

PROPERTY ECONOMICS



WOOLWORTHS ST ALBANS

RETAIL ECONOMIC

IMPACT OVERVIEW

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TABLE OF CONTENTS

1. INTRODUCTION.....	5
1.1. KEY RESEARCH OBJECTIVES	5
1.2. INFORMATION & DATA SOURCES	6
2. PROPOSED DEVELOPMENT OVERVIEW	7
3. MARKET GROWTH OVERVIEW	9
3.1. CATCHMENT EXTENT.....	9
3.2. CATCHMENT GROWTH OVERVIEW	10
4. RETAIL DEMAND & SUSTAINABLE GFA	12
4.1. RETAIL MODEL.....	12
4.2. SUSTAINABLE GFA	14
4.3. FOOD RETAILING EXPENDITURE AND SUSTAINABLE GFA	14
5. TRADE COMPETITION AND DISTRIBUTION EFFECTS	17
6. SUPERMARKET IMPACT OVERVIEW	19
6.1. EXISTING AND CONSENTED SUPERMARKET NETWORK	19
6.2. SUPERMARKET IMPACT OVERVIEW	19
7. EXISTING CENTRE NETWORK OVERVIEW	22
7.1. NPS AND CDP CENTRE ZONING FRAMEWORK	22
7.2. EXISTING COMMERCIAL CENTRE NETWORK.....	23
8. ASSESSMENT CONCLUSION	28
APPENDIX 1. PROPERTY ECONOMICS RETAIL MODEL.....	30

LIST OF TABLES

TABLE 1: CATCHMENT ANNUALISED FOOD RETAILING SPEND (\$M) AND SUSTAINABLE GFA (SQM)	15
TABLE 2: SURROUNDING COMMERCIAL CENTRE OVERVIEW.....	25

LIST OF FIGURES

FIGURE 1: SUBJECT SITE IN THE CONTEXT OF THE CDP ZONE ENVIRONMENT	7
FIGURE 2: GEOSPATIAL EXTENT OF THE RETAIL CATCHMENT	9
FIGURE 3: CATCHMENT CURRENT AND PROJECTED POPULATION AND HOUSEHOLDS	11
FIGURE 4: SURROUNDING COMMERCIAL CENTRE NETWORK (POST-PC14 TERMS).....	24



1. INTRODUCTION

Property Economics has been commissioned by Christchurch City Council (CCC) to provide expert economic advice for the section 42A hearing report relating to a resource consent (land use) application lodged by Woolworths New Zealand Limited (WWNZ).

The application seeks approval for the development of a supermarket-based centre, including associated small-scale retail and commercial activities, on Madras Street in St Albans. This assessment is undertaken within the framework of the Christchurch District Plan (CDP) and the Resource Management Act 1991 (RMA).

The primary objective of this assessment is to evaluate the market potential of the proposed centre, with a particular focus on the Woolworths supermarket, and to identify any resulting retail effects in the context of the RMA that may arise within Christchurch's network of supermarkets and commercial centres.

The findings from this assessment inform whether the proposed development, especially the supermarket, is economically sustainable and appropriate within the local market context from an economic perspective and would not cause significant adverse (economic) effects on the surrounding centre network.

1.1. KEY RESEARCH OBJECTIVES

The key objectives of this economic assessment are to:

- Identify the geospatial extent of the proposed supermarket's core retail catchment based on its location within the surrounding competitor network.
- Quantify the current and future population and household base of the catchment over the next 14 years, based on CCC's growth scenario.

- Quantify the current level of retail expenditure (\$m) generated within the catchment on an annualised basis and forecast the total food retailing and supermarket expenditure out to 2038 based on the projected growth in the core catchment.
- Determine the sustainable supermarket GFA (sqm) within the core catchment out to 2038 based on the current and projected future supermarket expenditure.
- Evaluate the potential for significant adverse retail distribution effects on existing supermarkets arising from the proposed development, within the context of the RMA and CDP.
- Provide a high-level assessment of the likely economic impacts of the proposed development on the role, function, performance, and future growth potential of nearby commercial centres.

1.2. INFORMATION & DATA SOURCES

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

- Catchment Map – Google Maps, LINZ, Stats NZ, Property Economics
- Household Economic Survey - Stats NZ
- Population and Household Estimates and Projections – CCC & Stats NZ
- Retail Growth Model – Property Economics
- Statistical Area 1 & 2 (2023) – Stats NZ
- Christchurch District Plan – CCC
- Supermarket Network – LINZ, Property Economics
- Proposed St Albans Retail Centre – Woolworths NZ
- Site and Surrounding Centre Visit – Property Economics

2. PROPOSED DEVELOPMENT OVERVIEW

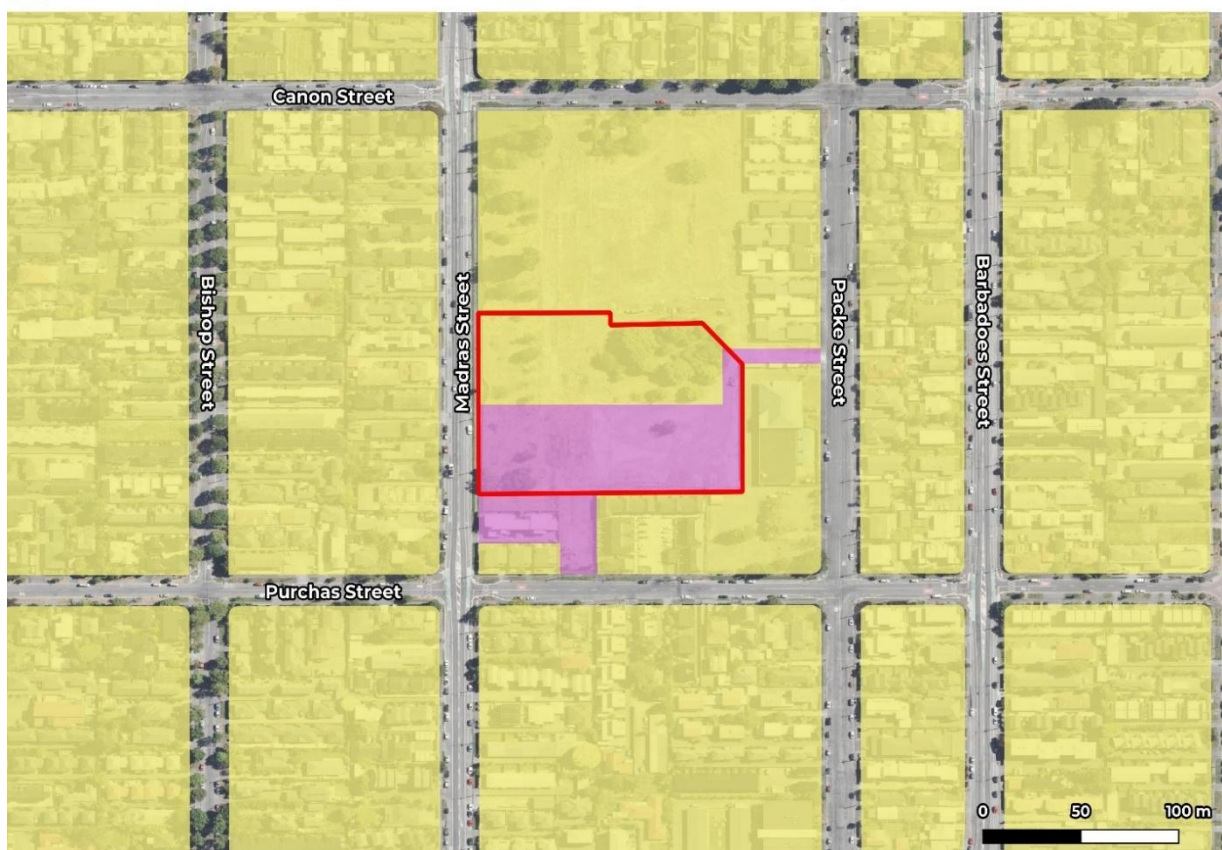
WWNZ is applying for resource consent to develop and operate a supermarket-based centre, which will include complementary small-scale convenience retail activities and commercial office tenancies. The proposed site is currently zoned as a mix of Neighbourhood Centre Zone (NCZ) and Medium Density Residential Zone (MDRZ) under the CDP.

The figure below illustrates the location and extent of the subject site, which covers approximately 1.44ha of land within the block bounded by Madras, Canon, Purchas, and Packe Streets.

FIGURE 1: SUBJECT SITE IN THE CONTEXT OF THE CDP ZONE ENVIRONMENT

LEGEND

Subject Site
 Medium Density Residential Zone
 Neighbourhood Centre Zone (i.e., Commercial Local pre PC14 decisions)



Source: CCC, Google Maps, LINZ

Specifically, the proposed development includes a supermarket (3,850sqm GFA¹), sleeved by small-format convenience retail on the ground floor (860sqm GFA), provision for a modest amount of commercial activities at first floor level (530sqm GFA), set around a 'village green'

¹ This includes a 3,350sqm GFA supermarket, a 200sqm GFA ancillary office associated with the supermarket operation, a 150sqm 'click and collect' facility, and a 150sqm entrance lobby.

pocket park. Cumulatively, the proposed development will provide for a total of 5,303sqm GFA of retail and commercial office tenancies within the subject site.

Under the CDP zone provisions, the application is identified as a 'Discretionary' activity and therefore requires assessment of its potential adverse economic effects.

In particular, the area-specific built form standards set out in Rule 15.5.3.2 specify that the maximum Gross Leasable Floor Area (**GLFA**) for non-residential activities in the St Albans Centre is as follows:

- i. There shall be a maximum 3,500sqm GLFA of non-residential activities within combined areas A and B defined on the Commercial Local Zone (St Albans) Development Plan (in Appendix 15.15.6); and*
 - a. One individual tenancy in areas A and B shall have a maximum of 800sqm GLFA of retail activity; and*
 - b. No other individual tenancy in areas A and B shall have greater than 400sqm GLFA of retail activity.*

To evaluate and assess the economic impact of the proposed supermarket, Table 15.1.E of the CDP is highly relevant. It identifies a "Neighbourhood Centre" ("Local Centre" pre-PC14) as the lowest tier in Christchurch's commercial centre hierarchy, generally comprising "**a small group of primarily convenience shops and, in some instances, community facilities**".

Policy 15.2.2.1.a further outlines the role of centres to "*recognise and manage commercial centres as the focal points for the community and business through intensification within centres that reflects their functions and catchment sizes, and in accordance with a framework that:*

- i. gives primacy to, and supports, the recovery of the CBD, followed by Key Activity Centres, by managing the size of all centres and the range and scale of activities that locate within them;*
- ii. supports and enhances the role of District Centres; and*
- iii. maintains the role of Neighbourhood Centres, Local Centres and Large Format Centres."*

In addition, Rule 15.13.4.5.1d identifies "*whether the scale and nature of development is consistent with that anticipated for a local centre*" as a matter of discretion for the St Albans Centre.

Given the above provision context, it is important that the proposed supermarket would not result in an unanticipated development outcome for the St Albans Centre or cause significant adverse impacts on other centres and supermarkets within the commercial network.

3. MARKET GROWTH OVERVIEW

This section begins by defining the core retail catchment, or economic market, relevant to this retail economic analysis. It then assesses recent, current, and projected future growth within the identified catchment, based on CCC's growth scenario. This analysis helps to assess the likely future demand for additional supermarket provision or supply in the area and provides an economic basis for evaluating the economic grounds for the establishment of a new supermarket in the area.

3.1. CATCHMENT EXTENT

The figure below delineates the core catchment of the proposed supermarket in the context of Christchurch's existing and anticipated supermarket network. This catchment is essentially the geographic area from which the proposed supermarket is likely to derive the majority of its sales or the area the store is designed to primarily service, and where the store is considered to have a strategic locational advantage in terms of proximity over other supermarkets. This catchment is based on the application not the zone.

FIGURE 2: GEOSPATIAL EXTENT OF THE RETAIL CATCHMENT

LEGEND

★ Subject Site ■ Supermarket Core Catchment



Source: Stats NZ, Google Maps, LINZ, Property Economics

As shown in Figure 2, there are a number of supermarkets within the wider area. This means that the core catchment of the proposed supermarket will also form part of the retail catchment of a number of other supermarkets. This means and trade competition impacts will be spread and not concentrated on one or two supermarkets or centres.

In addition, while the proposed supermarket would also attract customers from beyond its core catchment, it predominantly services people residing within this area, particularly due to its more internalised suburban location.

The catchment boundaries are determined by utilising Statistical Area 1 (SA1) 2023 boundaries defined by Stats NZ. The extent of the catchments also factors in natural geographic features, roading and competing supermarkets.

This identified catchment will be used as the basis for the economic retail analysis in this report.

3.2. CATCHMENT GROWTH OVERVIEW

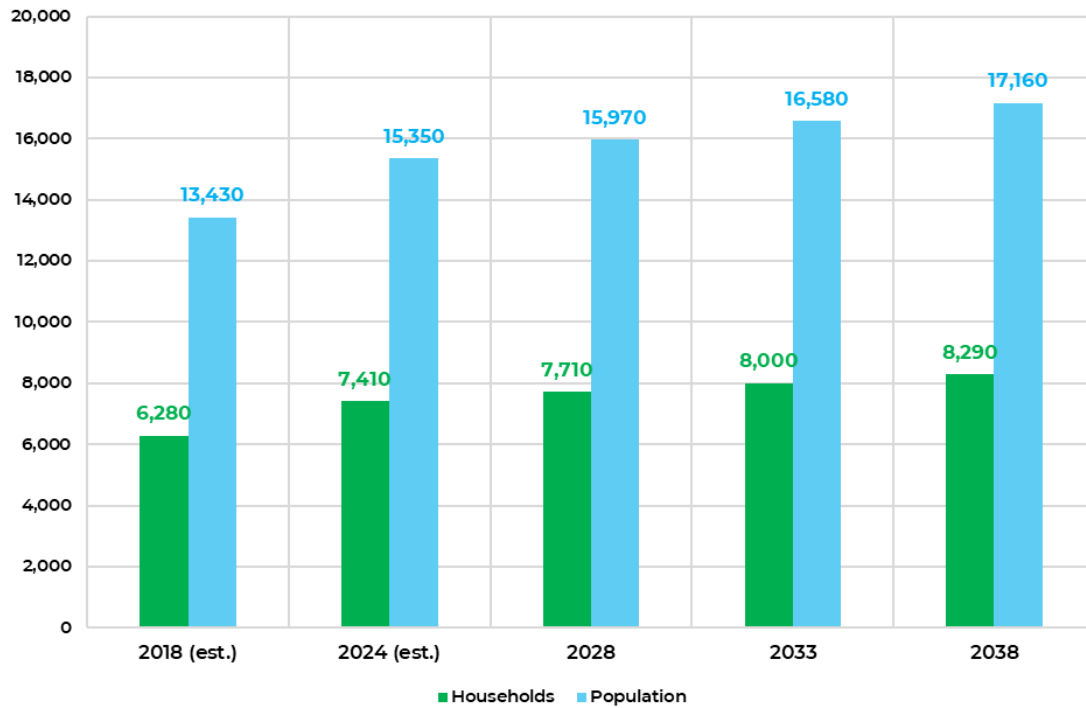
Using the household growth scenario provided by CCC, Property Economics has estimated the corresponding population within the defined catchment area by applying projected household size figures from Stats NZ over the next 14 years.

The following figure shows that the catchment population was approximately 15,350 people in 2024, reflecting a net increase of around +1,920 people, or +14%, over the past six years. Under CCC's growth projections, the catchment population is expected to reach approximately 17,160 by 2038, representing more moderate growth of about +11.8% or an additional +1,810 people over the 14-year period (2024–2038).

In terms of household base, there were an estimated 7,410 households in the catchment in 2024. By 2038, this is projected to increase to just under 8,300 households, a net growth of approximately +880 households or +12%.

This anticipated market growth elevates opportunities for further retail, commercial and community offerings, including a potential supermarket, and core and frequently utilised retail amenity in local communities. Enhancing retail provision within the core catchment would help accommodate the evolving needs of a growing population and stimulate broader economic activity in the area. It also assists improving urban efficiency.

However, demand is only one of several economic factors to consider. It is also important to evaluate whether the proposed development would result in significant adverse economic effects on other supermarkets and commercial centres. These economic considerations are addressed in the following sections.

FIGURE 3: CATCHMENT CURRENT AND PROJECTED POPULATION AND HOUSEHOLDS

Source: CCC, Stats NZ, Property Economics

4. RETAIL DEMAND & SUSTAINABLE GFA

This section sets out the projected annualised supermarket and specialty food retail expenditure and sustainable retail GFA for identified retail catchment. The annualised forecasts have been based on CCC's growth scenario for the catchment to ensure they incorporate the most up-to-date information and have been prepared using Property Economics' Retail Model. A detailed breakdown of the model and its inputs are outlined in Appendix 1.

4.1. RETAIL MODEL

The following flow chart provides a graphical representation of the Property Economics Retail Model to assist in better understanding the process and key inputs utilised.



GROWTH IN REAL RETAIL EXPENDITURE

For the purposes of projecting retail expenditure, growth in real retail spend has been incorporated into the model at an average rate of 1% per annum over the forecast period. This 1% rate is based on the level of debt retail spending, interest rates and changes in disposable income levels, and is the average inflation adjusted increase in spend per household over the assessed period.

LAYERED RETAIL CATCHMENTS

The retail expenditure generated in the identified market does not necessarily equate to the sales within that particular area. Residents can freely travel in and out of the area, and they will typically choose the centres with their preferred range of stores, products, brands, proximity, accessibility and price points. A good quality offering will attract customers from beyond its core market, whereas a low-quality offering is likely to experience retail expenditure leakage out of its core market.

For that reason, it is appropriate for modern retail markets to be assessed on the basis of “layered catchments”. This is where consumers spread their retail spending across a wider spectrum of centres, with the majority of their “higher order” spend going to “higher order” centres (such as large scale regional or main metropolitan shopping destinations). Meanwhile, convenience spend tends to remain more localised, triggering a layering of centre catchments across the regions.

Therefore, the retail expenditure generated in an area represents the sales centres or retail stores within that area could potentially achieve and is the key influence on what the market can potentially sustain. This should not be interpreted as a negative for any retail activity in the catchment, but simply represents normal commercial market mechanisms (competition) and is a consideration that needs to be appropriately accounted for in any analysis.

INCLUDED ACTIVITIES

The retail expenditure figures below are in 2023 NZ dollars and include only the following retail activities, as categorised under the Australia New Zealand Standard Industrial Classification (ANZSIC) categorisation system:

- Food and Beverage Service
- Food Retailing

Other retailing sectors have been excluded from the modelling for this report as the potential New World supermarket expenditure is likely to pertain only to these categories. This also excludes cafes, bars, restaurants, clubs and taverns.

CONVENIENCE STORES

Convenience retailing can be generally defined as stores used for quick stop and frequently required shopping, used primarily due to their close proximity and easy accessibility for the customer. These stores are not exclusive to any one retail category with examples of such stores including, dairies, bakeries, fruit & vegetable stores, cafes and restaurants.

Supermarkets, albeit being a large footprint store, are also classified as convenience stores given they predominantly service more localised catchments, the products sold are largely

homogenous between supermarket stores and they tend to be fairly evenly distributed across an area's urban fabric.

4.2. SUSTAINABLE GFA

This assessment uses a sustainable footprint approach to assess retail demand. Sustainable floorspace in this context refers to the level of floor space proportionate to an area's retainable retail expenditure that is likely to result in an appropriate quality and offer in the retail environment. This does not necessarily represent the financial 'break even' point, but a level of sales productivity (\$/sqm) based on net (and GFA) retail floorspace that allows retail stores in their respective sectors to trade profitably and provide a good quality retail environment, and thus economic well-being and amenity.

Many stores may trade comfortably above or below the sustainable level as many do, but its designed to provide an average lower level '*line in the sand*' or minimum standard productivity level to enable stores to not only trade but trade to a level that enables a reasonable level of quality (stores, performance and environment).

Some stores trade below these levels, and in our experience, they are lower quality stores comparatively in-built form, fit out, performance and environment which affects the level of amenity for shoppers, and are often stores not viable for an extended period of time.

It is necessary to separate the Gross Floor Area into:

- Net retail floorspace (Sustainable Floorspace); and
- Back office floorspace that does not generate any retail spend (Back Office Floorspace).

A store's net retail floor area (or retail trading area) only includes the area which displays the goods and services sold and represents the area to which the general public has access. By contrast, the Gross Floor Area typically represents the total floor area leased or developed by the retailer. Back Office Floorspace in a retail store is the area used for storage, warehousing, staff facilities, prep areas, office or toilets and other 'back office' uses.

These activities typically occupy around 25-30% of a store's GFA. It is important to separate out such back office floorspace from sustainable floorspace because back office floorspace does not generate any retail spend. For the purposes of this analysis an average 30% ratio has been applied.

4.3. FOOD RETAILING EXPENDITURE AND SUSTAINABLE GFA

The table following provides projections of total food retail expenditure generated within the catchment from 2024 to 2038, alongside the corresponding levels of sustainable GFA that could be supported by this expenditure on an annualised basis under CCC's growth scenario.

In 2024, it is estimated that the catchment generates approximately \$91m annually in total food retailing expenditure. This figure represents the total annual food retail spending 'pool' that the proposed supermarket would be competing for within the catchment area.

The total annual food retail expenditure within the catchment is projected to increase to around \$117m by 2038, attributed to a growing consumer base and increased purchasing power within the catchment.

TABLE 1: CATCHMENT ANNUALISED FOOD RETAILING SPEND (\$M) AND SUSTAINABLE GFA (SQM)

CCC Growth Scenario	2024	2028	2033	2038
Catchment Generated Supermarket Spend (\$m)	\$68	\$74	\$81	\$88
Catchment Generated Specialty Food Retailing Spend (\$m)	\$23	\$25	\$27	\$29
Catchment Total Generated Food Retailing Spend (\$m)	\$91	\$99	\$108	\$117
Catchment Sustainable Supermarket GFA (sqm)	6,600	7,100	7,800	8,400
Catchment Sustainable Specialty Food Retailing GFA (sqm)	3,200	3,500	3,800	4,100
Catchment Sustainable Food Retailing GFA (sqm)	9,800	10,600	11,600	12,500
Estimated Retained Supermarket Expenditure (\$m)	\$41	\$45	\$49	\$53
Estimated Sustainable Supermarket GFA (sqm)	4,000	4,300	4,700	5,000
Existing Supermarket Supply with the Catchment (sqm):				
FreshChoice Edgware (sqm)	950			
Proposed Woolworths Supermarket (sqm)	3,850			
Total Supermarket Supply if Proposal Proceeds (sqm)	4,800			

Source: Property Economics

Food retail expenditure is further categorised into two distinct segments: Supermarket Retailing and Specialty Food Retailing, the latter encompassing businesses such as butchers, bakeries and fruit grocers. For the purposes of this analysis, Property Economics has allocated 75% of the total food retail expenditure to supermarket-related spending. This is based on numerous nationwide spending surveys and data. Note that the proposed supermarket is not restricted to 75% of the market, this is simply used as a benchmark. It is still able to compete with other retailers in the area for the additional 25%, and vice versa.

Consequently, of the projected \$91m in total food retail expenditure in 2024, approximately \$68m is attributed to supermarkets, while the remaining \$23m is designated for specialty food retailers.

Under current market conditions, the catchment could support approximately 6,600sqm of GFA for supermarket retailing. This figure reflects the present demand within the core catchment for supermarkets rather than existing supermarket supply.

Under CCC's growth scenario, the sustainable supermarket GFA is forecast to increase further to around 8,400sqm by 2038. In combination with the sustainable speciality food retailing GFA of 4,200sqm by 2038, the catchment is projected to be able to sustain a total of around 12,500sqm food retailing GFA by 2038.

Note that not all supermarket and other speciality food retailing expenditure generated within the identified catchment area will remain within the local area. Nearby centres will attract a portion of the spending from the catchment area cumulatively.

The vast majority of current supermarket expenditure generated annually is spend outside the core catchment at present due to its only very limited supermarket provision (Fresh Choice). This means the vast majority of residents have to leave their local suburb to visit a supermarket. However, the close proximity of multiple supermarkets surrounding the catchment are such that the local community is not greatly disenabled, albeit it is less efficient.

Drawing on the analysis of similar commercial centres, as well as the existing supermarket network and potential overlap in retail catchment areas, Property Economics considers that the existing and future commercial centres in the catchment have potential to retain approximately 60% of the total supermarket demand generated within the catchment area.

Based on the assumption of a 60% core catchment potential capture rate, the retail expenditure analysis confirms there is sufficient food and grocery expenditure generated in the core catchment to sustain both the Fresh Choice Edgeware store (approximately 950sqm GFA) and the proposed Woolworths supermarket (3,850sqm GFA) from about 2028 onwards. This includes consideration of a small portion of sales being derived from outside the catchment.

Given the projected supermarket and total food retailing expenditure in the catchment, enabling the development of a new full-service supermarket would create greater market and community efficiencies in the network and enable the local community improved access (car, bike, scooter, walking) to a fundamental and frequently required retail store type. .

5. TRADE COMPETITION AND DISTRIBUTION EFFECTS

In terms of assessing potential retail economic effects under the RMA, there is first a need to differentiate between trade competition effects and flow-on retail distribution effects. By themselves, trade competition effects are not justification for declining a retail consent application under the RMA, unless they are of a level that generates significant adverse flow-on retail distribution effects on the existing centre network of the area. It is within this broader context that the relative merits of the application need to be considered.

Trade competition effects focus especially on the impacts on individual trade competitors. They are direct store-on-store sales impacts on trade competitors. For example, where there is an existing florist in operation and another florist opens in proximity to that store, the existing florist would inevitably lose some custom to the new florist. Case law has established that any such adverse effects are not to be considered for the purposes of the RMA, unless they are significant or go beyond what is considered to be a 'normal' level of trade competition.

Retail distribution effects are generated by and are the result of, consequential trade competition and retail activity disbenefit effects. These effects can range across the spectrum (positive and negative) depending on the level of effects generated, which are heavily dependent on the scale, type, and location of the proposed activity, among other attributes.

As such, it is accepted case law, that Councils should have regard to significant effects on the amenity of the public caused by any reductions in the viability or vitality of the commercial centres that arise as a consequence of trade competition, i.e., often termed "distributional" or "consequential" effects.

Where the patterns of support and retail activity within an existing centre would not change dramatically within a locality as a consequence of a proposed activity, then the retail distribution effects are not considered to be significant.

Justice Randerson J (High Court, CIV-2003-404-5292) stated *"The key point of distinction between the adverse effects of trade competition on trade competitors and adverse effects which may properly be considered under the RMA, is that trade competition effects focus especially on the impacts on individual trade competitors. In contrast, where a proposal is likely to have a more general effect on the wider community, then the RMA permits consideration of those effects. (para 60) ..."*.

The Supreme Court in the Discount Brands Decision stated *"An important matter which the Council's Regulatory and Hearings Committee needed to inform itself upon was the effect which the activity proposed might have on the amenity values of the existing centres – on the natural or physical qualities and characteristics of those areas that contributed to people's appreciation of their pleasantness, aesthetic, coherence and cultural and recreational attributes. Such effects on amenity values would be those which had a greater impact on the people and their communities than would be caused simply by trade competition"*.

Collectively, those decisions emphasise and establish that where trade competition produces social and economic effects that are not significant and are not beyond the effects ordinarily associated with trade competition, those effects are to be disregarded when assessing an application.

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

Retail distributional effects are differentiated from the effects of trade competition on trade competitors, which are to be disregarded pursuant to s31(5) (a) of the CRA when considering resource consent applications. Although retail distributional effects are a relevant consideration for a consent authority, it should be noted that Environment Court case law has made it clear that those effects must be significant (but not necessarily ruinous) before they could properly be regarded as going beyond the effects ordinarily associated with trade competition.

It is within this context that the potential retail effects of the proposed supermarket are considered in the following section.

6. SUPERMARKET IMPACT OVERVIEW

This section outlines the retail economic impacts of the proposed supermarket development within the context of the CDP and the RMA. It considers the location of existing and consented supermarkets, along with their respective primary catchment areas, from an economic perspective. The analysis also builds on the retail demand forecasts presented in the previous section to evaluate the appropriateness and economic efficiency of the proposed supermarket from both demand and supply perspectives.

6.1. EXISTING AND CONSENTED SUPERMARKET NETWORK

Figure 2 in Section 3 illustrates both the current and consented supermarket network within and surrounding the catchment. As shown, FreshChoice Edgeware is currently the only supermarket established within the catchment itself. This is a reflection of limited opportunities to locate a modern large scale supermarket in the catchment and the close proximity to multiple supermarkets around the edge of the catchment.

Outside the catchment, New World Stanmore, located as part of the Richmond Centre, is the closest supermarket to the proposed development site. It is approximately 1.5km away or around 5-minute drive.

The closest Woolworths supermarket is situated at The Palms Shopping Centre, around 3km or around 7-minute drive from the subject site. Due to its location within a larger 'higher order' shopping centre, it draws expenditure from a broader area, resulting in some overlap with the catchment anticipated to be served by the proposed supermarket.

Additionally, there are multiple supermarkets located within the Four Avenues, including FreshChoice City Market, New World Durham Street, Woolworths Moorhouse, and PAK'n SAVE Moorhouse. These stores are all approximately 8–10 minutes' drive from the subject site. Among them, PAK'n SAVE in particular has a more influential and would draw shoppers from a wide area, including the primary catchment of the proposed supermarket.

Furthermore, a consented Woolworths supermarket within the Shirley Home Base Centre, once operational, is also expected to attract spending from parts of the catchment, especially from residents in the northeastern areas of the identified primary catchment.

6.2. SUPERMARKET IMPACT OVERVIEW

As a result of supermarket network, the proposed Woolworths St Albans supermarket is likely to spread trade impacts across multiple supermarket stores, in particularly the stores surrounding the catchment. However, from an economic perspective, Property Economics considers that any potential trade competition effects are unlikely to lead to significant retail distribution impacts that would undermine the performance, sustainability, or growth prospects of these supermarkets under the RMA and CDP.

This conclusion is based on the following economic considerations:

Given planning, earthworks, construction and store fitout lead times, Property Economics consider the 2028 year is likely to be the appropriate base year for assessing impacts and the first full year of operation when any trade impacts would start to be generated.

As shown earlier, an assessment of both supermarket demand (retail expenditure and sustainable GFA) and supply (existing supermarket GFA) shows that there is sufficient food and grocery expenditure generated within the primary catchment itself to support both the existing FreshChoice Edgeware and the proposed Woolworths. This is based on internalising 60% of the annual supermarket spend generated by the catchment, i.e. it still enables 40% of the primary catchment's annual supermarket spend to be captured by the other supermarkets outside the catchment, so the proposal does not represent a complete loss of sales potential for these stores.

Importantly, no one supermarket will incur the trade impacts generated. As such any trade effects on existing supermarkets are expected to be dispersed across a wider area and be brand dependant. For example, other Woolworths stores are likely to incur the highest trade impacts due to the same offering, products, discounts and environment being much closer and more accessible, whereas other supermarket brands offer a different environment and different product ranges. As such, the proposed development is not only unlikely to jeopardise the viability of any individual store, but any trade impacts would also likely be offset by ongoing market growth.

The FreshChoice Edgeware store is relatively small in scale² at around 900sqm, with a limited footprint and shallow product range compared to larger-format supermarkets. Given the level of demand generated in the area, this shows the store is not currently playing the supermarket role in the catchment and is more likely utilised as a 'top-up' grocery store for the bulk of its shoppers. The store is simply not of a scale to compete directly with the surrounding supermarkets or satisfy the food and grocery requirements of the local population. Whilst there remains some expansion potential within the store's current location (neighbouring tenancy), that potential is not sufficient to provide a full supermarket offer for the primary catchment. As such Edgeware, as currently zoned, has no realistic potential to accommodate a large supermarket within the centre.

New World Stanmore, Fresh Choice Merivale, Woolworths The Palms, and the consented Woolworths Shirley Home Base are located outside the primary catchment and will experience some trade competition impacts due to the scale (3,850sqm) of the proposed St Albans store. However, the primary catchment makes up only a small proportion of each of these stores total catchment which has the effect of muting the impacts of some trade competition loss from the proposed St Albans supermarket. This is particularly relevant in this instance where, as

² Property Economics consider supermarkets have a GFA over 1,000sqm. Food and grocery stores under 1,000sqm are not considered to operate, function or have the same product range to compete directly with large supermarket stores, particularly for main food and grocery shopping.

mentioned previously, such impacts will be spread across the wider supermarket network rather than concentrated on a single store.

In Property Economics' view, these trade impacts would not result in significant retail redistribution impacts that would threaten the ongoing viability or performance of other supermarkets. All existing and consented supermarkets in the surrounding area currently draw expenditure from the catchment to varying degrees.

Looking ahead, the anticipated intensification under PC14 decisions, particularly in and around the Central City, is expected to increase the potential for housing consolidation. This will drive further demand for accessible and convenient retail offerings, including supermarkets.

7. EXISTING CENTRE NETWORK OVERVIEW

For the evaluation of potential economic and retail impacts of the proposed development on the existing commercial centre network it is important to first understand the envisaged role and function of those centres that may be considered '*at risk*', in the context of the CDP and the National Planning Standards (NPS).

Accordingly, this section provides a high-level overview of the NPS and CDP frameworks, focusing on the surrounding commercial centre hierarchy and network. This context helps determine whether the proposed supermarket could materially alter the intended role and function of the St Albans Centre in a way that adversely affects other existing centres within the catchment, particularly due to the potential 'functional' upzoning effect the development would have.

7.1. NPS AND CDP CENTRE ZONING FRAMEWORK

The identification of the type of commercial centre is an important consideration when determining where and how NPS-UD Policy 3(d) and the associated changes to height and density of urban form must be applied.

In the context of the NPS and NPS-UD, a '*Centre Zone*' is defined to be any of the following zones:

- **City Centre Zone:** Areas used predominantly for a broad range of commercial, community, recreational and residential activities. The zone is the main centre for the district or region.
- **Metropolitan Centre Zone:** Areas used predominantly for a broad range of commercial, community, recreational and residential activities. The zone is a focal point for sub-regional urban catchments.
- **Town Centre Zone:** Areas used predominantly for:
 - i. in smaller urban areas, a range of commercial, community, recreational and residential activities.
 - ii. in larger urban areas, a range of commercial, community, recreational and residential activities that service the needs of the immediate and neighbouring suburbs.
- **Local Centre Zone:** Areas used predominantly for a range of commercial and community activities that service the needs of the residential catchment.
- **Neighbourhood Centre Zone:** Areas used predominantly for small-scale commercial and community activities that service the needs of the immediate residential neighbourhood.

Based on the above NPS zoning framework, Neighbourhood Centres sit at the lowest tier of the broader commercial centre hierarchy and are characterised by two key attributes. First, they are intended to accommodate only *"small-scale commercial and community activities"*. In a retail context these are stores typically less than 500sqm GFA per tenancy. Second, their service catchment is expected to be limited to the *"immediate residential neighbourhood"*.

Although the CDP uses slightly different terminology to define and describe the commercial centre hierarchy, the anticipated role and function of each centre type broadly aligns with the descriptions provided in the NPS.

From an economic perspective it is unequivocal the proposed St Albans development would play a different / higher order role and function in the community than the Neighbourhood Centre Zone and a typical neighbourhood centre. The proposed supermarket would elevate the centre to a Local Centre status which plays a broader role and function in the community.

As previously noted, under the CDP, Neighbourhood Centres are described as *"a small group of primarily convenience shops and, in some instances, community facilities,"* and may *"include standalone supermarkets serving the surrounding residential community"*. These provisions reflect that Neighbourhood Centres are not anticipated to serve a catchment beyond their immediate surroundings.

Accordingly, any new development that materially elevates a centre's role and function within the wider hierarchy may raise concerns about undermining the integrity of the zoning framework potentially impacting the role, function, and performance of other similarly sized or ranked commercial centres across the city.

This is particularly important as a centre zone has an important influence on investment decisions, and in this instance investment decisions in other neighbourhood centres in the catchment have been made on the basis the St Albans centre is a neighbourhood centre as per the CDP zone. Any elevation in status could undermine that investment and therefore the market's willingness to trust the CDP's zone integrity if any change in status is not given due regard, particularly given a larger centre would have greater 'pulling power' and draw expenditure away from local neighbourhood centres.

The following analysis therefore identifies the existing commercial centre network within and around the catchment to assess whether such concerns are likely to result in significant economic implications.

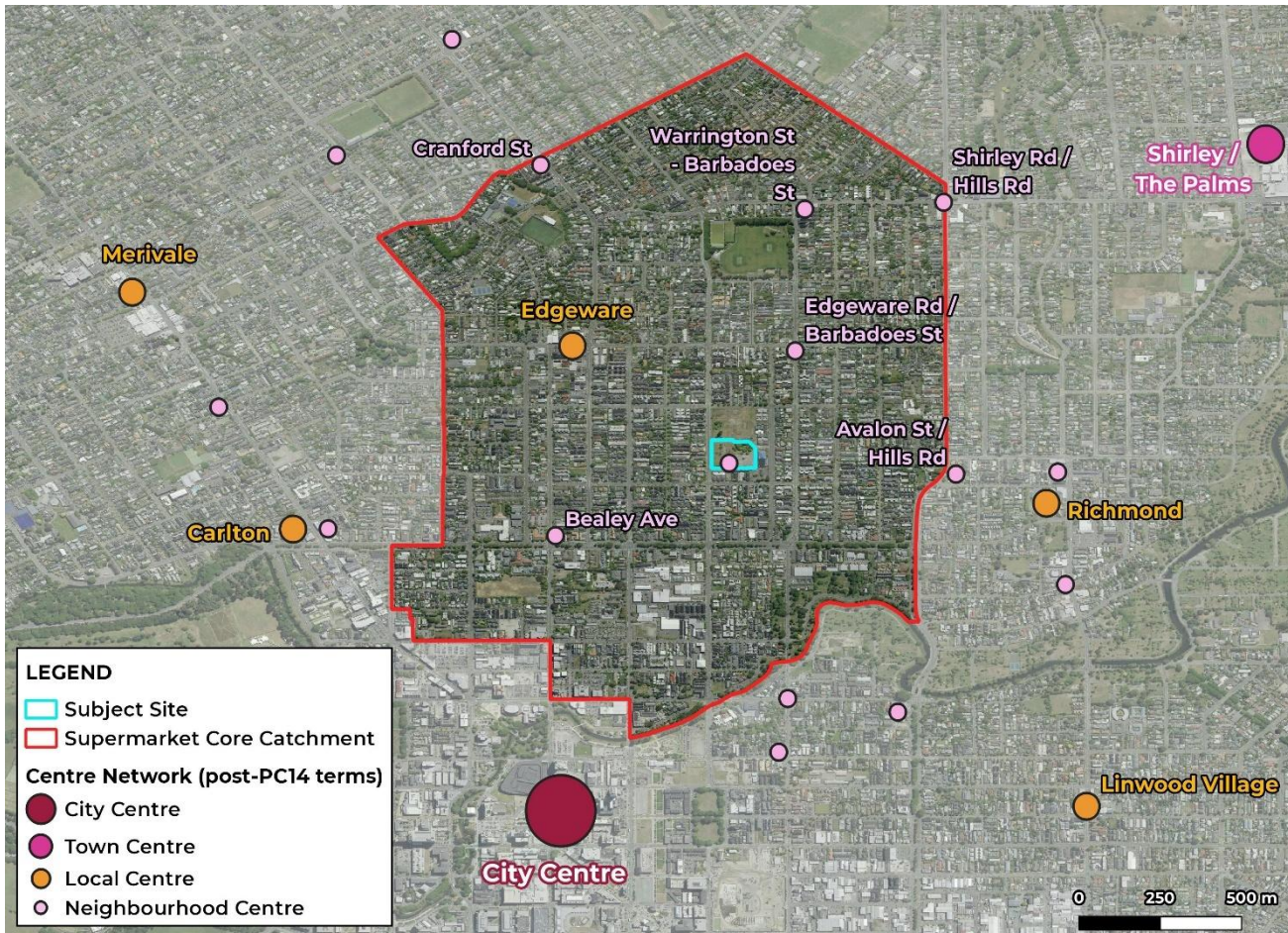
7.2. EXISTING COMMERCIAL CENTRE NETWORK

Property Economics conducted a site and centres visit on 8 May 2025 to ground-truth the practical role, function, and performance of the surrounding commercial centres. Observations and insights from this visit have been incorporated into this economic analysis.

The figure below maps the existing commercial centre network within and surrounding the identified catchment. This spatial context assists in determining which centres, if any, may be

affected by the proposed supermarket (the store of primary concern for economic considerations), based on the extent of their respective retail catchments.

FIGURE 4: SURROUNDING COMMERCIAL CENTRE NETWORK (POST-PC14 TERMS)



Source: Google Maps, LINZ, Property Economics. Note that this centre hierarchy is based on the latest CDP zoning map which reflects the PC14 decision and the changes to the centre network terms.

As shown in the figure, Edgware Centre is the highest-order and largest commercial centre located within the catchment, comprising approximately 1.94ha of zoned land. It is situated around 1km northwest of the subject site. This centre is currently the only centre within the catchment that includes an established (mini) supermarket, with the existing Fresh Choice store occupying approximately 950sqm of GFA. Based on our ground-truthing, the Edgware Centre operates as a small but functional centre, with only one vacant tenancy observed.

Given this context, the development of a new full-service Woolworths supermarket at St Albans, nearly four times larger in floorspace, would likely elevate its role beyond that of Edgware and other Neighbourhood Centres in the catchment. The scale and brand strength of the proposed Woolworths store would provide a significantly greater retail draw, redefining the role of the St Albans Centre within the centre hierarchy.

Table 2 provides a high-level summary of the commercial centres in and near the catchment, outlining their position in the hierarchy, zoned land area, and key tenancies or activities. This hierarchy reflects the post-PC14 zoning terminology, which aligns with the NPS framework for commercial centres, replacing the previous zone names under the earlier CDP zoning provisions.

TABLE 2: SURROUNDING COMMERCIAL CENTRE OVERVIEW

Centre Name	Hierarchy (post-PC14 Term)	Zoned Land Area	Major Tenancies
Within the identified catchment:			
Edgware Centre	Local Centre	1.94ha	FreshChoice, Super Liquor, pharmacy, butchery, bookstore, bakery, BP service station, real estates, F&B, etc
Bealey Ave Centre	Neighbourhood Centre	558sqm	Computer store, F&B, hairdresser, salon, office, aquarium shop, etc
Edgware Rd / Barbadoes St Centre	Neighbourhood Centre	1199sqm	Dairy shop, hairdresser, salon, wig shop, F&B, etc
Warrington St / Barbadoes St Centre	Neighbourhood Centre	2562sqm	Clothing store, F&B, Liquor store, laundromat, hairdresser
Cranford St Centre	Neighbourhood Centre	2459sqm	Liquor store, clothing store, F&B, hairdresser, etc
Shirley Rd / Hills Rd	Neighbourhood Centre	7593sqm	Childcare facility, F&B, vape store, liquor store, pharmacy, barber shop, etc
St Albans Centre	Neighbourhood Centre	1.08ha	Largely vacant
Centres located just outside the catchment:			
Shirley / The Palms	Town Centre	9.60ha	The Palms Shopping Centre, Woolworths, Farmers, McDonald's, KFC, Burger King, Medical centre, library, F&B, Council office, etc
Carlton Centre	Local Centre	1.18ha	Burger King, liquorland, dairy shop, Z service station, etc
Richmond Centre	Local Centre	2.27ha	New World supermarket (circa 2,100sqm), squash club, bar, etc
Linwood Village Centre	Local Centre	1.41ha	Dairy shop, convenience stores, butchery, pharmacy, F&B, salon, vape store, F&B, etc
Merivale Centre	Local Centre	6.11ha	Merivale Shopping Mall, FreshChoice, McDonald's, rest home, religious facility, medical centre, etc

Source: CCC, Property Economics

In addition to the St Albans Centre, there are five other Neighbourhood Centres within the catchment. These centres are small in scale, with zoned land areas ranging from approximately 560sqm (e.g., the Bealey Avenue Centre) to around 7,600sqm (e.g., the Shirley Road / Hills Road Centre). Generally, these centres consist of small clusters of retail or service

premises embedded within residential areas and typically include cafés, dairies, small grocery stores, or individual commercial or community services.

Beyond the catchment, there is a wide array of established commercial centres, with Shirley / The Palms Centre, Carlton Centre, Richmond Centre, Linwood Village Centre, and Merivale Centre being the most prominent, excluding the City Centre.

Based on our ground-truthing, these centres accommodate a diverse mix of convenience retail, commercial, and community activities, each serving a distinct role and function within the broader centre network. A high-level summary of our observations for some of the major centres is provided below.

- [Merivale Centre](#): Merivale Centre is a niche local centre that delivers a higher-quality retail experience (anchored by a FreshChoice store), both in terms of store offering and overall environment. Despite having approximately 7 vacant tenancies, the centre remains one of Christchurch's premier retail destinations, known for its shopping amenity and attractive retail environment. It is a highly competitive centre that performs well relative to its size.
- [Shirley / The Palms Centre](#): The Shirley / Palms Centre currently has around ten vacant tenancies, and its performance appears to have been negatively affected by the closure of Kmart and the broader impacts of COVID-19. Despite this, the centre maintains a strong presence with key anchor tenants such as Farmers, Woolworths, and a cinema complex, which support its overall functionality. The centre contains a number of national retail brands, albeit not many of the preeminent national banner stores, and contains many stores that appear to be '*ticking over*' rather than thriving. While still appearing to be in the process of recovering from the impacts of the pandemic and Kmart's departure, it continues to fulfil its role within the commercial centre network.
- [Richmond / Stanmore Centre](#): The Richmond / Stanmore Centre has approximately 5 vacant tenancies and is anchored by a standalone New World supermarket, which serves as the main draw for the centre. However, aside from the supermarket, the remainder of the centre's retail offering is of relatively lower quality. A notable recent addition is the new squash and community facility, which is a high-quality development that brings significant amenity to the area. This investment should act as a catalyst for further improvements across the centre.

Based on the above observations, Property Economics considers that while the proposed supermarket may generate some temporary trade competition effects, particularly impacting supermarket activity in nearby centres, these effects are unlikely to materially compromise the role and function of those centres or the supermarkets within them. This is due to their broader and more diversified range of activities, the dispersal of trade impacts across multiple supermarkets and the different markets they primarily service.

From an economic and practical viewpoint, the subject site is considered appropriate for supermarket development. Other centres within the catchment lack the capacity to accommodate a new full-service supermarket. In the future, with growth in the market, there will be increased demand for supermarket activity. Provision of such a store type within the catchment would generate economic and urban efficiencies that would be difficult to realise elsewhere in the catchment.

The proposed St Albans development contains only a limited range of small-scale convenience stores restricting potential for a proliferation of fast-food stores and liquor outlets. These takeaway store types have a strong presence in other neighbourhood centres within the catchment. Any individual store impacts are considered trade competition and only relevant under the RMA if they extend into wider retail distributional effects. Multiple stores closures across each neighbourhood centre would need to occur for that to be realised. This is considered unlikely when the primary catchment generates an estimated \$25m annually in food and grocery expenditure (excluding expenditure allocated to supermarkets) by 2028.

Additionally, the community would not be disenabled as they would still have access to small-scale convenience stores within the immediate community. So while a change in function of the centre would be the result of the proposed development elevating its centre status in the hierarchy, St Albans centre's proposed position in the hierarchy still enables the centre to fulfil its zone's intended role of small-scale convenience activity for the local community. In this context the community would not incur significant adverse effects.

The current neighbourhood centre zone facilitates the development of small convenience stores, so the small-scale stores themselves are not an issue, but their likely significantly improved performance and draw as a result of having a new Woolworths supermarket operating in the same centre.

Overall, from an economic perspective, the proposed supermarket is unlikely to generate retail impacts of a scale that would impose consequential trade impacts or significantly undermine the role and function of existing commercial centres. However, given that the St Albans Centre is positioned at the lowest level of the centre hierarchy, the proposed development's role and function does not align with the expectations set out in the CDP and the NPS.

8. ASSESSMENT CONCLUSION

Based on the economic analysis undertaken in this report, Property Economics considers that the potential retail economic impacts of the proposed supermarket within the St Albans Centre, in the context of the RMA and CDP, is likely insignificant.

Analysis of the current supermarket network shows a very limited level of supermarket supply within the catchment compared to the sustainable supermarket demand. FreshChoice Edgware, with an estimated GFA of only 950sqm is the only existing (mini) supermarket within the identified catchment.

As such, most residents currently have to travel outside the catchment to source their main food and grocery shopping requirements, particularly to supermarkets immediate west and south of the catchment. Thus, enabling a new supermarket to establish in the proposed location better accommodates anticipated growth, improves benefits to the local community by reducing travel requirements, create a more efficient network and encourage competitive pricing in the local market.

In addition, the existing commercial centres within the catchment lack the capacity to accommodate a full-service supermarket. Without additional supply, the area faces a risk of underserving the local community's food and grocery needs, leading to ongoing inefficiencies in both consumer travel and supermarket distribution.

From an economic perspective, the proposed development is not expected to result in the closure of any existing supermarkets, given the current and projected demand levels and the extent of sustainable supermarket GFA within the catchment. Any trade impacts would be diffuse and absorbed across a broader network of existing and anticipated supermarkets, rather than concentrated on any one store.

Likewise, the proposed development is not expected to materially undermine the role and function of the Edgware Centre or other Neighbourhood Centres and commercial centres in and around the catchment. The retail expenditure generated in the catchment on an annualised basis indicates both FreshChoice and the proposed Woolworths stores are sustainable by the market.

However, concern regarding the integrity of the commercial centre hierarchy and centres zone network, as defined by the CDP and NPS. A full-service supermarket has the potential to significantly increase the drawing power of the St Albans Centre, effectively elevating its role beyond that of a typical Neighbourhood Centre.

This potential misalignment with the intended planning framework requires careful consideration and a balanced planning response to ensure that the functional role and integrity of the commercial centre hierarchy is upheld but not at the expense of benefits to the community. Introducing a full-service supermarket, particularly one with a significantly larger GFA and wider product range than what is typically envisaged for a Neighbourhood Centre,

risks functionally elevating the St Albans Centre beyond its intended position within the city's centre network.

While the proposed development may respond to the projected supermarket demand and generate economic and community accessibility benefits, it also has the potential to undermine the coherence of the planning framework, set an unexpected precedent for similar scale developments in other lower-tier centres, and inadvertently create a 'functional' upzoning of the site. Economically the elevated zone status is considered to generate benefits on balance, however there remains potential non-economic reasons why a different conclusion could be reached.

APPENDIX 1. PROPERTY ECONOMICS RETAIL MODEL

This overview outlines the methodology that is applied to estimate retail spend generated for an identified catchment for a specific projection period.

Statistical Area 1 & 2 2023 Boundaries

All analysis has been based on Statistical Area 1 & 2 2023 boundaries, the most recent available.

Household Estimates

As a key base input into Property Economics Retail Model. Specifically, the household count projections from Statistics New Zealand, based off the 2023 Census and Statistics New Zealand's population growth projections, have been applied in the model. These projections also make adjustments for changes in the population per household ratios at a national level. The Statistics New Zealand household projections are cross referenced with any more specific projections provided by the client.

Population Growth

The population growth projections used in projecting future household retail growth are outlined in the report. These are derived from Statistics New Zealand's most recent population projection series. These are cross referenced with any more specific population growth projections provided by the client.

Although the demographics at the household level drive the estimates in the distribution of the household retail spend, the growth in population has been used as the input to project future retail growth.

Statistics New Zealand's latest household projections are based on the assumption of a decreasing household size, resulting in proportionally greater household growth than population. However, the Household Expenditure Survey shows a clear positive relationship between household size and retail expenditure. Therefore, relying solely on the household growth as an indicator without adjusting for the changing demographic would artificially inflate the projected retail growth.

Given the recent trends of an increasing household size contrary to the projection assumptions, Property Economics considers projecting the retail growth based on future population growth rather than households is a more appropriate assumption. This is ultimately a conservative assumption in the decreasing household size scenario and will be more accurate the less the demographics shift.

International Tourist Spend

The total tourism retail spend has been derived from the Tourism Satellite Account and distributed to each district according to the data as published by MBIE. Within each district, this has been distributed on a 'spend per retail employee' basis. Employees are the preferred

basis for distributing regional spend geo-spatially, as tourists tend to gravitate toward areas of commercial activity, however they are very mobile.

Total Tourist Spend Forecast

Growth is forecast in the model at 3% per annum.

Average Household Retail Spend

The Household Expenditure survey breaks down average weekly spend by retail category on a national level by annual household income brackets and by the average number of usual residents. These have been applied to each of the geospatial units based on the distribution of household size and income for that geospatial unit, as determined in the 2023 Census.

While there are variables other than household income that will affect retail spending levels, such as wealth, access to retail, population age, household types and cultural preferences, the effects of these are not able to be assessed given data limitations and have been excluded from these estimates.

Real Retail Spend Growth (excl. trade-based retailing)

Real retail spend growth has been factored in at 1% per annum. This accounts for the increasing wealth of the population and the subsequent increase in retail spend. The following explanation has been provided.

Retail Spend is an important factor in determining the level of retail activity and hence the 'sustainable amount' of retail floorspace for a given catchment. For the purposes of this outline 'retail' is defined by the following categories:

- Food Retailing
- Footwear
- Clothing and Soft goods
- Furniture and Floor coverings
- Appliance Retailing
- Chemist
- Department Stores
- Recreational Goods
- Cafes, Restaurants and Takeaways
- Personal and Household Services
- Other (Retail) Stores.

These are the retail categories as currently defined by the ANZSIC codes (Australia New Zealand Standard Industry Classification).

Assessing the level and growth of retail spend is fundamental in planning for retail networking and land use within a regional network.

Internet Retail Spend Growth

Internet retailing within New Zealand has seen significant growth over the last few decades. This growth has led to an increasing variety of business structures and retailing methods including; internet auctions, just-in-time retailing, online ordering, virtual stores, etc.

Additionally, growth of internet retailing for virtual stores, auctions and overseas stores is leading to a proportional decrease in on-the-ground spend and floor space demand. To account for this, a non-linear percentage decrease of 8% in 2020 growing to 12.5% by 2053 has been applied to retail expenditure encompassing all retail categories in our retail model. These losses represent the retail diversion from on-the-ground stores to internet-based retailing that will no longer contribute to retail floor space demand.

Retail Spend Determinants

Retail spend for a given area is determined by: the population, number of households, size and composition of households, income levels, available retail offer and real retail growth. Changes in any of these factors can have a significant impact on the available amount of retail spend generated by the area. The coefficient that determines the level of 'retail spend' that eventuates from these factors is the MPC (Marginal Propensity to Consume). This is how much people will spend of their income on retail items. The MPC is influenced by the amount of disposable and discretionary income people can access.

Retail Spend Economic Variables

Income levels and household MPC are directly influenced by several macroeconomic variables that will alter the amount of spend. Real retail growth does not rely on the base determinants changing but a change in the financial and economic environment under which these determinants operate. These variables include:

Interest Rates: Changing interest rates has a direct impact upon households' discretionary income, as a greater proportion of income is needed to finance debt and typically lowers general domestic business activity. Higher interest rates typically lower real retail growth.

Government Policy (Spending): Both monetary and fiscal policy play a part in domestic retail spending. Fiscal policy, regarding government spending, has played a big part recently with government policy being blamed for inflationary spending. Higher government spending (targeting on consumer goods, direct and indirectly) typically increases the amount of nominal retail spend. Much of this spend does not, however, translate into floor space, since it is inflationary and only serves to drive up prices.

Wealth / Equity / Debt: This had a dramatic impact in the early-mid 2000s on the level of retail spending nationally. The increase in property prices has increased homeowners unrealised equity in their properties. This has led to a significant increase in debt funded spending, with residents borrowing against this equity to fund consumer spending. This debt spending is a

growth facet of New Zealand retail. In 1960, households saved 14.6% of their income, while households currently spend 14% more than their household income.

Inflation: As discussed above, this factor may increase the amount spent by consumers but typically does not dramatically influence the level of sustainable retail floor space. This is the reason that productivity levels are not adjusted and similarly inflation is factored out of retail spend assessments.

Exchange Rate: Apart from having a general influence over the national balance of payments accounts, the exchange rate directly influences retail spending. A change in the \$NZ influences the price of imports and therefore their quantity and the level of spend.

General consumer confidence: This indicator is important, as consumers consider the future and the level of security/finances they will require over the coming year.

Economic / Income growth: Income growth has a similar impact to confidence. Although a large proportion of this growth may not impact upon households' MPC (rather just increasing the income determinant), it does impact upon households' discretionary spending and therefore likely retail spend.

Mandatory Expenses: The cost of goods and services that are necessary has an impact on the level of discretionary income that is available from a household's disposal income. Important factors include housing costs and oil prices. As this increase, the level of household discretionary income drops, reducing the likely real retail growth rate.

Current and Future Conditions

Retail spend has experienced a significant real increase in the early-mid 2000s. This was due in large part to the increasing housing market. Although retail growth is tempered or crowded out in some part by the increased cost of housing it showed significant gains as homeowners, prematurely, access their potential equity gains. This resulted in strong growth in debt / equity spending as residents borrow against capital gains to fund retail spending on consumption goods. A seemingly strong economy also influenced these spending trends, with decreased employment and greater job security producing an environment where households were more willing to accept debt.

New Zealand's economy has been impacted on by several key events over the last two decades. Firstly, this trend temporally reversed in the light of the worldwide GFC recession in 2008 with economic uncertainty and job losses reducing consumers' willingness and ability to accept debt. Following this however, New Zealand's economy recovered with growth in the first half of the 2010-2020 decade fuelled by the Christchurch earthquake. Additionally, rapid inflation in the construction industry has contributed to the rapidly rising house prices. This has had a significant impact on reducing disposable income, which has flow-on effects to the rate of retail growth. Finally, most recently the COVID-19 global pandemic resulted in a national lockdown with retailers forced to close under alert Level 3 and 4.

Despite this, New Zealand's economy so far has not fallen to the extent economists predicted heading into the first lockdown during the first quarter of 2020. Data available on Statistics New Zealand showed that total retail expenditure declined by only 0.2% between 2020 and 2019. This is in comparison to the average annual growth of just over 5% per annum between 2010 – 2019.

From an economic perspective, COVID-19 represents significant uncertainty and thereby making the already difficult job of anticipating the future, that much harder. There are several unpredictable factors that will decide the fate of worldwide economy and it is difficult to accurately predict what long term impacts this global pandemic will have on international travel, the domestic economy and retail trends as it relates to internet retailing.

Impacts of Changing Retail Spend

At this point, a 1% real retail growth rate is being applied by Property Economics over the longer term 30-year period. This rate is highly volatile however and is likely to be in the order of 0.5% to 1% over the next 5 – 10 years rising to 1% - 2% over the more medium term as the economy stabilises and experiences cyclical growth. This would mean that it would be prudent in the shorter term to be conservative regarding the level of sustainable retail floor space within given centres.

Business Spend

This is the total retail spend generated by businesses. This has been determined by subtracting International tourism retail spend and the household retail expenditure from the total retail sales, as determined by the Retail Trade Survey (RTS) which is prepared by Statistics NZ. All categories are included with the exception of accommodation and automotive related spend. In total, business spend accounts for 36% of all retail sales in NZ. Business spend is distributed based on the location of employees in each census area unit and the national average retail spend per employee.

Business Spend Forecast

Business spend has been forecasted at the same rate of growth estimated to be achieved by household retail sales in the absence of reliable information on business retail spend trends. It is noted that while working age population may be decreasing as a proportion of total population, employees are likely to become more productive over time and therefore offset the relative decrease in the size of the total workforce.

PROPERTY ECONOMICS



ST ALBANS CENTRE

ZONE ASSESSMENT

ECONOMIC ADDENDUM

Client: Christchurch City Council

Project No: 52464

Date: June 2025

17 June 2025

DIGITALLY DELIVERED

ECONOMIC ADDENDUM

To: Scott Blair

Senior Planner

Christchurch City Council

Email: Scott.Blair@ccc.govt.nz

RE: ST ALBANS ZONE ECONOMIC ANALYSIS - RMA/2024/3209

INTRODUCTION

Property Economics has been requested by Christchurch City Council (CCC) to undertake a high-level economic review of the core retail catchment for the St Albans Centre zone (Neighbourhood Centre Zone (NCZ) post Plan Change 14), specifically focusing on the food retailing and supermarket potential of the zone, from an economic perspective. This is to assist consideration of the Woolworths St Albans application.

This Economic Addendum should be read in conjunction with the more comprehensive Economic Assessment¹ completed in May 2025, which collectively provide a more details understanding of the potential economic impacts associated with the proposed Woolworths supermarket development at 484 Madras Street in St Albans, in the context of the Resource Management Act 1991 (RMA) and the Christchurch District Plan (CDP).

CORE CATCHMENT OF ST ALBANS CENTRE ZONE

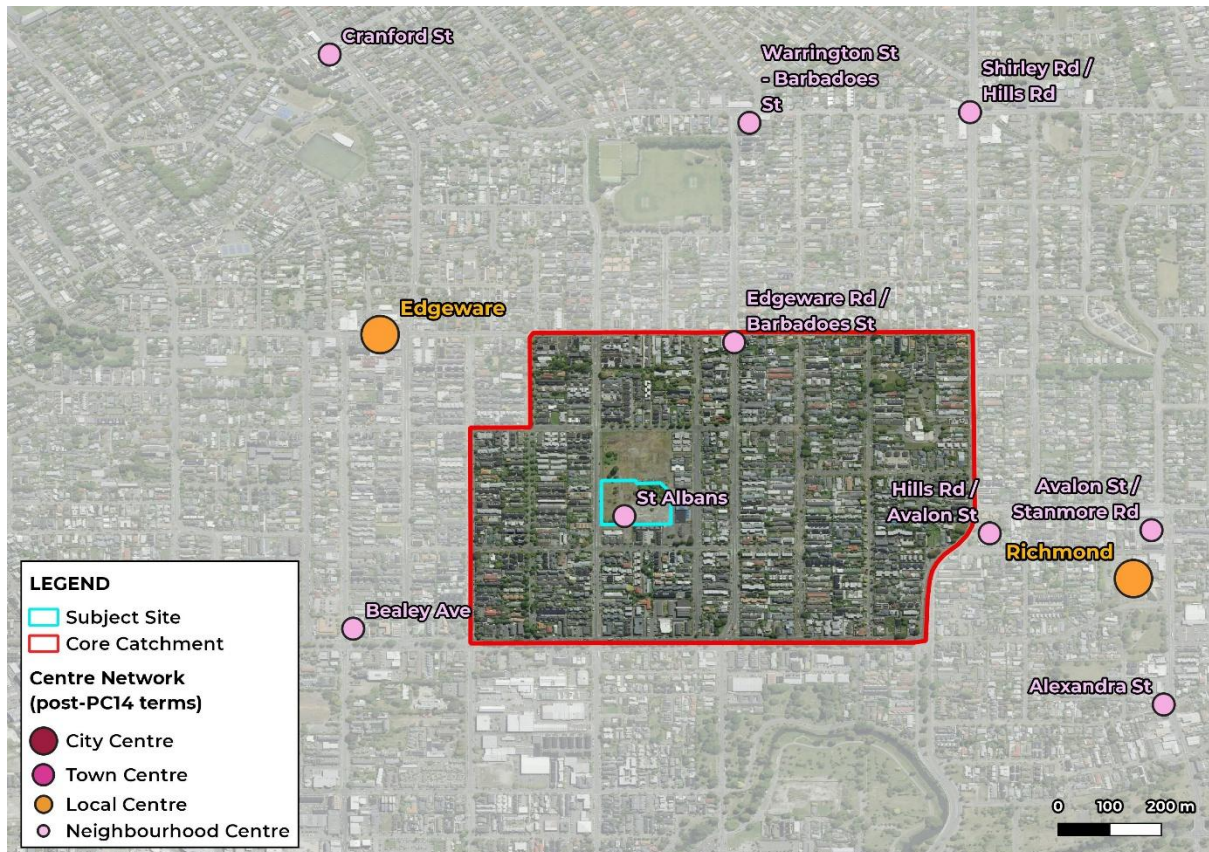
Figure 1 illustrates the core catchment of the St Albans Centre zone, delineated with consideration for its intended role and function as outlined in the CDP, namely, "*a small group of primarily convenience shops, and in some instances, community facilities*" (Table 15.1E).

The catchment boundaries have been established using the 2023 Statistical Area 1 (SA1) framework provided by Stats NZ and take into account a range of factors including the surrounding commercial centre network and zones, key geographic features, transport infrastructure, and roading patterns.

In Property Economics' view, the delineated catchment appropriately aligns with the intended function of the St Albans Centre as a Neighbourhood Centre. Such centres are not anticipated to draw a significant level of custom from areas beyond their immediate locality.

Accordingly, this core catchment forms the basis for the economic and retail analysis presented in the subsequent sections of this Addendum.

¹ Woolworths St Albans Retail Economic Impact Overview, Property Economics, May 2025

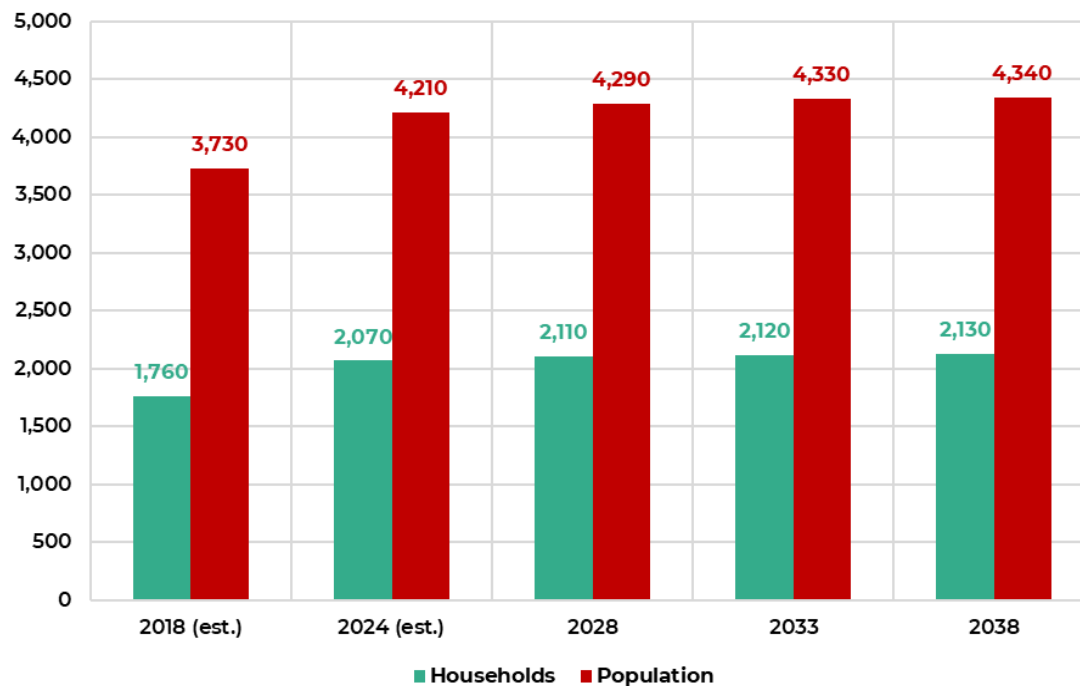
FIGURE 1: ST ALBANS CENTRE ZONE CORE CATCHMENT EXTENT


Source: Google Maps, Stats NZ, Property Economics

CATCHMENT GROWTH OVERVIEW

The figure below presents the projected household and population growth within the defined core catchment of the St Albans Centre zone. These projections are based on the household growth scenario provided by CCC, with population estimates derived by Property Economics using forecast average household size (persons per dwelling) from Stats NZ over the 14-year period to 2038.

Over the period to 2038, population growth within the catchment is projected to increase by just +130 people (from 4,210 to 4,340), while household growth is anticipated to add only +60 additional households (from 2,070 to 2,130). This growth trajectory reflects the small catchment area and an already developed / mature urban environment within the catchment, with potentially fewer opportunities for significant new residential development. Property Economics consider this projection is potentially lite given CCC's promotion of more intensified urban development in efficient locations such as this catchment.

FIGURE 2: ST ALBANS CENTRE ZONE CORE CATCHMENT GROWTH SCENARIO

Source: CCC, Stats NZ, Property Economics

CATCHMENT FOOD RETAILING DEMAND FORECAST

The table below outlines the estimated food retailing demand generated by the defined core catchment of the St Albans Centre zone on an annualised basis, expressed in 2024 dollars.

Under current (2024) market conditions, the catchment is estimated to generate approximately \$23.4m per annum in total food retail expenditure. This level of generated demand is able to sustain around 2,500sqm of food retailing GFA within the catchment. Looking ahead, total food retail expenditure is projected to increase to approximately \$28.2m per annum by 2038, an uplift of only +\$4.8m per annum over the 14-year forecast period.

Of the current \$23.4m in generated food retail expenditure, approximately \$17.6m is attributed to supermarkets, with the remaining \$5.9m directed towards specialty food retailers. Given the modest household growth projected under CCC's growth scenario, an increase of just 60 additional households between 2024 and 2038, supermarket expenditure is forecast to increase by approximately \$3.6m annually by 2038, while specialty food retail expenditure is expected to rise by around \$1m annually by the same year.

Correspondingly, this increase in demand translates into an additional 300sqm of sustainable supermarket GFA and 200sqm of specialty food retail GFA by 2038. In total, the catchment is projected to support an additional 500sqm of food retailing GFA over the forecast period.

It is important to note, however, that not all food retail expenditure generated within the catchment will be retained locally. Competing commercial centres (supermarket and other convenience

centres) in the surrounding network (as identified in Figure 1) are expected to draw a significant share of the catchment's generated expenditure. As a result, the practical sustainable GFA for supermarkets and specialty food retail within the St Albans zone catchment would be significantly lower (by around half) than the identified figures above.

This means the annual generated retail expenditure in the St Albans Centre zone catchment could sustain around 800-1,000sqm GFA of supermarket floorspace and 400-500sqm GFA of other specialty food retailing activity.

While the retail catchment of the proposed supermarket itself may generate sufficient demand to support such a development, owing to the inherent drawing power of supermarkets to attract consumers from beyond their immediate locality (as shown in our May 2025 Economic Assessment), the St Albans Centre itself, identified as a Neighbourhood Centre zone, is a zone not intended to service such an extensive catchment. The role and function of Neighbourhood Centre zones, as outlined in both the CDP and the National Planning Standards (NPS) centre framework, are limited to serving the day-to-day convenience needs of the immediate residential neighbourhood.

In other words, to sustain a supermarket of the proposed scale, the functional catchment of the St Albans Centre would need to be (and indeed would be) significantly larger than the identified zone catchment.

Based on a supermarket catchment, the proposed development is sustainable and considered unlikely to generate significant retail distributional effects. Based on the zone catchment the proposed development would not be sustainable, i.e. the catchment has to be larger than the zone catchment to be sustainable from an economic perspective.

2006 PROPERTY ECONOMICS REPORT

For transparency of any perceived conflicts, Property Economics undertook a retail assessment² of a potential neighbourhood centre on the same site 20 years ago for Wakefield Mews Limited. I did not author that report and the author subsequently left Property Economics 15 years ago.

Having a quick review of the 2006 report it is clearly out of date and not fit for purpose for a retail impact assessment today given the significant changes in the market since 2006 including different:

- competitor centre network (supermarkets and convenience activities);
- composition of centres;
- household income and spending patterns;
- centre catchments;
- market potential and growth outlook; and
- planning environment and policy settings.

Based on the above, I consider I have no conflict of interest in undertaking this economic analysis for CCC or being an expert witness for CCC in any RMA hearing process.

² Wakefield Park Neighbourhood Retail Centre – Assessment of Distributional Effects, December 2006



If you have any queries, please give me a call.

Kind Regards



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