



Proposed District Plan Economic Assessment

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Invercargill City Council

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Report author(s): Derek Foy

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Executive Summary

Background

Invercargill City Council is currently preparing its next generation District Plan to replace the Operative District Plan. A key issue identified in submissions to the Proposed District Plan (PDP) relates to changes to some of the City's business and industrial zones, and in particular as those changes relate to ICC's desire to manage the future effects on the Invercargill City Centre and suburban shopping centres.

To manage these effects the PDP would, in broad terms, apply more restrictive rules about where in Invercargill some activities can locate than exist in the Operative Plan (ODP). The ODP has a relatively permissive approach to retail and commercial development in some non-CBD zones, especially the 'Enterprise Sub-Area' zone. The underlying objectives of this change are to ensure that the CBD maintains its primacy as a shopping and commercial destination within Invercargill, and the vitality and vibrancy of suburban centres is maintained, by restricting the amount of retail and commercial development that can locate in places in other areas.

Market Growth

Invercargill is projected to experience relatively slow growth over the next two decades, with the current population expected to increase by just 4.5% out to 2031. That equates to average annual growth of less than 100 people, including a projected post-2031 population decline. Household growth will be somewhat faster, at 14% out to 2036, given the projected declining average household size. The growth in demand for all retail goods and services is projected to be similarly modest (+20% out to 2036), given the dominance of household demand in the retail market.

There is currently an estimated 150,000m² of retail and commercial gross floor area (GFA) in the Invercargill CBD, 54% of Invercargill total. That is expected to increase to nearly 180,000m² to support the demands of market growth, assuming no structural change in where within Invercargill demand is served. Total City floorspace growth over the same time would equate to 52,000m².

Zoning Change Scenarios

To assess the appropriateness of the zoning changes proposed by submitters and compare those against the PDP and ODP, we have modelled the expected distribution of retail and commercial activity within Invercargill under several scenarios for the areas (the Showgrounds, Dee St and Clyde St) which have been the subject of submissions. The change to that distribution is a proxy for changes in the vitality and vibrancy in each location, and CBD primacy. The relativity of changes under each scenario is important to establish which scenario is the most appropriate to meet the objectives of the PDP.

The assessment indicates that total retail GFA in the Showgrounds would increase by 14,100-16,100m² under the more permissive zoning types (Business 3, Business 6 or Enterprise), or some 2,400m² under an Industrial 1 zoning, and office GFA would increase by less than 1,000m². Retail GFA in the Dee St B3 zone would increase by much less (500-2,400m²) while in the Clyde St B3 zone the increase would be less still. Office growth in both the Dee St and Clyde St zones would be expected to increase by less than 1,000m².

In total under the assumptions applied, the least permissive zoning for these three areas (Scenario 8, PDP) would result in some 5,700m² being repurposed from existing uses to retail or office space, and under the most permissive (Scenario 1, ODP) this figure would be nearly 28,000m². Assuming the new space developed does not stimulate any new growth, but merely results in a redistribution of existing activity, that amount of floorspace would be diverted away from existing business areas, predominantly the CBD.

Effects of Zoning Changes: No Market Growth Stimulated

Assuming the new space developed does not increase the size of the Invercargill market, the scenarios would result in a decrease in occupied space in the CBD of 23-27% under the more permissive scenarios, 9% under scenario 2 and 4% under scenario 8 (PDP). The impact on CBD office space would be much lower in percentage terms, at 9-11% under the more permissive scenarios and 4-6% under other scenarios.

Impacts on Invercargill's suburban shopping centres would be lower than on the CBD, at 12-15% (more permissive), 5% under scenario 2, 6% under scenario 9 and 2% under scenario 8. The CBD would be expected to experience larger impacts as it has a higher proportion of retail activities that would more directly compete with new space in new developments. Impacts on office space in the suburban centres is expected to be very small.

The scenarios with the largest impacts would represent significant effects on retail activity in the CBD, and indicate that the permissiveness of the more laissez faire zoning combinations would potentially result in a large amount of retail space developing outside the CBD and existing suburban centres. The consequence of that would be a decrease in the primacy of the CBD, and the depth and breadth of the retail offered in the CBD and suburban centres. Population growth would do little to mitigate those impacts.

Another way of expressing those impacts is to examine the share of Invercargill GFA in each centre. Currently 52% of Invercargill retail space is in the CBD, but this would decrease under a more laissez faire zoning than is proposed in the PDP. The CBD's share of future retail space would fall to under 40% under some scenarios, and 40-50% under others – a significant erosion of the primacy of the CBD, except for scenarios 2, 8 and 9 which represent smaller declines. Similar patterns apply to the distribution of office space.

Effects of Zoning Changes: Some Market Growth Stimulated

There is likely to be some increase in the size of the market due to the point of differentiation able to be offered in new developments, especially in the greenfields Showgrounds area, and

that larger market size would mitigate the adverse effects on the CBD and suburban centres to some extent.

There is significant uncertainty as to the magnitude of this effect, so we have modelled different market size assumptions, however the important consideration for this assessment is the relativity of the scenarios. That relativity shows that the PDP zoning (Scenario 8) would have the lowest impacts irrespective of how much market growth is stimulated, while maintaining the existing Enterprise zoning would have the largest impacts.

Similar observations can be made regarding the distribution of floorspace within Invercargill. The more laissez faire zoning scenarios would result in a more significant erosion of the CBD's primacy, both for retail and office floorspace. The scenario that would result in the largest proportion of retail and office activity in the CBD is scenario 8, which is the zonings proposed in the PDP.

Other Costs and Benefits

The RMA requires consideration of benefits and costs for this type of assessment so as to take into account the potential effects of alternatives. Many costs and benefits will arise indirectly, be widely dispersed, and be difficult to quantify. The extent to each alternative contributes to net benefits or costs depends on how much economic growth each might stimulate, where activity might be located, and the implications for the community in providing for their needs.

Potential net costs of the zoning changes include: decreases in employment, GDP, wages and investment in areas impacted by zoning changes; reduced accessibility to goods and services; consequent reduced amenity; an opportunity cost of non-industrial activities occupying industrial land.

The net benefits in areas subject to zoning changes include: increase in employment, GDP, wages; increased private investment; increased range and choice of goods and services. Net benefits for the wider Invercargill community include: potential increased public investment in existing areas (e.g. CBD) to counter adverse effects; new businesses establishing in the City and improved access to some goods and services.

We have not attempted to measure these costs and benefits, however in most instances a net cost somewhere in Invercargill (decreased accessibility to goods in the CBD) is likely to be balanced by a net benefit somewhere else in Invercargill (increased accessibility to goods in the Showgrounds). Most of the net benefits and costs will be small in terms of their effect on economic and social wellbeing in Invercargill, and will be similar across all scenarios. However, at a location-specific level (e.g. in the CBD) the costs and benefits would be less likely to balance out, resulting from a change in the distribution of business in Invercargill.

Overall the objectives of the PDP will be influenced to a much greater degree by the potential retail and office distributional effects of zoning changes than by other costs and benefits, so these other costs and benefits, are much less important in assessing the degree to which each scenario will meet the objectives of the PDP.

Conclusions

The objectives of the PDP are appropriate to meet the overarching purpose of the Resource Management Act (RMA), and the rules and policies of the PDP are the most appropriate rules and policies to meet the objectives of the PDP.

1 Introduction

Market Economics Ltd (M.E) has been commissioned by Invercargill City Council (ICC) to provide an economic assessment of the effects of the Proposed Invercargill City District Plan (PDP).

1.1 Background

ICC has previously published its Spatial Plan “The Big Picture” (2012). That Plan introduced a hierarchy of “Community Nodes and Community Precincts” to form the base structure to be applied in managing the structure of the Invercargill urban area. That structure was arrived at through a consultative process, and reflects Council’s and the community’s vision of Invercargill, and how it might be encouraged to develop and redevelop.

ICC is currently involved in the preparation of its next generation District Plan, the PDP, which will implement the hierarchy established in the Spatial Plan. The PDP will replace the Operative District Plan (ODP). One key issue that has been identified in the submissions process for the PDP is the proposed changes to some of the City’s business and industrial zones, and in particular as those changes relate to ICC’s desire to manage the future effects on the Invercargill City Centre (‘CBD’) and suburban shopping centres to best meet the requirements of Part 2 of the RMA.

To manage these effects the PDP would, in broad terms, apply somewhat more restrictive rules about where in Invercargill some activities can locate than exist in the ODP. The ODP has a relatively permissive approach to retail and commercial development in some non-CBD zones, especially the ‘Enterprise Sub-Area’ zone. The underlying objectives of this change are to ensure that the CBD maintains its primacy as a shopping and commercial destination within Invercargill, and the vitality and vibrancy of suburban centres is maintained, by restricting the amount of retail and commercial development that can locate in places in other areas.

The scope of this assessment has been shaped by the submissions made, the key themes of which include:

- Economic growth: The importance of permitting economic growth and providing opportunity for new businesses to enter the Invercargill market.
- Existing uses and property rights: Some submitters are concerned that the PDP fails to recognise the range of existing activities in the Enterprise zone, especially in the Showgrounds area, and that proposed zoning changes in the Showgrounds area will adversely affect existing property rights by reducing the types of permitted activities in some areas. Opposing views suggest that the existence of certain consented activities in areas is not justification for allowing further developments, which may be to the detriment of the CBD.
- Changes in zoning of Showgrounds land: Some submissions tend to favour retaining the current Enterprise zoning, or creating a new Business 6 zoning which would be

similar in scope to the Enterprise zoning. Opposing submissions oppose retention of the Enterprise Sub-Area or creating a Business 6 zone and state that many businesses locating in that area now are more suited to a CBD or fringe CBD location.

- CBD capacity: Some submissions suggest that the Showgrounds area provides for businesses that would have difficulties locating in the City centre (e.g. for reasons of tenancy size and car parking requirements, etc.), and that there are difficulties in expanding existing assets in the current zones due to land ownership fragmentation issues. Opposing submissions state that there is significant capacity for new development in and on the fringe of the CBD.
- Business 3 zoning: The proposed Business 3 zoning should not be unduly restrictive in terms of the types of commercial land use activities permitted.
- Activities in Industrial zones: Non-industrial activities, including retail, should be discouraged from locating in the Industrial zone. This will reduce reverse sensitivity issues in industrial zones and limit retail spread throughout Invercargill.

The key submissions are summarised in Appendix 1.

1.2 Objective and Scope

This report assesses the economic effects of certain zoning changes that would be created by the PDP. The scope of the assessment has been guided by the key issues identified during the submissions process to the PDP, as discussed above.

Those key issues focus on the proposed zoning change in three areas: the Showgrounds (west of the CBD) and the areas along Dee and Clyde Streets (north and south of the CBD) which are currently zoned Enterprise Sub-Area, and in which a broad range of retail and commercial activities are currently Permitted. The PDP would change:

- zoning for the Showgrounds to Industrial 1, and change the activity status of many retail and commercial activities in that area from Permitted to Discretionary, and;
- zoning along Dee and Clyde Streets to Business 3, which would result in slightly more restrictive rules about which retail and commercial activities are Permitted in the area.

Within this scope, the objective of this report is to answer two key questions:

- Are the objectives of the PDP appropriate to meet the overarching purpose of the Resource Management Act (RMA)?
- Are the rules and policies of the PDP appropriate to meet the objectives of the PDP?

Of particular interest is the degree to which the zoning provisions as notified would support the CBD, and in particular, whether those notified provisions would better satisfy the objectives of the District Plan than either the Operative provisions or the proposed alternatives put forward by submitters. The relativity of the economic outcomes under each

scenario (ODP vs PDP vs submitter proposed alternatives) is important in the RMA context, where the most appropriate option is to be preferred.

This assessment is not a full cost-benefit assessment taking into account all of the social and economic costs and benefits of each scenario, although these factors are addressed in qualitative terms in section 7.

2 Methodology

The key to assessing the economic effects of the proposed zone changes is understanding the current and future demand for and supply of retail and commercial space in Invercargill, and presenting different scenarios relating to where that demand might locate. Those scenarios will provide a basis for assessing the effects of the different zoning options on various locations in Invercargill:

- the relative economic effects of more or less restrictive retail and commercial rules in the Showgrounds;
- the consequent effect of those alternative (Showground) rules on the CBD;
- the effect of retaining the Enterprise Sub-Area on the CBD and broader City.

This section outlines the methodology used in this assessment, including assumptions, scenario definitions and data origins.

2.1 Population and Household Projections

ICC have provided to M.E the population projections used in their planning. Those projections are the Statistics NZ (SNZ) Medium growth scenario projections, published in October 2012. Recently (February 2015) Statistics NZ have published population projections that have been re-based to take into account the findings of the 2013 Census. We have used those 2015 projections as the basis for this assessment, as they are the most recent and up-to-date projections available. We describe below how those projections have been applied in this study.

SNZ periodically update their population and household projections, with updates for the two variables released at different times, and updates for different levels of geography released at still other times. For the purposes of this assessment we have:

- Taken the ICC-level population estimates and projections as to be those published by SNZ in February 2015 (2013-base).
- Applied the population per household estimates for each future year from the previous SNZ releases (pre-2013 Census) to the 2013-base population projections to get ICC-level 2013-base household projections.
- Spatially distributed (to meshblock level) the TA-level population and household projections in line with the distribution described in pre-2013 Census projections. 2013-base sub-TA level projections will not be available until late in 2015.

The household projections are used as the driver of the demand projections, as discussed below.

2.2 Employment Projections

Employment projections for this assessment have been sourced from M.E's Economic Futures Model (EFM, see Appendix 2). The employment projections are used as the core driver of future floorspace requirements in Invercargill. Projections in the model are presented for 48 economic sectors, and for every five years from 2016 to 2031. For the purposes of this assessment a 2036 projection has been extrapolated based on (EFM) modelled trends and population projections. The unit of employment used in this assessment is a Modified Employment Count (MEC), which counts all paid employees and all working proprietors, and is calculated using Statistics NZ Business Frame and Linked Employer-Employee Data (LEED).

2.3 Retail Demand Projections

Retail demand projections (in dollar terms) for this assessment have been sourced from M.E's Market Meter projections model (see Appendix 2), and are based on the household projections discussed above in section 2.1. Projections are made for 42 retail categories, which for the purposes of this assessment are grouped to storetypes, as follows:

- Food and Liquor: supermarkets, fresh produce, meat and fish, other food and liquor.
- Comparison Retail: apparel, furniture, appliances, sporting goods, department stores, jewellery, books, toys and games, second-hand stores, pharmacies, housewares.
- Hospitality: takeaways, cafes, restaurants, bars and clubs.
- Automotive: retailing of cars and other motor vehicles and parts, fuel and tyres.
- Other Retail: hardware, garden centres, marine equipment.

2.4 Floorspace Demand Projections

The retail demand projections (in dollar terms) and the employment projections have been converted into floorspace equivalents for this assessment. That process applies regional floorspace productivity factors (as described in Appendix 2) to the estimates of economic growth (employment per section 2.2, and retail per section 2.3) generated within Invercargill to quantify the total sustainable floorspace the future population of Invercargill will support.

For this assessment we present floorspace projections grouped to aggregate sectors. These groupings are:

- Core retail and services: All household services, hospitality (cafes, bars, restaurants etc.), and most types of retail (excluding Automotive and Out of Centre (OOC) retail). These estimates come from the retail demand projections.
- Community and recreation services: Includes libraries, local government, social assistance services, accommodation, museums gyms etc.

- Automotive and Out of Centre (OOC) retail: car and other vehicle retail, service stations, automotive parts, hardware and building supplies, garden centres and marine equipment.
- Offices: Office floorspace is calculated as a proportion of the total space occupied by other industries not listed above, using data from the EFM (Appendix 2). Office space therefore reflects a land use, rather than a particular economic sector, although accounts for most or all of the space occupied by certain industries (e.g. finance, accounting and insurance), and very little by others (e.g. agriculture, manufacturing).
- Industry: Industry floorspace is calculated similarly to office floorspace, although includes space-extensive warehouses and yard space rather than just internal built space. As with offices, this category includes most or all of the space in some sectors (manufacturing, transport, storage).
- Other sectors such as rural and mining operate predominantly outside. The floorspace projections applied make some allowance for these sectors to occupy built space in the offices or industrial categories.

Of these groups we have categorised three (core retail and services, office and community and recreation services) as 'Centre-Dominant Sectors' based on their distribution inside or outside Invercargill's centres. The other sectors are more commonly found outside centres, notwithstanding that there is a significant amount of industrial space in the Business 1 zone (CBD). These data exclude residential land uses, although make allowance for home-based employment given the location of employment in residential zones.

Given the slow growth projected in Invercargill household numbers, and the consequent stability in the distribution of households throughout Invercargill (section 5.1), we have assumed for the Status Quo scenario that any growth in floorspace will be evenly distributed across existing centres pro rata to their current market share (within each of the 42 retail categories). That is, in the absence of any new quantum of supply, the floorspace sustainable within each retail destination will increase at the same rate.

3 PDP Objectives

The PDP would apply somewhat more restrictive rules about where in Invercargill some activities can locate than exist in the ODP. This section summarises the proposed objectives, policies and rules that are intended to give effect to that objective.

3.1 Business Zones

3.1.1 Business 1 (Central Business District) Zone

The Business 1 zone is designed to enable a wide range of activities in the CBD. The ICC has identified that the primacy of the CBD is under threat from non-CBD development, and the PDP aims to maintain and enhance the CBD as the primary centre for retailing, business, culture and entertainment services, as well as accommodating inner city residential, while avoiding adverse effects from non-complementary activities such as heavy industry. Permitted activities in the Business 1 Zone include commercial recreation, professional and personal services, retail and hospitality. Non complying activities include heavy industry and any activity that is not a permitted activity and is over 5,000m² total floorspace.

The objectives relating to this zone are:

- Objective 1: Maintenance and enhancement of the primacy of the Invercargill Central Business District as the primary centre for retailing, business, culture and entertainment services for Invercargill city and the wider Southland region.
- Objective 2: Inner city living is part of the land use mix within the Invercargill Central Business District other than in the Entertainment Precinct.
- Objective 3: Identification, maintenance and enhancement of the amenity values of the Business 1 Zone.
- Objective 4: Protection of the heritage values of the Central Business District.
- Objective 5: An holistic approach to economic, social and geographical issues in the Central Business District is complemented through the District Plan.

The key policy relevant to this assessment is:

- Policy 1 Business 1 CBD Zone: To establish and implement a Business 1 Zone to retain existing and encourage new commercial/retail activities in the Central Business District.
 - Explanation: Maintaining and reinforcing the viability and vibrancy of Invercargill's city centre is of widespread concern to the Invercargill people and is a key priority for the Council. Specific provisions in the District Plan are one method of many that the Council has chosen to address this issue.

3.1.2 Business 2 (Suburban Shopping and Business) Zone

The Business 2 zone is intended to accommodate a similar range of activities to the CBD, but at a smaller scale to service suburban community catchments. There are five Business 2 centres in the City, at Waikiwi, Windsor, Glengarry, South City and Bluff, and most parts of the urban area are within 10 minutes' walk or easy driving distance from them. They are seen as focal points for businesses such as supermarkets and cafes which have a local clientele. As with the CBD, the PDP identifies as an issue that suburban centres are at risk from the dispersal of commercial activity.

The objectives relating to this zone are:

- Objective 1: A range of business, commercial, cultural and social activities serving communities within the catchments of the Waikiwi, Windsor, Glengarry, and South City suburban centres, and Bluff town centre.
- Objective 2: To identify, maintain and enhance the amenity values of the Business 2 Zone.

3.1.3 Business 3 (Specialist Commercial) Zone

The Business 3 zone provides for commercial activities and service-oriented industrial activities which require a central or convenient location but not necessarily the amenities offered by the Business 1 Zone. The zones are intended for destination retailing and services, and will reflect existing commercial uses on access routes to the CBD and enable greenfield development close to the CBD. Business 3 zones are easily accessible by car but not intended to be pedestrian-friendly. Permitted activities include: community services, supermarkets, retail from premises of up to 400m², childcare, light industry, takeaway food and service stations. Heavy industry activities, shopping malls and noise sensitive activities are all non-complying.

The objectives relating to this zone are:

- Objective 1: The maintenance and ongoing improvement and development of the zoned areas for "destination" specialist retailing, wholesaling and other service oriented activities, conveniently located adjacent or near to the city centre and easy to access by motor vehicle.
- Objective 2: Provision for a range of "destination" commercial activities and service oriented industrial activities which require a central or convenient location but are not necessarily appropriate within the compact Business 1 Zone.
- Objective 3: Maintenance of the primacy of the Business 1 Zone by making a clear distinction between the activities that can locate as of right in a pedestrian friendly environment conducive to gathering, socialising and comparison shopping, and those that locate as of right in the Business 3 Zone which is vehicle oriented and "destination" in character.

- Objective 4: The identification, maintenance and enhancement of the amenity values of the Business 3 Zone.

3.1.4 Business 4 (Neighbourhood Shop) Zone

The Business 4 zone recognises the groups of shops that have established historically throughout the City in response to demand for local convenience shops and services. Changes in transport and retailing patterns mean that these small groups of shops remain with a wide variety of uses, including convenience retailing, community services and nursery enterprises with low levels of effects. The PDP aims to maintain and develop convenience retailing and services businesses in these existing groups of shops for the ongoing benefit of the local community. Permitted activities include community services, healthcare, small-scale light industry (no more than three employees), professional and personal services, retail (excluding supermarkets and shopping malls), all with limited hours of opening and size (less than 300m² premises).

The objectives relating to this zone are:

- Objective 1: The maintenance and ongoing development of the zoned areas for “convenience” retailing and other businesses offering day to day services to the neighbourhood.
- Objective 2: Groupings of small retail enterprises and other businesses serving a local community and located in existing groups of shop type buildings in the residential area of Invercargill.
- Objective 3: Identification, maintenance and enhancement of the amenity values of the Business 4 Zone.

3.1.5 Business 5 (Rural Service) Zone

This zone provides for services for the rural sector, enabling such activities to be situated nearby the built up areas of the city. These rural services businesses require large amounts of storage and display space and do not normally attract large numbers of clients at any one time, and need to be easily accessed by trucks and vehicles with trailers.

3.2 Industrial Zones

Four Industrial zones (Light Industry; Light Industry (Marine); Urban Industry; Large Industry; Awarua) have been identified to reflect the varying nature of industrial activity within Invercargill.

3.2.1 Industrial 1 (Light) and Industrial 1A (Marine) Zones

The PDP aims to encourage light industry (which includes, warehousing, storage, wholesaling and service activities) to group in specified areas, rather than having it disperse throughout the City, so as to avoid the nuisance that this type of activity can create. Permitted activities within this zone are essential services, light industry, motor vehicle sales, takeaway food

premises (no larger than 150m²) and land transport facilities, with limited operating hours. Heavy industry activities are non-complying, and other activities are discretionary. The 1A (Marine) zone specially relates to areas within Bluff Harbour.

The objectives relating to this zone are:

- Objective 1: The ongoing maintenance and development of the zoned areas for light industry within the built up area of the Invercargill city district is provided for and encouraged.
- Objective 2: A range of light industrial activities including depots, wholesaling, warehousing, service activities and ancillary retailing are enabled to locate near or adjacent to, but not scattered throughout residential areas.
- Objective 3: The amenity values of the Industrial 1 Zone are identified, maintained and enhanced.

The key policy relevant to this assessment is:

- Policy 1 Industrial 1 (Light) Zone: To provide for a range of light industrial, wholesaling, warehousing and service activities of a nature, size and scale appropriate near residential areas, operating within the normal working day (7.00 am – 10.00 pm) and requiring sites of less than one hectare.
 - Explanation: The Industrial 1 Zones have been identified as areas of the district that can sustain industrial activities that are good neighbours to adjoining residential areas in terms of environmental effects.
 - The hours which an activity operates can determine the level of adverse effects likely for neighbours as a result of vehicle and pedestrian movements, noise levels, loss of privacy and security and general disturbance.
 - The activities carried out within the Industrial 1 Zones are to be of a scale appropriate to the urban environment.

3.2.2 Industrial 2 (Urban) Zone

This zone provides for the range of industrial, wholesaling, warehousing and service activities, including limited ancillary retailing, associated with Invercargill's role as a provincial servicing city. This zone provides for larger buildings than in Zone 1, and allows for 24 hour operation. Heavy industry is permitted in this zone.

3.2.3 Industrial 3 (Large) Zone

This zone is an important part of ensuring Invercargill's ongoing economic growth. Industrial 3 Zones provide land use for large industrial, processing, warehousing, service and transport activities, which may need to operate 24 hours a day. These large industries add value to primary produce and are therefore important to the regional economy, but may not be

compatible with amenity in surrounding zones. Permitted activities include: agriculture, essential services, freight depot, land transport facility, light and heavy industry, facilities for animal husbandry, takeaway food premises and sale and storage of fuel. The minimum site area is one hectare (other than takeaway food premises).

3.2.4 Industrial 4 (Awarua) Zone

Land adjacent to an existing Industrial 3 Zone at Awarua has been zoned for large industry in anticipation of development. Permitted activities are similar to the Industrial 3 zone.

4 RMA and Importance of Centres

4.1 RMA Purpose

The first key question addressed in this assessment is to establish whether the objectives of the PDP are appropriate to meet the overarching purpose of the Resource Management Act. That purpose is to promote the sustainable management of natural and physical resources by¹:

managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being

The management of urban form, especially with respect to the function and location of retail and commercial centres is key to this purpose, as explained in this section.

4.2 Role of Town Centres

The location of retail and office activity in Invercargill is a significant issue in RMA terms. The purposes of the Act are directly and indirectly affected by the location of retail and associated household service activity and office space. This is because the location patterns of these activities are a major influence on urban form and function, travel efficiency, and on how the urban environment delivers amenity. RMA case law has frequently recognised the role of centres as providers of social and functional amenity and enablers of communities' wellbeing. Amenity arises from the functional and social roles of centres, and is directly affected by patterns of retail and commercial activity.

To understand how these benefits of centres arise, it is important to understand the roles of centres, and how they meet economic and community needs. Almost all towns and cities have one main centre (the CBD), where businesses and community services have aggregated to access and serve both the community and the business/government sector. This urban form is common to western and other economies, in new towns and old and emerged well before statutory planning existed. It is a core feature of urban economies, and persists because this urban form best meets the needs of both the business sector and the community.

4.3 Benefits from Centres

The benefits from centres stem from the co-location and concentration of similar or related activities, and so are largely common to all centres and business areas, although the level of benefit is generally higher in larger centres. The business sector benefits from co-location of activities, because of the ability to access customers and suppliers, share facilities and infrastructure, and achieve economies of scope and scale. This applies to commercial

¹ Section 5

activities, retail, service and hospitality businesses, and enhances transactional efficiency, since the costs of doing business with other firms is lower than if activities are spatially dispersed.

Further, there are gains to business from interaction with other businesses and people, which is generally easiest (most efficient) when activities are spatially grouped. There are also efficiency gains to businesses from economies of scale and scope, achieved in larger businesses which can draw on wider catchments. These arise especially from the opportunities for specialisation of activities and people, and means that larger centres are generally associated with higher levels of business efficiency and a greater range and depth of goods and services available.

There are related advantages for the business sector from co-location with other activities, which are not necessarily directly related to the business activity but are benefits to the workforce (including owners). Thus, convenient access to shops, services and hospitality outlets close to the work place, and from opportunities for social interaction with others working nearby, act together to enhance the attractiveness of businesses as places to work.

These are agglomeration benefits, and relate to the benefits which firms gain from co-location, from economies of scale and network effects, and the effects of clustering to attract more customers and suppliers. They are a key driver in urban growth, as towns and cities form and grow to take advantage of these economies of agglomeration.

The community also derives benefit from centres. In addition to the functional amenity of convenient access to goods and services in one location, and having greater choice and ability to compare among providers, town centres provide less tangible benefits such as opportunities for social interaction, a sense of place and community belonging (social amenity). Both aspects of amenity contribute to community social and economic well-being, in terms of the RMA.

4.4 Benefits and Centre Size

Larger centres generally provide larger benefits. The typical pattern is for the first established centre to remain the largest and maintain its pre-eminent role, even though new local centres will attract shares of local growth as a town increases in size. The critical point is that as centres grow in size, they are able to sustain an increasingly wide range of activities, and increasing specialisation of goods and services, so expanding the opportunity available to businesses and consumers in their catchment. As a consequence, the town or city centre is a major source of amenity in the urban environment.

If the same scale of people activity is shared between two or more centres, there is not the same opportunity for specialisation. That is because retailers (and service, hospitality and other outlets) in both centres need to capture a larger share of the available market to be viable, and so tend to focus on the middle of the market. This is the reason that centres of similar size tend to have similar retail and service offers – there is less potential there for specialised outlets which would need to access the total urban market to be viable.

As a consequence, the range, depth and variety of goods and services available to a community depends not just on the total level of people activity from all centres within the town or city, but also on the size of the largest centre within the town. In Invercargill, the CBD accommodates almost a majority of the retail and commercial activity, and has an important role in providing the 'centres-based' amenity to the urban and rural community.

4.5 Sustainability

The pattern of retail activity in a town or city also has a material effect on travel and transport efficiency, and therefore on sustainability. Generally, concentration of retail and service activities into relatively few locations results in more efficient travel, as there is greater opportunity for one-stop, multi-purpose vehicle trips. Where shops are dispersed or split between centres, multi-stop or multiple trips are more likely.

The economics of the retail sector means only a finite number of outlets can be sustained, so that consumers have limited choice among shopping destinations available. The location decisions of developers and retailers are the key determinant of consumer travel patterns, especially decisions to locate in edge-of-town or 'out-of-centre' locations which affect destination choice and the ability of consumers to make multi-purpose shopping trips.

4.6 Providing for Community Needs

A key objective of the PDP is to maintain the primacy of the Invercargill CBD as a shopping and commercial destination within the City. Further objectives relate to maintaining and enhancing the amenity provided to the community in Invercargill's other centres, in the Business 2 zones.

These objectives relate to the principles contained in section 5 of the RMA, given the role centres play in providing for their community, as described above. They reflect the key aspects of town centre roles and recognise the benefits and amenity which town centres in general provide, and seek to have the Invercargill CBD continue to provide such benefit to the community in the future. The Plan is explicit that the existing town centres will have this role.

The PDP is the appropriate starting point. In this case, the objectives, policies and explanations contained in the PDP indicate that location options for retail and related development have been considered, and taking into account knowledge of the underlying economic processes and the likely effects. The direction adopted in the Plan, explicitly, is to concentrate retail and related activity in the Business 1, Business 2 and Business 3 zones in order to achieve community and economic benefits, and to avoid adverse effects. In our opinion the provisions and explanations contained in the PDP are consistent with both the literature and practical experience, and the PDP's objectives relating to the location of retail and commercial activity in Invercargill are appropriate to meet the purpose of the RMA.

5 Current and Projected Demand

The second key question addressed in this assessment is to establish which zoning scenario is most appropriate to meet the objectives of the PDP. The remainder of this report addresses that question.

To understand the potential effects of the zoning proposed in the PDP, and the alternative zoning put forward in submissions, it is first necessary to understand the demand environment for the types of economic activity that will be affected by that zoning. This section summarises the current and projected quantum of demand in terms of household counts and spending, employment and floorspace.

5.1 Population and Households

The most recent population projections published by SNZ indicate that just over 53,000 people live in Invercargill City District, in an estimated 22,700 households. Slow population growth is expected in the future, with a peak population in the next three decades of 55,600 in 2031. Average annual growth out to 2036 is projected to be under 100 people, although much of this will occur between 2016 and 2021, with a post-2031 decline expected (Figure 5.1).

Figure 5.1: Invercargill City District Demographic Projections

	2013	2016	2021	2026	2031	2036	Growth 2013-2036	
							n	%
Population	53,200	54,000	55,000	55,400	55,600	55,400	2,200	4%
Households	22,700	23,200	24,000	24,700	25,400	25,900	3,200	14%
Pop/household	2.3	2.3	2.3	2.2	2.2	2.1	-	-9%

Household numbers are expected to increase at a somewhat faster rate given the projected aging population in Invercargill, as in the rest of the country. This aging population will be one of the core drivers of a declining average household size, which is projected to require more households to accommodate the same number of people in the future due to the changing housing demands of the population. This will mean that while population is projected to increase by 4% out to 2036, household numbers are projected to grow by 14%, from 22,700 to 25,900.

Our assessment of the projected distribution of growth concluded that there is not expected to be any substantive change in any single area’s population or household numbers, and rather that growth is expected to be relatively evenly distributed around the City.

The population of surrounding districts (Gore and Southland) is projected by SNZ to be relatively static, and under low projections scenarios to decline. This is static population would not support any noticeable change in the amount of commercial floorspace supported in those areas, and Invercargill will therefore remain the Region’s largest commercial centre.

5.2 ISEM Data

This assessment uses the PDP zoning to describe the spatial location of activity in Invercargill as a base against which to assess potential changes in floorspace location and consequent impacts on centres.

5.2.1 Current

The Invercargill CBD is the dominant business location within the City, and is the location of over half (55%) of total City floorspace in core retail, hospitality, services and office space (151,000m² out of 276,000m²) (Figure 5.2). The next largest amounts of floorspace in the centre-dominant sectors are located in the PDP Business 3 zone (20,000m²), Business 2 zone (18,000m² across five centres), and the Industrial 2 zone (16,000m² across eight locations).

Figure 5.2: Invercargill Floorspace Distribution (GFA, m²)

	Core Retail and Services*	Office	Community and rec. services	Centre-Dominant Sectors	Automotive and OOC** retail	Other (industrial etc)	Total All Land Uses
CBD	63,900	70,000	16,900	150,800	10,500	127,700	289,000
Business 2	16,000	1,600	200	17,800	1,400	20,300	39,500
Business 3	10,700	6,700	2,700	20,100	19,900	64,500	104,500
Business 4	4,700	1,200	1,900	7,800	2,000	11,100	20,900
Business 5	400	200	-	600	-	2,100	2,700
Industrial 1	1,500	4,800	600	6,900	3,500	45,500	55,900
Industrial 1A	-	100	100	200	-	11,900	12,100
Industrial 2	5,200	8,800	1,700	15,700	16,200	154,800	186,700
Industrial 3	-	400	-	400	-	49,700	50,100
Industrial 4	-	300	-	300	-	100	400
Special Areas	1,800	8,100	-	9,900	300	108,800	119,000
Other Areas	18,800	15,500	11,900	46,200	6,800	206,300	259,300
Total	123,000	117,700	36,000	276,700	60,600	802,800	1,140,100

* All household services, hospitality (cafes, bars, restaurants etc.), and retail (excluding Automotive and OOC retail)

** Out of Centre retail

The largest amounts of non-centre-type space are located in the Industrial 2 zone (171,000m²), CBD (Business 1 zone, 138,000m²), and Business 3 zone (85,000m²).

5.2.2 Historic

This distribution of economic activity has changed over time. Below is a time series of employment in Invercargill City, by location. The data shows that employment in centre-dominant sectors:

- In the CBD increased by 240 MECs (6%). The CBD's share of this employment in Invercargill decreased from 64% to 56%² (section 2.4) since 2000.
- In Industrial zones increased by 460 MECs (135%).
- In non-CBD Business zones increased by 170 MECs (49%).
- In all other locations increased by 460 MECs (32%).
- Total Invercargill growth in these sectors was 1,300 MECs (22%).

Figure 5.3: Invercargill City Employment Time Series (Centre-Dominant Sectors)

	CBD	Other Business Zones	Industrial Zones	Other Locations (incl Res.)	Total	CBD	Other Business Zones	Industrial Zones	Other Locations (incl Res.)	Total
	MECs					Distribution				
2000	3,820	350	340	1,460	5,970	64%	6%	6%	24%	100%
2001	3,910	410	380	1,600	6,300	62%	7%	6%	25%	100%
2002	3,880	400	390	1,710	6,380	61%	6%	6%	27%	100%
2003	4,180	390	420	1,760	6,750	62%	6%	6%	26%	100%
2004	4,410	430	470	1,900	7,210	61%	6%	7%	26%	100%
2005	4,400	420	560	1,900	7,280	60%	6%	8%	26%	100%
2006	4,460	420	590	1,740	7,210	62%	6%	8%	24%	100%
2007	4,340	410	630	1,830	7,210	60%	6%	9%	25%	100%
2008	4,100	490	560	1,720	6,870	60%	7%	8%	25%	100%
2009	4,350	450	580	1,810	7,190	61%	6%	8%	25%	100%
2010	4,220	510	720	1,920	7,370	57%	7%	10%	26%	100%
2011	4,010	510	790	1,850	7,160	56%	7%	11%	26%	100%
2012	4,010	490	820	1,810	7,130	56%	7%	12%	25%	100%
2013	3,910	510	770	1,910	7,100	55%	7%	11%	27%	100%
2014	4,060	520	800	1,920	7,300	56%	7%	11%	26%	100%
2000-14	6%	49%	135%	32%	22%	-8%	1%	5%	2%	0%
	240	170	460	460	1,330					

Among all other sectors (e.g. manufacturing and other sectors that primarily locate outside of centres) employment:

- In the CBD increased by 10 MECs, although the share of City employment fell from 28% to 27%.
- In Industrial zones increased by 1,250 MECs (33%).
- In non-CBD Business zones decreased by 60 MECs (-30%).
- In all other locations decreased by 460 MECs (-6%).
- Total employment in these sectors increased by 740 MECs (5%).

This data shows that there has been a move in Invercargill away from the CBD and towards non-CBD locations. In centre-dominant activities that move has been towards Industrial zones and out of centre areas, and to a lesser degree to other Business Zones. Employment growth

² Note that this share differs slightly to the CBD's floorspace share due to the mix of sectors and their individual space requirements.

in the non-centre-dominant activities has been focussed on Industrial zones, with other zone-types experiencing static or decreasing employment in these sectors.

5.3 Employment Projections

Invercargill’s employment projections are calculated in the Economic Futures Model (Appendix 2). For this assessment we have summarised those projections to the spatial framework described in the ISEM (section 5.1). Those projections show that employment growth is projected to be more significant than population and household growth, although still reasonably modest in a national context.

Total Invercargill economic growth is projected to exceed population and household growth because of the influence of international factors on the Southland economy (such as dairying), although this growth will not be consistent across all sectors of the economy, with sectors more dependent on local demand (such as retail and household services) projected to grow at a similar rate to household growth.

These influences are apparent in the spatial distribution of employment growth (Figure 5.4), with the retail and service-dominated centres projected to experience employment growth below the City average, but Industrial areas having above average growth. Overall Invercargill’s employment is projected to increase by 22% out to 2036, an average annual growth rate of 0.9%.

Figure 5.4: Invercargill City Employment Projections (MECs)

PDP Zone	2013	2016	2021	2026	2031	2036	Growth 2013-2036	
							n	%
CBD	8,270	8,710	9,000	9,200	9,370	9,540	1,270	15%
Business 2	1,150	1,200	1,220	1,230	1,230	1,240	90	8%
Business 3	2,350	2,500	2,580	2,640	2,690	2,750	400	17%
Business 4	580	600	620	620	630	630	50	9%
Business 5	60	60	60	60	70	70	10	17%
Industrial 1	1,160	1,250	1,320	1,370	1,430	1,480	320	28%
Industrial 1A	160	190	200	210	230	240	80	50%
Industrial 2	3,660	3,950	4,160	4,320	4,480	4,630	970	27%
Industrial 3	690	810	870	920	960	1,010	320	46%
Industrial 4	30	30	30	30	30	30	-	0
Special Areas	2,560	2,750	2,920	3,060	3,190	3,320	760	30%
Other Areas	7,540	8,010	8,430	8,780	9,100	9,420	1,880	25%
Total	28,210	30,060	31,410	32,440	33,410	34,360	6,150	22%

5.4 Demand Projections

The retail demand projections used in this assessment have been sourced from M.E’s Market Meter retail model (Appendix 2). Those projections include an allowance for the average spend per household to continue increasing over time (at a rate of 0.5% per annum) in line with trends observed over the last 20 years. Other factors affecting retail demand growth

include changing household composition and the household growth rates described in section 5.1. The retail demand projections in this section include demand from all sources, not just households, although households are responsible for the vast majority of retail spending.

5.4.1 Retail Demand (Dollars)

Current retail demand for core retail and hospitality in Invercargill City is some \$550m. This is projected to increase by nearly 20% by 2036, an increase of just over \$100m. These projections assume no structural change in household spending, although different rates of growth will be evident in some of the storetypes underpinning this assessment given the proclivity of the various demographic segments in the City to direct their spending differently (e.g. as the population ages spend per household in pharmacies might increase, but spend in other categories might decrease).

Figure 5.5: Invercargill City Retail Demand Projections (\$m)

	2013	2016	2021	2026	2031	2036	Growth 2013-2036	
							n	%
Food and Liquor	\$ 244.4	\$ 251.5	\$ 263.5	\$ 274.4	\$ 285.8	\$ 292.2	\$ 47.8	20%
Comparison Retail	\$ 228.2	\$ 234.7	\$ 245.0	\$ 254.0	\$ 263.4	\$ 269.0	\$ 40.8	18%
Hospitality	\$ 78.1	\$ 80.4	\$ 84.4	\$ 88.0	\$ 91.9	\$ 94.0	\$ 16.0	20%
Total Core Retail and Hospitality	\$ 550.7	\$ 566.6	\$ 592.9	\$ 616.4	\$ 641.1	\$ 655.2	\$ 104.5	19%

5.4.2 Retail Demand (Floorspace)

These dollar demand projections (for retail and hospitality space) and the employment projections (for other economic activity such as commercial and industrial) can be expressed as a floorspace equivalent, as described in section 2.4. Note that these projections reflect a status quo scenario where there is no change in floorspace supply locations within the City, and instead economic growth in each sector is distributed around the City pro-rata to current supply.

This assessment indicates that there is around 277,000m² of gross floor area (GFA) in centre-dominant sectors in Invercargill in 2013, and over 860,000m² in other land uses (Figure 5.6). Consistent with the retail demand and employment projections above, this floorspace is expected to increase by around 19% (53,300m²) in-centre sectors and 24% (275,000m²) in all sectors by 2036.

Figure 5.6: Invercargill City Floorspace Demand Projections (GFA, m²)

	2013	2016	2021	2026	2031	2036	Growth 2013-2036	
							n	%
Core Retail and Services*	123,000	126,600	132,400	137,800	143,400	146,400	23,400	19%
Office	117,800	123,100	128,700	132,900	136,800	140,600	22,800	19%
Community and rec. services	36,000	37,100	38,900	40,500	42,200	43,100	7,100	20%
Centre-Dominant Sectors	276,800	286,800	300,000	311,200	322,400	330,100	53,300	19%
Automotive and OOC** retail	60,600	62,500	65,400	68,000	70,800	72,400	11,800	19%
Other (industrial etc)	802,900	867,700	913,100	949,300	981,600	1,012,300	209,400	26%
Total All Land Uses	1,140,300	1,217,000	1,278,500	1,328,500	1,374,800	1,414,800	274,500	24%

*All household services, hospitality (cafes, bars, restaurants etc.), and retail (excluding Automotive and OOC retail)

** Out of Centre retail

The CBD is a dominant location within Invercargill, especially within the centre-dominant sectors, a factor which underlies the objectives of the PDP to recognise and safeguard the CBD's primacy. Of total business-occupied floorspace in Invercargill, 25% (290,000m²) is located in the CBD, including space-extensive land uses occupied by industrial tenants. The CBD's dominance is even more pronounced in retail, office and services activities, with 54% of Invercargill space (151,000m²) located in the CBD (Figure 5.7).

Figure 5.7: Invercargill CBD Floorspace Demand Projections (GFA, m²)

	2013	2016	2021	2026	2031	2036	Growth 2013-2036	
							n	%
Core Retail and Services*	63,900	65,700	68,900	71,400	74,400	76,000	12,100	19%
Office	70,000	73,200	76,500	79,000	81,300	83,500	13,500	19%
Community and rec. services	16,900	17,400	18,300	19,000	19,800	20,300	3,400	20%
Centre-Dominant Sectors	150,800	156,300	163,700	169,400	175,500	179,800	29,000	19%
Automotive and OOC** retail	10,500	10,800	11,300	11,800	12,300	12,600	2,100	20%
Other (industrial etc)	127,700	137,100	143,900	149,200	153,900	158,300	30,600	24%
Total All Land Uses	289,000	304,200	318,900	330,400	341,700	350,700	61,700	21%

*All household services, hospitality (cafes, bars, restaurants etc.), and retail (excluding Automotive and OOC retail)

** Out of Centre retail

6 Distributional Effects Assessment

6.1 Rationale

The scope of this report is to assess the degree to which the zoning provisions as notified would support the CBD, and in particular, whether those provisions (the PDP) would better satisfy the objectives of the District Plan (as summarised in section 3) than alternative zoning as in the Operative provisions or in the proposed alternatives put forward by submitters. The key objectives relevant to this assessment are:

- Chapter 2.22: Objective 1: Maintenance and enhancement of the primacy of the Business 1 zone (CBD).
- Chapter 2.23: Objective 2: To identify, maintain and enhance the amenity values of the Business 2 zone.
- Chapter 2.24: Objectives 1 and 3: Maintain the primacy of the Business 1 zone by making the Business 3 area a vehicle-oriented, destination retail area.

Also relevant is maintaining and reinforcing the vitality and vibrancy of the CBD, which is a key priority for Council³. The distribution of retail and commercial activity within Invercargill is therefore of core relevance to assessing the degree to which the economic objectives of the PDP will be met, given the potential effects arising from the location of that activity.

The distribution of floorspace within Invercargill under each of the zoning scenarios is a proxy for the flow-on effects on vitality and vibrancy in each location, and the CBD's primacy can be directly measured from the share of Invercargill floorspace located there. To assess the degree to which certain different zoning options will meet these objectives, we have tested a number of scenarios that quantify the expected floorspace distribution within Invercargill. The relativity of the economic outcomes under each scenario (ODP vs PDP vs submitter proposed alternatives) is important in the RMA context, where the most appropriate option is to be preferred.

6.2 Scenario Definition

6.2.1 Base Scenarios

To test the effects of potential changes in the quantum and location of retail and other commercial floorspace supply within Invercargill, we have defined a number of potential development futures as individual scenarios, and compared the economic outcomes under each scenario against each other, and against a base scenario. Those scenarios are intended to represent the possible future zonings of the areas (namely the Showgrounds and the Dee St and Clyde St Enterprise areas) which have been the subject of submissions (summarised in

³ Explanation under Policy 1, section 2.22.2

Appendix 1). The scenarios apply variously either the status quo zoning of the ODP, the PDP intended zoning, or an alternative which has been suggested in submissions (whether in conjunction with a zoning from the ODP, the PDP or neither). In the case of Scenario 9, the Showgrounds would be zoned Industrial 1, except for the area bounded by Bill Richardson Dr, Fox St and Arena Ave, which would be Business 3.

The scenarios used in our assessment are defined below:

Figure 6.1: Scenario Definition

	Showgrounds	Dee St	Clyde St	
Scenario 1	Ent	Ent	Ent	<<ODP
Scenario 2	I1	Ent	Ent	Submitted Alternatives
Scenario 3	B3	Ent	Ent	
Scenario 4	B6	Ent	Ent	
Scenario 5	Ent	B3	B3	
Scenario 6	Ent	B6	B6	
Scenario 7	B6	B6	B6	
Scenario 8	I1	B3	B3	
Scenario 9	I1 & B3	B3	B3	

Ent=Enterprise, B3=Business 3, B6=Business 6, I1=Industrial 1

We have made allowances for centres to be impacted differently under each scenario depending on the current range of activity in each centre and the role it plays. For example, local centres with a strong range of convenience supply will be less impacted by new out of centre LFR than the CBD (which already has many LFR stores).

6.2.2 Scenario Variants

No Market Growth Stimulated

This variant reflects the situation in which the total demand in Invercargill remains at (or near) current levels, driven only by population growth with no increase in spend per consumer due to the new retail brands present⁴. This would reflect the situation in which the creation of new space will predominantly result in a reallocation of existing retail spending across more locations around Invercargill. The scenarios apply different assumptions about the amount of new space in each location, and therefore result in different impacts.

There are two different ways of interpreting the impacts of each scenario:

- **Change in Floorspace in each Centre:** A reallocation of spend across more centres would result in less space being required in each centre, with the decrease being a measure of impact on the centre. For example, if there is 60,000m² of retail GFA in the CBD now which is 50% of total Invercargill retail GFA, and an additional 30,000m² of

⁴ Still accounting for the assumed trend of background average annual 0.5% increase spend per household

space is developed in a new location, then 50% of the 30,000m² (i.e. 15,000m²) can be assumed to be diverted away from the CBD. The CBD then would support 60,000m² - 15,000m² = 45,000m², and the impact on the CBD would be 25%.

- **Distribution of Floorspace throughout Invercargill:** The spatial distribution of floorspace around Invercargill will vary depending on the zoning applied. The CBD's share of this floorspace is a measure of the primacy of the CBD, and a useful metric to examine to understand the degree to which PDP objectives will be met under each scenario. In the example from bullet point one, the CBD's share of total City GFA will have dropped from 50% to 38%, which indicates an erosion of the CBD's primacy, contrary to Objective 1 of the Business 1 section of the PDP.

Some Market Growth Stimulated

Alternatively if new developments cause the total Invercargill (retail or office) market to increase (from an increase in spend per household in Invercargill), this will mitigate the size of these impacts on the CBD, because not all of the newly created space would be diverted from existing centres. This might occur if certain businesses would not locate in Invercargill under the PDP zoning, but might under alternative zoning scenarios, and induce more spend to be retained in the City due to access to more brands. While it is difficult to establish the degree to which this might occur, we have included this possibility in our scenarios to show the sensitivity of our assessment to these possibilities.

6.2.3 Assumptions

The scenarios are defined to describe the potential for increased retail, services and hospitality (together called 'retail' in these results, for simplicity) and office space in each area in the future under each potential zoning. That potential is subject to significant variation and will depend on many factors, such as surrounding land uses, land ownership, ease of redeveloping, size and layout of existing buildings, heritage status and current tenancies. These factors mean that the potential conversion of existing land in the Dee St and Clyde St B3 zones and on Showgrounds land is very difficult to estimate with any confidence.

For that reason we have applied estimates of the proportion of potential GFA that might be converted from existing non-retail/non-office uses to either retail or office. Potential GFA is estimated to be the amount of single-level floorspace that could develop in a particular location based on the land area, assuming site coverage of 35% (which approximates current site coverage ratios in Invercargill's existing large format and stand-alone retail areas).

Showgrounds

The development capacity of the Showgrounds was estimated by considering the area as three separate parts, from information in the Showgrounds site plan⁵:

⁵ <http://www.cunninghamproperties.co.nz/business-park>, which was digitised and areas measured on GIS

- The area planned to accommodate a retail complex, which we measure to be 4.51 ha, with indicatively 17,000m² of building GFA shown on the plan (site coverage of 38%).
- The sites already occupied by a tenant, estimated to be 4.74 ha, equivalent to 16,600m² GFA at 35% site coverage. We have classified those tenants into the categories in Figure 6.2.
- The sites not yet occupied by a tenant, estimated to be 8.66 ha, no GFA yet constructed but which equates to an indicative GFA capacity of 30,300m² at 35% site coverage.

For the parcels not yet occupied (retail complex and vacant sites) we have applied an assumed tenant composition across the categories in Figure 6.2 to reflect the activity status that would apply under each zoning. Those assumed distributions are combined with the actual current tenancy composition of already developed sites, to give estimates of the potential future composition of the total (47,400m²) Showgrounds area under each of the four modelled zone types. Those distributions are guided by the current shares of each existing activity in the proposed Dee and Clyde St B3 zones and the Enterprise zone, and allowing for a heavily industrial-dominated environment if an Industrial 1 zoning is applied. I understand that a majority of the sites in the Showgrounds area have certificates of compliance (granted in October 2013) that allow a range of commercial and retail activities. The scenario definition is not based on the activities indicated by those certificates, rather is based on what is permitted in the PDP.

Figure 6.2: Assumed Showgrounds Tenancy by each Potential Zoning (GFA, m²)

Zoning Applied	Retail and household services	Office	Automotive and OOC retail	Community and recreation services	Other (industrial etc)	Total
Enterprise	16,100	6,300	12,100	900	12,100	47,400
Business 3	14,100	3,100	5,000	1,300	23,900	47,400
Business 6	14,400	6,300	13,000	900	13,000	47,400
Industrial 1	2,400	2,400	2,400	-	40,300	47,400

Dee St and Clyde St B3 Areas

There is 100,500m² of land in the Dee St B3 area, and 98,000m² in the Clyde St B3 area. At 35% building coverage, that equates to a potential GFA in each of area of around 35,000m². Of that we have quantified the amount that is currently occupied by non-retail and non-office uses, and of that assumed that a certain proportion would change to a retail use under each different possible future zoning (Figure 6.3). Again, predicting the share of B3 land that might change from non-retail and non-office uses to retail or office is difficult, but the important part is the relativity between scenarios, as that ultimately informs which scenario is more appropriate to meet the objectives of the PDP.

Higher potential conversion rates have been assumed for the Dee St area because of its proximity to the existing LFR areas in the Business 1 zone adjacent to the south, and because of the greater site depth in many of the sites fronting Dee St that is not available in Clyde St.

Figure 6.3: Dee and Clyde St B3 Area Scenario Definitions

	Dee St Share of Non-retail and non-office that might become		Clyde St Share of Non-retail and non-office that might become	
	Retail	Office	Retail	Office
Ent	10.0%	3.0%	5.0%	2.0%
B6	8.0%	2.0%	4.0%	1.0%
B3	2.0%	0.5%	1.0%	0.0%
I1	1.0%	0.0%	0.0%	0.0%

6.3 Results

6.3.1 Floorspace

Those floorspace and assumed changes together provide estimates of the total amount of floorspace that might be converted from the current non-retail/non-office use to either retail (which includes hospitality and household services) or office uses. The GFA estimates applied in the impact assessment (Figure 6.4) are that:

- Total retail GFA in the Showgrounds would increase by somewhere between 14,100m² and 16,100m² under the more permissive zoning types (Business 3, Business 6 or Enterprise), or some 2,400m² under an Industrial 1 zoning. If the zoning was split between Industrial 1 and Business 3, per scenario 9, yield would be some 3,500m².
- Retail GFA in the Dee St B3 zone would increase by 2,400m² (Enterprise), 1,900m² (Business 6) or 500m² (Business 3). In the Clyde St B3 zone the increase would be about 30% lower.
- Total office GFA in the Showgrounds would increase by 6,300m² with a Business 6 or Enterprise zoning, 3,100m² if Business 3, or 2,400m² with Industrial 1.
- Office GFA in the Dee St B3 zone would increase by 700m² (Enterprise), 500m² (Business 6) or 100m² (Business 3). In the Clyde St B3 zone the increase would be similar.

Figure 6.4: Modelled GFA Converted from Other Uses to Retail or Office (m²)

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9
Showgrounds >	Ent	I1	B3	B6	Ent	Ent	B6	I1	Mix
Dee St >	Ent	Ent	Ent	Ent	B3	B6	B6	B3	B3
Clyde St >	Ent	Ent	Ent	Ent	B3	B6	B6	B3	B3
Retail									
Showgrounds	16,100	2,400	14,100	14,400	16,100	16,100	14,400	2,400	3,500
Dee St	2,400	2,400	2,400	2,400	500	1,900	1,900	500	500
Clyde St	1,700	1,700	1,700	1,700	300	1,300	1,300	300	300
Total these 3	20,200	6,500	18,200	18,500	16,900	19,300	17,600	3,200	4,300
Office									
Showgrounds	6,300	2,400	3,100	6,300	6,300	6,300	6,300	2,400	2,700
Dee St	700	700	700	700	100	500	500	100	100
Clyde St	700	700	700	700	-	300	300	-	-
Total these 3	7,700	3,800	4,500	7,700	6,400	7,100	7,100	2,500	2,800
Total Retail & Office	27,900	10,300	22,700	26,200	23,300	26,400	24,700	5,700	7,100

In total then under the assumptions applied, the least permissive zoning for these three areas (Scenario 8) would result in some 5,700m² being repurposed from existing uses to retail or office space, and under the most permissive (Scenario 1) this figure would be nearly 28,000m². Assuming the new space developed does not stimulate any new growth in the retail market, but merely results in a redistribution of existing activity, that amount of floorspace would be diverted away from existing business areas, as described below. The greatest potential to accommodate new retail and office space exists in the Showgrounds area, by virtue of the greenfields nature of the area, the large sites available and the lack of current occupants blocking redevelopment.

6.3.2 No Market Growth Stimulated

Assuming the new space developed does not stimulate any new growth, the spatial redistribution of floorspace that would result would equate to a decrease in occupied space in the CBD of 23-27% under scenarios 1 (ODP) and 3-6, of 9% under scenario 2, 6% under scenario 9 and 4% under scenario 8 (PDP) (Figure 6.5). The impact on CBD office space would show a similar relativity, at 9-11% under scenarios 1 and 3-6, and 4-6% under the other scenarios.

Impacts on Invercargill's Business 2 (suburban shopping) centres would be lower than the CBD impacts, at 12-15% under scenarios 1 and 3-6, 5% under scenario 2, 3% under scenario 9 and 2% under scenario 8. The CBD would be expected to experience larger impacts because it has a higher proportion of retail activities that would more directly compete with new space in the Showgrounds/Dee St/Clyde St than the suburban centres, which tend to have a strong local/convenience role.

The same applies for office space, and because there is currently very little office space in the suburban centres, and we anticipate that very little of that space would be induced to leave the suburban centres to shift to the Showgrounds/Dee St/Clyde St.

The Business 4 zones would not be expected to be impacted to any noticeable degree, given their limited competition with the more specialised retail types in the Business 3 areas, and the predominantly local convenience role they play for their communities.

Figure 6.5: Floorspace Impacts, No Market Growth Stimulated

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9
Showgrounds >	Ent	I1	B3	B6	Ent	Ent	B6	I1	Mix
Dee St >	Ent	Ent	Ent	Ent	B3	B6	B6	B3	B3
Clyde St >	Ent	Ent	Ent	Ent	B3	B6	B6	B3	B3
	Retail								
CBD	-27%	-9%	-25%	-25%	-23%	-26%	-24%	-4%	-6%
South City	-15%	-5%	-13%	-13%	-12%	-14%	-13%	-2%	-3%
Glengarry S.C	-15%	-5%	-13%	-13%	-12%	-14%	-13%	-2%	-3%
Waikiwi	-15%	-5%	-13%	-13%	-12%	-14%	-13%	-2%	-3%
Bluff	0%	0%	0%	0%	0%	0%	0%	0%	0%
Windsor	-15%	-5%	-13%	-13%	-12%	-14%	-13%	-2%	-3%
B3 East	-15%	-5%	-13%	-13%	-12%	-14%	-13%	-2%	-3%
	Office								
CBD	-11%	-5%	-6%	-11%	-9%	-10%	-10%	-4%	-4%
South City	-3%	-1%	-2%	-3%	-2%	-3%	-3%	-1%	-1%
Glengarry S.C	-1%	0%	0%	-1%	-1%	-1%	-1%	0%	0%
Waikiwi	-3%	-1%	-2%	-3%	-2%	-3%	-3%	-1%	-1%
Bluff	0%	0%	0%	0%	0%	0%	0%	0%	0%
Windsor	-3%	-1%	-2%	-3%	-2%	-3%	-3%	-1%	-1%
B3 East	-1%	0%	0%	-1%	-1%	-1%	-1%	0%	0%

The scenarios with the largest impacts would represent significant effects on retail activity in the CBD, and indicate that the permissiveness of the more laissez faire zoning combinations would potentially result in a large amount of retail space developing outside the CBD and existing suburban centres. The consequence of that would be a decrease in the primacy of the CBD, and the depth and breadth of the retail offered in the CBD and suburban centres.

These impacts will be mitigated over time as population growth would result in even the post-impact floorspace supported in each centre increasing. However that mitigation would be minimal, due to the slow rate of market growth projected in Invercargill. For example, the 27% impact on CBD retail space under scenario 1 would be a 26% impact by 2021 (compared to a 'without zoning change' scenario), and 24% by 2031. The relativity of the scenarios would remain the same.

Another way of expressing those impacts is to examine the share of Invercargill GFA that would be in each centre. Currently 52% of Invercargill retail space is in the CBD, but this would decrease under a more laissez faire zoning than is proposed in the PDP. Even if the existing zonings are maintained (Enterprise in the Showgrounds/Dee St and Clyde St) we would expect an ongoing dispersal of retail activity away from the CBD, in line with the recent trends assessed in section 5.2.2. Under the scenarios modelled, the CBD's share of future retail space would fall to under 40% in some scenarios, and 40-50% under others (Figure 6.6). Any of those

outcomes represent a significant erosion of the primacy of the CBD, except for scenarios 2, 8 and 9 which represent small to moderate declines in that primacy.

Figure 6.6: Distribution of Floorspace, No Market Growth Stimulated

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9	Current
Showgrounds >	Ent	I1	B3	B6	Ent	Ent	B6	I1	Mix	
Dee St >	Ent	Ent	Ent	Ent	B3	B6	B6	B3	B3	
Clyde St >	Ent	Ent	Ent	Ent	B3	B6	B6	B3	B3	
	Retail									
CBD	38%	47%	39%	39%	40%	38%	40%	50%	49%	52%
South City	3%	3%	3%	3%	3%	3%	3%	3%	3%	4%
Glengarry S.C	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Waikiwi	2%	2%	2%	2%	2%	2%	2%	3%	2%	3%
Bluff	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Windsor	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
B3 East	2%	2%	2%	2%	2%	2%	2%	3%	2%	3%
All Other Locations	49%	38%	47%	47%	46%	48%	47%	35%	36%	32%
	Office									
CBD	53%	57%	56%	53%	54%	54%	54%	58%	57%	60%
South City	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Glengarry S.C	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Waikiwi	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Bluff	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Windsor	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
B3 East	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
All Other Locations	45%	42%	42%	45%	44%	45%	45%	41%	41%	39%

Currently 60% of Invercargill office space is in the CBD, and this would also be expected to decline under the zoning scenarios assessed. As for retail, we would expect an ongoing dispersal of office activity away from the CBD, (as assessed in section 5.2.2) even if the current Enterprise zoning were to persist. Because most office space is located in the CBD now, the change in suburban centres' share of that space would be small, and would remain at less than 1% across all the centres.

6.3.3 Some Market Growth Stimulated

The scenarios presented in section 6.3.2 represent 'worst case' scenarios in which the new space developed outside the CBD does not grow the market, but rather attracts existing activities away from their current location. In reality there is likely to be some increase in the size of the market due to the point of differentiation able to be offered in new developments, especially in the greenfields Showgrounds area.

To take this into account we have assessed how the impacts and distribution of space within Invercargill that were assessed in section 6.3.2 would vary under different market growth stimulation assumptions. If no market growth is stimulated, the impacts will be as assessed above in Figure 6.5. Alternatively the impacts will be nil if all of the sales of those new businesses were new to Invercargill. Again there is significant uncertainty as to what development might proceed, and the nature of the tenants that might be attracted, and therefore where within the range presented in Figure 6.7 the impacts might fall. However the important consideration for this assessment is the relativity of the scenarios. That relativity

shows that the PDP zoning (Scenario 8) would have the lowest impacts irrespective of how much market growth is stimulated, while maintaining the existing Enterprise zoning would have the largest impacts.

Figure 6.7: Floorspace Impacts on CBD, Some Market Growth Stimulated

		Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9
Showgrounds >		Ent	I1	B3	B6	Ent	Ent	B6	I1	Mix
Dee St >		Ent	Ent	Ent	Ent	B3	B6	B6	B3	B3
Clyde St >		Ent	Ent	Ent	Ent	B3	B6	B6	B3	B3
Retail										
Share of GFA in	0%	-27%	-9%	-25%	-25%	-23%	-26%	-24%	-4%	-6%
Showgrounds,	25%	-25%	-9%	-22%	-23%	-20%	-23%	-21%	-4%	-4%
Dee and Clyde	50%	-16%	-6%	-15%	-15%	-13%	-16%	-14%	-3%	-3%
that is new to	75%	-8%	-3%	-7%	-8%	-7%	-8%	-7%	-1%	-1%
City	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Office										
Share of GFA in	0%	-11%	-5%	-6%	-11%	-9%	-10%	-10%	-4%	-4%
Showgrounds,	25%	-9%	-4%	-5%	-9%	-7%	-8%	-8%	-3%	-3%
Dee and Clyde	50%	-6%	-3%	-4%	-6%	-5%	-5%	-5%	-2%	-2%
that is new to	75%	-3%	-1%	-2%	-3%	-2%	-3%	-3%	-1%	-1%
City	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Similar observations can be made regarding the distribution of floorspace within Invercargill. The more laissez faire zoning scenarios (those that retain the Enterprise zoning) would result in a more significant erosion of the CBD's primacy, both for retail and office floorspace (Figure 6.8). Under the assumptions made, even the PDP zoning would result in some erosion of the CBD's primacy, although the most important conclusion from the assessment is the relativity of the different scenarios. The scenario that would result in the largest proportion of retail and office activity in the CBD is scenario 8, which is the zonings proposed in the PDP.

Figure 6.8: CBD share of Invercargill GFA, Some Market Growth Stimulated

		Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9
Showgrounds >		Ent	I1	B3	B6	Ent	Ent	B6	I1	Mix
Dee St >		Ent	Ent	Ent	Ent	B3	B6	B6	B3	B3
Clyde St >		Ent	Ent	Ent	Ent	B3	B6	B6	B3	B3
Retail										
Share of GFA in	0%	38%	47%	39%	39%	40%	38%	40%	50%	49%
Showgrounds,	25%	37%	46%	39%	38%	40%	38%	39%	49%	49%
Dee and Clyde	50%	40%	47%	41%	41%	42%	40%	41%	50%	50%
that is new to	75%	42%	48%	43%	43%	44%	42%	43%	50%	50%
City	100%	44%	49%	45%	45%	45%	44%	45%	50%	50%
Office										
Share of GFA in	0%	53%	57%	56%	53%	54%	54%	54%	58%	57%
Showgrounds,	25%	53%	56%	55%	53%	54%	53%	53%	57%	57%
Dee and Clyde	50%	54%	56%	55%	54%	55%	54%	54%	57%	57%
that is new to	75%	54%	56%	56%	54%	55%	55%	55%	57%	57%
City	100%	55%	57%	56%	55%	56%	55%	55%	58%	58%

6.4 Distributional Effects Conclusions

A trend over the last 15 years in Invercargill has been for the dispersal of retail and commercial activity away from the CBD (section 5.2.2). The assessment above shows that there is significant potential for this trend to continue, and for the zoning applied in the CBD, the Dee St/Clyde St areas, and the Showgrounds, to have a significant impact on the magnitude of this dispersal.

That dispersal will be contrary to the objectives of the PDP, as the CBD's primacy will be eroded, and the vibrancy, vitality and amenity values of the CBD and Invercargill's Business 2 zones would be likely to decrease more under some scenarios than others. The magnitude of that decrease would be proportional to the direct impacts on the share of floorspace distribution, as assessed in this section.

That assessment therefore indicates that the objectives of the PDP for the Business 1 and Business 2 zones would be best met by the zoning modelled in scenario 8, which is the zoning that would be applied in the PDP, with 54% of the City's retail and commercial activity located in the CBD (compared to 56% currently). Under the other scenarios:

- Scenarios 9 (scenario 2 except part of the Showgrounds is zoned Business 3 instead of Industrial 1) and 2 (Industrial 1 zoning of the Showgrounds, Enterprise for Dee and Clyde Streets) would be the next best at promoting the objectives in the PDP, with 52-53% of City retail and commercial activity in the CBD and smaller impacts on suburban centres than scenarios 1 and 3-7.
- The other scenarios would be expected to yield smaller proportions of Invercargill retail and commercial activity in the CBD, at between 45% and 47%. Of those, Scenario 1 (the ODP zoning) would be expected to result in the greatest decrease in CBD primacy, with 45% of City retail and commercial activity located there. These scenarios are more laissez faire than scenarios 2 and 8, especially with respect to the Showgrounds.

The key conclusion from this is that PDP zoning would best meet the objectives in the PDP, and retaining the existing laissez faire zoning, or other combinations of non-PDP zones in which retail and commercial activity can continue to disperse around the City would be less effective at meeting the PDP's objectives. We note here that these findings will apply irrespective of market growth in Invercargill, because it is the relativity between scenarios that is the important consideration. The magnitude of the dispersal and of the impacts on the CBD (and other centres) will vary under different population and market growth futures, but the relativity between scenarios, and therefore the scenario which best meets the PDP objectives, will stay the same.

7 Other Costs and Benefits

Section 32 of the RMA (as amended by the 2013 Amendment Bill) sets out a requirement to consider benefits and costs, including opportunity costs, of plans and policies, so as to take into account the potential effects of alternatives. It promotes a cost and benefit evaluation approach to capture or quantify not only direct and localised (distributional) effects, but the wider range of consequential and often less tangible (though no less important) effects accruing to a district or region, which are typically associated with plans, policies or large scale projects.

An important consideration for the application and interpretation of a Section 32 cost and benefit framework is that effects of plan provisions that arise indirectly and are more widely dispersed are typically more difficult to quantify than direct effects which arise locally. Social, cultural and environmental effects are often less measurable than economic effects. It is important that more easily measurable effects are not given greater weight in decision making than those which are less precisely measured or observed.

As stated in the scope, this assessment is not a full cost-benefit assessment per se of the PDP zoning proposal and the submitted alternatives to it, and we instead provide an overview of the expected flow-on social and economic effects that would be expected to result from the core economic effects assessed above. The extent to which the PDP and the submitted alternatives contribute to net benefits or net costs depends on how much economic growth each scenario might stimulate, where future economic activity might be located, and the consequent implications for the community in providing for their needs.

7.1 Costs/Opportunities Reduced

There are many other net costs that may result from the various zonings modelled in the scenarios, in addition to, and possibly flowing from, those discussed above. For each item we have estimated the potential significance of the cost across Invercargill as a whole (given in brackets at the end of each item), taking into account the likely scale of the effect and the implications of the effect⁶.

The net costs might include:

- Decrease in employment in, GDP produced by, and wages for employees in businesses in the CBD and other centres (small significance of effect).
- Decrease in public and private investment in the CBD and other centres (small).
- Reduced business to business efficiencies through reduced accessibility to goods and services (very small).

⁶ For example, with respect to benefits: an increase in investment in the Showgrounds area might be a significant benefit for the Showgrounds, but in the context of the City as a whole, that investment would be of relatively small significance.

- Increased travel time and cost for access to goods and services (shopping) across a more dispersed supply environment (small).
- A decrease in people activity and community interaction in the CBD and other centres, a loss of vibrancy and vitality, potential loss of community infrastructure/services (reduced social amenity) (moderate, this is linked to the effects assessed in section 6).
- Reduced range and choice of goods and services available in the CBD and other centres, and decreased functional amenity for the surrounding community (reduced functional amenity), (moderate, per section 6).
- Increased fuel consumption from less efficient travel. While some new types of retail/services may be more easily accessed (especially in new to Invercargill) overall the net accessibility would decrease given the dispersal of retail around the City (small).
- Potentially reduced land value for private landowners, either in the CBD and other centres or in areas currently zoned Enterprise (small, and not relevant under the RMA).
- The location of business activity on the Showgrounds land which is vulnerable to flooding is a potentially significant hazard, although we are not informed about the extent of the risk of flooding (unknown).
- The development of retail and office-based businesses in industrial areas, or in areas which would be Industrial zones in the PDP, will create an opportunity cost by occupying industrial land instead of industrial activities. This will either force industrial activities to locate in other industrial zones in Invercargill, or possibly cause some industrial businesses to not operate in Invercargill at all. This is potentially a small to moderate impact.

7.2 Benefits/Opportunities Created

There are also a number of net benefits that may flow from the different zonings modelled. These include (again with the potential significance of the benefit in brackets at the end of each item):

- Increase in employment in, GDP produced by, and wages for employees in businesses that develop areas currently zoned Enterprise (small significance of effect).
- Increase in private investment in areas currently zoned Enterprise (the scale of this is likely to be large, but the significance will be small, given the role of these areas within the City). We consider an increase in significant public investment in these areas is unlikely, given this tends to be focussed into centres and not business/industrial areas and LFR complexes.
- There may be an increase in public investment in the CBD and other centres to counter any expected or perceived adverse effects on these areas (a competitive response) (small).

- Introduction of new businesses and potentially types of businesses to Invercargill, and improved access to the products and services they offer to the community (increased functional amenity) (small).
- Reduced travel time and cost for access to some types of goods and services (shopping) (large scale for a very limited range of goods, so of small significance).
- Businesses in areas currently zoned Enterprise may become a destination for people activity and community interaction (increased social amenity) (small).
- Increased range and choice of goods and services available in areas currently zoned Enterprise, and increased functional amenity for surrounding community (small).

For most of these benefits the scale of these effects is (unless otherwise stated) likely to be small or very small, and the significance of these effects will be small to moderate.

7.3 Cost-Benefit Summary

A range of net benefits and costs are anticipated to arise from each of the different zoning options, including both the provision and reduction of opportunities for employment and economic growth in Invercargill. Although M.E has not attempted to measure the costs and benefits discussed above, a number of preliminary conclusions can be made based on the work that has been carried out and our experience and knowledge of retail effects.

Firstly, the scale of most net benefits and costs arising from each of the zoning scenarios are considered to be small in terms of their effect on economic and social wellbeing in Invercargill, and will be similar across all scenarios. Travel efficiency, business efficiency, public investment and employment/GDP and wages will all be similar under each scenario, given the expected change in business activity in affected areas but offsetting change in areas subject to zoning changes.

Secondly, the more laissez faire scenarios would potentially enable different types of retail and service activity to locate in Invercargill, although this is uncertain. In any case, this would be balanced to some extent out by the competitive effect of these new businesses on existing businesses. The resulting increase in accessibility to new retail/service brands in Invercargill may therefore be balanced out by a decrease in access to existing brands. The net increase in functional amenity across Invercargill in any given scenario is likely to be small, although at a location-specific level (e.g. in the CBD) the net change in functional amenity would be more significant. These are the effects assessed in section 6.

Overall the objectives of the PDP will be influenced to a much greater degree by the potential retail and office distributional effects (assessed in section 6) of the zoning changes than by other costs and benefits associated with those zone changes. For that reason these other costs and benefits, as assessed in this section, are much less important in assessing the degree to which each scenario will meet the objectives of the PDP.

8 Other Examples from Around NZ

In this section we examine how distributional effects have been, and are currently, managed in other jurisdictions around New Zealand. Most District Plans have some objectives relating to the distribution of activity within urban areas, because that distribution is recognised as being important in influencing the built form of the urban area, the way communities access goods and services and therefore provide for their needs, and the amenity created in different parts of the urban area.

These examples are relevant to provide Council with guidance as to the range of planning responses that they could use to manage distributional effects issues to achieve the objectives of the PDP, and also to show the types of objectives that are in place in other Plans around the country.

8.1 Auckland

The Proposed Auckland Unitary Plan (PAUP) has been notified, and hearings are currently underway. Although not yet operative, the PAUP provides some useful examples of how urban growth and the distribution of economic activity is proposed to be managed in New Zealand's largest urban area.

The PAUP identifies that commercial and industrial activities are key drivers for providing employment and business opportunities, and for meeting demands for economic and social wellbeing associated with population growth. The distribution and management of these activities have an important role in determining the shape of the urban environment. Policies in the PAUP seek to ensure:

- that sufficient land for differing business activities is available to provide for social and economic wellbeing;
- new development and commercial intensification and expansion is managed to achieve high amenity, efficiency and compact urban form;
- employment opportunities and economic growth are enhanced;
- commercial growth is focussed within a hierarchy of centres and identified growth corridors that support the compact urban form;
- commercial intensification occurs in the city centre, metropolitan and town centres, and is enabled on identified growth corridors, to provide the primary focus for Auckland's commercial growth.

In summary then the PAUP recognises the importance of centres, the hierarchy of centres, and the role of centres in contributing to economic productivity and social and community wellbeing through their effect on urban form. The PAUP proposes to focus growth into existing centres (and new centres in greenfields areas of high growth) to avoid adverse effects on the

vitality, vibrancy and amenity of these centres from out of centre growth. These objectives are very similar to those in the PDP.

8.2 Christchurch

Christchurch had a liberal policy environment from the 1999 decisions version of the Christchurch City Plan, which enabled retail to locate on land in the Business 3B and 4 zones, which resulted in a dispersal of retail activity throughout the City, with undesirable outcomes for urban form and efficiency, and amenity. In the early 2000s changes were proposed to the Plan to limit the dispersal of retail activity, and support a centres-based retail strategy. In 2004 Council introduced Variation 86 in an attempt to change the previously laissez faire approach and the development of out of centre retail activity in industrial and business zones.

The strong-centres-based focus of the post-Variation 86 Plan was successful in stopping the proliferation of out of centre retail, limiting retail growth to certain defined areas to avoid erosion of existing centres' viability. In one instance the Council refused consent (a decision which was unsuccessfully appealed to the Environment Court) for an out of centre retail development on the basis that it was both contrary to the centres-based objectives and policies of the Plan, and that if the proposal was granted it would create a precedent for other similar out of centre developments.

That centres-based framework is being further strengthened in the current Replacement District Plan and the Canterbury Regional Policy Statement. Both of those documents reinforce the objective of maintaining and enhancing the primacy of the Christchurch CBD, and then Key Activity Centres (KACs, the large sub-regional centres in the City and surrounding towns (e.g. the Rangiora CBD). New retail developments must have particular regard to the effects on centres to avoid development that adversely affects the function and viability of or public investment in the Central City and KACs.

8.3 Hamilton

The experience in Hamilton has been somewhat less successful than in Christchurch. The laissez faire planning rules in Hamilton have led to a proliferation of out of centre retail, notably the very large The Base retail centre at Te Rapa. That proliferation has had adverse effects on the Hamilton CBD, and Council has attempted to direct and control the location of retail, and therefore shape urban form, proactively through Variation 21.

Variation 21 would have created a new commercial services zone around the CBD, and made new space outside this zone non-complying in excess of relatively small thresholds. Variation 21 was not implemented after shortcomings in the consultation process, but Council has since applied a stronger centres framework in its Proposed District Plan (still subject to some appeals). The PDP recognises the importance of the central centre and creates a hierarchy of business centres, with the CBD as Tier 1, in an attempt to create a city with a thriving centre. One contributor to CBD revitalisation is hoped to be the Hamilton City River Plan, which is intended to promote revitalisation of the CBD.

8.4 Wellington

Wellington's District Plan identifies that the City's centres are the "focus of economic and social life in our communities"⁷, and identifies a centre's hierarchy to maintain and strengthen the role of each centre. The Plan notes that the health of Wellington's Centres depends on their future vitality and viability, and that a potential threat to that health is increasing pressure for larger scale supermarkets, large scale retailing and other shopping destinations to locate in areas outside of the City's traditional town centres. Council seeks therefore to ensure the viability and vitality of established Centres is not undermined by inappropriately located out-of-centre retail activities. Also recognised is the important role that large anchor stores play in providing a framework that supports finer grain development in centres, and in attracting people to centres. This role means it is important that where possible those anchors are located in centres, not out of centres.

8.5 Other Towns

Many other NZ District Plans define a central business district in their major towns, and afford those CBDs some level of protection in their District Plans in recognition of the positive contribution the CBD makes to a town's economy and community.

A common approach is to identify a CBD area (under various appellations, such as Central Commercial Zone, Business 1 zone, Business A zone etc.) which has the greatest intensity of activity in the town, and where a wide range of retail and commercial activities are permitted. Other types of centres may also be defined, varying depending on the size of the town, and often in a hierarchy, to provide different roles for the community, such as the convenience role of Invercargill's Business 4 centres. Outside CBDs a much smaller range of retail and commercial activities tend to be permitted, usually through restrictions on the type of activities or their size (e.g. in GFA terms).

The intent of this is to maintain the vitality and vibrancy of the CBD, and to maintain primacy over other business areas in the town, while allowing for smaller retail and commercial aggregations in residential areas, but preventing widespread retail dispersal throughout the urban area.

8.6 Summary

The PDP's objectives and proposed zoning to achieve those objectives is generally consistent with the approach employed in the other NZ cities assessed. In some cities a centre hierarchy is a recent addition to District Plans, and in others a hierarchy has previously been used and recently strengthened. In all cases the underlying philosophy is the same, and recognises the economic and social values inherent in town centres.

⁷ Chapter 6.1

9 Conclusions

This assessment has addressed two key questions:

- Are the objectives of the PDP appropriate to meet the overarching purpose of the Resource Management Act (RMA)?
- Are the rules and policies of the PDP appropriate to meet the objectives of the PDP?

PDP Objectives and the RMA

The location of retail and office activity in Invercargill is a significant issue in RMA terms, because the location patterns of those activities are a major influence on urban form and function, travel efficiency, and on how the urban environment delivers amenity. Centres are important as providers of social and functional amenity and enablers of communities' wellbeing, which is a key concern of the RMA.

Objectives of the PDP include:

- Maintaining and enhancing the primacy of the Invercargill CBD as the primary centre for retailing, business, culture and entertainment services for Invercargill, and policies aim to maintain and reinforce the viability and vibrancy of the CBD.
- Maintaining and enhancing the amenity values of the Business 2 Zone.

The direction adopted in the Plan, explicitly, is to concentrate retail and related activity in the Business 1, Business 2 and Business 3 zones, to achieve community and economic benefits, and to avoid adverse effects. In our opinion the provisions and explanations contained in the PDP are consistent with practical experience, and the PDP's objectives relating to the location of retail and commercial activity in Invercargill are appropriate to meet the purpose of the RMA.

PDP Policies in Relation to Objectives

The second key question relates to the appropriateness of the PDP rules and policies to meet the PDP objectives. The rules and policies that are relevant in this case are those relating to the zoning of areas within the City for retail and commercial activities. Submissions proposing alternative zonings to the PDP zonings have been made for a number of reasons, and this assessment has tested the potential effects of those alternatives and compared them against the effects of the PDP.

The conclusion of that comparison is that the PDP zonings would be the most effective zoning configuration to maintain and enhance the primacy of the CBD, by limiting the alternative locations into which retail and commercial activities can locate. The PDP zonings would also better maintain and enhance the amenity values of the Business 2 zone than alternative zonings while still providing for the ongoing development of new retail and commercial activities in Invercargill.

Appendix 1: Summary of Submissions

Following is a summary of the submissions that are relevant to this assessment, namely those relating to the activity types envisaged in the CBD and existing Enterprise zones. This summary excludes matters such as urban design, traffic, safety etc.

A1.1 Proposed Business Zones

A1.1.1 Overview

- General support for the centres-based approach to providing for the business areas of the City which acknowledges the role and function of these areas in providing for community needs (81.1, Progressive Enterprises Ltd).
- There are difficulties in expanding existing assets in the current zones due to land ownership fragmentation and multiple parcels of land being required (81.2, Progressive Enterprises Ltd).
- Mixed use areas provide for community needs, and the Plan fails to recognise this, especially in relation to existing mixed use areas such as the Showgrounds (45.2, Leven Developments Ltd).
- The Plan should better recognise the range of business zones, and there should be a new Business 6 zone for the Showgrounds area where the permitted activities should reflect the land uses already present (84.4 1 Leven Investments Ltd and others).
- A Business 6 zoning is opposed because the Enterprise Sub-Area is too permissive, and many of the businesses in the area now are more suited to a CBD or fringe CBD location. The fact that consents have been issued for certain activities under the ODP is not justification for allowing further developments in the future, and allowing further development of offices in the industrial area will be to the detriment of the CBD. There is significant capacity for new development in and on the fringe of the CBD (29.1, Robert Todd).
- Changing zoning of the Showgrounds land will be inequitable and have a detrimental effect on property values there, and be inconsistent with existing permitted uses (85.1, RJ Cunningham Family Trust).
- There is a need to encourage a large anchor back in the city to encourage investment by property owners (106.3, Trevor Thayer).

A1.1.2 Business 1

- There is a need to keep retail outlets in the CBD, and suggested incentives include rates reductions to increase attractiveness to tenants (56.3, Jenny Campbell).

- There should be (but are not) provisions that support the permitted activity status of education and other community support activities (78.9, Ministry of Education).
- ‘Building Improvement Centres’ should be inserted as a permitted activity, as these can contribute to the range of CBD activities and can be designed to meet amenity expectations (74.2, Bunnings Ltd).
- Drive-through restaurants should be permitted activities in this zone, although may not be suited to pedestrian-oriented areas (75.6, McDonalds Restaurants (NZ) Ltd).
- Support for educational activities, restaurants and residential as permitted activities (75.7, McDonalds Restaurants (NZ) Ltd; 78.12, Ministry of Education; 116.8, Kylie Fowler).
- Placing the CBD into the PDP is important to assist investors and for those that live and work in the CBD (100.1, Vibrant Invercargill).

A1.1.3 Business 3

- The zone does not make adequate provision for the full range of social and government services, and the Business 3 zone should not be unduly restrictive in terms of the types of commercial land use activities permitted (46.6, Leven Investments Ltd and others).
- The general thrust of the objectives is to provide for destination retail such as large format retail or supermarket activities, and that Policy 2 and 3, by seeking to restrict the range and scale of activities within the zone, contradict the those objectives (28.2, Harvey Norman Properties (NZ) Ltd).
- Rule 3.25.1(H) contradicts the intent of the zone which is to provide for activities that cannot locate in centres and are destination stores and vehicle-oriented. Smaller stores are more likely than large format stores to undermine the CBD (28.1, Harvey Norman Properties (NZ) Ltd).
- Building Improvement Centres should be permitted in this zone, and those activities are suitable in areas identified for large format, destination retail stores (74.4, Bunnings Ltd).
- Drive-through restaurants should be permitted in this zone as they do not detract from the vibrancy and vitality of the CBD (75.2, McDonalds Restaurants (NZ) Ltd).
- That four sites in Elles Rd should be rezoned as Business 3, not Residential 1, as the area is currently being used for some destination retailing and the submitter would like to develop the remainder as a veterinary clinic.

A1.2 Proposed Industrial Zones

A1.2.1 Overview

There were a number of submissions received relating to Industry zones generally. The submissions received included:

- Industrial zoning is needed to allow for the efficient operation of industry without undue restrictions, or reverse sensitivity issues, and non-industrial activities should be discouraged from locating in the Industrial zone (34.5 and 34.6, Silver Fern Farms).
- There should be limited retail in Industrial zones to limit retail spread throughout Invercargill (56.4, Jenny Campbell).
- The Enterprise Sub-Area zoning should be retained, and the proposed Industrial zoning will fragment the industrial sector with the inclusion of opening hours and site size (90.12, HW Richardson Group Ltd, and others).
- The proposed policy that would limit the scale of activities within industrial areas is not justified, and is unnecessarily restrictive (15.4, Balance Agri-Nutrients).
- Restrictions on Industrial activities should be minimised to enable the community provide for its economic wellbeing (90.13, HW Richardson Group Ltd, and others).
- The proposed Industrial zoning is less attractive to future investment in the City (46.10, Leven Investments and others).
- Concerns about the existing use rights of some Industrial 1 businesses (90.13, HW Richardson Group Ltd, and others).

A1.2.2 Industrial 1 and 1A

- The range of activities listed for the land between Victoria Ave, the railway line, Beatrice St and the river do not reflect the mixed-use nature of activities already established on this land (84.2, Leven Investments and others).
- The zone does not make adequate provision for social and government services, and Corrections services should be permitted activities in the Industrial 1 zone (3.3(b), Department of Corrections).
- The Industrial 1 zone should make some provision for large retail stores, specifically supermarkets, where opportunities for expansion or new development are not available in the appropriate Business zoned areas of the City (81.3, Progressive Enterprises Ltd, and others).
- Building Improvement Centres should be permitted in this zone, and those activities would not have adverse effects on the town centre (74.5, Bunnings Ltd).

- Drive-through restaurants should be permitted in zones which have low amenity expectations and do not generate reverse sensitivity issues due to their separation from residential areas (75.3, McDonalds Restaurants (NZ) Ltd).
- The submitter opposes the 400m² floor area limit for retail sales (84.3, Leven Investments Ltd, and others).
- Restricted hours of operation and sizes of sites are overly onerous and not effects based (84.3, Leven Investments Ltd, and others).
- The rezoning of the Showgrounds development from Enterprise to Industrial 1 is opposed for several reasons. The area is mixed-use now and should not be rezoned Industrial, and a rezoning would be detrimental to businesses who have established there. Further, the Showgrounds is not in the City Centre, but is close to it, and in a central location within Invercargill and so well positioned to meet the commercial needs of Invercargill. The Showgrounds area provides for businesses that would have difficulties locating in the City centre (e.g. for reasons of tenancy size and car parking requirements, etc.) (44.1, Nind Electrical, and others).

Appendix 2: M.E Models Used

This Appendix provides a summary of the proprietary M.E models used in the assessment.

A2.1 Economic Futures Model

The Economic Futures Model (EFM) is a multi-regional scenario model which traces the economic implications of growth feedbacks between Invercargill, the Southland region and the rest of the country. The EFM uses industry input and output structures representing the flow of goods and services between different economic sectors and areas and applies growth rates to final demand projecting future economic activity.

The EFM is not a crystal ball – no model can predict the future, so the EFM evaluates economic (and environmental) impacts under a restricted set of consumption assumptions formulated as a scenario. Those assumptions are informed by international research into the direction and quantum of change. The scenario applied for this assessment is the ‘Business as Usual’ (BAU) scenario, which is established by generating projections of final consumption (i.e. household consumption, export consumption and gross fixed capital formation (GFKF)), and refined through supplementing the quantitative data used in establishing the scenario with qualitative analysis (for example, from interviews and leading literature sources). The parameters have been adjusted to reflect New Zealand and Southland conditions.

The model maps the growth path for a range of scenarios for 48 sectors and for households out to 2031. For each sector and for households it identifies major economic indicators (including, of most relevance to this assessment, employment), indicators of environmental resource requirements, and indicators of environmental residuals. Importantly, the EFM captures not only the direct economic implications of growth in final consumption but also the associated indirect (i.e. through supply chain) and induced (i.e. through consumer spending) economic and environmental effects.

Industries driven by local demand (e.g. education, health, accommodation, hospitality, services and retail trade) are primarily influenced by changes in the size of the population, and its composition. Industries driven by international demand are analysed using quantitative projections of export growth, for each industry. Industries driven by intermediate demand (such as road transport and services to agriculture) are captured via flow-on implications from growth of the key industries. Technological progress and changes in labour productivity are also accounted for.

A2.2 Spatial Economy Model

M.E’s Spatial Economy Models are a series of models developed for use in various parts of NZ to describe the location, quantum and range of economic activities in urban areas. For this project we have constructed an Invercargill Spatial Economy Model (ISEM) which quantifies

the range of activities (employment and business numbers) and amount of sales and floorspace in Invercargill centres, business areas and other non-centre areas.

The ISEM is structured around centres and non-centre areas, and applies a centres hierarchy which has been defined with reference to the PDP zoning, with distinction between areas within each zone based on their spatial location. The hierarchy applied is as follows, listed broadly from highest point in the hierarchy to lowest):

- The Invercargill CBD is the City's regional centre, and the largest centre in the Model.
- Business Zones. There are ten Business zones, comprised of:
 - five B2 areas (Waikiwi, Windsor, Glengarry, South City and Bluff);
 - three B3 areas (North, East and South);
 - 17 B4 areas⁸.
- Industrial Zones, of which there are 22, including nine Industrial 1, the Bluff Wharf Industrial 1A zone, eight Industrial 2 areas, three Industrial 3 areas, and one Industrial 4.
- Special Areas, including Otatara, Invercargill Hospital, Bluff Port, Tiwai Point and Invercargill Airport.
- Residential and rural areas fall outside the centre and business area typology, and are classified as non-economic areas. These include the four Residential Areas (1, 1A, 2, and 3) and Rural 1 and 2.

An area high in the hierarchy fulfils a high-level role, providing for a broad range of household and business needs, while areas lower in the hierarchy provide correspondingly more limited ranges of business activity. Together these centres and non-centre employment areas are the location for the vast majority of Invercargill's economic activity, and almost all of the retail activity in the City. This structure then provides the understanding of where in Invercargill offices and retail and services business are located, and to which types of centres and other areas Invercargill consumers direct their demand.

The SEM quantifies total employment in each location, and from that applies productivity factors to derive estimates of total centre sales and gross floor area in each centre. These productivity estimates have been built up over long periods from our retail assessments throughout NZ. Output from the SEM then is estimates of the employment, sales and floorspace in each centre in Invercargill, by storetype.

⁸ Several small B4 zones that are in the model as part of Industrial or Business areas if they are in the same meshblock and the Industrial or Business activity is the dominant activity

A2.3 Market Meter

The demand projections used in this assessment have been sourced from M.E's 'Market Meter' tool. Market Meter is a proprietary tool that synthesises all of M.E's retail demand data in a single dataset, providing market demand estimates and projections for 42 retail storetypes at a meshblock level, and accounts for all retail spending by households, businesses and international and domestic tourists.

Household numbers, rather than population, are the core driver of retail demand, because most retail product purchases are coordinated by households for their consumption. Our demand assessment takes into account the changing structure of households over time, so that a 14% increase in household numbers will not necessarily equate to a 14% increase in retail demand, as the declining average size (people per household) of households will result in average spend per household also declining. Household spending is divided into components of total spending power from home and from work.

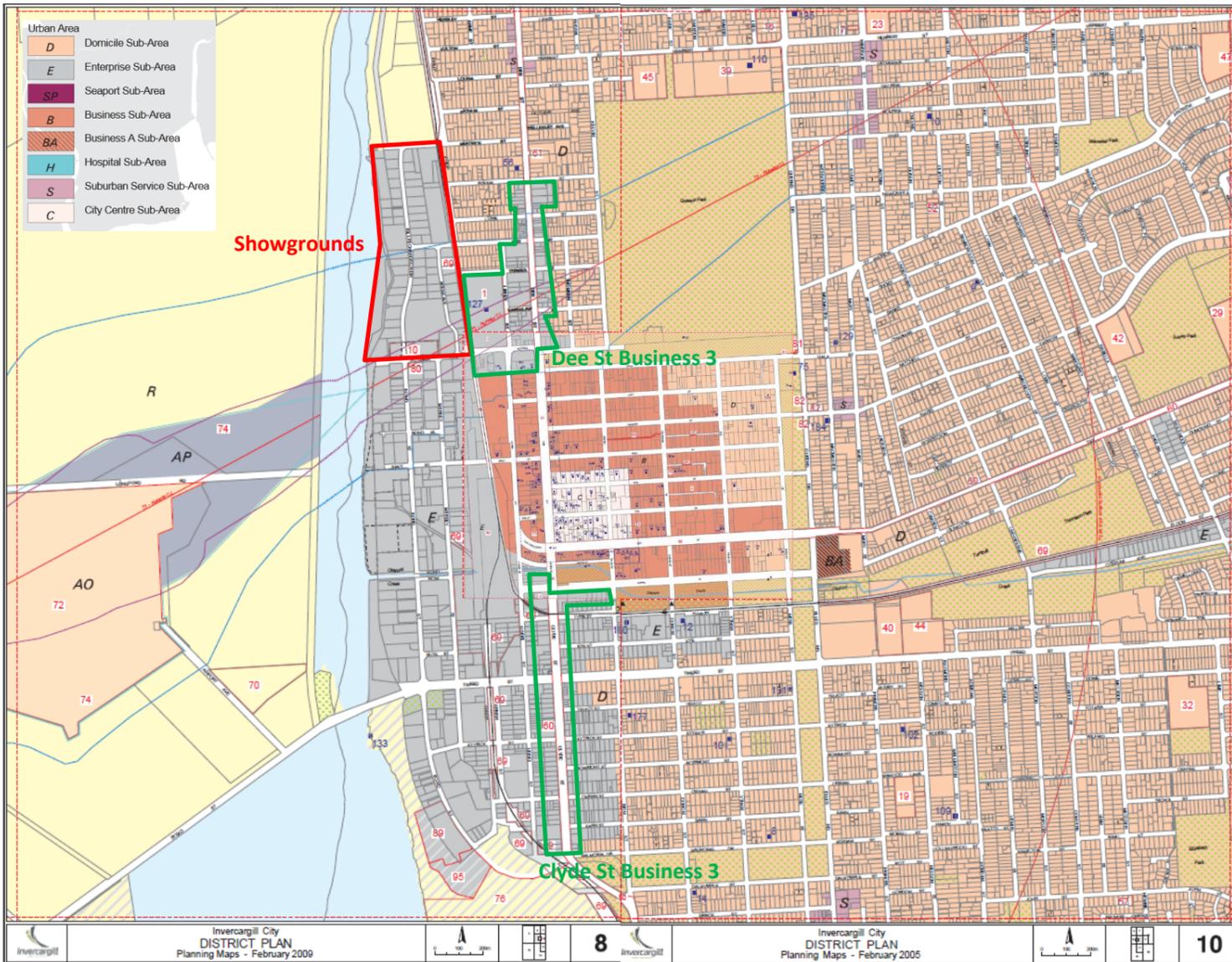
Demand data in Market Meter are calculated based on:

- The number of consumers (households, businesses, workers and tourists) resident in each location. This data comes from Census 2013 and SNZ household projections (for households) and SNZ's Business Frame (businesses and workers). While residential consumers are by far the most dominant component of total demand, it is important that the other components are also included in the assessment.
- Meshblocks' socio-demographic composition. This socio-demography applies 210 segments defined by age (six segments), household composition (seven segments) and income (five segments), from Census 2013 data.
- The spending power of each consumer segment (households and non-household consumers). The spending power of each segment is sourced from customised output from Statistic's NZ's (SNZ) Household Economic Survey, and calibrated at a national level to total retail spending identified in SNZ's Retail Trade Survey.
- Economic prospects and expected short to medium term spending trends (such as an increase in spending per household). These trends are based on a range of macroeconomic indicators and consensus forecasts of the economic outlook, and drive spend projections.

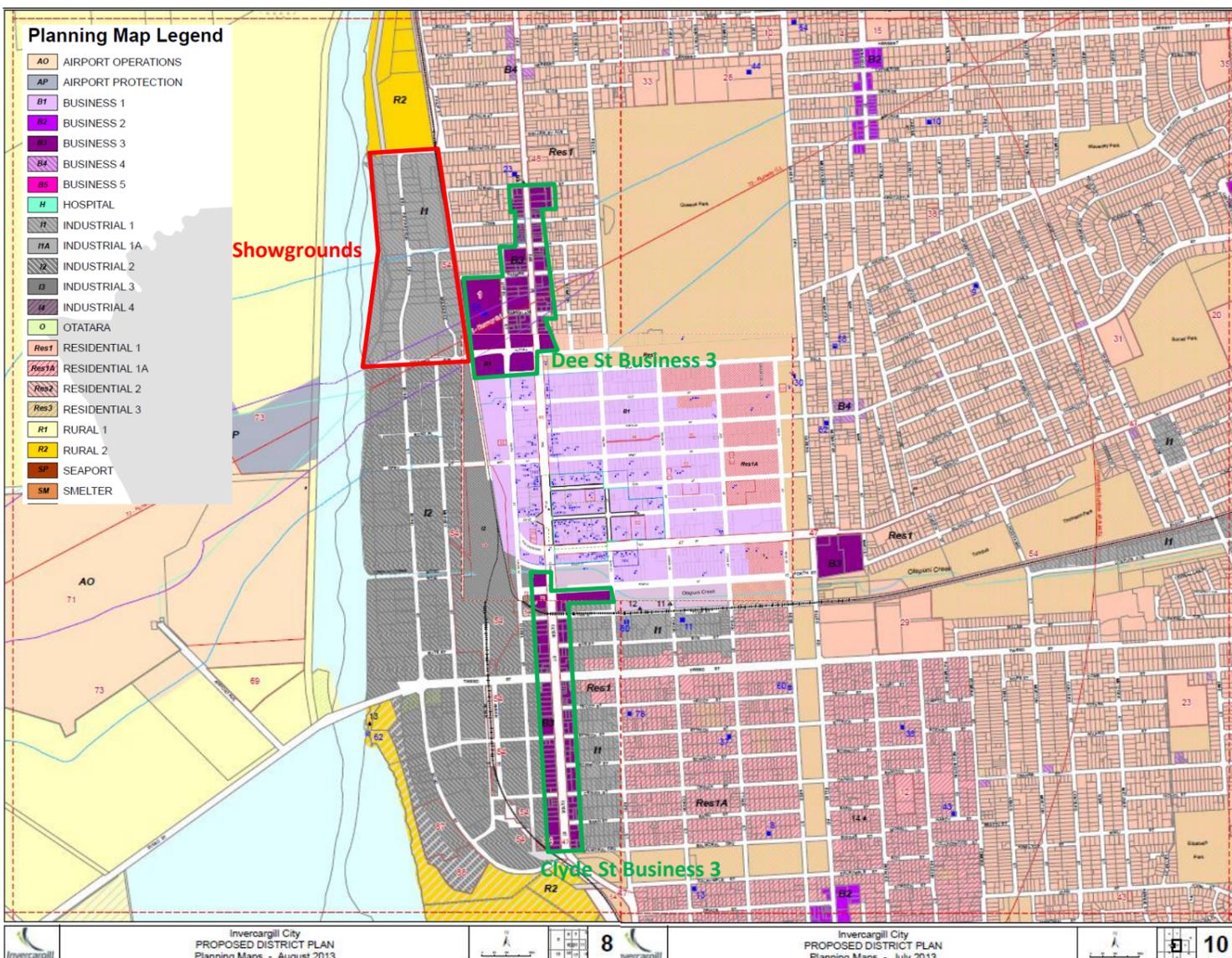
The output used in this assessment is a meshblock level dataset of total retail demand arising from each meshblock in Invercargill from the base year (2013) and then for every Census year (five-yearly from 2016) out to a 2036 horizon.

Appendix 3: Central Invercargill Zoning Overview

ODP Planning Maps 8-10 (Map 9 is CBD insert)



PDP Planning Maps 8-10 (Map 9 is CBD insert)



The following table summarises the key zoning changes between the ODP and the PDP that are relevant to this assessment, with a focus on maps 8-10 of the District Plan. This summary is not intended to be an exhaustive description of all changes made between the Plans.

Figure A3.1: Overview of Key Zoning Changes

Location	ODP Sub-Area	PDP Zone
CBD	Distinction made between the City Centre Sub-Area and the fringe Business Sub-Area	All to be Business 1, albeit with several precincts to provide some distinction with certain permitted activities
Showgrounds, and Industrial areas south of the CBD and at Newfield	Enterprise Sub-Area	Industrial 1
Industrial Area west of the CBD	Enterprise Sub-Area	Industrial 2
Dee and Clyde Streets, to the north and south of the CBD	Enterprise Sub-Area	Business 3
Harvey Norman, Mitre 10 Mega complex	Business A	Business 3 (increased to take in adjacent parcel)
Various	Suburban Service	Business 2 or Business 4
Kennington, Makarewa	Industrial	Industrial 1 or Industrial 3

Appendix 4: ODP Zone Summary

This section summarises the objectives, policies and rules of the Operative District for comparison with the PDP.

A4.1 Areas

The ODP classifies all places in Invercargill District as being part of either the Urban Area or Country Area, and then to a Sub-Area. There are eight Sub-Areas within the Urban Area: Domicile, Enterprise, Suburban Service, Business, Business A, City Centre, Hospital and Seaport.

A4.2 Objectives

The objectives in the ODP relevant to this assessment include to maintain and enhance both the amenity values that occur throughout the District (3.14.1), and the amenity values of the Areas and Sub-Areas (3.14.6). There are no specific objectives in the ODP that relate to maintaining a centre's hierarchy, or the vibrancy and vitality of the CBD, although reference is made to such objectives in parts of Chapter 4 of the ODP⁹, and those objectives could be inferred indirectly from the amenity objectives.

A4.3 City Centre Sub-Area

The City Centre is defined in the ODP as a the core of the CBD, bounded by Dee and Tay Streets, and extending to part way in between Kelvin and Deveron Streets, an area of two complete and four partial city blocks. The City Centre section of the ODP¹⁰ states that “the objectives for the centre city include providing for a diversity of retail and commercial activities and services contributing to a focal point for the District, and the wider Southland Region”. Notable characteristics of the City Centre listed include high pedestrian activity and traffic density and an opportunity for a diversity of commercial activities. Permitted activities in the City Centre Zone include commercial activity (which includes retail, services, offices, restaurants), commercial recreation, residential, visitor accommodation healthcare and education. Discretionary activities include industrial and service stations.

A4.4 Business Sub-Area

The Business Sub-Area is the broader CBD beyond the City Centre, which is about 1km north to south, and at its widest some 1.3km west-east. This Sub-Area is to provide for commercial/retail and service activities which are a focal point for Invercargill and Southland¹¹.

⁹ ODP 4.33.8

¹⁰ ODP 4.33.8

¹¹ ODP 4.33.6

Notable characteristics of this Sub-Area listed include: a diversity of commercial activities, and structure heights and levels of traffic density, lightspill and glare that are slightly lower than the City Centre. Permitted activities in the Business Sub-Area are almost identical to those in the City Centre, except service stations are permitted in the former but not the latter.

A4.5 Business A Sub-Area

This is a small Sub-Area close to Otepunui Creek where the Mitre 10 Mega and Harvey Norman are located¹². The Sub-Area exists to provide for vehicle oriented retail and commercial activities with a predominance of vehicles and large structures, located close to major transportation routes.

A4.6 Enterprise Sub-Area

The primary purpose of this Sub-Area is to “provide the opportunity for a wide range of different activities to operate side by side”¹³. The ODP states that the “this Sub-Area is highly permissive because its aim is to encourage enterprise”, and to this end provides the opportunity for glare, noise and odour generating activities, hazardous substances, large structures and impermeable surface areas, high levels of traffic and heavy vehicles, retail, commercial and industrial activities. The only activities that are not permitted are noise sensitive activities including habilitation centres.

A4.7 Suburban Service Sub-Area

The primary purpose of this Sub-Area¹⁴ is to provide focal points for community (commercial, cultural and social) activities near where people live. The ODP recognises the need for some balance between providing for a variety of business activities, whilst not adversely affecting the amenity values of surrounding residential areas. Notable characteristics of this Sub-Area listed include: low to moderate traffic levels, building height controls, moderate noise levels, and low glare and light.

¹² ODP 4.33.7

¹³ ODP 4.33.4

¹⁴ ODP 4.33.5