

APPENDIX 3.4.3 - Auckland retail growth projections

Centre capacity and providing for additional demand

The seven legacy territorial authorities that make up the Auckland Council contained about 358,000 dwellings in March 1996 and some 452,000 by September 2007 (Tansley - Plan Change 6 Evidence 2008 paragraph 3.0.2. noting that this related to 'private dwellings'). By 2013, within the new Auckland Council boundaries, noting that this does not include the less-populated areas of the previous Franklin and Rodney Districts, the total estimated household numbers were 548,000. The Auckland Plan [para 609] identifies that "400,000 additional dwellings will be required by 2040, which means that at least 13,000 additional houses have to be built each year".

This Auckland Plan projection is on the basis of a high growth scenario. Auckland Council's Retail Economic Assessment (discussed below) has been conducted on the basis of a medium growth scenario. The difference between the two will be discussed in that assessment, however both anticipate that there should be increases in retail and commercial provision not only to provide goods and services for an increasing population, but also the employment that the business sector would provide for such growing household numbers.

Demand for retail will grow substantially in Auckland over the next 20-30 years, not only to meet the needs of the anticipated growth in households, but also businesses and tourism. Within this, growth will be driven by both real increases in expenditure across existing households, as well as new household formation. Auckland has had an increase of 9.7 per cent of households between June 2006 and June 2011, and a further 58 per cent (medium projection) to 77 per cent (high projection) increase is expected to 2041.

Accommodating future growth to meet the population's needs will increase the demand for space across different types of location in Auckland. Importantly, this demand for space occurs within the context of Auckland's commercial property market. Land scarcity and variable demand for different land uses spatially, will mean retail growth needs to be balanced with other land uses and opportunity costs.

Although there are regulatory, efficiency improvement and supply side improvements in the provision of retail, including e-tailing, it can be expected that the Auckland Unitary Plan should enable the appropriate provision for the retailing sector, taking into account issues around urban form, scarcity of land supply and integration with the transport network.

The Auckland Council Research, Investigations and Monitoring Unit's (RIMU) Retail Economic Assessment (Fairgray 2013) has identified an existing base of 3.9 million square metres of retail floorspace in Auckland (Table 8). Approximately half of this is core retail, with the remainder in food hospitality and household services (20%), trade (15%) and food and liquor (14%). Large format retail makes up 1.4 million square metres of this space, amounting to over one-third (37%) of Auckland's retail floorspace. Around two-thirds of this floorspace is located within centres, including half of the large format floorspace. Larger centres play a key role, which has increased relatively through time. The economic assessment has also found the level of supply currently relatively in balance with demand for retail across Auckland within the context of the commercial property market and geographical patterns of household shopping.

Growth in retail supply across the last two decades has also generally followed a centres-based pattern. Changes in the structure of supply to include a greater share of shopping centre and larger developments reflect changes in demand for retail, where the sector has been able to respond to changes in demand through time. Modelling of centres capacity, and that within other business zones, is currently being updated in relation to the proposed Unitary Plan zones, by RIMU in Auckland Council.

Table 8 Auckland retail floor space by retail type and format 2012/2013 (Fairgray 2013)

Retail category	Floor space Small format retail	Floor space Large format retail	Total floor space	Share by category SFR	Share by category LFR	Share by category total	Share of floor space as LFR	Employees	Floor space m ² per employee
Food & liquor	129,500	404,800	534,300	5%	28%	14%	76%	17,600	30
Supermarkets	-	378,700	378,700	0%	27%	10%	100%	12,700	30
Other food & liquor	129,500	26,200	155,700	5%	2%	4%	17%	4,900	32
Core	1,276,000	713,300	1,989,300	52%	50%	51%	36%	34,100	58
Furniture and housewares	112,200	154,200	266,400	5%	11%	7%	58%	2,900	92
Appliances & Department stores	166,100	384,400	550,500	7%	27%	14%	70%	10,300	53
Recreation, clothing & footwear	362,600	101,700	464,200	15%	7%	12%	22%	8,800	53
Other core	635,200	73,100	708,300	26%	5%	18%	10%	12,100	59
Trade	255,200	306,900	562,100	10%	22%	15%	55%	6,800	83
Food hospitality & services	776,800	-	776,800	32%	0%	20%	0%	36,900	21
Total	2,436,100	1,426,900	3,863,000	100%	100%	100%	100%	95,300	41

Source: Fairgray (2013)

There is a spectrum of forecasts as to the exact quantum of retail floor space that will be needed to ensure the sustainable supply of retail activity to meet anticipated increases in household growth, although there is some continuity of views that not all such retail can, or should, be provided in the existing network of centres. Economic research and analysis is underway to ensure the demand-supply balance and its region-wide distribution can be supported by zoning, re-development and land supply. The present quantities and distribution of retail floor space have been assessed, as has the regional retail supply-demand balance in Auckland. Further work is underway to forecast growth in household demand and for retail floor space. The Auckland Plan estimated that by 2041 there would need to be an additional 1,800,000m² of retail floor space. This information will be updated in the Retail Economic Assessment currently being undertaken by RIMU in Auckland Council (Fairgray, 2013).

Table 9 below provides a forecast of retail floor space by store type from Market Economics (2009), which will be updated when the Retail Economic Assessment is completed.

Table 9 Projections – retail floor space by store type (Market Economics 2009)

RETAIL TYPE	2007	2011	2016	2021	2026	2007-11	2007-16	2007-21	2007-26
MEDIUM GROWTH									
SUPERMARKETS	275,000	301,000	337,000	375,000	416,000	26,000	62,000	100,000	141,000
OTHER FOOD	131,000	144,000	161,000	180,000	200,000	13,000	30,000	49,000	69,000
CAFES & RESTAURANTS	357,000	402,000	458,000	520,000	586,000	45,000	101,000	163,000	229,000
DEPARTMENT STORES	232,000	253,000	281,000	311,000	343,000	21,000	49,000	79,000	111,000
APPAREL	243,000	269,000	303,000	340,000	380,000	26,000	60,000	97,000	137,000
FAH	390,000	427,000	479,000	535,000	594,000	37,000	89,000	145,000	204,000
OTHER RETAIL	475,000	521,000	584,000	652,000	724,000	46,000	109,000	177,000	249,000
HOUSEHOLD SERVICES	23,000	25,000	28,000	31,000	35,000	2,000	5,000	8,000	12,000
AUTOMOTIVE	659,000	720,000	803,000	891,000	984,000	61,000	144,000	232,000	325,000
TOTAL	2,785,000	3,062,000	3,434,000	3,835,000	4,262,000	277,000	649,000	1,050,000	1,477,000
HARDWARE & DIY	547,000	597,000	665,000	735,000	808,000	50,000	118,000	188,000	261,000
TOTAL inc HARDWARE	3,332,000	3,659,000	4,099,000	4,570,000	5,070,000	327,000	767,000	1,238,000	1,738,000
TOTAL excl AUTO & HARDWARE	2,126,000	2,342,000	2,631,000	2,944,000	3,278,000	216,000	505,000	818,000	1,152,000

Source: Market Economics Ltd, ARC (2009) – Evidence for Change 6