



Economic Cost-Benefit Analysis of:
Proposed Neighbourhood
Centre at Golding and Birch
Road

PREPARED FOR
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1. Executive Summary

The proposed centre would have a primary catchment that can support approximately 5,000m² of centre GFA. This would require approximately 1.5 hectares of land, given the typical GFA yield of 35%.

The proposed centre would provide immediate access to day-to-day goods and services for the future residents of the proposed Plan Change 76 (Primary West) and Primary East areas, as well as wider secondary catchments to the north and south to a lesser extent.

Within the wider catchment area, there are three Neighbourhood Centres, ranging in size from 240m² - 3,900m² centre GFA, on 0.3 - 1.3 hectares of land each. Of which, two are small fully developed convenience centres, with three stores each, and the third centre being of a larger scale at 3,900m² centre GFA, and is predominantly an industrial/storage and residential use. This centre is largely developed, with no remaining capacity.

The proposed centre would create additional GDP employment from its initial construction and ongoing operation.

The location and scale of the proposed centre would ensure there are no adverse competitive impacts, or flow on economic impacts, on any existing centre.

The only economic cost from the proposed centre is the displacement of approximately 0.85 hectares of rural land that is currently zoned Mixed Housing Urban Zone. This is a negligible cost relative to the benefits.

The proposal is a suitable quantity of land to enable a Neighbourhood Centre that meets the day-to-day requirements of the Plan Change 76 (Primary West) and Primary East areas. This would provide efficient access to these day-to-day requirements which would reduce transportation costs and support a new residential development area.

The proposal would have significant economic benefits and negligible economic costs and is therefore recommended for approval.



2. The Proposal

The proposal is for 8,500m² of Neighbourhood Centre zone land located within the two large proposed residential catchments (Plan Change 76 (Primary West) and Primary East areas) as shown in Figure 2. The proposed centre is located on Golding Road, at the approximate centre point of the two proposed residential developments. Its location and scale is designed to primarily meet the day-to-day needs of these future communities.

Figure 1: Proposed Neighbourhood Centre Plan (2022)



Source: Smith Architects

3. Assessment of Market Demand

Figure 2 shows the proposed Neighbourhood Centre and its anticipated primary and secondary catchments. The Plan Change 76 area and the immediately adjacent area shown in purple and red respectively are defined as the Primary-West and Primary-East catchments for the proposed centre.

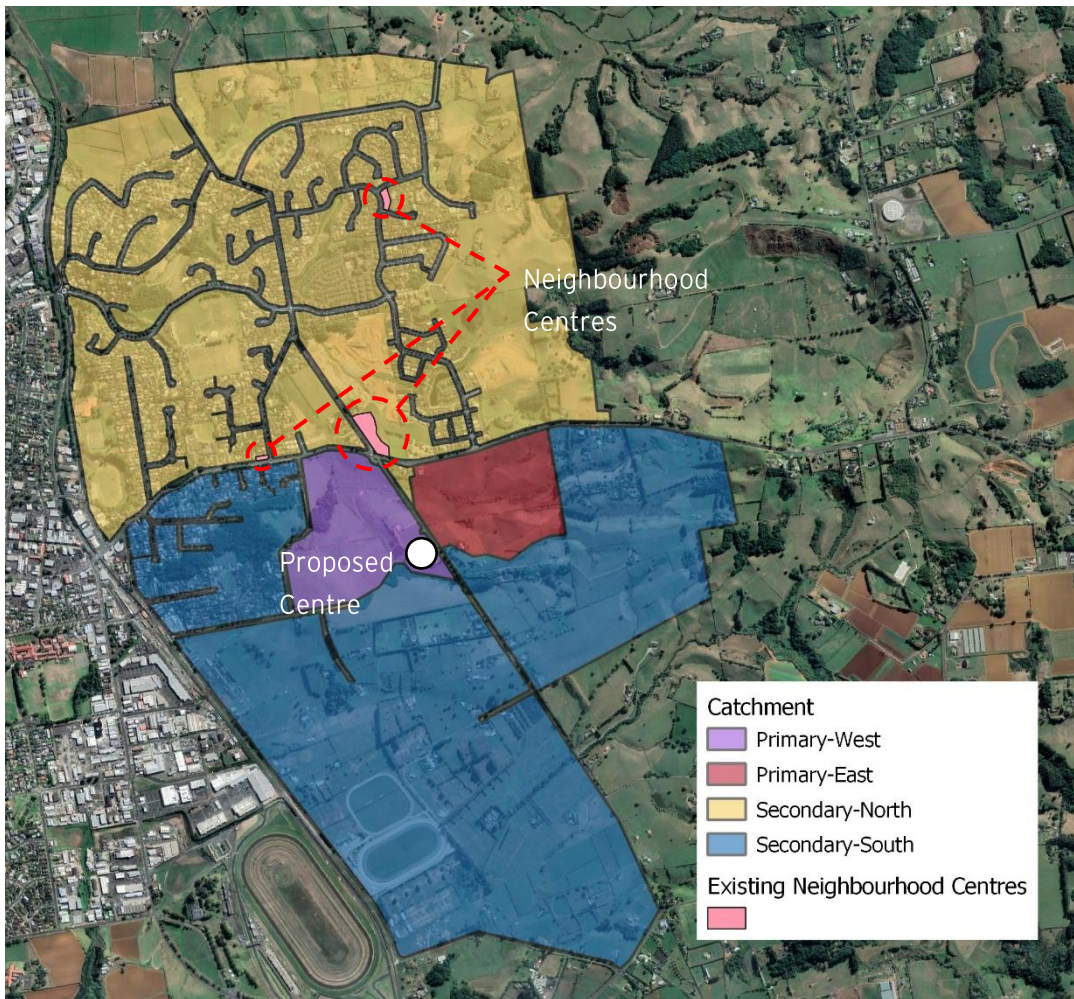
The proposed Neighbourhood Centre is also anticipated to service a secondary North and Secondary South catchment, defined in Figure 2, albeit to a much smaller extent given the



secondary catchments have existing and potential future centres that are more accessible for day-to-day goods and services.

Figure 3 provides the Auckland Unitary Plan (AUP) zone map that corresponds to the catchment map, for reference.

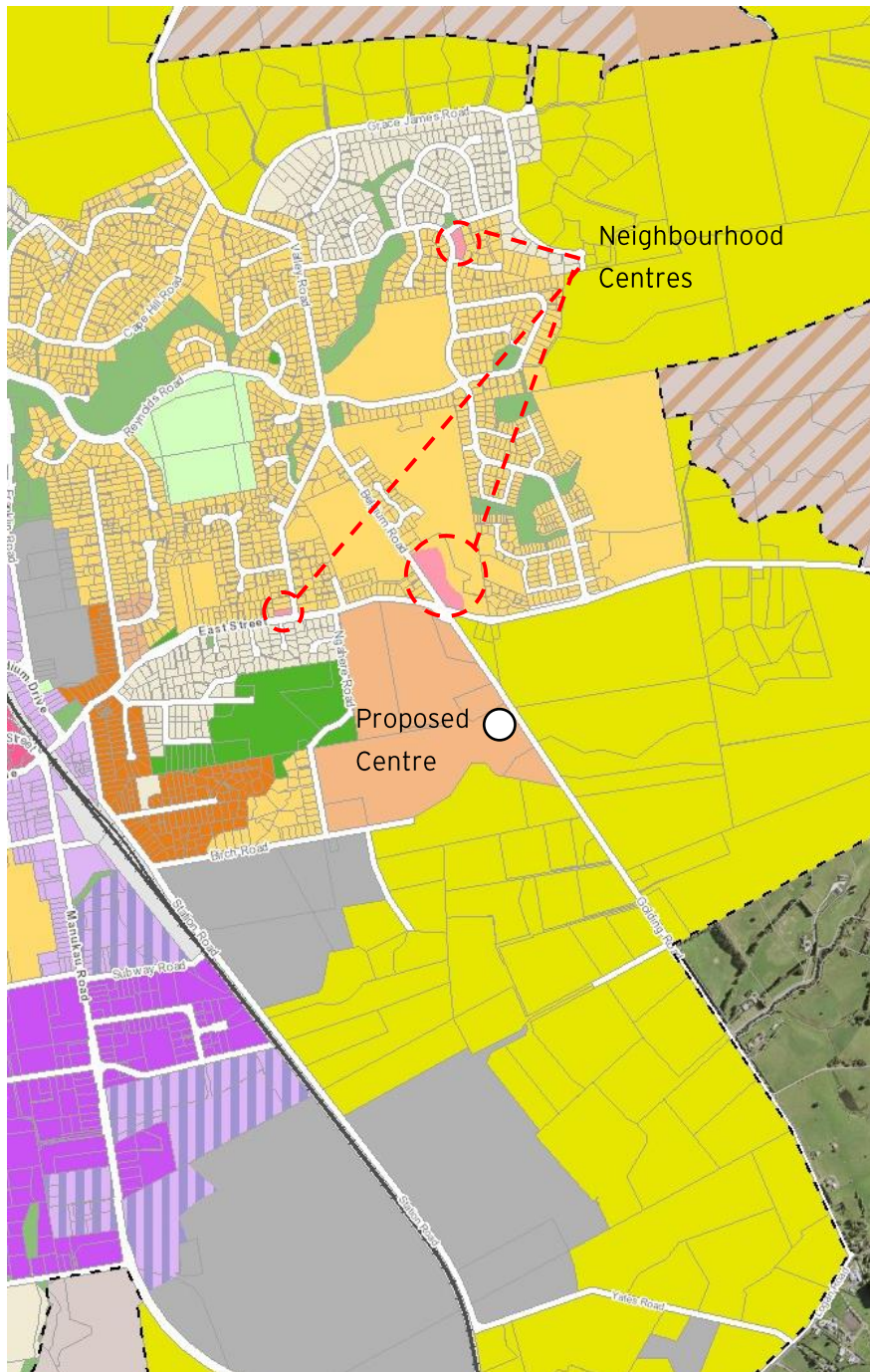
Figure 2: Catchment Map



Source: Statistics NZ, Auckland Unitary Plan, Urban Economics



Figure 3: Auckland Unitary Plan Zones



Source: Auckland Council



Figure 4 provides a profile of small centres within five large masterplanned developments in Auckland (Long Bay, Millwater, Hobsonville Point, Stonefields and Stubbs Farm). These centres service the convenience needs of the immediate population, ranging in GFA from 3,000m²-8,000m², and are generally comprised of a small-medium supermarket, specialty retail with office, cafes and restaurants, medical and other specialty retail. These centres are therefore consistent with the proposed centre and provide a benchmark for estimating the demand, tenant mix and scale for the proposed centre. A detailed profile of each of these centres is provided in Appendix 1.

The two developments that are considered to provide the most useful benchmarks for the proposed centre are the 'Stubbs Farm' (PC25) development in Warkworth, which includes 1,200 dwellings with 3.1 hectares of land, and Long Bay, which will have an estimated future 2,500 dwellings when completed, and has an existing 7,100m² of commercial floorspace on 3.9 hectares of land, which includes a small supermarket. Additionally, the Long Bay centre has some remaining capacity for additional commercial floorspace.

The main points to note in Figure 4, with regard to estimating centre demand in new residential developments, are:

- These centres support between 0.7m² and 5.2m² of centre GFA per capita.
- Stubbs Farm and Long Bay are considered to be the most relevant benchmarks, as these centres primarily service the needs of the immediate population, rather than a wider secondary catchment area.
- It is estimated that the proposed centre would support between 0.7m² and 1.0m² of centre GFA per capita.

Figure 4: Comparable Centre Profiles

	Hobsonville Point	Millwater	Long Bay	Stonefields	Stubbs Farm
Retail GFA (m ²)	7,200	4,090	6,000	2,800	3,000
Office GFA (m ²)	600		200		
Other GFA (m ²)	200		900	700	
Total GFA	8,000	4,090	7,100	3,500	3,000
Centre Land Area (Ha)	2.8	0.7	3.9	2.6	3.1
Census 2018 Population	3,770	6,000	1,370	3,790	3,120
Centre GFA per Capita (m²)	2.1	0.7	5.2	0.9	1.0

Source: Corelogic, Statistics NZ, Other Desktop Research

Figure 5 outlines the future population for each catchment. This is based on the approximate existing and potential dwelling yield and an average household size of 3.0 people. A low and high GFA demand scenario has been applied to these populations in order to estimate the supportable GFA in the proposed centre (this applies 0.7m² and 1.0m² of centre GFA per capita, as estimated above). The results are as follows:



- The Primary-West catchment area has an estimated population of 2,830. This supports 1,980m² - 2,830m² of Neighbourhood Centre GFA.
- The Primary-East catchment area has an estimated population of 1,740. This supports 1,220m² - 1,740m² of Neighbourhood Centre GFA.
- The total Primary catchment area has an estimated population of 4,570. This supports 3,200m² - 4,570m² of Neighbourhood Centre GFA.
- The Secondary catchments can support a large quantity of Neighbourhood Centre (and Local Centre) floorspace, estimated at 14,050m² - 20,070m² in total.

Figure 5: Supportable Centre Floorspace

Catchment Area	Dwelling Estimate	Population Estimate*	Supportable GFA (m ²) (Low Scenario)	Supportable GFA (m ²) (High Scenario)
Primary-West	944	2,830	1,980	2,830
Primary-East	580	1,740	1,220	1,740
Primary Total	1,524	4,570	3,200	4,570
Secondary-North	3,330	9,990	6,990	9,990
Secondary-South	3,360	10,080	7,060	10,080
Secondary Total	6,690	20,070	14,050	20,070
Catchment Area Total	8,214	24,640	17,250	24,640

Source: Urban Economics, Various

*Estimated based on an average household size of 3.0

Based on this analysis, the proposed centre would have a primary catchment that can support approximately 5,000m² of centre GFA. This would require approximately 1.5 hectares of land, given the typical GFA yield of 35%.

Given the size of the primary catchment, and the current levels of services expected in new large scale residential developments, the proposed centre would have a range of retail and other services, with an indicative tenant mix (as per Figure 1) of:

- A small 'top-up' supermarket of 1,500 - 2,000m².
- Retail stores with office space above.
- A range of cafés and restaurants.
- Medical practitioners.
- Recreational services (gym, yoga, etc.).
- Real estate agents.
- Public square and/or playground.



4. Existing Centres within the Primary & Secondary Catchments

Figure 6 profiles the existing centres within the Secondary North catchment area, as shown in Figures 2 and 3. There are no other existing centres within the other catchment areas.

Figure 6: Secondary North Catchment Centre Profiles

Address	Zone	Land Area (Ha)	GFA (m ²)	Tenant Mix
3 Pukekohe East Road	Neighbourhood Centre	1.3	3,900	Storage/Industrial, Residential
2 Valley Road	Neighbourhood Centre	0.1	240	Dairy, Takeaway, Hair Salon
41-49 Twomey Drive	Neighbourhood Centre	0.3	530	Café, Pre-school, Healthcare

Source: Corelogic

There are three neighbourhood centres, ranging in size from 240m² - 3,900m², on 0.3 - 1.3 hectares of land each. Two are small convenience centres, each with three stores, and are fully developed. One is a larger centre, with 3,900m² of floor space, which predominantly has an industrial/storage and residential use. This centre is largely developed with no remaining capacity. Full redevelopment of this centre may occur over the medium-long term, however given the existing buildings and tenants, it is not possible to predict when this land may be redeveloped for a conventional Neighbourhood Centre development. This larger centre therefore does not appear to be able to function as a conventional neighbourhood centre over the short-medium term, and is therefore unlikely to meet the needs of the surrounding population. Figures 7 - 9 provide images of each of these centres.

Figure 7: 3 Pukekohe East Road Neighbourhood Centre Images



Source: Google



Figure 8: 2 Valley Road Neighbourhood Centre Street View



Source: Google

Figure 9: 41-49 Twomey Road Neighbourhood Centre Street View



Source: Google

5. Assessment of Need for Additional Centre Zone Land

Both the primary and secondary catchments would be able to support additional Neighbourhood Centre floorspace. The Secondary-North catchment has 4,670m² of existing floorspace, however could support in the order of 6,990m² - 9,990m². The Secondary-South catchment has no existing floorspace, however could support 7,060m² - 10,080m². Similarly, the Primary catchments have no existing floorspace, however could support 3,200m² - 4,570m² when fully developed (noting that the inclusion of a small-medium supermarket would increase the total supportable floorspace).

In summary, all catchments can support additional centre floorspace, and suitable sites should be identified to ensure the centres are optimally located to meet future demand.



6. Evaluation of Economic Effects on Other Centres

The proposed centre is not anticipated to have an adverse competitive impact or any flow on economic effect on the existing centres. This is because it is located on the urban periphery and would only be generally used by the future residents of the proposed centres primary catchment areas, and to a lesser extent the secondary catchment areas. For this reason, the proposed Neighbourhood Centre would be built at a rate that is in step with the demand generated by the Plan Change 76 (Primary West) and Primary East areas, practically in several stages, which ensures the optimal access to day-to-day goods and services for these residents.

The neighbourhood centre located at 3 Pukekohe East Road is the only existing centre that has a proximity and scale that would have the potential for any adverse competitive and economic impacts. This concern is however addressed by the centre being fully developed, and if it were to be developed in the medium-long term, as a conventional centre, it would likely position itself differently in the market to the proposed centre. For example, the centre located at 3 Pukekohe East Road could redevelop into a petrol station, vehicle servicing, fast food and small convenience centre, or conversely a medical and care centre facility, for example. Both of these potential development options are anticipated in the Neighbourhood Centre zone, however are materially different to the proposed centre. This normal market process would ensure there are no adverse economic effects and confirms the proposal would not have any effects beyond those related to trade competition.

Proposed Private Plan Change 74 (under appeal) would result in approximately 3,365m² of Neighbourhood Centre Zone land being supplied at the southern edge of the Secondary-South Catchment, if approved. As estimated in Figure 5, the Primary catchment can support approximately 5,000m² of centre GFA, and the Secondary-South catchment can support 7,060m²-10,080m² of centre GFA. This demonstrates that there is sufficient demand in both the Primary and Secondary-South catchments to support both the proposed centre and the Neighbourhood Centre proposed as part of Plan Change 74.

7. Site Location & Size Assessment

The proposed Neighbourhood Centre could support an estimated 5,000m² of commercial GFA. This is commensurate with the amount of land that is proposed, particularly when considering the potential for a small - medium supermarket in the centre. The location is considered optimal, with access to residents leaving/returning to the future development areas. It is also accessible to drive-by traffic as a secondary market.



8. Integration with Masterplanned Developments

The proposed Neighbourhood Centre is of a suitable size and location to support the proposed large masterplanned developments in Plan Change 76 (Primary West) area and any potential future development of the Primary East area. It is centrally located within these catchments, and for the reasons outlined previously, would enable a conventional centre for this type of development. A range of indicative centre designs have been completed, and these confirm that the site is suitable to accommodate a supermarket and its associated parking, an area for smaller specialty stores, and a public square or playground area.

More generally, large masterplanned developments require a large amount of on-site services to be successful, as new residents seek to move into a community with, for example, parks, schools, recreation and immediate access to day-to-day goods and services. All new developments of the scale proposed in Plan Change 76 (Primary West) and Primary East areas have centres of a similar scale and tenant mix to the proposed centre.

9. Summary of Economic Costs & Benefits

The economic benefits of the proposed Neighbourhood Centre are:

- The centre would provide immediate access to day-to-day goods and services for the future residents of the proposed Plan Change 76 (Primary West) and Primary East areas.
- The centre would create additional GDP employment from its initial construction and ongoing operation.
- The location and scale of the proposal would ensure there are no adverse competitive impacts, or flow-on economic impacts, on existing centres.

The economic costs of the proposed Neighbourhood Centre are:

- The displacement of approximately 0.85 hectares of rural land that is currently zoned Mixed Housing Urban Zone. This is a negligible cost relative to the benefits.



10. Evaluation Against AUP and NPS-UD Economic Provisions

The Neighbourhood Centre zone “provide[s] residents and passers-by with frequent retail and commercial service needs”, as set out in H12.1. of the Unitary Plan. As demonstrated in the catchment area in Figure 3, the proposed Neighbourhood Centre is of a scale that will primarily service the convenience needs of the surrounding residential areas, and is therefore consistent with the above zone description¹. In addition, the proposal is generally consistent with the policies and objectives of the Neighbourhood Centre Zone set out in the Unitary Plan, most notably, Objective H12.2.(6) and Policy H12.3.(15), which seek to enable activities for the local convenience needs of surrounding residential areas.

Objective 1 of the NPS-UD requires “well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future.” Policy 1 of the NPS-UD outlines the requirements to meet the definition of a “well-functioning urban environment”, with Policy 1(b) and (c) being of most relevance to the proposal. This is set out below:

Policy 1: (b) “have or enable a variety of sites that are suitable for different business sectors in terms of location and site size

(c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport”

The proposal contributes towards meeting the definition of a “well-functioning urban environment” when considering Policy 1(b) and (c), as it will increase the supply of business land in an efficient location suitable for a wide range of business sectors, while providing good accessibility between housing and employment in the catchment area.

11. Conclusions & recommendations

The proposal is a suitable quantity of land to enable a Neighbourhood Centre that meets the day-to-day requirements of the Plan Change 76 (Primary West) and Primary East areas, and the wider secondary catchment areas.

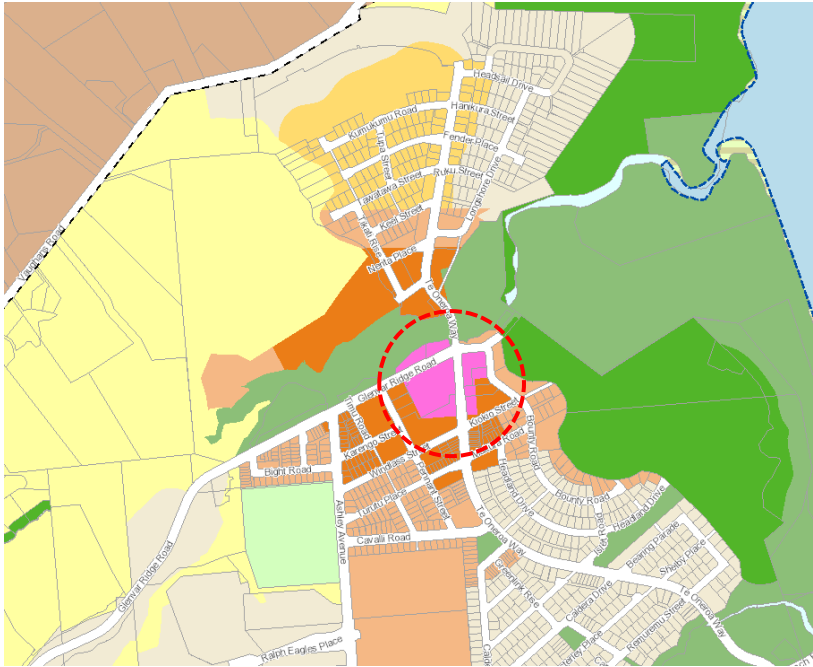
The proposal would have significant economic benefits and negligible economic costs and is therefore recommended for approval.

¹ The proposed centre could be zoned either Local Centre or Neighbourhood Centre, as both have a similar economic function, and given the amount of land proposed would be comprised of a small cluster of convenience stores and a small-medium scale supermarket.



12. Appendix 1: Comparable Development Centres Profile

Long Bay



Land Area: 3.9 hectares

Occupied GFA: 7,100m²

Tenants: New World (supermarket), Liquor Store, Restaurants, Sushi, Cafés, Pub, Takeaways, Gym, Medical Centre, Real Estate Office, Bakery, Pharmacy, Hair and Beauty.



Hobsonville Point



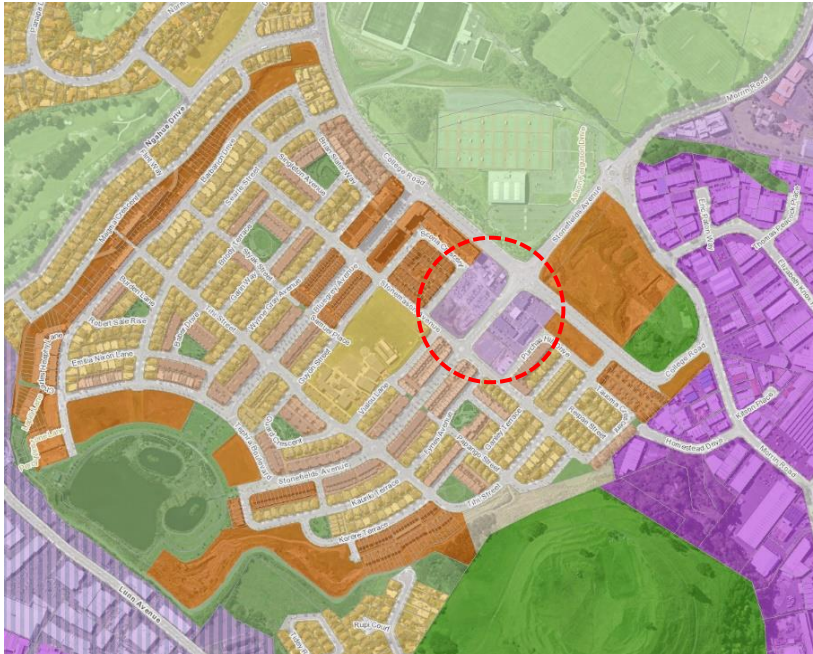
Land Area: 2.8 hectares

Occupied GFA: 8,000m²

Tenants: Pharmacy, Hair and Beauty, Dentist, Medical Centre, Cafés, Restaurants, Bakery, Real Estate, Specialty Retail, Convenience Store, Sushi, Travel Agent, Pub (Brewery), Sports Club.



Stonefields



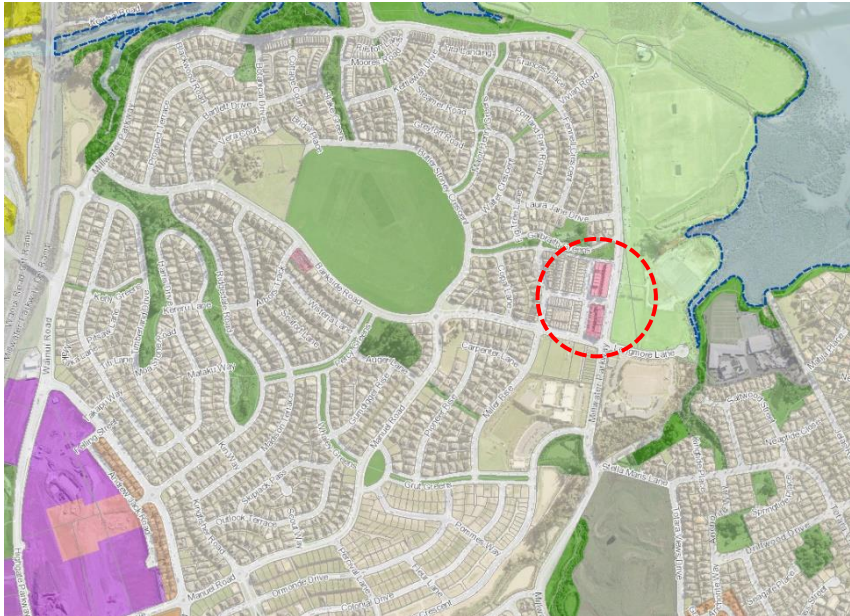
Land Area: 2.6 hectares

Occupied GFA: 3,500m²

Tenants: Medical Centre, Restaurants, Yoga Studio, Gym, Café, Pub, Financial Consultant, Specialty Retail, Real Estate Agent Office, Hair and Beauty



Millwater



Land Area: 0.7 hectares

Occupied GFA: 4,090m²

Tenants: Vet, Gym, 3 Real Estate Agent, Convenience Store, Bakery's, Physio, Pub, Sushi, Optometrist, Pharmacy, Takeaways, Hair and Beauty Stores, Liquor Store, Specialty Retail, Cafés, Travel Agent, Dentist, Showhome.