

AKAROA BASIN

Business Land Assessment

Christchurch City Council

PROPERTY ECONOMICS

June 2008

SCHEDULE

Code	Date	Information / Comments	Project Leader
011	June 2008	Report	Phil Osborne Tim Heath

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AKAROA BASIN

Business Land Assessment

1. INTRODUCTION

Property Economics has been engaged by Christchurch City Council to assess the future business land requirements for the Akaroa Basin catchment.

This assessment includes likely business growth in both commercial and industrial activities as well as the projected impact of tourism growth, and the implications for the future land demand in the catchment.

1.1 Objectives

The main objectives of this report are to:

- Determine the current business environment existing in the Akaroa Basin area and specifically for the eight study areas.
- Assess existing business capacity and its ability to accommodate future growth.
- Project the likely growth in population in the wider district as well as the localised catchments.
- Assess past business growth trends in the area and trend these out to 2036.
- Assess employment growth projections and determine the likely future business land demand for the catchment.
- Assess the ability of land currently zoned for business activity to provide for projected growth under the status quo and a number of development scenarios.
- Identify key issues in the catchment in relation to business land supply.
- Recommend options for addressing business land supply issues.

1.2 Information Sources

Information has been obtained from a variety of sources and publications available to Property Economics, including:

- Census of Population and Dwellings 2001 & 2006 - Statistics NZ
- Household Economic Survey - Statistics NZ
- Retail Trade Survey - Statistics NZ
- Business Frame Data - Statistics NZ
- Building Consents - Statistics NZ
- Valuations - QV Data
- Growth Models - Property Economics
- Tourism Projections - Covec Ltd
- Akaroa Harbour Basin Settlements Study, Demographic Research Project - Monitoring and Research Team, CCC, September 2007
- Implications of Tourist Demand on Infrastructure - Tourism Recreation Research and Education Centre (TRREC) Report No. 38
- Serviced Areas: Population and Visitor Projections – 31 March 2005
Response Planning Consultants Limited
- Banks Peninsula Business Survey May 2006 – Christchurch City Council
- 'Identifying the Issues' October 2007 - Christchurch City Council
- Real Estate Agent Interviews - Property Economics

1.3 Glossary

Commercial Activity refers to retail, office and accommodation, unless these categories are specifically dealt with and have been separated.

2. AKAROA BASIN OVERVIEW

This section defines the areas to be studied and determines the existing situation in relation to the objectives of the report.

2.1 Akaroa Basin Catchment Map

The Akaroa Basin catchment refers to the area immediately surrounding the Akaroa Harbour and the eastern sea border of Banks Peninsula. The catchment includes the settlements of Akaroa, Takamatua, Robinsons Bay, Duvauchelle, Barrys Bay, French Farm, Tikao Bay, Wainui, Le Bons Bay, Okains Bay, Chorlton, Little Akaroa and Pigeon Bay.

The economic catchment is based on the roading network, natural geographic constraints, existing population and business distribution, location of competing centres, and Akaroa's role in the wider network.

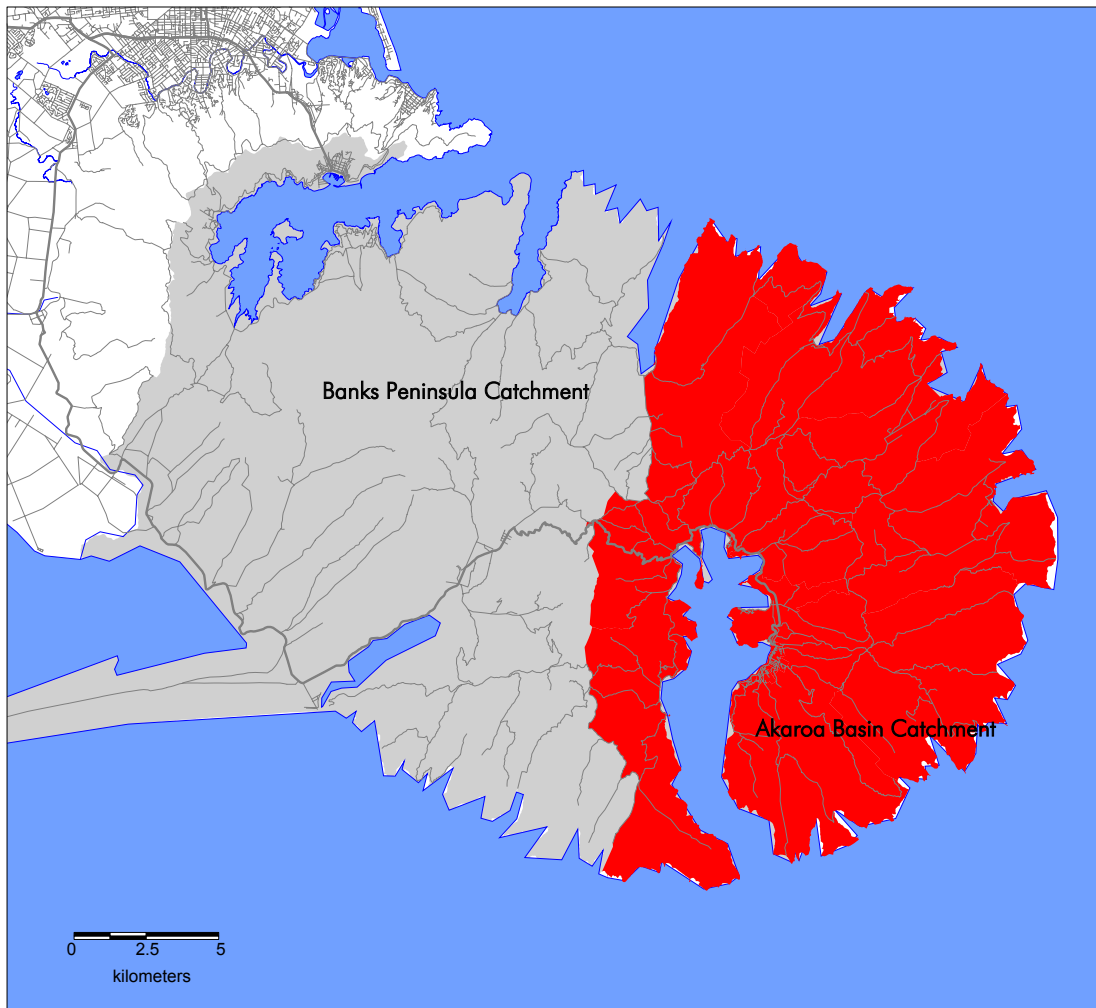
The catchment itself is somewhat isolated from both the wider Banks Peninsula catchment and Christchurch. This in itself contributes both to low accessibility for business but a greater attraction for tourism.

The identified catchment is considered to be its own economic environment that is insular in terms of business activity, i.e., businesses in the catchment typically serve residents and visitors to the catchment.

In this report the larger Banks Peninsula catchment is used for comparison in order to assess the relative performance and growth within the Akaroa Basin catchment. This acknowledges the inter-relationship and substitutability between these two catchments for business location and the communities outside of the Akaroa Basin catchment who use this catchment for their retail and business needs.

For the rest of the report the Akaroa Basin Catchment and Banks Peninsula Catchment will be referred to as simply Akaroa Basin and Banks Peninsula.

FIGURE 1: IDENTIFIED CATCHMENTS



Source: Property Economics

2.2 Demographic Profiling

Table 1 and 2 displays the key economic and social demographic characteristics for the identified Akaroa Basin catchment. Christchurch City is also shown for comparison purposes.

TABLE 1: CATCHMENT DEMOGRAPHIC PROFILE (DEC 2007)

	Akaroa Basin Catchment	Christchurch City
General		
Population	1,626	342,670
Households	696	132,522
Person Per Dwelling Ratio	2.3	2.6
Age Profile		
Average Age	49	37
0-9 years	9%	12%
10-19 years	9%	14%
20-29 years	8%	15%
30-39 years	11%	15%
40-49 years	14%	15%
50-64 years	28%	16%
65 plus years	21%	14%
Household Income Profile		
Average (pa)	\$52,309	\$56,889
\$0-\$30,000 (pa)	36%	32%
\$30,001-\$50,000 (pa)	23%	20%
\$50,001-\$70,000 (pa)	18%	17%
\$70,001-\$100,000 (pa)	12%	16%
\$100,001 plus (pa)	11%	16%
Employment		
Employed - Full Time	72%	72%
Employed - Part Time	27%	23%
Unemployed	1%	5%
Not in Labour Force	34%	33%
Years at Residence		
Less Than 5 Years	48%	58%
5 - 14 Years	29%	27%
15 Plus Years	23%	15%
Immigration		
NZ Born	89%	83%
Immigrated 0-9 Years Ago	4%	9%
Immigrated 10-19 Years Ago	2%	3%
Immigrated 20 Plus Years Ago	5%	6%
Ethnicity		
European Ethnic Groups	78%	70%
Māori Ethnic Group	6%	7%
Pacific Peoples' Ethnic Groups	0%	3%
Asian Ethnic Groups	1%	7%
MELAA Ethnic Groups	0%	1%
Other Ethnic Groups	15%	12%

Source: Property Economics, Statistics NZ

TABLE 2: CATCHMENT DEMOGRAPHIC PROFILE (DEC 2007)

	Akaroa Basin	
	Catchment	New Zealand
Qualification Attainment		
No Qualification	18%	22%
Secondary School	35%	36%
Trade / Vocational	22%	18%
Bachelor Degree	10%	10%
Higher Degree	4%	4%
Other	10%	10%
Industry of Employment		
White Collar	71%	69%
Blue Collar	29%	31%
Student Proportions		
Full Time	2%	11%
Part Time	3%	5%
Not Studying	94%	84%
Source of Income		
Unemployment Benefit	1%	2%
Self Employed/Own Business	21%	11%
Wages/Salary	27%	42%
Other Income	49%	41%
No Income	1%	4%
Weekly Hours Worked		
1 hr - 19 hrs	13%	13%
20 hrs - 39 hrs	27%	22%
40 hrs - 59 hrs	38%	55%
60 plus hrs	22%	10%
Number of Residents / Household		
1 Residents	27%	23%
2 Residents	50%	34%
3 Residents	10%	17%
4 Residents	8%	15%
5 Residents	4%	7%
6 Residents	1%	3%
7 Residents	0%	1%
8 Plus Residents	0%	1%
Household Structure		
Single	29%	22%
Couple	45%	29%
Single Parent With Children	5%	13%
Two Parent Family	18%	31%
Other Multi-person	4%	5%
Home Ownership		
Residents Own / Mortgage	73%	67%
Rent	27%	33%

From these tables the key statistics include:

- The Akaroa Basin catchment has a residential population of around 1,630, residing in almost 700 households. The household size in this catchment is around 2.3 persons per dwelling, well below the Christchurch City average of 2.6. This is a very low person per dwelling ratio nationally and is a reflection the catchment's high age profile.
- The average age is considerably higher than both the regional and national averages at 49 years of age, signalling Akaroa Basin is an attractive retirement location. A very high 49% of Akaroa Basin is aged 50 years plus, well above the Christchurch City catchment's 30% for the same age brackets.
- The average household income in the Akaroa Basin of around \$52,000pa is slightly below the Christchurch City household income average of around \$57,000pa. However, this is bolstered by the higher than average wealth level for this area, indicated by the higher proportion of home ownership (73% as opposed to 67% for the Christchurch City).
- The household structure of Akaroa Basin is skewed towards singles and couples with over 77% falling within these categories. This is a reflection of the high number of retirees in the catchment.
- The unemployment rate is extremely low at 1%, again primarily due to the significantly higher proportion of retirees. In general, the elderly population have a significant influence on the demographic profile of Akaroa Basin.

Note:

Blue Collar – includes employees categorised as Technicians & Trade Workers, Machinery Operators & Drivers and Labourers.

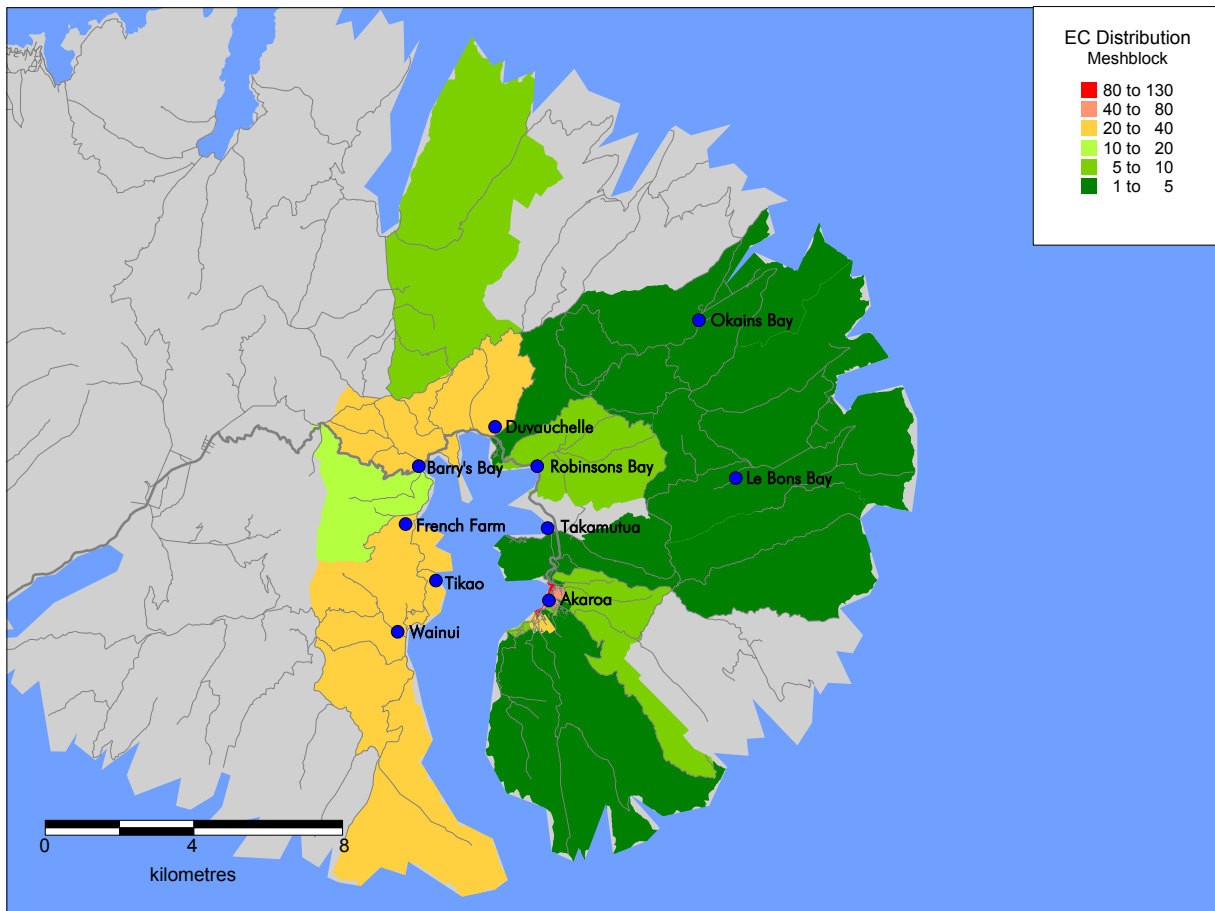
White Collar – includes employees categorised as Managers, Professionals, Community & Personal Service Workers, Clerical & Administrative Workers and Sales Workers.

2.3 Business Profile

Figure 2 uses the employee count (EC) data provided by Statistics NZ by meshblock. This data excludes agricultural workers directly employed on farms and self employed who do not pay themselves a wage. Agricultural workers are excluded as they do not directly affect business land demand.

The map illustrates the distribution of business activity geo-spatially through employee location within the Akaroa Basin. It shows a clear and obvious concentration within the Akaroa town centre. This area contains the only meshblocks that have an employee density of greater than 80 employees per meshblock. This is not surprising given Akaroa is the primary commercial node in the catchment.

FIGURE 2: TOTAL EMPLOYEE DISTRIBUTION IN AKAROA BASIN (2006)



Source: Property Economics, Statistics NZ

2.4 Akaroa Basin Business Nodes

There are nine identified business nodes in the Akaroa Basin. For data gathering purposes these have been aggregated from within the boundaries illustrated in Figure 2 into the groups defined in Table 3 below. This shows a very clear concentration of activity in the Akaroa Town Centre with only 23% accommodated outside of this node. This activity is measured in terms of EC's or Employment Count. This is the standard measure for employment through Statistics NZ and includes all employment activity as one unit.

The likelihood is that this concentration of activity will continue into the foreseeable future. Zoning within these identified nodes are not the driving factor in business location. Currently Akaroa is the only node with a 'Town Centre' zoning, while the remaining nodes have identified 'Small Settlement' zonings. The businesses that currently exist within these zonings are extremely location orientated and they currently exist as either support services or are associated with visitor activity.

With over 85% of all employment activity related to these industries, it is unlikely that potential growth can be, to any significant degree, encouraged to relocate away from the primary Town Centre, unless given no other option. From an economic efficiency and cost/benefit perspective, it is considered advantageous to have additional activity in these sectors located either in, adjacent to, or in very close proximity to the existing Akaroa town centre, due to the synergies associated with locating business activity within a smaller area.

Due to restrictions within this primary zone businesses have been forced to locate outside of this area. Some smaller businesses along with niche accommodation may continue to do this, however in order to provide for new or associated business growth it is considered necessary to provide accessible, affordable business locations within the Akaroa Town Centre and potentially, to a less degree, elsewhere in the harbour where retail could be supported.

TABLE 3: AKAROA BASIN EMPLOYEE NODE DISTRIBUTION BY SECTOR (2006)

	Barry's Bay & French Farm		Duvauchelle	French Farm/Tikao Bay/Wainui	Robinson's Bay	Takamatua	Okains Bay/Le Bons Bay
	Akaroa						
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0
Manufacturing	3	15	0	0	3	0	0
Electricity, Gas and Water Supply	0	0	0	0	0	0	0
Construction	15	0	0	12	0	0	0
Wholesale Trade	0	0	0	0	0	0	0
Retail Trade	82	0	0	0	3	0	0
Accommodation, Cafes and Restaurants	160	0	9	9	20	3	0
Transport and Storage	21	0	0	0	0	0	0
Communication Services	0	0	0	0	0	0	0
Finance and Insurance	3	0	3	0	0	0	0
Property and Business Services	15	0	6	0	6	0	3
Government Administration and Defence	6	0	0	0	0	0	0
Education	21	0	6	0	0	0	12
Health and Community Services	45	0	0	0	0	0	0
Cultural and Recreational Services	15	0	3	0	0	0	0
Personal and Other Services	15	0	0	0	0	0	0
Total All Industries	401	15	23	25	30	9	15

Source: Statistics NZ, Property Economics

Table 4 outlines the composition of business activity in Akaroa Basin compared to that of the wider Banks Peninsula. Points of interest include:

- Akaroa Basins' business activity is focused primarily on Accommodation and Retail services. These individually make up nearly 50% of Banks Peninsula's employment.

TABLE 4: COMPARATIVE EMPLOYMENT COMPOSITION AKAROA BASIN / BANKS PENINSULA (2006)

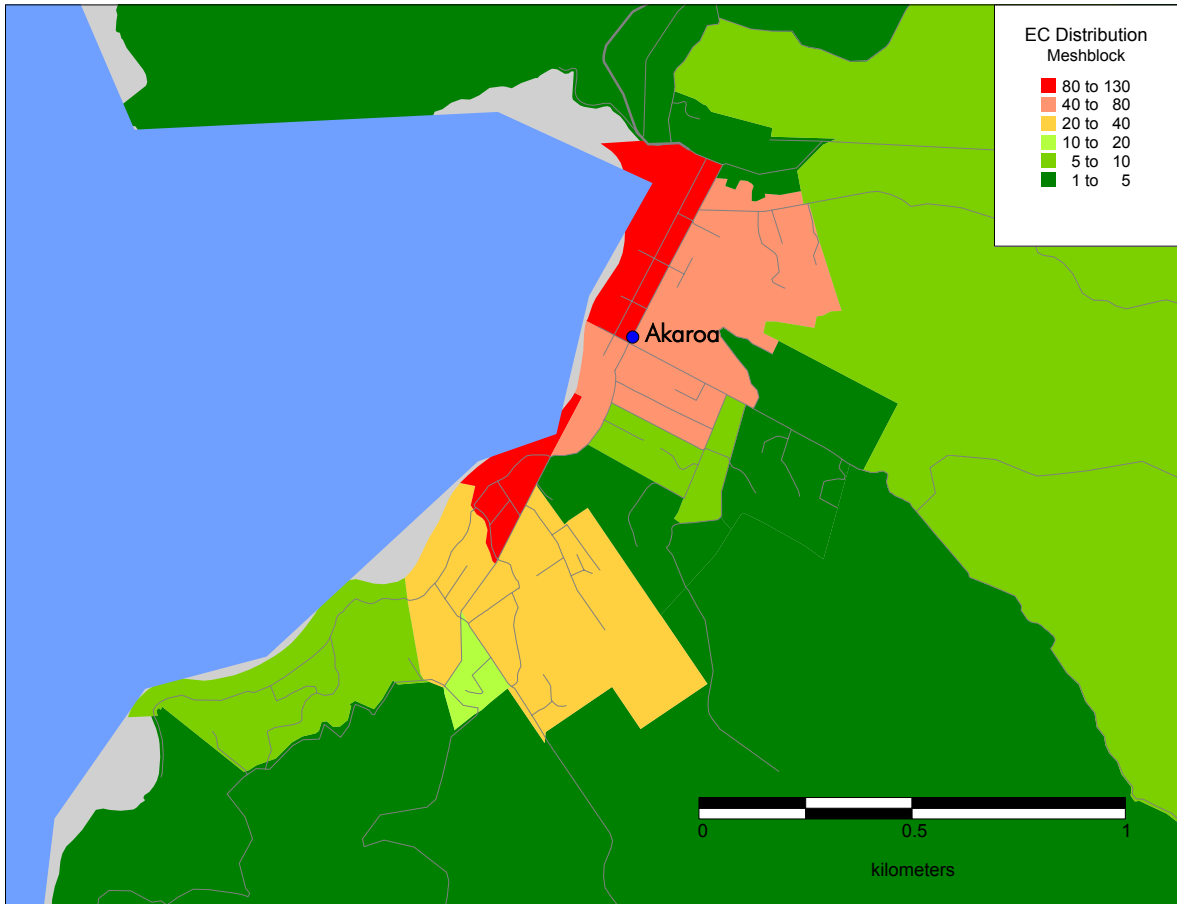
	Akaroa Basin Catchment		Banks Peninsula		Proportion of BP
	Ecs	% Composition	Ecs	% Composition	
Agriculture, Forestry and Fishing	0	0%	75	3%	0%
Mining	0	0%	0	0%	0%
Manufacturing	21	4%	230	9%	9%
Electricity, Gas and Water Supply	0	0%	0	0%	0%
Construction	27	5%	90	4%	30%
Wholesale Trade	0	0%	35	1%	0%
Retail Trade	85	16%	160	6%	53%
Accommodation, Cafes and Restaurants	201	39%	430	17%	47%
Transport and Storage	21	4%	850	34%	2%
Communication Services	0	0%	0	0%	0%
Finance and Insurance	6	1%	25	1%	24%
Property and Business Services	30	6%	160	6%	19%
Government Administration and Defence	6	1%	75	3%	8%
Education	39	7%	110	4%	35%
Health and Community Services	45	9%	110	4%	41%
Cultural and Recreational Services	18	3%	110	4%	16%
Personal and Other Services	15	3%	60	2%	25%
Total All Industries	521	100%	2,510	100%	21%

Source: Property Economics, Statistics NZ

Figure 3 shows the geo-spatial distribution of employment around the Akaroa Town Centre. This is the only area in the catchment where meshblocks have a concentration of greater than 80 employees.

The map also shows a very strong concentration of employment around the water, indicating this is a major focal point and attractor for business activity. This is also partly the result of the historic settlement pattern which focused on harbour activities, and geographic constraints.

FIGURE 3: AKAROA TOWN CENTRE EMPLOYMENT DISTRIBUTION (2006)



Source: Property Economics, Statistics NZ

Table 5 breaks down the employment in the Akaroa Basin and Banks Peninsula by 2nd level ANZSIC categories. This shows that the Akaroa Basin has approximately 81% of personal retail activity in Banks Peninsula. This is based on the level of tourism that is attracted to the Akaroa Basin. This is also the primary reason for the large proportion of accommodation business activity.

A business activity that the Akaroa Basin is underrepresented in, and that it may have an advantage in, is water transportation services. This is likely to grow in the future largely as a result of tourism growth and associated support services.

TABLE 5: 2ND LEVEL ANZSIC EMPLOYMENT COMPOSITION COMPARISON (2006)

	Akaroa Basin		Banks Peninsula		Proportion of BP
	ECs	% Composition	ECs	% Composition	
Services to Agriculture Hunting and Trapping	3	1%	30	1%	10%
Forestry and Logging	0	0%	35	1%	0%
Commercial Fishing	0	0%	9	0%	0%
Food Beverage and Tobacco	21	4%	21	1%	100%
Textile Clothing Footwear and Leather Manufacturing	0	0%	6	0%	0%
Wood and Paper Product Manufacturing	0	0%	0	0%	0%
Printing Publishing and Recorded Media	0	0%	6	0%	0%
Metal Product Manufacturing	0	0%	3	0%	0%
Machinery and Equipment Manufacturing	0	0%	180	7%	0%
Other Manufacturing	3	1%	9	0%	33%
Electricity and Gas Supply	0	0%	0	0%	0%
General Construction	9	2%	55	2%	16%
Construction Trade Services	18	3%	40	2%	45%
Basic Material Wholesaling	0	0%	18	1%	0%
Machinery and Motor Vehicle Wholesaling	0	0%	0	0%	0%
Personal and Household Good Wholesaling	0	0%	15	1%	0%
Food Retailing	18	3%	50	2%	36%
Personal and Household Good Retailing	65	13%	80	3%	81%
Motor Vehicle Retailing and Services	12	2%	25	1%	48%
Accommodation Cafes and Restaurants	201	39%	430	17%	47%
Road Transport	2	0%	45	2%	3%
Water Transport	17	3%	170	7%	10%
Air and Space Transport	0	0%	0	0%	0%
Services to Transport	3	1%	535	21%	1%
Communication Services	0	0%	0	0%	0%
Finance	5	1%	12	0%	38%
Services to Finance and Insurance	2	0%	12	0%	13%
Property Services	15	3%	35	1%	43%
Business Services	12	2%	120	5%	10%
Government Administration	6	1%	70	3%	9%
Education	35	7%	120	5%	29%
Health Services	32	6%	50	2%	64%
Community Services	11	2%	60	2%	18%
Motion Picture Radio and Television Services	0	0%	0	0%	0%
Libraries Museums and the Arts	3	1%	35	1%	9%
Sport and Recreation	15	3%	75	3%	20%
Personal Services	11	2%	15	1%	70%
Other Services	9	2%	45	2%	20%
Total All Industries	517	100%	2510	100%	21%

Source: Property Economics, Statistics NZ

Note: Banks Peninsula excludes Lyttelton

2.5 Retail Profile

The retail provided in Akaroa Basin services two markets, the residents and the tourists. The former consist of only 1,625 residents and typically would support enough business for approximately 24 employees, whereas Akaroa Basin currently accommodates 95 retailing employees. This would imply that some 75% of retailing in this catchment is sustained through visitor spend alone. This underlines the importance of tourists/visitors to Akaroa businesses, and which without a lot of business activity in Akaroa couldn't be sustained.

The vast majority of this retail activity is deemed 'Personal and Household Good Retailing'. Along with this business activity sits Accommodation, Cafes & Restaurants, these provide for an even greater proportion of the tourist market.

2.6 Business Land Supply & Market

Table 6 below is an indication of the gross business activity that currently exists in the Akaroa Basin. It shows over 67 hectares are currently occupied by business activity in the area (note this is significantly higher than our 18.5 hectare estimate in Section 2.8 due to category differences in the accommodation and liquor sectors). Of this figure over 60 hectares is made up of a single activity on large parcels of land. These single use activities are either accommodation or liquor, i.e. there are accommodation units or liquor outlets like pubs sitting on large pieces of land.

These pieces of land could be intensified, but may be unsuitable due to their amenity value, such as the need for large grounds and bush for guests and visitors. Anecdotal information from local real estate agents supports the later with the implication that there is currently no suitable viable commercial land available for development in the Akaroa Basin. It is important to note that the real estate agents are only commenting on what is on the market, which is technically what is available for purchase or development.

TABLE 6: CURRENT LAND USE ACTIVITY AND VALUE AKAROA BASIN 2007

	Sites	Capital Value (\$m)	Land Value (\$m)	Land Area (Ha)	Floorspace (sqm) Gross	Average Land Value \$/sqm
Commercial - Retail	26	\$21	\$13	1.7	5,355	\$790
Commercial - Accommodation	11	\$22	\$11	25.9	6,872	\$164
Commercial - Liquor	4	\$6	\$3	34.7	2,850	\$500
Commercial - Other	12	\$11	\$7	1.3	4,036	\$547
Industrial	3	\$1	\$0	0.7	1,280	\$66
Vacant	3	\$1	\$1	0.4	50	\$155
Total	59	\$62	\$35	64.7	20,443	\$111

Source: Quotable Value NZ

2.7 Floorspace & Land Activity Utilisation

Business confidence within a given area can be ascertained, to a degree, through recent building consents. These indicate the type and quantum of business activity that is growing in the catchment.

Table 7 outlines non-residential building consents for both Banks Peninsula (excluding Lyttelton which is considered an outlier and will distort the comparison to a regional level) and Akaroa Basin over the past 7 years. This shows that although the Akaroa Basin comprises 21% of business activity (as measured by employee composition in relation to Banks Peninsula – refer Table 5), it has seen less than 12% of the recent development in Banks Peninsula. Although this area may have witnessed some redevelopment over this period of time it is not significantly increasing the floorspace available for business activity. This either shows that business confidence is low or growth is being restricted. Given the last 7 years has been a period of net positive business confidence, the latter is more likely to be the reason.

All health sector developments (however slight) have been in the Akaroa Basin, this is in keeping with Table 4 which shows a high proportion of the Banks Peninsula's health activity here. The higher value for health sector floorspace in Banks Peninsula can be attributed to a change of use of existing floorspace into health which is not recorded as new health floorspace.

Industrial floorspace is considerably more expensive (by 4 times) in the Akaroa Basin than elsewhere in the Banks Peninsula, indicating that most industrial activity in the Akaroa Basin would be less economic and will locate elsewhere.

TABLE 7 : SPECIFIED BUILDING CONSENTS VALUE AND SIZE 2000 - 2007

	Banks Peninsula			Akaroa Basin		
	Floorspace (sqm)	Total Value (\$)	\$/sqm	Floorspace (sqm)	Total Value (\$)	\$/sqm
Accommodation	1,364	\$1,322,800	\$970	119	\$55,000	\$462
Health	54	\$83,500	\$1,546	54	\$59,500	\$1,102
Education	1,350	\$2,483,000	\$1,839	0	\$100,000	\$0
Community / Cultural	709	\$765,110	\$1,079	149	\$90,000	\$604
Retail	434	\$585,800	\$1,350	0	\$69,000	\$0
Office	684	\$1,007,000	\$1,472	205	\$145,000	\$707
Industrial	639	\$362,000	\$567	68	\$145,000	\$2,132
Total	5,234	\$6,609,210	\$1,263	595	\$663,500	\$1,115

Source: Statistics NZ, Property Economics

Note: Building consent data is an indication of constraints and/or confidence and is not a means to determine future demand.

The two components of the Akaroa town centre comprise all the business zoned land in the catchment, and totals around 8.4 hectares. This is comprised of both commercial and non-business activity – 3.9 hectares (46%) and 4.5 hectares (53%) respectively.

Breaking down the business activity into three categories (commercial - including retail stores, banks, etc, industrial and accommodation) shows the composition of the town centre land uses in more detail. Sites in the town centre with retail commercial activity (orange) on them, encompasses 1.0 hectare, equivalent to 12% of the total town centre zoned land area. Industrial comprises 0.36 hectares (4%), while accommodation absorbs 2.25 hectares or 26%. 0.33 hectares (4%) of commercial land is also vacant (46% in total of all town centre activity).

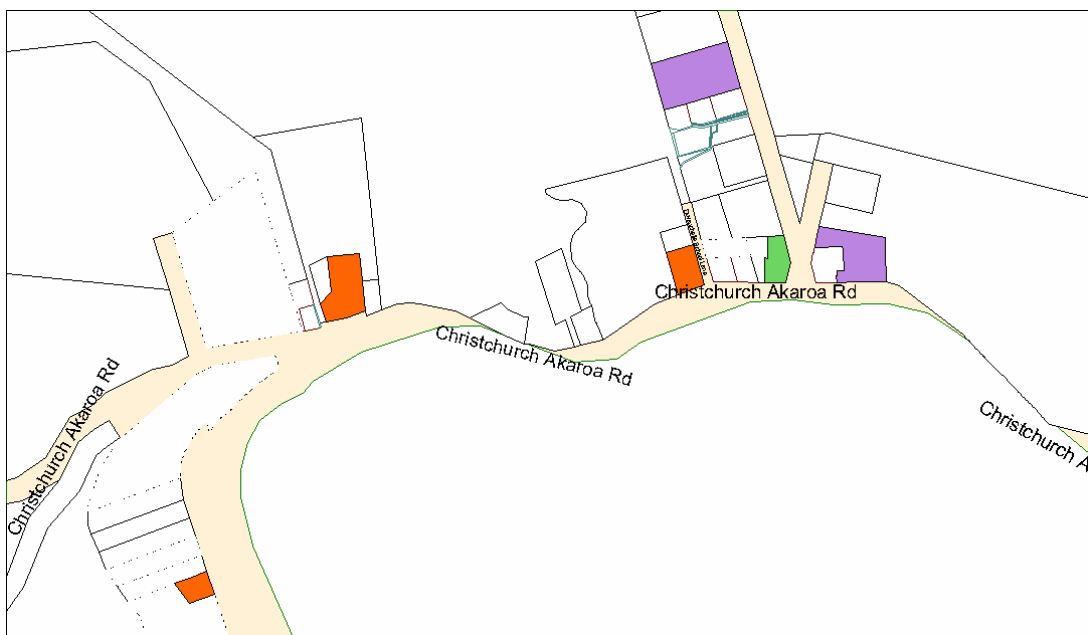
In regard to non-commercial uses (residential, recreation and community related activity), residential activity absorbs the largest amount of land accounting for 3 hectares (33%) of all town centre zoned land (however 0.18ha of this is considered to be underutilised as identified in Figure 4), while recreation & community uses occupy 1.7 hectares (20%). Combined, non-commercial uses occupy 53% of all town centre zoned land.

Throughout the Akaroa town centre there are only two sites we consider as being underutilised based on a site visit and aerial photographs of the town centre. One site around 0.18ha which is zoned as residential and another around 0.33ha zoned as commercial (the old BP Meats site).

Business activity ‘out of zone’

There is also some small scale business development ‘out-of-zone’ but within the wider catchment. These are mapped geo-spatially in Figure 5 applying the same key as in Figure 4. The bulk of this activity is based around Duvauchelle, with the exception of industrial and retail activity at the Cheese factory in Barrys Bay and a store in Takamatua.

FIGURE 5: ‘OUT-OF-ZONE’ COMMERCIAL ACTIVITY



The sites with 'out-of-zone' business activity on them encompass 3.1 hectares of land. Accommodation is not included as commercial activity out of the town centre. Commercial activity (retail, office or commercial services) accounts for 2.1 hectares (67%), while industrial activity absorbs a further 1 hectare (33%).

While this 'out-of-zone' activity may seem significant in terms of land area absorbed, in terms of actual floorspace it is very small with many of the business activity sites inefficiently used.

For the purposes of assessing whether land is inefficiently used (underutilised) we have adopted a 15% threshold for building to land area ratio. Sites with an underutilisation ratio under 15% are considered to be inefficiently used, while sites with a ratio over 15% are considered to be efficiently used.

In total, there is currently 6.5 hectares of 'out-of-zone' land with commercial activity operating on part of it that has a land utilisation ratio of less than 15%. On these sites, only 2.1 hectares is actually used. For example, a 50sqm vegetable store occupies a piece of land measuring 4,630sqm, while there is a cheese shop of 30sqm located on a 8,500sqm site. This shows there is potential to increase commercial activity 'out-of-zone' in the catchment (if desired) in the future by rezoning existing sites with commercial activity currently located, so growth occurs around existing activity. The sites considered underutilised are shown in Appendix 3, and are highlighted in a bright purple outline.

3. GROWTH

This section deals with the growth projections for population, employment and retail activity in both the Akaroa Basin catchment, and Banks Peninsula, based on past trends.

3.1 Population Growth

Residential population projections are based on Statistics NZ medium projection series as well as having regard for more recent building consents and the availability, affordability, and relative desirability of residential areas.

TABLE 8: BANKS PENINSULA GROWTH PROJECTIONS

	2006 actual	2008	2011	2016	2021	2026	2031	2036
Population	7,851	7,895	7,965	8,025	8,083	8,140	8,189	8,232
Households	3,276	3,326	3,403	3,545	3,656	3,769	3,899	4,035
Household Size	2.4	2.4	2.3	2.3	2.2	2.2	2.1	2.0
Population Growth (p.a)		0.28%	0.29%	0.15%	0.14%	0.14%	0.12%	0.11%
Household Growth (p.a)		0.76%	0.77%	0.82%	0.62%	0.61%	0.68%	0.69%

Source: Statistics NZ, Property Economics

Table 8 shows the population and household projection for Banks Peninsula. These show slight growth in both population and households to 2036. Growth in households over the forecast period is projected to be at a slightly higher rate than population due to the predicted fall in the persons per dwelling ratio. This is not unique to the area, but a trend forecast for the entire country.

The projected Akaroa Basin population is shown in Table 9 with permanent residents expected to fall slightly while households rise by approximately 11% to 2036. This growth, or lack there of, is typical in smaller areas around the country, however it does not account for a potential increase in residential building consents through holiday homes.

TABLE 9: AKAROA BASIN CATCHMENT GROWTH PROJECTIONS

	2006 actual	2008	2011	2016	2021	2026	2031	2036
Population	1,629	1,626	1,621	1,596	1,581	1,566	1,551	1,537
Households	690	696	705	720	733	744	755	766
Household Size	2.36	2.34	2.30	2.22	2.16	2.10	2.05	2.01
Population Growth (p.a)		-0.10%	-0.10%	-0.31%	-0.19%	-0.19%	-0.19%	-0.17%
Household Growth (p.a)		0.42%	0.43%	0.43%	0.34%	0.32%	0.30%	0.28%

Source: Statistics NZ, Property Economics

3.2 Tourism Growth

Table 10 below illustrates the regional and Akaroa tourism projections that have been used to assess the future visitor numbers for Akaroa. The figures represent total visitor days and have been extrapolated from a survey undertaken by Ross Cullen in his tourism infrastructure report for Akaroa. Regional growth projections have been proportionalised for the Akaroa catchment for the purposes of this report.

TABLE 10: TOURIST PROJECTIONS (000'S)

	2006	2007f	2008f	2009f	2010f	2011f	2012f	2013f
Canterbury Region	34,727	35,138	36,050	36,664	37,326	38,360	38,874	39,633
Percentage Change	4.7%	1.2%	2.6%	1.7%	1.8%	2.8%	1.3%	2.0%
Akaroa Catchment	349	353	362	368	375	385	390	398

Source: Covec Ltd, Property Economics

Note - f=forecasts

3.3 Employment Growth

Tables 11 and 12 show Banks Peninsula and Akaroa Basin employment projections. These projections are based on the change in population, working age population, past trends, regional growth projections, comparative advantages, and wider economic development strategies.

Population, working age population and workforce participation rates provide the starting point for employment projections. These factors are used to project the total employment figure. The composition of employment is then based on the most recent composition (2007) and then adjusted based on the past composition and change that has occurred since 2000 when records of employment counts began.

Further adjustments have been made to reflect known trends such as declining employment in education due to smaller and older households, increasing employment in health due to an aging population, declining employment in public service in rural areas due to centralisation, and declining employment in agriculture due to larger farms and more efficient farming practices.

TABLE 11: BANKS PENINSULA EMPLOYEE COUNT PROJECTIONS

	2006	2011	2016	2021	2026	2031	2036
Agriculture, Forestry and Fishing	75	61	59	53	50	49	48
Mining	0	0	0	0	0	0	0
Manufacturing	230	250	253	262	272	284	296
Electricity, Gas and Water Supply	0	0	0	0	0	0	0
Construction	90	120	126	139	144	150	157
Wholesale Trade	35	33	32	31	32	34	35
Retail Trade	160	228	240	270	291	315	329
Accommodation, Cafes and Restaurants	430	553	575	630	653	682	713
Transport and Storage	850	815	809	793	787	785	785
Communication Services	0	0	0	0	0	0	0
Finance and Insurance	25	31	32	35	36	38	40
Property and Business Services	160	224	236	264	274	286	299
Government Administration and Defence	75	63	61	56	58	61	63
Education	110	92	89	81	76	76	76
Health and Community Services	110	111	115	145	150	157	164
Cultural and Recreational Services	110	105	104	102	106	110	115
Personal and Other Services	60	72	74	79	82	86	89
Total	2,510	2,761	2,807	2,919	3,012	3,112	3,211

Source: Property Economics

Table 11 has Banks Peninsula employment growing by just over 700 employees to 2036. This growth is primarily in the service industries such as retail, accommodation and property. There is a slight increase in Manufacturing, with Transport and Storage falling not necessarily due to a decrease in activity but potentially due to increased productivity, with new machines taking the place of employees in many instances.

Akaroa Basin displays similar trends with Retail and Accommodation being driven not by residential growth but by the projected growth in visitor numbers. Business activity is expected to grow by around 200 employees within this catchment, a 39% increase from 2006 to 2036, primarily as a result of an increase in labour force participation rates. These rates have shown a significant rise over the past 5 years from less than 69% to over 74% (EC/Households). This is affected as an increasing level of local demand is met through localised supply. Although this 74% is relatively low (Nationally at 110%, i.e. 1.1 people working per household) it is expected to rise to around 90% as it is necessary for more people to work, and more work becomes available.

TABLE 12: AKAROA BASIN EMPLOYMENT PROJECTIONS

	2006	2011	2016	2021	2026	2031	2036
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0
Manufacturing	21	21	21	21	21	22	22
Electricity, Gas and Water Supply	0	0	0	0	0	0	0
Construction	27	36	38	42	44	46	48
Wholesale Trade	0	0	0	0	0	0	0
Retail Trade	85	110	116	124	127	134	140
Accommodation, Cafes and Restaurants	201	238	248	265	275	282	288
Transport and Storage	21	25	28	30	31	34	36
Communication Services	0	0	0	0	0	0	0
Finance and Insurance	6	6	6	6	6	6	6
Property and Business Services	30	28	31	34	35	35	36
Government Administration and Defence	6	6	6	6	6	6	6
Education	39	38	38	38	35	35	35
Health and Community Services	45	45	47	49	50	50	51
Cultural and Recreational Services	18	18	20	20	20	21	21
Personal and Other Services	15	20	21	25	25	26	26
Total	514	590	620	660	676	696	717

Source: Property Economics

It is important to note that these projections are based on the current market conditions. The cost and availability, as well as suitability, of business land play a significant part in the prospective economic growth.

A potential growth industry for the Akaroa Basin is water transport and services to water transport, within the Transport and Storage sector. This has the ability, and preference, to locate close to the Akaroa Town Centre and integrate as a recreational use.

3.4 Retail Spend Growth

This section estimates the current and forecast size of the retail market in the identified catchments based on household, employment and tourist growth.

Retail is fundamental to the Akaroa Basin. This is primarily focused in two nodes within the Akaroa Town Centre. It would appear that integration of these nodes is extremely difficult given the level of existing residential properties that exist between these nodes.

Of concern is the ability for some of these residential properties to transform into commercial activities given their high property values as residential activity. Real Estate agents spoken to regarding commercial activity location have expressed their concerns over the lack of commercial opportunities in Akaroa Basin given these increasing values and also the restrictions placed upon them by their heritage value. The current composition of retail activity in the catchment is given in Appendix 4 within the retail audit undertaken by Property Economics.

The figures reported are assessed by determining the average household retail spend, as per the Statistics NZ Retail Trade Survey for each category of retail spend, and then adjusting for each catchments' population, household size, average income level, and demographic profiles. Business and tourist retail spend is then added to determine total retail spend in the study area.

Growth in real (inflation adjusted) retail spend has also been incorporated at a rate of 1% per annum as people's income and propensity to consume increases over the forecast period. The 1% rate is an estimate based on the level of debt retail spending, interest rates and changes in disposable and discretionary income levels.

Note the figures below exclude the retail categories of accommodation (hotels, motels, backpackers, etc) and vehicle and marine sales & services (car yards, boat shops, caravan sales, Repco, Super Cheap Autos, tyre stores, panel beating, mechanical repairs), as these sectors are not considered to be core retail expenditure, nor fundamental retail centre activities in terms of visibility, location, or viability.

The figures also exclude trade based activities such as Resene, ITM, Mico Bathrooms, etc. Also the mix of retail spend is held constant over the forecast period.

Table 13 calculates the total estimated retail spend for Banks Peninsula currently at \$90m per annum. This is expected to increase to over \$150m by 2036, representing growth of around 70% over the forecast period.

TABLE 13: BANKS PENINSULA RETAIL SPEND GENERATION 2006 -2036 (\$M)

	2006	2011	2016	2021	2026	2031	2036
Food Retailing	\$35.6	\$39.7	\$43.9	\$48.1	\$52.2	\$56.4	\$60.5
Footwear	\$0.8	\$0.9	\$1.0	\$1.1	\$1.2	\$1.3	\$1.3
Clothing and Softgoods	\$5.6	\$6.3	\$6.9	\$7.6	\$8.3	\$8.9	\$9.6
Furniture and Floorcoverings	\$3.4	\$3.8	\$4.2	\$4.6	\$5.0	\$5.4	\$5.8
Appliance Retailing	\$5.5	\$6.1	\$6.8	\$7.4	\$8.1	\$8.7	\$9.4
Hardware	\$3.0	\$3.4	\$3.7	\$4.1	\$4.4	\$4.8	\$5.1
Chemist	\$3.8	\$4.2	\$4.6	\$5.1	\$5.5	\$6.0	\$6.4
Department Stores	\$8.0	\$8.9	\$9.9	\$10.8	\$11.8	\$12.7	\$13.7
Recreational Goods	\$5.1	\$5.6	\$6.2	\$6.8	\$7.4	\$8.0	\$8.6
Cafes, Restaurants and Takeaways	\$7.7	\$8.6	\$9.5	\$10.5	\$11.4	\$12.3	\$13.2
Personal and Household Services	\$4.0	\$4.5	\$5.0	\$5.4	\$5.9	\$6.4	\$6.8
Other Stores	\$6.6	\$7.4	\$8.2	\$8.9	\$9.7	\$10.5	\$11.3
Total	\$89.2	\$99.4	\$109.9	\$120.5	\$130.8	\$141.3	\$151.7

Source: Property Economics, Statistics NZ

By comparison Table 14 estimates the retail spend generated by the Akaroa Basin at \$20m per annum currently, rising to \$37m by 2036. It is important to note that not all this spend remains in the catchment with residents visiting other higher order retail centres in Christchurch. This will continue in the future.

This 'leakage' results in a lower sustainable retail floorspace locally. It is important to also note that "leakage" is a net figure and that total retail spend includes visitor and business spend by people who may reside outside the catchment, in effect an injection. However, due to the limited retail offer in the Akaroa Basin, there will likely be a net outflow of retail spend, or an amount of retail spend calculated that is not realised.

TABLE 14: AKAROA BASIN RETAIL SPEND GENERATION 2006 – 2036 (\$M)

	2006	2011	2016	2021	2026	2031	2036
Food Retailing	\$7.9	\$9.1	\$10.2	\$11.5	\$12.6	\$13.7	\$14.8
Footwear	\$0.2	\$0.2	\$0.2	\$0.3	\$0.3	\$0.3	\$0.3
Clothing and Softgoods	\$1.2	\$1.4	\$1.6	\$1.8	\$2.0	\$2.2	\$2.3
Furniture and Floorcoverings	\$0.8	\$0.9	\$1.0	\$1.1	\$1.2	\$1.3	\$1.4
Appliance Retailing	\$1.2	\$1.4	\$1.6	\$1.8	\$1.9	\$2.1	\$2.3
Hardware	\$0.7	\$0.8	\$0.9	\$1.0	\$1.1	\$1.2	\$1.3
Chemist	\$0.8	\$1.0	\$1.1	\$1.2	\$1.3	\$1.5	\$1.6
Department Stores	\$1.8	\$2.1	\$2.3	\$2.6	\$2.8	\$3.1	\$3.3
Recreational Goods	\$1.1	\$1.3	\$1.5	\$1.6	\$1.8	\$2.0	\$2.1
Cafes, Restaurants and Takeaways	\$1.7	\$2.0	\$2.2	\$2.5	\$2.7	\$3.0	\$3.2
Personal and Household Services	\$0.9	\$1.0	\$1.2	\$1.3	\$1.4	\$1.6	\$1.7
Other Stores	\$1.5	\$1.7	\$1.9	\$2.1	\$2.3	\$2.6	\$2.8
Total	\$19.7	\$22.9	\$25.5	\$28.8	\$31.6	\$34.4	\$37.2

Source: Property Economics, Statistics NZ

Tables 15 and 16 translate this spend into net sustainable retail floorspace. Banks Peninsula can currently sustain 13,000sqm of retail floorspace increasing to just under 23,000sqm by 2036. Once again much of this floorspace is likely to be accommodated outside Banks Peninsula in Christchurch, particularly in the large format and fashion sectors.

TABLE 15: BANKS PENINSULA NET SUSTAINABLE RETAIL FLOORSPACE 2006 – 2036 (SQM)

	2006	2011	2016	2021	2026	2031	2036
Food Retailing	2,849	3,173	3,509	3,845	4,175	4,509	4,844
Footwear	122	135	150	164	178	192	207
Clothing and Softgoods	751	837	925	1,014	1,101	1,189	1,277
Furniture and Floorcoverings	976	1,087	1,202	1,317	1,430	1,545	1,659
Appliance Retailing	1,573	1,752	1,938	2,123	2,306	2,490	2,675
Hardware	859	957	1,059	1,160	1,260	1,360	1,461
Chemist	377	420	465	509	553	597	641
Department Stores	2,294	2,555	2,826	3,096	3,362	3,631	3,901
Recreational Goods	1,015	1,130	1,250	1,369	1,487	1,606	1,725
Cafes, Restaurants and Takeaways	861	959	1,061	1,162	1,262	1,363	1,464
Personal and Household Services	620	690	763	836	908	981	1,054
Other Stores	1,020	1,136	1,256	1,376	1,494	1,614	1,734
Total	13,316	14,831	16,403	17,973	19,517	21,077	22,641

Source: Property Economics, Statistics NZ

Table 16 illustrates the net sustainable level of retail floorspace for Akaroa Basin. This is estimated at 2,200sqm currently rising to over 5,500sqm by 2036. This is driven principally through growth in Cafes, Restaurants & Takeaways, and Personal and Household Services. The level of retail activity in the Town Centre currently, given in Appendix 3, is considered to be within these bounds of sustainability.

The forecast net sustainable floorspace growth in Cafes, Restaurants & Takeaways is primarily the result of visitor growth to Akaroa Basin. It is important to note that Table 6 (page 16) identifies 5,355sqm of gross floorspace in this category, this figure is referring to total gross floorspace and includes Pubs.

TABLE 16: AKAROA BASIN NET SUSTAINABLE RETAIL FLOORSPACE 2006 – 2036 (SQM)

	2006	2011	2016	2021	2026	2031	2036
Food Retailing	475	574	684	799	1,007	1,097	1,188
Footwear	0	0	0	0	43	47	51
Clothing and Softgoods	196	237	282	330	266	289	313
Furniture and Floorcoverings	166	201	239	280	345	376	407
Appliance Retailing	132	159	190	222	556	606	656
Hardware	124	150	178	208	304	331	358
Chemist	87	105	125	146	133	145	157
Department Stores	0	0	0	0	811	883	957
Recreational Goods	173	209	249	291	359	391	423
Cafes, Restaurants and Takeaways	487	589	701	819	304	332	359
Personal and Household Services	196	237	283	330	219	239	258
Other Stores	219	265	316	369	361	393	425
Total	2,257	2,727	3,248	3,793	4,708	5,128	5,552

Source: Property Economics, Statistics NZ

This growth will result in either greater trading volumes (turnover per square metre) for the existing retail, or demand for additional retail floorspace. The reality is it is likely to be a combination of both. The following section converts this retail floorspace demand into retail land demand.

4. BUSINESS LAND DEMAND

Based on the preceding information and projections, this section assesses the likely land demand to 2036 by activity type for the industrial, office / commercial and accommodation / retail sectors.

4.1 Industrial

Based on the employment projections given in section 3.2, Tables 17 and 18 estimate the new industrial business land that will be demanded both in Banks Peninsula and the Akaroa Basin to 2036. This is assessed by industrial category due to the specific location and land requirements for each sector.

TABLE 17: ESTIMATED INDUSTRIAL LAND DEMAND BANKS PENINSULA (HECTARES)

	Transport &			Wholesale		Total
	Manufacturing	Storage	Construction	Trade	Other	
2006-2011	1.70	-1.61	1.05	-0.10	-0.13	0.91
2011-2016	0.26	0.90	0.21	-0.05	-0.02	1.30
2016-2021	0.77	0.00	0.46	-0.05	-0.05	1.12
2021-2026	0.71	0.00	0.15	0.05	-0.03	0.89
2026-2036	1.51	0.00	0.33	0.11	-0.03	1.92
2006-2036	4.94	-0.71	2.20	-0.05	-0.25	6.14

Source: Property Economics

Table 17 shows a total demand for only 6.14 hectares of industrial land over the next 30 years. However, when considering the fact that land may not be suitable for all uses, the drop in some sectors may not be counter weighed by an increase in others. With this in mind the demand could be as high as 10 hectares.

TABLE 18: ESTIMATED INDUSTRIAL LAND DEMAND AKAROA BASIN (HECTARES)

	Transport &			Wholesale		Total
	Manufacturing	Storage	Construction	Trade	Other	
2006-2011	0.00	0.20	0.12	0.00	0.00	0.32
2011-2016	0.00	0.10	0.03	0.00	0.00	0.13
2016-2021	0.00	0.10	0.05	0.00	0.00	0.15
2021-2026	0.06	0.00	0.04	0.00	0.00	0.10
2026-2036	0.11	0.00	0.07	0.00	0.00	0.18
2006-2036	0.17	0.40	0.30	0.00	0.00	0.87

Source: Property Economics

Table 18 assesses the same demand for the Akaroa Basin, this is estimated to be as little as 0.87 hectares. Given that this will more than likely be service driven, the likely location for this is as close to the Akaroa Town Centre as possible.

The low amount of industrial activity reflects Akaroa Basin's poor location for this type of activity. Appendix 1 outlines the general locational requirements for industrial activity. From this it is clear that Akaroa meets few of these needs. It is isolated with very low access to transportation hubs, a low supply of labour, few local suppliers, poor water supply and high land costs. The positives for this activity are exposure and proximity to a large tourist market. This would lend itself to more cottage type industries that service the tourist market, i.e. support services, souvenirs, smaller niche businesses, etc.

There is a need to allow for this expansion by either alleviating the pressure on appropriately located residential or providing such incentives that this activity shifts of its own accord.

4.2 Retail & Accommodation Land Demand

Retail and Accommodation land demand is derived from both residential and visitor demand for these services. This has been assessed through tourism growth projections for the wider area through Covec Ltd visitor projections.

Based on Table 16, the total amount of additional retail land that the Akaroa Basin will need in the next 30 years is approximately 6,600sqm (around 0.7 ha). This figure is based on net floor area being 75% of total floor area and that this in turn is 65% of the land area required. It is also based on the assumption that there will be little to no intensification of the existing retail due to commercial and heritage restrictions.

Given the current demand for accommodation, and assuming the same occupancy rate over the next 30 years, Akaroa Basin will require an additional 2.33 hectares of land for this activity.

Based on the current distribution of activity it is assumed that the vast majority of this demand will need to be accommodated in close proximity to the Akaroa Town Centre. This is because much of the retail and accommodation activity and associated services and businesses are located in the Akaroa Town Centre which is largely dependent on tourism.

Locating these activities outside of the Akaroa Town Centre may alleviate the pressure for redevelopment and the possible loss of its character, but at the same time reduce the viability and convenience of the town centre, and increase infrastructure and transport costs for operators and tourists, i.e. it would result in a less economically efficient and effective network.

Of the two activities, accommodation has the lesser necessity to locate in centre and could be located in other areas within the Akaroa Basin which offer a more retreat oriented experience. If retail cannot be accommodated in the Akaroa Town Centre then it would be best to locate it in areas which already have some retail activity like Duvauchelle or settlements which could support retail activity like Wainui or Takamatua. This increases convenience for consumers and the viability of retail activity. It is important to note however that the quantum of retail required in this case will be considerably less given its profile to the visitor market.

An evaluation of the most appropriate size of centre would require further study following decisions regarding long-term consolidation potential, but is unlikely to be larger than a 'B1' style centre as described in the Christchurch City Plan.

4.3 Office / Commercial

Based on the employment projections given in section 3.2, Tables 19 and 20 estimate the new commercial business land that will be demanded both in Banks Peninsula and the Akaroa Basin to 2036. This is assessed by commercial category due to the specific location and land requirements for each sector.

TABLE 19: ESTIMATED COMMERCIAL LAND DEMAND BANKS PENINSULA (HECTARES)

	Property, Business Services & Finance					Total
	Communication	Finance	Health	Government	Other	
2006-2011	0.00	0.33	0.02	-0.17	0.20	0.38
2011-2016	0.00	0.06	0.08	-0.03	0.04	0.15
2016-2021	0.00	0.15	0.60	-0.07	0.09	0.77
2021-2026	0.00	0.04	0.09	0.02	0.05	0.21
2026-2036	0.00	0.10	0.20	0.05	0.20	0.55
2006-2036	0.00	0.68	0.99	-0.19	0.58	2.06

Source: Property Economics, Statistics NZ

Commercial activity features strongly in the composition of business activity in Banks Peninsula. Given the level of growth, it is expected that at least 2.06 hectares of land will be needed to satisfy future demand.

TABLE 20 : ESTIMATED COMMERCIAL LAND DEMAND AKAROA BASIN (HECTARES)

	Property, Business Services & Finance					Total
	Communication	Finance	Health	Government	Other	
2006-2011	0.00	-0.01	0.00	0.00	0.09	0.08
2011-2016	0.00	0.02	0.04	0.00	0.02	0.08
2016-2021	0.00	0.02	0.04	0.00	0.07	0.13
2021-2026	0.00	0.01	0.03	0.00	0.04	0.08
2026-2036	0.00	0.01	0.06	0.01	0.06	0.14
2006-2036	0.00	0.04	0.17	0.01	0.28	0.50

Source: Property Economics, Statistics NZ

Of Banks Peninsula demand, Akaroa Basin is likely to need only approximately 0.5 of a hectare. It is important to note that this excludes retail and accommodation land demand.

The low amount of commercial activity reflects Akaroa Basins low population base which is normally the main factor sustaining this type of activity. Appendix 2 outlines the general locational requirements for commercial activity.

From this it is clear that Akaroa meets few of these needs. It is isolated, meaning it is far more dependent on the population which is low, for its work. It also has little space flexibility for expansion, parking difficulties in peak times and has a low supply of labour. The positives for this activity are exposure and proximity to a large tourist market and a good environment and good amenities for workers.

5. IMPACT ON LAND DEMAND FROM A NUMBER OF SCENARIOS

This section discusses the impact a number of scenarios will have on business land demand.

The following scenarios have been identified from the brief:

1. Status Quo
2. Longer and/or higher peak population
3. Diversification away from tourism dependent industries
4. Significant increase in living and transport costs
5. Proactive support and encouragement of local rural economies
6. Potential growth consolidation in Duvauchelle, Takamatua and Wainui.
7. Improved wharf facilities at Wainui increasing profile.

1. Status Quo

So far this report has assessed the demand for land based on past trends, which is called the Status Quo scenario, and hasn't taken into account any unforeseen external factors that may change the land demand.

Under the Status Quo there is demand out to 2036 for:

Industrial Land	0.87 ha
Commercial Land	0.50 ha
Retail Land	0.70 ha
Accommodation Land	2.33 ha
Total	4.40 ha

2. Longer and/or higher peak population

Longer peak population would not affect land demand as existing businesses would already be geared towards satisfying the peak population and an extension of this should be able to be satisfied with existing capacity.

A higher peak population would result in the need for more capacity particularly for accommodation and food related businesses i.e. cafes and restaurants. Capacity would be directly related to the peak population and any increase in peak population would result in a need for more space. This could either be accommodated through greater utilisation of existing land, higher densities i.e. more levels, or new floorspace on new land.

If we assume that floorspace is fully utilised at peak season and there is no possibility of more levels, then more land would be needed. The Status Quo does take into account a rising level of visits as predicted by Covec, however if peak season population rises faster than this then this would increase all sectors.

For this scenario we assume an increase in peak population of 20% above the status quo.

3. Diversification away from tourism dependent industries

An increase in any industry will directly increase land demand in the diversified areas and have a flow-on effect to all other sectors, and thus an increase in land demand. A non-tourism related area would most likely be an industrial and/or agricultural activity. An increase in agricultural activity will only create a small increase in land demand as most activity can be done on agricultural land. An increase in industrial activity above what has already been projected will require more land.

As noted earlier in the report, other than cottage industries, there are little locational benefits for industrial activity in the Akaroa Basin. An increase in either of these sectors will increase land demand in other areas such as transport, business services, accommodation and retail.

For this scenario we assumed an increase in non-tourism related industry of 20% above the status quo.

4. Significant increase in living and transport costs

Because Akaroa Basin is fairly isolated, increased transport costs would significantly affect the costs of living in Akaroa Basin in comparison with other areas in the region. This will reduce the purchasing power of local residents and make local products more expensive outside of Akaroa. This in turn will lower retail activity and industrial activity. Within the catchment itself there is likely to be a slight increase in the need to service the local market as areas look to meet local convenience at a greater level. With an increase in the cost of travel local jobs and business are also likely to become more attractive to the current residents.

Commercial activity may increase as locals are more likely to use local services as opposed to travelling outside of Akaroa for these services.

Visits to the Akaroa Basin will decrease as international arrivals drop off due to increasing fuel costs and local visitors choose closer destinations. This will adversely effect all sectors particularly accommodation and retail.

This scenario is likely to, on balance, negatively effect land demand for the catchment.

For this scenario we have assumed an increase in transport and living costs of 20% above the status quo.

5. Proactive support and encouragement of local rural economies

This scenario has the least effect on business land demand as rural activity tends to largely occur on rural land. There will be minor flow-on benefits to the Akaroa Basin through increasing local expenditure particularly in retail and some commercial activities.

For this scenario we assumed an increase in the local rural economy of 20% above the status quo.

TABLE 21: INDICATIVE LAND DEMAND UNDER THE 5 SCENARIOS

Sector	Scenario				
	1	2	3	4	5
Industrial	0.87	0.87	1.04	0.70	0.91
Commercial	0.50	0.53	0.53	0.55	0.53
Retail	0.70	0.84	0.74	0.67	0.74
Accommodation	2.33	2.80	2.33	2.21	2.33
Total	4.40	5.03	4.63	4.12	4.50

Table 21 shows the effect each scenario has on the final demand for land out to 2036. Scenario 2 has the greatest impact on land demand due to the significant part tourism plays in the Akaroa Basin's economy and the increased flow-on effects from this sector.

Scenarios 3 and 5 have the least effect as increased activity in non-tourism related activity has lower flow-on effects.

As expected increased transport and living costs reduce economic activity, except in some commercial sectors that are supported by the local market, due to the isolation of the Akaroa Basin from the region.

For long term planning purposes, it is considered prudent to plan for the highest land demand scenario, which under the aforementioned scenarios is 5 hectares (Scenario 2) as a result of higher than projected tourism/visitor growth.

6. Potential growth consolidation in Duvauchelle, Takamatua and Wainui

These areas are secondary settlements to Akaroa.

Duvauchelle has the most commercial activity of these small settlements, with this dominated by accommodation sector activity. Any increase in commercial activity demand resulting from consolidated growth in Duvauchelle can be met by more efficient use of land already utilised for commercial activity. As such, no additional commercial sites need to be considered over and above that already occupied by commercial activity. Given Duvauchelles location near Akaroa, it would require a greater level of 'localised' retail spend to warrant a B1 scale centre, approximately 400 households..

Business activity in Takamatua is represented by a single store (three ECs in Table 3). Given Akaroa's position as a business destination it is unlikely that any significant 'over-flow' of demand will find its way to Takamatua. Its proximity, in this case, works against it as businesses that require a location in the study area are drawn either to Akaroa itself or those centres that current exhibit a greater level of activity.

Wainui is very small at present and has very limited commercial development potential due to the lack of Broadband availability. This is a major constraint to both commercial and industrial development, and residential growth in Wainui. If there was negligible residential growth it would result in no additional need for retail activity in Wainui. If growth were to occur, it would only generate enough demand for a B1 scale centre of around 500sqm net. A centre of this size would be supportable through resident households of approximately 320.

7. Improved wharf facilities at Wainui increasing profile.

This would require significant infrastructure investment into Wainui, and provide a stimulus for increased residential and commercial activity. The commercial activity would primarily service the tourist market, but also the convenience retail needs of the local community. Tourists will still undertake the vast majority of their retail activities in Akaroa.

The commercial activity in Wainui would only need to be relatively small in scale, and be similar in scale to a B1 centre of around 500-1,000sqm net, requiring approximately 300 – 500 resident households to support.

6. INTERNATIONAL & NATIONAL TRENDS

This section identifies some of the major likely impacts on Banks Peninsula of evolving global and, more importantly, national trading patterns. It focuses on long-term shifts in the composition of trade, changing global demand, new and evolving structures of production, and the structural suitability of the study area's economy for sustained prosperity and growth. It also discusses operational and technological advances, and the impact this will have on the industrial market.

Due to New Zealand's position in the global market it is susceptible to changes in the international arena. This ultimately influences the competitive nature of the Banks Peninsula and Akaroa markets, markets that they currently or potentially exhibit a comparative advantage in.

6.1 Manufacturing Trends

Trends in the international industrial market can be broken down into two categories, export industries and those demanded for national production and supply.

The trends in world demand for production are important in determining the direction of the region's industrial future and therefore, in part, that of Banks Peninsula (in terms of larger businesses likely to locate here). Suppliers to the international market are looking for areas that are compatible with their industry in terms of access to skilled workers, and other factors of production.

The current international trends show a continued growth in manufacturing for export, not only in developing countries but also some of the wealthiest OECD countries. In 1997 manufactured products accounted for 61% of world trade by value, while in 2002 that figure reached over 68%. Of this the valued added by 'niche' or specialised manufacturers is estimated to be over 10% and climbing. These are key areas of growth and retention for Banks Peninsula and Akaroa

Continually improving international communications and logistics mean that businesses supplying any markets can be operated from geographically distant locations.

6.2 Emergence of Logistics

The NZIER national employment projections forecast more warehousing and logistics based industry, which will redistribute employment proportions more evenly across the industrial sectors. Manufacturing employment, as a percentage of total industrial employment, is projected to drop from 45% to 42%, while Wholesale Trade is projected to increase.

Whether it is measured by the value it will add to the local economy or the employment it generates, logistic businesses are likely to be an important component of Banks Peninsula's industrial economy in the future.

This trend is not unique to this region, with many economies around the world undergoing the same transition at present, especially in larger cities where it is becoming increasingly difficult for large manufacturers to find large sites at economic prices, and hence are getting pushed further out of the city or to neighbouring areas.

Just about everything that happens in a major centre is dependent on the movement of materials. Industries such as manufacturing, construction and retail are particularly dependent on efficient logistics, as are many of the professional service businesses in the heart of financial districts.

Also, an efficient logistics sector provides the foundation for achieving wider spatial, economic development and transport objectives for Banks Peninsula.

Logistics also has the potential to contribute to the sustainable development of Banks Peninsula, through the recycling of 'brownfield' sites for warehousing, and the wider use of 'sustainable distribution', e.g. use of cleaner vehicles.

7. SUMMARY

Based on past, and expected, trends there is estimated to be demand for an additional 4.40 hectares of business land by 2036 in Akaroa Basin. This is comprised of (in hectares and floorspace):

	<u>Hectares</u>	<u>Floorspace (sqm net)</u>
Industrial	0.87	2,760
Office / Commercial	0.50	3,500
Retail	0.70	3,295
Accommodation	<u>2.33</u>	<u>4,900</u>
Total	4.40	14,455

Of the above business activities only Commercial and Retail have any significant reason to locate in the Akaroa Town Centre. Both these activities gain much from agglomeration and exposure, which the Akaroa Town Centre gives them. To a lesser extent some accommodation would be best in-centre however, as earlier mentioned, much of this activity could be located elsewhere in the Akaroa Basin.

Industrial activity could be located outside the town centre, however there are benefits in terms of workforce, transport and infrastructure economic efficiency that would make it better to be as close to the town centre as possible or another significant population base. Unless the industrial activities are specific to the Akaroa Basin's needs the only reason for industrial activity occurring in this area would be due to the owners desire to live and work in this area. This is a factor in small industrial business location decisions, but is weighed up against the logistical problems of isolated communities, which is significant for the Akaroa Basin.

Of most concern then is the demand for commercial and retail land which is for an extra 1.2 hectares (6,795sqm floorspace) by 2036, the bulk of which should go into the Akaroa Town Centre if it is able to be accommodated within the current zone boundary. The land demand is based on current utilisation rates which could be made more land efficient if for example height restrictions were relaxed and a comprehensive innovative town centre design was used. If this doesn't happen then land demand will be as stated and will need to be found somewhere in or adjacent to the town centre. If this demand is unable to locate in the foremost desired location then demand is likely to shift out to the smaller areas (e.g. Duvauchelle, Takamatua, and Wainui) but at a reduced level as increased residential population creates a localised demand that is unable to find higher profile sites.

Under the alternative scenarios, land demand increases the most if the peak season population increases above what is predicted. This is to be expected in a community based around the tourism industry. Land demand relative to other less isolated areas drops if living and transport costs increase. The least increase, beyond status quo, in land demand occurs if the local rural economy is proactively supported due to much of this activity remaining on rural land. However, increasing rural activity may also have the likely impact of increasing tourism which in turn will increase land demand further.

All three real estate agents spoken to in Akaroa stated that there was no more room for business activity in the currently zoned town centres within the Akaroa Basin where activity could go.

Residential land in the town centres could in theory be used for business activity but because residential land is so expensive it is highly unlikely that any residential land will be used for solely business purposes. This also reduces the likelihood that significant commercial expansion of the Akaroa town centre can occur given its surrounded by residential properties.

Therefore unless land within the town centre (either precinct) and the Akaroa Basin in general are exclusively zoned for industrial, commercial, and residential, all activity will tend towards the highest use, which in the Akaroa Basin will be residential, albeit combined with some tourist related business.

There is a need for the Plan to maintain the integrity of the zones, particularly in Akaroa where suitable land for development of commercial, industrial, residential, and recreational & community uses is very limited, and vacant or underutilised land is in short supply (identified in Figure 4). Zones should be protected for their intended land use, or else residential activity will continue to emerge in non-residential zones given the pressure on the land resource in Akaroa. This requires a stronger regulatory approach to new development to ensure any new development does not downgrade Akaroa's feel or ambience.

Given commercial demand will be focused on Akaroa (driven by increasing tourism primarily), a more efficient use of the existing Town Centre zone would be appropriate. This can only realistically be achieved through having a mix of uses such as retail/commercial below with residential above as an example. However, this needs to be balanced against maintaining Akaroa's unique characteristics to ensure the features that make Akaroa the special place it is today can be protected and enhanced.

A more scattered approach to new commercial development around other settlements in the basin (apart from accommodation which can be spread around the Akaroa Basin) is unlikely to service tourist expectations, given visiting Akaroa is likely to be the primary purpose of their trip.

The existing commercial activities in other settlements in the basin are considered appropriate to recognise in the plan, given the lack of supply in Akaroa and their existing use. This is better to be in clusters of commercial activity rather than a scattering of small sites throughout the basin. Accommodation can be catered for through a more relaxed resource consent approach given this sector's location criteria provides it with more flexibility than other sectors. Accommodation comprises 2.33 hectares (a significant 55%) of forecast land demand in Akaroa Basin.

Long term industrial land demand in the basin is small (0.87 hectares) and can be met through more efficient use of existing sites with industrial activity on them. The location of these sites is such that it will still meet the needs of the existing and future population.

8. APPENDIX 1 - INDUSTRIAL LOCATION CRITERIA

The location decision process of industrial companies is often complex and is specific to each business and its operational requirements. However, in general the broad industrial land requirements are mirrored throughout the industrial categories. There is a set of key locational criteria that give an understanding of the factors affecting business location. These are outlined below.

- **Undisrupted water and electricity supply.** Note for some businesses the escalating price of electricity translates into lower profit margins, especially in power intensive industries. Black-outs and power surges are costly occurrences for businesses, especially if generators need to be hired.
- **Digital capability** – especially access to broadband. Many businesses now require uninterrupted broadband access. This also helps future-proof the business location.
- **Close proximity / good access to transportation hubs**, such as ports and airports. This is particularly important for logistics and warehousing/distribution businesses. This can clearly be seen by the new businesses establishing in or around the business parks close to the major airports around the country, such as Auckland and Christchurch, which are heavily dominated by logistics and freight forwarding companies.
- **Proximity to an appropriate labour supply.** This varied between sectors based on the skill level of the workers required. For example manufacturing businesses require lower skilled workers compared to businesses in the professional services sectors, so the location requirements are slightly different. For many industrial businesses access to labour is an important consideration in their location decision making processes, especially for manufacturing businesses where access to semi-skilled labour is vital. In general, business locations in areas that have a lower level of access to the workforce are seen as problematic.
- **Location of customers / target markets (domestic and international).** This has a strong influence on location depending on whether the business is servicing a localised market, a regional market or the national or international market. For those businesses servicing the localised market a central location is preferable to reduce travel costs. For those servicing the national and international markets, those businesses that have large transport costs seek locations in closest proximity to State Highways.

Those businesses that have relatively low transport costs are more flexible in terms of their location, and often see the benefit of low priced land and premises to outweigh a strategic location for transport.

- **Access to major road corridors.** This is important for staff getting to work, clients/ reps visiting premises, and the efficient distribution of goods. Sites (or locations) adjacent to major arterial roads are preferred and often receive a premium in the market.

All activities that have a distribution/logistical focus prefer these locations. As part of this criterion, improved transportation in industrial areas is crucial, particularly in regard to better roading networks, traffic management, and close to public transport services.

- **Location of suppliers.** This can be especially important for businesses that have significant raw material inputs and freight costs.
- **A company's existing network and infrastructure.** This can have a major influence on location, especially for national franchises to avoid inefficiencies.
- **Room for potential expansion and growth on the site.** For most businesses relocating is a very expensive exercise, and for businesses with significant investment costs into plant and machinery, they like to have a level of certainty that they will be able to operate from the site for a long period of time to ensure they achieve a return on their investment. Thus having the ability to expand their operation to allow for business growth onsite is important. It's an important consideration for businesses who want to mitigate long term risks.
- **Land and property costs.** This is a key criterion in the location decision of almost all businesses, particularly those that operate on low margins.
- **Potential to secure resource consent.** Often if the resource consent process is going to be long and drawn out, most businesses will not enter the process at all as time delays can have significant effects to their bottom line and business operations. As such certainty is seen as a big benefit to business locations who can offer it. A master planned development with Council approval removes this risk.
- **Level of congestion in peak times.** This is becoming increasingly important, as it can have a significant influence on delivery businesses. In many main centres for example, this is now a major consideration where time delays and trucks getting caught in traffic is having significant flow-on implications for company logistics and their ability to service clients to the level required.
- **Owner's home address.** This is predominantly for smaller businesses that have a greater level of flexibility on where they can locate.
- **Exposure / Profile.** Most businesses seek locations that offer some level of exposure and profile. This is a cost effective method of marketing and is able to elevate the brand of a business significantly.

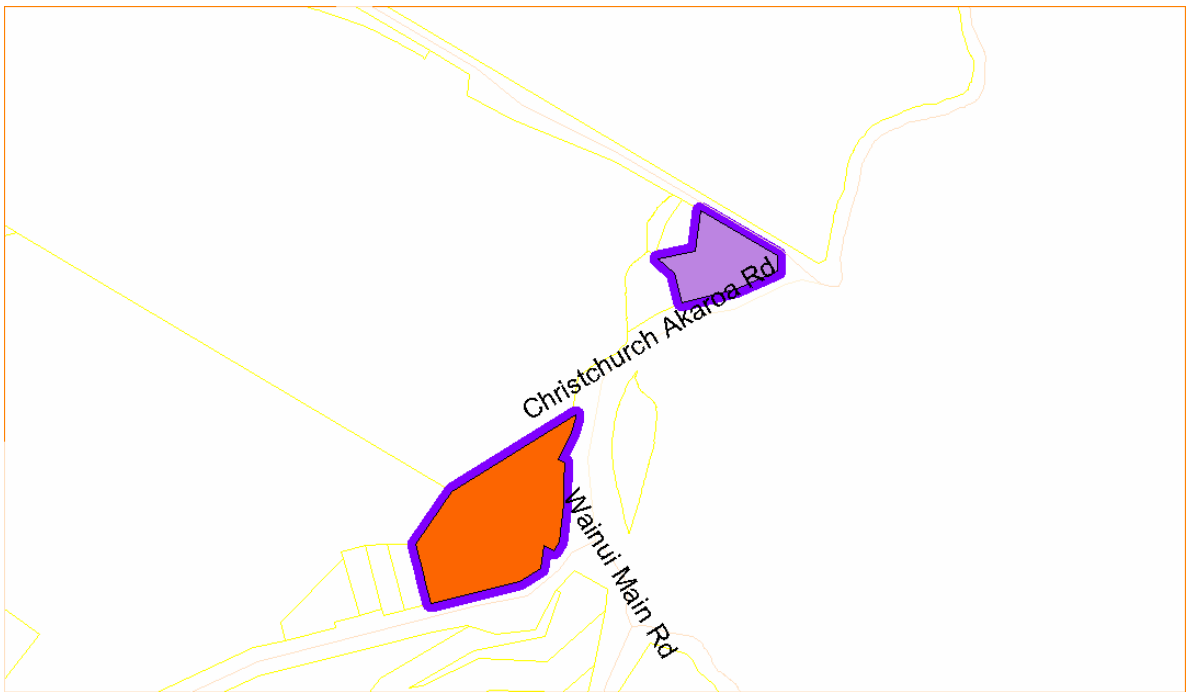
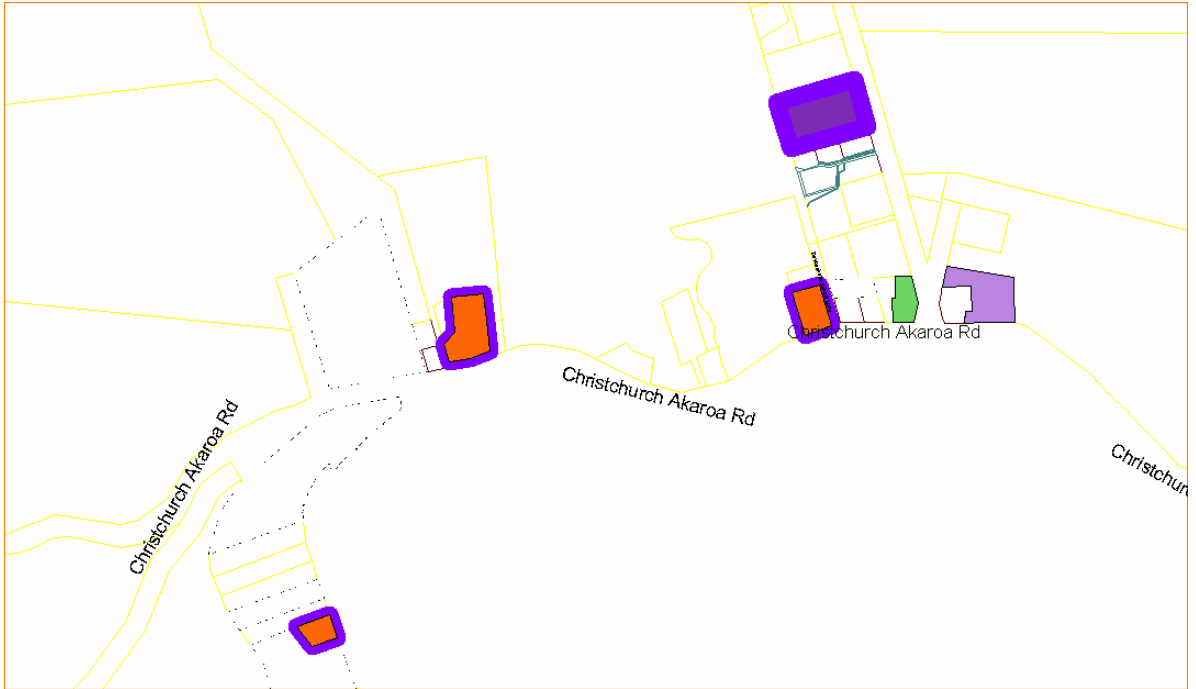
9. APPENDIX 2 - COMMERCIAL LOCATION CRITERIA

In terms of key parameters for commercial office location, price is not typically a key factor in location decisions. It is often the case that factors such as access to clients, access to support services, car parking, quality of environment, building quality and profile and costs dominate the decision process. However, the office sector typically exhibits more mobility than the industrial sector.

As such, key criteria for office (commercial) businesses when looking for a location (in no particular order) can be summarised as follows:

- Good car parking – for clients and workers
- Easy access for clients and workers – primarily roading
- Profile / exposure
- OPEX (Operational Expenses) – rent, body corporate, rates, lighting, power, car park costs, etc
- Building quality (many tenants require purpose-built buildings)
- Space flexibility (many tenants require larger floorplates)
- Access to broadband – and interconnectivity between areas in the region, and to other centres in New Zealand and offshore.
- Good quality infrastructure
- Environment – worker and client amenity
- Owner's/CEO's home suburb (is often sited as a key factor in the decision process)

Some sectors have limited scope on where they can locate as they have to have direct access to other services and facilities. For example, many legal firms like to be within close proximity to the courts. In this situation, a business will identify the area they need to be located, and then the aforementioned criteria are applied.



11. APPENDIX 4 – RETAIL AUDIT

AREA	ROAD	TYPE	FLOORSPACE
Okains Bay	Okains Bay Road	Dairy	25
Okains Bay	Okains Bay Road	Gift Shop	15
French Farm Bay	French Farm Valley Road	Restaurant	110
Takamatua Bay	CHCH Akaroa Road SH75	Vege Store	50
Duvauchelle Bay	CHCH Akaroa Road SH75	Restaurant	92
Duvauchelle Bay	CHCH Akaroa Road SH75	Convenience	80
Duvauchelle Bay	CHCH Akaroa Road SH75	Petrol	25
Duvauchelle Bay	CHCH Akaroa Road SH75	Bar/Restaurant	330
Akaroa Harbour	Cnr Beach Road & Rue Jolie	Bakery	52
Akaroa Harbour	Beach Road	Gift/Variety	144
Akaroa Harbour	Beach Road	Restaurant	63
Akaroa Harbour	Beach Road	Takeaways	30
Akaroa Harbour	Beach Road	Café	50
Akaroa Harbour	Beach Road	Jewellery	37
Akaroa Harbour	Beach Road	Deli	33
Akaroa Harbour	Beach Road	Gift	52
Akaroa Harbour	Beach Road	Bar/Restaurant	123
Akaroa Harbour	Beach Road	General Convenience	139
Akaroa Harbour	Beach Road	Bar/Restaurant	116
Akaroa Harbour	Beach Road	Café	86
Akaroa Harbour	Church Street	Jewellery	48
Akaroa Harbour	Rue Jolie	Gift	43
Akaroa Harbour	Rue Jolie	Fashion	35
Akaroa Harbour	Rue Jolie	Jewellery/Glass	35
Akaroa Harbour	Cnr Rue Jolie & Rue Balguerie	Bar/Restaurant	126
Akaroa Harbour	Rue Balguerie	Café	40
Akaroa Harbour	Cnr Rue Lavaud & Rue Balguerie	Convenience/Dairy	120
Akaroa Harbour	Rue Balguerie	Fashion	38
Akaroa Harbour	Rue Lavaud	Supermarket	209
Akaroa Harbour	Rue Lavaud	Deli	49
Akaroa Harbour	Rue Lavaud	Gift	75
Akaroa Harbour	Rue Lavaud	Pharmacy	76
Akaroa Harbour	Rue Lavaud	Gift	35
Akaroa Harbour	Rue Lavaud	Art	91
Akaroa Harbour	Rue Lavaud	Café	46
Akaroa Harbour	Rue Lavaud	Rest/Bar/Gaming	500
Akaroa Harbour	Rue Lavaud	Art	55
Akaroa Harbour	Rue Lavaud	Fashion	73
Akaroa Harbour	Rue Lavaud	Linen	30
Akaroa Harbour	Cnr Rue Brittan & Rue Lavaud	Gifts	53
Akaroa Harbour	Rue Brittan	Restaurant	105
Akaroa Harbour	Cnr Rue Brittan & Rue Lavaud	Café	92
Akaroa Harbour	Rue Lavaud	Restaurant	64
Akaroa Harbour	Rue Lavaud	Fashion	91
Akaroa Harbour	Rue Pompallier	Laundry	25