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Proposed St Albans Local Centre Development

Economic Effects Assessment

Prepared for: Woolworths NZ Limited

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Proposed St Albans Local Centre Development

Economic Effects Assessment

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Executive Summary

Savvy Consulting and Market Economics (M.E) have been commissioned to assess the potential economic effects of a proposed local centre development in St Albans that will be anchored by a Woolworths supermarket and sleeved by a small number of complementary convenience-focused activities. The development is being pursued through a resource consent application to the Christchurch City Council.

The St Albans Commercial Local Zone (CLZ) has been vacant for a sustained period. This is despite the local community experiencing significant population and household growth in the last decade, largely driven by multi-unit housing development. We consider that the irregular shape of the CLZ and the bespoke provisions of the Outline Development Plan have constrained the commercial feasibility of delivering a local centre on the site, to the detriment of the St Albans community.

The proposal occupies a more suitably shaped development area that facilitates the feasible development of a supermarket-based local centre.

The indicative primary trade catchment of the proposed development contains sufficient current and projected household demand to sustain a full-sized supermarket. A permitted supermarket on this site (i.e. 800-1,000sqm GLFA) would not be effective in meeting this catchment demand and would result in ongoing inefficiencies in convenience shopping travel over the long-term. The proposal responds effectively to local catchment demand.

In the absence of a St Albans local centre, food, grocery and liquor retail sector demand in the indicative main trade catchment has been met across a range of existing centres/commercial areas in Christchurch's inner suburbs. This includes (but is not limited to) the Edgeware, Richmond/Stammore Road, Merivale, Shirley/Palms centres and the group of full-service supermarkets south of the Central City. Modelling of the trade competition effects of the proposed Woolworths in 2028 and through to 2043 therefore shows that any direct sales impacts will be dispersed rather than localised, and minor (including on the CBD).

This, combined with the strong growth in demand projected in the Central City and inner suburbs, means that any initial reductions in sales will be quickly offset and those centres will continue to experience retail growth. As such, the threshold of direct impacts that would be needed to cause adverse distributional effects on existing centres will not be met. We support the proposed resource consent on economic grounds.

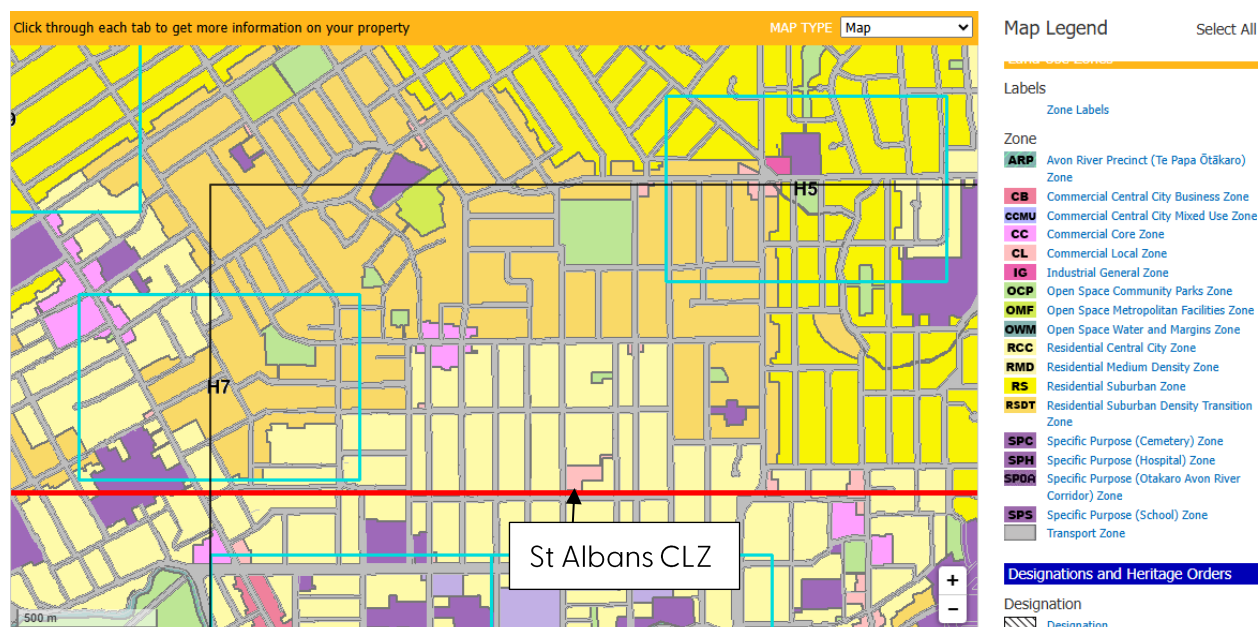
1 Introduction

This report, prepared jointly by Savvy Consulting and Market Economics (M.E), assesses the economic effects anticipated from the proposed development of the St Albans Local Centre in Christchurch City. It is understood that this report will be used to inform the overall Assessment of Effects of a resource consent application to be lodged by Woolworths New Zealand Limited.

1.1 St Albans Local Centre Zone & Surrounds

The operative Christchurch District Plan (the Plan) provides for a local centre, which is the smallest centre in the hierarchy¹ within the block bounded by Madras, Purchas, Packe and Canon Streets to the north of the city centre of Christchurch. The Plan refers to the site as the St Albans Local Centre. It is zoned Commercial Local Zone (CLZ) and is surrounded by Residential Medium Density Zone (RMDZ), with Residential Suburban Density Transition Zone further to the north (Figure 1.1). To the south are the various residential and business zones that make up the city centre and CBD.

Figure 1.1 – St Albans Local Centre Zone and Surrounding Operative District Plan Zoning

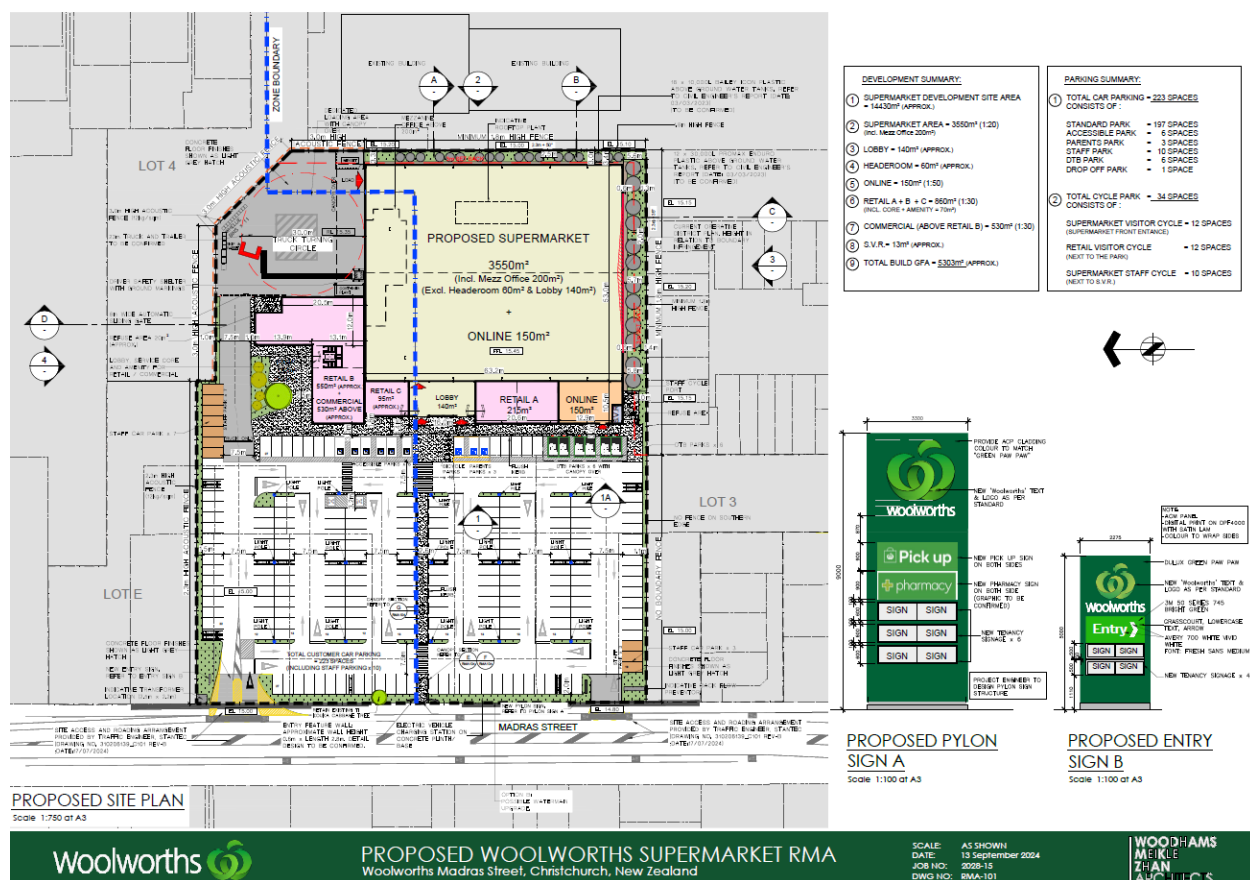


¹ Under PC14 (notified), it would become a neighbourhood centre, but still the smallest centre in the hierarchy as local and neighbourhood centre terms are swapped to match National Planning Standards.

1.2 Proposed Development

Woolworths propose to develop a new full-service supermarket on the site to help meet the convenience needs of the surrounding densely populated community. The supermarket component comprises 3,840sqm GFA, which is made up of a 3,550sqm GFA store (including ancillary offices and all back of house areas), 140sqm GFA lobby and 150sqm GFA online/click and collect area (Figure 1.2).

Figure 1.2 – Proposed Site Plan – St Albans Local Centre Woolworths Development



Other features of the proposed development include a small number of additional tenancies that sleeve the front and north-west corner of the supermarket store. As shown in Figure 1.2, the additional ground floor floorspace is expected to contain complementary retail or commercial service activities in the area shown as Retail A (215sqm GFA), Retail B (total ground floor area of approximately 550sqm GFA), and Retail C (95sqm GFA). These additional retail or commercial service tenancies can be expected to serve a convenience shopping function.

There is also proposed to be an additional 530sqm GFA (approximately) of non-retail commercial activity on the first floor above the Retail B area, accessed from its own lobby off the 'village green' courtyard. While future tenants are uncertain at this stage, we understand

that current thinking by Woolworths is potentially a day care centre and/or gym within this space. Such activities would serve the needs of the immediate surrounding residential community and would therefore be entirely suitable within a local centre in our view. They also do not typically contribute to distributional effects concerns. Given that the first floor activities will be limited in size and will be non-retail commercial activities, this assessment is focussed primarily on the potential economic effects of the supermarket and, to a lesser extent, the sleeved ground floor retail/commercial service floorspace.

The proposed tenancies all form one integrated building on the site. There are no other buildings proposed as part of the proposed St Albans local centre development. We discuss the relationship between the extent of the development site and the St Albans CLZ further below.

1.3 Retail Trade Catchment & Study Area

When present within a convenience centre, supermarkets (or large grocery stores) provide the best indication of a centre's trade catchment (i.e., the area where the majority (but not all) of regular centre customers may be expected to live or work). For the proposed local centre development, it would be reasonable to expect that the majority of shopping trips to the centre will include a visit to the supermarket. Because of this strong cross shopping behaviour, modelling the distributional effects of the supermarket – which accounts for 82% of total proposed ground floor GFA – provides a sound basis for inferring the distributional effects of the local centre as a whole (inclusive of the complementary small-scale hospitality and retail/commercial floorspace activities).

A potential trade catchment for the proposed Woolworths store (and total local centre) has been estimated based on Statistical Area 2 (SA2) boundaries, and consideration of other nearby centres, and particularly existing full-service supermarkets (Figure 1.3). The benefit of an SA2 defined catchment is that SA2s are the level at which household projections and our retail demand projections are available.

The purpose of illustrating a potential trade catchment for the proposed local centre development is to help identify the key existing centres that are likely to be meeting much of the convenience shopping needs of the local community at present. The indicative trade catchment therefore provides some focus for the economic assessment.

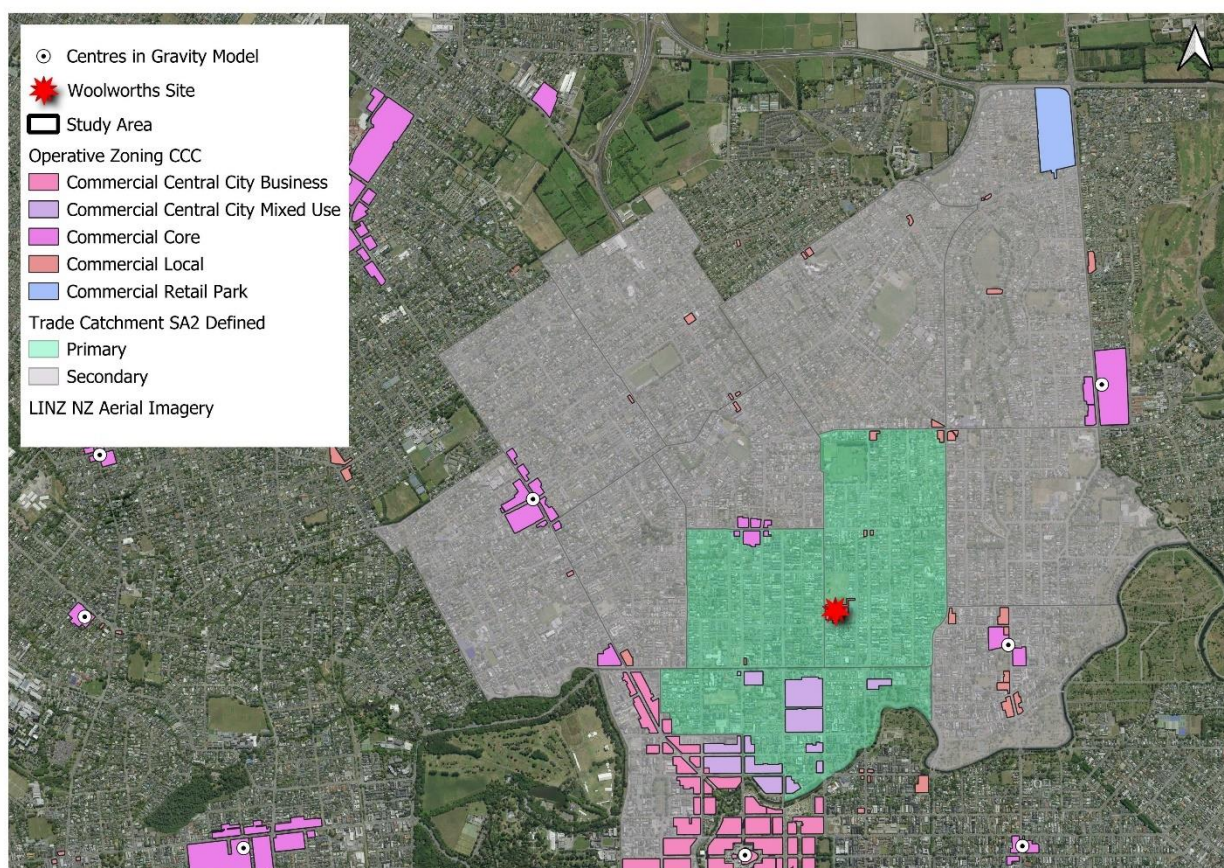
The actual trade catchment of the supermarket (and total local centre) will not be known until it is up and trading. There is always a degree of uncertainty about defining a likely trade catchment. This is why this report relies on a Gravity Model approach to model distributional

effects rather than an approach that requires subjective assumptions on market shares applied to an estimated trade catchment.

A Gravity Model considers the relative distance and attractiveness of all shopping centres from each part of a large study area. In this case, the study area is broad and includes all of Waimakariri District, Christchurch City and Selwyn District. We discuss the modelling of supermarket distributional effects across the study area in Section 5 of this report.

Figure 1.3 shows an indicative primary trade catchment comprising of the three nearest SA2s to the St Albans CLZ, and a wider secondary trade catchment.² It is possible that the primary trade catchment would also include more of the city centre than shown (and the Gravity Model results discussed later on lend some weight to this possibility).

Figure 1.3 – Estimated Primary and Secondary Trade Catchment of Proposed Woolworths



We do not anticipate that the secondary catchment will extend further south (on the east and west side of the central city) due to the presence of a number of alternative supermarket-

² We note that in the south-east corner of the indicative secondary trade catchment there is an area of 'red zone' land to the left of the Avonside Loop. This reduces the housing density in this part of the secondary trade catchment which is particularly relevant for those existing eastern centres.

based centres and due to the nature of the roading network. The selected secondary catchment extent reflects the likelihood that many household/worker travel movements will gravitate toward the CBD/city centre, and therefore, depending on the route taken, may pass within a relatively close distance to the St Albans local centre on that journey. It may therefore be an accessible alternative convenience shopping destination for some households/workers (some of the time) based in the secondary trade catchment.

While not shown in Figure 1.3, the area beyond the indicative primary and secondary trade catchment (collectively referred to as the main trade catchment) is a tertiary trade catchment. It is expected that a small portion of supermarket (and centre) sales will also come from the tertiary catchment, but that those households/workers will be more dispersed and therefore difficult to ring-fence on a map.

2 Operative Planning Provisions

The St Albans CLZ is largely vacant and has been for many years despite continued intensification of housing surrounding the block that would support a local centre in this part of Christchurch (discussed further in Section 4). Figure 2.1 shows an aerial photo of the block and immediately surrounding residential areas. The operative zoning is overlaid. The vacant land in the northern part of the block has been consented for terraced housing.

2.1 St Albans Local Centre Provisions

The St Albans local centre has its own bespoke planning provisions. While not repeated here, the planning assessment for the consent application discusses the genesis of these bespoke planning provisions, which also influenced the unusual shape of the CLZ area shown in Figure 2.1.

Figure 2.1 – Operative Commercial Local Zone and Existing Block Development



2.1.1 Economic Constraints Created by Shape of CLZ

The operative St Albans CLZ area:

1. is an irregular shape that has been fitted around established residential and community facilities, and other developments that were planned on the block by past owners.
2. is further reduced on the Madras Street frontage by the development of one lot for multi-unit (attached) housing. Given that these dwellings are not very old, it is considered unlikely that they would represent commercially feasible re-development capacity (i.e. if demolished so that the land could instead be used for local centre development), and
3. has some narrow areas (joining onto Purchas Street and Packe Street) that are likely limited to accessways, thus further reducing the useable land area for commercial floorspace.

As such, we consider that the shape of the St Albans CLZ zone creates several constraints for development of a commercially viable local centre. The key constraints are a narrow main frontage onto Madras Street combined with the main useable area of the zone extending into the centre of the block. This means limited opportunity for most future business tenants of the Site to achieve good visibility for passing traffic. Visibility or profile is a key criterion for feasible retail development, and particularly for convenience retail.

We consider that the current zone shape strongly limits the suitability of the land for its intended purpose. We note that ‘suitability’ of business land is a key requirement for zoning in District Plans under the NPS-UD (Policy 1(b)).

2.1.2 Economic Constraints Created by the ODP and Rules

The St Albans LCZ has bespoke planning provisions and an Outline Development Plan (ODP) that guides the location and scale of activity within the zone.³ As set out in the Planz assessment, the provisions gave effect to a specific proposed development in the past.

Ironically, the bespoke provisions allow up to 3,500sqm GLFA of total floor space,⁴ which would put St Albans just beyond the upper limit GFA guide of local centres according to Table

³ A copy of the ODP is contained in the planning assessment and is not repeated here.

⁴ With exceedance of the 3,500sqm GLFA a non-notified Restricted Discretionary Activity consent.

15.1 of the Plan if all that floorspace was able to be realised.⁵ While seemingly more enabling on total floorspace, the bespoke provisions are less enabling of an anchor retailer, limiting the largest store to 800sqm GLFA as a permitted activity rather than 1,000sqm GLFA in other CLZs. Any exceedance is however still a Restricted Discretionary Activity. A somewhat larger centre with a somewhat smaller anchor does not support a viable/feasible development outcome in today's market in our view.

Similarly, the bespoke rules for the zone increase other individual retail tenancies to 450sqm GLFA, rather than 350sqm GLFA in the generic CLZ provisions (and this is also a non-notified Restricted Discretionary Activity consent to exceed). This too is at odds with the intended outcome of convenience/local centres under the Plan. Enabling larger tenancies potentially reduces the number and mix of retail/commercial service stores that can develop, which limits the functional (and social) amenity able to be delivered by the centre. It also increases the risk of distributional effects on higher-order centres where larger (albeit not LFR) retailers are more likely to be located.

We consider that the compounding effect of the St Albans CLZ shape and the ODP/bespoke provisions limit the suitability of the zone in isolation to deliver a functional and commercially viable local centre in St Albans. The planning provisions are no longer fit for purpose. Anticipating a supermarket anchor of just 800sqm (notwithstanding the ability to apply for a consent to increase this limit but still being constrained by the ODP):

- a) is unlikely to satisfy the projected supermarket demand of the centre's trade catchment (with significant intensification already occurring and more residential intensification feasible – this is discussed further in Section 4);
- b) does not account for the changing economies of scale in the supermarket development sector; and
- c) does not account for the shift in customer preferences towards online/click and collect supermarket shopping which adds the total footprint required in modern stores.

Our analysis (set out in Section 4) confirms that a local centre in the St Albans location can sustain a full-sized, full-service supermarket to meet the current and future needs of the surrounding residential area. In other words, there is enough demand to support a full-service supermarket and providing anything smaller will be unlikely to manage customer demand efficiently and will therefore drive customers away (and to more distant centres) to meet their

⁵ Noting that non-leasable floorspace may be additional and the policy guidance for centre size is measured in total GFA terms not GLFA.

daily shopping needs. This would not support an efficient centre network or a well-functioning urban environment.

Based on the shape and size of Areas A and B in the ODP, neither are capable of providing suitable development capacity for a modern full-size supermarket. The constraints created by the out-dated ODP mean that there is a high risk that the land would not be developed as a local centre under Permitted or Restricted Discretionary rules and standards.

From an economic perspective, we consider that the commercial limitations of the operative provisions and zone shape are insurmountable and likely explain why the site has remained vacant for so long. We consider the need to utilise some of the RMDZ land in the block to create a more useable development area, with a wider frontage to improve visibility/profile of a future local centre, is necessary in this instance.

2.2 Commercial Local Zone Provisions (General)

We consider that the general CLZ provisions in the Plan provide a more realistic baseline against which the proposed local centre development should be assessed. Total GFA of local centres is – as a policy guide – up to 3,000sqm GFA and the Plan anticipates a small group of shops/premises that serve the convenience needs of the surrounding residential area.

The generic CLZ rules provide for a small supermarket (up to 1,000sqm GFLA) as a Permitted activity and larger supermarkets as a Restricted Discretionary Activity to anchor local centres. It also provides for small-scale retailing and commercial activity as well as community facilities, healthcare facilities, preschools, gyms and other activities.

The Plan notes an exception on the total GFA size of local centres when the zone provides for a standalone supermarket that is larger than 3,000sqm GFA. While we are unsure of the history of this policy, it suggests an outcome where a supermarket building (which may or may not include some sleeved sub-tenancies) is the limit of the physical centre and that this is also accepted in the Plan as providing for localised convenience shopping and a local centre role (as opposed to a neighbourhood centre role which applies to centres indicatively greater than 3,000sqm GFA (and up to 30,000sqm GFA) and that have a more diverse offering of commercial and community activities). We consider that the proposed development may be interpreted as falling within this standalone supermarket development category of local centre.

2.3 Proposed Development Relative to CLZ Provisions

As discussed in more detail elsewhere in the consent application, the proposed development site necessarily occupies a mix of CLZ and RMDZ on the block. We note that the total (gross) area of the CLZ is estimated at 1.0764ha based on the amalgamation of Areas A-D in the ODP. By comparison, the site area for the consent application is 1.443ha – so broadly similar in scale.⁶ Appendix A shows the relative size of all local centres (by gross zone area in the Plan) and there are a group of local centres that sit between 1.0 and 1.5ha (within which St Albans⁷ falls, as well as some local centres that have larger gross zone areas.⁸

Excluding the area of CLZ that has since been developed as residential housing (estimated at 460sqm and shown in Figure 2.1), the net zone area is estimated at 1.0304ha. The proposed local centre by Woolworths has a ground floor footprint of 4,700sqm GFA (excluding the canopy area). If one was able to ‘massage’ the net CLZ land area into a more suitable zone configuration fronting Madras Street, the proposed development footprint would have a theoretical site coverage of 46%.⁹ This is consistent with often used site coverages in economic assessments for small centres. On that basis, it would be reasonable to say that *if* the CLZ was reconfigured on the block,¹⁰ the proposed development could comfortably (or closely) fit on that (reconfigured) CLZ land area and likely enable sufficient car parking and other infrastructure areas.

In terms of the proposed GFA of the development – 4,700sqm GFA of total supermarket and ground-floor tenancies and approximately 530sqm GFA of first floor non-retail commercial space giving a total GFA of around 5,230sqm – this exceeds the policy guidelines by around 2,230sqm GFA for local centres. The proposal is still relatively closer to the policy guidance GFA for local centres than it is to the mid or upper limit of neighbourhood centres. However, if the standalone supermarket classification is applicable, then this additional floorspace may be less of an issue. Either way, this report assesses the potential for the proposed development (although focussing on the supermarket as the key driver for the additional centre scale) to have adverse distributional effects on the surrounding centre network.

⁶ A difference of around 3,660sqm.

⁷ In Appendix A, the St Albans local centre is notated as Madras local centre.

⁸ It is acknowledged that like St Albans (Madras) which has already lost some capacity to housing, other local centre zone areas have also changed. I.e. Belfast North has sought to be larger, and Groynes Park has been reduced by some housing development.

⁹ The indicative site coverage (excluding canopy) would be 44% if compared to the gross CLZ area for St Albans.

¹⁰ I.e., still providing the same total area of CLZ and RMDZ within the block.

2.4 Outward Expansion of a Commercial Centre

As discussed above, the size of the proposed development site is broadly similar to the size of the CLZ (i.e. 134% of the gross CLZ area) but is of a different shape/configuration to facilitate a commercially feasible development outcome. That said, the proposal extends into the adjoining RMDZ in the block and as such Policy 15.2.2.4 (Accommodating Growth) applies. This report focusses on part (i) and (iv) of that Policy whereby any outward expansion of a commercial centre beyond commercial zone boundaries must:

- (i) ensure the expanded centre remains commensurate with the centre's role¹¹ within the strategic network of centres, while not having significant adverse effects on the function of other centres.
- (iv A) be responsive to the anticipated increase in population in the surrounding catchment while continuing to support intensification targets in and around centres, and
- (iv B) be consistent with revitalising the CBD as the primary community focus point.

With regards to the first part (i) above, we consider that the proposal is commensurate with a local centre role. The mix and number of tenancies contained in the proposal is limited, expected to be primarily convenience in nature, and not of the scale and diversity anticipated from a neighbourhood centre. As noted above, the total GFA proposed is also relatively closer to the local centre upper GFA guidance threshold than it is to the average size of neighbourhood centres across Christchurch.

With regards to the second part of (i) above, and parts (iv) A and B, we consider that the proposal meets these tests. This finding is based on the assessment set out in the remaining sections of this report.

¹¹ See also matter of discretion: 15.13.4.5.1(d).

3 Surrounding Centre Network

3.1 Trade Catchment Centre Network

This section of the report examines the existing centre network that falls within the indicative trade catchment of the proposed St Albans local centre. The assessment captures:

- a) 1 district centre/Key Activity Centre (KAC) – Shirley/Palms, which sits on the edge of the indicative secondary trade catchment.
- b) 4 neighbourhood centres – Edgware, Merivale, Richmond/Stanmore and Bealey-Papanui. We note that Richmond/Stanmore is a combination of both local centre and neighbourhood centre zoning. As the New World supermarket sits broadly in the middle of the commercial zoned areas, we considered that this links the two areas as a commercial corridor that spans between North Avon Road (the Richmond end) and Draper Street/Swanns Road (the Stanmore end). Hence, we have assessed it as single commercial area. Similarly, the Bealey-Papanui centre has both Commercial Core Zone (CCZ) and CLZ, facing each other. This is treated as a single centre for this assessment.
- c) 13 local centres (excluding St Albans) – spread throughout the indicative main trade catchment.

Centres we have not examined as part of this (Section 3) assessment are the Homebase Shopping Mall (Commercial Retail Park Zone) at the very northern edge of the indicative trade catchment which only contains (currently) an Asian grocery store and a liquor store, and commercial zones south of Bealey Avenue (within the Central City) which form large agglomerated commercial areas that do not function as typical centres. We consider impacts on the Central City in Section 5 of the report in accordance with the requirements of the planning framework.

In order to assess the business and employment mix of these centres, and therefore understand their relative roles, we have relied on the StatisticsNZ Business Demography data for 2023. The smallest spatial scale of that data is SA1, and as such we have identified the SA1s that cover the commercial centre zoning. These SA1 defined areas are illustrated in Figure 3.1. As can be seen, the SA1s sometimes cover much broader areas than the centres themselves, and capture mainly residential zoned land, and sometimes other zoning.¹² This has the effect

¹² The Merivale Centre SA1s for example include the Special Purpose Hospital Zones.

of overstating the businesses and employment that are in the centres, particularly as a range of business types are registered to residential addresses (e.g. trade people and some professionals).

For the most part however, it is expected that retail sector and hospitality¹³ activity will be centre-based and should therefore be relatively accurate compared to some other sectors. The amount of other employment near (but not within) the centres is still relevant as it this is likely to contribute to the sales/employment, viability and vibrancy of the centres.

Figure 3.1 – Commercial Centres Located in the Primary and Secondary Trade Catchment (SA1 Defined)

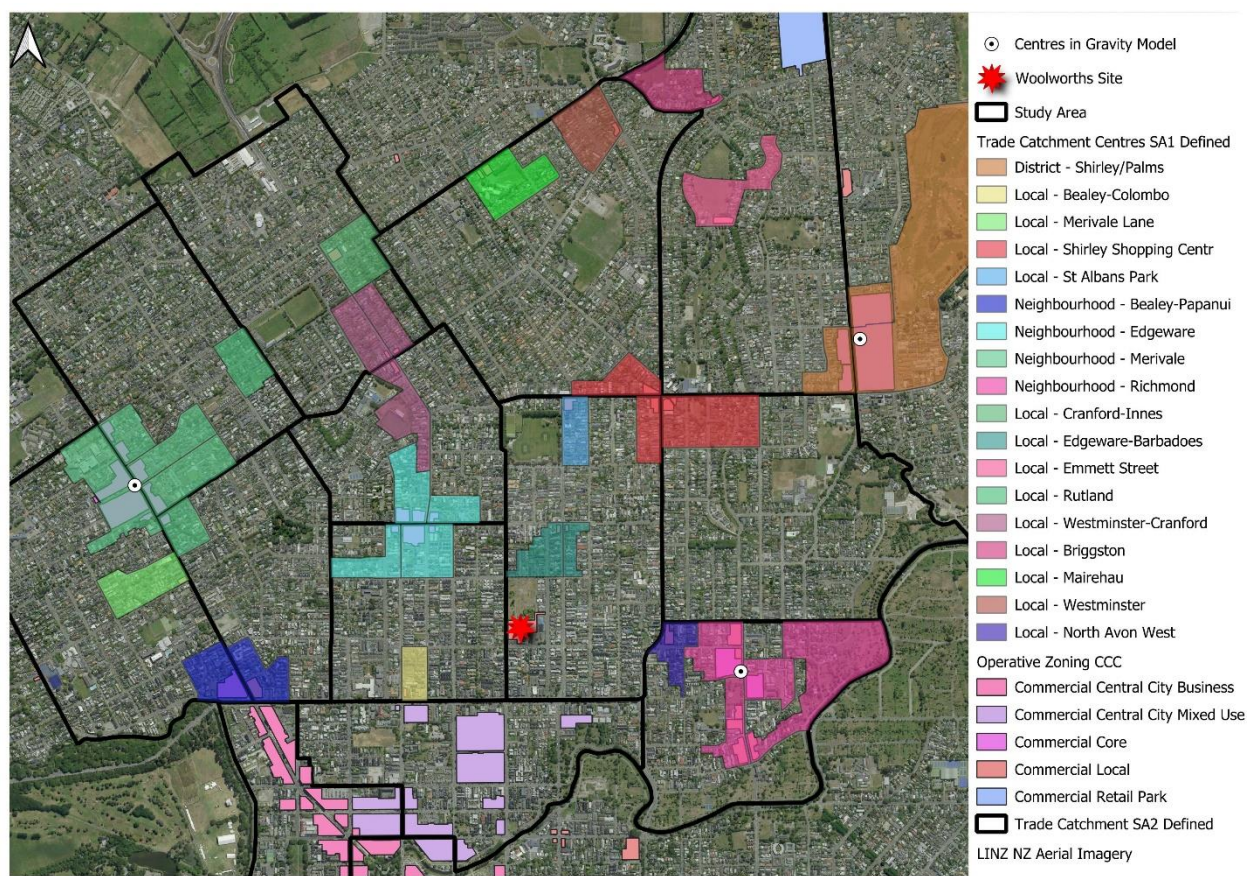


Table 3.1 provides a summary of 2023 business counts and total employment (which includes employees, working proprietors and sole traders) in each assessed SA1 defined centre of the main trade catchment. To simplify the data, we have broken retail activity down into Food, Grocery & Liquor and all other retail store types. This is relevant because it is the Food, Grocery & Liquor role of each centre that the proposed Woolworths supermarket in St Albans may be likely to compete with.

¹³ Cafes/restaurants/takeaways/bars. This also forms part of the retail sector.

The hospitality role of each centre (often important in convenience centres) is potentially where any small café included in the proposed development may compete.¹⁴ Personal and household services (which includes laundromats, hairdressers, beauty salons) also play an important role in convenience centres and it may be reasonable to expect that one or more such businesses occupy some of the Retail A-C space in the proposed development.

Table 3.1 then groups the rest of the Other Services sector and all other employment. This could include anything from accommodation, education, healthcare, construction, manufacturing, professional services and administration etc.¹⁵ Figure 3.1 graphs the employment breakdown of each centre and corresponds to the data in the lower half of Table 3.1.

Table 3.1 – Business and Total Employment Composition of Trade Catchment Centres (SA1 Defined) 2023

	KAC	Neighbourhood Centres				Local Centres												
	Shirley/P alms	Edgware	Merivale	Richmond /Stanmore Combined *	Bealey- Papanui *	Bealey- Colombo	Briggston	Cranford- Innes	Edgware- Barbadoes	Emmett Street	Mairehau	Merivale Lane	North Avon West	Rutland	Shirley Shopping Centre	St Albans Park	West- minster	West- minster- Cranford
BUSINESS COUNT (N)																		
Food, Grocery & Liquor	4	5	5	6	2	-	-	-	-	-	2	2	-	-	1	-	-	1
Rest of Retail	40	6	47	6	9	1	1	4	2	1	1	7	1	1	5	1	1	3
Hospitality	13	4	24	11	10	2	3	-	2	1	1	1	2	1	7	3	2	5
SUB-TOTAL RETAIL & HOSPITALITY	57	15	76	23	21	3	4	4	4	2	4	10	3	2	13	4	3	9
Personal & Household Services	3	2	16	3	3	-	-	1	1	-	2	-	-	1	-	1	1	-
Rest of Other Services	1	4	8	2	1	-	-	2	2	1	3	2	-	1	3	-	-	1
SUB-TOTAL OTHER	53	87	281	36	65	18	12	12	11	3	14	47	14	17	41	4	10	33
TOTAL SA1 DEFINED CENTRES	113	107	380	63	89	21	17	18	18	6	22	59	16	21	56	9	14	43
SHARE OF TOTAL BUSINESS COUNT (%)																		
Food, Grocery & Liquor	3%	5%	1%	10%	2%	0%	0%	0%	0%	0%	9%	3%	0%	0%	2%	0%	0%	2%
Rest of Retail	36%	6%	12%	9%	10%	5%	6%	20%	11%	17%	4%	12%	5%	5%	9%	11%	7%	7%
Hospitality	11%	4%	6%	17%	11%	10%	18%	0%	11%	17%	4%	2%	11%	5%	12%	33%	16%	12%
SUB-TOTAL RETAIL & HOSPITALITY	50%	14%	20%	36%	23%	14%	27%	20%	24%	37%	17%	16%	16%	11%	23%	39%	23%	20%
Personal & Household Services	2%	2%	4%	4%	3%	0%	0%	6%	6%	0%	7%	0%	0%	4%	0%	16%	7%	0%
Rest of Other Services	1%	3%	2%	2%	1%	0%	0%	10%	10%	8%	13%	4%	0%	3%	5%	0%	0%	3%
SUB-TOTAL OTHER	47%	81%	74%	57%	72%	86%	73%	65%	61%	54%	63%	80%	84%	82%	73%	46%	70%	76%
TOTAL SA1 DEFINED CENTRES	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
TOTAL EMPLOYMENT COUNT (INCLUDING SOLE TRADERS/WORKING PROPRIETORS) (N)																		
Food, Grocery & Liquor	146	117	162	124	7	-	-	-	-	-	1	3	-	-	3	-	-	9
Rest of Retail	344	54	237	29	40	3	1	14	2	2	4	10	1	4	37	-	1	9
Hospitality	211	56	372	77	176	2	1	-	1	1	1	29	2	12	71	41	5	12
SUB-TOTAL RETAIL & HOSPITALITY	701	227	771	230	223	4	2	14	3	3	7	42	3	16	111	41	6	29
Personal & Household Services	37	3	125	42	4	-	-	2	0	-	2	-	-	4	-	4	2	-
Rest of Other Services	1	12	11	3	15	-	-	2	0	1	2	4	-	2	5	-	-	3
SUB-TOTAL OTHER	544	251	2,631	112	781	39	33	49	3	4	143	85	24	57	108	10	21	83
TOTAL SA1 DEFINED CENTRES	1,283	493	3,538	387	1,024	44	35	67	6	7	153	131	27	79	223	54	28	115
SHARE OF TOTAL EMPLOYMENT COUNT (%)																		
Food, Grocery & Liquor	11%	24%	5%	32%	1%	0%	0%	0%	0%	0%	1%	3%	0%	0%	1%	0%	0%	8%
Rest of Retail	27%	11%	7%	8%	4%	6%	3%	21%	31%	24%	3%	7%	4%	5%	17%	0%	4%	7%
Hospitality	16%	11%	11%	20%	17%	4%	3%	0%	13%	19%	1%	22%	8%	15%	32%	75%	17%	10%
SUB-TOTAL RETAIL & HOSPITALITY	55%	46%	22%	59%	22%	10%	6%	21%	44%	43%	4%	32%	12%	20%	50%	75%	21%	25%
Personal & Household Services	3%	1%	4%	11%	0%	0%	0%	3%	5%	0%	1%	0%	0%	5%	0%	7%	5%	0%
Rest of Other Services	0%	2%	0%	1%	1%	0%	0%	3%	3%	8%	1%	3%	0%	2%	2%	0%	0%	3%
SUB-TOTAL OTHER	42%	51%	74%	29%	76%	90%	94%	73%	48%	49%	93%	65%	88%	73%	48%	18%	74%	72%
TOTAL SA1 DEFINED CENTRES	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: StatisticsNZ Business Demography 2023, Savvy Consulting. Centres defined by SA1s and therefore include businesses and employment in areas outside of commercial centre zoning extent. * Centre includes both Commercial Core (Neighbourhood) and Commercial Local Zone.

As expected, the data shows a reasonably clear distinction in the relative size of the district centre, neighbourhood centres and local centres (notwithstanding the limitation of potentially including economic activity outside of the centre zoning). Comparing just the sub-total of retail and hospitality activity, the Merivale neighbourhood centre is actually larger than the

¹⁴ We also assume that takeaway retail could occupy some of the Retail A/Retail B/Retail C space and so the hospitality role may be greater than just a café (for example).

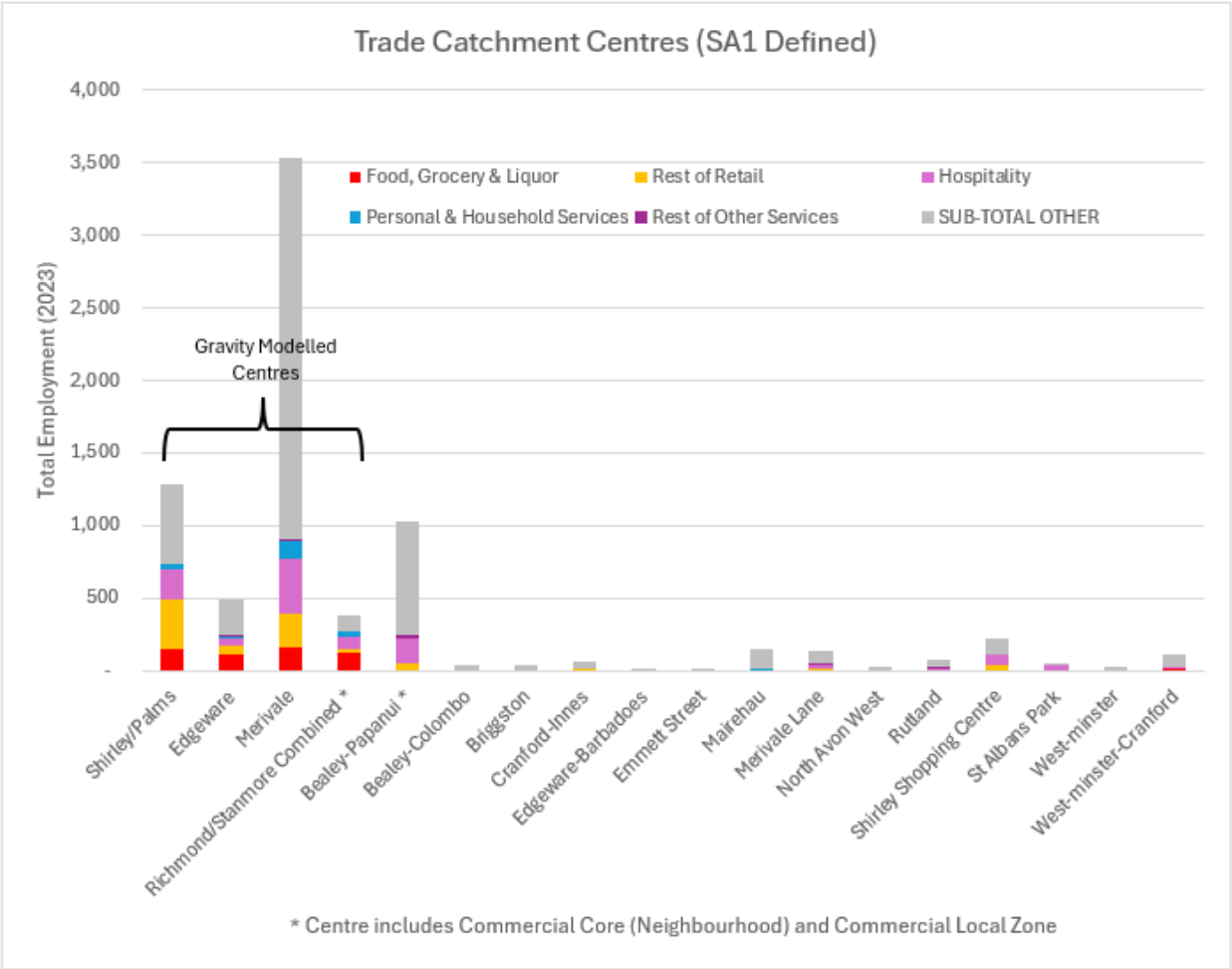
¹⁵ The table sums to the total of all ANZSICs within the SA1 defined centres.

Shirley/Palms district centre in terms of business counts, although they are more similar in retail and hospitality employment terms.

Across the five largest centres assessed in the main trade catchment, the total count of retail and hospitality businesses ranges between 15 (Edgeware) and 76 (Merivale). By comparison, across the local centres assessed, this count ranges from just 2 (Rutland local centre) to 13 (Shirley Shopping Centre).

Only four of the 13 local centres assessed have any Food, Grocery & Liquor businesses (and have either 1 or 2 businesses in that category). For most of the local centres, their hospitality role (while small) is slightly greater than their total retail role (excluding hospitality).

Figure 3.2 – Total Employment Composition of Trade Catchment Centres (SA1 Defined) 2023



Employment in centres is often the better indicator of centre size, vibrancy and vitality as employment is often scaled relative to customer counts (the busier the store, the more additional staff can be sustained over and above the minimum staff needed to run a business). It also helps distinguish a supermarket from a small grocery store or dairy as both store types are shown as one business, but a dairy can operate with minimal employment. Figure 3.2

better highlights the relative size of the district and neighbourhood centres in the main trade catchment compared to the many local centres.

In terms of the Food, Grocery & Liquor employment role of all assessed centres, this is almost non-existent across the local centres. Westminster-Cranford local centre is the exception, with an estimated 9 workers in the Food, Grocery & Liquor sector, with Merivale Lane and Shirely Shopping Centre only having 3 workers respectively (all indicating very small scale stores that will serve a very small, localised catchments and some pass-by custom).

Of note, the Bealey-Papanui neighbourhood centre also has a very minor Food, Grocery & Liquor role (just 7 workers according to the data). In contrast, Shirley/Palms¹⁶, Edgeware¹⁷, Merivale¹⁸ and Richmond/Stanmore¹⁹ all contain supermarkets and therefore have employment in the Food, Grocery & Liquor sector of greater than 100 (and estimated to range between 117-162 workers in 2023).

As the proposed development will provide a full-service supermarket, it is these four centres (as well as some other supermarket-based centres outside of the indicative main trade catchment) that the proposed Woolworths would directly compete with. This Food, Grocery & Liquor sector role is discussed in more detail below.

3.2 Key Trade Catchment Centres with a Material Food, Grocery and Liquor Role

Table 3.2 provides a more detailed breakdown of the Food, Grocery & Liquor sector role of each of the four main centres within the indicative main trade catchment that may be most likely to experience some trade competition from the introduction of the proposed new Woolworths. The table is limited to employment counts, rather than business counts given the greater insight that this provides. Table 3.2 also includes the combined other retail, and hospitality employment in each (SA1 defined) centre, as well as total employment (capturing all activities whether centre-based or not).

The percentage shares shown are expressed as a share of total retail and hospitality employment, rather than total employment. It is important to note that this will overstate the

¹⁶ Woolworths.

¹⁷ FreshChoice.

¹⁸ FreshChoice.

¹⁹ New World.

‘role’ of each store type/group as it does not account for other activities within the centres that also play a role in overall employment, such as commercial services, office activity, etc.

Table 3.2 shows that the Food, Grocery & Liquor sector plays a moderate role relative to total retail and hospitality employment in Shirley/Palms and Merivale – accounting for 21% of employment in both centres. In these centres, the Food, Grocery & Liquor employment is also dominated by their respective supermarket, with only 7 workers each in other specialised food retailing. In these two centres, other retail and hospitality play a much stronger relative role. This is particularly relevant to this consent application as it means that any distributional effects that may be generated by the proposed Woolworths will have only a limited ability to dampen overall centre amenity and vibrancy.

Table 3.2 – Food, Grocery & Liquor and Other Total Employment Composition of Trade Catchment Centres (SA1 Defined) Included in Gravity Model 2023

	KAC	Neighbourhood Centre		
	Shirley/ Palms	Edgware	Merivale	Richmond/ Stanmore Combined *
	Total Employment (n)			
Supermarket and Grocery Stores	139	47	155	83
Fresh Meat, Fish and Poultry Retailing	-	38	-	-
Fruit and Vegetable Retailing	-	27	-	2
Liquor Retailing	-	5	-	13
Other Specialised Food Retailing	7	-	7	27
SUB-TOTAL FOOD, GROCERY & LIQUOR	146	117	162	124
Total other Retail	344	54	237	29
Hospitality	211	56	372	77
TOTAL RETAIL & HOSPITALITY	701	227	771	230
TOTAL EMPLOYMENT	1,283	493	3,538	387

	KAC	Neighbourhood Centre		
	Shirley/ Palms	Edgware	Merivale	Richmond/ Stanmore Combined *
	Share of Total Retail & Hospitality Employment (%)			
	20%	21%	20%	36%
	0%	17%	0%	0%
	0%	12%	0%	1%
	0%	2%	0%	5%
	1%	0%	1%	12%
	21%	52%	21%	54%
	49%	24%	31%	13%
	30%	25%	48%	33%
	100%	100%	100%	100%

Source: StatisticsNZ Business Demography 2023, Savvy Consulting. Centres defined by SA1s and therefore include businesses and employment in areas outside of commercial centre zoning extent. * Centre includes both Commercial Core (Neighbourhood) and Commercial Local Zone.

In contrast, the Food, Grocery & Liquor sector plays a significant role in both the Edgware centre and the Richmond/Stammore commercial corridor, with that employment accounting for 52% and 54% respectively of total retail and hospitality employment in those centres. That said, Food, Grocery & Liquor employment is spread across a number of store types which operate alongside the supermarkets (i.e. a more diversified offering).

For example, in Edgware, there are an estimated 38 workers in a large butchery business(es), as well as employment in the fruit and vegetable store type, and liquor retailing. In the Richmond/Stammore corridor, there is more than twice the number of workers in liquor retail, and an estimated 27 workers in other specialist food retailing (with the Food Factory Shop²⁰

²⁰ This outlet shop specialises in frozen savouries, cakes and other pantry products.

likely playing a key role in that employment). In these two centres, the supermarkets account for between 21% (Edgware) and 36% (Richmond/Stammore) of total estimated centre retail and hospitality employment. This makes the role of the supermarket in Edgware broadly similar to the role of the supermarkets in Shirley/Palms and Merivale.

The hospitality sector plays a relatively more important role than supermarkets in Shirley/Palms, Edgware and Merivale (accounting for between 20% and 48% of total retail and hospitality employment). Only in Richmond/Stammore is the share of employment made up by hospitality slightly lower than the supermarket contribution (i.e. 33% compared to 36%). Other retail (i.e. comparison retail) plays a significant role in Shirley/Palms (49%) and a moderately significant role in Merivale (31%).

Overall, this analysis shows that it would be highly unlikely that the proposed St Albans centre (containing a Woolworths supermarket, one café, and a few (as yet unknown) retail, hospitality or commercial service tenancies) could have any material adverse effect on amenity, viability and vibrancy of the much larger and diverse Shirley/Palms KAC or Merivale neighbourhood centre.

As expected for neighbourhood centres, both Edgware and the Richmond/Stammore centres will be larger than the proposed St Albans local centre (even with the full-service supermarket) in retail and hospitality employment terms, and in terms of total employment either in or immediately near the centre. While this will make them somewhat resilient to trade competition, both are still reliant on their Food, Grocery & Liquor businesses to drive overall centre vitality and vibrancy and so warrant close examination in the modelling of distributional effects (discussed in Section 5).

The Edgware centre has been the subject of [master planning](#) by the Local Community Board and Council – a process that began back in 2012. The Edgware Village Master Plan contains a strategic vision to transform Edgware Village into a thriving shopping centre and community hub, at the heart of St Albans. The vision is supported by five goals, which are to be delivered through sixteen detailed implementation actions. These encourage Council, private sector, community and government-led decision-making to align and move forward together in a logical sequence.

Based on Council's website, one action has been discontinued, some actions have been completed, but the majority are still ongoing or yet to be implemented, particularly those that are reliant on private landowners to deliver. Given the supposed importance of the Edgware centre to the community board and community, this report has given the Edgware centre careful consideration.

4 Growth in Trade Catchment

4.1 Recent Growth Trends

This section takes a closer look at recent growth in the indicative primary and secondary trade catchment of the St Albans local centre. While the indicative primary trade catchment (Figure 1.3) accounts for only a small area of Christchurch City, it has punched above its weight in terms of both population and dwelling growth over the past decade.

Table 4.1 shows that there were an estimated 8,760 residents in the primary trade catchment in 2014 and this increased by 2,460 new residents in the decade to 2023 (to reach a population of 11,220). This is a total percentage growth of 28% which is considerably faster than the 3% growth in the larger secondary trade catchment and 11% growth in total Christchurch City over that same period. The primary catchment accounted for 6% of total Christchurch population growth 2014–2023. The total main trade catchment accounted for 8% of total Christchurch population growth over those 10 years.

Table 4.1 – Population Estimates in Indicative Main Trade Catchment 2014–2023

	Year End June										Total Dwelling Growth 2014-2023 (n)	Total Dwelling Growth 2014-2023 (%)	Share of 2014-2023 Growth in Total Chistchurch
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023			
Resident Population Estimates													
Primary	8,760	8,950	9,410	9,830	10,020	10,300	10,550	10,900	10,980	11,220	2,460	28%	6%
Secondary	24,290	24,290	24,450	24,590	24,640	24,610	24,770	24,720	24,640	24,910	620	3%	2%
Total Main Trade Catchment	33,050	33,240	33,860	34,420	34,660	34,910	35,320	35,620	35,620	36,130	3,080	9%	8%
Rest of Christchurch City	324,950	332,360	340,740	345,980	349,140	352,290	356,280	355,580	354,880	360,070	35,120	11%	92%
Total Christchurch City	358,000	365,600	374,600	380,400	383,800	387,200	391,600	391,200	390,500	396,200	38,200	11%	100%

Source: StatisticsNZ

Table 4.2 shows a similar picture in terms of dwelling consents over the past decade, this time using the period (year ending February) 2015–2024. The data in Table 4.2 is annual counts, and not cumulative growth. Annual dwelling growth in the primary catchment has ranged from 132 to 307 dwellings per annum over the last decade. Total dwelling growth between 2015 and 2024 has been 1,983. Again, this represents 6% of all Christchurch City dwelling consent growth over that period.

The larger secondary trade catchment has had total dwelling growth of 2,982 between 2015–2024 – an 8% share of total dwelling consent growth in Christchurch City over that period. In total, the combined main trade catchment has had dwelling consent growth of 4,965 since 2015 – 14% of all Christchurch City dwelling consent growth.

Table 4.2 – Dwelling Consents in Indicative Main Trade Catchment 2015-2024 by Dwelling Type

	Year End February										Total Dwelling Growth 2015-2024	Share of 2015-2024 Growth in Each Location	Share of 2015-2024 Growth in Total Chistchurch
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
Standalone Dwellings													
Primary	49	39	25	22	17	27	12	14	28	11	244	12%	1%
Secondary	176	133	105	89	51	62	44	63	59	61	843	28%	2%
Total Main Trade Catchment	225	172	130	111	68	89	56	77	87	72	1,087	22%	3%
Rest of Christchurch City	2,798	2,036	1,720	1,325	1,146	1,302	1,367	1,635	1,610	1,365	16,304	54%	46%
Total Christchurch City	3,023	2,208	1,850	1,436	1,214	1,391	1,423	1,712	1,697	1,437	17,391	49%	49%
Multi-unit Dwellings (Attached & Retirement Village Units)													
Primary	149	231	163	110	136	157	178	293	145	177	1,739	88%	5%
Secondary	92	176	185	157	84	200	250	372	331	292	2,139	72%	6%
Total Main Trade Catchment	241	407	348	267	220	357	428	665	476	469	3,878	78%	11%
Rest of Christchurch City	1,169	1,138	949	790	976	1,014	1,109	2,067	2,730	2,125	14,067	46%	40%
Total Christchurch City	1,410	1,545	1,297	1,057	1,196	1,371	1,537	2,732	3,206	2,594	17,945	51%	51%
Total Dwellings													
Primary	198	270	188	132	153	184	190	307	173	188	1,983	100%	6%
Secondary	268	309	290	246	135	262	294	435	390	353	2,982	100%	8%
Total Main Trade Catchment	466	579	478	378	288	446	484	742	563	541	4,965	100%	14%
Rest of Christchurch City	3,967	3,174	2,669	2,115	2,122	2,316	2,476	3,702	4,340	3,490	30,371	100%	86%
Total Christchurch City	4,433	3,753	3,147	2,493	2,410	2,762	2,960	4,444	4,903	4,031	35,336	100%	100%

Source: StatisticsNZ SA2 Dwelling Consents (YE February)

The dwelling growth within the primary trade catchment over the last decade has been achieved through significant intensification of the dwelling stock. A significant 88% of total dwelling consent growth in the primary catchment in the last decade has been multi-unit dwellings (defined in the StatisticsNZ consent data as either attached housing or retirement village units). The prevalence of terrace housing typologies is evident in the area immediately surrounding the St Albans local centre in Figure 2.1.

This preference to supply attached housing in the primary catchment, driven by its proximity to the city centre (and zone enablement for multi-unit dwellings), is moderately stronger than in the indicative secondary trade catchment (where there is a mix of the same and lower density zoning and 72% of total dwelling consent growth between 2015-2024 has been multi-unit housing). But it is significantly stronger than in the rest of Christchurch City where multi-unit housing accounted for 46% of total housing consent growth.

This data on recent growth, particularly in the indicative primary trade catchment closest to the St Albans CLZ, indicates that there would have been increasing demand pressure for convenience retail, commercial service and hospitality activity in that location over the last decade. The fact that the St Albans CLZ has remained vacant during that time supports our view that the outdated bespoke provisions for the centre have seriously constrained the commercial viability of development.

In the absence of a convenience centre in St Albans CLZ, an increasing number of residents/households in the primary trade catchment especially would have relied on other

nearby centres to meet their convenience shopping needs. For many in that primary catchment, the St Albans CLZ would have been more accessible, had it existed.

We consider that from an economics perspective the above average growth in the indicative primary trade catchment of the St Albans local centre (Table 4.1) meets the test of Policy 15.2.2.4. When considering both the catchment and centres hierarchy, we consider expanding the centre into the adjoining RMDZ (and a net increase in centre land area of 34% above the notified gross CLZ area) is appropriate because of the significant housing intensification that has been enabled and delivered by the market in this inner Christchurch suburb.

4.2 Future Growth Projections

This section looks forward at projected growth in the indicative main trade catchment of the proposed St Albans local centre (and wider study area) between 2023 and 2043.

The M.E Food, Grocery & Liquor Retail Gravity Sub-model used to model distributional effects (discussed in Section 5) relies on SA2 household projections for Waimakariri, Christchurch City and Selwyn. These SA2 projections were updated using a combination of the most recent population projections by StatisticsNZ (December 2022), as well as the 2021 household projections at the territorial authority level. Considering the anticipated significant growth in the Waimakariri and Selwyn districts, the model adopts the High household projections for those districts, while adopting a Medium growth projection for Christchurch City. This set of projections is referred to as the “status quo” household demand scenario for this report.

We note that the total Christchurch City household growth adopted to run M.E’s Gravity Model, including potentially the distribution of growth at the SA2 level, is not the same as Christchurch City Council has recently used to inform the Greater Christchurch Housing Demand and Capacity Assessment 2023 (HDCA). That report estimated medium-term household growth of approximately 12,000 for the total district (between 2022–2023). In contrast the status quo household demand scenario underpinning the M.E Gravity Model estimates just under 10,000 additional households across the district over the medium-term (2023–2033).

As such, the growth projections discussed below can be considered conservative in the context of measuring distributional effects. This is because higher household growth would

sustain even more additional retail floorspace over time and would offset the impacts of introduced retail supply faster.²¹

The status quo projections relied on in the Retail Gravity Model for the indicative main trade catchment of the St Albans local centre are summarised in Table 4.3 (for brevity, we do not report growth projections beyond the main trade catchment in this report). In the indicative primary trade catchment, households are projected to grow by 2,010 or 43% between 2023–2043.²² As in the recent past (discussed above), StatisticsNZ project that this part of Christchurch will grow at an above average growth rate.

A further 1,870 additional households are projected within the indicative secondary trade catchment (growth of 17% 2023–2043). In total, the main trade catchment is projected to account for 20% of all household growth in Christchurch City over the next two decades, with 10% occurring in the primary trade catchment area. This suggests that the primary catchment in particular will experience ongoing housing intensification over the medium-long term (continuing trends from the recent past).

Again, we consider that this justifies a modest expansion of the St Albans local centre under Policy 15.2.2.4 so that this particular local centre is scaled commensurate with demand in its local catchment.

²¹ It is not possible to use Council's own household projections as the retail demand modelling relies on a level of detail not provided by Council's projections (that is, household projections broken into 47 different household types at the SA2 level).

²² Compared to recent dwelling consent growth over the last decade, the status quo growth projections imply a slower rate of household growth over the coming 2 decades. Part of this will be driven by the conservative nature of the status quo growth projections at the district level as a higher growth projection would be expected, all else being equal in terms of the distribution of growth within the City, to show a larger quantum of household growth over the next 20 years. It is also possible that future updates of the StatisticsNZ projections show a greater share of household growth in central suburbs (including St Albans) which may better align with recent supply trends. A slowing of growth over the medium-long term inherent in the available StatisticsNZ projection will be driven by a range of demographic and other factors. Remaining capacity for intensification may or may not be one of the factors taken into account by StatisticsNZ.

Table 4.3 – Resident Household Projections for Indicative Main Trade Catchment 2023-2043
(Medium, Conservative Applied in M.E Gravity Model)

	Year End June					Total Household Growth 2023-2043 (n)	Total Household Growth 2023-2043 (%)	Share of 2023-2043 Growth in Total Christchurch
	2023	2028	2033	2038	2043			
Resident Households (Status Quo Scenario - Medium, Conservative)								
Primary	4,720	5,220	5,810	6,270	6,730	2,010	43%	10%
Secondary	11,070	11,510	12,010	12,520	12,940	1,870	17%	9%
Total Main Trade Catchment	15,790	16,730	17,820	18,790	19,670	3,880	25%	20%
Rest of Christchurch City	134,500	138,060	142,400	147,110	150,420	15,920	12%	80%
Total Christchurch City	150,290	154,790	160,220	165,900	170,090	19,800	13%	100%

Source: StatisticsNZ, Market Economics

4.3 Projected Supermarket & Grocery Spend

Based on this status quo household growth projection (above), M.E's Retail Demand Model (explained further in Appendix B) indicates that in 2023, total home-based household demand for Food, Grocery & Liquor retailing in the primary trade catchment is approximately \$46m, increasing (conservatively) to \$81m by 2043 (Table 4.4). This is total growth in spending between 2023 and 2043 of \$35m or 77%.²³

Most of this household demand is not retained in the primary trade catchment as there is only a few very small local centres and the Edgware centre in, or on the boundary of, the primary catchment at present (Figure 3.1). The majority of this spend will therefore be directed to centres elsewhere,²⁴ including within the indicative secondary trade catchment, but potentially also supermarkets to the south. It is the current and future Food, Grocery & Liquor spend particularly in the primary catchment that the proposed Woolworths supermarket will help to 're-capture' once established.

Table 4.4 shows that in the indicative secondary trade catchment, household spend from home on Food, Grocery & Liquor retail is projected to grow (conservatively) by \$54m between 2023 and 2043 (growth of 46% compared to 2023 spend estimates). This is total household spend from home growth of \$90m over the next two decades in Food, Grocery & Liquor stores by main trade catchment residents.

²³ Retail (home-based) spending by households is projected to grow faster than household growth as the M.E Retail demand model includes an assumption of 1% per annum (compounding) growth in real spend per household.

²⁴ Referred to as leakage.

Even though this is based on conservative household growth projections, this household spend growth demonstrates that the primary and secondary trade catchments could each sustain a new full-service supermarket by 2043 in addition to current Food, Grocery & Liquor retail supply.²⁵

Table 4.4 – Projected Food, Grocery & Liquor Household Spend from Home in the Indicative Main Trade Catchment 2023–2043 (Medium, Conservative Applied in M.E Gravity Model)

	Year End June					Total Spend Growth 2023-2043 (n)	Total Spend Growth 2023-2043 (%)	Share of 2023-2043 Growth in Total Catchment
	2023	2028	2033	2038	2043			
Food, Grocery & Liquor Spend (\$m)								
Primary	\$ 46	\$ 53	\$ 62	\$ 72	\$ 81	\$ 35	77%	39%
Secondary	\$ 119	\$ 131	\$ 143	\$ 159	\$ 174	\$ 54	46%	61%
Total Main Trade Catchment	\$ 165	\$ 184	\$ 205	\$ 231	\$ 254	\$ 90	54%	100%

Source: Market Economics - Retail Demand Model/Food, Grocery & Liquor Gravity Model (Greater Christchurch)

The Gravity Model also adds to household demand from home (Table 4.4) the estimated projected demand from catchment businesses, household spend while at work (if that workplace is within the trade catchment) and estimated spend by tourists on Food, Grocery & Liquor retail between 2023–2043. This additional demand²⁶ will also help to support additional supply (floorspace) in the main trade catchment in the next two decades.

²⁵ Based for example, on a sustainable floorspace productivity of around \$11,000/sqm per annum.

²⁶ Quantified but not reported.

5 Distributional Effects

5.1 What are Distributional Effects?

Through an RMA lens, distributional effects refer to adverse effects on centres as a whole. It is a measure of the reduction in centre-wide functional and social amenity, vibrancy and vitality. Importantly, it does not relate to adverse effects on one store or a group of related store types directly impacted by a proposal. It is the extent to which adverse effects on that one store (or group of related stores) affect the functional and social amenity of the whole centre once those impacted stores are considered in that context.

The direct impact of a proposal on one store (or a group of related store types) is referred to as a trade competition effect. It is the result of a loss of customers (and their spending) that are attracted to the proposal – i.e. a shift in shopping behaviour when a more convenient and/or attractive option becomes available. A loss of customers results in a loss of sales (and a loss in foot-traffic results in a loss of vibrancy and vitality). A loss in sales may simply mean reduced profit for the store owner. As the loss increases and requires some sort of a response to remain commercially viable, the store may increase its marketing/relative attractiveness in some way, or if that is not possible, mitigate the loss by reducing its trading hours to curb operational costs, reduce staffing numbers to curb operational costs, or close the business (a worst case scenario). These sequential options mean that there is usually a high threshold before store closures occur.

While trade competition effects cannot be considered in decision making under the RMA, it is necessary to understand trade competition effects in order to determine if distributional effects on the centre as a whole are likely to arise. In other words, it is necessary to model the direct effects so that the indirect effects on a centre can be considered. Context is important to that consideration. When an impacted store (or stores) plays a significant role in a centre (i.e. in terms of sales/foot-traffic generation/employment) there is greater potential for distributional effects to arise. When that impacted store is the anchor store of a centre, effects can be amplified (due to that anchor supporting cross-shopping to other businesses in the centre).

However, for functional amenity to reduce, this would require store closures (the worst case scenario). Even if these vacant stores are re-occupied by a new business, if the mix of stores offered in a centre changes, such that there is a reduced range of stores or a core store type is no longer available, then this may result in a reduction in functional amenity. Social amenity, vibrancy and vitality are all measures of people activity and opportunities for interaction.

These can be mitigated if closed stores can be re-tenanted. Only if there are multiple, sustained vacancies throughout a centre, are vibrancy and vitality impacted. This can cause a downward spiral of a centre if remaining landowners cease to invest in their properties and visual amenity further deteriorates.

Minor reductions in sales (or employment as used as a proxy for sales in the modelling below) are unlikely to be sufficient to lead to distributional effects at a centre-wide level, primarily because they are unlikely to cause store closures. The duration of reductions in sales is also directly relevant as it influences what response a business may choose to manage a reduction in sales. In other words, when catchment growth is anticipated, store owners will know that any impacts on sales (due to new competition entering the market) may be offset in time. In such situations, they may be more likely to wear the loss of profit for that period, or implement lighter measures to reduce costs in the interim until store performance returns. Such responses may be imperceptible to the community (i.e. there would no distributional effects).

It is because of these market processes that any assessment of distributional effects should include:

- An analysis of the context of potentially impacted store types relative to total centres (see Section 3),
- quantification of the scale of trade competition effects in the first year of trading for the proposal, and
- projected performance of impacted store types without and with the proposal, so that the duration of trade competition effects can be estimated (see Sections 5.3 and 5.4 below),
- taking into account each of the above, an overall evaluation of the likelihood and scale of distributional effects on centres containing impacted stores.

5.2 Gravity Model Overview

The purpose of this section is to estimate the potential retail distributional effects of the proposed St Albans local centre on the existing centre network. While the proposed centre would be expected to include some non-retail and hospitality businesses – i.e. perhaps 1-2 commercial service type activities – these activities tend to be of secondary concern in managing adverse effects on centres, with centre amenity, vitality and vibrancy most commonly linked to the presence and performance of the retail and hospitality activity. That said, we still consider the combined effects of retail, hospitality, commercial service and

upstairs non-retail commercial activity sought in the consent application on the centre network in our conclusions.

In order to assess the retail effects of developing the proposed local centre we have adapted M.E's Retail Gravity Model for Greater Christchurch. This model has been calibrated to match the approximate 2021 market situation across the main centres of Waimakariri District, Christchurch City and Selwyn District (the Study Area). Using this calibrated baseline, changes in the location and scale of demand and supply can be made, with the model estimating how this impacts the performance of existing centres over time.

5.2.1 Food, Grocery and Liquor Retail Modelling

M.E's Retail Gravity Model comprises 5 Sub-models to reflect different groups of retail store types – which often generate different types and frequencies of shopping patterns (so are best modelled separately). As discussed previously, we have focussed on running the Food, Grocery & Liquor Sub-model only.

The reason for this is that supermarkets (or large grocery stores) in particular, play a core role in the functional amenity delivered by many centres – with food shopping typically the most frequent of all shopping trips carried out by households. Supermarkets are anchor stores, around which other retail and commercial service activities often seek to co-locate. The customer foot-traffic and cross shopping stimulated by food and grocery stores (and especially supermarkets) is key to providing investment certainty for other stores considering whether to establish in a centre, and in helping to sustain the turnover of those complementary activities.

The supermarkets in the Merivale, Edgware, Shirley/Palms and Richmond/Stanmore centres are, for example, the anchors of those centres. Similarly, we consider that a supermarket is preferable (if not essential) to support the viability and functional amenity of the proposed St Albans local centre. This is recognised in both the operative bespoke provisions for the St Albans CLZ and the CLZ provisions generally (albeit that they permit a smaller supermarket anchor than being proposed and needed in this location to meet demand).

The proposed Woolworths supermarket therefore forms the supply scenario that we have run in the Food, Grocery & Liquor Sub-model for this report. In doing so, we capture the effects of the largest store in the proposed centre, and the majority of the centre's proposed GFA.

5.2.2 Calibrating the Food, Grocery and Liquor Retail Sub-Model

As stated above, the M.E Retail Gravity Model for Greater Christchurch is calibrated to a 2021 base year. This means that estimated demand for food, grocery and liquor retail arising from

households and businesses across all SA2s in Waimakariri, Christchurch and Selwyn in that year closely matches the sales in food, grocery and liquor stores in that study area in 2021.

In recognition that some centres have very localised catchments, and some have district or even region-wide catchments (in the case of the Christchurch CBD for example), calibration of a Gravity Model requires different attractiveness's to be set for each centre. The higher the attractiveness, the more that centre pulls in spend (and therefore draws from a wider catchment). Suburban convenience centres tend to have only low attractiveness settings because they need only draw demand from a localised catchment.²⁷

The Food, Grocery & Liquor Sub-model is the easiest of the Sub-models to calibrate because Food, Grocery & Liquor spending is highly motivated by convenience and because supply is relatively evenly spread across a centre network and therefore close to the source of demand (particularly in urban areas and more so in neighbourhood centres and above as shown in Section 3).

Another feature of the M.E Gravity Model is that while it is driven by spending (demand) and sales in retail store types (i.e., monetary transactions), the model uses employment equivalents for both demand and supply. Using an employment metric overcomes the difficulty of obtaining (or even deriving) sales data for individual stores (which is commercially sensitive). Employment data by detailed store types is however freely available (down to a street block or SA1 geographic area) from StatisticsNZ as relied on Section 3. There is also a strong correlation between annual sales and employment within each store type in a given year.

Annual demand for each retail store type (calculated according to 2018 SA2 boundaries) can also be converted relatively simply from dollars to employment sustained by that spending by applying average ratios of demand and supply across the study area. The results of the Food, Grocery & Liquor gravity modelling run for this assessment (i.e., trade competition effects discussed further below), are therefore expressed in terms of changes in employment in each centre. The unit of employment used by M.E in the model is the 'modified employment count' or MEC.²⁸

²⁷ New stores are however more attractive than old stores (at least initially) and full-service supermarkets are more attractive than non-full-service supermarkets (i.e. smaller sized supermarkets that have a more limited range). These factors are taken into account when setting the attractiveness of a proposed new store.

²⁸ Like in Section 3, this includes the count of employees and working proprietors. There are some minor differences between the total employment counts used in M.E's gravity model and Savvy's employment data used in Section 3 of this report. While sourced from the same raw dataset (StatisticsNZ business demography data), the two data sets have undergone slightly different processes to 'clean' the data to remove the inherent confidentiality/suppression added by StatisticsNZ when looking at detailed ANZSIC at the SA1 level.

It is important to think of the employment and employment changes in the gravity modelling results below as if they were sales and changes in sales. As discussed above, a reduction in sales does not necessarily mean a reduction in staff counts. Similarly, stores can increase their sales without always growing their staff count (i.e. they just become more productive/profitable). The gravity modelling below is not intended to demonstrate the direct effect on staff counts in centres as a result of the proposal (and would not be accurate in that respect). Staff count changes fall under the general umbrella of distributional effects which are considered after trade competition effects are modelled.

While the M.E Retail Gravity Model currently includes all of the main centres in the study area, it does not include every centre or every store (with some Food, Grocery & Liquor stores located in non-centre zones and most of the small local centres also excluded). In 2021, the centres that are included in Gravity Model captured on average:

- 89% of total Food, Grocery & Liquor supply (employment) in Waimakariri District.
- 68% of total Food, Grocery & Liquor supply (employment) in Christchurch City (although 96% of Food, Grocery & Liquor supply (employment) in the indicative main trade catchment of the proposed local centre).
- 91% of total Food, Grocery & Liquor supply (employment) in Selwyn District.

It is important not to model all household and business demand for Food, Grocery & Liquor retail arising in the study area when not all supply of those store types is included in the Sub-model. This would also challenge the ability to calibrate demand and supply in the model. As such, we have scaled down demand in each territorial authority pro-rata the share of supply captured in modelled centres in each territorial authority (stated above). In doing so, a portion of demand is left to sustain the supply in other centres/locations not included in the supply side of the Sub-model.

5.2.3 Supply of Food, Grocery and Liquor Retail 2021

Employment (as a proxy for sales) in the Food, Grocery & Liquor sector that existed in centres included in the Retail Gravity Sub-model in 2021 was sustained by Food, Grocery & Liquor store demand in that year (with demand assumed to equal supply within the study area).²⁹ As demand apportioned to modelled centres increases over time with household and business growth, the amount of employment (i.e. sales) in the Food, Grocery & Liquor sector is also expected to grow to meet that demand. Section 4.3 above has summarised M.E's demand approach and spending projections and the implications this has for future supply across the indicative main trade catchment in particular. As discussed, this dollar spend is translated into

²⁹ The Gravity Model assumes a closed system/study area.

employment equivalents in order to run the Gravity Model. I outline the calibrated status quo employment (as a proxy for sales) sustained by current and projected Food, Grocery & Liquor demand in modelled centres for 2023 further below.

5.2.4 Adjusting for Known Changes in Supply Since 2021

Not all centres included in the M.E Gravity Model contained Food, Grocery & Liquor employment (i.e. sales) in 2021. This is not to say that that will always be the case, but the model does not have the functionality to add employment (i.e. sales) in a centre that does not have any in the calibrated baseline.

Some centres are relatively new. An important part of Gravity Modelling is to manually include known changes in supply that have occurred since the model was first built and calibrated as part of the status quo scenario. An example of this is the Pak’n Save that has established north of the Northlands KAC. We have included estimated employment (as a proxy for sales) for this store as part of the 2023 (and subsequent) model runs,³⁰ so that it (and other known supply changes particularly for supermarkets) form part of the status quo supply scenario against which trade competition effects of the proposed Woolworths supermarket are measured.

5.3 Status Quo Scenario – Food, Grocery and Liquor
Retail Supply 2023–43

Table 5.1 below is the output of the calibrated Food, Grocery & Liquor Retail Sub-model (inclusive of known recent changes of supply). It is the “without St Albans Woolworths” scenario. While the model is run for the whole study area, the results are just shown for modelled centres around the core of urban Christchurch, rather than modelled Christchurch centres further away from St Albans and in Waimakariri or Selwyn districts. The four main centres with a Food, Grocery & Liquor retail role in the indicative main trade catchment are highlighted for ease of reference.

Table 5.1 shows that employment (as a proxy for sales) in each centre in 2023 as well as estimated employment in each centre as of 2028. These counts are important as they are the baseline against which the impact of the proposed store is first measured in the modelling (discussed further below). Projected employment (as a proxy for sales) continues through to 2043.

³⁰ The model runs a snapshot in 2023, 2028, 2033, 2038 and 2043.

In terms of some of the centres focussed on within the indicative trade catchment, Edgware is expected to have the largest percentage and absolute growth in Food, Grocery & Liquor employment (i.e. sales) at 56% (net growth of 65 in employment terms). Merivale may expect employment (as a proxy for sales growth) of 52% by 2043, followed by the Richmond/Stanmore commercial corridor (50%) and Shirley/Palms KAC at 41%.

Riccarton is another centre projected to have strong growth in its Food, Grocery & Liquor store sector under status quo supply patterns and projected demand (50% increase between 2023 and 2043). Growth in employment (i.e., sales) in the City Centre South (i.e., in the City Centre Mixed Use Zone between Moorehouse Avenue and Saint Asaph Street where there are three full-service supermarkets and a range of other specialist food and grocery stores) is projected to be even stronger, at a significant 77% increase (equivalent to 481 additional employed based on current sales/worker ratios).

Table 5.1 – Status Quo Food, Grocery & Liquor Store Employment by Centre the Proposed St Albans Local Centre (MECs)

Food, Grocery & Liquor Retail Employment (Sales Proxy)							
Centre (SA1 Defined)	2023	2028	2033	2038	2043	2023-2043 (n)	2023-2043 (%)
City Centre South	625	720	829	960	1,106	481	77%
Pak'nSave Papanui	298	326	354	391	425	127	42%
Shirley/Palms	130	142	154	170	184	54	41%
Edgware	115	128	143	162	180	65	56%
Central City	131	153	178	208	243	112	86%
Riccarton	268	296	326	365	403	135	50%
Linwood	144	157	171	188	205	61	42%
St Martins	194	211	231	256	279	85	44%
Richmond/Stanmore Combined	101	112	123	138	152	51	50%
Papanui/Northlands	182	198	215	238	259	77	42%
Merivale	114	127	140	157	174	60	52%
Fendalton	190	206	223	247	268	78	41%
Barrington	166	182	200	224	246	80	48%
Ferrymead	113	121	130	141	151	38	33%
Woolston	100	109	118	129	140	40	39%
Parklands	124	132	141	153	163	39	32%
New Brighton	117	124	132	142	151	35	30%
St Albans (Madras)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rest of Christchurch City Centres	1,479	1,619	1,758	1,947	2,120	641	43%
Total Study Area	6,262	7,017	7,762	8,746	9,686	3,423	55%

Source: MarketEconomics Food, Grocery & Liquor Gravity Model (Greater Christchurch)

2023 Food, Grocery & Liquor Employment may differ from 2023 total employment relied on Section 3 of the report due to potential differences in SA1s selected to define centres, and slightly different processes applied to clean the same underlying raw data.

Modelled centres in the indicative main trade catchment highlighted.

The Central City (broadly defined at an SA1 level as the extent of the Commercial Central City Business Zone) has an estimated employment count in the Food, Grocery & Liquor sector of 131

in 2023 (a very minor component of total city centre employment). Among other stores contributing to this employment count will be the metro-style FreshChoice on Lichfield Street, as well as some of the specialist food/grocery stores within the Riverside Market and a range of dairies/convenience stores. This employment is expected to increase in response to growth in its trade catchment to 243 employed (growth of 86%). This is the highest percentage growth rate of all centres in the Gravity Model.

Returning to Edgware, the projected employment (i.e. sales) growth in the Food, Grocery & Liquor sector (sustained mainly by housing intensification and household growth) bodes well for the centre's continued enhancement in the coming years. The same household growth projected to occur close to this neighbourhood centre, will have a similar effect on other types of retail stores, as well as other forms of convenience shopping supply (i.e., commercial service activity). As discussed above, this projected employment (i.e. sales) growth in the centre may be manifest as busier, more productive retail stores that can support additional staff, or new stores (potentially supporting redevelopment and intensification of commercial buildings). Either way, this is likely to support the economic conditions needed for local landowners/business owners to invest in the centre and with that should come increased social, functional and visual amenity delivered to the local community.

The following section estimates to what extent the proposed local centre would reduce that growth opportunity.

5.4 Distributional Effects Results (With St Albans Scenario)

5.4.1 Proposed Woolworths Supermarket Performance

Table 5.1 above is the baseline against which the potential future effects of the proposed Woolworths can be measured (and assuming no other future supply changes in the market). To add the proposed Woolworths supermarket as new Food, Grocery & Liquor supply in the Gravity Model, it is necessary to estimate its likely total employment (which relates to its estimated annual sales) in its first year of trading.

To estimate likely employment sustained in the new Woolworths, we have considered two methods. Firstly, we have taken 2023 employment of supermarkets across the study area, where they are the only supermarket in their SA1 and therefore the StatisticsNZ employment count in the Supermarket and Grocery Store ANZSIC can be assigned to that store with some confidence. By comparing the GFA of those stores with their employment, a ratio of employment/sqm of GFA can be derived. This analysis shows an approximate linear trend

between supermarket size and employment, although some variation depending on the brand of the supermarket. In the study area, the average ratio was approximately 1:25sqm (one worker for every 25sqm GFA). Using this approach, the indicative employment of the proposed store in 2023 would be close to 150.

The second approach was to look specifically at the employment trends of Woolworths branded stores (previously Countdowns). This suggested a lower level of employment may be appropriate for the proposed store. Ultimately, we have settled on an estimated employment level in the St Albans Woolworths of around 100 in 2023. However, we consider that the first year of trading is likely to be between 2026–2028 (if the consent was approved). The earliest we can model the ‘with St Albans Woolworths’ scenario is 2028 in the M.E Gravity Model (even if does many to open sooner). As such, adjusting estimated store employment to a 2028 year gives an indicative employment level (and proxy for sales) of around 110, which has been entered into the Gravity Model in the St Albans CLZ location.³¹

5.4.2 Food, Grocery and Liquor Supply Changes with St Albans Woolworths

The results of Food, Grocery & Liquor Gravity Model, adjusted to include the proposed Woolworths at St Albans in 2028 are shown in Table 5.2 and graphed in Figure 5.1. In Table 5.2, the main centres in the indicative main trade catchment that have a Food, Grocery & Liquor role are highlighted for ease of reference. The modelled performance of the proposed Woolworths is shown in red.

The left-hand part of Table 5.2 shows the change in projected Food, Grocery & Liquor employment (as a proxy for sales) in each centre with the Woolworths store included, compared with employment (i.e. sales) expected in each centre in 2028 (had the Woolworths not been developed). Key findings are:

- a) Of the estimated 110 employed in the St Albans Woolworths in 2028, this has been sustained by redirecting employment (i.e. sales) away from at least 17 other centres (i.e. those listed, with only the equivalent of 13 employment equivalents being sustained by spending redistributed from other Christchurch centres not listed).
- b) This suggests that (according to the Gravity Model) spend that would be captured by the new Woolworths (driven by proximity and relative attractiveness) is currently

³¹ Note, while 110 is both the indicative staff count and proxy for sales for the proposed store in 2028, projected growth in this employment count over time is only a reflection of the projected change in sales (not staffing, which may or may not increase commensurate with store performance). Employment of 110 is limited to the Woolworths store and does not include employment in the other sleeved tenancies.

being met in a broad range of alternate locations, and not just those nearest centres with a Food, Grocery & Liquor role in the indicative main trade catchment. Compared with the option of a closer but smaller FreshChoice for example (at Edgeware or Merivale), shoppers have indicatively been travelling further (or perhaps buying online) from larger full-service supermarkets in a range of locations (but especially south of the City Centre).

Table 5.2 – Food, Grocery & Liquor Employment Distributional Effects with St Albans Woolworths

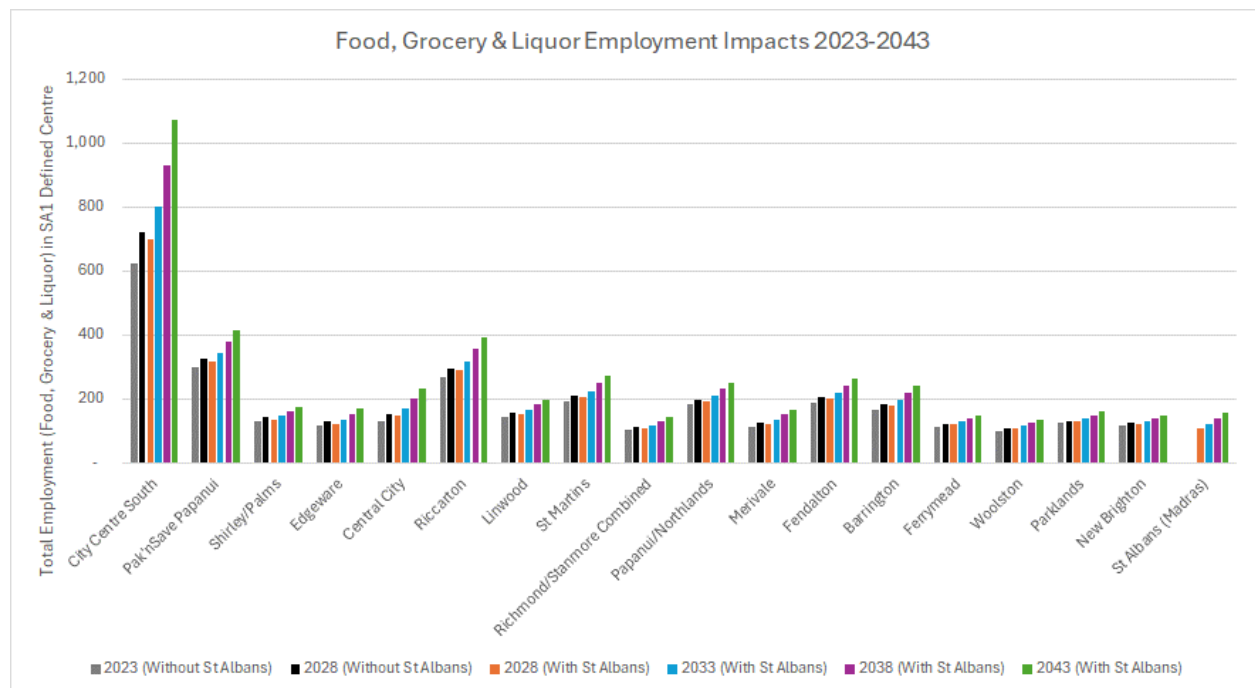
Centre (SA1 Defined)	Employment Change With St Albans Relative to 2028 Without St Albans				Employment Change Year on Year Without and With St Albans (n)				Employment Change Year on Year Without and With St Albans (%)			
	2028 v 2028	2033 v 2028	2038 v 2028	2043 v 2028	2028 v 2028	2033 v 2033	2038 v 2038	2043 v 2043	2028 v 2028	2033 v 2033	2038 v 2038	2043 v 2043
City Centre South	- 22	84	211	351	- 22	- 25	- 30	- 35	-3%	-3%	-3%	-3%
Pak'nSave Papanui	- 8	19	56	89	- 8	- 9	- 10	- 10	-2%	-2%	-2%	-2%
Shirley/Palms	- 7	5	20	34	- 7	- 7	- 8	- 9	-5%	-5%	-5%	-5%
Edgeware	- 6	8	25	43	- 6	- 7	- 8	- 9	-5%	-5%	-5%	-5%
Central City	- 6	19	48	81	- 6	- 7	- 8	- 9	-4%	-4%	-4%	-4%
Riccarton	- 6	23	61	99	- 6	- 7	- 8	- 9	-2%	-2%	-2%	-2%
Linwood	- 5	8	25	41	- 5	- 6	- 7	- 7	-3%	-3%	-4%	-4%
St Martins	- 5	14	39	61	- 5	- 6	- 6	- 7	-2%	-2%	-2%	-2%
Richmond/Stnmore Combined	- 5	6	20	33	- 5	- 6	- 7	- 7	-5%	-5%	-5%	-5%
Papanui/Northlands	- 5	12	34	54	- 5	- 5	- 6	- 6	-2%	-2%	-2%	-2%
Merivale	- 5	8	25	41	- 5	- 5	- 6	- 7	-4%	-4%	-4%	-4%
Fendalton	- 4	13	36	56	- 4	- 4	- 5	- 5	-2%	-2%	-2%	-2%
Barrington	- 3	14	37	59	- 3	- 3	- 4	- 4	-2%	-2%	-2%	-2%
Ferrymead	- 2	7	18	27	- 2	- 2	- 2	- 3	-2%	-2%	-2%	-2%
Woolston	- 3	6	17	28	- 3	- 3	- 3	- 4	-2%	-3%	-3%	-3%
Parklands	- 3	5	17	27	- 3	- 3	- 3	- 4	-2%	-2%	-2%	-2%
New Brighton	- 3	5	15	24	- 3	- 3	- 3	- 4	-2%	-2%	-2%	-2%
St Albans (Madras)	110	123	139	156	110	123	139	156				
Rest of Christchurch City Centres	- 13	367	888	1,366	- 13	- 14	- 16	- 18	0%	0%	0%	0%
Total Study Area	-	746	1,730	2,669	-	-	-	-	0%	0%	0%	0%

Source: Market Economics Food, Grocery & Liquor Gravity Model (Greater Christchurch)

- c) The reduction in employment (a proxy of sales) in each impacted centre is only small in 2028 compared to what it would have been in that year because the redistribution of spend has been spread over multiple centres.
- d) The middle and right-hand section of Table 5.2 shows that the impact of the proposed Woolworths store does not change year on year for many centres (when comparing employment (i.e. sales) with expected employment in that same year in the scenario where Woolworths St Albans had not established. That is, it is one-off adjustment in employment (i.e. sales) and this holds constant over time. For some centres, the year on year impact increases slightly compared with the counterfactual scenario. These are the centres that would likely have benefited most from the increased housing demand in the area around St Albans (i.e. the primary trade catchment).

- e) Overall, though, the impact of the proposed Woolworths store on Food, Grocery & Liquor employment (i.e., sales) in any centre in the study area ranges from 0% to no more than a 5% reduction in employment (i.e. sales) in 2028. These are very minor reductions. Those centres that would face relatively greater (but still minor) reductions are Shirley/Palms, Edgware and Richmond/Stammore (at a 5% reduction each in otherwise expected Food, Grocery & Liquor employment from 2028 onwards) and the Central City and Merivale centres (at a 4% reduction each in otherwise expected Food, Grocery & Liquor employment (i.e. sales) over the long-term).
- f) Of key significance, and returning to the left-hand block of Table 5.2, and highlighted in Figure 5.1, relative to employment levels (i.e. sales) otherwise expected in 2028 in all centres (without the St Albans Woolworths), strong demand growth across the trade catchment of all centres means that the impact of the proposed Woolworths will be very short-lived, with all Food, Grocery & Liquor employment (i.e. sales) in impacted centres exceeding the level they would have had in 2028 even before 2033, and continuing positive net growth into the future.
- g) To put this into context, even in the Edgware centre where there would be an indicative reduction of 6 employment equivalents in the Food, Grocery & Liquor sector in 2028 due to reduced spending in the centre, by 2033 not only would that reduction have been offset by growth in demand in *its* trade catchment (adjusted to accommodate the new centre), but it would sustain 5 more Food, Grocery & Liquor employment equivalents than it would otherwise have had in 2028. Employment (i.e. sales) in Edgware's Food, Grocery & Liquor sector is projected (even with the St Albans Woolworths) to increase by 51 employment equivalents (40%) between 2028 and 2043. This confirms that the opportunities for further enhancements and investment in Edgware discussed earlier are in no way undermined by the development of the proposed St Albans local centre.

Figure 5.1 – Food, Grocery & Liquor Employment Trade Competition Effects Without and With St Albans Woolworths



As far as the wider centre network is concerned, the Gravity Model shows that the scale of supermarket proposed in the St Albans local centre is sustainable based on current and projected household (and business) growth in the centre's indicative trade catchment (and particularly the estimated primary trade catchment). This is because the proposed centre will address latent demand that has built up in that locality in recent years, and because that locality is project to experience continued dwelling intensification and is therefore a key growth area for Christchurch City.

Importantly, the results on employment (i.e. sales) impacts discussed above are only the direct trade competition effects of the proposed Woolworths on Food, Grocery & Liquor activity in other existing centres. It is only the degree to which those minor and temporary reductions in employment (i.e. sales) potentially lead to wider reductions in total centre amenity, vibrancy and vitality that is relevant under the RMA. Based on the modelling results, we anticipate no such outcomes. Key reasons for this conclusion are:

- Employment (sales) impacts, while likely focussed on existing supermarkets, may be spread across other Food, Grocery & Liquor businesses in each impacted centre, further minimising the impact on any one business if those impacts are spread across the sector.
- Employment (sales) reductions (particularly short-term and minor reductions) do not necessarily mean that businesses close. Businesses can respond to such impacts by

reducing staff hours, or perhaps reducing shop opening hours until demand returns to pre-impacted levels.

- c) The Food, Grocery & Liquor sector is not the only sector that contributes to the overall amenity, vitality and vibrancy of impacted centres. Even in centres such as Richmond/Stammore and Edgware where the Food, Grocery & Liquor sector has a relatively more important role, a minor and temporary impact on that role would not be sufficient to materially affect the amenity, vibrancy and vitality of the centre as a whole.

5.4.3 The Permitted Baseline

This report has modelled the potential distributional effects of the proposed Woolworths supermarket, assuming a store of 3,840sqm GFA is included in the market between 2026–2028 (although only modelled in 2028 onwards). It is relevant that the Plan permits an anchor store of 800sqm GLFA in the ODP/bespoke rules for the St Albans CLZ, or permits a supermarket of up to 1,000sqm GLFA if the generic CLZ rules are applied. This means that a share of the trade competition effects of the proposed Woolworths (and a share of the adverse effects on total centre amenity, vibrancy and vitality should that have applied) up to 800–1,000sqm GFA was already deemed acceptable by the Plan.

While it would not have been appropriate in the Gravity Model to run only the effect of the net additional supermarket GFA at St Albans, allowing for the permitted baseline means that any trade competition effects of the proposed store (although found to be only minor and highly unlikely to result in any centre-wide distributional effects) would be further reduced. I.e. scaled down by 21–26% (being the share of the proposed supermarket GFA that is within the permitted threshold).

5.4.4 Cumulative Effect of the Proposed Café and Retail / Commercial Services GFA

The Gravity Modelling for this report has focussed (appropriately in our view) on the potential effects of the proposed Woolworths on the wider centre network. However, there is additional ground floor GFA proposed along the front and side of the supermarket building (totalling 860sqm or 18% of total ground floor GFA) which is anticipated as retail or commercial service in nature – in keeping with the convenience role of local centres.

These activities are all enabled in the CLZ (within size limits) and therefore do not create any adverse economic effects that would be unanticipated by the Plan. Even if potential trade competition effects of these sleeved tenancies were to be quantified, we would expect

minimal sales/employment impacts that would be rapidly offset by growth in retail and service spending.

To the extent that households around the St Albans centre are already spending in those store types in conjunction with their supermarket shopping trips, this means that the non-supermarket trade competition effects will be spread over a large number of supermarket-based centres across inner Christchurch (as indicated by the Gravity Model). That is, where supermarket spending is redirected to the proposed Woolworths, that other convenience spending that accrued to those centres will come with it. The cumulative impact on redistributed sales would still be minor (in terms of trade competition), temporary, and not at a level that would translate into any material loss of centre amenity, vitality and vibrancy.

For spending in these other convenience store types that does not occur on supermarket-based shopping trips, then this may be more likely to be redistributed from centres within the indicative main trade catchment.

Section 3 of this report has considered business counts and employment in other retail (i.e. excluding Food, Grocery & Liquor), hospitality, and personal and household service sectors in main trade catchment centres in 2023. The relative role of these sectors varies across the centres. In the absence of any supermarket anchors in the existing local centres, they are all likely operating with very localised trade catchments (and some pass-by custom) and are therefore unlikely to be impacted by the development of the St Albans local centre.

The non-Food, Grocery & Liquor offering in the trade catchment neighbourhood centres, and the Shirley/Palms KAC, are of a substantially greater scale than what is being proposed in St Albans, and so any potential for trade competition on stores within those centres would have a relatively minor adverse effect. While trade competition effects are not a matter to be considered under the RMA, as such impacts would not be sufficient to lead to material centre-wide losses of functional and social amenity, vibrancy or vitality.

6 Conclusions

6.1 Negligible Negative Economic Effects

Adverse distributional effects on centres are not measured according to the direct sales/employment impacts indicated by the outputs of the Gravity Model, but rather the consequent effects of changes in demand on a centres' overall vibrancy, viability and amenity. None of the short-term and minor Food, Grocery & Liquor employment (as a proxy for sales) direct trade impacts on the wider centre network, including Edgware and Richmond/Stanmore, modelled for the proposed Woolworths supermarket are of a level that would cause any adverse distributional effects on those centres.

While unmodelled, I consider that when the small number of proposed other retail and/or commercial service and hospitality activities are included in the proposed development (Retail A-C tenancies), that **the cumulative potential for distributional effects on the wider centre network will still be negligible and quickly offset by projected growth in spending.**

6.2 Positive Economic Effects

The proposed development provides a mix and scale of floorspace that is commensurate with the current and projected demand of the community surrounding the St Albans CLZ. The proposed full-service supermarket and complimentary sleeved convenience tenancies can be sustained by current and projected catchment demand. This is evident in the very minor and short-lived trade competition effects estimated to occur across the centre network in 2028 (and resulting negligible distributional effects).

The proposed development will realise a local centre that has been anticipated (but not delivered) in that part of Christchurch for long time, providing a focal point for the local community. This is a significant positive effect for the surrounding residential neighbourhood. It will improve accessibility for current and future households to convenience retail and services in that part of Christchurch and improve the overall efficiency of the Christchurch's urban form (including a reduction in vehicle kms travelled by St Albans residents to meet their daily shopping needs).

The proposed local centre will support a range of new jobs (most of which will be in the Woolworths supermarket, estimated to be over 100 in the first year of trading).³² While housing intensification has been occurring around St Albans despite the absence of the zoned local centre, the proposed development will increase the functional and social amenity values of St Albans, and this will enhance the feasibility of redevelopment over the long-term. The construction of the centre will sustain employment and incomes in the construction sector in the short-term.

6.3 Overall Findings and Recommendation

The proposal is responding to the convenience retail demand inherent in the St Albans community, which we consider clearly supports a full-service supermarket in this location to serve the surrounding residential catchment. Providing only a small supermarket in this CLZ would not contribute to an efficient, and well-functioning urban environment over the long-term.

Based on the assessment and analysis carried out to inform this report, we find that the proposed St Albans local centre development will generate a range of significant positive economic effects (discussed above) and have only negligible adverse economic effects (i.e. retail distributional effects) when considering the minor scale and short duration of estimated direct trade competition impacts over and above those already anticipated by the Plan. The Proposal supports a small number of businesses that will be focussed on meeting the convenience needs of the local community. While the supermarket anchor is larger than permitted in the Plan, from an economics perspective this element is sized commensurate with community needs in this part of Christchurch. The proposal therefore retains a local centre role. It does not have the quantum and diversity of offering that would be needed to elevate the development to that of a neighbourhood centre in our view.

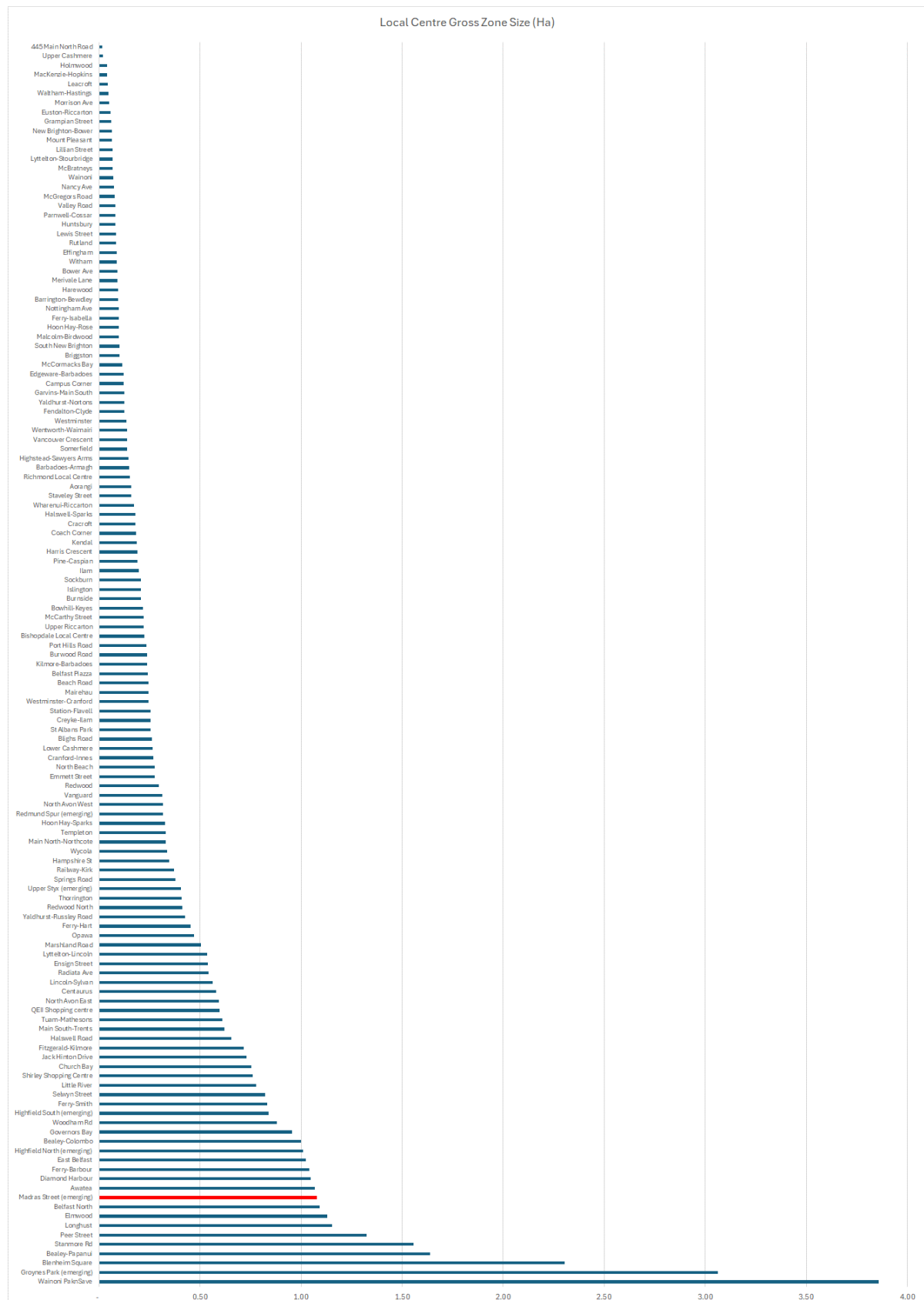
In addition to other identified centres, we have considered the potential for adverse effects on the City Centre. Due to Food, Grocery & Liquor retail having a minor role in the CBD (with much of the supermarket supply instead located on the fringe of the Central City), direct trade competition effects in the first year of trading will be no more than minor and quickly offset by continued growth in demand in the CBD (from residential, employment and tourist growth).

³² Most of these jobs will be net additional. In the absence of new businesses on the site, growth in catchment demand is likely to have sustained some additional employment, some additional work hours, and some additional productivity (increased sales from the same staffing level) across parts of the centre network. However, given that no store closures are anticipated, there are required roles that (at a minimum) every new business will support. In addition to these new jobs, a substantial share of support staff roles are also expected to be net additional attributable to the presence of new businesses.

The Proposal will have no distributional effects on the Central City and no discernible adverse effect on the ongoing revitalisation of the CBD or its primacy in the centre hierarchy.

Overall, we support the proposed consent application from an economic perspective.

Appendix A – Local Centre Size (ha)



Appendix B – Retail Demand Model

We have used M.E's Retail Demand Model to estimate the current and projected household spend on Food, Grocery & Liquor retail stores at the SA2 level across the study area. In addition to household demand for these store types, there is also demand by businesses and international visitors (although these make up a minor component).

Household demand is broken down into three types of spending – household spend from home (i.e. home-based trips, and summarised in the table below), household spend from work, and household spend while travelling domestically. This analysis models household spend from home in detail, on the basis that it accounts for 91% of total household spend on Food, Groceries & Liquor (national average). The additional components of demand are added using a more high-level approach.

The spending is closely aligned with the distribution of households and household growth although it captures the different mix and spending power of household types in each 2018 defined SA2 and includes an assumed 1% annual increase in real spend per household between 2021-2043.