

Memo

To: Sean Thompson

From: Greg Akehurst, Director

Date: 15/04/2020

Re: Auckland Council Request for Information: Patumahoe South Private Plan Change

Introduction

I have outlined below my responses to the additional information sought by Council. I have also made some minor adjustments to the original report (attached to the same email).

Economic Matters – Response to Tim Heath Review			
Number	Category	Request for Further Information	M.E Response
E1	Timing / Development of Catchment	Please clarify whether the Drury South Residential Precinct south of sub-precinct C (including the SHA) provide for any retail or commercial activity? If so, please assess the effects this would have on the conclusions of the Economic Assessment.	Drury South Residential Precinct (south and west of Sub-precinct C) makes some provision for neighbourhood centre activities in appropriate locations and these are indicatively shown in Precinct Plan 2. Commercial services, food and beverage and retail up to 200m ² GFA require resource consent as a restricted discretionary activity. Retail or food and beverage exceeding 200m ² GFA is a non-complying activity. On this basis, any retail activities will be small-scale and serve local convenience needs, which is reflected in Objective 2 and Policy 2 of that Precinct.



E2	Timing/ development of catchment	Please explain the anticipated timings around the development of land within the Drury South Residential Precinct and the Drury South Industrial Precinct.	<p>Timing of growth is outlined in Figure 2.6 of my report. I have replicated this below in slightly more detail for ease of reference. Household number and worker number growth can be taken as a proxy for development and uptake of both residential and employment land.</p> <p>Numbers of households and workers anticipated in the Drury South development reach their maximum in 2028 and 2038 respectively under the base run and in 2033 and 2043 under the high run.</p>
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Figure 1: Neighbourhood Centre sustainable floor space (m²), Drury South 2018 – 2048

	2018	2023	2028	2033	2038	2043	2048
1. Base Run							
Households	306	600	750	750	750	750	750
Workers	100	1360	2620	3880	5000	5000	5000
Local sqm - hhld sustained	218	429	536	536	536	536	536
Local sqm - MEC sustained	51	696	1,341	1,986	2,559	2,559	2,559
TOTAL	270	1,125	1,877	2,522	3,095	3,095	3,095
2. High Run							
Households	326	650	850	950	950	950	950
Workers	100	1360	2620	3880	5140	6400	6400
Local sqm - hhld sustained	233	465	607	679	679	679	679
Local sqm - MEC sustained	51	696	1,341	1,986	2,631	3,276	3,276
TOTAL	284	1,161	1,949	2,665	3,310	3,955	3,955

E3	Retail Demand	Please explain what the retail / supermarket demand generated from a more localised Drury South catchment (residential and employment areas), and how this would change the timing of sustainable demand.	In section 2.3.1 of my report, I outline assumptions I have made about how retail on offer within the Drury South catchment captures retail demand from the surrounding catchments. I have provided estimates of capture rates for each sub catchment (Drury South, Drury East, Drury West, Papakura, Franklin and Pokeno). These catchments align with the map in Figure 2.1. In summary, these assumptions highlight a high degree of convenience captures from Drury South households and low shares of convenience demand capture from the other surrounding catchments (10% of Drury East convenience demand, 5% of Drury West and so on). I have assumed that some 70% of
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			<p>supermarket demand from households in Drury South is captured by supermarkets located in Drury South (this reflects the likely presence of a supermarket on a site within Drury South). This is aligned with relatively low levels of capture of supermarket demand from the other catchments (12.5% of Drury East and 5% of demand arising from Drury West). Added to this are very low capture rates from the other catchments (1%) – except from Pokeno (5%) due to the ease with which they could access the supermarket via the southern motorway.</p> <p>In terms of sustaining a range of activities typical of a neighbourhood centre in Sub-Precinct C, the very local catchment (Drury South) is important. Once fully developed the amount of demand generated by households is \$23.2m in 2028 (core retail and hospitality). Added to this is worker spend of \$6.7m in 2028 rising to \$19.1m by 2043 when we estimate employment land in Drury South will be fully taken up. These figures do not change the timing of sustainable demand they are simply the by-product of household and business growth timing. Retail demand is a function of the number of households and workers - they generate it by their presence.</p> <p>What I understand the Council's expert is asking is whether the timing and volume of demand growth alter the point at which retail and supermarket is sustainable in this location. The timing of growth determines sustainability of retail and this is taken into account in the analysis. The local sqm sustained numbers in Figure 2.6 are the sustainable values I have calculated for each year in the table. This takes into account the portion of total retail demand generated likely to be captured locally by the limited retail offer meeting convenience/neighbourhood centre needs. By 2028 between 1,877sqm and 1,949sqm is sustainable rising to between 3,095sqm and 3,995sqm by 2048.</p>
E4	Infra-timing	Please explain the timing of Mill Road being developed, and whether this	If Mill Road development occurs at an earlier point, then it is likely to mean that office development becomes more desirable earlier. This means it will more than likely be developed earlier – sustaining local retail put in place to



		changes the timings of demand for retail or office activities.	meet office worker needs, earlier. Potentially, this will have some effect on housing timing as well although that is probably less the case, given its location is mostly in the south of the development while the Mill Road connection will be in the north. It will have a marginal effect bringing housing development forward and therefore retail demand is brought forward and the need for retail GFA is brought forward.
E5	Infra-timing	Please clarify the timings for the expressway on the west of SH1 between SH1 and Pukekohe (the extension of the Mill Road link on the eastern side of SH1). I thought they were mutually exclusive projects with quite different timeframes.	As far as I am aware, the Mill Road Corridor is intended to be constructed from Papakura to the Drury South interchange by 2028. Any other connection past the Southern motorway to Pukekohe is a logical extension of that but will be implemented as a separate project. I have provided a comment on Page 12 of my report saying that if a supermarket were to locate on the junction of Mill Road and the Spine Road in Drury South, then any extension of the Mill Road Corridor towards Paerata, would open up access to those households. Any potential impact difference would be on the margins and not generate any significant difference in levels of impact.
E6	Retail Spend	Please clarify the basis for the Drury South Industrial Precinct retail assumptions in relation to spend captured locally.	Households generate retail demand by their presence. This is then split between the centres that are available to them based on need (for example - convenience needs, weekly shop, specialty needs, annual needs). In section 2 of my report, total catchment retail demand is translated into the total amount of retail space required to meet all these needs. In section 2.3 of my report, this is refined to provide estimates of the amount of this total demand that is potentially able to be captured by the retail offer in Drury South. This is likely to consist of high shares of households close by and the workforce that will be located close by, and low shares of demand that arises in more distant parts of the catchment. The ratios and shares of capture I have modelled are laid out in 2.3.1 of the Market Capture Assessment, on page 11 of my report. These ratios are informed estimates at present as the entire network of retail opportunity and development timing has yet to be finalised. However, applying the shares to the market demand generates estimates of retail sales



			<p>by category that are presented in Figure 2.4, on page 12. This is then translated into sustainable floorspace measures in Figure 2.5 of my report.</p> <p>We substantiated these estimates by also working out estimates using a different methodology (in section 2.3.2 of my report). In this section, we have assumed that the amount of spend that a worker normally takes with them to work is captured locally (potentially available at Drury South). This is obviously a small portion of the workers' normal household retail demand. The balance of the household demand will be spent from where the workers live. The household component of retail demand that arises in the Drury South catchment will be spent across a range of centres including the small local/neighbourhood centre in Drury South. We have said that the share of spend likely to be directed at a local and or a neighbourhood centre is the amount captured by the retail offer in Drury South. This amounts to 10.3% overall of households centre focused demands (retail and services).</p>
E7	Large Format Retail	Please outline the economic basis for enabling large format retail within the Business – Mixed Use Zone within Sub-precinct C in this location.	<p>The Auckland Unitary Plan defines Large Format Retail as an individual shop or tenancy with a floor area greater than 450m². Large format retail does not include food and beverage, garden centres, motor vehicle sales, marine retail or trade suppliers.</p> <p>On this basis, the proposed Plan Change does not enable large format retail, as supermarkets and retail greater than 200m² will require resource consent as a restricted discretionary or discretionary activity.</p> <p>There is no economic reason for restricting trade suppliers, garden centres, motor vehicle sales, and marine retail within Sub-Precinct C given that these activities would not adversely affect the function, role and amenity effects of centres. I understand that the amenity effects of these activities within Sub-Precinct C will be managed through restricted discretionary activity status for new buildings, these effects are addressed further in the planning report.</p>



E8	Offices	<p>Please assess the economic impacts of enabling 15,000m² of office space within Sub-precinct C, particularly the effects on areas where offices are enabled or encouraged in Council's Drury-Opaheke Structure Plan.</p>	<p>A portion of the office space is required to meet the office and commercial service needs of the industrial areas developed at Drury South. In total, the Drury South catchment is likely to generate demand for over 26,000sqm GFA of office space. Only a portion of this will be met locally (within Drury South). A portion is likely to be met in the Drury Metropolitan Centre and a portion elsewhere (larger centres and the CBD). This means that office development in Drury South is complementary to that likely to develop in the Drury Metropolitan Centre.</p> <p>In addition to that, a portion of the space in Drury South is needed to meet the office space needs of residential areas within the catchment. Households require a range of office services that require office spaces (accounting, layers, surveyors, planners and so on).</p> <p>With respect to the Drury West Local Centre, it is my view that any potential impacts are negligible. The offices that will develop in a local centre are designed to meet local needs. As with the Drury South office development, a portion of it will meet the needs of small businesses and households in the local Drury West catchment. A local Centre will not compete with or provide space for businesses locating in an industrial area on the other side of the motorway (Drury South). In the same way, the Drury South office component will not be competing with Drury West to provide the local office services to meet the needs of the local Drury West catchment as it is not conveniently located to do so.</p> <p>Any balance of space in the Drury South Office component (over and above the two requirements outlined above) would be developed as and when the demand arises. The only impact of relevance is on the Drury Metropolitan Centre. In providing a limit or cap at 15,000sqm GFA, I believe that the impacts on the Drury Metropolitan Centre will be minimised.</p>
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