***8,460***		***16,880***

3.3 Potential Additional '*Office Space'* Demand As A Result of This Growth

Demand for *Business and community services space* in the Huntly Town Centre is project to increase by 14,000 sq. m. from 2020 to 2060 - requiring 23,300 sq. m. of site area (based on the residential population growth and industrial employment growth planned in the District Growth Strategy within the Huntly *Town Centre's 'catchment'*).

This potential demand for space and land to 2060 is generated from the following activities:

BUSINESS & COMMUNITY SERVICES (sq.)	gfa Town Centre	% gfa and land	Land Area Town Centre
Personal Services	***490***	3%	***990***
Banking Fin. & Insurance	***930***	7%	***1,860***
Private Business	***6,120***	43%	***8,150***
Government Administration	***1,350***	10%	***1,800***
*Health & Education**	***4,300***	30%	***8,590***
Arts & Community Services	***80***	1%	***150***
Recreation & Entertainment	***880***	6%	***1,750***
Total Business & Community	***14,150***		***23,290***

(*excluding hospitals, schools, and aged care)

3.4 Conclusion About '*Huntly Town Centre'* Office and Retail Space Demand To 2060

This 'scoping study' indicates it would be wise for the Waikato District Council to plan for an increase in 22,600 sq. m. of occupied floor space for the Huntly Town Centre.

This would require up to 4 ha of land (less if there is shared or structured Town Centre parking).

There should be sufficient additional demand to *'activate'* 400 linear metres of Town Centre '*shop frontage*' and 860 linear metres of '*office and other business frontage'*.

Some 37% of this potential floor space (18,460 sq. m.) is projected to be generated by *retailing.*

Most of this projected future retail demand can be expected to come from *'whitegoods homewares and other bulky goods'* (35%) - including hardware and garden centres.

A further 25% of increased demand Huntly Town Centre retail space is projected to come from '*specialised retailing'* (including recreational goods), and only 6% from *'clothing and footwear'.*

However, much of this demand (possibly up to 65% of this future demand for retail space) could flow to the *Ohinewai* if the proposed broad based DFO is located at Ohinewai.

This would *leave Huntly with only about 3,000 sq. m.* of additional *retail space* demand up to 2060.

Some 63% of the total additional space in the Huntly Town Centre up to 2060 is projected to be generated by *offices, other business and community services* (14,150 sq. m.).

Most of this *non-retail demand* is projected to come from *'private businesses'* (43%), followed closely by *'health and education' services* (30%) - excluding hospitals and schools and age care facilities.

If the Ohinewai DFO proceeds, then the Huntly Town Centre would become more reliant on *offices, business and community services* which would then be responsible for 83% of additional demand for space in the Huntly Town Centre.

Either way, attention could also be given to encouraging *residential aged care located within easy walking distance* of the Huntly Town Centre and locating community, entertainment, 'life-long learning'; after school activities, 'past-times' and 'life style' activities in and adjacent to the Huntly Town Centre.

This will help to *'activate'* the Huntly Town Centre during weekday evenings, early in the morning and at weekends.