PROPERTY ECONOMICS


# MITRE 10 MEGA

# TE AWAMUTU

# ECONOMIC ASSESSMENT

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| Project No: | 52352 |
| Date: | September 2025 |
| Client: | Mitre 10 NZ Limited |



[redacted]

## SCHEDULE

| Code | Date | Information / Comments | Project Leader |
|---|---|---|---|
| 52352.8 | September 2025 | Report | Tim Heath / Phil Osborne |

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# 1. INTRODUCTION

Property Economics has been commissioned by Mitre 10 NZ Limited (**Mitre 10**) to assess the retail economic implications of the proposed relocation and expansion of the Mitre 10 Mega (**M10M**) store at 638 Cambridge Road in Te Awamutu.

The primary focus of the analysis is the assessment of potential trade competition and retail distribution effects under the RMA, with particular focus placed on the potential for the proposed M10M Te Awamutu development to generate adverse retail distribution effects on the existing commercial centre network of the town.

The economic analysis also provides commentary on the changing nature of hardware, building supply and home improvement stores, the effect this has on their role, function, position in the market and locational requirements, and how this is likely to impact the potential trade competition and retail distribution effects of the proposed store.

Finally, potential economic costs and benefits associated with the proposed development are identified and assessed against the counterfactual position of the existing (smaller) Mitre 10 Te Awamutu store remaining in its current location.

Findings from this economic analysis forms a view of whether the proposed M10M development can be supported from an economic perspective in the context of the RMA and the Waipā District Plan.

## 1.1. OBJECTIVES

The core objectives of this economic assessment are to:

- Outline District Plan Policy Framework: Provide an overview of the relevant policy settings within the Waipā District Plan which underpinned the economic assessment.
- Core Trade Area: Delineate and map the geospatial extent of the proposed M10M's core economic market and the site's location within the surrounding competitor network from a localised (Te Awamutu and wider surrounds) perspective.
- Population Growth: Quantify the current population base of M10M's core economic market, and project this out to 2048 based on both the latest NIDEA (University of Waikato) and Stats NZ Medium and High series population and household projections.
- Trade vs Distribution Effects: Identify the difference between trade competition impacts and retail distribution effects in the context of the RMA and discuss the changing face of hardware and home improvement store types and their general unsuitability for many existing centre locations.
- Centre Network Composition: Determine the composition of the existing centres in the network relevant to this application, identify the level of hardware and home improvement activity in the existing centres, and determine each centre's reliance on this store type to its economic performance and ability to fulfil its role and function as identified in the District Plan.
- Centre Impacts: Assess the potential for adverse economic impacts to be generated on the centre and its role and function in the market in the context of the RMA. This analysis includes an overview of the likely economic impacts on the Te Awamutu Town Centre and the anticipated Neighbourhood Centre within the T11 Growth Cell Structure Plan area.
- Economic Costs & Benefits: Identify higher-level economic costs and benefits of the proposed development against the counterfactual position of retaining the existing site.

## 1.2. INFORMATION & DATA SOURCES

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

- Business Frame Employment Data – Stats NZ
- Centre Retail Audit – Property Economics
- Catchment Maps – Google Maps, LINZ
- Household and Population Projections – NIDEA (University of Waikato)

- Household and Population Projections – Stats NZ
- NZ 2018 Census of Population and Dwellings - Stats NZ
- Residential Capacity Modelling – Medium Density Residential Standards and Qualifying Matters: Waipā District – M.E
- T11 Structure Plan – Waipā District Council
- Waipā District Plan – Waipā District Council
- Meshblock Boundaries – Stats NZ

## 1.3. PROPOSED DEVELOPMENT OVERVIEW

Mitre 10 currently operates out of a 5,485sqm MEGA store in the Te Awamutu Large Format Retail (**LFR**) Centre, which is located along Cambridge Road on the eastern side of the township. The Te Awamutu LFR Centre is currently home to a total of fourteen shops with a total GFA of 15,840sqm including:

- PAK'n'SAVE Supermarket and PAK'n'SAVE Fuel
- Mitre 10 MEGA, Guthrie Bowron (Paints Store) and Plumbing World
- Big Barrel Liquor Store
- Mahoe Medical Centre, Physio, Te Awamutu Birthing Centre and a Pharmacy
- Pizza Hut, Bakehouse and a Gaming Lounge.
- Variety Craft Store and a BNZ bank.

Mitre 10 is proposing to build a new store on an adjacent 4.4ha site. A concept plan for the proposed development is provided in Appendix 1. The proposed store encompasses a total of around 13,000sqm GFA and includes:

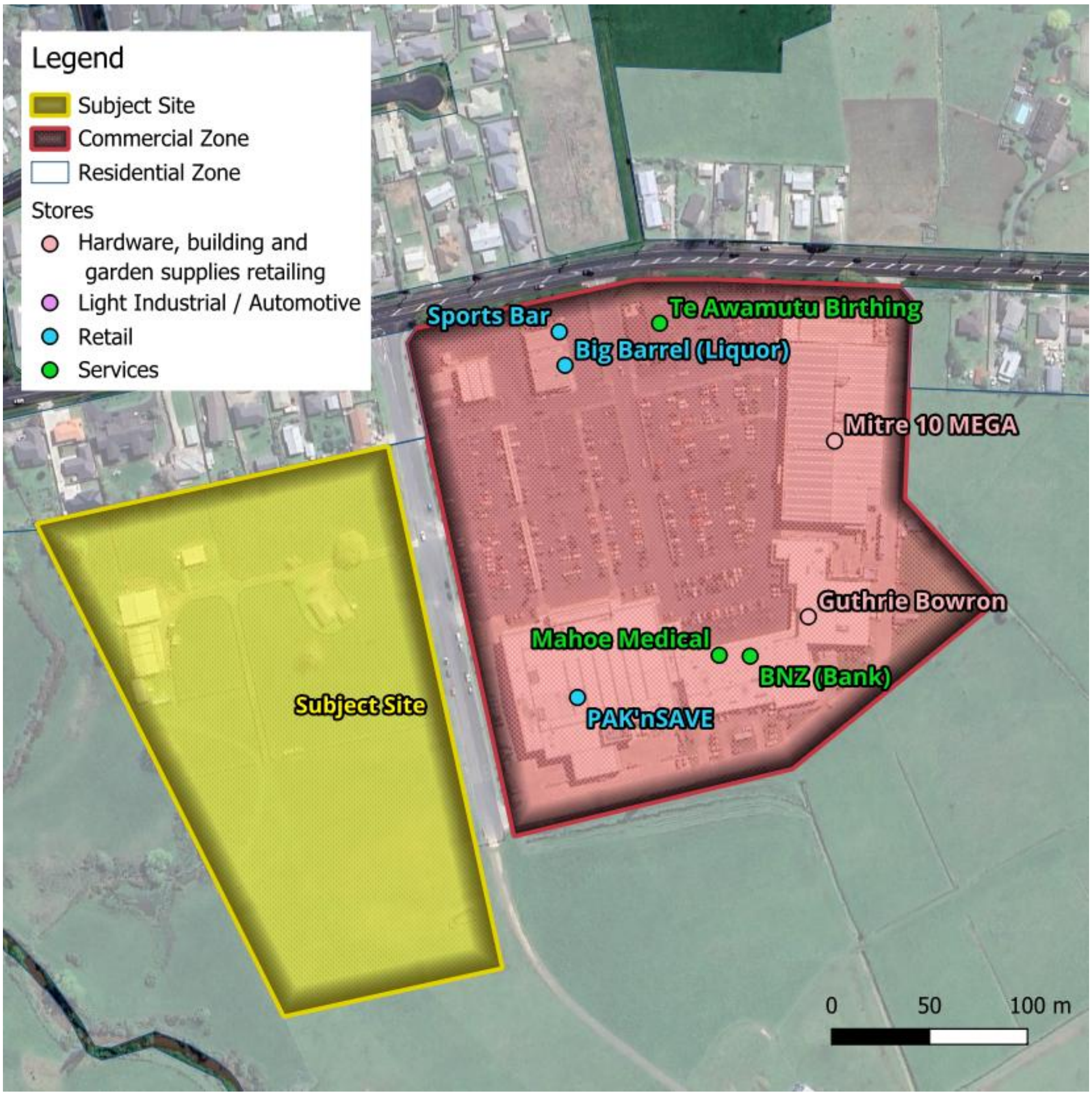
- main display / retail floor area
- trade (covered) area
- mezzanine office area
- outdoor garden supplies area

The proposed M10M Te Awamutu store will be similar to other Mitre 10 Mega stores developed around the country in recent years, occupying a relatively substantial land area in retail terms and offering a diverse range of hardware and building supply related goods and services.

Figure 1 shows a map of the proposed site and the adjacent Large Format Centre. In respect of current Waipā Operative District Plan (**ODP**) zonings, the site is located within the Residential

Zone, specifically, the Te Awamutu T11 Growth Cell. Instead of applying for a non-complying activity consent, Mitre is seeking a private plan change to extend the commercial zone across the subject site and change Te Awamutu Large Scale Retail Development Concept Plan. This would reflect the new Mitre 10 forming part of the existing centre and enable the existing Mitre 10 Store to be backfilled with other retail activities.

**FIGURE 1: SUBJECT SITE AND THE TE AWAMUTU LFR CENTRE**




*Source: Waipā District Council, Google Maps, Property Economics*

## 2. DISTRICT PLAN POLICY CONTEXT

This section outlines the relevant ODP provisions to consider from an economic perspective as part of this assessment. Under the ODP the proposed M10M Te Awamutu falls under the definition of a Building Improvement Centre, defined as follows:

> Building Improvement Centre *means any premises used for the storage, display and sale of goods and materials used in the construction, repair, alteration and renovation of buildings and includes retail – nurseries and garden centres.*

The proposed development is located in the Residential Zone. Objectives 2.3.6 and 2.3.6.1 restrict the establishment of non-residential activities in the Residential Zone except those that have a functional and compelling need to locate within a Residential Zone. Consequently, in giving effect to these objectives the Mitre 10 Mega store is classified as a Non-Complying Activity. The planner has therefore recommended a plan change to extend the Commercial Zone across the subject site.

The Commercial Zone shown in Figure 1 has a special Large Format Retail Overlay which is accompanied by the Te Awamutu Large Scale Retail Development Concept. The intention of the centre is to is to accommodate larger tenancies that would not otherwise be able to be located in the Te Awamutu Town Centre. The current rules for the Te Awamutu large-format retail are as follows:

*Rules - Te Awamutu large format retail*

*6.4.2.22 Any development in general accordance with the Te Awamutu Large Scale Retail Development Concept Plan SK1-13 prepared by Woodhams/Meikle/Zhan Architects dated 21-04-06 as contained in Appendix S6 and which satisfies the following conditions:*

(a) *The aggregate GFA of the development must not exceed that shown on the Development Concept Plan (being 7,284m² [The Development Concept Plan States 17,284sqm]) and the aggregate GFA of buildings 1-12 must not exceed 12,174m² within which the GFA of building one (including internal mezzanine areas) must not exceed 6,200m² and the aggregate GFA of buildings 2-12 must not exceed 6,420m²; and*

(b) *The GFA to be developed for retail activities within buildings 1-12 must not exceed 12,000m² and within buildings 2-12 must not exceed 6,000m², provided that:*

   i) *No more than four (4) individual retail tenancies of less than 400m² gross leaseable floor area (excluding the service station and restaurant) shall be permitted; and*

   ii) *The maximum size of any individual retail activity shall be 1,500m² gross leaseable floor area (excluding the supermarket); and*

iii) *There shall be a maximum of one (1) supermarket within the development; and*

iv) *There shall be a maximum of two (2) restaurants or cafes within the development, not contributing to the limit in (2); and*

v) *Activities within the threshold (1) that fall outside those provided for in (2), (3) and (4) above include automatic teller machines, external yard display space for otherwise controlled activities, health care services, childcare facilities and indoor recreational activities; and*

vi) *No building shall be located closer to the external legal boundaries of the land over and above that shown on the concept plan; and*

vii) *Compliance with the permitted activity development control standards set for the Commercial Zone.*

The main purpose of these limits on the large format centre is to limit the impacts on the Te Awamutu Town Centre. This is to give effect to the objective in the Commercial chapter of the plan, which seeks to achieve vibrant and active centres which have a distinctive character. To this end, the Plan identifies a Pedestrian Frontage within the Te Awamutu Town Centre which represents the core commercial area. Policy 6.3.2.1 describes this area as the social heart and promotes building designs and activities that reinforce a pedestrian-oriented retail environment.

Policy 6.3.2.2 on the other hand states

> *Outside of the identified pedestrian frontage enable larger scale retail activities, commercial service and vehicular orientated activities, where the activity does not impact on the role and function of the identified pedestrian frontages, including the vibrancy, amenity and social and community function of those areas.*

One of the rules that gives effect to this policy is the non-complying consent requirement on Department stores outside of the Pedestrian Frontage Area. Department Stores are typically banner brands which attract a significant customer base and are a valuable addition to any commercial centre. As the Large Format Centre lies outside of the Pedestrian Frontage Area, an increase to the retail potential for the centre cannot be taken up by a department store (e.g. if The Warehouse were to relocate) without further assessment and discretion from the Council.

## 2.1. PROPOSED PLAN PROVISION CHANGES

The proposed Plan Change makes several amendments to these rules, namely increasing the total floorspace in the district plan from 17,284sqm to 32,200 sqm. While this seems a large increase at face value, the breakdown of this GFA provides important context for understanding the potential for RMA effects.

The PPC seeks the conditions on this floorspace potential to be changed to the following:

i. *There shall be a maximum of one (1) supermarket within the development with a maximum floor area (including internal mezzanine area) of 6,200m2;*

ii. *The maximum aggregate gross floor area for other activities (excluding the supermarket and service station) at within Area A shall be no more than 12,700m2;*

iii. *The maximum aggregate gross floor area for activities within Area B shall be no more than 13,000m2; and*

iv. *Building(s) within Area B shall be used for trade supplier/building improvement centre and associated café only.*

In essence, this represents the addition of a 13,000sqm trade supplier / building improvement centre and an increase in the permitted GFA of the existing Centre (Area A) by just over 1,900sqm.

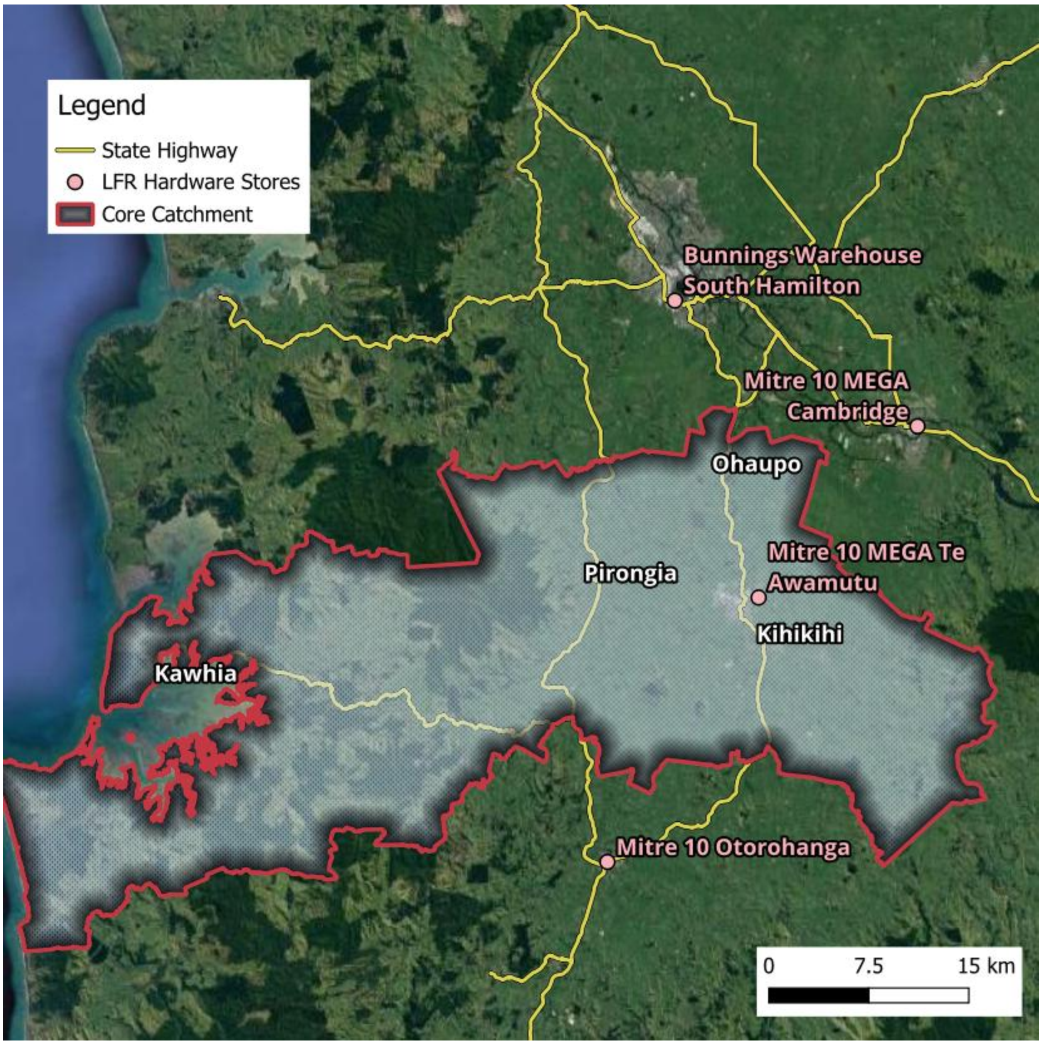
Although this assessment is ultimately concerned with the effects of the proposed plan change there is a need to consider that the full market effects of the permitted baseline development have not yet materialised in Te Awamutu Town Centre. This includes the backfilling of the existing Mitre 10 (which is already enabled by the plan) and the unrealised floorspace within the existing environment. Specifically, the plan would enable an additional 650sqm of Supermarket floorspace and almost 800sqm of other retail potential before reaching the 17,284sqm maximum.

## 3. CORE ECONOMIC MARKET

In order to evaluate the potential for the new M10M store and the potential retail impacts on the surrounding commercial network, it is necessary to identify the core market the proposed store would serve. The core economic market for the purpose of this assessment is the area from which the proposed store is likely to derive the majority of its sales, or the area it is primarily designed to service.

Figure 2 illustrates the geospatial extent of the proposed Mitre 10 Mega's core economic market.

**FIGURE 2: PROPOSED MITRE 10 MEGA CORE ECONOMIC MARKET**




*Source: Stats NZ, Google Maps, Property Economics,* The determination of the core economic market has been based on the existing and proposed hardware store network in the Waipā District, location of existing Mitre 10 stores, road network, natural and physical geographical barriers and the professional opinion of Property Economics in known patterns and trade area dynamics for retail and trade developments in New Zealand.

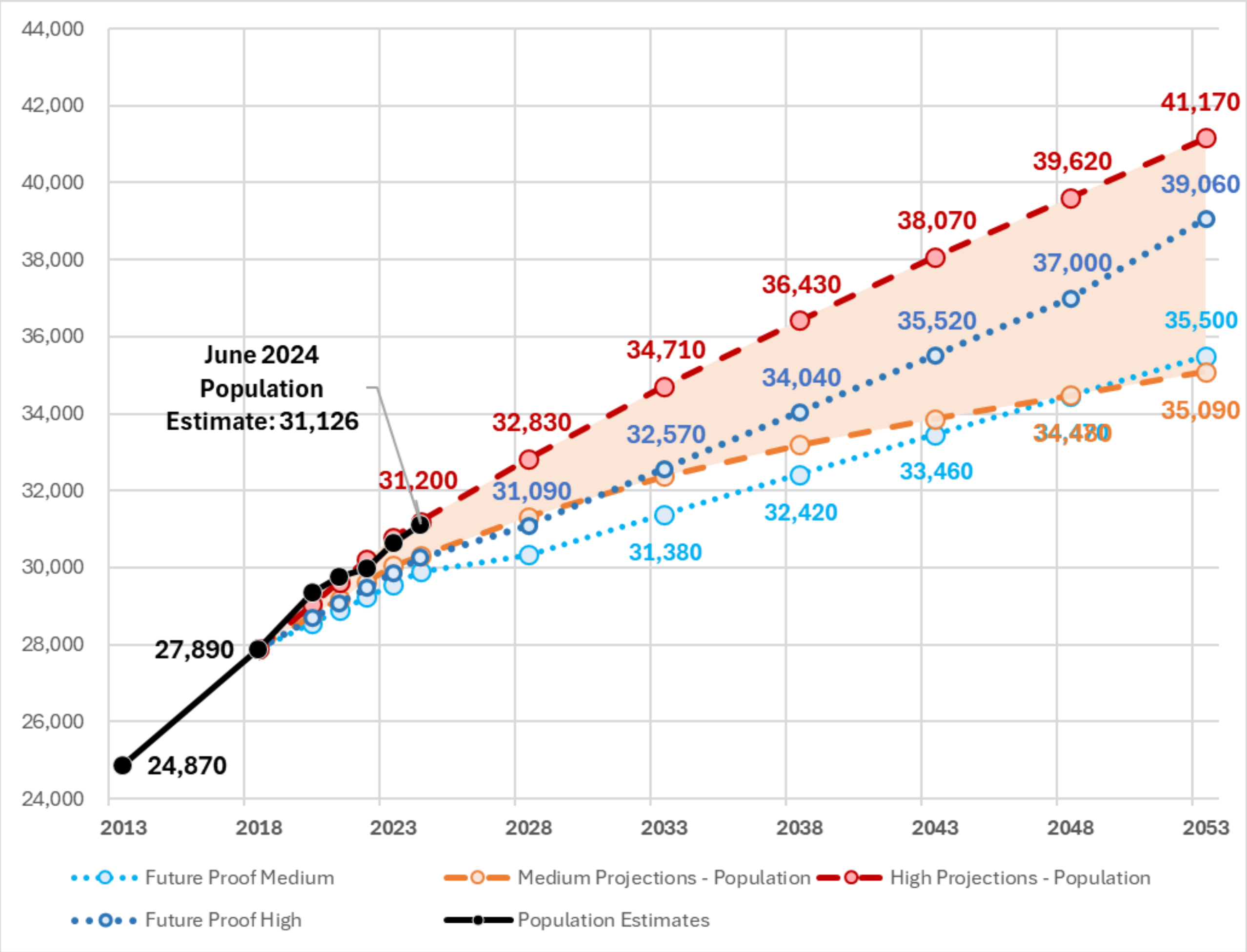
Large modern-day hardware and home improvement stores generally draw from a relatively extensive geographical area given their role as both a retail and trade operator providing a wide range of building and home improvement goods, which are not day-to-day essentials for the general public. This is particularly true of Te Awamutu, which is a major centre servicing a large rural area.

Also indicated in Figure 2 above are the competing stores in the surrounding urban centres. This includes Bunnings Warehouse in Southern Hamilton, Mitre 10 Mega in Cambridge, and Mitre 10 in Otorohanga. The proposed 13,000sqm store is substantially larger than the Mitre 10 in Otorohanga and therefore the catchment extends further south. This reflects the larger "gravity" or attractiveness of the Te Awamutu store over the smaller Mitre 10 store in Otorohanga.

# 4. POPULATION PROJECTIONS

Figure 3 displays the population growth projections for the core economic market as shown in Figure 2. This includes actual growth from 2013-2024, and projected growth over the next 29 years to 2053. Figure 3 shows two different sets of projections for comparison: the most recent Medium and High Stats New Zealand population projection series and those produced by the NIDEA for Council as part of Future Proof[1].

**FIGURE 3: CORE ECONOMIC CATCHMENT - POPULATION PROJECTIONS**




*Source: NIDEA, Stats NZ, Property Economics,*

[1] *Note that the projections published by NIDEA for Future Proof are only available as Statistical Area 2's and uses 2025, 2035, 2045 and 2055 as the base years. To show a comparable population projection for the catchment area against StatsNZ projections, Property Economics has interpolated the Future Proof projections for the overlapping SA2 areas and then proportionally adjusted them to match the catchment area. As a point of comparison, the published figure for the Future Proof High projection for the wider SA2 catchment in 2045 is 39,762 which is lower than the Stats NZ High projection of 42,510 for 2043 across the same area.*

These NIDEA projections are being adopted by the Future Proof councils for growth strategy development and their Housing and Business Capacity Assessment under the NPS-UD obligations.

Figure 3 shows that the current population as at June 2024 is estimated at just over 31,120 residents within the identified catchment area. As Figure 3 shows, the growth over the past five years has trended approximately in-line with the Stats NZ High projection series.

Under this Stats NZ High Growth Projection, the population of the identified catchment is anticipated to grow by roughly an additional 10,000 residents over the next 29 years to 41,170 residents. This equates to a growth rate of 1.1% per annum or a total increase of 32%. It should be noted that even under the High Projection series, growth on a proportion level is anticipated to slow with growth past decade equating to a considerably higher 2% per annum.

The population projections produced by NIDEA are considerably lower than the StatsNZ projections. As is highlighted by Figure 3, current population growth has already well exceeded the Future Proof High Projections with the catchment already exceeding the population base that the Future Proof Medium Projection anticipated it would reach by 2028.

Population growth is difficult to project, especially at a localised level such as the Te Awamutu Catchment. Although the high rate of growth the local catchment has experienced over the past five years gives greater weight and likelihood to StatsNZ's high growth scenario, this is contingent on developments continuing to occur in Te Awamutu and the surrounding Towns and Villages (e.g. Kihikihi and Pirongia). These developments will also have to compete for growth with the greenfield developments in Cambridge and Hamilton (e.g. Peacocke which will accommodate 8,400 homes over the next 30 years).

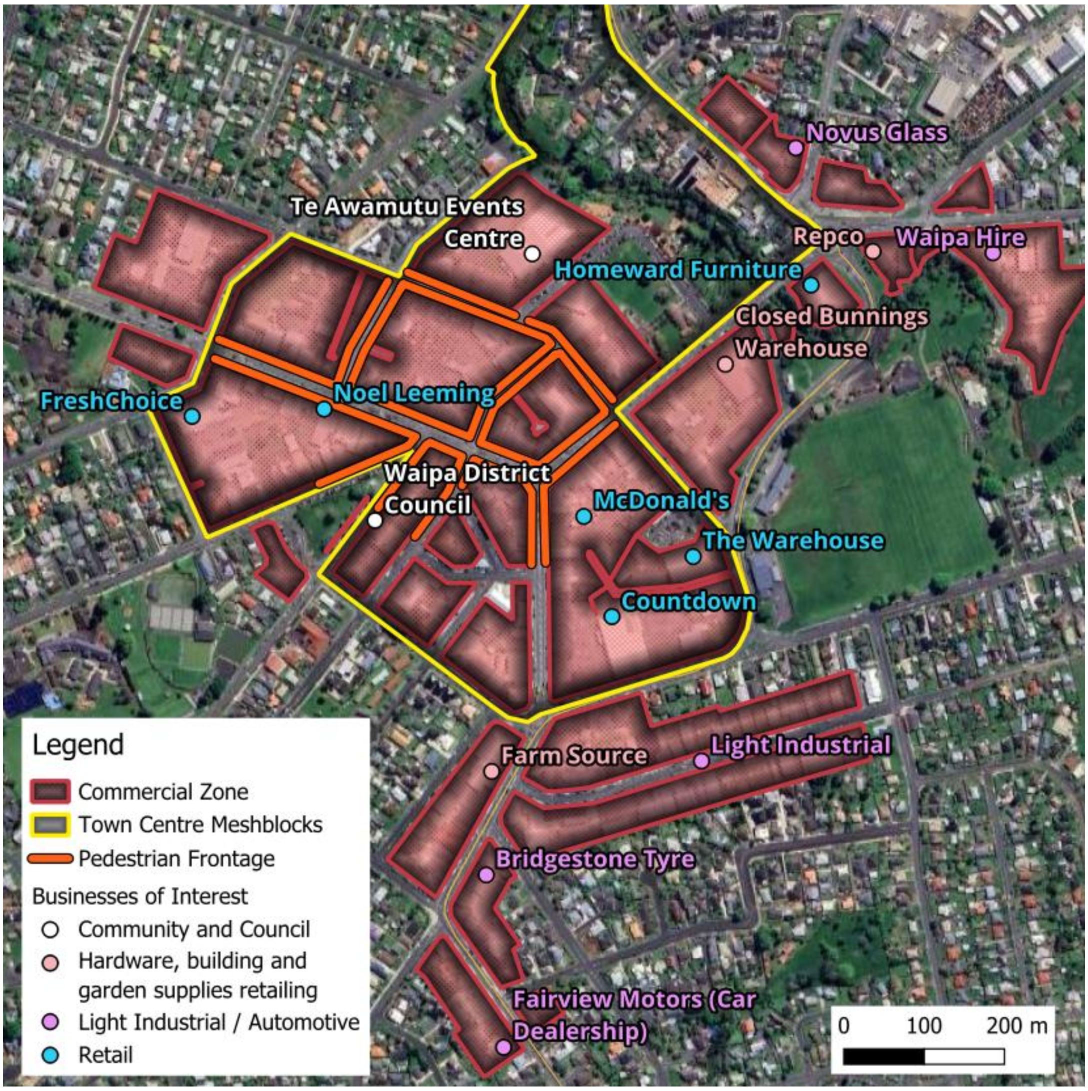
Nevertheless, even if the Te Awamutu catchment were to fall short of its Stats NZ High projection, there still is a reasonable likelihood that it will exceed the Future Proof High projection. This means that Te Awamutu may require more commercial land and residential capacity compared to the Council's planning documents. This would have significant implications for the 2023 Business Capacity Assessment.

## 5. TE AWAMUTU TOWN CENTRE

As the primary retail centre in Te Awamutu, the Town Centre is the principal centre upon which the retail distributional effects of the proposal need to be considered in the context of the RMA. Although there is a local centre in Kihikihi, the centre plays a much smaller role and function as a local convenience hub. It is therefore unlikely to be impacted by either the Mitre 10 Mega or the Large Format Retail stores that backfill the existing store. The same is true of all of the other Towns in the identified catchment, such as Pirongia. Consequently, the focus of the Property Economics retail impact assessment is on the Te Awamutu Town Centre.

Figure 4 below shows the zoned extent of the existing Te Awamutu Town Centre and the surrounding Commercial Zone. It also indicates the extent of the Pedestrian Frontage Area, which acts as the core of the centre and highlights some key businesses and activities.

**FIGURE 4: TE AWAMUTU COMMERCIAL ZONE AND TOWN CENTRE**




*Source: Waipā District Council, Google Maps, Property Economics*

Figure 4 also shows the geospatial extent of the Meshblocks (the smallest statistical geospatial unit available) chosen to assess the employment trends of the Core Te Awamutu Town Centre area. This area extends beyond the Pedestrian Frontage due to the nature of Meshblock boundaries but otherwise represents the core town centre area.

The health and success of a centre is generally determined by its ability to attract businesses and customers, especially better-quality retail and commercial businesses. There are two reasons for this, the first is that these businesses are both more productive than others and are the drivers of productivity growth. The second is that a high profile and successful centre provides a regional and national profile for business and therefore contributes to an urban environment's economic competitive advantage.

Given these factors the following analysis assesses the 'state' and health of the Te Awamutu Town Centre. Property Economics visited the centre and undertook an audit in December 2023 of the business located within the Te Awamutu Commercial Zones. The results of this audit are shown in Table 1.

Property Economics identified a total of 326 businesses within the Te Awamutu Commercial network., around a half was within the Pedestrian Frontage area. Although the Pedestrian Frontage represents a significantly smaller land area, it has a far greater concentration of businesses. This is also a distinct difference in the types of retailers and businesses that are located in this core centre.

Firstly, there is a greater number of total retail tenancies in the Pedestrian Frontage area, over a third of which are Food and Beverage Outlines (e.g. Restaurants, takeaway shops). There are substantially more Clothing, Footwear and Personal Accessories retailers in the Pedestrian Frontage while in contrast, there are considerably more Automotive Retailers and Hardware stores outside of the core retail area.

Aside from Noel Leeming, the key larger tenancies (The Warehouse, Fresh Choice and Countdown) are all located just outside of the Pedestrian Core. To the south of the town centre is more of a mixed-use area with light industrial activities along Rickit Road as well as a large Farm Source store and several automotive activities along Kihikihi Road (SH3). The northwestern section of the Commercial Zone tells a similar story with the now vacant Bunnings Warehouse, automotive retailers such as Repco, a Hire outlet and a Furniture Store representing a few key tenancies.

The number of vacant tenancies/lots are quantified in contrast to the level of total tenancies to highlight the centre's attractiveness for investment and current level of overall vitality. Based on Property Economics professional experience across the country, an appropriate (in terms of providing a good quality retail environment and experience) vacancy rate for a destination shopping location is often between 3 - 7%.

Centres with a vacancy rate higher than 7% tend to be underperforming relative to their respective market opportunity and in need of assistance to improve their envisaged role and function.

**TABLE 1: TE AWAMUTU CENTRE BUSINESS AUDIT (DECEMBER 2023)**

| | Pedestrian Frontage | Rest of the Commercial Zone |
|---|---|---|
| **Retail Sector** | **82** | **64** |
| Supermarket retailing | | 2 |
| Food retailing and Liquor | 4 | 9 |
| Food and beverage services | 30 | 16 |
| Clothing, footwear and personal accessories | 16 | 3 |
| Furniture, floor covering, houseware and textile goods retailing | 9 | 4 |
| Electrical and electronic goods | 3 | 3 |
| Pharmaceuticals | 3 | 4 |
| Department store retailing | 1 | 1 |
| Recreational goods retailing (e.g., sport stores, stationery, cinema) | 5 | 2 |
| Other Retail (e.g.,antiques, florists, gift shops) | 6 | 5 |
| Automotive Retail, Petrol, Car Sales | 4 | 10 |
| Hardware, building and garden supplies retailing | 1 | 5 |
| **Non-Retail Sector** | **71** | **93** |
| **Community Facilities** | | |
| Library | | 1 |
| Other (e.g., church, art gallery, etc) | 1 | 8 |
| **Personal and Commercial Services** | | |
| Optometrist | 2 | |
| Hairdresser, Beauty Therapy or Massage | 11 | 7 |
| Drycleaners / Laundromat | | 3 |
| Gym / Yoga Club | 3 | 7 |
| Vets / Pet Daycare | | 2 |
| Banks | 4 | 1 |
| Financial Advisors and Accountants | 9 | 5 |
| Lawyers | 5 | 4 |
| Real Estate | 6 | 2 |
| Other Services (panelbeater, print, IT Support, architects, design, etc) | 7 | 13 |
| Other Office | 10 | |
| **Other Activities** | | |
| Childcare / Daycare facilities | | 6 |
| Other Educational Facilities | | 3 |
| Government (DHB Offices, Work and Income, Council etc) | 2 | 3 |
| Emergency (Police, St Johns, Fire) | | 3 |
| **Medical Practitioners** | | |
| Doctors | | 1 |
| Dentists | 3 | 2 |
| Physiotherapists | 2 | 1 |
| Hearing / Audiology | 4 | |
| Other | 2 | 5 |
| **Light Industrial (Primarily on Rickit Rd)** | | 16 |
| **Vacant** | **10** | **6** |
| **TOTAL TENANCIES** | **163** | **163** |

*Source: Property Economics*

Property Economics identified a total of sixteen vacant tenancies during the December 2023 audit which represents only 4.9% of the total centre tenancies. There is a slightly higher vacancy rate of 6% if we consider the core Pedestrian Frontage area. However, this level of vacancy is considered acceptable in Property Economics opinion given the natural level of store change and movements in the market.

With respect to the proposed development, it is not practical or realistic economically for a large-scale home improvement store the size of Mitre 10 Mega to be located within the Te Awamutu Town Centre from an operation, functional and property economic perspective.

First and foremost, there are no sites in the existing Te Awamutu Town Centre that would be large enough to accommodate the proposed 13,000sqm Mitre 10 Mega Store. Moreover, if there were, the cost of land in commercial centres is likely to be too high to justify efficient functioning and profitable operation of the proposed hardware and building supply store.

This is evidenced by the distribution of retail activities shown in Table 1. Almost all of the existing Hardware, Building and garden supplies retailing stores are located outside of the Te Awamutu Town Centre core (Pedestrian Frontage). There was a Bunnings Warehouse closer to the Town Centre (but outside of the core Pedestrian Frontage) which closed in 2020. Waipā District Council has reportedly purchased the former store intending to use it as a museum.

The offering and nature of hardware and building supply stores and an increasing focus on trade supply provide further reason economically why it is not suitable to attempt to consolidate large scale hardware and building supply stores into the existing Te Awamutu Town Centre. The propensity for these types of stores to be located out of centre and how this has changed over time is discussed in more detail in the following section.

## 5.1. TE AWAMUTU TOWN CENTRE EMPLOYMENT GROWTH

Table 2 shows the employment breakdown and growth across the last fourteen years (2010-2024) of the Te Awamutu Town Centre (the area outlined in yellow in Figure 4).

**TABLE 2: EMPLOYMENT COUNTS FOR TE AWAMUTU TOWN CENTRE 2010-2023**

| ANZSIC | 2010 | 2015 | 2020 | 2022 | 2023 | 2024 | Growth (2010 - 2024) | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | # | % |
| A - Agriculture, Forestry and Fishing | 3 | 6 | 21 | 27 | 48 | 42 | + 39 | + 1300% |
| B - Mining | 0 | 0 | 0 | 0 | 0 | 0 | – | – |
| C - Manufacturing | 27 | 30 | 36 | 39 | 36 | 33 | + 6 | + 22% |
| D - Electricity, Gas, Water and Waste Services | 0 | 0 | 0 | 0 | 0 | 0 | – | – |
| E - Construction | 30 | 30 | 66 | 70 | 76 | 67 | + 37 | + 123% |
| F - Wholesale Trade | 60 | 36 | 36 | 12 | 18 | 18 | - 42 | - 70% |
| G - Retail Trade | 270 | 232 | 260 | 239 | 379 | 400 | + 130 | + 48% |
| H - Accommodation and Food Services | 250 | 224 | 231 | 265 | 333 | 359 | + 109 | + 44% |
| I - Transport, Postal and Warehousing | 70 | 89 | 71 | 3 | 3 | 0 | - 70 | - 100% |
| J - Information Media and Telecommunications | 29 | 30 | 18 | 24 | 21 | 15 | - 14 | - 48% |
| K - Financial and Insurance Services | 90 | 57 | 68 | 70 | 59 | 59 | - 31 | - 34% |
| L - Rental, Hiring and Real Estate Services | 18 | 21 | 12 | 12 | 18 | 18 | – | – |
| M - Professional, Scientific and Technical Services | 111 | 112 | 106 | 99 | 114 | 107 | - 4 | - 4% |
| N - Administrative and Support Services | 12 | 43 | 33 | 21 | 27 | 15 | + 3 | + 25% |
| O - Public Administration and Safety | 168 | 208 | 321 | 295 | 367 | 228 | + 60 | + 36% |
| P - Education and Training | 30 | 21 | 15 | 18 | 36 | 46 | + 16 | + 53% |
| Q - Health Care and Social Assistance | 84 | 79 | 234 | 261 | 234 | 198 | + 114 | + 136% |
| R - Arts and Recreation Services | 36 | 12 | 71 | 116 | 125 | 129 | + 93 | + 258% |
| S - Other Services | 42 | 54 | 54 | 57 | 88 | 87 | + 45 | + 107% |
| **Total All Industries** | 1,330 | 1,284 | 1,653 | 1,628 | 1,982 | 1,821 | + 491 | + 37% |

*Source: Property Economics, StatsNZ*

Overall, the Te Awamutu Town Centre has a diverse and healthy range of employment that supports its role and function as the economic hub of the district. Over the past fourteen years there has been a 37% increase in employment within the identified Town Centre area, equating to a total of 491 new employees net over this period.

Notably, between February 2022 and February 2023 employment within the identified Town Centre increased by over 20% in a single year. This was primarily driven by the Retail sectors with employment growth of over 58% in the Retail Trade Sector (G) and 26% in the

Accommodation and Food Services sector (H). It should be noted that, as is evidenced in the preceding centre audit, Te Awamutu has a significantly larger Food Services sector than the Accommodation sector. This means that most of the employment in the Accommodation and Food Services Sector (H) represents local cafes, takeaways and restaurants.

Between 2023 and 2024 employment within the Town Centre decreased. However, this drop primarily occurred within the Public Administration and Safety and the Health care and Social Assistance sectors. Both the Retail Trade and Accommodation and Food Services sectors continued to increase across 2023 with a total of 759 employees in this sector. This represents growth of over 45% within these two sectors since 2010.

Although it may be assumed that this recent surge is a rebound following the COVID-19 pandemic, employment exceeds the employment levels in February 2020 (i.e. just before COVID-19). Consequently, to understand these trends it is necessary to consider the Retail Trade market across the wider Te Awamutu township.

Although not shown in Table 2, StatsNZ employment counts show that across the Te Awamutu township, employment in the Retail Trade sector has steadily grown over the past fourteen years and that this surge over the past two years is unique to the Town Centre. The Retail Trade sector in Te Awamutu as a whole grew by only 32 employees between 2022-23, compared to the 161-employee increase in the Town Centre. This indicates that the majority of this growth represents a shift into the core of the Town Centre strengthening the centre's offer and retail base.

It should also be noted that prior to this, the vast majority (92%) of employment growth in the Retail Trade sector over the past fourteen years has occurred in the LFR Centre. Specifically, the retail trade sector grew by 170 employees when the LFR Centre first opened in 2011, and this centre has steadily grown to a total of 293 employees as at 2023.

This is not necessarily indicative of a poor Town Centre environment, but simply the reality that the Large Format Retail Centre is a new commercial zone that was intended to accommodate retail growth. In comparison, the existing Town Centre core is largely built up, and as the retail audit shows, has an average and healthy vacancy rate.

Outside of the retail sectors, the commercial office sectors such as the Professional, Scientific and Technical Services sector and Financial and Insurance Services have both experienced a slight decline. Conversely, there has been considerable growth (on a proportional basis) of the Arts and Recreational services, the Health Care and Social Assistance sector as well as Other Services (which includes categories such as Hairdressing and Beauty Services).

## 6. BDCA 2023 MODELLING OUTCOMES

The Business Development Capacity Assessment 2023 was published by Future Proof Partners. This report examines the projected growth within Retail, Commercial and Industrial land and the relative sufficiency of supply.

Within the Te Awamutu-Kihikihi townships, the report projected growth over the Long Term of:

- 42,122sqm of Commercial Space Demand
- 16,653sqm of Retail Space Demand.

These Floorspace projections were then compared to the assessed business capacity. As discussed in the Population Growth section, current Population Estimates suggest Te Awamutu is growing faster than the projections utilised in the Future Proof BDCA document. Given the level of greenfield capacity that is identified for Te Awamutu, Property Economics considers there is the potential for Te Awamutu to continue along StatsNZ's high growth scenario.

The implications of this is that the projected retail floorspace demand in Future Proof is likely to be conservative and underestimated. This is particularly true of Retail Demand, as population growth is a significant driver of retail demand.

Table 3 below shows the summary provided in the BDCA of Retail Space Demand. This shows demand (including competitiveness margin) for the Te Awamutu-Kihikihi area against the assessed level of Floorspace Capacity within the existing zoned area.

**TABLE 3: BDCA 2023 MODELLING OUTCOMES RETAIL DEMAND WAIPA**

| Te Awamutu - Kihikihi | Demand including Margin | | | Floorspace Capacity |
|---|---|---|---|---|
| | Short Term | Medium Term | Long Term | |
| **Retail** | 1,916 | 6,335 | 19,151 | 33,439 |
| **Commercial** | 4,266 | 13,771 | 48,440 | 127,871 |

*Source: Market Economics Consulting*

The primary issue is that no assessment appears to have been undertaken on the specific demand for Large Format Retail (LFR) or the extent to which this land use can be accommodated within the existing zoned business land. While there may have been a general consideration of business land capacity, it is unclear whether this includes an analysis of the specific locational and site requirements that are unique to LFR formats.

This is relevant when considering the requirements of NPS-UD clause 3.29(1), which makes it clear that development capacity for business land must be suitable for the needs of different business sectors. This includes ensuring that the capacity is not just theoretical, but practically usable in terms of both location and site size.

It is also unclear whether or not the assessment accounts for planning constraints such as gross floor area caps in relevant precincts, including those that apply to the Te Awamutu LFR centre.

When Property Economics recently reviewed Market Economics' Business Capacity Assessment for Sylvia Park in Auckland during Auckland Council's PC78 hearings, the evidence presented by Market Economics made it clear that the specific precinct rules had not been assessed. Consequently, Property Economics is concerned that this 33,439sqm of existing capacity has not taken into account the floorspace cap on the Te Awamutu LFR Centre land and therefore may overstate the actual capacity available. .

# 7. TRADE COMPETITION AND RETAIL DISTRIBUTION EFFECTS

An important consideration in the development of the proposed M10M Te Awamutu and change to the Large Format Centre Concept Plan is whether it has the propensity to create significant adverse retail distribution effects on the exiting centre network, i.e. those effects beyond trade competition effects, which a consent authority must not have regard to under the RMA.

To assist in understanding differences between trade and retail activity effects, and the general ability of trade and building activity to generate consequential economic impacts under the RMA, there is first a need to differentiate between trade competition effects and flow-on retail distribution effects.

Trade competition effects (in a generalised retail sense) are the retail trade impacts of retail activity on other similar or 'like' retail activity. It basically reflects a direct cause / effect relationship as a result of a simple repatriation of retail sales among retailer operators. In essence, it represents a redistribution of retail sales as opposed to a loss to the community brought about by the relocation of those sales.

By themselves, trade competition effects must not be relied upon by a consent authority when considering a retail application under the RMA, unless they are of a level that generates significant adverse flow-on retail distribution effects on the existing centre network of the area. It is within this broader context that the relative merits of this resource consent, in terms of retail impacts, needs be considered under the RMA.

Retail distribution effects are generated as the result of consequential trade competition effects. These effects can range across the spectrum (positive and negative) depending on the level of effects generated, which is heavily dependent on the scale, type and location of the proposed retail activity, among other attributes. Where the patterns of performance, amenity and commercial activity within an existing centre (or associated flow-on benefits from retail activity within that location) would not change significantly within a locality, then the retail distribution effects are not considered to be significant in a RMA context.

Put another way, retail distribution effects would occur where a new business (or cluster of businesses) affects an existing centre to such a degree that it would erode a centre's viability, causing a decline in its function and amenity, and disenabling the people and communities who rely upon those existing (declining) centres for their social and economic wellbeing.

## 7.1. CHANGING FACE OF BUILDING SUPPLY STORES

In recent years hardware, building supply and home improvement stores have changed in terms of the goods and services they offer and their functional role in their respective market.

The way that these goods and services are delivered to the market is changing, and therefore, so are the locational attributes required to service the market efficiently and effectively.

Under many 1st generation district plans, hardware stores and more traditional 'town centre' retail activity were all categorised as retail stores, primarily because they had similar locational requirements at that time, sought 'centre' locations, and focused on direct retail sales to the general public. However, the traditional hardware stores have evolved and grown in size over the last 10-15 years to 'mega' stores (in a NZ retail context) as a result of broadening their product range and refocusing their attention on the trade and building supply market. This has led to their store footprint requirements increasing by 5-10 times compared to the older stand-alone hardware store (e.g. Hammer Hardware), resulting in them no longer being able to easily '*fit into'* a centre environment (either spatially, or by comparison to other types of retail within that environment).

Hardware and building supply stores, like Mitre 10 Mega, no longer compete directly with retail stores, but increasingly with traditional trade and construction business activities that were or are generally sited in industrial locations (e.g. ITM, Carters, Plumbing World, Resene Paints, Cory's Electrical, etc.). As a result, trade competition effects have begun to fall into the category of trade sector activity as opposed to retail activity.

Hardware and building supply stores generate sales from both the general public (predominantly sourced through DIY sales) and trade-based sales. Trade-based activity (or business-to-business transactions) includes activities that place a heavy reliance on the 'trade market' (such as builders, contractors, sub-contractors, construction companies, project managers and developers) to purchase their products and less on the general public as a proportion of total store sales.

Trade activity types would include stores such as plumbing stores, electrical stores, building supply and home improvement stores, bathroom and kitchen showrooms, tile warehouses, carpet showrooms and paint outlets. As is highlighted to also be true in the Te Awamutu market, these activities are not 'typical' town centre / main street store types in today's retail environment. As such, the Te Awamutu Town Centre does not rely on these store types to remain viable / vibrant centres.

## 7.2. RETAIL IMPACTS

As previously discussed, there is little to no propensity for the larger Mitre 10 MEGA store to have adverse retail impacts on the local commercial network. Rather than leaving the LFR Centre, Mitre 10's proposal to rezone the adjoining site means the new store will support the role and function of the existing centre rather than compete with it.

Furthermore, Mitre 10's competitors are predominantly located outside of the Te Awamutu Town Centre retail core (Pedestrian Frontage) and therefore the new Mitre 10 store will not undermine the role and function of the Town Centre.

As previously outlined, the district plan conditions allow for backfilling the existing Mitre 10 Store and constructing an additional 650sqm of Supermarket floorspace as well as almost 800sqm of other retail potential. The realisation of this retail potential will compete with the existing retailers within the Te Awamutu Town Centre and the Te Awamutu LFR Centre.

Nevertheless, the Proposed Plan Change only increases the total (non-building supplies) retail potential by 1,900sqm. Having visited and assessed the Town Centre and considered the relative future roles of the respective centres, Property Economics is of the view that this addition will not undermine the function or role of the Te Awamutu Town Centre, particularly in a market experiencing solid growth. Any additional loss in sales or foot traffic is expected to reflect normal trade competition rather than generate adverse retail distribution effects.

The Te Awamutu Large Scale Retail Development Concept Plan, including the limits on total floorspace, was developed back in 2010. Since then, the population of the identified local catchment has grown by over 27%, or over 6,000 residents. Now that the LFR Centre is close to reaching its maximum permitted floorspace, it is Property Economics' view that an expansion is now appropriate and necessary to accommodate Te Awamutu's commercial growth.

As outlined by the BDCA, Te Awamutu has considerable demand for additional retail floorspace that will be required to support its growing population. Although this assessment suggested there was more than sufficient capacity within the existing floorspace potential, the assessment did not consider the specific needs of Large Format Retail. Furthermore, the current population growth trajectory suggests that Council's commercial demand figures may in fact fall short of actual demand.

Much of the core area within the existing Te Awamutu Town Centre is already developed, meaning that accommodating additional LFR would likely require the amalgamation and redevelopment of multiple sites. In contrast, the existing Te Awamutu LFR Centre provides a more practical and efficient location to meet ongoing demand for LFR activities given its existing role and function in the market.

Over the last decade, the LFR Centre has expanded its retail offering. Although this may have limited the Town Centre's ability to accommodate similar offerings, it has not come at a material loss to its amenity and vibrancy. Having visited the centre, Property Economics considers that the council can allow some additional retail activities to locate in efficient locations outside of the town centre (i.e. the existing LFR Centre) without compromising its primary centre.

Essentially, the intention behind the proposed Mitre 10 is not to establish a new commercial centre within the township that competes with the Town Centre. The existing M10M has been an essential element of the LFR Centre, contributing to the existing commercial environment. Consequently, the proposed expansion would enhance the role and function of the existing LFR Centre, enabling it to better cater to the increasing local demand.

Secondly, the proposal to backfill the existing Mitre 10 store with Large Format Retailers and slightly extend the total permitted floorspace would enable the centre to attract new LFR retailers to the local Te Awamutu economy and increase local spend retention. Although Te Awamutu has a sizable and attractive town centre, it cannot compete with the larger retail destinations in Hamilton. Consequently, Te Awamutu would undoubtedly be losing a considerable portion of its retail spend to these larger centres. The addition of new Large Format Retailers will help the continued growth of Te Awamutu's local retail offer and improve spend retention.

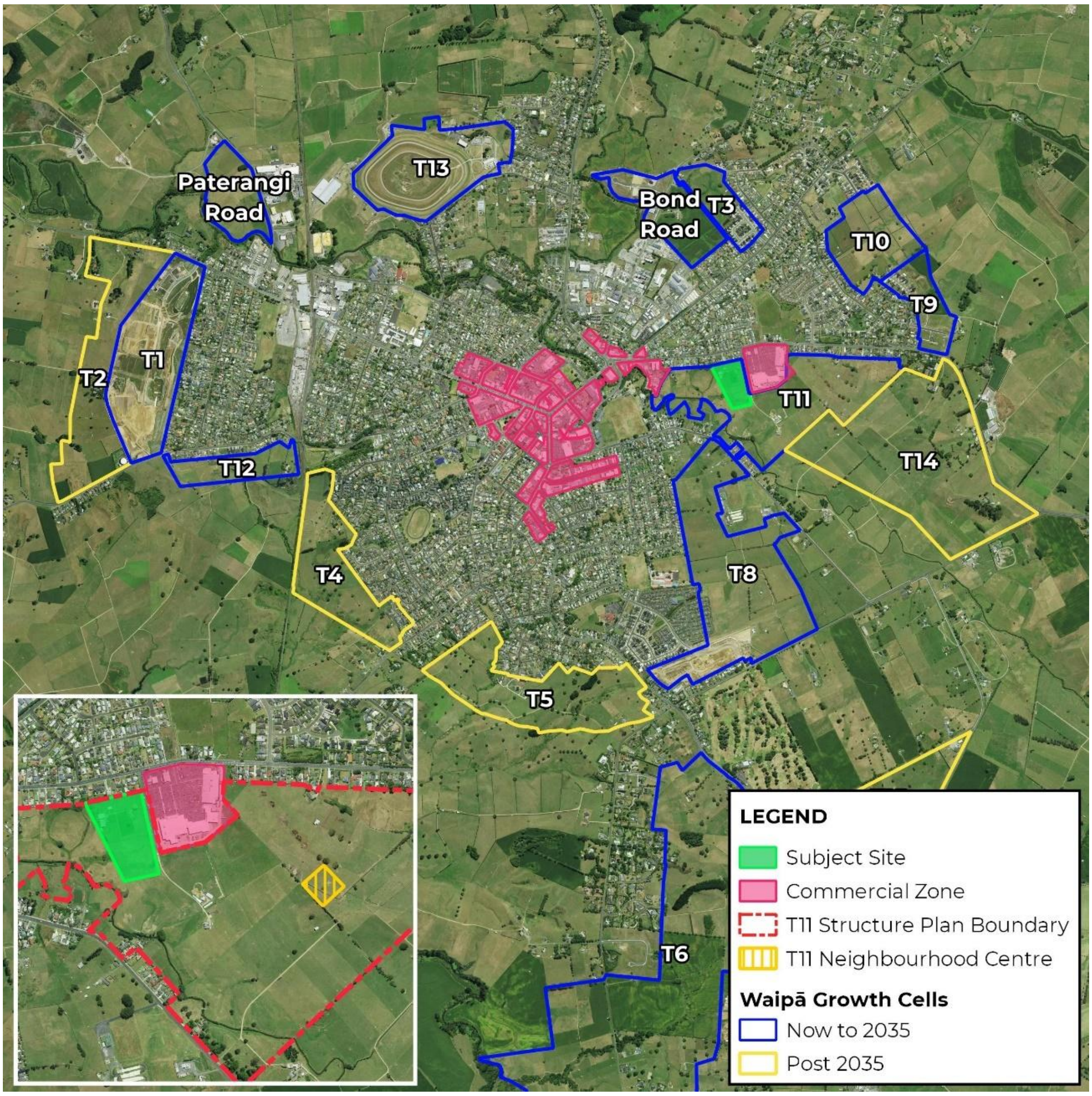
Therefore, the proposal will not simply result in the LFR Centre redirecting spend from the Te Awamutu Town Centre, but rather increasing its propensity to capture spend that may have otherwise been lost to Hamilton.

## 8. ECONOMIC IMPACT ON GROWTH CELLS

In addition to the existing urban environments, the Waipā 2050 District Growth Strategy (**Waipā 2050**) and the WDP have identified several residential growth cells surrounding Te Awamutu Township. Figure 5 below illustrates the subject site within the context of the various Te Awamutu Growth Cell.

According to the WDP, pre-2035 Growth Cells have been zoned based on their intended future land use. Most post-2035 Growth Cells have been placed within a Deferred Zone in the WDP to indicate their intended future land use and to ensure that current developments do not compromise their future uses.

**FIGURE 5: SUBJECT SITE AND TE AWAMUTU GROWTH CELLS**




*Source: Waipā District Council, Google Maps*

Given the above context, the following analysis provides a high-level overview of the likely economic impact of the proposed development on Te Awamutu's identified Growth Cells and their anticipated future commercial establishments within the framework of the RMA.

The subject site is located within the identified T11 Growth Cell. As indicated in Figure 5, there is an expected small commercial centre within the T11 Structure Plan area, located around 460 metres east of the subject site in a more internalised location within the Structure Plan Area. According to the T11 Structure Plan[2], this future T11 commercial centre will function as a "Neighbourhood Centre" and incorporate "*local service functions and small-scale retail activities that could be supported by a small community centre space and related social infrastructure, aimed at attracting residents to the centre*"[3].

Given this anticipated convenience role and function and location, it can be expected that the new T11 commercial centre will primarily service the immediate surrounding residential base. This is intrinsically different from the proposed development, which, being a large-scale hardware store, would serve a broader catchment area of the entire township and rural surrounds, attracting customers who seek a wide variety of products, specialised items, and bulk purchasing options. M10M stores often become sub-regional destinations, drawing custom from well beyond the immediate neighbourhood.

In addition, the Te Awamutu Large Format Retail Centre is limited to four individual retail tenancies of less than 400sqm and two restaurants or cafes within both the Operative Plan and the proposal. The remaining tenancies are required to be Large Format (i.e. larger than 400sqm), an activity which is often restricted within Neighbourhood Centres. Consequently, a neighbourhood centre will still be required within T11 to service the social and daily retail needs of the local neighbourhood.

From an economic perspective, the expansion of the M10M store at the subject location can be expected to have an economically positive impact on the wider Te Awamutu Growth Cell environments. The proposed development will better accommodate the increasing demand of local communities with increased floor space, a broader range of offerings, increased employment opportunities, and improved serviceability, given its relatively central location in the wider Te Awamutu eastern urban and greenfield areas.

According to the WDP, the surrounding growth cells, including T11, T14, T9, T10, and T3, are anticipated to deliver a total residential capacity of approximately 2,400 dwellings once fully developed, as per Waipā 2050 and the WDP. The proposed development, which seeks to relocate and expand the existing M10M store, is therefore well-positioned to meet the

[2] *Appendix S25 – Te Awamutu T11 Growth Cell Structure Plan (NEW) – Decisions Version*

[3] *Appendix S25.8.2*

increasing demand of these growing communities. The proposed M10M would also have a high level of accessibility to the growth cells / future market given their close proximity, and enable a higher level of walkability for many new and existing residents, particularly the T11 Growth Cell.

Given the above economic considerations, it is the view of Property Economics that the proposed development would not undermine the identified Te Awamutu Growth Cells or any of their proposed commercial offerings, including the expected T11 Neighbourhood Centre, as a result of playing a different role and function in the market. Instead, the proposed development would positively contribute to the development of these growth cells by providing the required amenities and services and improving the liveability of the localities and products to assist with the development of the growth cells.

## 9. ECONOMIC COST / BENEFIT ANALYSIS

The proposal has the potential to result in a variety of economic costs and benefits on the local and wider community. Establishing the degree of these economic costs and benefits and the extent to which they affect the community is important in determining the overall impact of a potential development.

This section addresses economic costs and benefits associated with the proposed development and establishes whether a net economic benefit or cost is likely to result on the local and wider community.

A summary of the primary economic benefits associated with the development include:

- Increased Retail Offer

The relocation of Mitre 10 will 'free up' commercially zoned space for alternative retail development in the Te Awamutu Large Format Retail Centre. The primary purpose of this zone is to enable large-format retail activities where space for such activities is not otherwise available in main retail strip of the Town Centre. The result is a greater commercial offering that will improve Te Awamutu's spend retention.

Furthermore, the new Mitre 10 store will also offer additional retail amenities and improve accessibility to hardware and materials. This will assist local construction sector in delivering the homes and infrastructure needed to support growth in Te Awamutu and the surrounding area.

- Efficient Location for Commercial Growth

Mitre 10's proposal to expand the existing Large Format Retail Centre represents a more efficient outcome than the alternative of waiting until the adjacent currently vacant residential land is developed. Once this occurs, new commercial zoned land would have to be located elsewhere in the township, to the detriment of Te Awamutu's commercial network. Mitre 10's proposal ensures the Large Format Retailers benefit from co-locating in a single centre.

Furthermore, the proposed Mitre 10 is likely to be accessed by a range of vehicles including trucks, trailers and four-wheel drives that carry building and home materials away from the store. As well as improving its accessibility, the new location has the benefit of keeping this increased level of trade activity away from the pedestrian-focused Town Centre.

- Increased Economic Activity / Local Employment

Construction of the proposed Mitre 10, which is double the size of the current M10M within the LFR Centre, has the potential to generate increased employment opportunities over the short term for local workers, providing a small boost to the local economy. Meanwhile, the proposed expansion has the potential to require additional workforce to manage the larger space, leading to ongoing job creation within the local community. The increased employment base as a result of the development will be a net gain for the local economy and stimulate further vitality, growth and amenity improvements for the local area.

- Greater Business Agglomeration Effects

The proposed expansion of the Mitre 10 store would contribute to greater business agglomeration effects as a larger store footprint has greater potential to create a hub for home improvement-related activities, fostering synergies and collaboration among businesses. The future concentration of complementary services, such as contractors, decorators, and home improvement professionals, forms a business ecosystem that benefits from shared resources, customer traffic, and collaborative opportunities. The resulting agglomeration enhances the overall business environment, encouraging further economic growth, innovation, and competitiveness within the Te Awamutu local community.

- Enhanced Community Shopping Experience

The expanded Mitre 10 has the potential to enhance the community shopping experience by offering a more extensive product selection and improved amenities. With a larger footprint, the store can create a more welcoming and well-organised space, providing communities or customers with a pleasant and convenient shopping environment. The increased variety of products caters to diverse community demands, making it an attractive destination for home supplies.

A summary of the primary <u>economic costs</u> associated with the development include:

- Minor Reduction in Residential Capacity

With the land currently being zoned residential, a consideration of the proposed rezoning is the minor loss of residential capacity within the wider district.

According to the updated 2023 Housing Capacity Assessment[4] for the Waipā District (**HBA 2023**), there is more than sufficient residential capacity to meet the projected demand under the University of Waikato high series projection. However, if Te Awamutu's growth continues to exceed this projection as it has done for the past five years (Figure 3) then it is likely that additional greenfield land will be required to support this growth. In the meanwhile, under this continued high growth scenario, additional land will also be required to accommodate commercial land uses. This is to say that if additional residential land is required as a result of the proposed plan change, it is likely that additional greenfield land would have been required anyway. Hence the proposal does not necessarily represent an additional land burden on Te Awamutu's growth and infrastructure requirements.

Considering the subject site's limited size of only 4.4ha, a high-level estimate suggests that the site's total capacity would be circa 50 dwellings at full capacity. This estimate is based on a 40% infrastructure assumption and a ratio of 500sqm per dwelling under the Residential zoning. This estimated capacity is minor when compared with Te Awamutu's updated 2023 commercially feasible capacity under the MDRS intensification scenario. The updated capacity modelling indicates around 400 dwellings in the short term, 3,500 dwellings in the medium term, and 7,500 dwellings in the long term. Consequently, the minor reduction of 4.4ha in residential provision is not expected to have any significant impact on the overall residential capacity in the broader district and the Te Awamutu local residential market.

The benefit of zoning this land now is that it is directly adjoining an existing centre. This is significantly more efficient than adding a 4ha site on the edge of town once the residential land around the LFR Centre is fully developed.

Given these economic considerations, Property Economics contends that a minor reduction in residential provision would not significantly compromise the overall efficiency of the proposed Mitre 10 development from an economic perspective.

- Risk of Potential Relocation from Te Awamutu Town Centre

Since Department Stores are a Non-Complying Activity in the Large Format Retail Zone, the proposal to backfill the existing Mitre 10 store and increase the commercial floorspace potential cannot result in the relocation of The Warehouse from the Te Awamutu Town Centre without further discretion and assessment from the Council.

[4] *Residential Capacity Modelling – Medium Density Residential Standards and Qualifying Matters: Waipā District, Market Economics, 6 March 2023*

That being said, there is the possibility that Noel Leeming, for example, may choose to leave its store in the centre if the LFR Centre offers an opportunity to expand, something that would not be possible in their current location. Although this may result in a short-term loss to the Town Centre, Property Economics believes there is sufficient demand in the market that it is unlikely to result in a long-term vacancy.

- Retail Impacts on the Te Awamutu Town Centre

The proposed development includes the expansion of the existing Mitre 10 MEGA, backfilling the existing store with other commercial activity, and a small additional increase in the permitted floorspace. These additional retail opportunities in the LFR Centre will compete with the Te Awamutu Town Centre and potentially reduce visitor numbers to the Town Centre.

However, as discussed, Property Economics do not consider the retail impacts over and above the consented baseline will have a consequential effect beyond that of trade competition.

The anticipated robust growth of the market indicates that the retail impacts on the Town Centre would likely be swiftly balanced by market demand expansion. Furthermore, shoppers at the LFR Centre will still be required to shop at the Town Centre. They are not mutually exclusive.

Given the above overview of the economic costs and benefits, Property Economics are of the opinion that the proposed development will result in a net economic benefit and a positive economic impact on the Te Awamutu local market, surrounding community, and the overall performance of the LFR Centre.

## 10. SUMMARY

In summary, taking into consideration the role and function of existing commercial centres, the scale, location and markets of existing building and hardware supply stores and the strong market growth in Te Awamutu, the proposed development would not have the potential to generate any significant adverse retail distribution effects on surrounding centres over and above the permitted baseline. Any additional effects generated by the proposed development are considered likely to be trade competition-based, disbursed over a range of non-centre locations and offset by strong market growth.

The existing Te Awamutu Town Centre will continue to operate effectively and fulfil its intended role, given the planning restrictions that limit the range of activities permitted within the LFR Centre. These provisions help safeguard the primacy of the Town Centre by ensuring that more diverse and pedestrian-oriented retail and commercial functions remain concentrated within the core area.

From an economic perspective, the development potential of the anticipated new Neighbourhood Centre within the T11 Structure Plan area would not be adversely affected by the proposed development and the backfilling of the existing store, given their different range of products, size of catchment, and intrinsically different roles and functions.

In Property Economics' view, the subject site's strategic location in the relatively central part of Te Awamutu's eastern urban environments and identified Growth Cells will enhance the level of accessibility to both existing and future Te Awamutu communities. This will positively contribute to the liveability of the surrounding growth cells and greenfield development areas, rather than undermining their development potential.

Overall, the proposed development carries a host of strong economic benefits. The relocation of Mitre 10 would further improve the availability of retail land within Te Awamutu and by relocating to a larger and more accessible store improve Te Awamutu's retail amenity and retail offer.

As such, Property Economics supports the proposed Plan Change, including both the development of the new Mitre 10 and the changes to the floorspace limits in the district plan for the LFR Centre from an economic perspective, in the context of the RMA and WDP.

## APPENDIX 1: MITRE 10 MEGA TE AWAMUTU CONCEPT PLAN