



Drury South Plan Change Provisions Assessment

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Drury South Plan Change Provisions Assessment

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1 Introduction

Drury South Limited (DSL) are seeking a plan change to (among other things) rezone the land within Sub-Precinct C of the Drury South Industrial precinct (Precinct) and amend the controls within Sub-Precinct C.


Market Economics (ME) has been commissioned to assess the likely market for retail activity in Drury South and therefore the most appropriate retail provisions for the proposed plan change. ME has also been asked to assess the likely demand for, and implications arising from providing for commercial office space at Drury South which will also flow into recommendations on appropriate changes to the planning provisions.

In the following sections, we describe the proposed plan change and outline our economic analysis in respect of retail and office activity within the Sub-Precinct C.

1.1 Background

DSL is seeking a plan change to enable (among other things) a range of land uses within Sub-Precinct C of the Drury South Industrial Precinct. The proposed changes include:

- i) Rezoning 10 ha of land that is currently zoned Light Industry with a Commercial Services precinct (Sub-Precinct C), to a Mixed Use zone. The provisions within Sub-Precinct C are also being amended to provide for a wider range of uses, including supporting retail and office.
- ii) New provisions in Sub-Precinct C for home maintenance retailers such as lighting, furniture, floorcoverings, appliances and trade suppliers and building supply stores in Sub-Precinct C which are not currently provided for.
- iii) Amending the provisions within Sub-Precinct C to allow for offices up to 500m² per tenancy as a permitted activity, offices up to 501m² – 1,000m² as a restricted discretionary and offices over 1,000m² as a discretionary activity.
- iv) Provision for a larger-scale supermarket with small scale supporting retail.
- v) Development of supporting small-scale retail. This would consist of approximately 3,500m² of retail GFA. Along with the retail clustered around the supermarket, total retail space is capped at 4,500m² across the entire Sub-Precinct C. The provision of this floor space would need to be staged to coordinate with growth occurring in the local catchment. The local catchment is as defined in Figure 1.1 – 1.2
- vi) Re-zoning a portion of the Heavy Industry land to Light Industry to better match both expressed demand for land, and to help integrate the entire Precinct more appropriately



with respect to road location, inclusion of residential, reserve land, and retail and service activities.

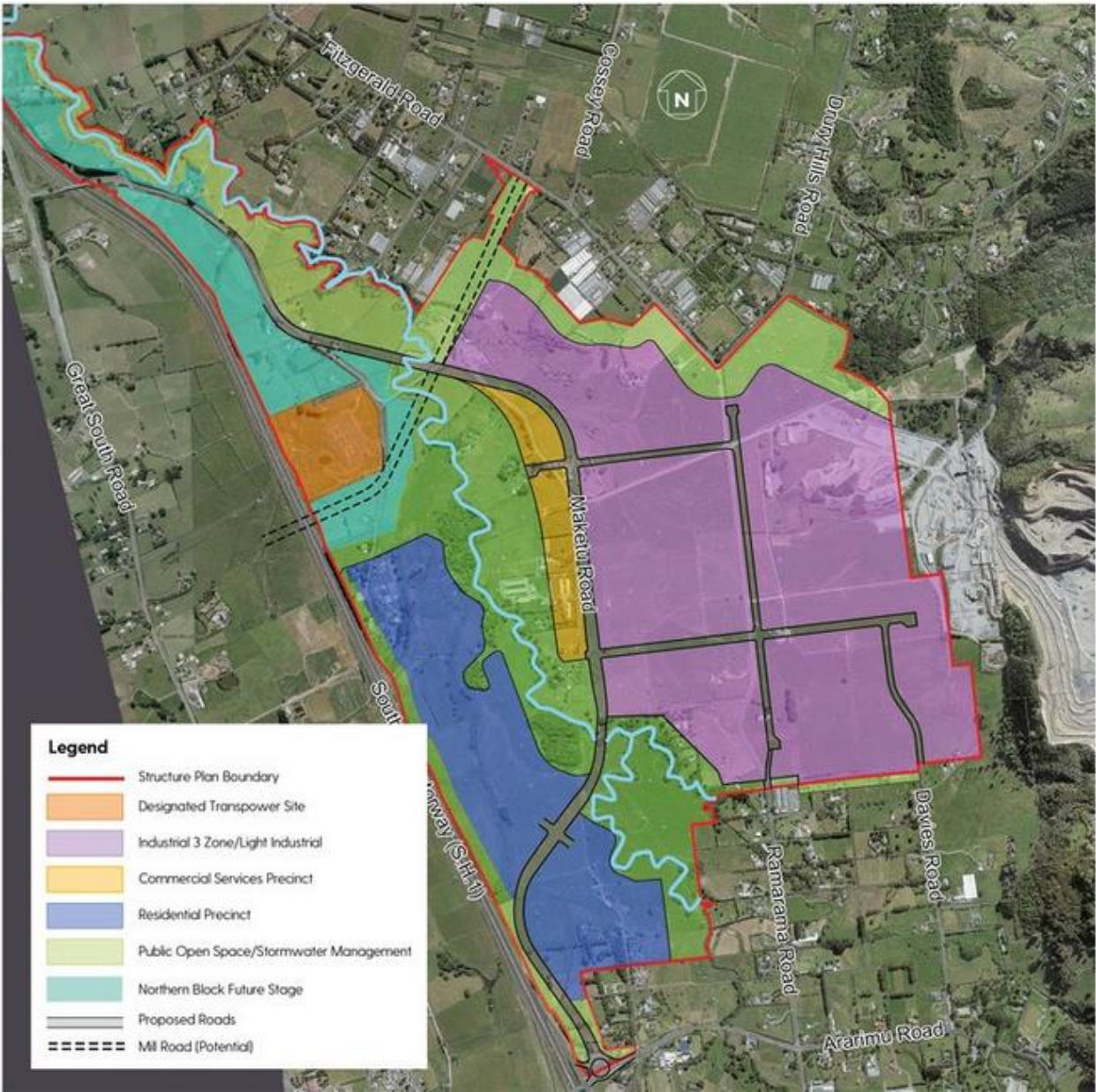
1.1.1 Drury South and the surrounding Future Urban Zone

The Drury South Industrial Precinct consists of approximately 254 ha of land located to the south of the Auckland urban area immediately south of the Future Urban Zone (FUZ) (Figure 1.2). This wider area is expected to transform significantly over the coming years as Auckland expands to accommodate additional housing and business growth. Land in the FUZ is intended to be developed for a range of uses, subject to the development being adequately supplied with infrastructure, and to certain planning requirements. There are several large landowners in the FUZ area, including DSL, Fulton Hogan, Kiwi Property Group Ltd (Kiwi), and Karaka and Drury Ltd (KDL).

The original area of land owned by DSL was some 360 ha originally earmarked for Light and Heavy Industry only. This has changed to accommodate more residential land (including a Special Housing Area (SHA) to be developed in the south). The area to the west of the main Maketu Road is Sub-Precinct C and is where DSL proposes to establish a Mixed Use zone with retail and commercial offices (among other activities). The following Figure 1.1 shows the Drury South Masterplan, and the current zoning of the Site.

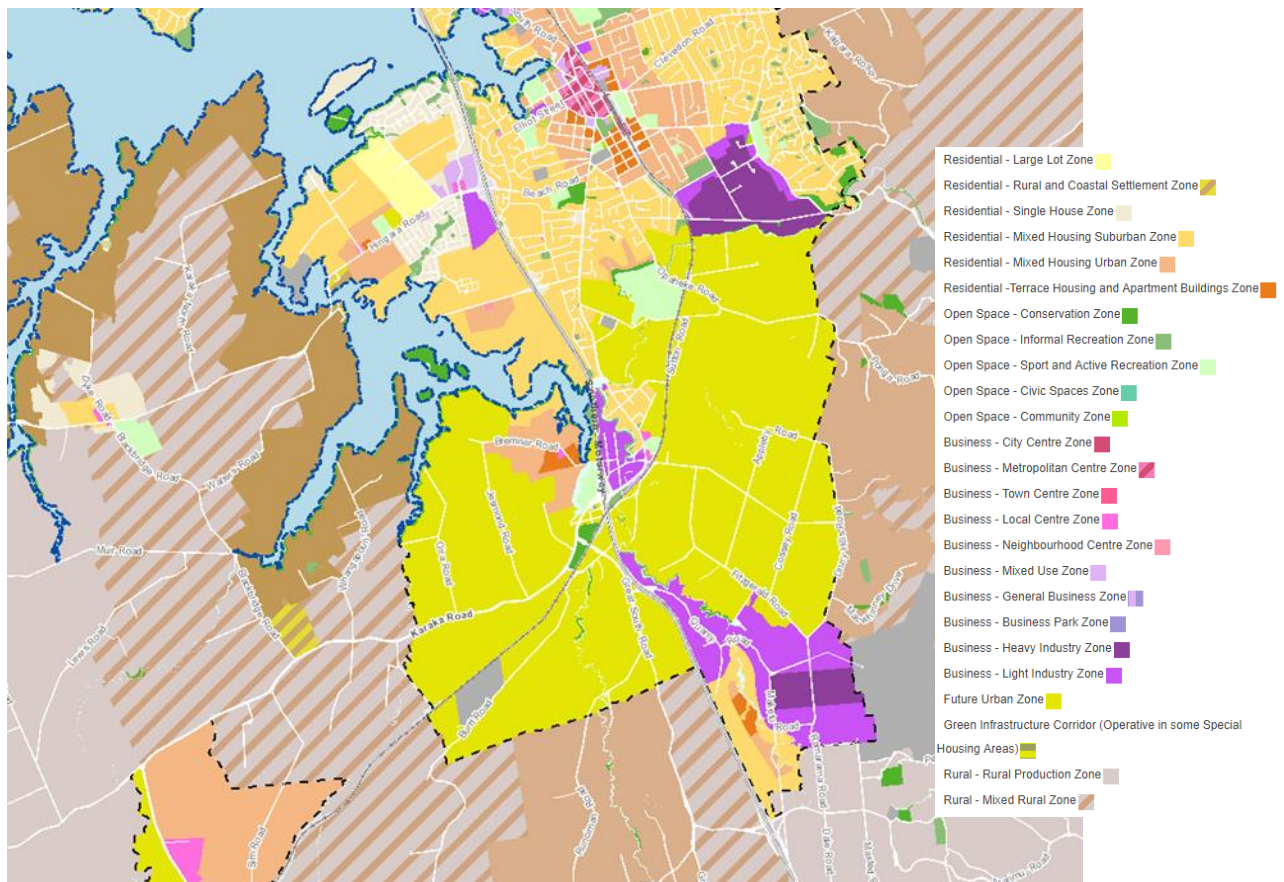
Kiwi own 51 ha of land to the east of the motorway, immediately adjacent to the Drury interchange and the North Island Main Trunk Railway. I understand that they intend to develop a metropolitan centre there, which would provide a broad range of retail and service activities and be the central focus for development in the FUZ and for the southern most parts of Auckland. Metropolitan centres are the highest priority centres in the centre hierarchy prescribed by the Auckland Unitary Plan (AUP); and are intended to meet the needs of large sub-regional catchments. While not yet established via the full planning process, the Structure Plan envisions a major centre in the middle of the FUZ around which the other smaller centres orient themselves in a manner that meets the convenience retail needs of the catchment whilst supporting the higher order centres.

Figure 1.1 Drury South Masterplan Map



Source: Drury South Ltd

Figure 1.2: AUP Drury Operative Land Use Zoning, (as at 2018)



1.2 Objective and Scope

The objective of this assessment is to inform the proposed provisions contained within the plan change with respect to retail space and commercial office space in the Precinct. The recommendations are made in the context of, and with reference to, both the hierarchy and distribution of centres identified in the AUP, the Drury Structure Plan, and the growth potential of the immediate and surrounding catchments.

1.2.1 Key Issues

The key issues that need to be considered in this report include:

- The location for the supermarket to serve residential development in the lower eastern part of the FUZ. A larger scale supermarket located at the northern end of sub-Precinct C would see the supermarket removed from the residential catchment by the surrounding Reserve and Light Industrial activity. The supermarket would not be located within a traditional higher order retail centre, though the intention is to sleeve the large supermarket with approximately 1,000m² of supporting retail improving convenience.
- A major advantage of a larger scale supermarket (particularly if it is located in the northern part of sub-precinct C) is that assuming that the Mill Road extension ends up



connecting Cossey Road through the top of Quarry Road, and it crosses the motorway to head south west to connect with Pukekohe, then the supermarket has the potential to meet local needs on both the eastern and western sides of the motorway by being a convenient and central stop off for commuters. However, the implications of the location of the larger-scale supermarket will be addressed through the resource consent process.

- There is scope for approximately seven average sized supermarkets within the FUZ (both east and west of the motorway) which will be home to approximately 28,900 dwellings. Based on other retail assessments that we have conducted for landholders in the Drury FUZ, we have assumed that two supermarkets would locate in the Drury Metropolitan Centre, three would locate in the FUZ to the west of the motorway, and a further two would need to locate in the FUZ to the eastern side of the motorway. One would be in the northern part of the eastern FUZ, and one would be required to service the southern part of the eastern FUZ. The proposed site within the DSL land, could be the location for that latter supermarket.
- It will be important that the supermarket within the DSL area is also supported by fine grained convenience activities so that convenience needs can be met for both workers and households in the south eastern FUZ.
- In addition to a supermarket with sleeved retail, there is scope for the development of a neighbourhood centre at the other end of Sub-Precinct C that meets the convenience needs of both the Drury South Residential Precinct of 450 dwellings and the workforce in the industrial and service areas surrounding the location. This might include a 450m² grocery store or small supermarket, and associated retail. This location integrates with a proposed direct connection across the wetland and is therefore the most convenient and accessible location for this.
- A key concern for the Council would likely be the potential impact on existing and planned future centres from unplanned out of centre developments. Auckland's existing centre network provides a range of social and economic services to the wider community, provides shape and structure to the city and acts as focal points for the delivery of social and community services to residents.
- Commercial offices are an additional key component of Sub-Precinct C. They will meet the commercial and professional services needs of businesses looking to locate in the Industrial zones and to meet the commercial and professional services needs of the residential areas. Offices are currently permitted under the Commercial Services precinct. However, in combination with the other activities proposed to be enabled, I consider that commercial offices should not be able to develop to a scale or at a rate that impacts on office development associated with the Drury Metropolitan Centre that is planned through the Structure Plan.
- It is important for the efficient functioning of the entire Precinct that individual tenancies do not allow very large footprint businesses locating there. The rationale is



that large office businesses are key drivers of both centre activity and supporting businesses.

1.2.2 Scope

To address these issues this assessment has the following key components:

- The market size for supermarket, local convenience retail, home-based and trade-based retail activity will be identified over time for household and workforce demand. This will include assessing the scale of household market growth for the housing developments within the Drury South area, and for the eastern and western FUZ, and for growing markets to the south of the Precinct.
- We will provide estimates of potential scale for the proposed Commercial Services – office component of Sub-Precinct C. This will help ensure that the provisions contained within the plan change are appropriate for Sub-Precinct C, and will meet the likely office support needs of the industrial businesses and the residential areas in Drury South.



2 Sub-Precinct C: Retail

Analysis of household growth in the FUZ and surrounds is used to drive retail demand projections across the entire southern part of Auckland. In addition, retail demand arising from the large employment nodes that will emerge – in particular the large amount of industrial land at Drury South is estimated. These projections are then sheeted home to the locations best placed to meet these needs. Retained retail demand is then translated into retail GFA able to be sustained within the retail precincts. Finally, these sustainable retail GFA levels are used to inform retail caps in the Sub-Precinct C to ensure that local needs are met whilst not impacting on the ability of the key major retail centres, including the Drury Metropolitan Centre, to provide a wide range of goods and services for the wider area.

This analysis is key to ensure that development within the Drury South Precinct ensures that the benefits of the local retail hierarchy are achieved.

By way of triangulation, the results from the market based assessment are compared with average sustainable retail floor space at local and neighbourhood centres. Household numbers anticipated at Drury South are multiplied by an average m²/household sustained at local and neighbourhood centres. The resulting sustainable floor space will ensure that impacts on other centres in the proposed retail centre hierarchy centred on Drury are minimised.

2.1 Future retail centre demand

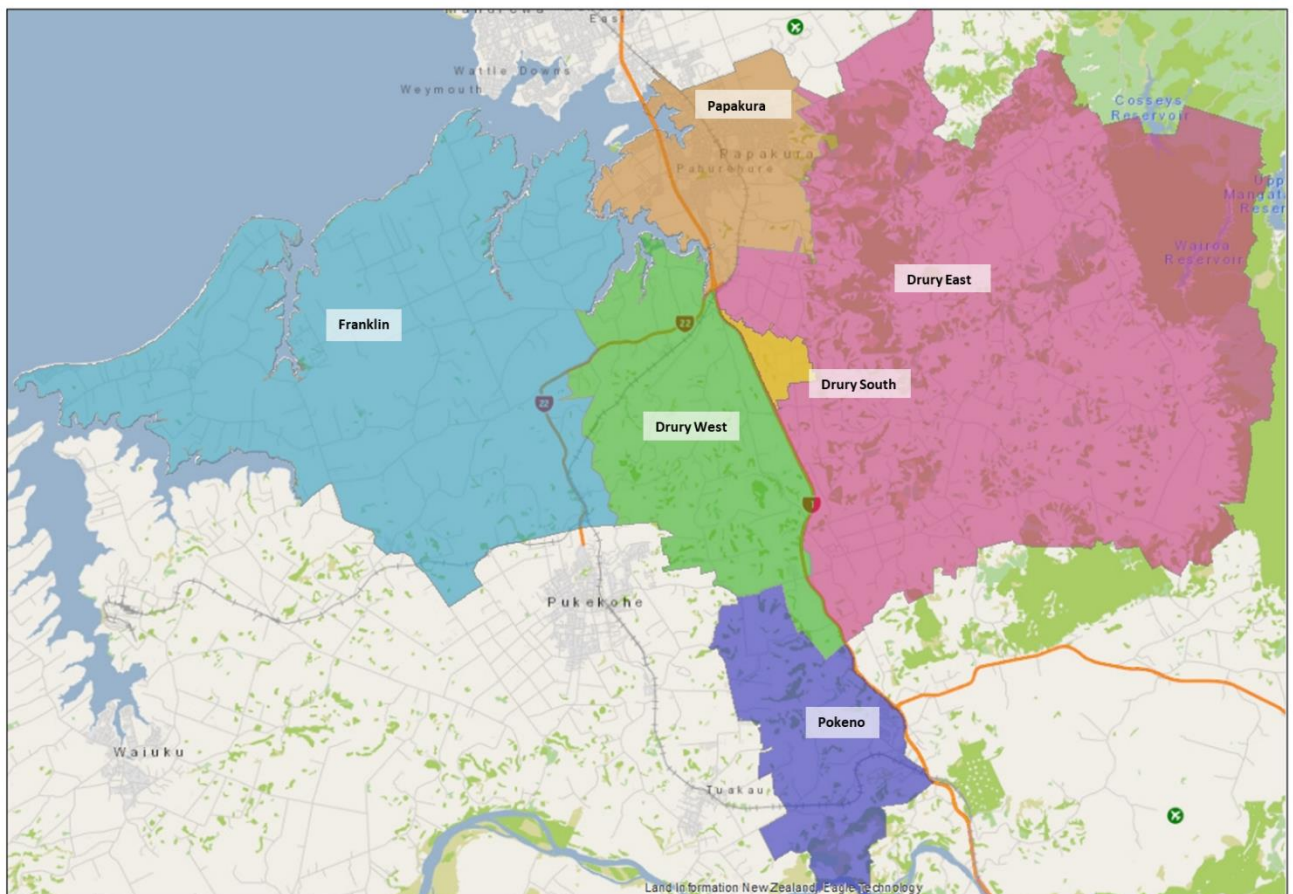
2.1.1 Household projections

The FUZ area is projected to experience rapid population growth, representing a very marked change from the current predominantly rural environment. In addition, growth from across the wider catchment around the FUZ is incorporated – most importantly to the west and south. While the FUZ growth is sufficient to ensure that a network of centres is sustainable, it is important that growth from surrounding catchments is included. This is in part because of the increased accessibility that is anticipated due to the connectivity presented by new roading infrastructure, notably the Mill Road connection, and because in order for the assessment to reflect realistic retail distribution patterns, it is important for the wider catchment to be included.

Due to the scale of the proposed Drury Metropolitan Centre, it will dominate retail trade arising from the majority of the FUZ. Once fully developed, the Drury Metropolitan Centre is likely to be around 100,000m² of GFA. In addition, approximately 30,000m² GFA of large format retail will co-locate in the area. The remaining share of the pie will be distributed amongst other local and neighbourhood centres within the study area (defined in Figure 2.1) – including the Drury South Industrial Precinct. Key to retail capture within the development are 2 markets;

- **Locally resident households** – in particular the SHA being developed at the southern end of the Drury South Residential Precinct will have local needs that are best met at a neighbourhood centre located towards the south of the site.
- **Resident workforce** – the industrial area is anticipated to accommodate over 3,000 workers and once fully developed, the entire area will support up to 6,000 workers. These people and the businesses they work for have retail needs that are best met at proximate centres while they are at work. This includes takeaway and specialty foods and a range of convenience and a limited range of specialty goods.

Figure 2.1: Catchments Contributing to Drury South Demand



The total future household count of a broad catchment area is indicated by modified Future Urban Land Supply Strategy capacity estimates. This assessment is driven off a set of household projections that draws from the Auckland Regional Transport (ART) transport modelling that Auckland Council undertake. Those capacity figures and development timings for the FUZ have been used as the basis for household growth projections to 2048. The timing of household growth has been assumed to begin when the land becomes development ready, and is allocated to five year periods (corresponding to census periods) based on an assumed build-out period, where total build out of each area takes at least 10 years, and in some cases for the larger areas up to 15 years. The ultimate household counts in each area (as at 2048) are not influenced by that assumed timing, which affects only the household counts in intervening years.



In total, there are currently just over 3,000 households resident in the FUZ part of the Drury catchment. In addition, there are a further 3,240 households in the rural areas around the FUZ that form part of the Drury East and West catchments (as shown in the table below). Demand that arises from these wider catchments (including demand arising from south, north and west of these catchments) is assumed to contribute to the demand potentially focused on Drury South. Household numbers are projected to change rapidly once the land becomes development ready, and by 2048 the total FUZ area will have grown to accommodate almost 29,000 households. With an additional 5,890 households in the Drury East West and South catchments. On top of that growth across the wider study area sees total household numbers swell to over 80,000 (Figure 2.2).

Figure 2.2: Drury FUZ Household Growth and Timing, 2016 – 2048

Catchment	2018	2028	2038	2048	Growth 2018-48	
					n	%
Drury West	2,220	11,070	15,710	16,860	14,640	659%
Drury East	3,710	9,390	17,210	17,280	13,570	366%
Drury South	330	850	950	950	620	188%
Papakura	14,680	21,130	25,070	27,770	13,090	89%
Franklin	3,140	6,460	10,510	13,210	10,070	321%
Pokeno	1,030	2,160	3,320	4,360	3,330	323%
Main Trade Area	25,110	51,060	72,770	80,430	55,320	220%

All parts of the study area are projected to experience very rapid growth. The Drury South catchment will have a small share of the household growth within the wider Drury FUZ, (1.7%, or up to 950 households). However, as discussed above we anticipate that the Drury South catchment would serve a wider catchment, drawing from both the east and west areas, and especially for supermarket, home-based and trade-based retail as well as the employment areas. The Drury East catchment will increase by 13,570 households, and the Drury West catchment by 14,640 households. The total FUZ trade area for Drury centres will grow by 27,600 households by 2048, representing a twenty-five-fold increase over current residential levels. The total study area household count increases by over 55,000 households to over 80,200 by 2048.

2.1.2 Workforce projections

The entire eastern portion of the Drury South Precinct will consist of a large industrial estate that has the capacity to accommodate 3-4,000 workers in industrial activities. In addition, approximately 750 office workers are anticipated to be located in Sub-Precinct C once fully developed and occupied. It is also anticipated that other workers in retail, trade suppliers and other non-industrial activities will locate in close proximity to the Spine Road. This workforce will contribute to retail demand as will the businesses located there. At this stage this is assumed to add approximately 10% to retail demand in total.

2.2 Retail and services demand projections

It is estimated that businesses and households in the Drury study area catchment generated about \$1.0 billion in retail spending in 2018. The strong business and household growth projected in the catchment

will drive a similarly strong increase in total retail demand, which is projected to increase to \$2.3 billion by 2028, and \$4.4 billion by 2048 across the entire study area (see Figure 2.2).

This expenditure would be distributed across the range of centres within the FUZ area, however the majority of this spending will be directed to centres outside the FUZ, for example to metropolitan centres such as Papakura, Manukau, Sylvia Park, Newmarket and the CBD, and to rural centres in Pukekohe.

In the store categories that we expect to locate in the Drury South catchment, total catchment demand would support \$611 million sales in 2018, with the largest share in supermarkets and grocery stores (40.6%, or \$248 million). Demand for supermarkets and grocery stores is expected to grow by 226% to \$560 million in the medium term (to 2028). Over the long term, demand for supermarket and grocery stores is expected to grow more than four times to \$1.08 billion by 2048.

Obviously, the study catchment is a large area (Figure 2.1) and the needs of households within this area will be met by markets across the area and beyond. This means that only a small portion of that spend will be directed to retailers in the Drury South catchment. This is important because it defines the amount of sustainable space that could develop without impacting on higher order centres.


Figure 2.3: Total Trade Area Retail Demand by Store-type and Origin Catchment (\$m)

Selected Categories	2018	2023	2028	2038	2048
Sales (\$m)					
Supermarket and Grocery	\$ 248	\$ 380	\$ 561	\$ 885	\$ 1,082
Other Food and Liquor	\$ 44	\$ 67	\$ 99	\$ 156	\$ 191
Convenience	\$ 82	\$ 126	\$ 187	\$ 295	\$ 361
Hospitality	\$ 131	\$ 201	\$ 297	\$ 469	\$ 573
Home based	\$ 105	\$ 161	\$ 238	\$ 376	\$ 460
Retail Demand - selected categories	\$ 611	\$ 936	\$ 1,381	\$ 2,181	\$ 2,666
Total Catchment Retail Demand	\$ 1,012	\$ 1,562	\$ 2,286	\$ 3,597	\$ 4,359

Catchment	2018	2023	2028	2038	2048
Drury West	\$ 54	\$ 161	\$ 300	\$ 474	\$ 563
Drury East	\$ 90	\$ 135	\$ 253	\$ 513	\$ 569
Drury South	\$ 8	\$ 20	\$ 29	\$ 41	\$ 49
Papakura	\$ 357	\$ 460	\$ 568	\$ 743	\$ 909
Franklin	\$ 76	\$ 116	\$ 173	\$ 311	\$ 432
Pokeno	\$ 25	\$ 45	\$ 58	\$ 99	\$ 143
Total Demand - selected categories	\$ 611	\$ 936	\$ 1,381	\$ 2,181	\$ 2,666
Total Retail Demand	\$ 1,012	\$ 1,562	\$ 2,286	\$ 3,597	\$ 4,359

While the total catchment shows growth in total retail from \$1 billion to over \$4 billion by 2048, growth in the total catchment in the retail categories likely to be relevant to the Drury South catchment (food and liquor, supermarket and grocery, convenience goods, hospitality and home based retail goods) grows from \$610 million to approximately \$2.7 billion.

Of this total, the vast majority arises from outside the FUZ - arising from the Papakura, Other Franklin and Pokeno sub-catchments. From within the FUZ areas, retail demand grows from \$150 million in 2018 to



approximately \$1.18 billion by 2048, of which the Drury South catchment is expected to contribute around \$49 million.

2.3 Retail Capture at Drury South

2.3.1 Market capture assessment

Having estimated the amount of total catchment retail demand available to businesses that are anticipated to set up in Drury South, it is necessary to estimate how this demand is captured by retail businesses by location. We have made a number of assumptions, including;

- The Drury South Precinct will attract approximately 70% of supermarket demand from the Drury South catchment, along with approximately 50% of other food and liquor and convenience retail goods.
- 12.5% of the Drury East and 5% of Drury West catchment supermarket demand will be captured, 10% and 7.5% capture of other food and liquor respectively from the West and East Drury catchments.
- Smaller shares of supermarket spend from the more outlying catchments of Franklin (1%), Papakura (1%) and Pokeno north (5%) are captured.
- 80% of Drury South convenience retail is captured 10% of Drury East and 8% of Drury West along with less than 1% from the Papakura, Franklin and Pokeno catchments – due to the inconvenient location relative to these areas.
- 60% of Drury South catchment home based retail spend is captured, 30% from the Drury East and West catchments and 5% from the Papakura, Franklin and Pokeno catchments. These figures reflect the areas likely dominance for these types of quasi wholesale construction sector goods.

These capture rates relate to the catchments identified above, (in Figure 2.1) and will generate supermarket sales of approximately \$9.0 million - if a supermarket was present in 2018. Sales would be expected to grow as the residential dwellings in the catchment are built, and a supermarket of 4,000m² would be sustainable close to 2038 as expected sales rise over \$50 million (based on \$12,700m² GFA).

Figure 2.4: Drury South Centre Sales by store-type, 2018-2048

	2018	2023	2028	2038	2048
Sales (\$m)					
Supermarket and Grocery	\$ 9.0	\$ 17.9	\$ 30.2	\$ 52.5	\$ 62.8
Other Food and Liquor	\$ 1.4	\$ 2.8	\$ 4.8	\$ 8.2	\$ 9.5
Convenience	\$ 3.0	\$ 6.8	\$ 11.7	\$ 20.2	\$ 23.6
Hospitality	\$ 2.9	\$ 5.9	\$ 9.8	\$ 16.2	\$ 18.9
Home based	\$ 12.2	\$ 22.7	\$ 38.5	\$ 65.3	\$ 76.6
Total Drury South Retail Sales	\$ 28.5	\$ 56.1	\$ 95.2	\$ 162.4	\$ 191.4
Share of Total Sales					
Supermarket and Grocery	31.5%	31.8%	31.8%	32.3%	32.8%
Other Food and Liquor	4.9%	5.0%	5.1%	5.0%	5.0%
Convenience	10.4%	12.2%	12.3%	12.5%	12.3%
Hospitality	10.2%	10.6%	10.3%	9.9%	9.9%
Home based	42.9%	40.5%	40.5%	40.2%	40.0%
Total Drury South	100.0%	100.0%	100.0%	100.0%	100.0%

However, it is clear that the turnover of a supermarket entirely depends on its location, connections and competition. Given the scale of growth across the FUZ and surrounding areas as well as its distribution, we anticipate that the entire study area will be able to support approximately seven supermarkets (branding and scale will impact this figure). Given the distribution of households across the FUZ and likely centre network, we anticipate that there are likely to be:

- 2 supermarkets in the Drury Metropolitan Centre.
- 3 in the Drury West catchment – one in the local centre, one in the north and one further west.
- 2 in the Drury East catchment (mostly in the Eastern FUZ) – one in the north and one in the south.

Of the supermarkets in Drury East, it is logical that one would be located in the north and a second in the south. While supermarkets are best in close proximity to residential areas, it is likely that moving the southern supermarket in the east approximately one km south of its ideal location will only have a marginal effect on accessibility. This is especially the case here as a supermarket located at the northern end is anticipated to be on the extension of Mill Road towards the Southern Motorway. Mill Road is proposed to cross the motorway at a new interchange and provide access to the proposed supermarket location for households towards Paerata.

Sustainability of a supermarket is based on estimates of sustainable turnover per square metre of approximately \$12,700m². Figure 2.4 indicates that it is a 20 year timeframe from the current date before a 4,000m² GFA supermarket is viable, and is contingent on the Mill Road extension being completed to provide access to markets in the Drury East and Drury West catchments.



Figure 2.5: Drury South Centre sustainable floorspace by store-type, 2018-2048

	2018	2023	2028	2038	2048
GFA (m²)					
Supermarket and Grocery	710	1,410	2,380	4,130	4,950
Other Food and Liquor	110	220	380	650	750
Convenience	370	850	1,470	2,530	2,950
Hospitality	520	1,060	1,760	2,880	3,370
Home based	2,450	4,540	7,710	13,060	15,320
	4,160	8,080	13,700	23,250	27,340
Share of Total Floorspace					
Supermarket and Grocery	17.1%	17.5%	17.4%	17.8%	18.1%
Other Food and Liquor	2.6%	2.7%	2.8%	2.8%	2.7%
Convenience	8.9%	10.5%	10.7%	10.9%	10.8%
Hospitality	12.5%	13.1%	12.8%	12.4%	12.3%
Home based	58.9%	56.2%	56.3%	56.2%	56.0%
	100.0%	100.0%	100.0%	100.0%	100.0%

In addition to a 4,000m² supermarket, the above assessment indicates that growth in Drury South and capture from development around Drury South could potentially support;

- Up to 950m² of additional grocery retail space (above the 4,000m² supermarket).
- 750m² of other food and liquor.
- 2,950m² of convenience retail.
- 3,370m² of hospitality – cafes and restaurants, and
- 15,300m² of home-based retail space.

In terms of the retail provisions that are sought through the plan change, hospitality and home based retailing (furniture, appliances etc) will sit outside the retail cap as detailed below. It is likely that home based retail goods will seek to co-locate with any large trade based timber and hardware suppliers that will more naturally want to locate within the light industrial land on the eastern side of the main Spine Road. Because the permitted retail cap is in place to help protect the established and planned for retail hierarchy, hospitality is not included. Hospitality will be entirely demand driven. It is likely that the business market at Drury South will require a reasonably significant hospitality presence (as evidenced by the almost 3,500m² GFA requirement estimated in figure 2.5, above).

This leaves a residual 3,700m² of retail space required to meet the household and workforce retail needs of the Precinct. Added to this is some 950m² of food and grocery for a total of approximately 4,650m² GFA by 2048. Because 2048 is a significant time into the future it means that these figures are an estimate and will change over time.

2.3.2 Household Sustainable Assessment

In order to provide a degree of comfort around the estimates provided above, we have carried out a second assessment based on the average amount of retail space sustained at Local and Neighbourhood centres in



Auckland per household. When multiplied by the number of households anticipated at Drury South, it can show (assuming an average structure) how much space could be sustained once the area is fully populated.

Figure 2.6 presents two scenarios – a Base Run driven by up to 750 dwellings located in Drury South and up to 5,000 workers in the area. The High Run lifts residential to 950 dwellings and employment to 6,400 workers. Based on these assumptions, sustainable retail floor space from within the development is expected to sit between 3,100m² and 3,960m².

Figure 2.6: Neighbourhood Centre sustainable floor space (m²), Drury South 2018 – 2048

	2018	2028	2038	2048
1. Base Run				
Households	306	750	750	750
Workers	100	2620	5000	5000
Local sqm - hhld sustained	218	536	536	536
Local sqm - emp. sustained	51	1,341	2,559	2,559
TOTAL	270	1,877	3,095	3,095
2. High Run				
Households	326	850	950	950
Workers	100	2620	5140	6400
Local sqm - hhld sustained	233	607	679	679
Local sqm - emp. sustained	51	1,341	2,631	3,276
TOTAL	284	1,949	3,310	3,955

2.3.3 Household Sustainable Assessment

The two approaches generate broadly similar estimates – 4,650m² compared with between 3,100m² and 3,960m². This gives confidence that by providing for retail up to 4,500m² will meet the local and neighbourhood needs of local residents and workers and will ensure that the development does not impact on the planned retail hierarchy across the wider FUZ.

2.4 Total sustainable floor space projections

To place the above in context, retail spend that arises across the total catchment or study area supports retail and services floor space in a wide range of centres, as discussed above. The demand (Figure 2.3) in relevant retail categories approximately equates to around 77,800m² of retail and services GFA in all locations (2018). This is expected to grow to over 339,600m² GFA by 2048 (Figure 2.7).

Nearly 60% of that is supported by residents of the Papakura sub-catchment (45,500m²), although that proportion decreases over time with the more rapid growth in the FUZ areas, so that by 2048 more spend will be resident in the Drury East and West catchments than in Papakura (combined 42% vs 34%).

Total catchment retail GFA across all retail categories, supported in all locations is projected to increase to 507,000m² GFA by 2038 and 615,200m² by 2048. That floor space includes space for household and

professional services (estimated from employment in those categories), for which sales turnover is not a meaningful metric.

Figure 2.7: Main Trade Area Floorspace Demand

	2018	2023	2028	2038	2048
GFA (m²)					
Supermarket and Grocery	19,550	29,940	44,150	69,670	85,160
Other Food and Liquor	3,450	5,280	7,790	12,290	15,020
Convenience	10,280	15,800	23,330	36,890	45,140
Hospitality	23,460	35,940	53,000	83,660	102,270
Home based	21,060	32,290	47,630	75,210	91,960
	77,800	119,250	175,900	277,720	339,550

2.5 Retail Provisions Conclusions

Based on the analysis presented above, I can support the following proposed retail provisions sought in the plan change.

Figure 2.8: Proposed Retail Provisions of DSL plan change, 2019

Activity	Plan change Provisions
Trade suppliers	Permitted*
Supermarket	One supermarket greater than 2000m ² GFA – permitted* One supermarket, up to 450m ² permitted, 450 – 2000m ² , RD, with discretion restricted to amenity and impacts on the centre network, 2,000m ² +, Discretionary Any additional supermarkets – Discretionary
Department stores	Non-complying
Marine retail	Permitted*
Motor vehicle sales	Permitted*
Other retail	Tenancy sizes – 200m ² permitted / 200m ² + Discretionary Retail up to a total maximum cap of 4,500m ² GFA and complying with tenancy size – Permitted* Any retail exceeding the cap - Discretionary Note: the retail cap excludes one supermarket greater than 2000m ² and other permitted retail.
Food and beverage	Permitted*
Offices	Offices up to 500m ² per tenancy – permitted* Offices between 501m ² – 1000m ² per tenancy – restricted discretionary* Offices greater than 1000m ² per tenancy – discretionary



Activity	Plan change Provisions
	A development control that provides that the floor area of offices in the Sub-Precinct C must not exceed 15,000m ² in total. Infringing this control would be a discretionary activity.

*Provided that the activity complies with the relevant standards in the underlying zone and precinct provisions. A breach of any of the standards will render the activity a restricted discretionary activity.



3 Commercial Services – Office

The purpose of this section is to provide analysis with respect to provisions that might apply to Sub-Precinct C of the Drury South Industrial Precinct.

Initially the entire Industrial and Residential Precinct of some 359ha land developable for industrial purposes, would have stood alone, south of the urban edge. However, over time the growth needs of Auckland have seen the city expand towards this area resulting in a range of changes within Drury South and surrounds. Through the AUP process, the area surrounding the Drury interchange was identified as a FUZ – it's accessibility connections and rolling topography made it ideal for future urban development – to take pressure off house price rises (in part), but more importantly to provide a range of development options for Auckland's expansion.


This has led to changes within the plans for the Drury South Precinct. The proposal now seeks to concentrate the supporting office and commercial activities along Maketu Road to meet the needs of the industrial development as opposed to distributing them through-out the development, as may be the case in a more traditional industrial area that has developed over time. This change provides a degree of flexibility and allows the Precinct to develop in such a way to support residential development.

Subsequent to this decision, a portion of land to the south of the Precinct has been identified and taken for residential purposes (SHA) which is now known as the Drury South Residential Precinct and plans exist for more intensive residential along Maketu Road.

Between the decision to rezone the land for industrial purposes, (initially done to protect both the operation of the quarry and the routes to and from the motorway from reverse sensitivity issues that might arise), and today, there have been significant changes in the future plans for the wider Drury area, discussed above. Included in these changes are major plans for the development of a large Drury Metropolitan Centre at the intersection of SH1 and Great South Rd, and other centres to support the residential development across Drury West and Drury East to meet the needs of just short of 30,000 dwellings anticipated.

It is against this evolving backdrop that DSL are seeking to rezone land as Mixed Use to facilitate development along Maketu Road. This development includes increased provision for commercial office space. However, it is clear that commercial offices are a core component in large town and metropolitan centres. The people activity that they generate ensures retail and other services provided in centres are sustainable and can meet wider community needs. The presence of office workers in numbers supports public transport initiatives and ensures that investments in other social infrastructure are not misplaced in centres. The ability of offices and the businesses they accommodate to collocate helps to maximise efficiency through agglomeration economies.

Agglomeration economies arise where there is a shared pool of workers and the ability to rapidly share technology and innovation through a free and rapid exchange of ideas and personal. Co-location minimises the friction of doing business and is the key reason that cities are the most productive organisations of economic activity on earth.



This is also a key reason Councils seek to protect centres. In particular, the Council seeks to protect the larger centres from the kinds of impacts that are brought about by the dispersal of office activities to simply take advantage of low cost land. These often occur in more remote locations or on land that is zoned for lower order activities, such as industrial land. From an economy wide perspective, there is an opportunity cost associated with dispersal. From my perspective, it means that the development of commercial office that is facilitated by a change to Mixed Use (from Industrial) should not impact on the ability of the planned Drury Metropolitan Centre to attract commercial office activities – in particular the larger office footprint ones.

3.1 Key findings

Based on the work I have undertaken for the IHP and Council during the AUP hearings, I believe that one of the key roles of Mixed Use zones is to augment and support the role that centres play. Designed primarily to provide additional and more intensive forms of residential development, they have flexibility enough to provide live-work options as well as commercial space on the ground level with street frontage. This provides the benefit of activating street frontage - without providing large scale retail that might detract from the retail role that centres have.

By the same token, the mixed-use areas provide a range of office space opportunities, but are not designed to provide for large scale office developments. A size limit of 500m² per tenancy is sufficient to accommodate up to 30 workers – which in an Auckland sense, covers the majority of office-based businesses (90% of businesses have fewer than 25 employees). The genuinely large office buildings are likely to offer 500m² or more on a single floorplate. This means that allowing an unfettered amount of space on a single property could potentially see very large numbers of workers locating in mixed use zones at the potential expense of centres. Metropolitan and Town centres are the most appropriate locations for large amounts of office space. The people activity they generate plays a very significant role in supporting and enabling a wide range of retail and service offerings as well as providing sufficient mass to ensure that social infrastructure can be provided for in an efficient manner. Most importantly, large centre based office populations ensure that public transport networks can be designed efficiently and move large numbers of people to work and home, minimising car based travel and therefore impacts on the environment. For these reasons, I consider that an overall commercial office threshold and a per tenancy threshold for Sub-Precinct C is appropriate.

3.2 Drury South Specifics

The Mixed Use zoning sought by DSL differs from the majority of Mixed Use zones across the city. It is located in a greenfields environment with very large lot sizes. In this case a single 10 ha super-lot. This is then problematic in terms of the underlying Mixed Use provisions which allow 500m² per parcel. I consider adopting these provisions as they stand will hamstring the operation of the industrial areas at Drury South and will ensure that the many of the convenience needs of the residential areas are not able to be met locally.



It is likely that a degree of flexibility in terms of maximum size to ensure that the developers are able to attract a range of operators to the location as well as an overall office space cap are the most appropriate means to ensure that the needs of the area are met – while ensuring that the majority of office space and potential large footprint office tenants are directed towards the new Drury Metropolitan Centre.

Based on an assessment of both the Wiri Industrial area and the Highbrook/East Tamaki Industrial areas, the Drury South catchment is expected to need up to 26,430m² GFA of office space. This is derived from the ratios of office employment to industrial employment in these more established industrial areas. Given that Highbrook/East Tamaki is newer than Wiri, its structure is more likely to be reflective of what could happen in respect of the Drury South Precinct. In addition to this, the residential components will place some demand for office services on the areas. I would expect total additional office space demand arising from approximately 1,500 dwellings to be approximately 1,200 – 1,500m² GFA.

This means that once fully occupied, the Drury South Precinct in its entirety could sustain approximately 28,000m² of office space. However, the presence of a planned large Metropolitan Centre within 2km from the Drury South area means that a significant portion of these needs will be met within this centre. Based on analysis of other industrial areas around Auckland, it is clear that those in proximity to large centres have lower portions of office activities within them – the businesses relying instead on services provided by office activities within the centres.

That being the case with respect to the Precinct's proximity to the proposed Drury centre, I believe that up to 50% of the total requirement for office space arising from the Drury South Metropolitan Precinct could be met at the proposed Drury Metropolitan Centre.

That being the case, it would be appropriate to require discretionary consent for more than 15,000m² GFA of office space to develop Sub-Precinct C.

3.3 Timing

In the medium to long term, Drury South is an ideal location for a range of office related activities. The growth of the wider area, the proximity to the industrial areas, access to the motorways and the growing markets to the south, mean that a structured development at Drury South is well placed to cater for the future. However, I do not consider that it should not come at the expense of the large Metropolitan Centre planned for Drury itself. The overall form and function of the city along with alignment to the objectives and policies of the AUP are best served if large scale office development is focused in and around the Centre. This supports both the retail and service components of the centre as well as the public transport links with the rest of the city.

Once the Drury Metropolitan Centre is established, market forces will in most cases, determine that office will locate close to the centre. Then the Mixed Use zoning of Sub-Precinct C will operate efficiently within the market overall.

Until that time, it is important that some constraints are placed on office development in the Sub-Precinct C that both allow flexibility to ensure that development is not unduly constrained, whilst at the same time ensuring that office development around Drury Metropolitan Centre is not hamstrung.



This is probably best achieved through a precautionary approach to ensure that the office space is developing in line with the wider industrial development at Drury South.

3.4 Recommended Provisions

Given the nature of the land cadastral – that is, the area to be zoned is made up of very large parcels, I consider 500m² per property control to be inappropriate. In order to provide a degree of flexibility I recommend;

- **The control on offices is 500m² per tenant.** The majority of Auckland’s Office businesses are less than 25 workers (90%). This means that the vast majority would fit into a 500m² footprint. This should not prove to be a hindrance to development of the area to meet the needs of both the industrial areas and residential developments within the Precinct.
- In order to provide some flexibility, I recommend that up to 1,000m² per tenancy be provided for as a restricted discretionary activity. With discretion restricted to (among other things) impacts on the existing or proposed Drury Metropolitan Centre and traffic effects. This provides sufficient flexibility to allow a range of businesses to potentially locate there – but excludes the very large office businesses that would best locate within the Drury Metropolitan Centre. It should also ensure that the Mixed Use feel of the location is maintained.
- **Office space in the Mixed Use area have a threshold of 15,000m²,** until such a time as the Drury Metropolitan Centre has been operating for 10 years. At this point, the development will be operating very much the way existing MU areas operate today such that the existing MU provisions could apply.

Figure 3.1: Commercial Office Plan change Provisions – Drury South, 2019

Activity	Plan change Provisions
Offices	Offices up to 500m ² per tenancy – permitted* Offices between 501m ² – 1000m ² per tenancy – restricted discretionary* Offices greater than 1000m ² per tenancy – discretionary A development control that provides that the floor area of offices in Sub-Precinct C must not exceed 15,000m ² in total. Infringing this control would be a discretionary activity.

*Provided that the activity complies with the relevant standards in the underlying zone and precinct provisions. A breach of any of the standards will render the activity a restricted discretionary activity.

3.5 Conclusions

I believe that by allowing very large office buildings to locate in the Precinct (in Sub-Precinct C), with an underlying Mixed Use zone), has the potential to be significantly detrimental to the Drury Metropolitan Centre. Given that Drury South is likely to be first away, it has the potential to attract a number of



businesses that might have otherwise supported the Drury Metropolitan Centre. This will be directly contrary to the objectives and policies of the AUP.

However, with careful management as described above, it is possible for development at Drury South to complement and benefit from development at Drury through the imposition of sensible constraints and time limited caps on development of Office space.

3.6 Heavy to Light Industrial Rezone

The final area I have considered is the rezoning of a portion of heavy industrial Land to Light Industrial – where it abuts Maketu Road. This serves two purposes;

- First, it more appropriately aligns the provision of land with expressed demand. As Auckland’s industrial economy evolves and New Zealand engages more widely with the international community, local heavy manufacturing has reduced. An inability to compete with low cost economies has seen a decline overall in New Zealand’s productive capacity – in particular in the heavier industrial sectors. However, this does not apply to the same extent to activities that can locate on Light Industrial zoned land. With significant rises in storage and logistics associated with the import of products and their distribution across the country, large volumes of industrial land are now used solely for distribution of goods.
- Second, Light industrial land is also distinguished from Heavy Industrial land by the nature of its emissions and adverse environmental impacts (noise, dust, fumes etc) that cross property boundaries. It is therefore an appropriate strategy to sleeve Heavy Industrial land with Light Industrial land, thereby minimising the impacts of those emissions on residential and commercial areas. In Drury South, with the proposed addition of a Mixed Use Precinct, it is appropriate to shield it from the heavy industrial activities further east (including the Quarry and associated activities). In addition, the light industrial zoning provides space for a range of quasi industrial activities such as Trade Supply outlets that serve both the household market and the construction sector at the same time.

I therefore support the rezoning of the land to the east of Maketu Rd as presented in Figure 1.1.